



# OPTIMIZING STRUCTURES, SHAPING THE FUTURE

Annual Report 2010

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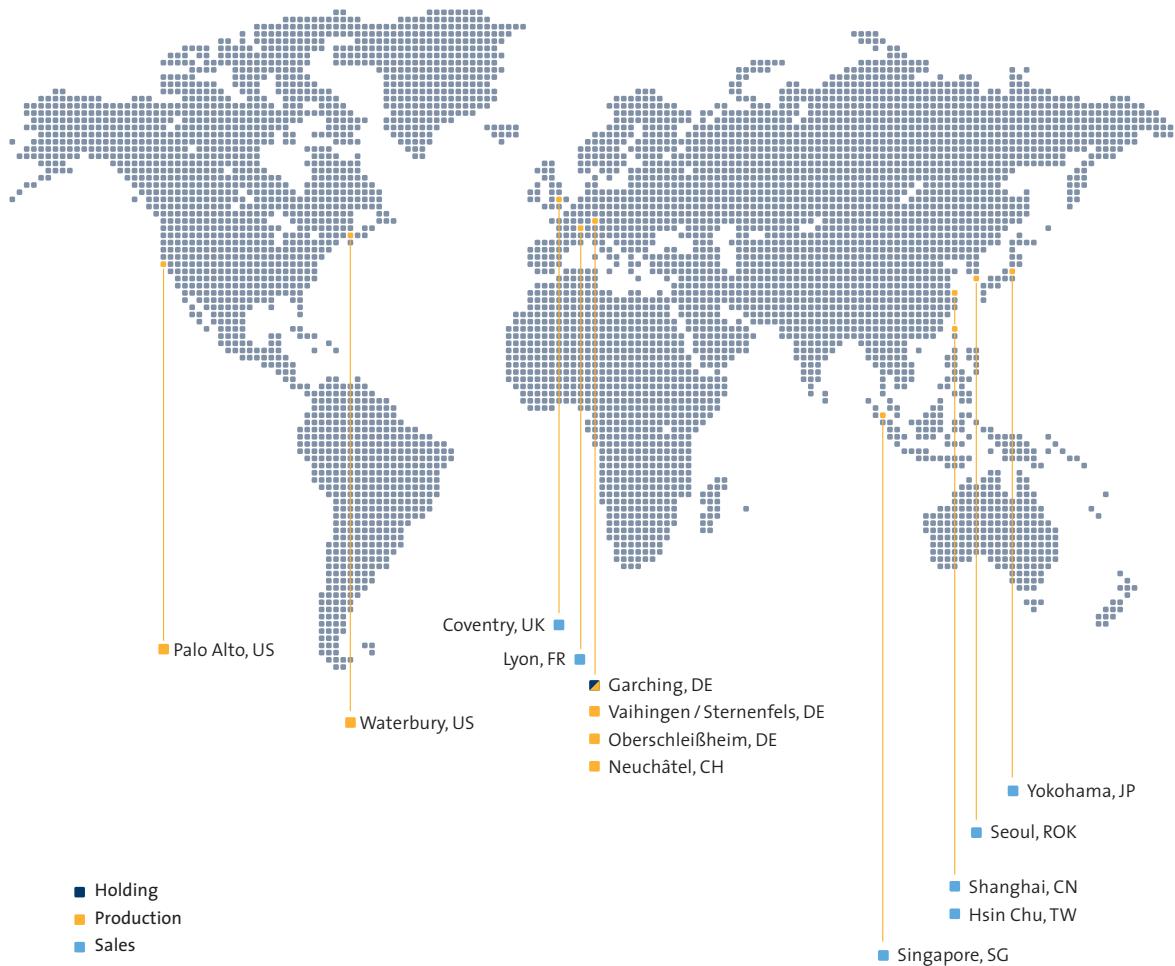


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# SUSS MICROTEC – A GLOBAL PLAYER



## 2010

### NORTH AMERICA

Employees	140
Sales	€19.0 million

### EUROPE

Employees	380
Sales	€36.7 million

### JAPAN

Employees	20
Sales	€6.9 million

### REST OF ASIA

Employees	76
Sales	€76.5 million

# KEY FIGURES

in € million	2010	2009	2008	Change 2010 / 2009
<b>Continuing operations</b>				
Order entry	189.3	96.3	118.2	96.7%
Order backlog as of 12/31	116.1	57.0	65.1	103.7%
Total sales	139.1	103.9	121.5	33.9 %
Sales margin	9.3 %	0.5 %	-9.5 %	8.8 %-points
Gross profit	51.1	38.8	38.3	31.7%
Gross margin	36.7 %	37.4 %	31.6 %	-0.7 %-points
Costs of sales	88.0	65.1	83.1	35.2 %
R&D costs	6.8	4.9	5.7	38.8 %
<b>Continuing operations</b>				
EBITDA	20.5	7.6	9.2	169.7%
EBITDA margin	14.7 %	7.3 %	7.6 %	7.4 %-points
EBIT	14.3	2.8	-8.7	410.7 %
EBIT margin	10.3 %	2.7 %	-7.2 %	7.6 %-points
Earnings after tax	13.0	0.5	-11.6	► 250 %
Earnings per share	0.71	0.03	-0.68	► 250 %
<b>Continuing and discontinued operations</b>				
Earnings after tax	13.4	-4.9	-13.9	373.5 %
Earnings per share	0.73	-0.28	-0.82	360.7 %
<b>Balance sheet and cash flow</b>				
Equity	106.4	86.1	90.6	23.6 %
Equity ratio	58.6 %	63.1 %	59.0 %	-4.5 %-points
Return on equity	12.2 %	0.6 %	-12.8 %	11.6 %-points
Balance sheet total	181.6	136.4	153.6	33.1 %
Net cash	34.6	18.4	9.4	88.0 %
Free cash flow <sup>(1)</sup>	14.1	8.9	1.9	58.4 %
<b>Further key figures</b>				
Investments <sup>(2)</sup>	3.0	3.1	9.0	-3.2 %
Investment ratio	2.2 %	3.0 %	7.4 %	-0.8 %-points
Depreciation	6.2	4.8	17.9	29.2 %
Employees as of 12/31 <sup>(3)</sup>	616	498	545	23.7 %
Employees as of 12/31 <sup>(4)</sup>	616	614	674	0.3 %

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

<sup>(2)</sup> Before consideration of the HamaTech acquisition and the purchase of the production site in Sternenfels

<sup>(3)</sup> Continuing operations

<sup>(4)</sup> Continuing and discontinued operations

# SEGMENT INFORMATION

## PHOTOMASK EQUIPMENT



Product Lines  
Mask Track

Target Markets  
Semiconductor Industry

Sales 2010  
↗ €18.4 million

Result 2010  
↗ €2.1 million

## LITHOGRAPHY



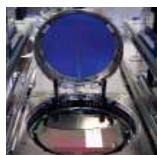
Product Lines  
Mask Aligner  
Developer  
Spin and Spray Coater

Target Markets  
Advanced Packaging  
MEMS  
Compound Semiconductors  
3D Integration

Sales 2010  
↗ €88.9 million

Result 2010  
↗ €17.0 million

## SUBSTRATE BONDER



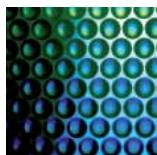
Product Lines  
Substrat (Wafer) Bonder

Target Markets  
3D Integration  
MEMS  
Semiconductor Industry

Sales 2010  
↗ €24.7 million

Result 2010  
↘ €-7.1 million

## OTHERS



Product Lines  
Masks  
Micro-optics and lenses  
C4NP

Target Markets  
Micro-optics  
Semiconductor Industry  
Advanced Packaging (C4NP)

Sales 2010  
↗ €7.0 million

Result 2010  
↗ €2.3 million

## New Organizational Structure at SUSS MicroTec

We look back today on a very successful 2010 fiscal year. What is your view of the past fiscal year in retrospect?

**FRANK AVERDUNG:** In my view, we are also looking back at a very successful, but also just as eventful fiscal year. In hardly any year in the history of the Company has it experienced more meaningful changes. Never before has SUSS MicroTec undergone a greater transformation in such a short time. We have undertaken important initiatives for the strategic reorientation of the Group.

Could you go into a little more detail on the changes you introduced in 2010?

**FRANK AVERDUNG:** For one, we disposed of the loss-making Test Systems division at the beginning of 2010. Despite technologically leading products, this division was not able to operate profitably because of the very tough competitive situation in the market. For another, we further strengthened our core competence in manufacturing solutions for micro-structuring in microelectronics through the acquisition of HamaTech APE. HamaTech APE has already established itself as one of the world's leading equipment suppliers for the cleaning of photomasks in the semiconductor industry. In addition, we paid particular attention during the past fiscal year to the relocation of our Bonder, Coater, and Developer manufacturing to the Sternenfels site and the integration of HamaTech APE into the SUSS MicroTec Group.

What was the objective of these measures?

**MICHAEL KNOPP:** With these measures, we have not only optimized our Group portfolio, but have also succeeded in significantly reducing the complexity of the corporate structure. In addition, as a result of the measures we have introduced, the entire Company has attained a much higher degree of flexibility. The Substrate Bonder, Coater/Developer, and Photomask Equipment product lines are being consolidated at the Sternenfels site in order to optimize and simplify the corporate structure and to pursue the goal of reducing the number of development and manufacturing sites from the existing four in January 2010 to two highly efficient sites in Germany for the future. Furthermore, by bundling the Coater and Bonder product lines at one site, the Company will be able to achieve technology and production synergies in the area of temporary bonding and react more quickly and flexibly to market demands.

In addition to the cost advantages for development and production, the production site in Sternenfels also provides the physical premises necessary to take advantage of the growth potential available in the area of 3D integration. The move takes into account the space requirements anticipated for the future as well as the increasing demands placed on modern production and cleanroom standards. The alternative would have been a costly expansion of the current facility at the US site in Waterbury, Vermont.

**Despite these structural changes, you produced outstanding earnings figures. How do the most important key figures look in detail?**

**MICHAEL KNOPP:** Our task in 2010 was to preserve the hard-fought lean cost structures even in a market environment driven by growth. As you can see from the annual financial statements, we were very successful in doing so. Despite the acquisition and restructuring, we were able to improve our liquidity position continually over the course of the year. As far as order entry, sales, and earnings are concerned, 2010 was a successful fiscal year in every respect. In each of the second, third, and fourth quarter, order entry reached new record levels. Order entry totaled €189 million for the full year, thus significantly

surpassing the previous year's level. In 2010, the Company generated sales of € 139 million, thus exceeding the previous year's figure of €104 million by approximately 34 percent. Through the increase in sales, but also due to the substantially leaner cost structure, we succeeded in significantly increasing earnings before interest and taxes (EBIT) in the past fiscal year. EBIT rose from almost € 3 million in 2009 to € 14.3 million in the past fiscal year. It also included extraordinary expenses from the investment and divestment activities of the past fiscal year totaling € 1.5 million. Specifically, these were costs of approximately € 3.9 million for the relocation of the Bonder activities from Waterbury (USA) to Sternenfels and a gain from the negative goodwill of about € 2.7 million, which came



left:

**FRANK AVERDUNG**  
Chief Executive Officer

right:

**MICHAEL KNOPP**  
Chief Financial Officer

with the HamaTech acquisition. The relocation of the Coater and Developer production from Vaihingen to Sternenfels cost € 0.3 million. In addition, EBIT for the 2010 fiscal year included one-time currency effects of € 1.8 million. The effects resulted from the settlement of Company-internal foreign currency credits by SUSS MicroTec Inc., Waterbury, in connection with the transfer of intangible assets to SUSS MicroTec Lithography GmbH in December. As a result, adjusted EBIT for 2010 was € 14.0 million.



You once again generated a positive cash flow in the past fiscal year. Consequently, the net cash position improved significantly. Do you plan to allow your shareholders to participate in this, for example through the distribution of a dividend?

**MICHAEL KNOPP:** In the past fiscal year, we were able to generate a free cash flow of € 14.1 million before the inclusion of security purchases and sales and extraordinary effects from M&A activities. As a result, our liquidity position further improved and we were able to report a net cash position of € 34.6 million at the end of the year. In an environment characterized by rapid growth and high technological demands, it is essential to hold sufficient cash in reserve to finance the ongoing business but also planned growth. In addition, SUSS MicroTec would like to grow not only organically but also via acquisitions. Given these considerations, we will not recommend the distribution of a dividend for the past fiscal year.

You produced very good results in 2010. Certainly you benefited from the improved economic environment?

**FRANK AVERDUNG:** After the cyclical downturn of the semiconductor sector, which coincided with the economic crisis in 2008/2009, global business activity recovered significantly faster in 2010 than had been anticipated at the end of 2009. Following two very challenging years, our core markets have returned to a course of growth. Particularly in the semiconductor sector, demand not only recovered but in fact expanded rapidly. In 2010, the worldwide market for semiconductors grew by more than 30 percent. Our

other target markets of MEMS and LEDs exhibited very dynamic growth. Through our diversified positioning in the end markets, we are less dependent on the semiconductor cycle than other equipment manufacturers.

Irrespective of the economic environment, we have systematically pursued the course we embarked on in 2009 so that we will continue to enjoy success in the market with our products and solutions. This has now manifested itself in the improved results. SUSS MicroTec has further expanded its ability to increase the Company's enterprise value on a sustainable basis and will take on this challenge in the future as well.

**Did you enter into any new partnerships in 2010 or were there important product launches?**

**FRANK AVERDUNG:** Yes, SUSS MicroTec entered into important strategic partnerships in 2010 as well. Concurrently with the sale of the Test Systems division, we also concluded a strategic partnership with its purchaser, Cascade Microtech Inc. Through its coordination of the pan-European Joint Equipment and Materials for System-in-Package and 3D Integration (JEMSIP\_3D) research project, SUSS MicroTec positioned itself in this area. The purpose of the project is to simplify new manufacturing processes, equipment, and materials for 3D integration. Furthermore, a development and exclusive licensing agreement was concluded with Rolith, Inc. in December. The Cooperation will include the development and construction of nanostructuring equipment. In addition,

SELECT was introduced to the market in the past fiscal year. SELECT is an upgrade of the Bond Aligner and Mask Aligner technology which enables the selective plasma activation of parts of wafer surfaces. SUSS MicroTec is continuously working on expanding the existing product portfolio.

**A certain amount of volatility is customary in your sector. At what stage of the cycle are we now, in your estimation?**

**FRANK AVERDUNG:** Past experience suggests that a cycle lasts for approximately four to five years, and it is primarily driven by developments at the Frontend of semiconductor manufacturing. Here we see extensive investment in new tools, which are used to create ever smaller semiconductor patterns, every two years. In contrast to the Frontend area, which encompasses the manufacturing of chips in so-called "fabs," we are active primarily in the Backend sector. This sector revolves around the further processing of finished wafers, such as the application of bonding patterns as well as the separation and packaging of chips. In 2010, there was significant growth in tool sales in both sectors. For 2011, we expect additional growth of almost 10 percent for sales of these tools.

**What trends are currently driving your business and from what trends will you benefit in the future?**

**FRANK AVERDUNG:** In general, we are benefiting from two very long-term developments. First, the number of chips being produced is continually growing. Second, the share of complex chips, which require the type of advanced packaging solution that we offer, is increasing. The chips which are being further processed with our tools are becoming ever smaller and more complex, but they may not become more expensive in the process. This megatrend can be summarized very well with the key words of "miniaturize," "stack," and "integrate." Our products and solutions are excellently customized to this development. Take the 3D integration market segment, for example. Here we offer solutions for the bonding and handling of thinned wafers with our Substrate Bonder product line.

In addition, the innovative markets for microelectromechanical systems (MEMS) and LEDs harbor immense growth opportunities. MEMS-based sensor components are, for example, finding application in more and more consumer electronics products, in addition to traditional applications in automobiles, such as in airbag sensors. To name just a few, these include motion sensors in monitoring units for game consoles or position sensors in modern cellular telephones and digital cameras.

**What is your outlook for the coming fiscal year?**

**FRANK AVERDUNG:** In our letter to shareholders at the beginning of 2010, we wrote about a slow recovery in economic conditions. The reality has shown us that the world economy has grown significantly more robustly and quickly than expected. In addition, trust in the financial and capital markets appears to be slowly returning. Forecasts for 2011 anticipate a further stabilization of the world economy. In view of the latest developments in the international financial markets, particularly within the European Economic and Monetary Union, our overall forecast for the coming fiscal year is cautiously optimistic.

**It was also a very successful year for your share.**

**What were the reasons for this?**

**FRANK AVERDUNG:** After two very challenging years – for our Company as well – the start of the 2010 trading year was not easy for the SUSS MicroTec share. Following the significant price gains in 2009, the share moved sideways in the first half of 2010 in concert with the TecDAX. Beginning in the second half of the year, however, the share's performance gained considerably in momentum. Following the publication of our mid-year figures in August 2010, the share then disassociated itself from the general market trend and was able to record significant price gains. With our Interim Report, we were clearly able to convince the capital markets that the measures we introduced were correct and have contributed to the positive performance of our Company. Heightened interest in the SUSS MicroTec share has translated into intensified investor relations activities by the Management Board, including road shows and investor conferences.

■ FOREWORD

REPORT OF THE SUPERVISORY BOARD  
OPTIMIZING STRUCTURES

INVESTOR RELATIONS

CORPORATE GOVERNANCE

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS  
SERVICE

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**MICHAEL KNOPP:** Overall, the share was able to gain 105 percent over the course of the past fiscal year. As a result, the past fiscal year was one of the best years in the history of our Company as far as the share price is concerned. This is certainly an exceedingly gratifying development, but no reason for the Management Board to pursue the measures launched for the restructuring and strategic reorientation of the Company with any less vigor. We will continue down the path that we embarked upon in 2009 to refocus the Company and systematically pursue our goals.

**Would you like to add anything else in closing?**

**FRANK AVERDUNG:** Ladies and gentlemen, our Company has had an outstanding year. Freed from excessive complexity and a rigid structure, we are entering the new fiscal year with determination and tremendous self-confidence. We are convinced that with the steps we have taken, we have returned the Company to the path of solid growth and sustainable value enhancement.

Garching, Germany, March 2011



Frank Averdung  
Chief Executive Officer



Michael Knopp  
Chief Financial Officer



## REPORT OF THE SUPERVISORY BOARD

In the following report, the Supervisory Board would like to inform you, dear shareholders, about its activities in the 2010 fiscal year. The primary focus of its deliberations was on strategic investment and divestment projects as well as the relocation of Bonder activities from Waterbury, Vermont, USA, to Sternenfels, Germany.

### DEAR SHAREHOLDERS,

In the past fiscal year, we advised the Management Board on directing the Company and monitored its activities. In the process, we fulfilled our responsibilities as required by law, the articles of incorporation, and Company bylaws. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with us. The Management Board provided us with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained to us in detail and reviewed by us based on available documents and information. We reviewed significant business events extensively on the basis of Management Board's reports and gave our consent to the transactions requiring our approval. During the 2010 fiscal year, the Supervisory Board held a total of eight regular meetings and three extraordinary meetings. All members of the Supervisory Board routinely participated in these meetings. When necessary, the Supervisory Board adopted its decisions by means of document circulation.

In addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board

and remained apprised of the business situation and significant events. There were no conflicts of interest of members of the Management and Supervisory Boards which required immediate disclosure to the Supervisory Board and at the Shareholders' Meeting.

### MEETINGS AND MAIN TOPICS OF DISCUSSION

The Supervisory Board conducted regular discussions of the development of business at SUSS MicroTec AG, its subsidiaries, and the Group, as well as their financial position and investment and divestment projects. The Management Board provided regular and comprehensive information about corporate planning, strategic direction, and the development of order entry, sales, and earnings. Furthermore, the Supervisory Board reviewed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system.

In the meeting on January 14, 2010, the Supervisory Board primarily addressed strategic investment and divestment projects. The Supervisory Board adopted a resolution to sell the Test Systems division. The resolution authorized the Management Board to determine and decide on all additional details of the transaction at the prevailing conditions and to negotiate and finalize the sales agreement and related agreements.

In addition, the status of the acquisition of HamaTech APE and other strategic cooperative projects was discussed.

The second regular Supervisory Board meeting was held on February 10, 2010. At that meeting, we dealt in particular with the Management Board's report on the preliminary figures for the 2009 fiscal year. Furthermore, the Supervisory Board occupied itself once again with the sale of the Test Systems division completed on January 27, 2010. The plans presented by the Management Board for the 2010 fiscal year were approved after extensive discussions. In addition,

long-term goals for the performance-based remuneration of the Management Board were examined.

Our auditor participated in the meeting on March 23, 2010. The auditor informed the Supervisory Board about the main results of the audit of the separate and consolidated annual financial statements for the 2009 fiscal year. We discussed with the auditor's representatives accounting issues and other significant issues in the past fiscal year and their impact on the net assets, financial position, and results of operations of the Company and the Group. Furthermore, the auditor explained to us the main findings of the audit of the separate and the consolidated financial statements. We acknowledged the Management Board's report for the 2009 fiscal year and the current business situation. Following an in-depth examination, the Supervisory Board approved the separate and the consolidated financial statements of SUSS MicroTec AG prepared for the 2009 fiscal year by the Management Board. In addition, the Supervisory Board's report for the past fiscal year was adopted by resolution. The Supervisory Board also set the short-term targets and the long-term, three-year goals for the Management Board's bonus agreements. Furthermore, we discussed potential agenda items for the Shareholders' Meeting on June 23, 2010. The Supervisory Board also continued to occupy itself extensively with future trends in the Lithography division as well as with the current situation in the Bonder division.



**DR. STEFAN REINECK**  
Chairman of the Supervisory Board

In the fourth regular meeting, on April 29, 2010, the Supervisory Board addressed the current figures for the first quarter of 2010 and the forecast for the entire year. The agenda and proposals for the Shareholders' Meeting on June 23, 2010 were approved. The Management Board briefed the Supervisory Board on cooperation with the company Thin Materials and the progress made with other strategic projects. Additionally, the topic of an increase in capital stock was also discussed in this meeting.

Following this meeting, the Supervisory Board conducted and documented an examination of the efficiency of its activities, in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review.

The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

In the extraordinary meetings on May 10 and May 11, 2010, the Supervisory Board dealt intensively with the topic of an increase in capital stock and adopted the resolutions necessary for execution.

In the extraordinary meeting on May 27, 2010, the Management Board informed us about the planned schedule for the relocation of the Bonder division. The Supervisory Board approved the Management Board's motion to relocate production, research and development, and product management to the Sternenfels, Germany, site. Furthermore, the decision was reached to move the North American service and sales organization and applications center from Waterbury, Vermont, to California. In addition, the Supervisory Board occupied itself with the equity capital guarantee issued in connection with the acquisition of shares in HamaTech APE GmbH & Co.KG by Singulus Technologies AG. The Management Board briefed the Supervisory Board about the claims asserted in this context by SUSS MicroTec AG vis-à-vis Singulus Technologies AG.

In the meeting on June 23, 2010, immediately before the ordinary Shareholders' Meeting, the Management Board informed us about the current business situation. Furthermore, we received an update from the Management Board about the relocation of the Bonder activities.

On August 2, 2010, the sixth ordinary Supervisory Board meeting was held. At this meeting, the figures for the second quarter as well as the current outlook for the entire year were discussed. The Management Board explained the current status of various strategic projects, particularly the status of the Bonder relocation and a number of cooperative undertakings.

In the Supervisory Board's meeting on November 2, 2010, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year. In addition, the Management Board provided information on the status of the Bonder relocation. The Supervisory Board reviewed the Group's main research and development projects. Furthermore, it examined the topics of temporary bonding and the relocation of the North American service and sales organization and the applications center from Vermont to California. In addition, we adopted a resolution on a declaration of compliance with the German Corporate Governance Code.

The last meeting of the 2010 fiscal year, on December 16, 2010 focused on the current business situation and preliminary planning for the coming fiscal year. The current status of strategic projects, particularly the relocation of Bonder activities and the North American service and sales organization and the applications center, were reviewed. The Management Board introduced the recently concluded cooperative agreement with the company Rolith. Other topics of deliberation were the possible admission to the TecDAX and the new situation that had arisen due to the complete withdrawal of Sterling Strategic Value Limited's investment in SUSS MicroTec AG.

## CORPORATE GOVERNANCE

The Supervisory Board again concerned itself during the 2010 fiscal year with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and structure of remuneration for the Management and Supervisory Boards are provided in a separate Corporate Governance Report on pages 39 et seq of the Annual Report. In their meetings on November 2, 2010, the Management and Supervisory Boards approved the declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website. In its meeting on December 16, 2010, the Supervisory Board once again occupied itself extensively with the latest recommendations of the Code regarding the composition of the Supervisory Board. Furthermore, the Supervisory Board determined that it has, in its judgment, a sufficient number of independent members. In addition, the Supervisory Board determined that it had pursued the continuing education of its members adequately through the participation of individual Board members in appropriate seminars and discussion events as well as through current professional literature. The pros and cons of a performance-based remuneration component for the Supervisory Board were discussed in detail.

### AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, Germany, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2010 prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of December 31, 2010 and issued an unqualified audit opinion for both. The consolidated financial statements and Group management report were prepared in accordance with Section 315a of the HGB based on International Financial Reporting Standards as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted accounting principles promulgated by the Institute of Public Auditors in Germany (IDW) and with the International Standards on Auditing (ISA).

The audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 29, 2011 in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations of the net assets, financial position, and results of operations of the Company and the Group and was available to us in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit.

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

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

#### CHANGES IN THE SUPERVISORY AND MANAGEMENT BOARDS

There were no personnel changes in either the Management Board or the Supervisory Board during the 2010 fiscal year.

The Supervisory Board recognizes that important strategic initiatives were launched and introduced operationally in the past fiscal year, which placed extraordinary demands on the members of the Management Board and all employees. The Supervisory Board expresses its tremendous gratitude and appreciation to the members of the Management Board and all employees for their dedicated work in the past fiscal year.

Garching, Germany, March 29, 2011

On behalf of the Supervisory Board,



Dr. Stefan Reineck  
Chairman of the Supervisory Board

# OPTIMIZING STRUCTURES

NEW PRODUCTION SITE IN STERNENFELS, GERMANY, CREATES FLEXIBILITY  
AND ROOM FOR FUTURE GROWTH



In the age of rapid technological change, it is necessary to react quickly and flexibly to changing market requirements.

So that SUSS MicroTec will remain in a position to respond to market and customer needs promptly and competently in the future, important strategic initiatives were undertaken in the past fiscal year to focus and reposition the business. In the future, the production site in Sternenfels, obtained through the HamaTech APE acquisition, will house the development and manufacturing of three product lines under one roof. ▶



## FOCUS ON CORE COMPETENCIES

The first half of the 2010 fiscal year was predominantly shaped by the implementation of two strategic investment and divestment projects.

### ACQUISITION OF HAMATECH APE

At the beginning of the 2010 fiscal year, SUSS MicroTec acquired HamaTech APE from Singulus Technologies AG. This acquisition was a significant milestone in the corporate history of SUSS MicroTec. The integration into SUSS MicroTec Group has increased HamaTech's market presence, expanded its service structures, and strengthened its market position.

HamaTech APE is a market leader in the manufacture of cleaning equipment and process solutions for photomasks, which are used for the manufacturing of integrated circuits. These photomasks can cost several hundred thousand euros and are extremely sensitive. The use of appropriate cleaning technology is therefore critical for the user. HamaTech APE's

product portfolio encompasses cleaning platforms for all structure sizes in the semiconductor industry. At the same time, HamaTech APE is the sole provider worldwide of solutions for extreme ultraviolet lithography mask cleaning. HamaTech APE's technology features a high degree of synergy potential with SUSS MicroTec's Coater/Developer product line. With the acquisition, not only was the product portfolio in the area of wet processing strategically expanded, but with the purchase of the modern production facility at HamaTech's Sternenfels site, the stage was simultaneously set for its expansion into a Group-wide competence center for wet processing. Previously, SUSS MicroTec manufactured Coater in nearby Vaihingen. The two production sites at Vaihingen and Sternenfels were consolidated by the first half of 2010 in Sternenfels. In addition, the relocation of the Bonder activities from Waterbury, Vermont, USA, to Sternenfels began in 2010.

01 // SUSS MicroTec extends its product portfolio by photo mask cleaning equipment

02 // Concentration on core competencies in the field of microstructuring



## DIVESTMENT OF THE TEST SYSTEMS DIVISION

In parallel to the purchase of HamaTech APE, the Test Systems division was sold to the American competitor Cascade Microtech, Inc. As a result, SUSS MicroTec will be able to focus entirely on providing manufacturing solutions for microstructuring in microelectronics. Despite technologically leading products, the Test Systems division was not able to operate profitably because of the very tough competitive situation in the market. With Cascade Microtech a buyer was found that will continue and even expand the business. It is significant that SUSS MicroTec has concluded a strategic partnership with Cascade Microtech simultaneously with the sale. The technology initiative established with Cascade Microtech will promote in particular the development of innovative manufacturing and test systems technologies for 3D through-silicon vias (TSV). In the process, both partners can take advantage of their links with leading research institutes, such as IMEC.

## ■ History of HamaTech APE



**1986** HamaTech was founded in Mühlacker, Germany, as a company specialized in the development and manufacture of tools for the etching, coating, cleaning, and drying of ceramic substrates and silicon wafers.

**1992** STEAG AG acquired 80 % of the shares in HamaTech. Only five years later, STEAG AG acquired the remaining 20 % of HamaTech shares.

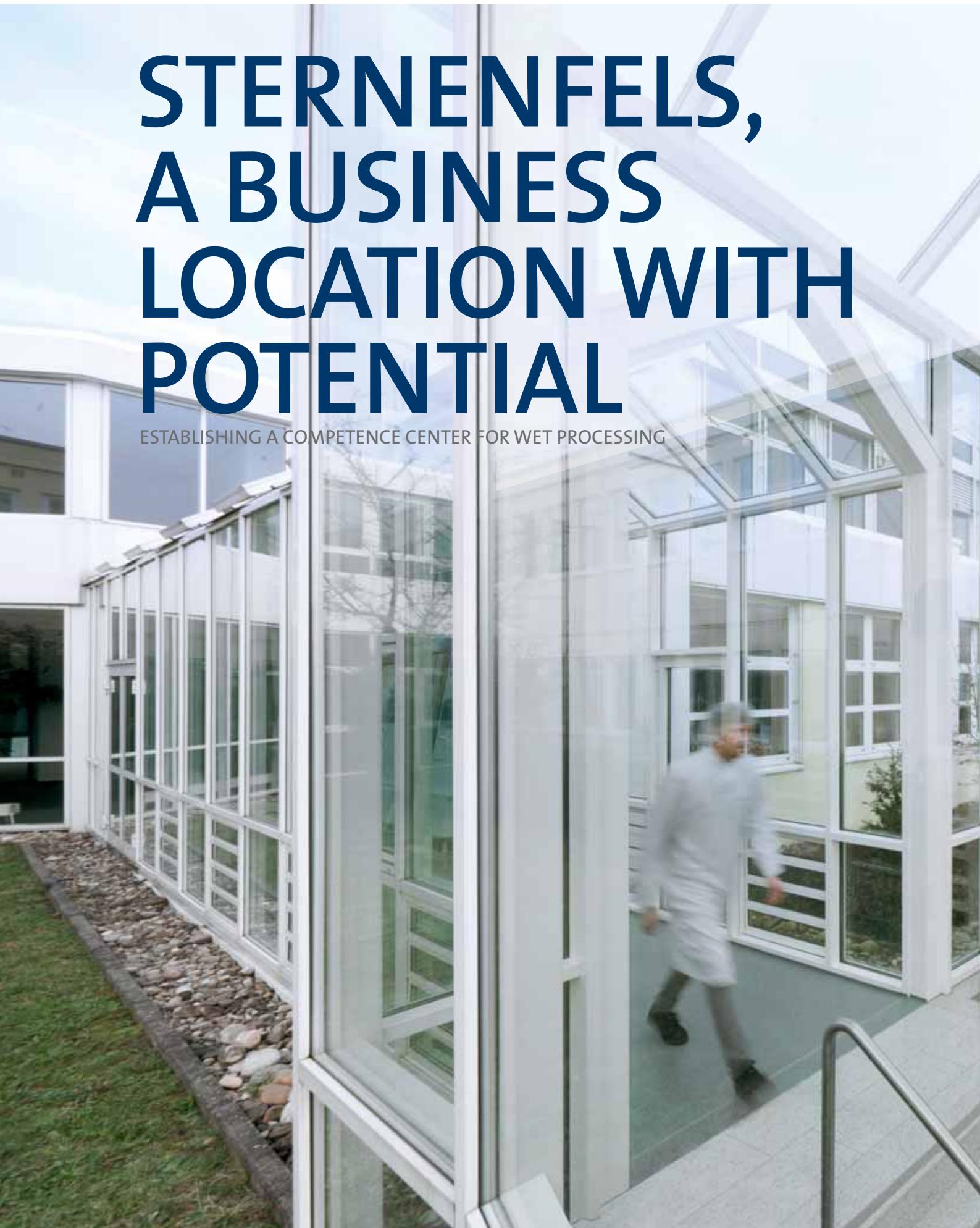
The company became an Aktiengesellschaft (German stock corporation) and had a successful IPO in 1999, STEAG HamaTech AG.

**2005** Singulus Technologies AG acquired STEAG HamaTech. At the beginning of 2010, SUSS MicroTec AG acquired the Photomask Equipment division (HamaTech APE), including the entire production site in Sternenfels.



# STERNFELS, A BUSINESS LOCATION WITH POTENTIAL

ESTABLISHING A COMPETENCE CENTER FOR WET PROCESSING



The Sternenfels site is located on a land plot with a total area of approximately 34,000 m<sup>2</sup>. Facilities with a footprint of approximately 15,000 m<sup>2</sup> are located on the grounds.

Of that total, approximately 8,300 m<sup>2</sup> are allotted to production and storage areas and approximately 500 m<sup>2</sup> to development and application cleanrooms, while office space occupies an area of about 3,000 m<sup>2</sup>. The site, which was completed in three construction stages between 1991 and 1998, fulfills the most modern requirements for development, production, and administrative facilities. ▶



## EXPLOITING SYNERGIES

The modern production facility in Sternenfels enables SUSS MicroTec to exploit diverse synergies in the areas of development, procurement, and production. Following the complete relocation of the Bonder product line, more than 70 percent of SUSS MicroTec Group's value-added in the three product lines of Photomask Equipment, Coater/Developer, and Bonder is accomplished at the new Sternenfels site. As a result of the geographic consolidation, for example, capacity utilization in assembly can be significantly optimized so that fluctuations in orders can be smoothed out better in the product lines.

The modern production facility in Sternenfels also represents major progress in terms of manufacturing logistics. The manufacturing and storage areas are arranged in such a way that materials can "flow" and available space can be optimized. SUSS MicroTec can take advantage here of the preexisting cleanroom environment and the flexible supply and disposal systems within manufacturing.

Working capital also benefits from the consolidation as a result of lower inventories and higher turnover rates. This applies particularly to purchased parts such as motors, sensors, valves, etc., which are used in assembly on all product lines and therefore make it possible to improve the logistics chain's organization. As a result of this bundling in procurement, SUSS MicroTec achieves immediately effective advantages with regard to purchase prices and security of supply.

The engineering area also offers great synergy potential. Fundamentally similar technical steps are carried out in both the Photomask Equipment and Coater/Developer product lines, such as cleaning, baking, and developing using wet chemistry. SUSS MicroTec is now consolidating this joint competence in the area of wet processing at the Sternenfels site.

**01 //** The manufacturing and storage areas are arranged in such a way that materials can "flow" in an optimal way

**02 //** The large cleanroom facilities provide room for future growth



The consolidation is making it possible to tap new potential in the area of software management for our tools across all product lines: a common, integrated management concept on the cutting edge of technology.

Access to special cleanrooms, in which processes can be demonstrated and refined on our equipment and tools can be accepted prior to shipment, is equally significant for engineering and customers. The cleanrooms can provide pure air up to class 100 and therefore fulfill the standard requirements for many processes in the market. Through the tight geographic integration of engineering, applications, and



assembly, we are in a position to quickly bring new developments to market readiness.

## CREATING ROOM FOR GROWTH

The generously designed production facility allows potential for further growth. SUSS MicroTec is optimally prepared for the expected increase in Bonder production in the years to come. In addition, new product lines can be integrated through the more intensive use of existing space. If necessary, it is also possible to expand the area of the facility on the site.

Last but not least, the new Sternenfels site reinforces the perception of SUSS MicroTec as an attractive company, particularly in the economically prosperous and scenic region between Karlsruhe and Stuttgart. With now more than 200 employees, SUSS MicroTec will experience a perceptible increase in its recognition as an employer in the high technology sector. This will become increasingly important in the future in the competition for the best employees.

 Global Footprint

Following the restructuring, the Company's worldwide presence encompasses the two German sites in Garching and Sternenfels, augmented by a network of sales and service subsidiaries with a focus on Asia. Thanks to this outstanding infrastructure, SUSS MicroTec is well positioned to offer service and support to customers around the clock, a prerequisite for using the systems successfully in production. In order to bring the range of services even closer to customers in the future, an applications laboratory was established in Sunnyvale, California, in the heart of Silicon Valley. In addition, the sales and service sites in Taiwan and China were expanded.

# FOCUS ON GROWTH MARKETS

TREND TOWARD INCREASINGLY COMPLEX TECHNOLOGY  
AND MORE OPTIONS DRIVES BUSINESS



There is currently no sector of today's industrialized world that can do without electrical and electronic devices. Modern means of transportation, household appliances, televisions, game consoles, cellular telephones, and navigation devices are all full of technology. In particular, there has been a large increase in the number of control elements and sensors used in these applications. Many of these functions are controlled via semiconductor components, such as MEMS or microchips.

In addition, the options provided by individual electronic terminal devices are growing all the time, without a substantial increase in size. This implies in turn that the embedded components must become ever smaller and more powerful. SUSS MicroTec tools are highly complex devices which are used to manufacture these components. With its tools and processing solutions, the Company serves rapidly growing and future-oriented markets, such as the advanced packaging and 3D integration sectors as well as the markets for MEMS and LEDs. In the following pages, you will find an overview of SUSS MicroTec's products and processing solutions as well as the markets they serve. ▶



## ADVANCED PACKAGING

is an alternative packaging technology to traditional wire bonding, which is still used today for wiring in a large number of microchips. By contrast, with advanced packaging, all of the microchip packaging steps are carried out prior to the separation of the chips. Through a procedure called "micro-bumping," the microchips can then be directly attached to the substrate. This makes it possible to achieve lower electrical and thermal resistance, which in turn enables higher transmission speeds combined with reduced space requirements. For the end user, this means more functionality in less space. SUSS MicroTec's product portfolio includes equipment designed for photolithographic microstructuring, comprising the Coater and Developer and the Mask Aligner lines, and addresses all of the essential processing steps of advanced packaging. The photo resist is applied to the wafer via the Coater using spin or spray coating

processes and then baked. Next, the desired pattern is exposed in the Mask Aligner and thus transferred to the photo resist. The development of the exposed and unexposed areas of the photo resist on the Developer is the final stage of the pattern transfer. The pattern transferred in this way to the photo resist forms the basis for additional evaporation and etching processes to manufacture conducting paths and touch-downs. In the area of 3D packaging, micro-bumping in advanced packaging is increasingly establishing itself as the standard for electrical connections.

## 3D INTEGRATION – "MORE THAN MOORE"

The stacking of chips in a third dimension – 3D integration – enables the manufacture of more powerful products on the basis of known technologies. Image sensors and memory chips were the first two application areas for which 3D technologies were used in fabrication. In the future, components of vastly different



01 // View into the LF300 module, a low force bonder for temporary bonding

02 // Coating module of a spray coater

sizes, functions, and manufacturing technologies are to be integrated in the same package using 3D integration. In a cellular telephone or a game console, for example, a motion sensor could be combined with a memory chip in an extremely small area. In order to use as little space as possible in the third dimension, the individual components must be made as thin as possible prior to stacking. After the wafers have been made thinner, the electrical through-silicon vias can be manufactured and the touchowns can be fabricated using the described advanced packaging technologies.

In order to be able to process such thin wafers mechanically at all, it is necessary to affix them to a stable carrier before thinning. In its product portfolio, SUSS MicroTec makes available comprehensive equipment solutions for attaching and detaching these carrier wafers. In addition to attaching the originally thick wafer to the carrier in the Temporary Bonder and subsequently detaching the finished, thinned wafer, the wafers are also cleaned of adhesive remnants in the Debonder so that they can be separated and stacked. For the actual 3D integration, or stacking of chips, the metallic touchdown points of the wafers are connected to each other permanently under high pressure and temperature. This takes place in a Wafer Bonder.

#### COMPOUND SEMICONDUCTORS – LEDs

Another market for SUSS MicroTec is the lighting industry, including light emitting diodes or LEDs. With an increase in luminosity to 60 to 120 lumen, for example, high brightness LEDs have opened up new applications and are displacing conventional light sources from their customary role. Typical processing steps which are carried out on SUSS MicroTec equipment include the lithographic patterning of touchdown surfaces, electrodes, and etch masks. The Substrate Bonder is used to integrate mirror surfaces and bond different epitaxial layers. In addition, SUSS MicroTec technologies and products are used to further augment the luminosity and homogeneity of light emitting diodes. This includes, for example, the most modern nanoimprint and lithography processes for the microstructuring of sapphire substrates.



Important industry sectors today are decorative lighting, traffic lights, backlighting for keyboards and monitors, flash for cameras, large video screens and billboards, and automotive taillights and blinkers. In addition, there are interesting new applications in general lighting or backlighting of LCD displays in camcorders, laptops, computer monitors, and LCD TVs. Other areas with interesting growth potential for SUSS MicroTec are optical communications, photovoltaics, and power semiconductors.

### MEMS

are microelectromechanical systems. They are used, for example, in the automotive, telecommunications, optoelectronics, consumer electronics, and medical technology industries. This market offers attractive growth potential. While today a modern cellular telephone already contains approximately nine MEMS components, according to expert estimates, this share is anticipated to more than double in the next few years.

In MEMS manufacturing, semiconductor fabrication technologies and processes are used to produce particularly small mechanical and other non-electrical elements. SUSS MicroTec products from several product lines are used to manufacture MEMS components. Lithography is also employed here for the patterning of etch masks and electrical touchdowns, as well as for the manufacturing of mechanical 3D patterns, such as microgears. SUSS MicroTec products play an essential role here. Spin coating of the photo resist in a SUSS MicroTec Spin Coater involves first placing a drop of photo resist in the middle of the wafer, which is held on a turntable via vacuum suction. Through centrifuging, the liquid photo resist is distributed evenly in a thin layer on the wafer. Next, the wafer is exposed with the help of a mask projection in a SUSS MicroTec Mask Aligner. During development, the wafer is once again placed on a turntable. As the turntable revolves slowly, the wafer is sprayed continuously with developer solution in a SUSS MicroTec Developer. Once the resist has been developed completely, the wafer is washed by spraying it with water in order to stop the development process. Depending on the type of resist, the development process causes certain areas of the resist dissolve, so that in the end, a patterned disc remains. In addition, the SUSS MicroTec Wafer Bonder is also used to hermetically encapsulate MEMS components.



The SB6/8 bonder is ideal for MEMS, SOI, and wafer level packaging applications

## MASK CLEANING – “MORE OF MOORE”

With the acquisition of HamaTech APE, SUSS MicroTec has moved for the first time into the Frontend of semiconductor production. While at the Backend, the semiconductor industry is intensifying its focus on increasing functionality and integrating various components, at the Frontend it continues to attempt to boost the performance of the individual microchip by progressively reducing pattern sizes. Lithography is an important process in microchip manufacturing, whereby the desired patterns are created by projecting light through a mask onto the wafer. These masks are very expensive and extremely sensitive. Therefore the adequate cleaning technique is very important.

Technologically leading semiconductor manufacturers will be implementing a dual strategy in coming years. Namely, conventional 193i lithography will continue to be used for pattern sizes in the range of 32 to 22 nanometers. At the same time, leading semiconductor manufacturers will be installing initial pilot facilities for extreme ultraviolet lithography for sub-22nm technologies as early as 2011. HamaTech APE's product portfolio encompasses platforms for the mask cleaning of all pattern sizes in the semiconductor industry. Furthermore, it is also the sole provider worldwide of mask cleaning solutions for extreme ultraviolet lithography applications.



## FRONT-END AND BACKEND: THE TWO PROCESS AREAS DURING WAFER FABRICATION

## The Front-end

The Frontend comprises all the production steps carried out on the wafer as a whole. This is where the microchip itself is made. The electrical circuits are produced through the patterning of individual strata on a wafer in a layered structure by using lithography processes. In order to create small patterns in the individual strata, the entire wafer is coated with a light-sensitive material and then exposed using a photomask.

The Back-end

After the actual microchip manufacturing process has been completed, the processes at the Backend start. The fully processed microchips on the wafer are then cut and each is inserted as an individual chip into a package and encapsulated in a plastic housing. In a newer form of chip packaging, the silicon wafer is put through the packaging process as a whole unit ("wafer level packaging") and then the chips are singulated.

#### The Back-end Gains in Importance

In the past, the Backend generally played a subordinate role to the Frontend in microchip fabrication. As a result of new packaging processes, but also due to the already described trend toward 3D integration, the Backend will tend to gain in importance. In addition, 3D integration requires utmost precision in the connecting of two wafers. This applies to both temporary and permanent wafer bonding.

# INVESTOR RELATIONS

In the past two fiscal years, SUSS MicroTec has undertaken important measures to prepare the Company for the future and to increase its value on a sustainable basis. Particularly in the 2010 fiscal year, we were extraordinarily successful in doing so, and this was reflected in the performance of the share price. With a price increase of more than 100 percent in 2010, the SUSS MicroTec share was certainly one of the top-performing equities in the German capital market.

## SIGNIFICANT PRICE GAINS AT END OF YEAR

The overall recovery of the financial and capital markets, which had already begun in 2009, continued in the past fiscal year and grew significantly in strength over the course of the year. Thus the DAX, which ended 2009 at 5,957 points, stood at 6,914 points by the end of 2010. This corresponds to an increase of 16 percent. The MDAX and SDAX also gained significantly during the year, by 35 percent and 46 percent respectively. Only the TecDAX barely changed over the same period and closed at 851 points, which represented a slight gain of 4 percent as compared with the beginning of the year.

Relative to our reference index – the TecDAX – the SUSS MicroTec share performed much more positively. Following significant gains over the course of the year 2009, the share price closed the 2009 fiscal year at € 4.45. Through August 2010, our share had merely moved sideways in concert with the TecDAX. With the publication of the mid-year figures, the SUSS MicroTec share then disassociated itself from the development of the TecDAX and was able to record significant price gains. From this point on, the average daily trading volume rallied significantly on all German stock exchanges and finally stood at 199,287 for the month of December (Xetra and Frankfurt Stock Exchange trading floor). For the full year, the average daily trading volume was 117,654 shares. In comparison, the trading volume totaled only 46,414 shares in 2009. Overall, a heightened interest in the SUSS MicroTec share on the part of both investors and analysts could be discerned.

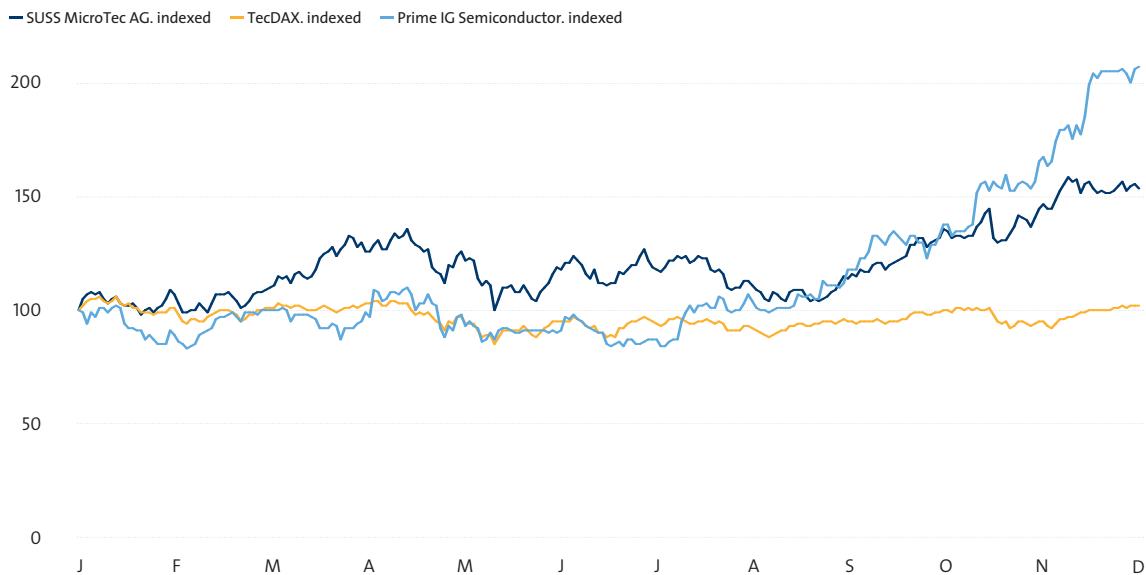
The SUSS MicroTec share benefited in 2010 not only from the generally encouraging performance of the stock markets and the good development of the markets we serve, but also from the structural improvement of the operational business. In addition, strategically important steps were taken for an additional increase in the Company's enterprise value. These include, for example, the restructuring measures that were introduced as well as the successfully completed divestment of the loss-making Test Systems division and the acquisition of HamaTech APE. SUSS MicroTec AG has streamlined its product portfolio, but also expanded it in strategically important core areas in order to meet the requirements of the rapidly developing market environment and to be able to respond to customer needs in a timely manner.

The share also performed well in comparison to other companies in our market environment. As early as the first half of 2010, the IG Prime Semiconductor sector index put in a relatively good performance and moved even higher in the second half of the year. However, after moving sideways in the first half of the year, the SUSS MicroTec share performed much more dynamically than the benchmark index in the second half of the year. At the end of December 2010, the SUSS MicroTec share closed at € 9.14, representing a gain of 105 percent from the end of 2009. In the same period, the IG Prime Semiconductor benchmark index closed with a gain of 62 percent from the beginning of the year.

The following graphs and tables offer an overview of share price performance in 2010.

SUSS MICROTEC SHARE PERFORMANCE IN 2010

(SUSS MicroTec share price on January 4, 2010: € 4.40)

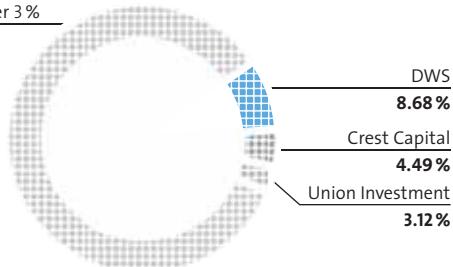


COMPARISON OF SUSS MICROTEC, TECDEX, AND PRIME IG SEMICONDUCTOR MARKET DEVELOPMENT IN THE 2010 FISCAL YEAR

	12/30/2009	12/30/2010	Change
TecDAX	817.58	850.67	4 %
Prime IG Semiconductor	97.26	157.20	62 %
SUSS MicroTec	4.45	9.14	105 %

OWNERSHIP INFORMATION AS OF DECEMBER 31, 2010 in %

Others under 3 %  
**83.71%**



#### AN OVERVIEW OF THE SUSS MICROTEC SHARE

Securities identification number	722670
ISIN	DE0007226706
Reuters code	SMHG.F
Bloomberg code	SMH GR
Stock exchange segment	Prime Standard
Number of issued shares (as of December 31, 2010)	18,721,038
Description of securities	No-par-value bearer shares equinet Bank AG
Designated sponsor	Close Brothers Seydler Bank AG (since November 2010)
Initial public offering	05/18/1999
Opening / closing price for the year in euros	€ 4.40 / € 9.14
Yearly high / low in euros*	€ 3.71 / € 9.14
Annual development	+105 %
Capital measures in 2010	Increase in capital stock of 10 % of equity capital

\*XETRA closing price

#### INVESTOR RELATIONS ACTIVITIES INTENSIFIED

An essential task of investor relations activities is the maintaining of existing contacts with shareholders and investors. An additional task is to attract new investors and to communicate the Company's point of view to the capital markets. SUSS MicroTec's Management Board considers itself particularly responsible for this task. The Management Board and the Investor Relations department thus conducted a total of five capital markets conferences and eight road shows in the past fiscal year. The capital markets conferences were held in Frankfurt, Hamburg, Zurich, and New York. As part of the road shows, investor meetings were held in Zurich, London, Amsterdam, Copenhagen, Oslo, Frankfurt, and Hamburg. Particularly in the second half of the year, the demand for international road shows gained considerable momentum. In addition, the Company took advantage of opportunities for personal interaction with institutional investors and analysts in many one-on-one meetings. Conference calls for investors and analysts were also held during the fiscal year for events such as the publication of quarterly results as well as extraordinary events. Our goal is to continue to augment analysts' and investors' understanding of

our business activities by giving them deeper insights into the Group-wide product portfolio and its application areas.

#### ANALYST RESEARCH

Four research firms – DZ Bank AG, SES Research GmbH, equinet Bank AG, and GBC AG Investment Research – have continued the previous year's coverage. At the end of the fiscal year, Close Brothers Seydler was acquired as a second designated sponsor. In January 2011, Close Brothers took up coverage of the SUSS MicroTec share. Although the number of research analysts did not increase in the past fiscal year, the demand for information about SUSS MicroTec – also on the part of analysts – rose significantly, particularly at the end of the year. In December, all of the analysts recommended the SUSS MicroTec share as a buy.

An overview of current research reports about the SUSS MicroTec share is available on the internet at [www.suss.com/investor\\_relations](http://www.suss.com/investor_relations).

## ANNUAL REPORT AWARD

During the past fiscal year, SUSS MicroTec AG received its sixth Annual Report award from the League of American Communications Professionals (LACP). In the competitive category "Technology – Semiconductors & Equipment," the 2009 Annual Report was granted the Gold award, thus placing second among all financial reports in its sector.

## SUCCESSFUL INCREASE IN CAPITAL STOCK

On May 11, 2010, SUSS MicroTec successfully carried out a share placement with German and international investors as part of an accelerated book-building procedure. 1,701,912 shares with profit-participation rights were placed, beginning on January 1, 2010 at a price of € 4.00 per share. The gross inflow of funds for the Company amounted to € 6,807,648. The funds from the increase in capital stock were used primarily to refinance the HamaTech acquisition and will also help finance additional growth.

The Company's equity capital was increased from €17,019,126.00 (divided into 17,019,126 common bearer shares with a calculated par value of €1.00 per share) by an amount of €1,701,912.00 to €18,721,038.00.

Subscription rights of the shareholders were excluded by the authorization in Section 5 (2) of the articles of incorporation. The Frankfurt investment bank equinet functioned as sole lead manager and sole bookrunner in the transaction.

## SHAREHOLDERS' MEETING

SUSS MicroTec AG's ordinary Shareholders' Meeting took place during the reporting period on June 23, 2010 at Haus der Bayerischen Wirtschaft (House of the Bavarian Economy). Approximately 80 shareholders, shareholder and bank representatives, and guests accepted the invitation to Munich and personally received information about the business performance in the past fiscal year as well as the future prospects of the Company. Nearly 33 percent of the equity capital was represented. In its statement of accounts, the Management Board discussed in detail the results of the past fiscal year and the first quarter of 2010. The emphasis was on the restructuring measures that had been introduced as well as on reporting about the acquisition of HamaTech APE and the divestment of the Test Systems division. In addition, information was provided about the successful increase in capital stock.

All of the resolutions up for a vote were approved. In addition to discharging the Management Board and Supervisory Board from liability for the 2009 fiscal year and appointing the auditor for the separate and consolidated financial statements, the amendment of the articles of incorporation pursuant to the German Act on Implementing the Shareholders' Rights Directive (ARUG) was on the agenda. All proposals were approved by at least 99 percent of the voting rights represented at the Shareholders' Meeting. The voting results from the Shareholders' Meeting were published on the internet immediately after the event.

# CORPORATE GOVERNANCE

Corporate governance represents a responsible type of management and control of companies that creates value in the long term. At SUSS MicroTec, we are guided by the German Corporate Governance Code, which is a proven standard of good corporate governance in Germany. Further details can be found in the following report.

## CORPORATE GOVERNANCE REPORT

The Management Board and Supervisory Board regard it as their obligation to ensure the Company's continued existence and a long-term increase in its enterprise value via responsible and sustainable corporate governance. Good and transparent corporate governance is an essential element for the success of the entire Company. In its entrepreneurial activity, SUSS MicroTec strives to reinforce the confidence that investors, financial markets, business partners, employees, and the public have put in us and to continuously enhance corporate governance within the Group. Extensive information on this topic can be found on our website.

## DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

SUSS MicroTec AG will comply with the recommendations of the German Corporate Governance Code in the version from May 26, 2010 with the following five exceptions. In addition, it has complied with the recommendations of the Code in the version from June 18, 2009 with four exceptions – invitation to the Shareholders' Meeting, a deductible for D&O insurance, the creation of committees, and the performance-based remuneration of Supervisory Board members – during the period from November 3, 2009 to November 2, 2010.

### ■ Invitation to the Shareholders' Meeting

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

### ■ Postal Voting

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

■ **Deductible for D&O Insurance**

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

■ **Creation of Committees**

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

■ **Remuneration of Supervisory Board Members**

In Section 5.4.6 Paragraph 2 the German Corporate Governance Code recommends a performance-based remuneration of the Supervisory Board members. The remuneration of Supervisory Board members is stipulated in Section 13 of the articles of incorporation. SUSS MicroTec AG's articles of incorporation currently do not provide for performance-based remuneration of the Supervisory Board. In the Company's opinion, responsible actions of the Supervisory Board are not additionally promoted through the agreement of performance-based remuneration.

The full text of the current declaration of compliance and of all previous declarations regarding the Code, are published on the Company's website at [www.suss.com/investor\\_relations](http://www.suss.com/investor_relations).

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

- Notwithstanding Section 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.
- Section 2.3.4 of the Code suggests that the shareholders of the Company be able to follow the Shareholders' Meeting via modern communication methods (e.g. the internet). Considering the additional costs that might arise from the use of this technology, a decision was made not to implement such measures at this time.
- Since the Supervisory Board of SUSS MicroTec AG does not take part in the decision-making, there is no separate prearrangement of Supervisory Board meetings, notwithstanding Section 3.6 (1) of the German Corporate Governance Code.
- In addition, the suggestions of the Code relating to Supervisory Board committees and the performance-based remuneration of the Supervisory Board are not followed since the Company does not comply with the related recommendations.

## SHAREHOLDERS' MEETING

The Shareholders' Meeting is the central forum at which the shareholders can pose their questions about the Company and its business development directly to the Management Board and the Supervisory Board. SUSS MicroTec prepares the annual Shareholders' Meeting with the goal of providing shareholders with all information relevant to them before, during, and after the meeting. In addition, the Shareholders' Meeting approves a resolution on the discharge of liability for the Management Board and the Supervisory Board and on the appropriation of earnings.

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

## COMMUNICATION AND TRANSPARENCY

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

## MANAGEMENT AND SUPERVISORY BOARD COOPERATION

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

The Supervisory Board monitors and consults the Management Board with regard to the management of the Company and appoints the members of the Management Board. Significant Management Board decisions – for example, acquisitions, divestments, and financial transactions – require its approval. The Supervisory Board of SUSS MicroTec AG is not co-determined. As the Supervisory Board has not formed any committees, there is thus nothing to report regarding the composition and working procedures of the committees.

The corporate management of SUSS MicroTec AG is defined by close and constructive cooperation between the Management and Supervisory Boards. Both Boards work together closely in the interest of the Company and with the common goal of increasing the enterprise value over the long term.

The Management Board informs the Supervisory Board about business policy and all relevant issues related to planning, business development, risk position, and risk management on a regular, prompt, and comprehensive basis. Deviations in business developments from the established plans and targets are explained and discussed, and reasons for these are provided.

As is stipulated in the German Corporate Governance Code, only one former member of the Management Board belongs to the Supervisory Board of SUSS MicroTec AG (this being Dr. Stefan Reineck). This guarantees the impartial consultation and monitoring of the Management Board. In the 2010 reporting year, there were again no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company. No conflicts of interest among Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board occurred in the 2010 fiscal year.

## SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

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

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

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

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

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

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

The age limit for Supervisory Board members is 71.

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

## CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

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

## DIRECTORS' DEALINGS OF THE MANAGEMENT AND SUPERVISORY BOARDS

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

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

### DIRECTOR'S DEALINGS 2010

Date of the transaction	Buyer / seller	Function / status	Type and place of transaction	Quantity (number)	Price in €	Total volume in €
08/24/2010	Frank Averdung	Chief Executive Officer	Purchase on XETRA	9,258	4.45	41,198.10
08/23/2010	Frank Averdung	Chief Executive Officer	Purchase on XETRA	1,386	4.45	6,167.70
08/16/2010	Frank Averdung	Chief Executive Officer	Purchase on XETRA	4,356	4.40	19,166.40
08/12/2010	Michael Knopp	Chief Financial Officer	Purchase on XETRA	7,500	4.448	33,360.95
08/06/2010	Michael Knopp	Chief Financial Officer	Purchase on XETRA	7,500	4.499	33,745.99

All dealings were published on the Company's website at [www.suss.com](http://www.suss.com) > *Investor Relations* > *Corporate Governance* > *Directors' Dealings*.

## STOCK OPTION PLANS

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

### Stock Option Plan of 2005

At the beginning of the 2010 fiscal year, there were a total of 403,900 options outstanding under the Stock Option Plan of 2005 passed by the Shareholders' Meeting on June 21, 2005. In the 2010 reporting year, a total of 0 options were issued to members of the Management Board. A total of 109,100 options from the Stock Option Plan of 2005 expired in the 2010 fiscal year. No options from this plan were exercised in the 2010 fiscal year. The number of options still outstanding at the end of the fiscal year amounted to 294,800, of which 70,000 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 percent per annum during the period between issuing and exercising the options and the stock exchange price of the Company has developed the same as or better than the TecDAX during this period, or (ii) the stock exchange price of the SUSS MicroTec share has increased by an average of 10% per annum during the period between issuing and exercising the options. The exercise and/or subscription prices amount to € 4.95 for 81,500 options issued on August 31, 2005, € 7.35 for 103,000 options issued on June 8, 2006, and € 8.39 for 189,400 options issued on May 23, 2007, and € 8.42 for 30,000 options issued on August 22, 2007.

### Stock Option Plan of 2008

At the beginning of the 2010 fiscal year, there were a total of 435,750 options outstanding under the Stock Option Plan of 2008 passed by the Shareholders' Meeting on June 19, 2008. In the 2010 reporting year, a total of 0 options were issued to members of the Management Board. A total of 33,750 options from the Stock Option Plan of 2008 expired in the 2010 fiscal year. At the end of the 2010 fiscal year, a total of 402,000 options from the Stock Option Plan of 2008 were still outstanding. The issued options can be exercised upon expiration of a two-year waiting period, provided that the following performance goals are met: (i) the stock exchange price of the SUSS MicroTec share has increased by at least 0.625 percent per full calendar month during the period between the issue date and the first day on which the stock option is exercised and the stock exchange price of the SUSS MicroTec share has developed the same as or better than the TecDAX during this period in percentage, or (ii) the stock exchange price of the SUSS MicroTec share has increased by at least 0.833% per full calendar month during the period between the issue date and the first day on which the stock option is exercised. In addition to the performance goals (i) and (ii), for exercise periods within the first 36 months of the term of the stock options, the stock exchange price of the SUSS MicroTec share must reach € 5.00 at least once during the term until the first day of the exercise period, for exercise periods between the 37<sup>th</sup> month and the 48<sup>th</sup> month it must reach € 5.75 at least once during the term, and for exercise periods between the 49<sup>th</sup> month and the 60<sup>th</sup> month it must reach € 6.60 at least once during the term. The exercise and/or subscription prices amount to € 1.30 for 438,250 options issued on April 14, 2009.

## ACCOUNTING AND ANNUAL AUDIT

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

On June 23, 2010, the Shareholders' Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft from Munich, Germany, as auditors and Group auditors of SUSS MicroTec AG for the 2010 fiscal year. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality. Furthermore, the auditor agreed to inform the Supervisory Board of all material findings and circumstances that arise while conducting the audit.

## Ownership of Shares and Subscription Rights

The members of the Management and Supervisory Boards of SUSS MicroTec in office in the 2010 fiscal year owned the following number of shares and subscription rights as of the end of the fiscal year on December 31, 2010:

## REMUNERATION REPORT

### Remuneration of the Management Board

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

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

The Supervisory Board has taken up the matter of aligning Management Board remuneration with sustainable corporate governance in detail on several occasions. An external remuneration specialist was also consulted. After extensive consultations, the Supervisory Board adapted the Management Board remuneration system as of January 1, 2010 to the new law.

## OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

	Number of shares on 12/31/2010	Change from 12/31/2009	Number of stock options on 12/31/2010	Change from 12/31/2009
<b>Supervisory Board</b>				
Dr. Stefan Reineck	9,600	-	40,000	-
Jan Teichert	0	-	0	-
Sebastian Reppegather	0	-	0	-
<b>Management Board</b>				
Frank Averdung	42,500	+ 15,000	67,500	-
Michael Knopp	37,500	+ 15,000	97,500	-

### **Remuneration Structure**

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

#### **Fixed Remuneration**

The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. The remuneration components independent of performance consist of the base salary and fringe benefits in the form of a company car and subsidies for health insurance and unsolicited retirement insurance. In addition, employer pension commitments (retirement, disability, and widow's pension) in the form of direct insurance have been made to the members of the Management Board (endowment insurance). No other benefits of monetary value were granted.

#### **Performance-based Remuneration**

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

#### **Variable Remuneration**

Variable remuneration amounts to a maximum of 100 percent of fixed remuneration at the beginning of the respective fiscal year. Of variable remuneration, 70 percent is determined according to quantitative criteria, while the remaining 30 percent is determined according to qualitative criteria.

#### **Variable Remuneration Based on Quantitative Targets (Variable Remuneration A)**

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

The remuneration based on quantitative criteria is determined annually. In the interest of promoting long-term corporate development, the Management Board members are permanently entitled to only half of variable remuneration A. The other half, which is regarded as the qualified half, is dependent on a review of the figures of the following fiscal year. In the process, the amount of the qualified half can be adjusted downward or upward. The final calculation of the qualified half depends, in turn, on the extent to which the specific target (order entry, sales, EBITDA, and free cash flow), which applies to the following fiscal year, has been achieved. If only 70 percent or less of the target for this (following) fiscal year is achieved, the entire qualified half is not paid out. If 130 percent or more of the specific target is achieved, the amount of the qualified half of the corresponding remuneration share is doubled for the previous fiscal year. If the achievement of a target is between 70 percent and 130 percent, the amount of the qualified half is calculated proportionally to the achievement of the given target in the (following) fiscal year.

**Variable Remuneration Based on Qualitative Targets  
(Variable Remuneration B)**

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

**Share-based Remuneration**

A second element of performance-based remuneration is a share-based remuneration plan oriented toward the long-term success of the Company and consisting of stock options. The stock option plans are described on pages 38 et seq of this Annual Report.

**Severance Payments**

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

SUSS MicroTec AG paid the following remuneration to the members of the Management Board in the 2010 fiscal year:

#### REMUNERATION OF THE MANAGEMENT BOARD 2010

Member of the Management Board	Variable remuneration		Stock options (number)	Other payments in €**	Expenses for retirement benefits in €
	Base salary in €*	for 2009 in €			
Frank Averdung	262,272.72	97,492.33	-	6,567.00	2,148.00
Michael Knopp	217,981.12	85,084.22	-	6,567.00	2,148.00

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

\*\* Allowance for voluntary retirement fund

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

#### Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In addition to the reimbursement of their expenses and meeting attendance compensation of € 1,500.00 per meeting, each member of the Supervisory Board also receives a fixed remuneration based on the responsibilities and duties of the member. According to this, the Chairman of the

Supervisory Board receives € 45,000.00, the Deputy Chairman receives € 40,000.00, and a regular member of the Supervisory Board receives € 35,000.00 per fiscal year as fixed compensation. The members of the Supervisory Board have reimbursed the Company for the notional per capita share of the D&O insurance premium paid by the Company.

In the 2010 fiscal year, neither former nor current members of the Supervisory Board received any remuneration or benefits for personal services, particularly consultation and placement services.

#### REMUNERATION OF THE SUPERVISORY BOARD IN 2010

Member of the Supervisory Board	Remuneration in €	Meeting attendance payment in €	Reimbursement of expenses in €	Deduction for pro rata D&O insurance premium in €
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	13,500.00	7,370.82	1,827.00
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	13,500.00	201.75	914.00
Sebastian Reppegather	35,000.00	13,500.00	6,931.99	609.00

## COMPANY BODIES

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

#### Frank Averdung

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

#### Michael Knopp

#### Dr. Stefan Reineck

- AttoCube Systems AG, Munich, Germany (Chairman of the Supervisory Board)
- NanoScape AG, Munich, Germany (Chairman of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board)
- Bosch Solar CISTech GmbH, Brandenburg an der Havel (Member of the Advisory Council)
- VHF- Technologies SA, Yverdon-les-Bains, Switzerland (Chairman of the Administrative Council)
- Managing Partner at RMC Dr. Reineck Management & Consulting GmbH, Kirchardt, Germany

#### Jan Teichert

- Chief Financial Officer of Einhell Germany AG, Landau an der Isar, Germany

#### Sebastian Reppegather

- Zürich, Investment Director at Fidinam S.A., Lugano, Switzerland
- Sterling Strategic Value Limited, Tortola, British Virgin Islands (member of the Board of Directors)
- International Equity Development S.L., Barcelona, Spain (member of management as from August 6, 2010)
- IED Beteiligungs GmbH, Frankfurt am Main (member of management until December 29, 2010)

# GROUP MANAGEMENT REPORT

and Management Report of SUSS MicroTec AG for the 2010 Fiscal Year

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## BUSINESS AND GENERAL CONDITIONS

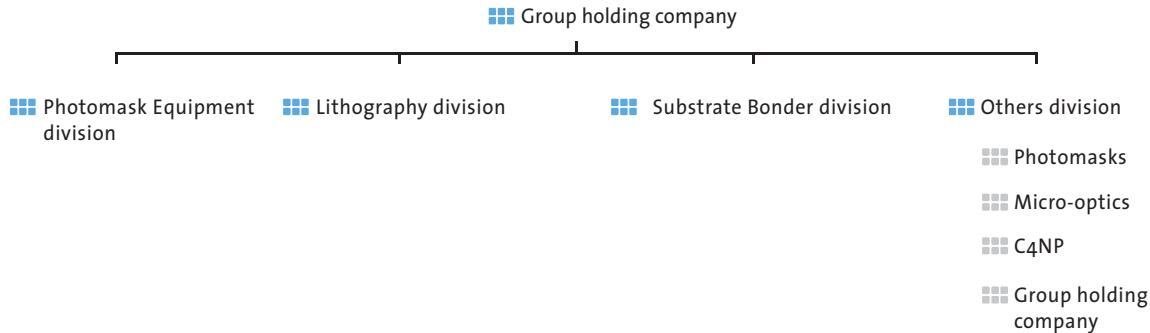
### GROUP STRUCTURE AND BUSINESS ACTIVITIES

#### Business Activities and Divisions

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

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

As of December 31, 2010, the Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. Through the acquisition of HamaTech APE, a new division – the Photomask Equipment division – was created. In January 2010, SUSS MicroTec sold the Test Systems division, thus dissolving the division.

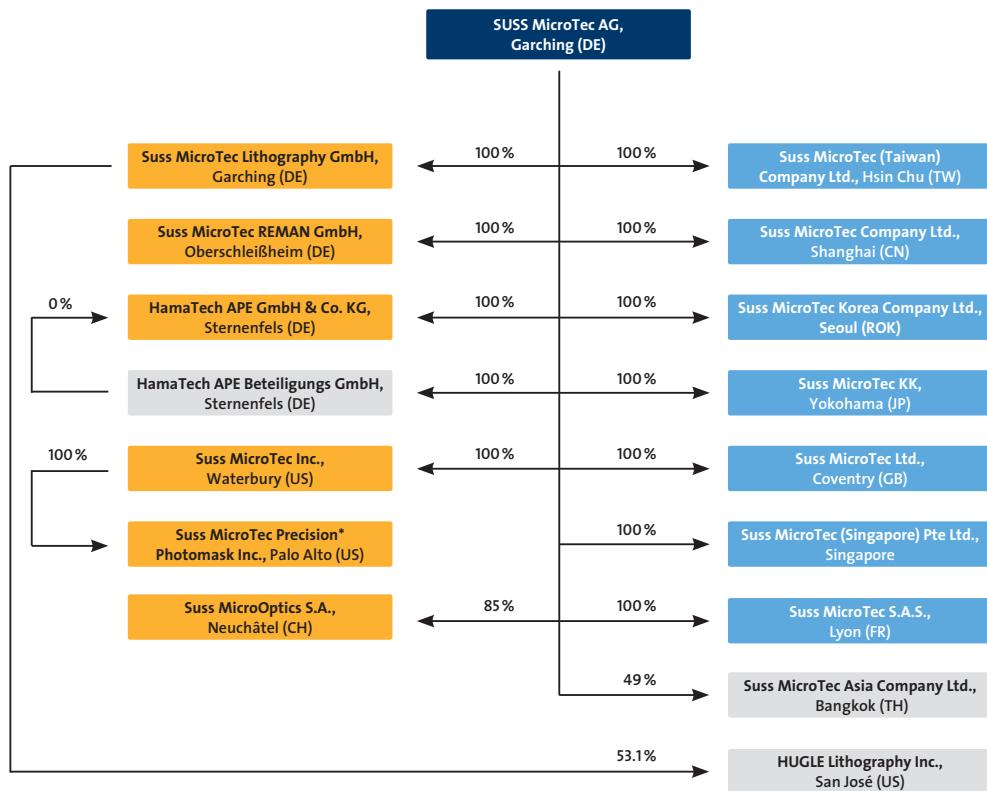


### Legal Structure of the Group

The legal structure of the Group consists of the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries, in which case the proprietary company typically holds the majority interest. The development and production activities as well as the local sales 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, Korea, Thailand, and Taiwan.

In addition, a non-controlling interest in the following company still exists: 10 % ELECTRON MEC S.R.L., Milan (Italy).

This non-controlling interest is insignificant for the operational business as well as the earnings, assets, and financial position of the Group.



- Holding company
- Production
- Sales
- Other / Non-operating

\* formerly operated under the name Image Technology Inc.

## Management and Control

### Remuneration Structure for Officers

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

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

## CORPORATE CONTROL, OBJECTIVES, AND STRATEGY

Corporate control is geared particularly toward the order entry, sales, and order backlog of the individual divisions. The performance of the divisions is, thus, measured above all by observing the development of the gross profit margin (sales less manufacturing costs) as well as the division earnings. The presentation of the division earnings now also includes

income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's operating income (EBIT).

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

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

## RESEARCH AND DEVELOPMENT

In the past fiscal year, significant changes were made in the area of research and development at SUSS MicroTec. All development areas were placed under unified management. The objective of this new structure is to leverage potential synergies across the Group, for example through consistent platform engineering and Group-wide innovation management. The development of equipment and processing solutions as well as standardization across products thus remain important elements of corporate strategy, which is designed to increase the market shares of SUSS MicroTec's divisions in their target markets and to tap new fields of business. The significant new products and developments of the respective divisions are presented and explained in the following.

### Lithography

The 2010 fiscal year saw the successful market launches of not only the Mask Aligner MA100e, which was specially developed for the LED market, but also of a new version of the very successful zoomm Gamma Coater and Developer cluster and the new entry-level LabSpin Coater.

With the new MA100e Gen 2 and Gamma Gen 2 tool sets, the focus of the innovation was on significantly higher throughput and thus an improved cost of ownership for the customer. The MA100e targets the rapidly growing high-brightness mid-range LED market. In order to be competitive in this market, one must be able to manufacture very large quantities, combining high throughput with an attractive system price. Compared with the predecessor model, the new device has 50 % faster throughput, in addition to many other refinements.

The new version of the Gamma Gen 2 Coater and Developer production cluster was developed with primarily the MEMS market in mind. The system for the coating, baking, and developing of wafers up to a diameter of 200mm is particularly suited to this market due to its ability to process extremely thick photoresist layers. The new Gamma production tool set is equipped with a new dual-arm robot, new video centering, and a new autoload port. These innovations enable increased throughput combined with a high level of flexibility within specific processes.

The newly developed LabSpin Coater is aimed at universities and research institutes in particular. It is a completely new product development, which provides our customers with an inexpensive entry-level product combined with further significant improvements in user friendliness.

#### **Substrate Bonder**

The primary focus of development activities in the Substrate Bonder division in the 2010 fiscal year was the completion of initial versions of the XBC 300 production cluster as well as associated modules for permanent and temporary bonding and debonding processes for the 3D integration market segment. We were already able to deliver initial systems and modules of the XBC cluster, the DB12T and DB12S Debonder, the Low Force Bond Chamber LF 300, the BA300 Bond Aligner, the HF300 High Force Bond Module, and the PL300 Plasma Activation Module to our development partners, two research institutes.

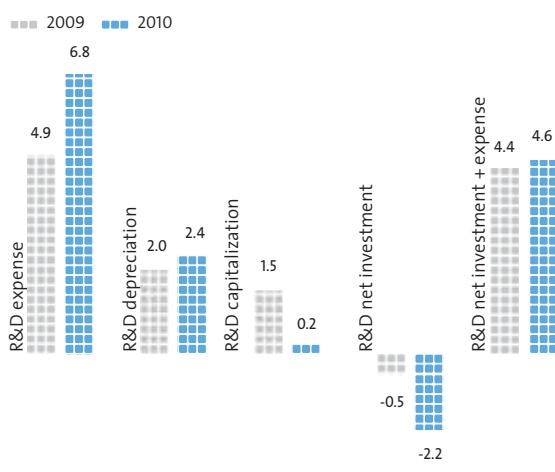
#### **Photomask Equipment**

In the Photomask Equipment division, it was possible to successfully complete the beta phase of the new MaskTrack Pro production platform in the first half of the year. The innovative high-end system enables the cleaning, temperature treatment, and development of masks and patterns for all relevant, technologically leading patterning processes for the manufacture of smallest patterns at the semiconductor Frontend. Currently, the 193nm immersion lithography technology is the most widespread. In addition, MaskTrack Pro also enables the processing of masks or patterns for future extreme ultraviolet (EUV) and nanoimprint lithography (NIL) techniques. Immediately after the sales launch, the system enabled the Company to maintain its market leadership in the semiconductor industry sector of Frontend mask cleaning.

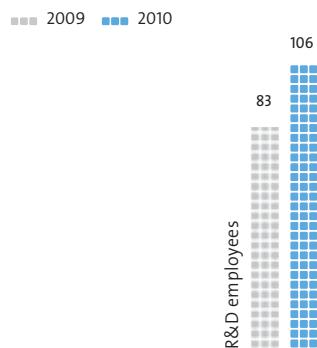
The total expenses for research and development from continuing and discontinued operations increased compared with the previous year from € 4.9 million to € 6.8 million. In the year under review, write-downs for capitalized development projects exceeded the capitalization amount. This led to a net charge in the statement of income of € 2.2 million (charge in the previous year: € 0.5 million).

R&D EXPENSES COMPARED  
TO THE PREVIOUS YEAR

in € million



## R&D EMPLOYEES



In 2010, the world economy grew by approximately 3.7% overall. Growth was once again fastest in China and Hong Kong, where it measured roughly 10 % as compared with the previous year. However, India and the rest of Asia (excluding China) also regained significant momentum in 2010 with growth rates of 8.3 % and 7.2 % respectively. The gross domestic product of the USA grew by 2.7 %, above the average for the EU-27 countries, which recorded growth of 1.6 %. The GDP of Germany, which expanded by approximately 3.5 % in 2010 year on year, also returned to a growth path. (Source: Joint Economic Forecast, November 2010)

### Industry-specific Conditions

According to the iSuppli market research institute, in 2010 the worldwide semiconductor industry recorded a sales increase of more than 30 % to approximately US\$ 304 billion (2009: US\$ 230 billion). This is thus the largest increase, measured in US dollars, in the history of the semiconductor industry. Overall, the sector's performance over the entire year turned out significantly better than expected at the beginning of the year. According to Gartner, the semiconductor equipment market expanded even more rapidly on a percentage basis. Specifically, it grew from US\$ 16.6 billion in 2009 to US\$ 38.4 billion in 2010, which represented an increase of approximately 131 %. Growth in the area of semiconductor packaging and assembly in particular amounted to approximately 119 %.

The German Electrical and Electronic Manufacturers' Association (ZVEI) has stated that the German semiconductor market posted a sales increase of approximately 38 % to € 9.5 billion in 2010 (previous year: € 6.9 billion). Besides the overall economic recovery, the primary reason for this was sales increases in the key automotive and industrial electronics sectors as well as information technology. Growth of approximately 27 % in 2010 in the rest of the European market was significantly weaker than in the German market. As before, however, the Asia-Pacific region has held its position as the strongest sales region with a market share exceeding 50 %, of which China contributes half.

## OVERVIEW OF THE BUSINESS DEVELOPMENT

### Overall Macroeconomic Conditions

As measured by the ifo World Economic Survey, with a generally strong 2010 fiscal year, the global economic climate did not display slowing momentum until the fourth quarter of 2010. However, the indicator remained above its long-term average. The performance of specific economic regions varies greatly. While the expansion in the emerging countries had already lessened since the beginning of the year, industrialized countries did not start losing momentum until mid-2010. Despite the newly growing global economy, the mood in the international financial markets remained tense. Concerns about industrialized countries' sharply increased budget deficits and debt levels and the related doubts about the solvency of several countries in the eurozone in particular dominated events especially at the end of the past fiscal year. In view of sharply higher public debt levels and large budget deficits, monetary policy measures to stimulate economic activity were no longer expanded in many countries. In China, various government programs to support investment activity were scaled back over the course of the year.

### Company Development

As already forecast at the beginning of 2010, the Company experienced an increase in both order entry and sales in the past fiscal year. SUSS MicroTec Group generated sales of € 139.1 million, significantly exceeding the previous year's level of € 103.9 million by 34 %. Order entry also rose by approximately 97 % compared with the previous year to € 189.3 million (previous year: € 96.3 million).

Despite the significant increase in sales, the Company managed to keep the break-even point stable in the 2010 fiscal year and was therefore able to achieve significantly improved earnings before interest and taxes (EBIT) of € 14.3 million. In the previous year, EBIT totaled € 2.8 million. In order to achieve this goal, the Company systematically continued the operational and structural measures introduced in the previous years. Within the context of the overall recovery, it was also possible to improve SUSS MicroTec Group's liquidity situation considerably. Cash and interest-bearing securities amounted to € 50.1 million at the end of the 2010 fiscal year. Net liquidity increased significantly by the end of 2010, coming in at € 34.6 million (December 31, 2009: € 18.4 million). Free cash flow before the inclusion of securities sales / purchases and extraordinary effects from M&A activities came to € 14.1 million for the full year (previous year: € 8.9 million).

Order backlog totaled € 116.1 million as of the reporting date and was thus twice as high as in the previous year (€ 57.0 million).

The ratio of newly received orders to realized sales (book-to-bill ratio) in 2010 was 1.36 for continuing operations after 0.93 in the previous year.

### Sales and Orders Position by Region

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

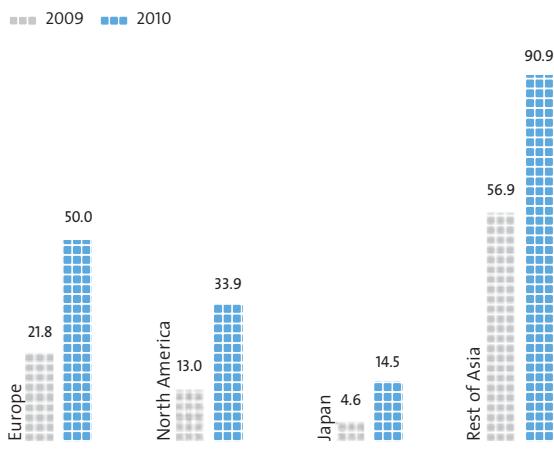
### Order Entry by Region

After an extremely challenging 2009, all regions contributed to a sharp rise in order entry in 2010. In Europe, order entry increased significantly by more than 100 % to € 50.0 million after only € 21.8 million in the previous year. The region of North America also recorded a sharp rise in order entry and was able to record orders of € 33.9 million for the full year 2010. As a result, the region surpassed the previous year's figure of € 13.0 million by 161 %. In 2010, the region of Japan achieved order entry of € 14.5 million, which represented an increase of 216 % from the previous year. In the region of Rest of Asia (excluding Japan), SUSS MicroTec Group's orders rose by 60 % to € 90.9 million after € 56.9 million in the previous year.

The positive development of order entry is generally attributable to the improved macroeconomic situation. However, our products themselves, which are specially designed to address customer needs and rapidly growing markets, also contributed to the growth in orders. While the Rest of Asia region was the primary driver of the high order entry in the first half of 2010, activity shifted to the regions of Europe and North America in the second half of the year.

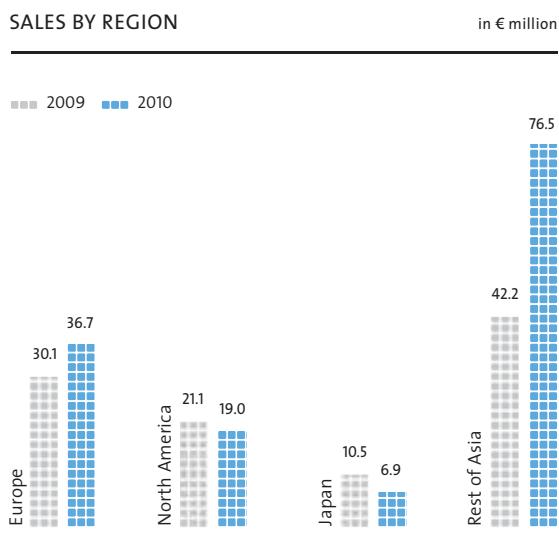
#### ORDER ENTRY BY REGION

in € million



### Sales by Region

The development of sales by region offered a mixed picture. In Europe, sales increased by 22% to € 36.7 million after € 30.1 million in the previous year. The region of North America recorded a decline of 11% from the previous year to € 19.0 million (previous year: € 21.1 million). With sales of € 6.9 million, Japan also did not match the previous year's figure (€ 10.5 million). However, the Rest of Asia region was able to generate a significant increase in sales. In 2010, sales here amounted to € 76.5 million, or 81% higher than the € 42.2 million produced in the previous year.

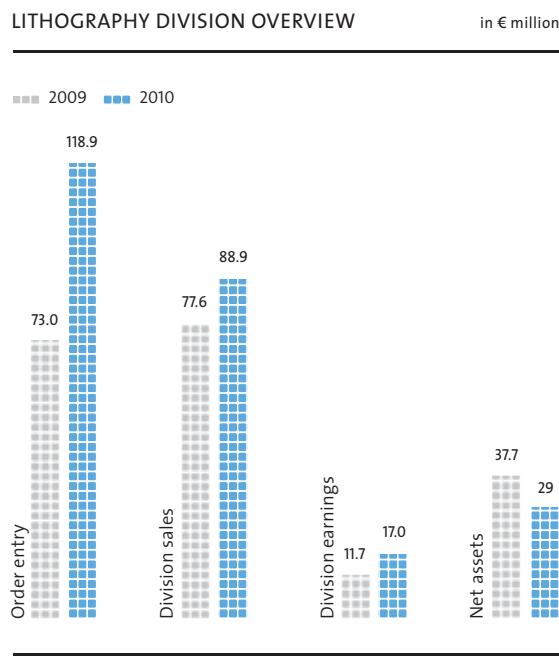


### Business Development in the Individual Divisions

#### 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 since May 2010 in Sternenfels. The relocation of Coater and Developer production from Vaihingen an der Enz to the newly acquired production building in neighboring Sternenfels was completed without complications. With a contribution to sales of 64%, the Lithography division is SUSS MicroTec Group's largest division. The components which are manufactured with these tools are sent primarily to the end markets for microelectromechanical systems, compound semiconductors (LEDs), 3D integration, and advanced packaging.

In the 2010 fiscal year, the Lithography division generated order entry of € 118.9 million and sales of € 88.9 million, which corresponds to growth of 63% and 15% respectively over the previous year. Asian production customers in particular were drivers of the strong demand. Division earnings (EBIT) improved from € 11.7 million in the previous year to € 17.0 million in the past fiscal year, representing growth of 45%. The gross margin of 43.8% in 2010 (previous year: 44.4%) once again scarcely changed from the previous year. The reason for the positive development of order entry and sales was increased demand for all of the division's product lines, particularly the Mask Aligner product line. In general, the return to worldwide economic growth changed the investment behavior of production customers. While investments were curtailed or even eliminated in 2009, they were largely restored in 2010.



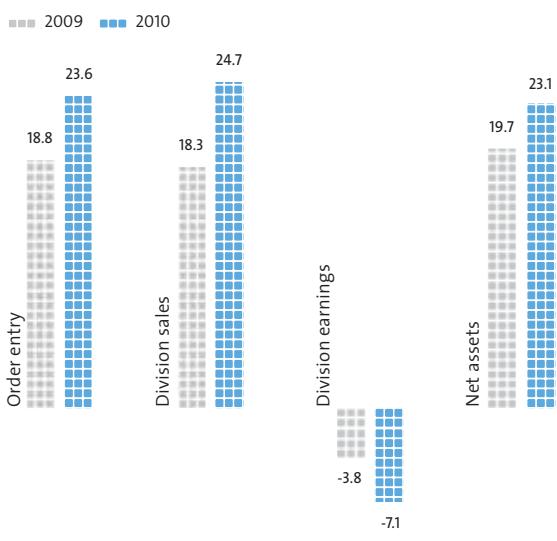
#### Substrate Bonder

The Substrate Bonder division comprises the development, production, and sale of the Substrate (Wafer) Bonder product line and is currently still located in Waterbury, Vermont (USA). The relocation of Bonder development and production to Sternenfels, which was announced in June 2010, has already begun or been partially implemented and will be completed in the second quarter of 2011.

Both Bonder sales and the North American service and applications center will be relocated to California as part of this move. Markets addressed by the Substrate Bonder systems include MEMS, compound semiconductors, and 3D integration.

The Substrate Bonder division continued to develop positively both in terms of order entry, at € 23.6 million (previous year: € 18.8 million), and sales, at € 24.7 million (previous year: € 18.3 million). The reason for the positive development is the increasing importance of bonding systems in the manufacturing process for future three-dimensional chip structures (3D integration). Despite the good sales performance, the division's earnings (EBIT) fell from € -3.8 million to € -7.1 million. The weaker earnings development was due in particular to extraordinary expenses of € 3.9 million in connection with the relocation of the division to Germany as well as the very low margins for several large production systems which were delivered to strategic R&D partners in the second quarter of 2010. The gross margin deteriorated accordingly from 14.7% to 3.6%.

#### SUBSTRATE BONDER DIVISION OVERVIEW in € million

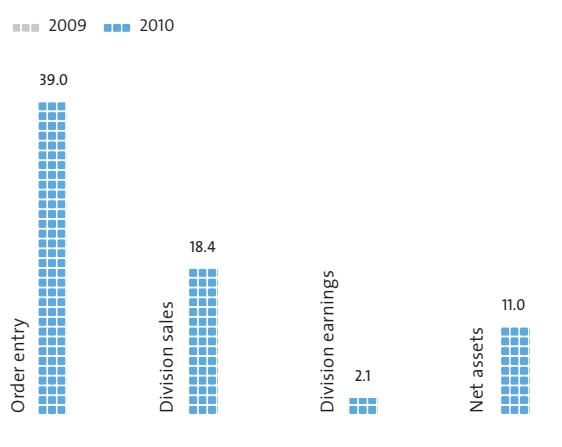


#### Photomask Equipment

The Photomask Equipment division comprises the development, manufacture, and sale of the product lines of HamaTech APE GmbH & Co. KG, which was acquired on February 15, 2010. The development and production of these specialized systems for the cleaning and processing of photomasks for the semiconductor industry are conducted at the Sternenfels site near Stuttgart. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the Frontend.

The Photomask Equipment division developed very positively in the ten-month period since initial consolidation. At the end of December 2010, order entry totaled a pleasing € 39.0 million. Division sales amounted to € 18.4 million. For purposes of comparison: in the previous 2009 fiscal year, HamaTech APE generated annual sales of approximately € 11 million. In terms of division earnings (EBIT), the division already made a profit of € 2.1 million in the past fiscal year. The gross margin was 36.9 %. The integration of the division into SUSS MicroTec Group went smoothly. With the acquisition of HamaTech APE, SUSS MicroTec took over both the production site as well as all employees in Sternenfels.

#### PHOTOMASK EQUIPMENT DIVISION OVERVIEW in € million



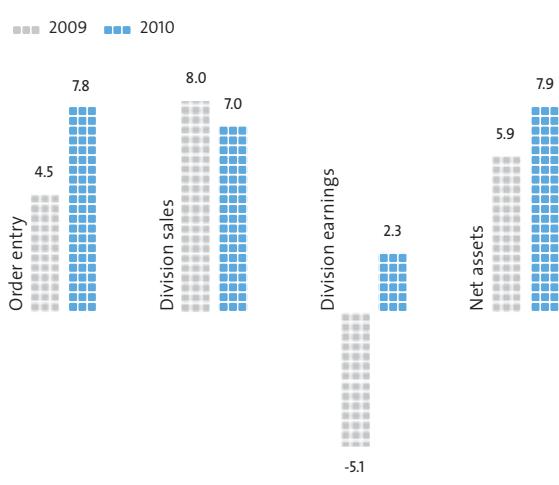
## Others

The Others division comprises the Mask business in Palo Alto, California (USA), which caters to the semiconductor industry, and the Micro-optics activities at the Neuchâtel, Switzerland, location as well as the C4NP business and the costs for central Group functions that generally cannot be attributed to the main divisions.

The Others division performed positively in the past fiscal year in terms of both order entry and sales. Order entry improved from € 4.5 million in 2009 to € 7.8 million in 2010. Division sales amounted to € 7.0 million after € 8.0 million in the previous year. Here the Micro-optics business achieved an increase in order entry of € 2.9 million to € 5.1 million as well as an increase in sales of € 2.5 million to € 4.3 million. The sales contribution from the Mask business fell from € 2.7 million in the previous year to € 2.4 million. Order entry rose by 9% to € 2.4 million. The improved performance of the Mask business could be traced to the generally more favorable market environment. A one-time foreign exchange effect of € 1.8 million as well as badwill totaling € 2.7 million relating to the initial consolidation of HamaTech APE had a positive impact on division earnings, which amounted to € 2.3 million for the full year after € -5.1 million in the corresponding period of 2009.

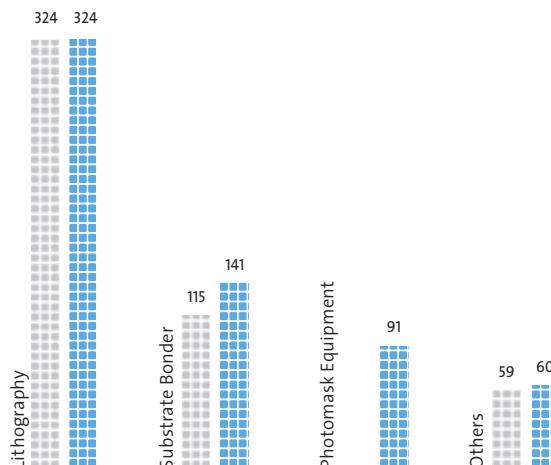
## OTHERS DIVISION OVERVIEW

in € million



## EMPLOYEES BY DIVISION

■ 2009 ■ 2010



## EARNINGS, ASSETS, AND FINANCIAL POSITION

### EARNINGS POSITION

In the 2010 fiscal year, the earnings position of the SUSS MicroTec Group improved significantly from the previous year. As a result of the positive global trend in business conditions, SUSS MicroTec was able to record extraordinarily high order entry and encouraging sales growth. Sales rose from € 103.9 million in the previous year to € 139.1 million in 2010, representing a sales increase of 33.9%. Earnings before interest and taxes (EBIT) from continuing operations increased five-fold from € 2.8 million in 2009 to € 14.3 million in the past fiscal year.

EBIT for the 2010 fiscal year (continuing operations) was affected by several non-recurring effects. The initial consolidation of HamaTech APE GmbH & Co. KG on March 1, 2010, which led to gain on bargain purchase of € 2.7 million being recognized, had a positive impact. An additional positive effect resulted from the settlement of Company-internal foreign currency credits by SUSS MicroTec Inc., Waterbury – this led to the realization of foreign currency gains of € 1.8 million. However, restructuring expenses of

€ 3.9 million, which were incurred in connection with the relocation of the Substrate Bonder division and the North American sales and service organization from Waterbury, Vermont (USA), to Sternenfels and California, respectively, had a negative effect on earnings. Furthermore, the relocation of the Vaihingen plant to Sternenfels resulted in additional expenses of € 0.3 million.

Adjusted for these extraordinary effects, EBIT for the current fiscal year came to approximately € 14.0 million (after € 2.8 million in the previous year).

The € 35.2 million increase in sales from continuing operations to € 139.1 million reflected higher demand for our products in nearly all divisions of the Group. Thus, sales in the top-selling Lithography division climbed by € 11.3 million to € 88.9 million and in the Substrate Bonder division by € 6.4 million to € 24.7 million. The new Photomask Equipment division contributed € 18.4 million to Group sales. Sales development was particularly pleasing in the Micro-optics division, where sales more than doubled from € 1.8 million in the previous year to now more than € 4.3 million. Sales in the Photomask unit declined slightly from € 2.7 million in the previous year to € 2.4 million in the reporting year. The C4NP unit generated very little sales, amounting to only € 0.2 million (2009: € 3.4 million), due to the acceptance of tools delivered to IBM in the previous year.

The cost of sales included write-downs on capitalized development costs of € 2.4 million. As such, write-downs on capitalized development costs were approximately € 2.2 million higher than new capitalizations, which totaled only € 0.2 million in the reporting year. In 2009, capitalized development costs still came to € 1.6 million, while write-downs (continuing operations) amounted to approximately € 2.0 million.

In the reporting year, continuing operations generated a gross profit of € 51.1 million, which corresponds to a gross profit margin of 36.7 %. In the previous year, the gross profit totaled € 38.8 million; the gross profit margin in 2009 amounted to 37.4 %. The absolute increase in the gross profit reflected sales growth in the Lithography and Micro-optics divisions as well as the positive contribution of the new Photomask Equipment division. The slight decline in the average Group gross profit margin was primarily attributable to the Substrate Bonder division as a result of the delivery in 2010 of several large Bonder production systems to IMEC and ITRI, two strategic research and development partners. The production systems generated very low margins as they were negatively impacted by the high expenses associated with these cooperative agreements.

Due to the systematic ongoing implementation of the cost-saving program, both selling and administrative costs increased only underproportionally, despite the initial consolidation of the Photomask Equipment division. Selling costs increased from € 16.7 million in the previous year to € 17.4 million, which – relative to sales generated – corresponds to an expense ratio of 12.5 % (2009: 16.1 %). Administrative costs rose from € 13.9 million to € 17.8 million, representing an expense ratio of 12.8 % in 2010 (2009: 13.4 %). In the area of selling costs, higher commissions for sales employees reflected the greater level of sales and earnings. In addition, administrative costs included extraordinary expenses of € 1.2 million for relocating the Substrate Bonder division from Waterbury, USA, to Sternenfels, Germany, as well as costs of € 0.3 million for relocating the plant in Vaihingen to Sternenfels.

Research and development costs rose from € 4.9 million to € 6.8 million and primarily related to the Lithography (€ 4.1 million) and Substrate Bonder (€ 2.2 million) divisions. Development costs for the new Photomask Equipment division amounted to € 0.3 million.

Other operating income of € 10.0 million included the recognition in profit and loss of gain on bargain purchase of € 2.7 million, which resulted from the initial consolidation of HamaTech APE GmbH & Co. KG and the retroactive purchase price adjustment. Furthermore, the positive foreign currency effect from the repayment of a loan denominated in US dollar amounting to € 1.8 million by SUSS MicroTec Inc. (Waterbury) was also recognized here.

The Lithography division contributed earnings of € 17.0 million (2009: € 11.7 million) to consolidated earnings before interest and taxes (EBIT) from continuing operations. This resulted in a sales margin of 19.1% for the Lithography division, a significant improvement compared to the previous year (2009: 15.1%).

In the Substrate Bonder division, EBIT measured € -7.1 million after € -3.8 million in the previous year. Earnings were burdened not only by low-margin orders for the strategically important cooperative partners IMEC and ITRI, but also by high development costs in connection with thin wafer handling. In addition, earnings reflected restructuring expenses of € 3.9 million related to the relocation of the Substrate Bonder division.

Sales and earnings development in the new Photomask Equipment division was very encouraging. In the ten months since the initial consolidation, the Photomask Equipment division contributed € 2.1 million to consolidated EBIT. Accordingly, the sales margin was 11.5%.

The financial performance in 2010 came to € -0.3 million (after € -0.1 million in the previous year), primarily reflecting higher interest expenses combined with reduced interest income compared with the previous year.

The Group's income tax obligation of € 1.0 million was significantly lower than in the previous year (2009: € 2.1 million). The disproportionately low income tax expense relative to pre-tax income was primarily the result of positive effects from the recognition of deferred tax claims which arose in connection with the relocation of the Substrate Bonder division from the USA to Germany. The actual tax expense accruing was approximately € 4.8 million, while deferred taxes resulted in tax income of approximately € 3.8 million.

The Group's continuing operations generated a net profit after taxes of € 13.0 million, as compared with a profit of € 0.5 million in the previous year.

In the reporting year, the Group's discontinued operations generated earnings after taxes of € 0.3 million (previous year: € -5.4 million), which are exclusively attributable to the discontinued Test Systems division. This includes the operating result of € -1.3 million, which in part resulted from the ongoing business activities of SUSS MicroTec Test Systems GmbH from the beginning of the year until deconsolidation on January 27, 2010. The accrual of subsequent costs for the liquidation of the Test Systems division accounted for the remainder. In the Test Systems division, the profit from deconsolidation, which totaled € 1.6 million, was also recognized. Earnings from discontinued operations were burdened in the previous year by negative measurement effects of € 4.7 million, of which € 4.2 million involved goodwill and € 0.5 million involved the intangible and tangible assets of the Test Systems division.

Overall, the Group generated earnings after taxes of € 13.4 million (previous year: € -4.9 million) in the reporting year. Basic earnings per share from continuing and discontinued operations amounted to € 0.73 after € -0.28 in the previous year.

Sales per employee increased compared to the previous year by 8.1% from € 209 thousand to € 226 thousand (based on the respective number of employees as of the reporting date).

## ASSETS AND FINANCIAL POSITION

The Group succeeded in significantly expanding its net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – from € 18.4 million in the previous year to € 34.6 million. The amount of cash and securities increased from € 31.1 million in the previous year to € 50.1 million at the end of the reporting year.

Cash flow from operating activities totaled € 16.1 million (2009: € 12.1 million). In particular, the significant increase in customer down payments (from € 11.8 million at the end of 2009 to currently € 23.5 million) and the build-up of trade payables (reduced cash outflow of € 3.4 million) had a noticeable impact here. It was also possible to reduce trade receivables further (adjusted for exchange rate effects) and generate a cash inflow of € 2.0 million. A countervailing factor was the build-up of consolidated inventories, which resulted in a cash outflow of € 16.5 million. Tools that had already been delivered to customers but for which final acceptance was still outstanding accounted for a large share of the increase in inventories. The stocks of these tools rose from € 7.1 million at the end of 2009 to the current figure of € 15.8 million. In addition, very high inventories of unfinished tools existed as of the reporting date, in keeping with the high order backlog. The inventory of these unfinished tools rose from € 14.1 million at the end of 2009 to the current figure of € 23.8 million.

Cash flow from investing activities amounted to € -2.8 million (after € -3.2 million in 2009), excluding the acquisition of HamaTech APE GmbH & Co. KG as well as the land and buildings in Sternenfels, the sale of the Test Systems business, and investments in securities. Investments were primarily made in tangible assets.

As a result, free cash flow – adjusted for extraordinary effects (the acquisition of HamaTech including land and buildings in Sternenfels and the sale of the Test Systems business) and before consideration of securities purchases – totaled € 14.1 million, compared with a free cash flow of € 8.9 million generated in the previous year.

Cash flow from financing activities reflected a cash inflow from the increase in capital stock carried out in May 2010, which resulted in a net inflow of € 6.6 million. In addition, a loan was taken out to finance the newly acquired business property in Sternenfels, which led to a cash inflow of € 4.5 million.

Aside from cash and interest-bearing securities of € 50.1 million (previous year: € 31.1 million), the Group had domestic guarantee and credit lines of € 9.5 million (previous year: € 9.0 million) at the end of the reporting year. In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 5.6 million.

On March 31, 2010, the previous bank consortium led by Fortis Bank was replaced by a new consortium led by BayernLB. In March 2010, SUSS MicroTec AG signed credit agreements with the new bank consortium for a credit line of € 6 million. The credit line initially runs until March 31, 2011 and was issued without covenants. Its primary purpose is to serve as backing for down payment guarantees.

In May 2010, HamaTech APE GmbH & Co. KG concluded a general credit agreement with BW Bank Mannheim for a credit line of € 1 million. The credit line runs for an indefinite term and was issued without covenants. SUSS MicroTec AG issued a binding letter of comfort for HamaTech APE GmbH & Co. KG in order to secure the credit line.

A guarantee line exists with an insurance company amounting to € 2.5 million in connection with a deposit guarantee agreement. This deposit guarantee agreement runs until further notice. As of the reporting date, utilization of this line amounted € 1.9 million. For collateralization of this line, a fixed-term deposit account of € 0.3 million was assigned to the insurance company.

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

In addition to goodwill, capitalized development costs primarily determine the noncurrent assets.

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

Capitalized development costs declined in the reporting year. As of the reporting date, they totaled € 7.6 million, after € 9.3 million in the previous year. The amortization of capitalized development costs exceeded capital expenditure by € 2.2 million in the past fiscal year, which led to a corresponding charge in the statement of income. The increase in capitalized development costs denominated in US dollars of € 0.5 million as a result of exchange rate effects had a countervailing effect. With the transfer of the entire Substrate Bonder IP from SUSS MicroTec Inc., Waterbury, to SUSS MicroTec Lithography GmbH, all capitalized development costs are now denominated in euros. As a result, no additional changes in value are expected as a result of fluctuating exchange rates in the coming years. Capitalized development costs as of the reporting date were composed of € 2.6 million (previous year: € 3.3 million) for the Lithography division and € 4.9 million (previous year: € 6.0 million) for the Substrate Bonder division.

In addition, noncurrent assets encompass licenses and patents of € 3.8 million (previous year: € 4.5 million) as well as leased items (SAP licenses). The residual book value of € 3.8 million was composed of € 1.6 million (previous year: € 0.8 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 2.2 million (previous year: € 3.7 million) for the Others division.

Furthermore, the technology obtained as part of the HamaTech acquisition, which carried a residual book value of € 0.6 million as of the reporting date, is recognized under intangible assets.

Tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Capital expenditure amounted to € 7.4 million in the reporting year, as compared with € 0.4 million in the previous year. The largest capital expenditure item was for the purchase of real estate and land in Sternenfels as part of the HamaTech acquisition at a cost of € 4.5 million during the fiscal year. Capital expenditure in the reporting year also included the addition of HamaTech APE GmbH & Co. KG's tangible assets, which totaled € 0.4 million at the time of initial consolidation. In sum, tangible assets increased by € 5.3 million compared to the previous year.

Deferred tax claims increased by € 1.1 million, primarily as a result of higher temporary differences in the area of intangible assets, and amounted to € 8.9 million as of the reporting date.

Current assets rose considerably in the year under review, from € 96.5 million as of the previous year's reporting date to € 137.2 million. This improvement was primarily driven by developments in inventories as well as in securities and cash funds.

Inventories increased from € 40.8 million as of the previous year's reporting date to € 64.4 million. Of this, € 5.6 million related to the inventories of HamaTech APE GmbH & Co. KG, which were added to consolidated assets as a result of the acquisition. An additional increase of € 1.5 million resulted from the revaluation of inventories reported in foreign currencies due to changes in exchange rates. Furthermore, stocks of tools that had already been delivered to customers but for which final acceptance was still outstanding rose by approximately € 7.1 million to € 15.8 million. Due to the large order backlog, the inventory of unfinished tools was unusually high as of the reporting date, amounting to € 23.8 million (after € 14.1 million at the end of 2009).

Trade receivables grew slightly compared to the previous year, going from € 14.8 million to € 15.7 million. The increase resulted in part from receivables of € 1.6 million which were acquired as part of the HamaTech APE GmbH & Co. KG purchase. In addition, changes in exchange rates boosted foreign currency receivables by € 1.1 million. However, adjusted for exchange rate and extraordinary effects, the level of receivables declined by € 1.8 million, which was primarily attributable to an efficient receivables management.

The SUSS MicroTec Group's portfolio of securities increased in 2010 from € 10.5 million to € 16.0 million. For one, SUSS MicroTec AG obtained 747,530 shares in Cascade Microtech Inc., Beaverton, Oregon (USA), which were valued at € 2.4 million as of the reporting date, upon the sale of shares in SUSS MicroTec Test Systems GmbH. And second, securities amounting to approximately € 6.1 million were acquired in 2010 using the free cash flow generated. The securities recognized consist of corporate and government bonds.

The rise in other assets from € 1.6 million in the previous year to € 3.4 million at the end of the year was primarily attributable to high VAT receivables, which arose due to the reporting date.

Noncurrent liabilities increased from € 20.0 million to € 21.0 million. Financial debt grew from € 11.0 million to € 14.5 million, primarily as a result of taking up a loan for financing the Sternenfels property. By contrast, deferred tax liabilities declined from € 5.2 million to € 2.7 million. The primary reason for this decline was the sale of the Substrate Bonder IP, which included all capitalized development costs in the Substrate Bonder division, by SUSS MicroTec Inc., Waterbury, to SUSS MicroTec Lithography GmbH. As a result, it was possible to eliminate deferred tax liabilities in the USA on temporary differences in connection with the capitalized development costs of approximately US\$ 3.3 million.

Current liabilities recorded a significant increase from € 30.4 million in the previous year to € 54.2 million as of the reporting date. Customer down payments that were received, which rose from € 12.1 million as of the previous year's reporting date to € 23.6 million, accounted for the majority of this increase. The high level of trade payables, which amounted to € 9.7 million as of the reporting date (after € 4.5 million at the end of 2009), also contributed to this growth. Provisions, which increased from € 1.8 million in the previous year to currently € 4.6 million, included the restructuring provision of € 1.5 million for the relocation of the Substrate Bonder division. In addition, other financial liabilities reflected high bonus and commission provisions of € 2.8 million (2009: € 1.8 million) resulting from positive sales and earnings development.

The shareholders' equity of the SUSS MicroTec Group has climbed since December 31, 2009 by € 20.3 million to € 106.4 million. However, the equity ratio declined as a result of a sharp rise in total assets from 63.1% in the previous year to 58.6%.

The increase in capital stock carried out on May 10 / 11, 2010 resulted in 1,701,912 shares being issued at a price of € 4.00 per share. The gross inflow of funds amounted to € 6.8 million. As a result, common stock increased by € 1.7 million. € 5.1 million was added to additional paid-in capital. The transaction costs for carrying out the increase in capital stock totaled approximately € 0.2 million. They were deducted from additional paid-in capital.

#### **Summary Statement on the Business Position**

The sales and earnings position of SUSS MicroTec was very pleasing in the reporting year and exceeded all expectations. As the cost-saving program begun in the two preceding years was systematically continued, SUSS MicroTec was able to achieve EBIT of € 14.3 million (continuing operations) and an EBIT margin of 10.3%.

As a result of a significantly enhanced net cash position of € 34.6 million (previous year: € 18.4 million), the Group has sufficient financial leeway to promote new product developments and finance other strategic activities.

## CAPITAL EXPENDITURE

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

It is assumed that the investments in tangible assets will be within the range of approximately 1% to 2% of sales in the long term. The only exceptions are the Masks and Micro-optics product lines 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.

In the reporting year, SUSS MicroTec AG acquired the new business property and facility in Sternenfels for a sales price of approximately € 4.5 million. HamaTech is located there with the Photomask Equipment division as well as SUSS MicroTec Lithography GmbH with a portion of the Lithography division. Since the beginning of 2011, the Substrate Bonder division – another division of SUSS MicroTec Lithography GmbH – has also been located in Sternenfels. Furthermore, as a result of the acquisition of HamaTech APE GmbH & Co. KG, all of its tangible assets were recognized in the reporting year as investments in tangible assets as of the time of initial consolidation.

A portion of investments is to be allocated to intangible assets given the capitalization requirement in place with certain preconditions according to IFRS. The dominant project in the reporting year was the expansion of the product range in the Substrate Bonder division. In the long term, the Company assumes that approximately 25% to 35% of development expenditure will be capitalized. The remaining amount will be recorded as expenses.

In the past fiscal year, the roll-out of the SAP ERP system continued, after already having been successfully introduced at first Group subsidiaries. Thus, the SAP system was successfully introduced at SUSS MicroTec (Taiwan) Company Ltd., where it went into operation in May 2010. In 2011, SUSS MicroTec Inc., at its new site in Sunnyvale, California, will be integrated into the Group-wide SAP system. In the previous year, a portion of the project valued at € 3.0 million was successfully refinanced through a sale and leaseback transaction.

## THE HOLDING COMPANY – SUSS MICROTec AG

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

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

**Significant Changes in the Assets and Financial Position**  
Intangible assets decreased in the past fiscal year by € 1.0 million and amounted to € 2.7 million as of the reporting date. The decline was attributable exclusively to amortization.

Shares in affiliated companies declined in the reporting year due to the sale of SUSS MicroTec Test Systems GmbH by € 5.1 million and amounted to € 56.1 million as of the reporting date.

The decline in loans to affiliated companies resulted from unscheduled repayments by SUSS MicroTec Inc. of € 10.5 million and scheduled repayments of € 0.3 million. Additions reflected the acquisition of HamaTech APE GmbH & Co. KG and a shareholder loan of € 4.3 million received in connection with the acquisition.

Current receivables from affiliated companies rose by € 3.3 million. The rise in current receivables was primarily attributable to an increase in current loans to SUSS MicroTec KK.

SUSS MicroTec AG continued to expand its liquidity position in the year under review. The expansion was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The improved liquidity position can be seen in both the rise in deposits with banks of € 14.8 million and the increase in the portfolio of securities held totaling € 5.5 million. The securities concerned are primarily corporate and government bonds. In addition, 747,530 shares in Cascade Microtech Inc. are recognized under securities. These shares were acquired in connection with the sale of SUSS MicroTec Test Systems GmbH.

Liabilities to affiliated companies declined by € 2.5 million in the reporting year. The decline was attributable to SUSS MicroTec Lithography GmbH.

Liabilities to banks increased over the course of 2010 by € 4.5 million. SUSS MicroTec AG concluded a loan agreement with a local bank in order to finance the newly acquired business property in Sternenfels. The loan, which

totals € 4.5 million, runs until June 30, 2020. The promissory note bond due in December 2012 remains unchanged.

The increase in shareholders' equity (€ +13.2 million) resulted primarily from the net profit for the year (€ 6.2 million) and the increase in capital stock carried out in May 2010 (€ 6.8 million).

### **Significant Events with Influence on the Earnings**

#### **Position of the Holding Company**

In the annual financial statements of SUSS MicroTec AG under commercial law, a net profit of € 6.2 million was generated in the 2010 fiscal year (previous year: net loss € -18.0 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Test Systems GmbH, Sacka, which remained in effect until January 27, 2010, an expense for loss assumption of € 0.3 million was recognized at the holding company (previous year: loss of € 0.8 million). The profit and loss transfer agreement with SUSS MicroTec Reman GmbH, Oberschleißheim, Germany, which was concluded in the 2008 fiscal year, resulted in an expense for loss assumption of € 1 thousand at the holding company (previous year: € 92 thousand).

Other operating income primarily included foreign currency gains of € 4.0 million (previous year: € 1.3 million) and the gain from the disposal of the investment in SUSS MicroTec Test Systems GmbH, Sacka, of € 4.8 million.

### **Presentation of the Key Financial Figures of the Holding Company**

Entity	SMT AG (HGB)			
in € thousand	2010	2009	Change	in %
Annual net profit / loss	6,217	-18,030	24,247	>100%
Shareholders' equity	91,843	78,623	13,220	17%
Total assets	126,414	110,694	15,720	14%
Equity ratio in %	73%	71%		
Noncurrent assets	68,422	76,501	- 8,079	-11%
...% of total assets	54%	69%		
Current assets	57,992	34,193	23,799	70%
...% of total assets	46%	31%		

Other operating expenses comprise – in addition to ongoing administrative expenses – the costs of the increase in capital stock (€ 0.2 million), legal and consulting expenses related to the sale of SUSS MicroTec Test Systems and the purchase of HamaTech APE (€ 0.8 million), the costs of introducing SAP in Taiwan (€ 0.3 million), and expenses resulting from a cooperative agreement between the Company and the IMEC research institute in the area of wafer bonding solutions for 3D integration applications (€ 0.8 million). Foreign currency losses amounted to € 1.0 million in the fiscal year, after € 1.3 million in the previous year.

Earnings from shareholdings of € 0.6 million (previous year: € 0.4 million) include payouts by the subsidiary SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu, Taiwan.

Interest expense declined in the fiscal year by € 0.08 million, which was primarily attributable to the Company's expanded liquidity position.

SUSS MicroTec AG had an average of 19 employees in the 2010 fiscal year (previous year: 19 employees).

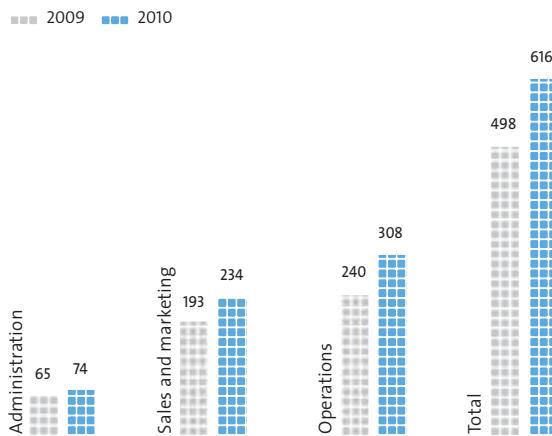
In addition to the development of the US dollar, the short and medium-term development of SUSS MicroTec AG above all depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing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

## GROUP EMPLOYEES

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

As of the end of the 2010 fiscal year, the Group had 616 employees (previous year: 498). The number of employees for the previous year is shown on the basis of continuing operations.

## DEVELOPMENT OF THE NUMBERS OF EMPLOYEES BY DIVISION



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

As a result of the increase in capital stock using approved capital, which was recorded in the Commercial Register, on May 20, 2010, SUSS MicroTec AG's common stock increased to € 18,721,038. It is divided into 18,721,038 no-par-value, ordinary bearer shares. There are no stock categories that carry differing rights.

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

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

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

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

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

Upon resolution by the Shareholders' Meeting on June 19, 2008, the Management Board has been authorized to increase the Company's equity capital in the period through June 19, 2013 one or more times by up to a total of € 2,552,863 through the issuance of up to 2,552,863 new individual share certificates for cash or non-cash contributions with the approval of the Supervisory Board. 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 existing promissory note contracts include a change-of-control clause. According to this, the lenders have the option of extraordinary cancellation if one or more individuals not among the scope of existing main shareholders holds or has acquired a number of shares in SUSS MicroTec AG representing 50 % or more of the voting rights.

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

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

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

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

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

On March 11, 2011, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and made it available on the Company's website at <http://www.suss.com/en/investor-relations/corporate-governance/declaration-on-corporate-governance.html>

## EVENTS AFTER THE REPORTING DATE

### SPECIAL EVENTS AFTER THE REPORTING DATE

On March 11, 2011, Japan was hit by a severe earthquake and a tsunami. Elements of the country's infrastructure and numerous production sites were in some cases very badly damaged. In addition, Japan is now threatened by further tremors and the negative consequences of a nuclear catastrophe. The resulting impact on the global economy in 2011 is not yet foreseeable.

In the past fiscal year, SUSS MicroTec generated approximately 5% of its sales with Japanese customers. We anticipate a 5 to 7% share of sales from the Japan region for 2011. To this extent, it is possible that the natural disaster in Japan could have a negative effect on our targets for 2011 (sales, order entry). Our supply chain could also be affected by the economic repercussions in Japan, although SUSS MicroTec itself only maintains a few direct supplier relationships with Japanese manufacturers. At the current time, however, it is not possible to place a numerical value on what the implications of this could be.

### VOTING RIGHTS DISCLOSURE AFTER THE REPORTING DATE

On January 13, 2011, Süssvest, SCS, Strassen, Luxembourg, notified us pursuant to Section 21 (1) German Securities Trading Law (WpHG) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, had fallen below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights).

On January 13, 2011, Stichting Vest, Amsterdam, Netherlands, notified us pursuant to Section 21 (1) German Securities Trading Law (WpHG) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, had fallen below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights). Pursuant to Section 22 (1)(1) German Securities Trading Law (WpHG), 2.3078% (432,049 voting rights) are attributable to Stichting Vest.

On January 13, 2011, Crest Capital S.A., Strassen, Luxembourg, notified us pursuant to Section 21 (1)(1) German Securities Trading Law (WpHG) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, had fallen below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights). Pursuant to Section 22 (1)(1) German Securities Trading Law (WpHG), 2.3078% (432,049 voting rights) are attributable to Crest Capital S.A.

On February 1, 2011, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) German Securities Trading Law (WpHG) that on February 1, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, had fallen below the threshold of 3% and amounted on this day to 2.94% (550,000 voting rights).

On March 4, 2011, Credit Suisse Fund Management S.A., Luxembourg, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on February 18, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.35% (627,435 voting rights). Pursuant to Section 22 (1) (1) (6) WpHG, 0.99% (185,380 voting rights) are attributable to it.

## RISK REPORT

### RISK MANAGEMENT SYSTEM

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

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

#### Risk Management Organization and Documentation

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

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

#### Risk Identification

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

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

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

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

#### Risk Assessment

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

Risks are rated as "significant" for the Company if they reach or exceed a damage amount of € 0.5 million with a probability of occurrence greater than 50%.

#### 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 management levels.

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.

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

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

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

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

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

## GENERAL BUSINESS AND INDUSTRY RISKS

### General Political and Economic Conditions

The business environment in which the Company operates is influenced by both regional and global economic conditions. In 2010, the global economy emerged more quickly from the deep recession than had been expected a year ago. Particularly in the first half of 2010, global gross domestic product grew robustly. The economic momentum was particularly shaped by the emerging countries, which were either unaffected by the financial crisis or affected much less severely so that they quickly resumed their previous growth rates. Additional stimulus came from the in part very expansive monetary and fiscal policies of several countries as well as from surging world trade, from which the German economy in particular was able to benefit substantially. As the year progressed, however, the economic recovery in many countries slowed. Overall, the world economy is likely to have grown at a rate of 3.7% in 2010 – after a decline of 1% in the previous year.

The improved macroeconomic environment has had a very positive impact on the orders position and the sales and earnings development of all our products. In particular, rising demand for our products in Taiwan and China made a decisive contribution to the increase achieved in sales and earnings.

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

#### **Market Positioning**

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

#### **Dependence on Individuals' Expertise**

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

## **OPERATING RISKS**

#### **Assets and Earnings Position**

In view of the extremely positive development of cash and cash equivalents, the high equity ratio, and the lean cost structure, the risks that could arise for SUSS MicroTec from the current assets and earnings position are manageable. The break-even point for sales is currently significantly lower than the sales generated in 2010. Taking into account the order backlog on the books at the end of 2010, we will generate sales significantly above the break-even point in 2011 as well.

As of December 31, 2010, SUSS MicroTec recognized goodwill of approximately € 13.6 million, which was entirely attributable to the Lithography division. The Lithography division generated more than half of Group sales and contributed substantially to positive consolidated earnings. We expect for 2011 even higher sales and sustainably positive earnings in the Lithography division. We therefore do not see any sign of impairments in this division.

#### **Pricing Pressure**

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

#### **Residual Risks, Particularly Liability Risks**

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

### Changes in Group Structure

In February 2010, SUSS MicroTec AG acquired HamaTech APE GmbH & Co. KG. Acquisitions contain inherent risk since they entail risks associated with the integration of employees, processes, technologies, and products. The entrepreneurial risk exists that the acquired company will not develop as expected economically in the market and that the sales and earnings goals sought with its acquisition will not be reached or that the intended synergy effects will not be achieved. However, the sales and earnings development in 2010 as well as the extremely positive orders position of HamaTech APE GmbH & Co. KG demonstrates that our expectations have been met and the integration of HamaTech into the SUSS MicroTec Group has been carried out very successfully.

### Relocation of the Substrate Bonder Division to Germany

The following possible risks were identified in connection with the relocation of the Substrate Bonder division and the North American sales and service organization from Waterbury, Vermont (USA), to Sternenfels, Germany, and California, respectively.

In order to successfully relocate and continue the Substrate Bonder division, SUSS MicroTec needs to preserve the expertise of its North American employees and transfer it to the employees who will in future be working in Sternenfels and California. To ensure that knowledge is transferred adequately, it is necessary that a large number of the employees who have worked in Waterbury up until now remain at SUSS MicroTec at least until the end of 2010 or the end of the first quarter of 2011. In addition, SUSS MicroTec is employing select staff members from Waterbury temporarily in Sternenfels beyond the end of 2010 in order to retain as much expertise as possible. The SUSS MicroTec Group regards as a risk the possibility that this transfer of expertise may not occur to the extent needed. First, employees of SUSS MicroTec Inc. could leave the Company early and would therefore no longer be available to transfer knowledge. Second, select employees of SUSS MicroTec Inc. in Waterbury may not be sufficiently willing to move temporarily to Sternenfels or California in order to provide active support in transferring expertise. In order to minimize this risk, teams from

Germany were assembled, which were active in Waterbury for several months to support the transfer of expertise and to acquire as much of the available knowledge and experience as possible. At the same time, select employees in Waterbury were made attractive offers in order to incentivize them and increase their willingness to remain at SUSS MicroTec until the final closure of the Waterbury site or (temporarily) move to Sternenfels and participate beyond 2010 in the reorganization and expansion of the Substrate Bonder division. In January 2011, ten employees from Waterbury moved to Sternenfels for a period of 6 to 15 months in order to actively support the reorganization of the Substrate Bonder division in Germany with their experience and knowledge.

The SUSS MicroTec Group (via an ad hoc announcement on June 10, 2010) provided timely notification of the details and schedule of the relocation of the Substrate Bonder division and the North American sales and service organization. There is a potential risk that these plans will lead to uncertainty among customers, who could become reluctant to submit new orders. SUSS MicroTec is countering this risk by communicating openly and transparently with customers and providing information about all pending measures and their impact. Simultaneously, both the transfer team from Germany and the employees still working in Waterbury have been made aware of, and sensitized to, this risk. Furthermore, the substantial investments and measures recently implemented show that SUSS MicroTec anticipates significant growth in the Substrate Bonder division in the months and years to come and is keen to retain existing customers and acquire new ones. So far, neither cancellations nor delays in order entry have been reported in the Substrate Bonder division. Instead, some customers have even welcomed the relocation that is underway because they assume that the planned steps will lead to the strengthening of supplier relationships with SUSS MicroTec. Therefore, this risk is regarded as negligible.

Even after the relocation of the Substrate Bonder division from Waterbury to Sternenfels, SUSS MicroTec plans to maintain existing supplier relationships (primarily with US suppliers), given positive experience in the past. The risk exists that the supply chain could be disrupted in view of the geographical distance and transnational differences. Delays in order processing and production could result. SUSS MicroTec is countering this risk by keeping North American suppliers apprised of all steps in the move and actively involving them in the process of relocation. At the same time, SUSS MicroTec is offering suppliers support in processing export transactions and is helping them with transnational formalities.

## FINANCIAL MARKET RISKS

### Credit Risks

A credit risk is an unexpected loss of cash or earnings. This occurs when a customer is unable to meet its obligations by the due date, or the assets used as collateral lose value. The Company has implemented Group-wide guidelines on the topic of credit assessment. These guidelines set out the 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 trade receivables totaling € 16.4 million (previous year: € 15.2 million), € 6.8 million overall was neither overdue nor impaired as of the reporting date (previous year: € 11.9 million). As of December 31, 2010, there were no indications of payment defaults occurring.

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

#### Age Structure of Overdue Receivables without Impairment

in € thousand	2010	2009
1 – 30 days	2,164	1,134
31 – 60 days	1,645	652
61 – 90 days	2,211	541
Overdue receivables without impairment	6,020	2,327

As of the reporting date, a total of € 3.6 million (previous year: € 1.0 million) of the gross inventory of receivables was overdue and impaired. The age structure of overdue and impaired receivables as of the reporting date and that of the previous year are shown in the following table:

#### Age Structure of Overdue Receivables with Impairment

in € thousand	2010	2009
91 – 180 days	1,802	579
181 – 360 days	1,239	210
>360 days	557	224
Overdue receivables with impairment	3,598	1,013

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

### Liquidity Risks

As of the end of the year, SUSS MicroTec Group held net cash of € 34.6 million (previous year: € 18.4 million). Free cash flow totaled € 14.1 million in the past fiscal year (previous year: € 8.9 million). Based on the currently very positive financial and earnings situation and positive planning for 2011, SUSS MicroTec will be able to fulfill the applicable covenants stemming from the existing promissory note bond, which was issued in 2007 in an amount of € 9 million, in 2011 as well.

Within the scope of a bank consortium, two banks are currently providing a credit line of € 6.0 million with an initial term until March 31, 2011. In addition, there is a guarantee line of € 2.5 million with an insurance company. An additional credit line of € 1.0 million is available to HamaTech APE GmbH & Co. KG. At present, the Company is making use of these credit and guarantee lines in order to offer down payment guarantees in the operational business. Should the Company be unable to extend the credit line of the bank consortium beyond March 31, 2011, in the future the Company would have to do without down payments from individual customers that insist on guarantees of this kind. This would, in turn, require complete prefinancing of customer orders and increase the likelihood of order cancellations.

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

#### **Market Price Risks**

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

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

The sensitivity to exchange rates is determined by aggregating the foreign currency items of the operating activities and the Group treasury. Foreign currency risks are thus calculated on the basis of a simulation of a 10% devaluation of all foreign currencies versus the euro. This simulated devaluation would have led to a reduction of the euro-equivalent value of € 501 thousand as of the reporting date (previous year: € 421 thousand) 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 reporting date and that of the previous year (in € thousand):

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

2009			
in € thousand	USD	JPY	Total
Cash and cash equivalents	1,450	703	2,153
Accounts receivable	2,887	1,680	4,567
Accounts payable	-678	-111	-789
Customer down payments	-1,303	0	-1,303
<b>Net exposure</b>	<b>2,356</b>	<b>2,272</b>	<b>4,628</b>
Effect of a 10% appreciation of the euro on annual net income	-214	-207	-421

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

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

#### **Overall Risk**

No risks that threaten the Company's existence were identified in the Group in the 2010 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

## **FORECAST REPORT**

The year 2010 turned out significantly better than had been expected at the beginning of the year. The ramifications of the crisis so far for Germany have been less severe than for other industrialized countries. As a result, Germany's companies have a good chance of returning to their performance prior to the crisis. However, it must not be forgotten that the effects of the crisis on the real economy are still considerable and that the global economy is navigating uncertain waters. In its annual forecast for 2011, the German federal government anticipates a continuation of the recovery and growth of real gross domestic product of 2.0 %. For the world economy as a whole, the government expects growth in 2011 as high as approximately 2.8 %.

SUSS MicroTec also experienced a significant recovery, reflecting economic and industry conditions, in both order entry and sales in the past fiscal year. The increased demand for semiconductor equipment was driven not least of all by the positive mood in global markets. Against the backdrop of generally positive expectations on the part of market and industry observers, but also taking into account the continuing tense mood in financial markets, SUSS MicroTec is assuming positive development of order entry, sales, and earnings in 2011.

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

## **SEMICONDUCTOR INDUSTRY**

The global economic recovery is also reflected in rapidly growing demand for semiconductor products. The sector was able to expand by more than 30 % compared with the previous year, thus reaching a sales volume of approximately US\$ 304 billion. However, here too the performance over the entire year turned out much better than had been expected at the beginning of the year.

For 2011, the iSuppli market research institute anticipates additional worldwide sales growth compared with the previous year, albeit on a significantly lower scale. It is expected that the market will grow by approximately 5 % from the previous year and could reach a total volume of approximately US\$ 320 billion by the end of 2011. A reason cited for the slowdown in growth is the disappearance of multiplier effects from 2010. What is meant here are for example the buildup of inventories in 2010 and "positive" price pressure arising from the surge in demand.

## **SEMICONDUCTOR EQUIPMENT INDUSTRY**

According to the Gartner market research institute, the semiconductor equipment industry recorded growth of more than 130 % in 2010. This rapid expansion, which was primarily attributable to weak investments in 2009, is not expected to continue in 2011. For 2011, the market for semiconductor equipment manufacturers is expected to stagnate. However, Gartner anticipates additional market growth of approximately 7 % for the specialty area of packaging and assembly.

## **EXPECTED DEVELOPMENT ON THE MAJOR MARKETS**

### **Microelectromechanical Systems Market**

After a year without noteworthy growth, the market for microelectromechanical systems (MEMS) regained significant momentum. In particular, the areas of consumer electronics, mobile communications, and automotive

electronics were drivers of this growth. In 2010, market growth reached approximately 18 %, according to iSuppli. From 2011 to 2014, average annual MEMS growth is expected to be approximately 10 %.

The areas of consumer electronics, mobile communications, and increasingly in the future the so-called tablet computers are cited as reasons for the expected growth. iSuppli anticipates growth of more than 25 % for the areas of consumer electronics and mobile communications in 2011, similar to the growth rate in 2010. Industrial applications are another growth market, where the use of MEMS sensors in process guidance and automation plays an important role. In several currently quite small application areas, such as medical technology or the energy industry, growth rates in excess of 10 % are expected in the future precisely in the area of high-value MEMS applications.

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

Advanced Packaging and 3D Integration

As for wafer level packaging (advanced packaging), the researchers from electronics.ca (as of November 2010)

forecast a rise in advanced packaging wafers from 6.8 million to 16.8 million for the period from 2009 to 2014. This is an average annual growth rate of approximately 20 %. The Yole Développement market research institute reaches a similar estimate, namely 21 % average annual growth through 2013. So-called "fan-out" advanced packaging's share of the market will rise to 6 % from the current share of only approximately 2 %.

The expected growth rates for 3D integration are expected to be significantly higher. Yole anticipates annual growth for 3D integration of approximately 50 % from 2010 to 2015, with the area of storage media showing particularly strong growth. However, a proportionate increase in equipment cannot be assumed in the interpretation of figures.

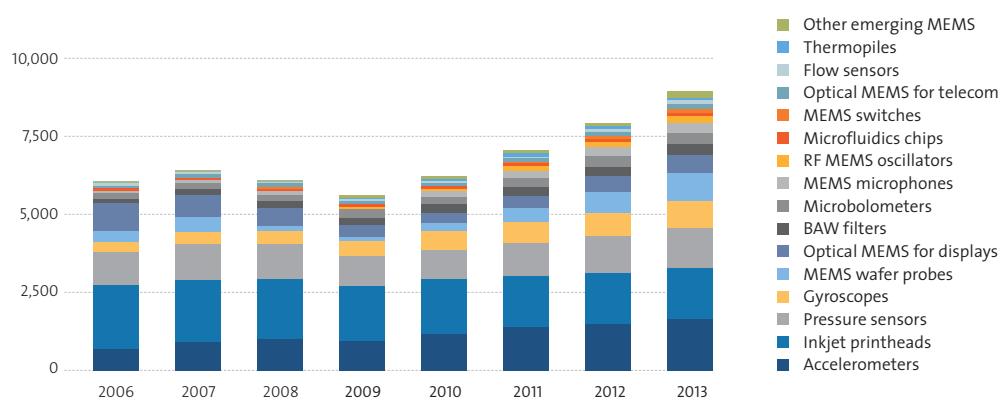
## Compound Semiconductors (LEDs)

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

THE MEMS MARKET

in US\$ million

#### *Sources: ICannabis website, January 2010.*



According to analysts from IMS Research, the market for packaged LEDs grew by approximately 67% in 2010. For 2011, additional growth of 25% is expected. The market researchers from Yole Développement similarly anticipate average annual growth of approximately 28% from 2009 to 2015. However, the continuation of this trend is substantially dependent on economies of scale effects during LED manufacturing and the luminance and energy conservation properties of future LED generations. The current growth phase is primarily driven by LED televisions, displays, cellular telephones, and other hand-held devices. In the future, the solid state lighting segment will gain considerably in significance.

## ENDOGENOUS INDICATORS

Aside from the condition of the markets, the innovation potential of our product range is also a critical factor for our success. In the 2010 fiscal year, the Company entered into cooperative development agreements with well-known partners from industry and research. In December for example, a cooperative agreement was concluded with Rolith Inc., which involves the development of innovative nanolithography technologies. In cooperation with the Fraunhofer Institute for Surface Engineering and Thin Films (IST), SUSS MicroTec introduced "SELECT" to the market. It represents an upgrade for Bond Aligner and Mask Aligner technology, which enables the selective plasma activation of parts of wafer surfaces. In addition, SUSS MicroTec is hoping that the consolidation of research and development activities in Sternenfels will spur further innovation and growth.

## STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

In 2010, the global economy finally overcame the crisis and experienced a significant revival in business activity. So far, volatility in the international financial markets has not been able to place a damper on the development of demand. However, concerns about industrialized countries' sharply increased debt levels and related doubts about the solvency of several countries in the eurozone in particular are currently shaping political and entrepreneurial thinking and activity. Against the backdrop of a

generally positive mood in the global markets, but also taking into account not insignificant uncertainty regarding the future of the European economic zone, our forecasts appear optimistic compared with the previous year's. Aside from the macroeconomic landscape, we see that the trends driving SUSS MicroTec's business remain in place.

For 2011, Gartner expects the market for semiconductor equipment manufacturers to stagnate. However, Gartner anticipates market growth of approximately 7% for the specialty area of packaging and assembly.

For the 2011 fiscal year overall, we are projecting sales of more than €170 million and a further improvement in the EBIT margin over 2010. From today's perspective, free cash flow could reach an amount in the double-digit millions.

Should the markets we target develop in the manner described above and SUSS MicroTec Group continues to succeed in consistently positioning its product range to match market requirements, we anticipate rising order entry and sales in 2012 as well. Depending on sales growth, it appears possible to reach an EBIT margin in the 10%–15% range over the medium term. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

#### **FORWARD-LOOKING STATEMENTS**

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

Garching, Germany, March 18, 2011  
The Management Board

Frank Averdung Michael Knopp  
Chief Executive Officer Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS

of SUSS MicroTec AG for 2010 fiscal year

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# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF INCOME (IFRS)

in € thousand	Note	01/01/2010 – 12/31/2010	01/01/2009 – 12/31/2009
Sales	(3)	139,085	103,901
Cost of sales	(4)	-88,000	-65,058
<b>Gross profit</b>		<b>51,085</b>	<b>38,843</b>
Selling costs		-17,408	-16,674
Research and development costs		-6,824	-4,871
Administrative costs		-17,826	-13,939
Other operating income	(5)	9,996	2,941
Other operating expenses	(6)	-4,709	-3,520
<b>Analysis of net income from operations (EBIT):</b>			
EBITDA (earnings before interest and taxes, depreciation and amortization)		20,515	7,567
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-6,201	-4,787
<b>Net income from operations (EBIT)</b>		<b>14,314</b>	<b>2,780</b>
Financial result	(7)	-286	-139
<b>Profit from continuing operations before taxes</b>		<b>14,028</b>	<b>2,641</b>
Income taxes	(8)	-993	-2,105
<b>Profit from continuing operations</b>		<b>13,035</b>	<b>536</b>
Net profit or loss from discontinued operations (after taxes)	(2f)	<b>332</b>	<b>-5,393</b>
<b>Net profit or loss</b>		<b>13,367</b>	<b>-4,857</b>
Thereof equity holders of SUSS MicroTec		13,230	-4,811
Thereof minority interests		137	-46
<b>Earnings per share (basic)</b>	(9)		
Earnings per share from continuing operations in €		0.71	0.03
Earnings per share from discontinued operations in €		0.02	-0.31
<b>Earnings per share (diluted)</b>	(9)		
Diluted Earnings per share from continuing operations in €		0.70	0.03
Diluted Earnings per share from discontinued operations in €		0.02	-0.31

## Statement of Comprehensive Income (IFRS)

in € thousand	01 / 01 / 2010 – 12 / 31 / 2010	01 / 01 / 2009 – 12 / 31 / 2009
Net profit or loss	13,367	-4,857
Fair value fluctuations of available-for-sale securities	-19	379
Foreign currency adjustment	320	-80
Cash flow hedges	101	-202
Deconsolidation SUSS MicroTec Test Systems	-253	0
Deferred taxes	-5	-49
Total income and expenses recognized in equity	144	48
<b>Total income and expenses reported in the reporting period</b>	<b>13,511</b>	<b>-4,809</b>
Thereof equity holders of SUSS MicroTec	13,314	-4,763
Thereof minority interests	197	-46

## Consolidated Balance Sheet (IFRS)

<b>ASSETS</b> in € thousand	Note	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>Noncurrent ASSETS</b>			
Intangible assets	(11)	44,312	39,954
Goodwill	(12)	11,891	13,837
Tangible assets	(13)	13,599	13,599
Current tax assets	(19)	9,356	4,081
Other assets	(14)	108	121
Deferred tax assets	(8)	485	554
		8,873	7,762
<b>CURRENT ASSETS</b>		<b>137,248</b>	<b>96,480</b>
Inventories	(15)	64,431	40,790
Trade receivables	(16)	15,659	14,842
Other financial assets	(17)	640	355
Securities	(18)	15,977	10,489
Current tax assets	(19)	620	265
Cash and cash equivalents		36,525	20,621
Other assets	(20)	3,396	1,595
Assets classified as held for disposal		0	7,523
<b>TOTAL ASSETS</b>		<b>181,560</b>	<b>136,434</b>

LIABILITIES AND SHAREHOLDERS' EQUITY in € thousand	Note	12 / 31 / 2010	12 / 31 / 2009
<b>EQUITY</b>		<b>106,404</b>	<b>86,060</b>
Total equity attributable to shareholders of SUSS MicroTec AG		106,006	85,859
Subscribed capital	(21)	18,721	17,019
Reserves	(21)	87,944	69,583
Accumulated other comprehensive income	(21)	-659	-743
Minority interests		398	201
<b>NONCURRENT LIABILITIES</b>		<b>20,775</b>	<b>19,988</b>
Pension plans and similar commitments	(22)	2,919	3,003
Provisions	(23)	508	711
Financial debt	(24)	14,367	10,962
Other financial liabilities		240	67
Deferred tax liabilities	(8)	2,741	5,245
<b>CURRENT LIABILITIES</b>		<b>54,381</b>	<b>30,386</b>
Provisions	(25)	4,613	1,772
Tax liabilities	(28)	5,412	595
Financial debt	(24)	1,119	1,747
Other financial liabilities	(26)	6,458	4,536
Trade payables		9,746	4,458
Other liabilities	(27)	27,033	14,906
Liabilities associated with assets classified as held for disposal		0	2,372
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>181,560</b>	<b>136,434</b>

## Consolidated Statement of Cash Flows (IFRS)

in € thousand	01 / 01 / 2010 – 12 / 31 / 2010	01 / 01 / 2009 – 12 / 31 / 2009
Net profit or loss (after taxes)	13,367	-4,857
Amortization of intangible assets	4,225	4,052
Amortization of goodwill	0	4,168
Depreciation of tangible assets	1,990	1,506
Profit or loss on disposal of intangible and tangible assets	237	14
Change in reserves on inventories	-484	448
Change in reserves for bad debts	301	-555
Non-cash stock-based compensation	187	252
Non-cash income from the reversal of provisions	-29	-629
Other non-cash effective income and expenses	-2,854	432
Gain on bargain purchase arising from acquisition of HamaTech	-2,678	0
Gain from deconsolidation of Suss MicroTec Test Systems	-1,641	0
Change in inventories	-16,544	8,297
Change in accounts receivable	2,039	6,638
Change in other assets	-2,230	609
Change in pension provisions	31	-23
Change in accounts payable	3,446	-139
Change in other liabilities and other provisions	20,150	-9,204
Change in deferred taxes	-3,419	1,092
<b>Cash flow from operating activities – continuing and discontinued operations</b>	<b>16,094</b>	<b>12,101</b>
<b>Cash flow from operating activities – continuing operations</b>	<b>16,094</b>	<b>11,999</b>

in € thousand	01/01/2010 – 12/31/2010	01/01/2009 – 12/31/2009
Disbursements for tangible assets	-2,597	-417
Disbursements for intangible assets	-391	-2,831
Purchases of current available-for-sale securities	-6,059	-6,730
Proceeds from redemption of available-for-sale securities	3,000	0
Proceeds from disposal of intangible and tangible assets	201	12
Payments for purchase of HamaTech	-8,031	0
Proceeds from disposal of Test Systems business	3,315	0
<b>Cash flow from investing activities – continuing and discontinued operations</b>	<b>-10,562</b>	<b>-9,966</b>
<b>Cash flow from investing activities – continuing operations</b>	<b>-10,562</b>	<b>-9,843</b>
Increase of bank loans	4,500	0
Repayment of bank loans	0	-79
Change in current bank liabilities	-808	-4,601
Change in other financial debt	-915	2,613
Proceeds from share capital contribution	6,808	0
Payments for expenses related to capital contribution	-227	0
<b>Cash flow from financing activities – continuing and discontinued operations</b>	<b>9,358</b>	<b>-2,067</b>
<b>Cash flow from financing activities – continuing operations</b>	<b>9,358</b>	<b>-2,067</b>
Adjustments to funds caused by exchange-rate fluctuations	836	128
<b>Change in cash and cash equivalents</b>	<b>15,726</b>	<b>196</b>
<b>Funds at beginning of the year*</b>	<b>20,799</b>	<b>20,603</b>
<b>Funds at end of the period</b>	<b>36,525</b>	<b>20,799</b>
Cash flow from operating activities includes:		
Interest paid during the period	742	722
Interest received during period	588	978
Tax paid during the period	391	796
Tax refunds during the period	151	-42

\* Cash and cash equivalents as of January 01, 2010 also include liquid funds of €178 thousand attributable to assets held for sale and to discontinued activities.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital
<b>As of January 1, 2009</b>	<b>17,019</b>	<b>92,842</b>
Issuance of subscription rights		252
Net profit or loss		
Total income and expenses recognized in equity		
<b>As of December 31, 2009</b>	<b>17,019</b>	<b>93,094</b>
<b>As of January 1, 2010</b>	<b>17,019</b>	<b>93,094</b>
Capital increase	1,702	4,944
Issuance of subscription rights		187
Net profit or loss		
Total income and expenses recognized in equity		
<b>As of December 31, 2010</b>	<b>18,721</b>	<b>98,225</b>

Earnings reserve	Retained earnings	Accumulated other comprehensive income	Total equity attributable to shareholders of SUSS MicroTec AG	Minority interests	Equity
433	-19,133	-791	90,370	247	90,617
			252		252
	-4,811		-4,811	-46	-4,857
		48	48	0	48
433	-23,944	-743	85,859	201	86,060
433	-23,944	-743	85,859	201	86,060
			6,646		6,646
			187		187
	13,230		13,230	137	13,367
		84	84	60	144
433	-10,714	-659	106,006	398	106,404

## FIXED ASSETS MOVEMENT SCHEDULE (2010)

in € thousand	01 / 01 / 2010	Translation adjustment	Additions	Acquisition and manufacturing costs		
				Additions due to HamaTech acquisition	Reclassifications	Disposals
<b>I. Intangible assets</b>						
1. Concessions, intellectual property rights, and similar rights and assets as well as licenses to such rights and assets	14,560	83	235	386	0	0
2. Development costs	31,370	914	157	0	0	3,989
3. Capitalized leased property						
Software	3,138	40	0	0	0	0
4. Other intangible assets	0	0	0	960	0	0
	<b>49,068</b>	<b>1,037</b>	<b>392</b>	<b>1,346</b>	<b>0</b>	<b>3,989</b>
<b>II. Goodwill</b>	<b>32,436</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III. Tangible assets</b>						
1. Land, buildings, fixtures	3,749	290	301	4,469	68	1,682
2. Technical equipment and machinery	10,277	1,002	944	1	135	277
3. Other equipment, office and plant furnishings	9,743	333	1,269	377	-203	1,072
4. Motor vehicles	464	12	8	0	0	7
5. Facilities under construction	0	0	67	0	0	
6. Capitalized leased property	0	0	0	0	0	
Land, buildings, fixtures	423	35	0	0	-458	0
Technical equipment and machinery	338	52	0	0	455	0
Other equipment, office and plant furnishings	759	7	0	0	0	0
	<b>25,753</b>	<b>1,731</b>	<b>7,058</b>	<b>378</b>	<b>-3</b>	<b>3,038</b>
<b>IV. Financial assets</b>						
Other investments	2,263	0	0	0	0	0
	<b>2,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Depreciation and amortization						Net carrying values		
12 / 31 / 2010	01 / 01 / 2010	Translation adjustment	Additions	Reclassifications	Disposals	12 / 31 / 2010	12 / 31 / 2009	12 / 31 / 2010
15,264	12,768	48	543	0	0	13,359	1,792	1,905
28,452	22,060	425	2,383	0	3,999	20,869	9,310	7,583
3,178	403	40	887	0	0	1,330	2,735	1,848
960	0	0	405	0	0	405	0	555
47,854	35,231	513	4,218	0	3,999	35,963	13,837	11,891
32,436	18,837	0	0	0	0	18,837	13,599	13,599
7,195	3,129	229	312	0	1,526	2,144	620	5,051
12,082	8,780	843	892	0	173	10,342	1,497	1,740
10,447	8,004	279	712	0	872	8,123	1,739	2,324
477	415	8	9	0	5	427	49	50
67	0	0	0	0	0	0	0	67
0	0	0	0	0	0	0	0	0
0	330	27	0	-357	0	0	93	0
845	267	53	54	355	0	729	71	116
766	747	7	4	0	0	758	12	8
31,879	21,672	1,446	1,983	-2	2,576	22,523	4,081	9,356
2,263	2,263	0	0	0	0	2,263	0	0
2,263	2,263	0	0	0	0	2,263	0	0

## FIXED ASSETS MOVEMENT SCHEDULE (2009)

in € thousand	Acquisition and manufacturing costs				
	01/01/2009	Translation adjustment	Additions	Reclassifications	Reclassification as „held for sale“
					Disposals
<b>I. Intangible assets</b>					
1. Concessions, intellectual property rights, and similar rights and assets as well as licenses to such rights and assets	20,970	-29	1,242	14	3,931
2. Development costs	30,959	-335	1,589	0	843
3. Capitalized leased property					
Software	191	-10	2,957	0	0
	52,120	-374	5,788	14	4,774
					3,706
<b>II. Goodwill</b>	<b>36,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,168</b>
					0
<b>III. Tangible assets</b>					
1. Land, buildings, fixtures	3,903	-87	73	76	200
2. Technical equipment and machinery	10,168	-218	135	509	273
3. Other equipment, office and plant furnishings	12,154	-90	157	46	1,548
4. Motor vehicles	516	-4	0	0	6
5. Facilities under construction	138	-2	0	-136	0
6. Capitalized leased property					
Land, buildings, fixtures	436	-13	0	0	0
Technical equipment and machinery	815	-20	52	-509	0
Other equipment, office and plant furnishings	761	-2	0	0	0
	28,891	-436	417	-14	2,027
					1,078
<b>IV. Financial assets</b>					
1. Investments in associated companies	2,095	0	0	-2,095	0
2. Other investments	173	0	0	2,095	5
	2,268	0	0	0	5
					0

\* Additions to accumulated depreciation refer with an amount of € 4,787 thousands to continuing operations and with an amount of € 4,939 thousands to discontinued operations. Additions to accumulated depreciation from discontinued operations include an impairment loss of € 4,690 thousands.

Depreciation and amortization							Net carrying values		
12/31/2009	01/01/2009	Translation adjustment	Additions*	Reclassifications	Reclassification as „held for sale“	Disposals	12/31/2009	12/31/2008	12/31/2009
14,560	16,202	-16	1,386	0	3,931	873	12,768	4,768	1,792
31,370	20,614	-155	2,444	0	843	0	22,060	10,345	9,310
3,138	191	-10	222	0	0	0	403	0	2,735
49,068	37,007	-181	4,052	0	4,774	873	35,231	15,113	13,837
32,436	18,837	0	4,168	0	4,168	0	18,837	17,767	13,599
3,749	3,198	-70	149	0	132	16	3,129	705	620
10,277	8,645	-216	400	267	273	43	8,780	1,523	1,497
9,743	9,640	-78	857	0	1,444	971	8,004	2,514	1,739
464	436	-2	11	0	6	24	415	80	49
0	0	0	0	0	0	0	0	138	0
423	271	-10	69	0	0	0	330	165	93
338	536	-17	15	-267	0	0	267	279	71
759	744	-2	5	0	0	0	747	17	12
25,753	23,470	-395	1,506	0	1,855	1,054	21,672	5,421	4,081
0	2,095	0	0	-2,095	0	0	0	0	0
2,263	168	0	0	2,095	0	0	2,263	5	0
2,263	2,263	0	0	0	0	0	2,263	5	0

## SEGMENT REPORTING (IFRS)

### Segment Information by Business Segment

in € thousand	Lithography		Substrate Bonder		Photomask Equipment	
	2010	2009	2010	2009	2010	2009
External sales	88,932	77,573	24,722	18,313	18,429	0
Internal sales	0	0	0	0	0	0
Total sales	88,932	77,573	24,722	18,313	18,429	0
Result per segment (EBIT)	16,952	11,742	-7,066	-3,848	2,113	0
Income before taxes	16,896	11,641	-7,072	-3,857	2,106	0
Significant non-cash items	-1,223	77	-1,212	-748	-173	0
Segment assets	56,311	53,312	30,102	25,400	17,315	0
Thereof goodwill	13,599	13,599	0	0	0	0
Unallocated assets						
Total assets						
Segment liabilities	-27,286	-15,646	-6,987	-5,686	-6,328	0
Unallocated liabilities						
Total liabilities						
Depreciation and amortization	1,675	1,810	2,239	1,661	760	0
Thereof scheduled	1,600	1,810	2,124	1,661	760	0
Thereof impairment loss	75	0	115	0	0	0
Capital expenditure	1,450	722	501	1,062	2,178	0
Workforce as of December 31	324	325	141	119	91	0

### Segment Information by Region

in € thousand	Sales		Capital expenditure		Assets	
	2010	2009	2010	2009	2010	2009
Europe	36,846	39,735	8,369	2,125	83,839	65,444
North America	19,582	24,152	662	1,088	27,523	26,111
Japan	7,964	12,010	59	19	1,975	2,656
Rest of Asia	76,468	44,381	84	16	1,414	784
Rest of world	0	27	0	0	0	0
Consolidation effects	0	0	0	0	185	-1,125
Total	140,860	120,305	9,174	3,248	114,936	93,870

Other		Continuing operations		Discontinued operations (Test System business)		Consolidation effects		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
7,003	8,015	139,086	103,901	1,774	16,404	0	0	140,860	120,305
6,379	5,637	6,379	5,637	0	0	-6,379	-5,637	0	0
<b>13,382</b>	<b>13,652</b>	<b>145,465</b>	<b>109,538</b>	<b>1,774</b>	<b>16,404</b>	<b>-6,379</b>	<b>-5,637</b>	<b>140,860</b>	<b>120,305</b>
2,315	-5,114	14,314	2,780	331	-5,508	0	0	14,645	-2,728
2,098	-5,143	14,028	2,641	330	-5,503	0	0	14,358	-2,862
-197	592	-2,805	-79	-29	563	0	0	-2,834	484
11,208	8,584	114,936	87,296	0	6,574	0	0	114,936	93,870
0	0	13,599	13,599	0	0	0	0	13,599	13,599
								66,624	42,564
								<b>181,560</b>	<b>136,434</b>
<b>-3,291</b>	<b>-2,701</b>	<b>-43,892</b>	<b>-24,033</b>	<b>0</b>	<b>-2,441</b>	<b>0</b>	<b>0</b>	<b>-43,892</b>	<b>-26,474</b>
								-31,265	-23,900
								<b>-75,157</b>	<b>-50,374</b>
1,527	1,316	6,201	4,787	14	4,939	0	0	6,215	9,726
1,527	1,316	6,011	4,787	14	249	0	0	6,025	5,036
0	0	190	0	0	4,690	0	0	190	4,690
5,045	1,341	9,174	3,125	0	123	0	0	9,174	3,248
60	54	616	498	0	116	0	0	616	614

# NOTES

to the Consolidated Financial Statements According to IFRS for 2010

## (1) DESCRIPTION OF BUSINESS ACTIVITY

SUSS MicroTec AG (the "entity" or "Company"), domiciled at D-85748 Garching, Schleissheimer Str. 90, and its subsidiaries constitute an international entity that manufactures and distributes products using microsystems technology and microelectronics. Production takes place at facilities in Garching and Sternenfels (and until May 2010 at Vaihingen) in Germany, Waterbury, VT, and Palo Alto, CA, 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, Singapore, Taiwan, China, and Korea. In countries in which the Group does not have offices of its own, distribution is organized through trade representatives.

## (2) SUMMARY OF THE PRINCIPAL ACCOUNTING PRINCIPLES

### a) Basis of Presentation

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

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

The consolidated financial statements and the Group management report for the year ended December 31, 2010, 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 published the following standards, interpretations, and amendments to existing standards, which have yet to be endorsed by EU law:

#### IFRS 7: Financial Instruments: Disclosures

The IASB published amendments to IFRS 7 Financial Instruments: Disclosures on October 7, 2010. The purpose of the amendments is to achieve a broad harmonization of the corresponding disclosure obligations under International Financial Reporting Standards (IFRS) and under the US generally accepted accounting principles (US-GAAP). The amendments to IFRS 7 relate to more extensive disclosure obligations in the case of the transfer of financial assets and should enable the users of the financial statements to obtain a better understanding of the effects of the risks remaining with the entity.

IFRS 7 is mandatory for periods beginning on or after July 1, 2011; earlier application is permitted.

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

### **IFRS 9: Financial Instruments**

In November 2009, the IASB published the new standard IFRS 9 Financial Instruments on the classification and measurement of financial assets. This standard is the first part of a three-part project to completely replace IAS 39 Financial Instruments: Recognition and Measurement. According to the method of IFRS 9, financial assets must be measured either at amortized costs or at fair value. Assignment to one of the two measurement categories depends on how the entity manages its financial instruments (i.e. on its business model) and on the product features of the individual financial assets.

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

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

In October 2010, the IASB published rules on accounting for financial liabilities to supplement IFRS 9 Financial Instruments, completing the phase of classification and measurement of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement. Supplementing IFRS 9 (2009), IFRS 9 (2010) contains rules on the classification and measurement of financial liabilities as well as on the derecognition of financial assets and liabilities.

This amendment to IFRS 9 is mandatory for fiscal years beginning on or after January 1, 2013. Earlier application is only permitted if simultaneously the rules for financial assets contained in IFRS 9 (2009) are applied.

SUSS MicroTec AG assumes at present that the application of the amendment, if it is adopted by the EU in this form, will not have a material effect on the presentation of its financial statements.

### **IAS 12: Income Taxes**

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

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

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

The IASB published a number of further pronouncements in the period under review. The accounting promulgations that have not yet been implemented would not and will not have any material influence on the consolidated financial statements of SUSS MicroTec AG.

The European Commission has already adopted the following standards, interpretations, and amendments to standards into EU law, but they are not mandatory for the fiscal year 2010. No early application has been made.

**IAS 24: Related Party Disclosures**

In the Official Journal of the European Union dated July 20, 2010, Directive 632 / 2010 was announced, adopting the amendments published by the IASB on November 4, 2009 to IAS 24 Related Party Disclosures. The amendments relate mainly to simplifications to the disclosure requirements for entities that are controlled or materially influence by governments. They also clarify the definition of a related party (entity or person).

The amended standard is mandatory for fiscal years beginning on or after January 1, 2011; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from initial application in the fiscal year 2011.

**IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments**

In the Official Journal of the European Union of July 24, 2010, Directive 662 / 2010 was published adopting the interpretation IFRIC 19, which was published by IFRIC on November 26, 2009, under the title "Extinguishing Financial Liabilities with Equity Instruments". IFRS 19 provides advice on accounting for debt for equity swaps and explains the requirements of IFRS when an entity redeems a financial liability partly or completely through the issue of shares or other equity instruments.

IFRIC 19 is mandatory for periods beginning on or after July 1, 2010; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from initial application in the fiscal year 2011.

**IAS 32: Financial Instruments: Presentation**

In the Official Journal of the European Union dated December 24, 2009, Directive 1293 / 2009 was published adopting the amendments published by the IASB on October 8, 2009 to IAS 32. The amendments relate to the accounting by the issuer of subscription rights, options, and warrants to the purchase of a fixed number of equity instruments that are denominated in a currency other than the functional currency of the issuer. Previously such cases were accounted for as derivative liabilities. Such subscription rights that are issued pro rata at a fixed amount in a specific currency to the existing shareholders of an entity must be classified as equity under the new regulation. The currency in which the exercise price is denominated is irrelevant.

The amendments to IAS 32 become mandatory for fiscal years beginning after January 31, 2010; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from initial application in the fiscal year 2011.

**c) Principal Accounting and Measurement Methods**

The consolidated financial statements fulfill the principle of true and fair view and of fair presentation in compliance with the qualitative criteria of accounting and the applicable IFRS. In preparing the IFRS consolidated financial statements, the following principal accounting and measurement principles were observed:

### Goodwill

Under IFRS 3, derivative goodwill is not amortized; instead it is examined for impairment once annually. It is also reviewed in the case of triggering events indicating a possible impairment.

The recoverability of goodwill is examined at the level of the cash-generating units, which in the case of the SUSS MicroTec Group correspond to the segments.

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

### Other Intangible Assets

Purchased and internally generated intangible assets are capitalized pursuant to IAS 38 if it is probable that a future economic benefit will flow from the use of the asset and the costs of the asset can be determined reliably. They are recognized at acquisition or manufacturing costs and amortized on the straight-line basis over their useful life, which is a maximum of 10 years.

Development costs in connection with product development are capitalized as manufacturing costs if the expense can be attributed clearly and if technical feasibility and successful marketing are assured. It must, moreover, be sufficiently probable that the development activity will indeed generate a future economic benefit. The capitalized development activities comprise all costs that are directly attributable to the development process, including overheads relating to development. Capitalized development costs are amortized on a straight-line basis 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 MicroTec Group.

### Tangible assets

Tangible assets are recognized at acquisition or manufacturing cost and depreciated on a straight-line basis over the course of their useful life. 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 corresponding historical acquisition costs less accumulated depreciation are derecognized and the difference to sales proceeds is recorded under other operating expenses or income.

In the case of rented assets, a distinction is made between a "finance lease" and an "operating lease", as set out in IAS 17. Finance lease items are capitalized at the present value of all future minimum lease payments and the leasing debt is recorded on the liabilities side. The capitalized items are depreciated 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 capitalization, and the lease payments are recognized as an expense in the periods when incurred.

There was no re-measurement of tangible assets as would be permitted under IAS 16.

#### **Impairment of Tangible and Intangible 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 recoverable amount for individual assets, the cash flow is determined for the next highest 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 most to the amount which would have resulted if the impairment had not been recorded. No revaluation is made on goodwill once it has been written down.

#### **Inventories**

Inventories are measured at manufacturing or acquisition costs or, if lower, their net realizable value. The net realizable value is the 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 taken into account through 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.

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

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

#### **Financial Instruments**

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

The Company recognizes financial instruments in the balance sheet as soon as the SUSS MicroTec Group becomes a contractual partner to a financial instrument. Initial recognition of financial instruments is at fair value. Subsequent measurement of financial assets and liabilities is in accordance with the category they have been allocated to, i.e. 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 amortized costs. Appropriate adjustments are made on doubtful receivables and receivables considered to be unrecoverable. These impairments are recognized in separate adjustment accounts.

#### **Securities**

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

#### **Cash and Cash Equivalents**

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

#### **Share-based Remuneration**

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

#### **Pension Plans and Similar Commitments**

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

#### **Provisions**

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

### Financial Debt

Financial debt includes bank borrowings, liabilities from a promissory note, and liabilities from finance leases. Bank borrowings and liabilities from the promissory note are allocated to the financial liabilities category and measured at amortized 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 amortized costs.

### Trade Payables

Trade payables are allocated to the category financial liabilities and measured at amortized costs.

### Discontinued Operations

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

### Revenue Recognition

In accordance with IAS 18, revenue from the sale of machines is recognized 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 realized when installation and assembly have been completed.

Revenues from services are realized 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 realized 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 on production facilities and amortization on intangible assets as well as write-downs on inventories.

### Research and Development Costs

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

### Other Operating Expenses and Income

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

### Deferred Taxes

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

Deferred taxes are only formed for temporary differences on goodwill if write-downs on the derivative goodwill are subject to recognition for tax purposes.

#### **EPS – Earnings per Share**

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

The basic earnings per share (EPS) are calculated by dividing the net profit by the weighted average of the issued shares.

The diluted earnings per share are calculated by dividing the adjusted net profit by the weighted average number of shares issued plus the share equivalents with a dilutive effect.

#### **Derivative Financial Instruments**

Derivative financial instruments are used in the SUSS MicroTec Group in order to hedge currency and interest risks.

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

#### **Cash Flow Hedges**

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

#### **Treatment of Subsidies**

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

#### **Transactions in Foreign Currency**

Purchases and sales in foreign currency are translated at the daily rate valid in force at the time of delivery. Assets and liabilities in foreign currency are translated to the functional currency at the exchange rate valid at the balance sheet date. The foreign currency gains and losses arising from these translations are recognized with effect on profit and loss.

#### **d) Use of Estimates**

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

### Trade Receivables

Adjustments on doubtful receivables involve considerable measure estimates and judgments of individual receivables that are based on the creditworthiness of the individual customer, the current development of the economy, and an analysis of historical defaults on portfolios of receivables. If the Company derives the adjustment from historical default rates on a portfolio basis, any decrease in the volume of receivables decreases such provisions correspondingly, and vice versa. As of December 31, 2010, the total adjustment on trade receivables was € 740 thousand (2009: € 383 thousand).

### Impairment

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. These discounted cash flows are determined for a period of five years. The basis used for the immediate future is the cash flow derived from the Group budget. For cash flow forecasts beyond the period of detailed planning, suitable forecasts from the semi-conductor 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 calculated of 18.9% (2009: 4.8%) on average. The high growth rate is due to the extraordinarily high sales increases that are expected in the Substrate Bonder area. Without the Substrate Bonder area, the average growth rate that is assumed is 2.9%. The forecast net cash flow is discounted using a risk-adjusted interest rate of 10.4% (2009: 9.9%). These premises and the underlying method may have a considerable influence on the values concerned and ultimately on the amount of any possible impairment of goodwill.

If it is not possible to determine the recoverable amount for individual assets through 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 of 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 actual developments, with material effects on the obligations for pensions.

### Provisions

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

### Purchase Price Allocation

Under IAS 27 (rev. 2008) and IFRS 3 (rev. 2008), the purchase price for a company acquisition is matched with the identifiable assets, liabilities, and contingent liabilities. With specific exceptions (e.g. tax liabilities, pension commitments, share-based remuneration), assets, liabilities, and contingent liabilities must be recognized at their fair values. This applies not only to assets recognized in the balance sheet, but also to intangible assets that had previously not been recognized.

### e) Consolidation

#### **Consolidation Principles**

The consolidated financial statements include the financial statements of SUSS MicroTec AG and of all significant companies over which, independent 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 intra-Group 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 statement of income are translated at average rates.

in € thousand	2010		2009	
	Balance sheet	Statement of income	Balance sheet	Statement of income
1 EUR vs 1 USD	1.339	1.330	1.440	1.397
1 EUR vs 1 JPY	108.820	116.688	133.070	130.272
1 EUR vs 1 GBP	0.862	0.858	0.889	0.896
1 EUR vs 1 CHF	1.253	1.379	1.484	1.507
1 EUR vs 1 TWD	38.964	41.793	46.208	46.112
1 EUR vs 1 SGD	1.717	1.812	2.018	2.026
1 EUR vs 1 CNY	8.763	9.004	9.800	9.543
1 EUR vs 1 KRW	1,502.610	1,541.242	1,670.940	1,783.230
1 EUR vs 1 THB	40.525	42.563	47.975	48.247

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

#### **Disclosures on the Scope of Consolidation**

In comparison with the consolidated financial statements as of December 31, 2009, there have been the following changes in the scope of consolidation:

With a purchase agreement of January 27, 2010, SUSS MicroTec AG sold the Test Systems segment. The main component of the transaction comprised the disposal of 100 % of the interests in Suss MicroTec Test Systems GmbH, Sacka near Dresden, which were sold in full. Suss MicroTec Test Systems GmbH was deconsolidated on January 27, 2010. The deconsolidation produced a gain of € 1.6 million that, pursuant to IFRS 5, is presented as profit from discontinued activities.

Simultaneously with Suss MicroTec Test Systems GmbH, its 10 % holding in ZTS-Zentrum für Technologiestructurentwicklung Region Riesa-Großenhain GmbH, Glaubitz, left the SUSS MicroTec Group.

With effect as of February 15, 2010, SUSS MicroTec AG acquired 100 % of the shares in HamaTech APE GmbH and Co. KG, Sternenfels, from Singulus Technologies AG. Pursuant to IAS 27 (rev. 2008) and IFRS 3 (rev. 2008), HamaTech APE GmbH and Co. KG was included in the consolidated financial statements for the first time as of March 31, 2010; the time of initial consolidation was March 1, 2010. The initial consolidation gave rise to negative goodwill of € 2.7 million, which pursuant to IFRS 3.34 is recognized in the statement of income under other operating income.

Simultaneously with the acquisition of HamaTech APE GmbH and Co. KG, SUSS MicroTec AG acquired 100 % of the shares in HamaTech APE Beteiligungs GmbH, Sternenfels. HamaTech APE Beteiligungs GmbH functions as the general partner of HamaTech APE GmbH and Co. KG. Its share in the capital of HamaTech APE GmbH and Co. KG is 0 %.

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

Therefore, the following subsidiaries and associates of SUSS MicroTec AG (ultimate parent company) were included in the consolidated financial statements as of December 31, 2010 (figures on capital and net profit or loss of the individual companies according to local law and in local currency):

Entity	Currency	Subscribed capital	Investment	Equity total	Net income	Consolidation
SUSS MicroTec AG, Garching	EUR	18,721,038.00	Holding	91,843,441.42	6,216,893.56	full
Suss MicroTec Lithography GmbH, Garching	EUR	2,000,100.00	100 %	40,726,473.25	11,783,212.91	full
HamaTech APE GmbH and Co. KG, Sternenfels	EUR	3,000,000.00	100 %	-4,278,601.89	1,521,065.58	full
HamaTech APE Beteiligungs GmbH, Sternenfels	EUR	25,000.00	100 %	18,543.16	-1,459.12	full
Suss MicroTec Ltd., Coventry	GBP	10,000.00	100 %	1,160,915.34	171,635.40	full
Suss MicroTec KK, Yokohama	JPY	30,000,000.00	100 %	-296,350,918.00	-332,869,034.00	full
Suss MicroTec S.A.S., Lyon	EUR	114,750.00	100 %	455,438.00	336,758.00	full
Suss MicroOptics S.A., Neuchatel	CHF	500,000.00	85 %	3,674,389.09	1,266,319.43	full
Suss MicroTec Inc., Waterbury	USD	105,000.00	100 %	37,018,635.63	15,446,837.34	full
Suss MicroTec (Taiwan) Company Ltd., Hsin Chu	TWD	5,000,000.00	100 %	90,398,367.00	28,620,994.00	full
Suss MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100 %	8,037,369.09	762,152.17	full
Suss MicroTec Precision Photomask Inc., Palo Alto <sup>(1)</sup>	USD	24,287.00	100 %	1,898,115.41	-385,439.69	full
HUGLE Lithography Inc., San Jose <sup>(2)</sup>	USD	1,190,442.00	53.1 %	-39,579.00	-2,871.00	at cost
Suss MicroTec Company Ltd., Bangkok <sup>(3)</sup>	THB	4,000,000.00	49 %	1,166,762.00	0.00	full
Suss MicroTec REMAN GmbH, Oberschleißheim <sup>(4)</sup>	EUR	25,564.59	100 %	204,520.29	-1,351.77	full
Suss MicroTec (Singapore) Pte Ltd., Singapur	SGD	25,000.00	100 %	246,892.35	906,215.92	full
Suss MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100 %	306,576,926.00	345,106,602.00	full
ELECTRON MEC. S.R.L., Mailand <sup>(5)</sup>	EUR	52,000.00	10 %	1,163,313.00	-12,847.00	at cost

<sup>(1)</sup> Formerly Image Technology Inc., Palo Alto

<sup>(2)</sup> Entity recognized at cost due to immateriality

<sup>(3)</sup> Included in the consolidated financial statements due to exercise of control

<sup>(4)</sup> Net income before profit pooling agreement with SUSS MicroTec AG

<sup>(5)</sup> Figures according to financial statements as of Dec. 31, 2009

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

### Company Acquisitions

SUSS MicroTec AG acquired with effect as of February 15, 2010, 100 % of the shares in HamaTech APE GmbH and Co. KG, Sternenfels, and HamaTech APE Beteiligungs GmbH, Sternenfels, from Singulus Technologies AG. SUSS MicroTec AG also acquired the site and the company building at the Sternenfels location and a shareholder loan with a nominal value of about € 10.1 million.

HamaTech APE GmbH and Co. KG has established itself as the world leader in equipment for the cleaning of photo masks in the semiconductor industry; it employs about 80 staff at its Sternenfels location and its companies abroad.

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

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

In view of this, a purchase price allocation was undertaken for the assets and liabilities acquired. The acquired assets and liabilities were stated as of the initial consolidation date as follows:

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

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

Since the sum of the fair values of the recognized identified assets and liabilities exceeds the acquisition cost, the business combination gives rise to negative goodwill (or badwill), which under IFRS 3 must be recognized with effect on net income.

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

On account of the composition concluded with Singulus Technologies AG, the provision for the earn-out component was reduced to € 0.3 million. The negative goodwill increased to € 2.7 million. The negative goodwill is recognized pursuant to IFRS 3:34 in the statement of income under other operating income.

The sales objective on which the earn-out component of HamaTech APE GmbH and Co. KG was based was achieved in the fiscal year 2010. As a result, SUSS MicroTec AG is obliged to pay to Singulus Technologies AG the agreed earn-out of € 0.3 million. A corresponding liability has been recognized in the consolidated financial statements.

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

#### f) Discontinued Operations

SUSS MicroTec AG announced the sale of the Test Systems segment on January 28, 2010. The Test Systems segment is located at Sacka, near Dresden, where European development, production, and distribution are based. Distribution in Asia and North America is managed by companies within the SUSS MicroTec Group or otherwise through external representatives.

A key component of the transaction were the shares in Suss MicroTec Test Systems GmbH. Moreover, individual assets of foreign subsidiaries which were allocated to the Test Systems segment were sold.

The purchase price for the Test Systems segment consists of a fixed portion and a portion that is administered by a fiduciary. The fixed component was € 4.5 million, of which € 2.0 million was paid in cash and € 2.5 million with ordinary shares of the purchaser (Cascade Microtech Inc.). A further amount of € 2.5 million was placed in a fiduciary account, the disbursement of which depending on certain conditions being met by the seller after the transaction and leading to an adjustment of the purchase price. As of December 31, 2010, SUSS MicroTec AG had received € 0.8 million from this fiduciary account. In addition, SUSS MicroTec AG had received € 0.8 million from purchase price adjustments. Of the total amount of € 1.6 million, in the prior year € 1.0 million had been related to the measurement of the assets and liabilities held for sale. As of the balance sheet date the fiduciary accounts presented a remaining amount of € 1.5 million that, insofar as the associated conditions are fulfilled, will be due for disbursement in 2011 and 2012.

Suss MicroTec Test Systems GmbH was deconsolidated on January 27, 2010. The gain from the deconsolidation ran to € 1.6 million as of December 31, 2010. In total, the EBIT of the Test Systems segment (discontinued activities) came to € 0.3 million in the fiscal year 2010.

The results of the Test Systems segment, which is presented in the consolidated statement of income as a discontinued operation, are as follows:

in € thousand	2010	2009
Sales	1,774	16,404
Cost of Sales and other expenses	-3,085	-17,217
Loss from the measurement at fair value less selling costs	0	-4,690
Gain from deconsolidation	1,641	0
Earnings / loss from discontinued operations before income taxes	330	-5,503
Income taxes	2	110
Earnings / loss from discontinued operations after income taxes	332	-5,393

### 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

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

### (3) SALES

Sales are comprised as follows:

in € thousand	2010	2009
Machines	111,966	80,958
Spare parts	13,460	10,321
Service	6,754	4,873
Miscellaneous	6,905	7,749
Total	139,085	103,901

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

### (4) COST OF SALES

The cost of sales include scheduled amortization on capitalized internally generated development activities of € 2,383 thousand. Of the amortization, € 809 thousand (2009: € 629 thousand) relates to development projects in the Lithography segment and € 1,574 thousand (2009: € 1,358 thousand) to the Substrate Bonder segment. The cost of sales also include scheduled amortization on the acquired technology of HamaTech in the amount of € 213 thousand.

The cost of sales also include impairments of inventories (demonstration equipment; raw materials, supplies, and consumables; finished and semi-finished products) of € 2,278 thousand (2009: € 3,531 thousand). Of this amount, € 1,085 thousand (2009: € 2,350 thousand) relates to stocks of the Lithography segment and € 1,056 thousand (2009: € 1,181 thousand) to stocks of the Substrate Bonder segment. The stocks of the Photomasks equipment segment were written down by € 137 thousand.

## (5) OTHER OPERATING INCOME

Other operating income comprised follows:

in € thousand	2010	2009
Foreign currency gains	5,475	2,177
Income from the release of provisions	29	112
Company cars	190	223
Cancellation fees	718	0
Other subsidies	76	12
Income from the release of doubtful liabilities	0	274
Commissions	231	119
Derecognition of existing liabilities	464	0
Gain on goodwill consolidation HamaTech	2,678	0
Miscellaneous	135	24
<b>Total</b>	<b>9,996</b>	<b>2,941</b>

Of the foreign currency gains, € 1,821 thousand result from repayment of intra-Group foreign currency loans by Suss MicroTec Inc., Waterbury, in connection with the transfer of intangible assets to Suss MicroTec Lithography GmbH that took place in December. The remaining foreign currency gains arose mainly from the measurement of intra-Group clearing accounts in foreign currency (mostly in Japanese yen and US-dollar) and, on account of changes in the exchange rates during the year, from operating activities which were carried out in the foreign currencies US-dollar and Japanese yen. The Company also realized currency gains from the hedging of foreign currency items.

The income from the release of provisions in the amount of € 29 thousand results from the release of provisions for pending losses from pending transactions. In the prior year, the income (€ 112 thousand) arose mainly from the release of provisions for severance pay.

The cancellation fees were recognized as income by Suss MicroTec Inc., Waterbury.

The other subsidies relate, as in the prior year, in particular to subsidies received through support projects which were to be recognized in net income.

The commissions were received by our subsidiaries in China and Taiwan.

The income from the recognition of existing liabilities related to the settlement of the clearing accounts between HamaTech APE GmbH and Co. KG and Singulus Technologies AG. In this connection, receivables of € 306 thousand were derecognized (recognized under other operating expenses).

## (6) OTHER OPERATING EXPENSES

The other operating expenses are made up as follows:

in € thousand	2010	2009
Foreign currency losses	2,731	2,539
Allowances for doubtful liabilities	385	65
Other taxes	522	258
Additions to contract loss provision	0	229
Expenses for employee deployment	143	0
Expenses for waiver of receivables	306	0
Losses on asset disposal	263	9
Miscellaneous	359	420
Total	4,709	3,520

Through the fall in the value of the US dollar in relation to the euro, the Company incurred foreign currency losses in its operational business, especially in the fourth quarter. The currency result also suffered from realized and unrealized currency losses from foreign currency contracts involving the US-dollar, especially in the second quarter of the reporting year.

The expenses for waiver of receivables are connected with the settlement of the clearing accounts between HamaTech APE GmbH and Co. KG and Singulus Technologies AG. In this connection, liabilities of € 464 thousand were derecognized (recognized under other operating income).

## (7) FINANCIAL RESULT

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

The interest expense was composed as follows:

in € thousand	2010	2009
Bank loans	676	667
Interest swap contracts	51	0
Accrued interest	14	86
Interest finance lease	78	13
Other interest	69	31
Total	888	797

Interest expense rose slightly during the reporting year, running to € 888 thousand after € 797 thousand in the prior year. The increase was partly due to additional interest expenses for the financing of the plot of land at Sternenfels. Secondly, the offsetting of changes in the market value of interest rate hedges yielded a negative result; corresponding provisions were formed for these.

The interest income of € 654 thousand (2009: € 701 thousand) results mainly from money market investments and securities. In the prior year, this also included changes in the market value of interest rate hedges (interest swaps) resulting in a gain of € 103 thousand.

The other financial result of € 51 thousand (2009: € 43 thousand) contained in the reporting year mainly guarantee commissions of € 46 thousand (2009: € 36 thousand).

## (8) INCOME TAXES

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

in € thousand	2010	2009
Current taxes	4,802	808
Deferred taxes	-3,809	1,297
thereof on temporary differences	-268	-1,094
<b>Total</b>	<b>993</b>	<b>2,105</b>

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

Expected tax rate in %	2010	2009
Corporate income tax rate	15.00	15.00
Solidarity surcharge	5.50	5.50
Trade income tax rate	12.43	12.43
<b>Composite tax rate</b>	<b>28.25</b>	<b>28.25</b>

in € thousand	2010	2009
Earnings before taxes	14,028	2,641
<b>Expected income taxes</b>	<b>3,963</b>	<b>746</b>
Different foreign tax rates	5	-641
Remeasurement of German tax rates	62	69
Other non-tax deductible expenses	201	154
Income taxes from previous years	1,351	53
Change in realizability of deferred income tax assets	-1,721	2,323
Change in valuation allowance on deferred tax assets	1,238	0
Use of loss carryforwards adjusted in full	-3,541	-203
Non-taxable income	-464	-13
Earnings from discontinued operations attributable to fiscal unity parent	94	-266
Miscellaneous	-195	-117
<b>Effective taxes</b>	<b>993</b>	<b>2,105</b>

A comparison of the expected and effective income taxes from the continuing operations shows a deviation of € -2,970 thousand (2009: € 1,359 thousand). Instead of recognizing a tax expense of € 3,963 thousand, the Company booked a much lower tax expense of € 993 thousand in the reporting year.

The positive effect results mainly from the transfer of the Substrate Bonder segment from the USA to Germany and the associated sale of the intangible assets of Suss MicroTec Inc., Waterbury / Vermont (USA) to Suss MicroTec Lithography GmbH, Sternenfels. The sale identified dormant reserves at Suss MicroTec Inc. (for the statement of income for tax purposes) of about US\$ 22 million. The income thus generated in the USA can be recognized in income tax-free in full through the use of the loss carryforwards available in that country. Since in the prior year the deferred tax assets on these loss carry-forwards were adjusted in full, there is a positive deferred tax effect in the current fiscal year of € 3,298 thousand. The deferred tax liabilities previously formed for capitalized development costs were released in full with effect on profit and loss. Through the restructuring and transfer of the Substrate Bonder segment from the USA to Germany, the estimate of the realizability of the deferred tax assets of Suss MicroTec Inc. in the USA was changed. This gave rise to a positive tax effect of € 1,721 thousand.

There was a contrary effect from various prior-year adjustments of the tax-effective operating losses of Suss MicroTec Inc., leading to an additional deferred tax expense of € 1,482 thousand. Meanwhile, Suss MicroTec Precision Photomask Inc., Palo Alto / California (USA), realized a positive tax effect of € 305 thousand as a result of a loss carry-back.

The change in the adjustment to deferred tax assets relates mainly to Suss MicroTec KK, Yokohama (Japan). The losses that arose in the reporting year increase the tax loss carryforwards. The deferred tax assets of € 1,026 thousand to be formed on this were adjusted 100 %.

SUSS MicroTec AG realized a gain of € 1,641 thousand from the deconsolidation of Suss MicroTec Test Systems GmbH; this is a tax-free amount leading to a positive deferred tax effect of € 464 thousand.

The discontinued division Test Systems and Suss MicroTec Test Systems GmbH formed a unified tax entity with SUSS MicroTec AG for the purposes of calculating income tax, until the completion of the transaction. Since the reconciliation account presents the pre-tax result of the continuing activities, there was in the prior year a reconciliation item in the amount of the capitalizable loss attributable to the tax entity in the amount of € -266 thousand. In the fiscal year 2010, the Test Systems segment generated a profit of € 332 thousand, giving rise to a tax expense of € 94 thousand.

Furthermore, non-deductible operating expenses of € 201 thousand (2009: € 154 thousand) contributed to the deviation of the effective income taxes from the expected income taxes in the reporting year.

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 prepaid expenses and deferred income items for deferred taxes were calculated as follows:

in € thousand	Assets		Liabilities	
	2010	2009	2010	2009
Other current liabilities	1,173	2,194	98	3
Pension plans and other commitments	687	1,101	0	0
Accounts receivable	56	115	40	21
Other noncurrent provisions	376	249	0	81
Intangible assets	2,928	0	193	3,198
Other current assets	1	1	108	301
Financial debt	5	5	0	69
Goodwill	0	0	1,571	1,334
Adjustment item HamaTech	0	0	542	0
Inventories	809	721	58	49
Tangible assets	0	87	46	147
Miscellaneous	0	20	85	42
Loss carryforwards	2,838	3,269	0	0
<b>Total</b>	<b>8,873</b>	<b>7,762</b>	<b>2,741</b>	<b>5,245</b>

Deferred taxes on intangible assets show the favorable tax effect of intangible assets being shifted to Germany from the Substrate Bonder division of Waterbury, VT, USA. Deferred tax liabilities formerly recognized by Suss MicroTec Inc. for capitalized development costs were released. Suss MicroTec Lithography GmbH also recognized deferred tax assets for temporary differences between the recognition of acquired intangible assets under tax accounting and in the consolidated balance sheet. The positive tax effect amounted to approximately € 4.5 million.

The Group has tax loss carryforwards amounting to € 25,220 thousand (2009: € 39,557 thousand). Of this amount, a total of € 6,154 thousand will have lapsed by December 31, 2017. In the period from 2022 to 2029, a total of € 9,039 thousand will lapse. Loss carryforwards of € 10,027 thousand can be used indefinitely.

The fall in the loss carryforwards compared with the prior year results partly from the sale of the intangible assets of the Substrate Bonder segment of Suss MicroTec Inc. to Suss MicroTec Lithography GmbH and the associated use of tax loss carryforwards in the USA amounting to about € 11.8 million. Partly it was due to Suss MicroTec Lithography GmbH generating a clear profit and so using the remaining tax loss carryforwards in the amount of € 1,480 thousand in full. A contrary effect came from the current loss of Suss MicroTec KK, Yokohama, that led to an increase in the loss carryforward in Japan by about € 3.3 million. Loss carryforwards in Japan of about € 1.0 million expired on December 31, 2010.

No deferred taxes have been formed on loss carryforwards of € 15,336 thousand (2009: € 24,742 thousand) and temporary differences of € 1,588 thousand (2009: € 2,210 thousand).

## (9) EARNINGS PER SHARE

The following table shows the calculation of the basic and diluted earnings per share.

in € thousand	2010	2009
Profit from continuing operations	13,035	536
Less minority interests	-137	-46
<b>Profit from continuing operations attributable to shareholders of SUSS MicroTec AG</b>	<b>12,898</b>	<b>490</b>
Weighted average number of outstanding shares	18,072,913	17,019,126
Effect from (potential) exercise of options	402,000	0
<b>Adjusted weighted average number of outstanding shares</b>	<b>18,474,913</b>	<b>17,019,126</b>
Earnings per share (€) – basic	0.71	0.03
Earnings per share (€) – diluted	0.70	0.03

The weighted average of 390,214 shares (2009: 831,613 shares) was not included in the calculation of the result per share (diluted) since the exercise conditions were not met in the reporting year.

Further information on the share option programs are contained in section 21 of these Notes.

## (10) OTHER DISCLOSURES ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

### Personnel Expenses

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

in € thousand	2010	2009
Wages and salaries	34,294	30,689
Social security expenses	3,904	3,283
Pensions expenses	2,339	1,871
<b>Total</b>	<b>40,537</b>	<b>35,843</b>

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

The pensions expenses include expenditures for the company pension plans and employer contributions to the statutory pension system.

### Cost of Materials

The cost of materials in 2010 came to € 70,590 thousand (2009: € 40,938 thousand).

**Depreciation and Amortization**

Depreciation and amortization was made up as follows:

in € thousand	2010	2009
Intangible assets	4,218	3,571
Tangible assets	1,983	1,216
Depreciation and amortization	<b>6,201</b>	4,787

Apart from write-downs on capitalized development costs of € 2,383 thousand (2009: € 1,987 thousand), in the year under review, write-downs on € 543 thousand (2009: € 1,362 thousand) were recorded on concessions, industrial property rights, and similar rights and assets as well as licenses in such rights and assets. Furthermore, amortization was recorded on the SAP software that was sold to a leasing company on October 1, 2009, and leased back, the amortization expense being € 887 thousand (2009: € 222 thousand). Furthermore, write-downs arose on the technology acquired in connection with the acquisition of the company HamaTech and additionally purchased intangible assets of € 405 thousand.

The depreciation on tangible assets includes non-scheduled write-downs of € 190 thousand on tenant's fixtures at the discontinued locations Vaihingen and Waterbury.

The amortization recorded on capitalized development work was scheduled.

**EXPLANATIONS ON THE ASSETS SIDE**

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

**(11) INTANGIBLE ASSETS**

Intangible assets include patents, licenses and similar rights of € 4,308 thousand (2009: € 4,527 thousand), and development work of € 7,583 thousand (2009: € 9,310 thousand) as of the balance sheet date.

The patents, licenses, and similar rights item contains the leased SAP system with a residual carrying value of € 1,848 thousand (2009: € 2,735 thousand).

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

**(12) GOODWILL**

The goodwill recognized as of the balance sheet date in the amount of € 13,599 thousand (2009: € 13,599 thousand) relates in full to the Lithography segment; it does not include any foreign currency portion.

### (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 € 124 thousand (2009: € 176 thousand), leased plant and machinery and leased operating and business equipment 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 (NONCURRENT) ASSETS

The other noncurrent assets include mainly the asset values of reinsurance policies which fail to meet the criteria for netting with existing pension provisions; insurance policies relating to future earnings of employees no longer actively engaged (i.e. in the release phase); and tenant's guarantee deposits for rented office buildings.

in € thousand	2010	2009
Reinsurance policies	305	421
Deposits	179	132
Miscellaneous	1	1
Total	485	554

### (15) INVENTORIES

The inventories may be broken down as follows:

in € thousand	2010	2009
Materials and supplies	23,175	17,858
Work in process	23,802	14,075
Finished goods	17,842	9,473
Demonstration equipment	10,991	9,241
Merchandise	130	256
Inventory reserves	-11,509	-10,113
Total	64,431	40,790

Of the total inventories of € 64,431 thousand (2009: € 40,790 thousand) recognized in the balance sheet as of December 31, 2010, € 19,723 thousand (2009: € 22,422 thousand) is accounted for at net realizable value.

Of the increase in inventories, € 13,729 thousand relates to the new segment Photomask Equipment. These inventories are not included in the prior year figure.

## TRADE RECEIVABLES

Trade receivables break down as follows:

in € thousand	2010	2009
Accounts receivable - gross	16,399	15,225
Valuation allowance	-740	-383
<b>Accounts receivable</b>	<b>15,659</b>	<b>14,842</b>

The following table shows the changes to the adjustments on trade receivables.

in € thousand	2010	2009
Valuation allowance as of beginning of fiscal year	383	994
Discontinued operations	0	-259
Change in valuation allowances recorded in the statement of income in the current period	-27	-78
Recoveries of amounts previously written-off	-82	-383
Increase in valuation allowances	466	109
<b>Valuation allowance as of end of fiscal year</b>	<b>740</b>	<b>383</b>

## (17) OTHER FINANCIAL ASSETS

The following items are presented under other financial assets:

in € thousand	2010	2009
Capitalized accrued interest	273	229
Currency forwards	150	43
Receivables out of funding projects	144	0
Miscellaneous	73	83
<b>Total</b>	<b>640</b>	<b>355</b>

The capitalized accrued interest refers to prepayments made on interest receivables from purchased securities.

The Company shows under other financial assets the positive market values of forward currency transactions. Further details on forward currency transactions are provided in section 29 "Additional Information on Financial Instruments."

## (18) SECURITIES

In the past fiscal year, SUSS MicroTec AG invested part of its liquidity in securities held for sale. These were mostly interest-bearing corporate and government bonds. The securities are 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 of the balance sheet date, the Company held securities with a value of € 15,977 thousand (2009: € 10,489 thousand). Apart from the corporate and government bonds, 747,530 shares are shown here of Cascade Microtech Inc. that SUSS MicroTec AG received in connection with the sale of the Test Systems business. Any fluctuations in the market price of the Cascade shares are similarly recorded under equity in other comprehensive income and therefore do not affect profit and loss.

## (19) TAX ASSETS

The noncurrent tax receivables result exclusively from the capitalization of the corporation tax credits of German Group companies in the amount of € 108 thousand (2009: € 121 thousand) as a result of the SE introductory legislation (SEStEG) (this deals with tax measures in connection with the introduction of the European Company, or SE, and on amendments to other fiscal regulations). The credit will be disbursed in ten equal annual amounts in the years 2008 to 2017. Since the disbursement amount does not bear interest, a corresponding discount has been made. The average effective interest rate used for this was 3.77 % p.a.

The current tax receivables consist of advance tax payments of € 620 thousand (2009: € 265 thousand).

## (20) OTHER (CURRENT) ASSETS

The following items are contained under other current assets.

in € thousand	2010	2009
Prepaid expenses	837	490
Deposits paid	404	796
VAT	1,272	309
Deposit	187	0
Receivables funding projects	365	0
Miscellaneous	331	0
<b>Total</b>	<b>3,396</b>	<b>1,595</b>

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

## COMMENTS ON SHAREHOLDERS' EQUITY AND LIABILITIES

### (21) SHAREHOLDERS' EQUITY

#### Subscribed Capital

In May 2010, SUSS MicroTec AG resolved a capital increase, without subscription rights, from approved capital, that was concluded on May 11, 2010. 1,701,912 shares with entitlement to profit participation from January 1, 2010, were placed at a price of € 4.00 per share.

The nominal capital of SUSS MicroTec AG was increased from € 17,019,126 (divided into 17,019,126 bearer shares with a notional value of € 1.00 each) by an amount of € 1,701,912.00; as of the balance sheet date the nominal capital amounted to € 18,721,038.00. We refer here to the consolidated statement of changes in shareholders' 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 recognized in the (German) commercial law financial statements of SUSS MicroTec AG.

The approved capital as of the balance sheet date is € 2,553 thousand (2009: € 4,255 thousand).

As of December 31, 2010 the Company had a contingent capital totaling € 1,695 thousand (2009: € 1,695 thousand). This capital is earmarked for granting subscription rights to members of the Board, management, and other managerial staff of the Group. Here € 45 thousand relates to the share option plan 2002; € 750 thousand to the share option plan 2005; and € 900 thousand to the share option plan 2008.

in € thousand	2010	2009
Subscribed capital	18,721	17,019
Authorized capital	2,553	4,255
Conditional capital	1,695	1,695

#### Reserves

The Group's reserves are composed as follows:

in € thousand	2010	2009
Additional paid-in capital	98,225	93,094
Revenue reserves	433	433
Retained earnings	-10,714	-23,944
Total	87,944	69,583

€ 187 thousand (2009: € 252 thousand) was allocated to the additional paid-in capital (i.e. additional paid-in income) from the granting of subscription rights under the existing share option plans, with effect on income. No share options were exercised in the reporting year.

In connection with the capital increase, € 5,106 thousand (gross) was paid into the additional paid-in capital. The transaction costs for the implementation of the capital increase were € 227 thousand. They were deducted from the additional paid-in capital, after accounting for deferred taxes of € 64 thousand.

The revenue reserves are unchanged over the prior year.

The accumulated loss decreased by the amount of the net profit for the year of € 13,230 thousand, after accounting for minority shares, to stand at € -10,714 thousand.

### Other Comprehensive Income

The development of other comprehensive income is as follows:

in € thousand	2010	2009
Foreign currency conversions	-833	-753
Hedging	-202	0
Unrealized loss from securities	326	-53
<b>Tax effects</b>		
Unrealized loss from securities	-91	15
Hedging	57	0
<b>January 1</b>	<b>-743</b>	<b>-791</b>
<b>Pre-tax changes</b>		
Foreign currency conversions	262	-80
Hedging	101	-202
Unrealized gain from securities	-19	379
Release of other comprehensive income for Test Systems business (consolidation)	-253	0
<b>Tax effects</b>		
Unrealized gain from securities	-7	-106
Hedging	0	57
<b>December 31</b>	<b>-659</b>	<b>-743</b>

In the year under review SUSS MicroTec AG concluded an interest swap as a hedge for the variable interest loan serving to finance the newly acquired plot of land at Sternenfels. Hedge accounting was used for this interest swap: instead of being recognized in the statement of income, changes in market value are now shown under other comprehensive income.

In the prior year, SUSS MicroTec AG applied hedge accounting for its existing interest swaps that had been concluded in 2007 as a hedge for the variable interest promissory note. Instead of being recognized in the statement of income, changes in market value are now shown under other comprehensive income. However, the hedge accounting applied only in the first quarter 2009, since the hedge relationship was no longer effective as from April 1, 2009.

### 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 fiscal year. Independently of this, there is a danger that, should the budget not be met, the equity might fall as a result of a net loss for the year.

## SHARE OPTION PLANS OF SUSS MICROTEC AG

### Share Option Plan 2002

At the Shareholders' Meeting held on June 14, 2002, a resolution was passed to increase the nominal capital by up to € 500 thousand 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. 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 (i.e. the exercise 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 Plan 2005**

At the Shareholders' Meeting held on June 21, 2005, it was resolved to increase the nominal capital by up to € 750 thousand through the 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 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 Plan 2008**

At the Shareholders' Meeting held on 19 June 2008, it was resolved to increase the nominal capital by up to € 900 thousand through the 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 after a waiting period of about two years.

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

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

or

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

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

In the reporting year, an amount of € 187 thousand (2009: € 252 thousand) was allocated for these plans to the additional paid-in capital and charged against income.

No subscription rights were issued during the year under review. Of the capital approved at the Shareholders' Meeting held on June 19, 2008, in all 438,250 subscription rights were issued at a subscription price of € 1.30 in the prior year.

As of December 31, 2010, a total 461,750 subscription rights (2009: 461,950 subscription rights) were outstanding.

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

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

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

SUBSCRIPTION PRICE LEVEL	Number of stock options	Weighted average subscription price in €	Weighted average term of maturity month
under € 2,50	402,000	1.30	40
€ 2,50 – € 4,99	0	0.00	0
€ 5,00 – € 7,49	0	0.00	0
€ 7,50 – € 9,99	294,800	8.11	13
	696,800	4.18	29

## (22) PENSION PLANS AND SIMILAR COMMITMENTS

The Company grants a variety of benefits covering, mainly, old age, death, and invalidity. The plans 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 of fulfilling the promised benefits to former employees, for which corresponding provisions have been formed.

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 formed.

The pension obligations are composed as follows:

in € thousand	2010	2009
Domestic liabilities	1,823	1,752
Foreign liabilities	1,096	1,251
Total	2,919	3,003

### 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:

	2010	2009
Discount factor	4.50 %	4.85 % – 5.03 %
Return on plan assets	3.90 % – 5.20 %	4.30 % – 5.30 %
Salary increase	0.00 %	0.00 %
Pension increase	2.00 %	2.00 %

Life expectancy according to tables of Dr. Heubeck 2005

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

The subsidiary in Japan has a 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 calculation method providing for a benefit of 80 % of the monthly salary per year of employment for each qualifying employee. Every company employee qualifies after at least three years with the Company.

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:

	2010	2009
Discount factor	2.75 %	3.50 %
Return on plan assets	2.75 %	3.50 %
Salary increase	1.50 %	1.50 %
Pension increase	0.50 %	0.80 %

The present values of defined benefit obligations and the market values of the plan assets developed in the fiscal years 2010 and 2009 as follows:

in € thousand	2010	2009
Defined benefit obligation as of January 1	5,014	4,819
Service cost	283	128
Interest cost	209	191
Pension payments	-819	-277
Actuarial (-) gain / (+) loss	573	202
Foreign exchange fluctuations	350	-49
Defined benefit obligation as of December 31	5,610	5,014

The actuarial loss in the reporting year is mainly due to the lower discount factor.

in € thousand	2010	2009
Plan assets as of January 1	1,645	1,664
Expected return on plan assets	76	61
Net contributions	-65	-81
Actuarial (+) gain / (-) loss	179	0
Foreign exchange fluctuations	78	1
Plan assets as of December 31	1,913	1,645

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

in € thousand	2010	2009
Defined benefit obligation	5,610	5,014
Plan assets	-1,913	-1,645
Net obligation	3,697	3,369
Actuarial (+) gain / (-) loss not yet recognized	-778	-366
Balance sheet amount as of December 31	2,919	3,003

Of the present value of the pension obligations, € 3,538 thousand (2009: € 2,909 thousand) relates to pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2010	2009
Service costs	339	128
Personnel expenses component	339	128
Interest expenses component	209	191
Expected income from plan assets	-76	-61
Interest expenses component	133	130

The personnel expenses component of the reporting year relates in the amount of € 201 thousand (2009: € 23 thousand) to administrative costs and in the amount of € 138 thousand (2009: € 105 thousand) 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 € thousand	2010	2009	2008	2007
Defined benefit obligation	5,610	5,014	4,819	4,174
Plan assets	1,913	1,645	1,664	1,640
Funded status	3,697	3,369	3,155	2,534

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 plan 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 US\$ 0.50 for each US\$ 1.00 of the employee contribution up to a maximum employee contribution of USD 2,000 (i.e. the maximum employer contribution is US\$ 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 fiscal year 2010, the expenses to the Group from the profit participation plan came to US\$ 0 thousand (2009: US\$ 0 thousand) and for the 401 (k) plan US\$ 148 thousand (2009: US\$ 162 thousand).

Furthermore, in the reporting year employer contributions were paid to the statutory pension plan in the amount of € 2,227 thousand (2009: € 1,526 thousand).

### (23) (NONCURRENT) PROVISIONS

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

in € thousand	As of Jan 01, 2010	Utilization	Additions	As of Dec 31, 2010
Pre-retirement arrangements	711	-245	42	508

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

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

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

### (24) FINANCIAL DEBT

The maturity structure of the bank borrowings, the liabilities from a promissory note, and the liabilities from finance leases as of December 31, 2010, and the prior-year balance sheet date is as follows:

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

<b>DECEMBER 31, 2009</b> in € thousand	<b>Remaining term 1 year or less</b>	<b>Remaining term more than 1 to 5 years</b>	<b>Remaining term more than 5 years</b>	<b>Total</b>
Bank borrowings	833	19	0	852
Liabilities from promissory notes	0	8,948	0	8,948
Liabilities from finance lease	914	1,995	0	2,909
<b>Total</b>	<b>1,747</b>	<b>10,962</b>	<b>0</b>	<b>12,709</b>

### Bank Borrowings

Of the bank borrowings, € 0 thousand (2009: € 752 thousand) relate to the utilization of credit facilities and € 4,523 thousand (2009: € 100 thousand) to noncurrent loans.

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

in € thousand	2010	2009
Credit line	9,700	12,451
Utilization	5,649	3,783
<b>Open credit line</b>	<b>4,051</b>	<b>8,668</b>

The previous banking syndicate with Fortisbank as the lead bank was replaced as of March 31, 2010, by a new syndicate with lead bank BayernLB. In March 2010 SUSS MicroTec AG signed loan agreements with the new banking syndicate as a result of which a credit line of € 6 million has been made available. The credit line runs initially until March 31, 2011, and has been approved without covenants. Its primary purpose is to finance downpayment sureties.

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

There is a further credit line from an insurance company to finance downpayment sureties of € 2.5 million.

As of the balance sheet date the line was utilized in an amount of € 5,649 thousand (prior year: € 3,031 thousand) in the form of guarantees.

The local credit line in Japan fell from YEN 100 million in the prior year to YEN 0 million.

The average interest rate for the utilization of the credit facilities was 1.1% (2009: 1.88%).

In order to finance the newly acquired site in Sternenfels, on May 25 / 28, 2010, SUSS MicroTec AG concluded a loan contract with a local bank. The loan, which runs until June 30, 2020, is for € 4.5 million. It was dated and disbursed on July 6, 2010.

Apart from SUSS MicroTec AG, only SUSS MicroTec Precision Photomask Inc. still has bank borrowings. Outstanding loans as of the end of the fiscal year were made up as follows:

ENTITY		2010	2009	Interest rate	Due date
in € thousand					
SUSS MicroTec AG		4,500	0	3.98 %	06 / 30 / 2020
Suss MicroTec Precision Photomask Inc,		23	102	9.27 %	03 / 26 / 2011
<b>Total</b>		<b>4,523</b>	<b>102</b>		
- thereof due current		203	102		
- thereof due noncurrent		4,320	0		
... due in 2011		203			
2012		180			
2013		180			
2014		180			
2015		180			
... later on		3,600			
		<b>4,523</b>			

### Liabilities from Promissory Notes

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

ENTITY		2010	2009	Interest rate	Due date
in € thousand					
SUSS MicroTec AG		2,988	2,982	6.00 %	12 / 18 / 2012
SUSS MicroTec AG		2,988	2,982	6.17 %	12 / 18 / 2012
SUSS MicroTec AG		2,988	2,982	6.06 %	12 / 21 / 2012
<b>Total</b>		<b>8,964</b>	<b>8,946</b>		
- thereof due current		0	0		
- thereof due noncurrent		8,964	8,946		
... due in 2011		0			
2012		8,964			
2013		0			
2014		0			
2015		0			
later on		0			
		<b>8,964</b>			

**Liabilities from Finance Leases**

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

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

in € thousand	Finance lease	Operating lease	Thereof operating lease with related parties
Depreciation / expenses 2010	945	2,286	0
Depreciation / expenses 2009	311	2,350	0
... due in 2011	994	2,243	0
2012	976	1,683	0
2013	98	1,495	0
2014	4	152	0
2015	0	114	0
... later	0	0	0
Total	2,072	5,687	0
thereof interest	73		
<b>Liability as of 12/31/2010</b>	<b>1,999</b>		
... due current	916		
... due noncurrent	1,083		

**(25) (CURRENT) PROVISIONS**

The current provisions are made up as follows:

in € thousand	2010	2009
Warranty provisions	1,941	1,226
Restructuring provision	1,457	0
Serverance payments	0	81
Miscellaneous provisions	1,215	465
Total	4,613	1,772

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

On June 10, 2010, SUSS MicroTec AG announced its decision to transfer the Substrate Bonder segment in this same year from Waterbury (Vermont), USA, to Germany. In connection with the planned restructuring, the functional areas research and development, production, and the product management of the Bonder product lines are being transferred to the new location at Sternenfels. The North American service and distribution organization and the applications center will be transferred from Waterbury to Silicon Valley in California.

The expenses from the restructuring are expected to total € 6.5 million. By the end of the reporting year, restructuring expenses of about € 3.9 million had been incurred. The restructuring provision as of December 31, 2010 was € 1.5 million.

The current provisions have developed as follows:

in € thousand	As of Jan. 01, 2010	Utilization	Reversal	Additions	As of Dec. 31, 2010
Warranty provisions	1,226	-1,194	0	1,909	1,941
Severance payments	81	-81	0	0	0
Restructuring provision	0	0	0	1,457	1,457
Miscellaneous provisions	465	-415	-29	1,194	1,215
<b>Total</b>	<b>1,772</b>	<b>-1,690</b>	<b>-29</b>	<b>4,560</b>	<b>4,613</b>

## (26) OTHER (CURRENT) FINANCIAL LIABILITIES

The other current financial liabilities break down as follows:

in € thousand	2010	2009
Bonuses and commissions	2,781	1,825
Third-party services	2,392	1,753
Compensation of Supervisory Board	161	132
Currency forwards	111	17
Interest forwards	390	442
Miscellaneous	623	367
<b>Total</b>	<b>6,458</b>	<b>4,536</b>

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 section 29 "Additional Information on Financial Instruments".

## (27) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

in € thousand	2010	2009
Customer deposits	23,580	12,118
Accrued personnel expenses	2,795	1,785
Deferred income	480	524
VAT	53	326
Miscellaneous	125	153
<b>Total</b>	<b>27,033</b>	<b>14,906</b>

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

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

## (28) TAX LIABILITIES

Tax liabilities are made up of domestic income taxes of € 4,917 thousand (2009: € 554 thousand) and foreign income taxes of € 495 thousand (2009: € 41 thousand).

## OTHER DISCLOSURES

### (29) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

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

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

in € thousand	2010	2009
<b>Financial assets</b>		
Financial assets available for sale	15,977	10,489
Loans and receivables	16,149	15,154
Financial assets held for trading	150	43
	<b>32,276</b>	<b>25,686</b>
<b>Financial liabilities</b>		
Financial liabilities held for trading	501	459
Financial debt	29,190	18,335
	<b>29,691</b>	<b>18,794</b>

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

in € thousand	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	36,525	36,525	20,621	20,621
Trade receivable	15,659	15,659	14,842	14,842
Other financial assets	640	640	355	355
measured at amortized costs	490	490	312	312
measured at fair value	150	150	43	43
Securities, measured at fair value	15,977	15,977	10,489	10,489
<b>Financial liabilities</b>				
Trade payable	9,746	9,746	4,458	4,458
Financial debt	15,486	16,527	12,709	13,476
Bank borrowings	4,523	4,691	854	809
Liabilities from promissory notes	8,964	9,810	8,946	9,827
Liabilities from finance lease	1,999	2,026	2,909	2,840
Other financial liabilities	6,458	6,458	4,536	4,536
measured at amortized costs	5,957	5,957	4,077	4,077
measured at fair value	501	501	459	459

The following methods and assumptions are applied in determining the fair values:

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

**Trade receivables / payables:** On account of the short-term nature of the receivables and payables, the carrying values correspond approximately to the fair values of the instruments.

**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 amortized costs, correspond roughly to their market value.

The valuation of other financial assets and liabilities that are measured at fair value depends on their type. The fair value of forward currency transactions is determined by the rates for forward currency transactions. The fair 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 fair value of the financial assets available for sale corresponds to the prices in an active market.

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

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

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

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

in € thousand	2010	2009
Loans and receivables	-342	78
Financial assets and liabilities held for trading	65	164
Financial assets available for sale	-31	53

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

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

In the reporting year, the fair value change of € -31 thousand – after accounting for deferred taxes – recorded during the term under comprehensive income for financial assets available for sale was reclassified from equity to the statement of income since these securities had meanwhile matured.

### **Derivative Financial Instruments**

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

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

in € thousand	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Currency forwards	150	111	43	17
Interest forwards	0	390	0	442

Intra-Group 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, which 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 realization of the sale, the purpose here is the hedging of planned transactions. The Company shows the change in the fair values under other operating income or other operating expenses. The potential risks arise from fluctuation in 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 issued in 2007 with swap contracts with matching terms. The variable interest loan that was taken up in 2010 to finance the land at Sternenfels has been hedged with a swap with a congruent term. The interest swaps even out the effect of future changes in the interest rates on the cash flows of the underlying investments with variable interest. In order to model the fair value fluctuations of the interest swap for the property loan under other comprehensive income, the Company has applied hedge accounting. In the prior year, in the first quarter, hedge accounting was also used for the two interest swaps entered into for the promissory note. Since in the second quarter 2009 the hedge relationship ceased to be effective, the application of hedge accounting ended and the fairvalue fluctuations of the interest swaps were again recorded as interest income and expense.

### **(30) RELATED PARTIES**

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

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

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

In the prior year, the Group was subject to the disclosure requirements under IAS 24 Related Party Disclosures in connection with business relationships to the meanwhile departed Chairman of the Supervisory Board of SUSS MicroTec AG. The former Chairman of the Supervisory Board, Dr. Richter, was also the Managing Director of Thin Materials AG, Eichenau. SUSS MicroTec AG entered into a cooperation agreement with this company in the first quarter of 2009. The contract governs the collaboration of the two enterprises in the area of thin wafer processing. In this connection, SUSS MicroTec AG acquired intellectual property (IP) and expertise for € 0.9 million in the area of thin wafer handling. The capitalized IP will be amortized over five years. At the ordinary Shareholders' Meeting of SUSS MicroTec AG that was held on 24 June 2009, Dr. Richter resigned his office as Chairman of the Supervisory Board of the Company.

### (31) FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

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

in € thousand	2010	2009
Purchase contingencies	17,171	7,052
Obligations from rental contracts	4,677	6,150
Miscellaneous	0	0
<b>Total</b>	<b>21,848</b>	<b>13,202</b>

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

### (32) EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the consolidated statement of cash flows of the SUSS MicroTec Group, a distinction is made in accordance with IAS 7 Statement of cash flows between payments flows from operating activity and from investing and financing activity.

The item cash and cash equivalents in the statement of cash flows comprises all of the liquid funds shown in the 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, € 350 thousand (2009: € 350 thousand) of the liquid funds recognized as of the balance sheet date, served as collateral for a deposit insurance contract. In the prior year, a deposit of € 362 thousand was pledged to cover the rental surety.

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

Within the scope of indirect calculation, effects due to currency translation are eliminated from the relevant changes in balance sheet items. The changes in the relevant balance sheet items can therefore not be reconciled with the corresponding figures on the basis of the consolidated balance sheet.

The other non-cash income and expenses in an amount of € -2,854 thousand (2009: € 432 thousand) contain mainly currency effects.

The acquisition of HamaTech APE and the purchase of the plot of land at Sternenfels are presented as cash flow from investing activities. The sale of the Test Systems segment that took place in the reporting year is recognized in the statement of cash flows as divestment in the cash flow from investing activities.

On January 27, 2010, the Group recorded an outflow of € 2,834 thousand from the sale and deconsolidation of Suss MicroTec Test Systems GmbH, reflecting cash held by this company. On February 15, 2010, the Group recorded an inflow of € 220 thousand from the acquisition and initial consolidation of HamaTech APE GmbH & Co. KG and HamaTech Beteiligungs GmbH, reflecting cash held by these companies.

### (33) SEGMENT REPORTING

#### Information about the Segments

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

The activities of the SUSS MicroTec Group are divided into the segments Lithography, Substrate Bonder, and Photomasks Equipment. Together with the segment Others, these activities are shown in the segment reporting under continuing operations. The segment Others combines further activities of the Group and the non-allocable costs of the Group functions. The Test Systems segment is presented under discontinued operations.

In the Lithography segment, the SUSS MicroTec 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 and Sternenfels near Stuttgart. Substantial parts of the distribution organizations in North America and Asia are active for this segment. Lithography represents distinctly more than half of the entire business of the Group and is represented in the microsystems technology, compound semi-conductors, and advanced packaging markets.

The segment Substrate Bonder encompasses the development, production, and distribution of the product line Substrate Bonder. Until the end of the reporting year, the activities in this segment were 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. In this segment, the XBC300, which is a production bonder for wafers up to 300 mm, forms the platform for the three most important bonding techniques for 3D integration (one of our markets of the future): temporary and permanent bonding and debonding. The key technologies that require 3D integration include also thin wafer handling and further treatment of these very fragile substrates. A further cornerstone is the supply of manual machines for 6 and 8-inch wafer applications. In connection with the transfer of the Substrate Bonder segment to Germany, the Waterbury location will be closed in the first half of 2011. Production research and development as well as product management will be transferred to Sternenfels.

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

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

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

#### **Other Comments on Segment Reporting**

The segment data was gathered 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, these costs being recorded in the segment Others, to the other segments for the performance of certain Group functions such as financing and strategy issues. These charges also contained the expenses incurred by the holding company in connection with the introduction and operation of the SAP system.

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

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

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

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

The investments concerned are additions of tangible and intangible assets.

The depreciation charges in the year under review include impairment of € 4,690 thousand. These result exclusively from measurement at fair value in connection with the discontinued operations in the Test Systems segment.

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

## (34) MANAGEMENT BOARD AND SUPERVISORY BOARD

### **Management Board of the Parent Company**

The members of the Management Board of SUSS MicroTec AG in 2010 were:

<b>Frank Averdung</b>	Academic title Diplom-Elektroingenieur (graduate in electronics engineering), resident at Feldkirchen, Chairman of the Management Board
Responsible for the areas:	Distribution, marketing, production, research and development, materials management, logistics, work safety, quality management, environmental protection, patents, and Group strategy
<b>Michael Knopp</b>	Academic title Diplom-Kaufmann (similar to MBA), resident in Ratingen, member of the Management Board
Responsible for the areas:	Finance and accounts, information technology, law, tax and insurance, human resources, facility management, investor relations

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 variable remuneration, the Board members receive an annual bonus which is linked to specific individual objectives. Subsequent changes to the defined objectives are not permitted.

The total cash remuneration of the Management Board in the reporting year was € 828 thousand. Besides their fixed salaries (including social security contributions and the monetary value of the private use of the company car), Mr. Averdung was paid € 97 thousand and Mr. Knopp € 85 thousand from the provision formed for the variable salary component as of the prior year balance sheet date.

In the reporting year a provision of € 338 thousand was formed for the bonuses for the year 2010 of Mr. Averdung and Mr. Knopp.

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

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

Moreover, on account of the options granted to Board members, € 64 thousand (2009: € 69 thousand) was recognized in the holding company as personnel expenses.

There is a pension provision of € 7 thousand (2009: € 5 thousand) for one former member of the Management Board of the Company.

Furthermore, salary payments of € 0 thousand (2009: € 195 thousand) were made to one former member of the Board.

**Supervisory Board**

The members of the Supervisory Board in the fiscal year 2010 were:

**Dr. Stefan Reineck** Resident in Kirchardt, managing shareholder of RMC Dr. Reineck Management and Consulting GmbH,  
Chairman of the Supervisory Board

Further appointments: AttoCube Systems AG, Munich (Chairman of the Supervisory Board)  
NanoScape AG, Munich (Chairman of the Supervisory Board)  
Bosch Solar CISTech GmbH, Brandenburg an der Havel (member of the Advisory Council)  
Phoseon Technology Inc., Hillsboro, Oregon, USA (member of "Board of Directors")  
VHF-Technologies SA, Yverdon-les-Bains, Switzerland (Chairman of the Administrative Board)

**Jan Teichert** Resident in Metten, member of the Board of Einhell Germany AG, Landau / Isar

Further appointments: none

**Sebastian Reppegather** Zürich, Investment Director at Fidinam S.A., Lugano, Switzerland

Further appointments: Sterling Strategic Value Limited, Tortola, British Virgin Islands (member of the Board of Directors)  
International Equity Development S.L., Barcelona, Spain (member of management  
as from August 6, 2010)  
IED Beteiligungs GmbH, Frankfurt am Main (member of management until December 29, 2010)

Apart from the reimbursement of expenses incurred in exercising his / her office, each member of the Supervisory Board receives a fixed remuneration for each fiscal year. Pursuant to the change in the company by-laws resolved on June 23, 2010, the Chairman of the Supervisory Board receives € 45 thousand p.a., his / her deputy € 40 thousand p.a., and each further member of the Supervisory Board € 35 thousand p.a. If an officer of the Supervisory Board is a member for only part of the fiscal 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 fiscal year are as follows:

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

In the prior year, the remuneration of the Supervisory Board was composed as follows:

2009 in € thousand	Membership in 2009	Fixed remuneration	Attendance fee	Out-of-pocket expenses and VAT	Total
Sebastian Reppegather	from 06/24/2009	17,500.00	7,500.00	4,050.00	29,050.00
Dr. Franz Richter	until 06/24/2009	22,500.00	6,000.00	5,415.00	33,915.00
Dr. Stefan Reineck	all year	42,500.00	13,500.00	21,321.50	77,321.50
Jan Teichert	all year	37,500.00	13,500.00	9,690.00	60,690.00

Share and option holdings of the officers of the corporate bodies as of year-end:

	2010		2009	
	Shares	Options	Shares	Options
Michael Knopp	37,500	97,500	22,500	97,500
Frank Averdung	42,500	67,500	27,500	67,500
Dr. Stefan Reineck	9,600	40,000	9,600	40,000

### (35) EMPLOYEES

In the reporting year, an average of 591 employees (2009: 623) were employed in the SUSS MicroTec Group.

Figures at year-end:

	2010	2009
Administration	74	79
Sales and marketing	234	238
Operations	308	297
Total	616	614

### (36) AUDITOR'S FEES

The fee recognized in the reporting year for the auditor of the consolidated financial statements, KPMG AG, Wirtschaftsprüfungsgesellschaft, pursuant to Section 314 (1) (9) HGB (new version), was € 320 thousand (2009: € 226 thousand) and was composed as follows:

in T€	2010	2009
Year-end audits	284	224
Tax advisory services	36	0
Miscellaneous	0	2
Total	320	226

The item year-end audits 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 financial statements of subsidiaries audited by KPMG AG Wirtschaftsprüfungsgesellschaft. The amount also includes the fee for support given during the inspection conducted at the beginning of 2010 by the Deutsche Prüfstelle für Rechnungslegung (Financial Reporting Enforcement Panel).

The fee for tax consultancy relates to advice on tax matters of SUSS MicroTec AG in select fiscal matters and the ongoing tax consultancy provided to HamaTech APE GmbH and Co. KG.

### (37) CORPORATE GOVERNANCE

As in the prior years, the Management Board and the Supervisory Board submitted the declaration of compliance pursuant to Section 161 AktG and declared that they have complied with the recommendations of the German Corporate Governance Code in the version of June 18, 2010, with four exceptions – invitation to the Shareholders' Meeting / voting proxies, policytaker's retention (i.e. first loss portion) in DandO insurance, formation of committees, and remuneration of members of the Supervisory Board, and will comply in future with the updated version of May 26, 2010, with five exceptions – invitation to the Shareholders' Meeting / voting proxies, postal ballot / voting right proxies, policytaker's retention in DandO insurance, formation of committees, and remuneration of members of the Supervisory Board.

The declaration of compliance has been made permanently available under [www.suss.com](http://www.suss.com)

### (38) DISCLOSURE PURSUANT TO SECTION 160 (8) AKTG

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

On January 15, 2010, Mr. Tito Tettamanti of the United Kingdom of Great Britain and Northern Ireland notified us pursuant to Section 21 (1) WpHG that on January 13, 2010, his share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 20 % and amounted on this day to 19.70 % (3,352,152 voting rights out of a total of 17,019,126). Pursuant to Section 22 (1) (1) (1) WpHG, 19.70 % (3,352,152 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 January 15, 2010, Gritlot Limited, Douglas, Isle of Man, notified us pursuant to Section 21 (1) WpHG that on January 13, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 20 % and amounted on this day to 19.70 % (3,352,152 voting rights out of a total of 17,019,126). Pursuant to Section 22 (1) (1) (1) WpHG, 19.70 % (3,352,152 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 January 15, 2010, Sterling Strategic Value Limited, Tortola, British Virgin Islands, notified us pursuant to Section 21 (1) WpHG that on January 13, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 20 % and amounted on this day to 19.70 % (3,352,152 voting rights of a total of 17,019,126 voting rights).

On May 25, 2010, Falcivest, SCS, Strassen, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on May 20, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.78 % (520,267 voting rights).

On May 25, 2010, Stichting Vest (previously named Terramater [Stichting]), Amsterdam, Netherlands, notified us pursuant to Section 21 (1) (1) WpHG that on May 20, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 10 % and amounted on this day to 9.44 % (1,766,348 voting rights). Pursuant to Section 21 (1) (1) (1) WpHG, 9.44 % (1,766,348 voting rights) is attributable to Stichting Vest. The voting rights attributed to Stichting Vest 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:

- Süssvest SCS (formerly Süss SCS), Strassen, Luxembourg

On May 25, 2010, Crest S.A., Strassen, Luxembourg, notified us pursuant to Section 21 (1) (1) WpHG that on May 20, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 10 % and amounted on this day to 9.44 % (1,766,348 voting rights). Pursuant to Section 21 (1) (1) (1) WpHG, 9.44 % (1,766,348 voting rights) are attributable to Crest Capital S.A. The voting rights attributed to Crest Capital S.A. were 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:

- Süssvest SCS (formerly Süss SCS), Strassen, Luxembourg

On May 25, 2010, Equinet AG, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) (1) WpHG that on May 20, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3 % and 5 % and amounted on this day to 9.09 % (1,701,912 voting rights).

On May 25, 2010, Equinet AG, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) (1) WpHG that on May 25, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 3 % and 5 % and amounted on this day to 0.00 % (0 voting rights).

On September 20, 2010, Swiss and Global Asset Management AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on September 15, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3 % and amounted on this day to 3.10 % (580,000 voting rights). Pursuant to Section 21 (6) (1) (1) WpHG, 2.83 % (530,000 voting rights) is attributable to Swiss and Global Asset Management AG.

On September 20, 2010, Swiss and Global Asset Management Holding AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on September 15, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3 % and amounted on this day to 3.10 % (580,000 voting rights). Pursuant to Section 21 (6) (1) (1) WpHG, of this amount 2.83 % (530,000 voting rights) is attributable to Swiss and Global Asset Management AG, and 0.27 % (50,000 voting rights) to Swiss and Global Asset Management Holding AG, pursuant to Section 21 (1) (1) WpHG.

On September 20, 2010, GAM Holding AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on September 15, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3 % and amounted on this day to 3.10 % (580,000 voting rights). Pursuant to Section 21 (6) (1) (1) WpHG, of this amount 2.83 % (530,000 voting rights) is attributable to GAM Holding AG, and 0.27 % (50,000 voting rights) to GAM Holding AG, pursuant to Section 21 (1) (1) WpHG.

On November 10, 2010, Süssvest SCS, Strassen, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on November 9, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5 % and amounted on this day to 4.49 % (840,056 voting rights).

On November 10, 2010, Stichting Vest, Amsterdam, Netherlands, notified us pursuant to Section 21 (1) WpHG that on November 9, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5% and amounted on this day to 4.49 % (840,056 voting rights). Pursuant to Section 22 (1) (1) WpHG, 4.49 % (840,056 voting rights) is attributable to Stichting Vest. The voting rights attributed to Stichting Vest 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:

- Süssvest SCS, Strassen, Luxembourg

On November 10, 2010, Crest Capital S.A., Strassen, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on November 9, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5% and amounted on this day to 4.49 % (840,056 voting rights). Pursuant to Section 21 (1) (1) WpHG, 4.49 % (840,056 voting rights ) are attributable to Crest Capital S.A. 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:

- Süssvest SCS, Strassen, Luxembourg

On December 10, 2010, Mr. Tito Tettamanti, Switzerland, notified us pursuant to Section 21 (1) WpHG that on December 10, 2010, his share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 15%, 10%, 5%, and 3% and amounted on this day to 0.00 % (0 voting rights out of a total of 18,721,038).

On December 10, 2010, Gritlot Limited, Douglas, Isle of Man, notified us pursuant to Section 21 (1) WpHG that on December 10, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 15%, 10%, 5% and 3% and amounted on this day to 0.00 % (0 voting rights out of a total of 18,721,038).

On December 10, 2010, Sterling Strategic Value Limited, Tortola, British Virgin Islands, notified us pursuant to Section 21 (1) WpHG that on December 10, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 15%, 10%, 5%, and 3% and amounted on this day to 0.00 % (0 voting rights out of a total of 18,721,038).

On December 16, 2010, Deutsche Bank AG London, United Kingdom, notified us pursuant toSection 21 (1) WpHG that on December 14, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3% and 5% and amounted on this day to 8.68 % (1,625,000 voting rights out of a total of 18,721,038 voting rights).

On December 28, 2010, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) (1) WpHG that on December 27, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.12% (585,000 voting rights).

On December 28, 2010, Swiss and Global Asset Management AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on December 21, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.83 % (530,000 voting rights). Pursuant to Section 22 (6) (1) (1) WpHG, 2.83 % (530,000 voting rights) is attributable to Swiss and Global Asset Management AG.

On December 28, 2010, Swiss and Global Asset Management Holding AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on December 21, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.83 % (530,000 voting rights). Pursuant to 22 subsection 1 sentence 1 number 6 in conjunction with sentence 2 WpHG (securities trading act), 2.83 % (530,000 voting rights) is attributable to Swiss and Global Asset Management AG.

On December 28, 2010, GAM Holding AG, Zürich, Switzerland, notified us pursuant to Section 21 (1) (1) WpHG that on December 21, 2010, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.83% (530,000 voting rights). Pursuant to Section 21 (1) (1) (6) in conjunction with sentence 2 WpHG, 2.83% (530,000 voting rights) is attributable to GAM Holding AG.

On 13 January 2011, Süssvest SCS, Strassen, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on 11 January 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights).

On January 13, 2011, Stichting Vest, Amsterdam, Netherlands, notified us pursuant to Section 21 (1) WpHG that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights). Pursuant to Section 22 (1) (1) (1) WpHG, 2.3078% (432,049 voting rights) is attributable to Stichting Vest.

On January 13, 2011, Crest Capital S.A., Strassen, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.3078% (432,049 voting rights). Pursuant to Section 22 (1) (1) (1) WpHG, 2.3078% (432,049 voting rights) are attributable to Crest Capital S.A.

On February 1, 2011, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) (1) WpHG that on February 1, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.94% (550,000 voting rights).

On March 4, 2011, Credit Suisse Fund Management S.A., Luxembourg, Luxembourg, notified us pursuant to Section 21 (1) WpHG that on February 18, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.35% (627,435 voting rights). Pursuant to Section 22 (1) (1) (6) WpHG, 0.99% (185,380 voting rights) are attributable to it.

### (39) RELEASE OF THE FINANCIAL STATEMENTS

The Management Board of SUSS MicroTec AG released the IFRS consolidated financial statements for passing on to the Supervisory Board on March 18, 2011. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

Garching, Germany, March 18, 2011

The Management Board

# RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, along with a description of the principal opportunities and risks associated with the expected development of the Group.

Garching, Germany, March 18, 2011

SUSS MicroTec AG



Frank Averdung



Michael Knopp

Unqualified Combined Auditor's Report for Audits of the Consolidated Financial Statements of the Group and the Annual Financial Statements of the Parent Company if the Management Reports are Combined (S 3)

## AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the statement of income and the notes to the financial statements, together with the bookkeeping system, of the Company SUSS MicroTec AG as well as the consolidated financial statements, comprising the balance sheet, the statement of income, consolidated statement of changes in shareholders' equity, statement of cash flows and the notes to the consolidated financial statements, and its report on the position of the Company and the Group prepared by the Company for the business year from January 1 to December 31, 2010. The preparation of these documents in accordance with German commercial law (and supplementary provisions in the articles of incorporation / partnership agreement) is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, as well as on the consolidated financial statements and the report on the position of the Company and the Group based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual and the consolidated financial statements comply with the legal requirements (and supplementary provisions of the shareholder agreement/articles of incorporation) and give a true and fair view of the net assets, financial position, and results of operations of the Company and the Group in accordance with these requirements. The management report of the Company and the Group is consistent with the annual and the consolidated financial statements and as a whole provides a suitable view of the Company's and the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 18, 2011

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Renner  
Auditor

Dr. Rüttler  
Auditor

# GLOSSARY

## ■ 3D Integration

3D integration is divided into two main categories: 3D packaging and 3D interconnect. 3D packaging is used to describe components stacked on a wafer-level packaging strata without being connected using through-silicon vias (TSVs). 3D packaging is comprised of technologies such as SOC (system-on-chip) and other processes for which the connection is normally based on wire bonding. 3D interconnect on the other hand includes components joined by TSVs. This refers to vertical vias through the massive silicon which, as a general rule, is heavily thinned.

## ■ 300mm technology

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manufacturing microchips. The largest number of silicon wafers by far (~42%) used around the world today is 300mm in diameter. The larger the wafer diameter, the more chips can be made on one wafer. The more chips that can be manufactured on a wafer, the lower the production costs per individual chip.

## ■ Advanced packaging

This term describes modern technologies to "package" microchips in their housing. All microchip contacts must be guided individually to the outside of the housing to ensure a connection to the printed circuit board. Advanced packaging involves packaging processes that generally employ methods previously used only in the Frontend manufacturing of microchips themselves, such as lithography and photoresist technologies.

## ■ Backend

This term is used to describe the second (rear) link in the microchip production chain. The Backend process begins once the wafer has passed through all Front-end process steps in the manufacture of the microchip itself. In this process, microchips are tested on the wafer and, if required, prepared for bonding. The wafers are then sawed into individual microchips that are packaged in their housing. For cost reasons, Backend process work is primarily done in Asia, where semiconductor manufacturers have Backend facilities of their own or allow foundries to handle testing and packaging.

## ■ Bonding

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer's silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

## ■ Bump

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

## ■ C4NP

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

## ■ Chip

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

## ■ Cluster

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

## ■ Coater

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

### ■ Compound semiconductor

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

### ■ Cost of ownership (CoO)

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

### ■ Die

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

### ■ DRAM

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

### ■ Fab

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

### ■ Flip chip bonding

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

### ■ Foundry

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

### ■ Frontend

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

### ■ IC

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

### ■ LED

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

### ■ Lithography

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

### ■ Mask

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

### ■ Mask Aligner

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

### ■ MEMS

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

### ■ Micrometer/micron

A metric unit of length, symbol:  $\mu\text{m}$ . A micron is a millionth of a meter. The diameter of a human hair is approximately  $60\mu\text{m}$ .

### ■ Microsystem

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

### ■ Microsystems technology

This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1 mm. In the United States and Asia, in contrast, microsystems technology or the more

frequently used microelectromechanical systems (MEMS) means the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

### ■ Nanoimprinting/nanoimprint

#### lithography (NIL)

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

### ■ Nanotechnology

(Greek. *nānos* = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter ( $10^{-9}\text{m}$ ) 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 Backend.

### ■ Photoresist

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

### ■ Prober

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

### ■ Semiconductor

A monocrystalline material of which the electrical resistance can be changed by

implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

#### ■ Sensor

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

#### ■ Silicon

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

#### ■ Spin / Spray Coaters

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

#### ■ Substrate Bonder

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

#### ■ System on a chip

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

#### ■ Through-silicon vias (TSVs)

Individual chip components are stacked on top of one another and joined with this technology. This shortens the path of the data stream between the individual chip components and allows for significantly less capacity loss. As such, through-silicon vias contribute to lowering the overall size of chips combined with a simultaneous rise in performance.

#### ■ Tool

Machines, instruments, robots, etc. Tools are all individual systems that comprise a production line in a semiconductor factory.

#### ■ Wafers

Slices of the purest silicon, for example, or compound semiconductors (gallium arsenide, indium phosphide, etc.) on which chips are produced. Over the past ten years, their diameter has increased from 150mm to 200mm and today to even 300mm. Twice as many chips fit onto the surface area of the latest 300mm wafers than onto a 200mm wafer, cutting production costs by approximately 30%.

#### ■ Wire bonding

A common contact process that connects chips with housing via metal wires.

#### ■ Yield

One of the key parameters in semiconductor production. It measures the output of functioning microchips in relation to the total number of microchips on a wafer. The higher the yield, the more efficient and cost-effective the chip production for the customer.

# FINANCIAL CALENDAR 2011

Annual Report 2010	March 30
FCF Investment Conference Abu Dhabi	April 4
Quarterly Report 2011	May 5
Photonics Conference, Munich	May 24
Sustainable Technologies Conference, Zurich	June 8
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, Munich	June 21
Interim Report 2011	August 4
Nine-month Report 2011	November 8
TMT Conference Morgan Stanley, Barcelona	November 16 – 18
German Equity Forum Fall 2011	Novemer 21 – 23

# CREDITS AND CONTACT

## CREDITS

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# 2010 HIGHLIGHTS

## January

## Successful Sale of the Test Systems Division

In January 2010, the Test Systems division, located in Sacka near Dresden, Germany, was sold to Cascade Microtech, Inc., one of the world's leading manufacturers of electronic precision probe and testing systems for integrated circuits. With the sale of SUSS MicroTec Test Systems GmbH, SUSS MicroTec will be able to focus in the future entirely on its core competence of microstructuring in microelectronics.

## February

Purchase of HamaTech APE  
GmbH & Co. KG Concluded

The plan announced on December 6, 2009 to acquire HamaTech APE, a 100 % subsidiary of Singulus Technologies AG, along with a corresponding production facility at the Sternenfels site in Germany, was realized on February 15. HamaTech APE is one of the world's leading equipment suppliers for the cleaning of photo masks in the semiconductor industry and is currently the world's only provider of cleaning solutions for masks used for extreme ultraviolet

lithography. Through this acquisition, SUSS MicroTec has expanded its existing product portfolio in the area of wet processing.

 March 

SUSS MicroTec Receives “2009 Best Supplier Award” from ASE

On March 25, 2010, SUSS MicroTec received the “2009 Best Supplier Award” in the category of “Assembly Equipment” for outstanding support in the area of coating. ASE was honoring in particular SUSS MicroTec’s efforts in Q3 2009 to reduce the delivery time for new ACS300 G2 equipment by one month. In addition, ASE was impressed by upgrades to the existing Coater to optimize polyimide use as well as by the support for its R&D activities in the area of through-silicon vias.

The award presentation, at which approximately 30 “Best Suppliers” in 19 different categories were recognized, was held at a large ceremony with more than 100 participants in Kaohsiung in southern Taiwan, the ASE group’s largest site.

 May 

## Successful Increase in Capital Stock

In May 2010, SUSS MicroTec carried out a share placement via equinet Bank AG as part of an accelerated book-building procedure with German and international investors. 1,701,912 shares with profit-participation rights were placed, beginning on January 1, 2010 at a price of € 4.00 per share. The gross inflow of funds for the Company amounted to approximately € 6.8 million. The funds from the increase in capital stock were used primarily to refinance the HamaTech acquisition, which closed in February, and will also help finance additional growth.

## June

Strategic Re

**Announced**  
On June 10, 2010, the Management Board of SUSS MicroTec AG communicated its decision to relocate the Substrate Bonder division, based in Waterbury, Vermont (USA), to Germany by the end of the year. It was announced that the research and development, production, and product management

functions for the Bonder product lines would be moved to the production site in Sternenfels, Germany. Bundling the Coater and Bonder product lines at one site enables the Company to achieve technology and production synergies in the area of temporary bonding as well as to respond more quickly and flexibly to market demands.

2010 Shareholders' Meeting

In total, approximately 80 shareholders, shareholder and bank representatives, and guests joined the Company at the meeting in Munich. Approximately 33 % of the Company's equity capital was thus represented. In addition to discharging the Management Board and Supervisory Board from liability for the 2009 fiscal year and appointing the auditor for the separate and consolidated financial statements, the amendment of the articles of incorporation pursuant to the German Act on Implementing the Shareholders' Rights Directive (ARUG) was on the agenda. All proposals were approved by at least 99 % of the voting rights represented at the Shareholders' Meeting.

## 01 // Frank Averdung. and Roland Lacher. CEO Singulus AG



02 // Shareholders' Meeting on June 23, 2010,  
Haus der Bayerischen Wirtschaft, Munich

**03 // MaskTrack Pro®**  
Bake / Develop for next-generation lithography



 July 

**MaskTrack Pro® Bake/Develop for Next-generation Lithography Introduced to the Market**  
In mid-July, SUSS MicroTec introduced MaskTrack Pro Bake/Develop (BD), the latest refinement of its innovative next-generation lithography solutions for mask integrity. The product is designed for the challenges of mask manufacturing for the highly developed 193i immersion technology and extreme ultraviolet lithography. MaskTrack Pro BD combines unique ASonic® developer technology with a sophisticated post-exposure bake process within the mask writer. This leads to perfect CD uniformity matching, which is crucial for sub-22 nm double patterning technology and future production challenges in advanced lithography. Designed to equalize the develop rate, independent of feature size and pattern loading, the ASonic® approach minimizes dark loss effects and removes the risk of pattern damage/collapse for unrivaled pattern fidelity results. MaskTrack Pro BD introduces an exclusive mirror-bake procedure that ensures maximum temperature uniformity at the mask level during thermal treatment and therefore permits a precise matching of temperature, recipe, and performance.

 August 

**Dr. Rainer Knippelmeyer Appointed CTO and Vice President for Research and Development**  
In this capacity, Dr. Knippelmeyer is entrusted with the Company-wide direction of the areas of research and development and innovation management. His emphasis will be on shaping the technology roadmap applicable across product lines within the SUSS MicroTec Group. Dr. Knippelmeyer has many years of experience in the areas of research and development and business development from his activities at various subsidiaries of Carl Zeiss AG.

 November 

**SUSS MicroTec and Fraunhofer IST Introduce New Technology for Selective Surface Treatment**  
On November 11, 2010, the market launch of SELECT was announced. Representing an upgrade of Bond Aligner and Mask Aligner technology, SELECT enables the selective plasma activation of parts of wafer surfaces. Local treatment of the surface prior to wafer processing replaces standard process steps and reduces the overall cost per wafer. Selective plasma activation can be used in a variety of MEMS, optical, and solar technology applications which employ direct wafer bonding or surface modification for the creation of micromirror arrays, microvalves, sensors, or microfluidic channels. The SELECT toolkit provides an upgrade option for SUSS MicroTec's MA/BA8 Gen3.

 December 

**Cooperative Agreement with Rolith for the Development of Innovative Nanolithography Technology**

In December 2010, SUSS MicroTec concluded a joint development and exclusive license agreement with Rolith, Inc. Cooperation will include the development and construction of nanostructuring equipment employing an innovative nanolithography method developed by Rolith. Availability of a high-throughput, cost-effective technique for nanostructuring large areas of substrate materials opens up new possibilities for the renewable energies and green building sectors.

**Shareholder Base Expanded**  
On December 10, SUSS MicroTec was notified by Sterling Strategic Value Ltd. that Sterling was completely withdrawing its investment in SUSS MicroTec. Sterling's approximately 17% share of the equity capital of SUSS MicroTec was subsequently broadly distributed in the domestic and European market, according to information provided by the managing bank, equinet Bank AG. The proportion of SUSS MicroTec shares in free float thus increased to 100 % as of the end of the fiscal year.

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