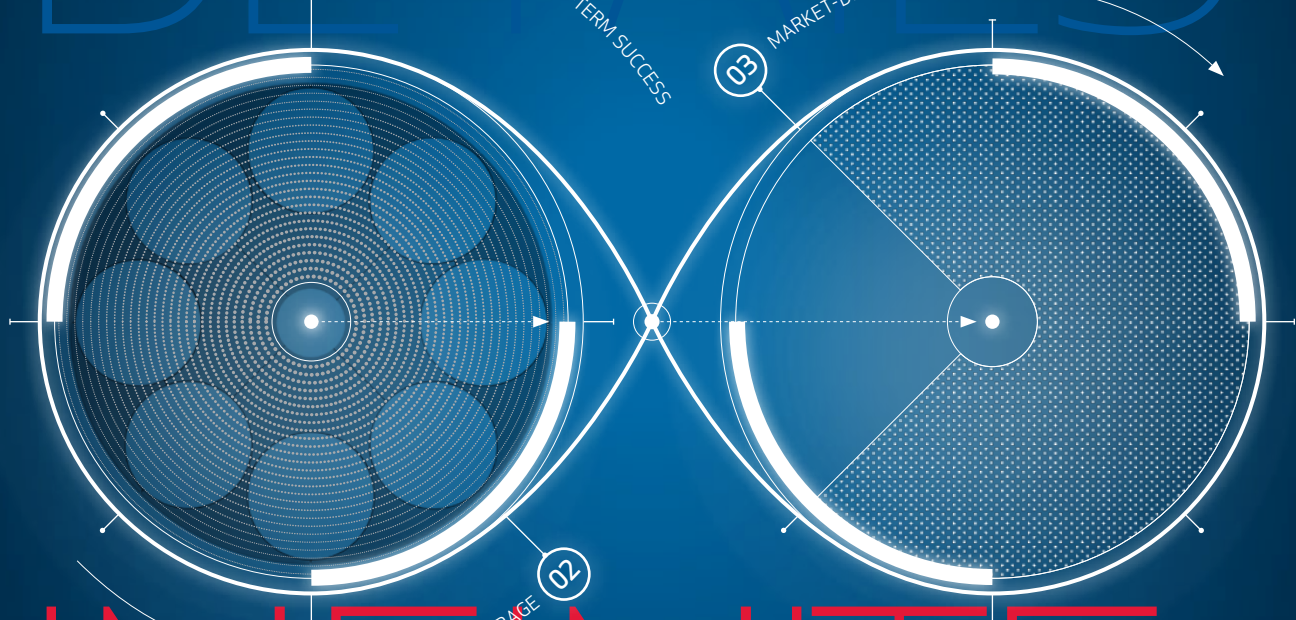
ANNUAL REPORT 2011

AIXTRON

SMALL DETAILS



INFINITE OPTIONS

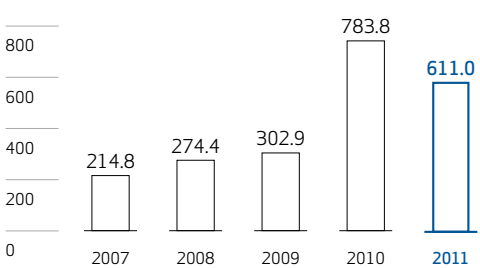
AT A GLANCE

KEY FINANCIALS in EUR million

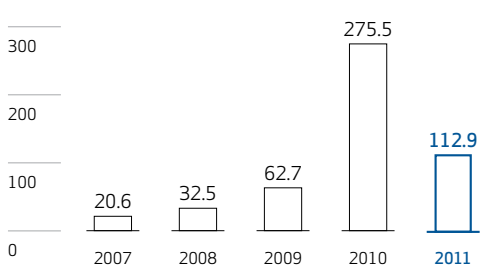
	2011	2010	2009	2011–2010
Revenues	611.0	783.8	302.9	-22%
Gross profit	231.4	411.8	134.7	-44%
Gross margin	38%	53%	44%	-15pp
Operating result (EBIT)	112.9	275.5	62.7	-59%
EBIT margin	18%	35%	21%	-17pp
Net result	79.5	192.5	44.8	-59%
Net result margin	13%	25%	15%	-12pp
Net result per share – basic (EUR)	0.79	1.93	0.49	-59%
Net result per share – diluted (EUR)	0.78	1.89	0.48	-59%
Free cash flow*	-36.2	95.9	75.8	-138%
Equipment order intake	513.4	748.3	370.1	-31%
Equipment order backlog (end of period)	141.0	274.8	203.8	-49%

* Operating CF + Investing CF + Changes in Cash Deposits

REVENUES (IFRS) in EUR million



OPERATING RESULT (EBIT) in EUR million



NET RESULT in EUR million

NET RESULT PER SHARE in EUR

ADDITIONAL INFORMATION IN THE FLAP »»

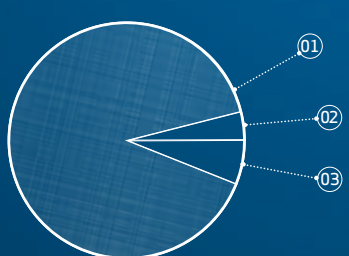
FOCUSED, FLEXIBLE AND PROACTIVE

AIXTRON SE

Our systems are the KEY-ENABLING TECHNOLOGY foundation for our customers: AIXTRON develops and manufactures innovative and cost-effective deposition systems for the production of material structures that form the core of compound, silicon and organic semiconductors. Without this technology, there would be no displays, memory- or logic chips, lasers, HIGH-PERFORMANCE solar cells or latest-generation opto-electronic products, such as LED lighting. There are three main reasons why we have

NUMBER OF EMPLOYEES

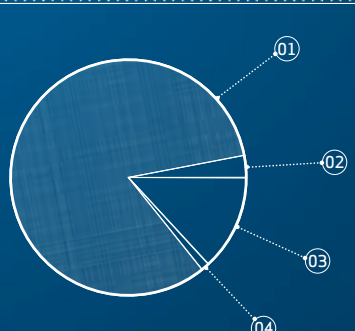
REVENUES BY REGION IN 2011



01	Asia	90%
02	Europe	4%
03	USA	6%

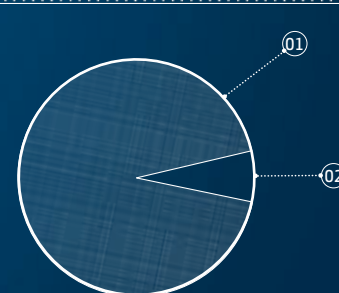
CONSISTENTLY been ranked among the most successful companies in the industry: as TECHNOLOGY LEADER, we are setting new standards of innovation. We are delivering competitive cutting-edge technology. Our organizational structure is EFFICIENT, FOCUSED AND FLEXIBLE. Ultimately, all of our actions revolve around the delivery of exceptional and COST-EFFECTIVE TECHNOLOGY that meets the needs of our customers. We can only be successful, if they are successful. Our primary objectives are to satisfy our customers with the most productive, key-enabling technologies for deposition solutions and to achieve profitable and SUSTAINABLE market leadership in imminent growth markets.

REVENUES BY APPLICATION IN 2011
(equipment only)



01	LED	83%
02	Telecom/Datacom	3%
03	Display & Others	13%
04	Silicon	1%

REVENUES BY EQUIPMENT
AND SERVICE 2011



01	Equipment	91%
02	Spare Parts & Service	9%

SMALL DETAILS
INFINITE OPTIONS

INTRODUCTION

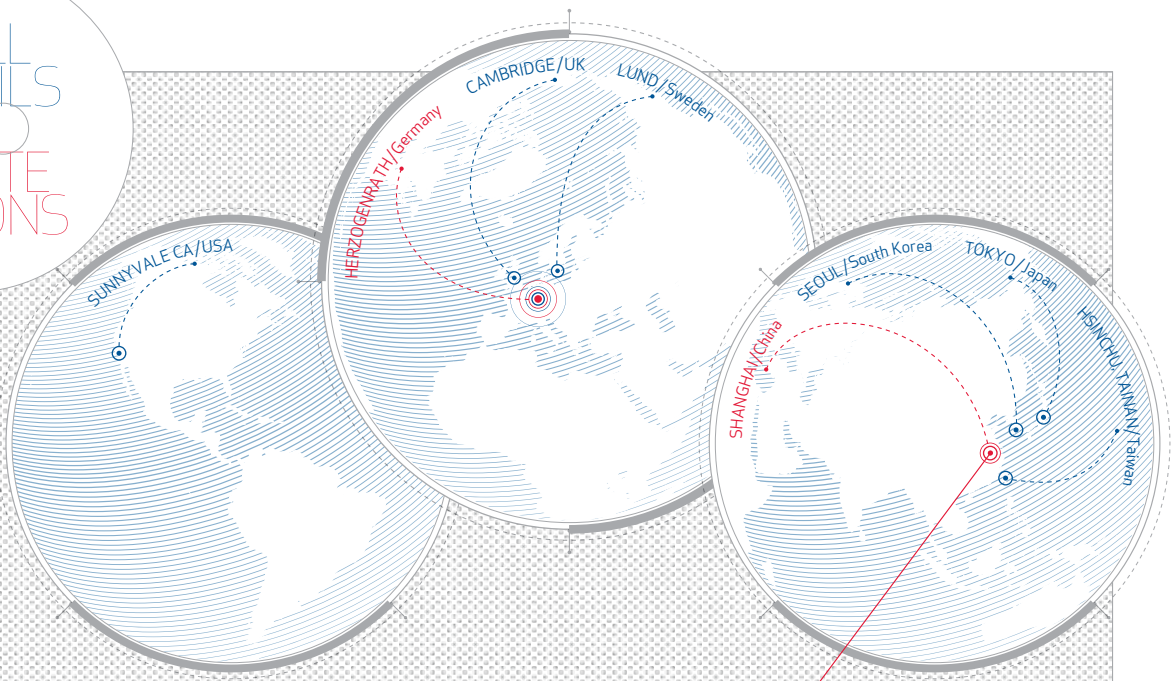
With a discerning eye for the details, AIXTRON takes a PROACTIVE approach to it's work. We aim to maintain a consistent investment policy towards our technologies, people and customers, even in difficult times. At AIXTRON, it is the detail that distinguishes our products and sets them apart from the competition. The CONTINUAL OPTIMIZATION of our technology, which can often be prompted by a focus on relatively minor improvement opportunities, can eventually lead to significantly bigger opportunities for AIXTRON in both existing and emerging markets. INTERNALLY, we regularly analyze all our process chains, including our R&D processes and our sales, global communications and knowledge management systems, to identify potential areas of improvement. Our primary objective is ensuring that we maintain our FLEXIBILITY, DURABILITY AND SUSTAINABILITY. Although we believe ourselves to be skillful and professional in all disciplines, it is our R&D that represents the essential core of our company. This is where our cutting-edge technology is developed and where our future is secured. EXTERNALLY, our focus is on our markets and customers. We continually strive to do more than just understand them – we aim to anticipate their future needs. We watch and listen very closely, and only then develop, what we believe to be OPTIMAL SOLUTIONS for future market trends. In the following pages we show how AIXTRON goes about addressing those small but critical details.

AIXTRON 2011

ANNUAL REPORT 2011

SMALL DETAILS ∞ INFINITE OPTIONS

SMALL DETAILS ∞ INFINITE OPTIONS



PROCESS OPTIMIZATION

AIXTRON/SINANO: Training Center in Suzhou Industrial Park, China

INVESTMENT STRATEGIES

TECHNOLOGY

AIXTRON/SINANO

The Suzhou training center is a cooperation with our customer Suzhou Institute of Nano-tech and Nano-bionics (SINANO) in China.

FOCUSED GOALS FOR LONG-TERM SUCCESS

PROCESS OPTIMIZATION

SUZHOU, CHINA
TRAINING CENTER

The financial results achieved in the past demonstrate that AIXTRON has efficient processes in place. "However, we will never be complacent about that", AIXTRON's CEO Paul Hyland states: "We intend to make even better use of our potential, deploy our resources even more efficiently and be more proactive in exploiting our opportunities. We know what we want for AIXTRON and we know what we have to do to achieve our objectives."

please read on

TRAINING & SUPPORT

Training on-the-system helps our customers to fully exploit the technological potential of their systems.

A GLOBAL IT SYSTEM FOR EFFICIENT COMMUNICATION

AIXTRON understands that secure and responsive communication is essential to succeed. Our global IT system facilitates the secure exchange of expertise and enables employees all over the world to collectively work on joint projects. "Data management is critically important for AIXTRON and our investments in this area are essential to deliver the full benefit of what our planned infrastructure has to offer," says Chief Information Officer Olaf Rupprecht.

SUCCESSFUL OUTSOURCING: SUSTAINABLE PARTNERSHIPS

"The flexible setup AIXTRON has developed over many years has become essential to be able to effectively operate in very volatile markets", comments Chief Executive Officer Paul Hyland. "Our outsourcing strategy and close working relationship with our suppliers enables us to quickly align the business in accordance with changing market trends." Hyland adds: "We intend to continue to increase that flexibility and at the same time encourage our partners' high level of commitment."

BENEFITS OF IMPROVED PROCESS CONTROL

Over the last twelve months we have introduced a faster and more effective new product and change management system enabling us to simplify the process by which we introduce new products and technology enhancements. The benefit to customers is better products and the benefit for us is being able to rapidly introduce new innovative technology in a controlled manner.

ENABLING CUSTOMERS THROUGH TRAINING & SUPPORT

"Our systems are actually embedded with significantly more technology than many of our customers actually demand from them. Learning how to exploit our technology to its fullest potential is something that we can help our customers with," says Dr. Bernd Schulte, Chief Operating Officer at AIXTRON. "We have recently increased our training services, including a new training center and demo lab in China. Our training centers are being used to explain our systems' full potential to customers and to provide comprehensive training programs."

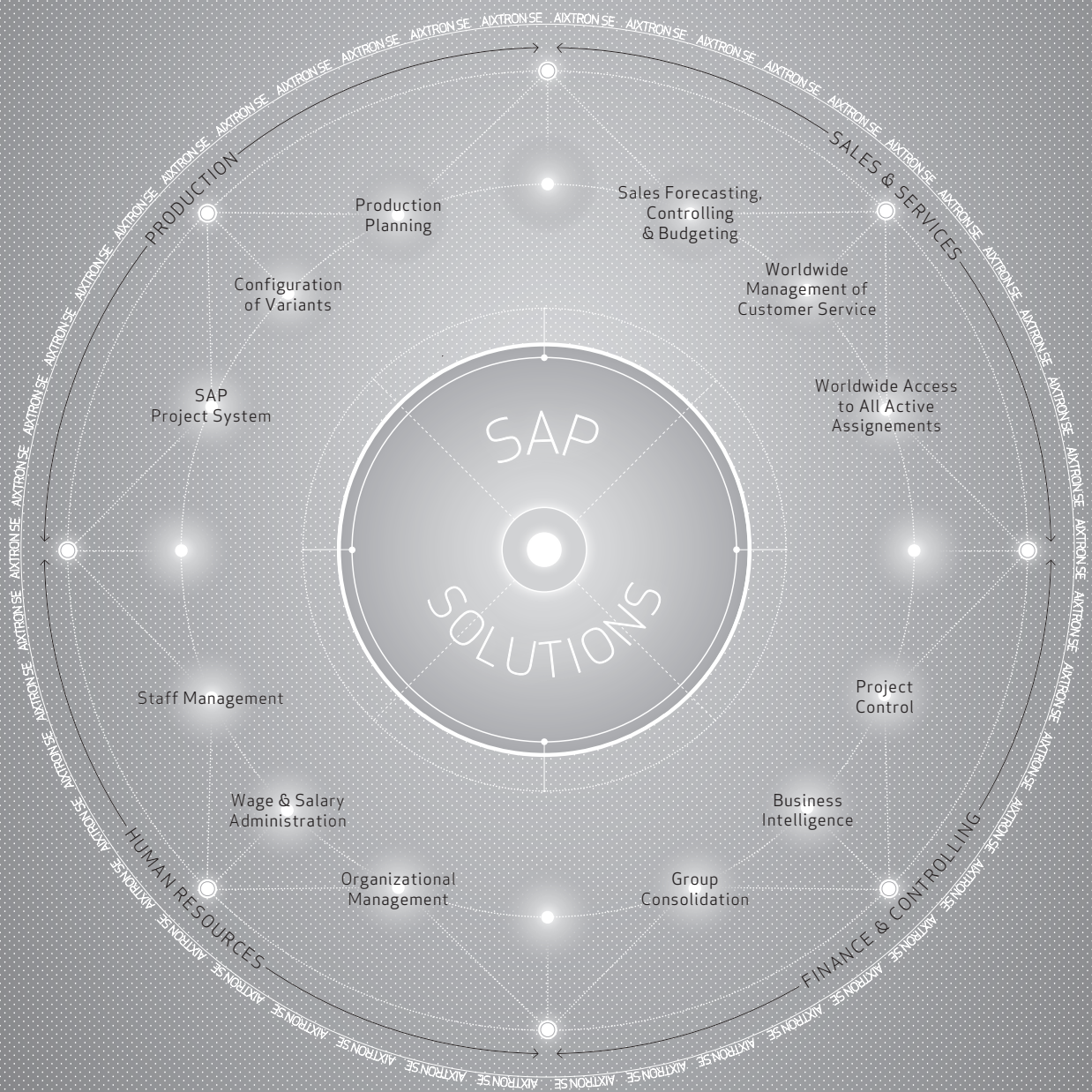
»Our new facility in China will greatly improve our ability to respond to, and support, one of our largest end-markets – and give us a greater understanding of our customers' needs.«

DR. BERND SCHULTE

IMPLEMENTATION OF SAP SOFTWARE SOLUTIONS AT AIXTRON

AIXTRON started in good time with the comprehensive implementation of SAP. The conversion of processes proceeded sequentially – not only within the different functional areas of the Company, but also worldwide; considering all subsidiaries and representative offices.

The illustration shows three examples for those functional areas: Production, Sales & Services, Finance & Controlling and Human Resources. For each area we show examples where we work successfully with SAP solutions.



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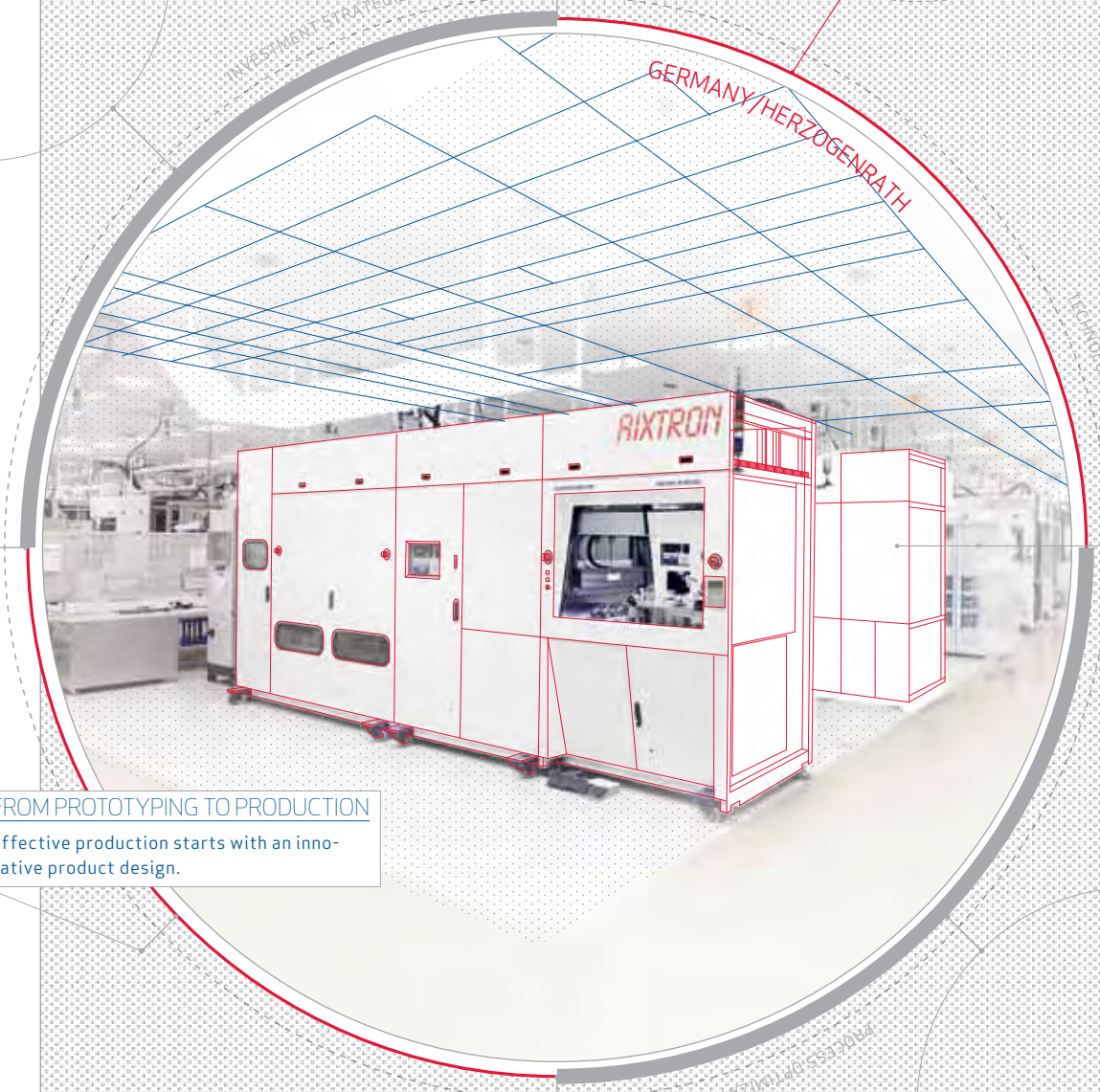


FROM PROTOTYPING TO PRODUCTION

Effective production starts with an innovative product design.

PROFITABLE AND EFFICENT LEVERAGE

INVESTMENT STRATEGIES

HERZOGENRATH, GERMANY
LEAN MANAGEMENT

According to Wolfgang Breme, Chief Financial Officer at AIXTRON: "This is what we strive for in everything that we do. It equally applies to how we manage our R&D programs, our operations and especially the prudent flexibility built into our financial management." The evidence for the latter being: no liabilities, very solid cash levels and secure financial investments.

please read on

MATERIAL MANAGEMENT

All internal processes such as material management and service support are being continuously improved.

INVESTMENTS IN R&D: SAFEGUARDING THE FUTURE

In line with this prudent financial policy, the Executive Board will continue to make any necessary operational adjustments to the cost base, in line with market conditions, but will not lose its focus on planned R&D investments to secure the company's future.

As a key enabling technology leader, AIXTRON's R&D is at the heart of the Company's business activities. The ability to deliver leading edge products is fundamental to the Company's objective to remain one step ahead of the competition.

According to Dr. Bernd Schulte, "It is essential that we continue to invest systematically in R&D, even in difficult times. Our new R&D Center in Herzogenrath enables us to remain intensely focused on improving our system technology and to push ahead in developing new products for future markets. Focused investments today will deliver sustainable returns in the future!"

SOX
The Sarbanes-Oxley Act of 2002 – improving the reporting reliability of companies in the US.

ESSENTIAL TO PROFITABLE GROWTH: RISK MANAGEMENT

"The risk and compliance management systems required to satisfy today's US SOX requirements and compliance laws are highly complex," states Randy Singh, Chief Compliance Officer. These regulations raise the bar in terms of the necessary integrity and reliability of information to an even higher level than the European reporting and Corporate Governance requirements. However both Singh and Guido Pickert, Director of Investor Relations, are convinced that these additional efforts are beneficial. Pickert says: "You quickly appreciate that these instruments do improve reporting quality and increase investor confidence. Especially in times of volatile markets when investors are looking for consistency and reliability."

ORGANIZATIONAL LEVERAGE AND FLEXIBILITY

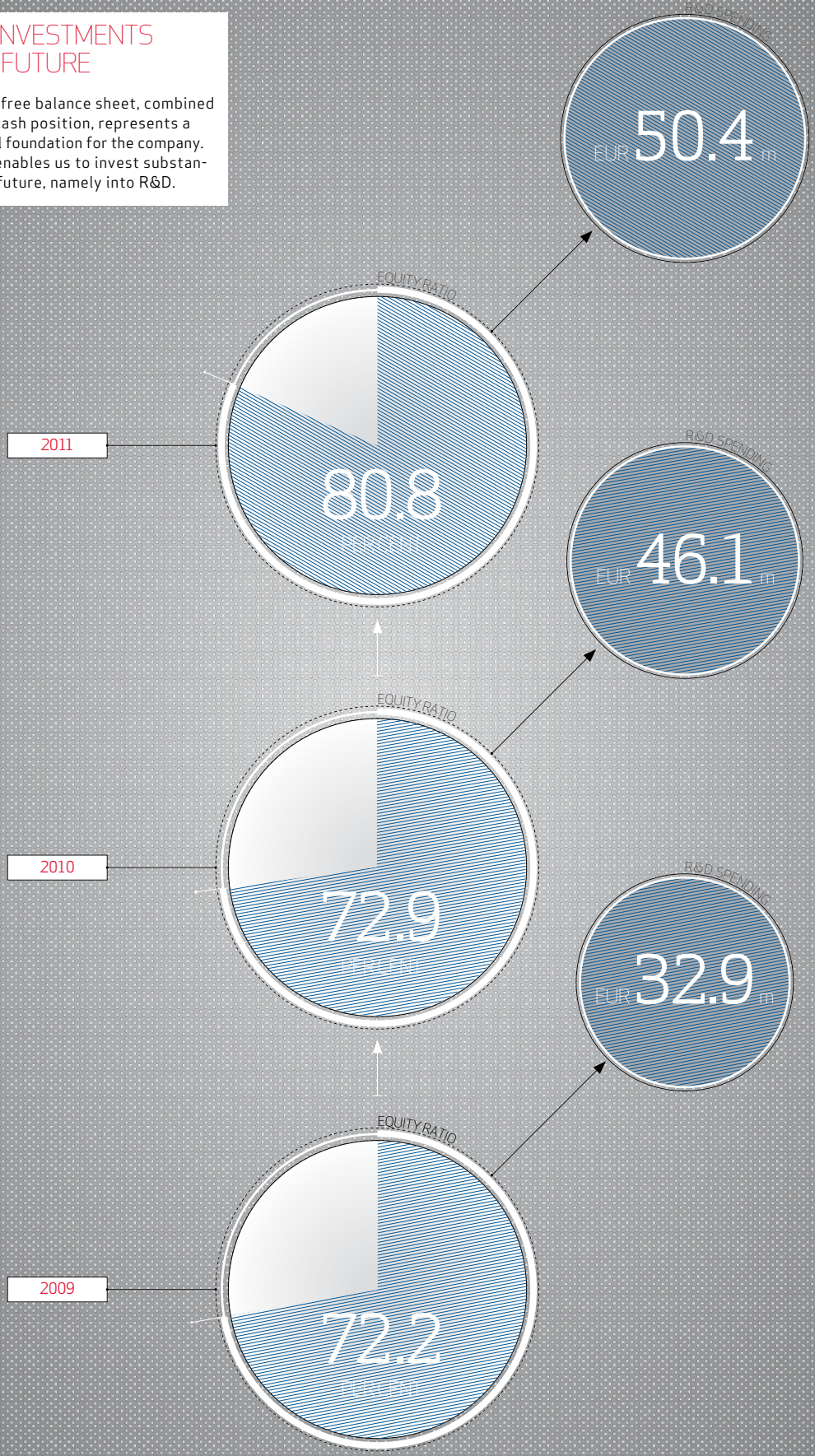
Our continuous improvement programs address both internal and external objectives. All internal activities are designed to increase the flexibility we have implemented into the organization. Cost structures are being continually analyzed for potential improvements, from the procurement and management of materials, through to the manufacturing and shipping of our systems. Our external efforts are focused on increasing the efficiency of our customer-supplier networks in order to be able to respond to market volatility in even more cost-effective ways.

»These continuous improvement programs are focused on producing better products for our customers and enabling us to remain profitable such that we can make the necessary investments for the future.«

PAUL HYLAND

STRONG INVESTMENTS INTO THE FUTURE

A strong debt-free balance sheet, combined with a strong cash position, represents a stable financial foundation for the company. This stability enables us to invest substantially into our future, namely into R&D.



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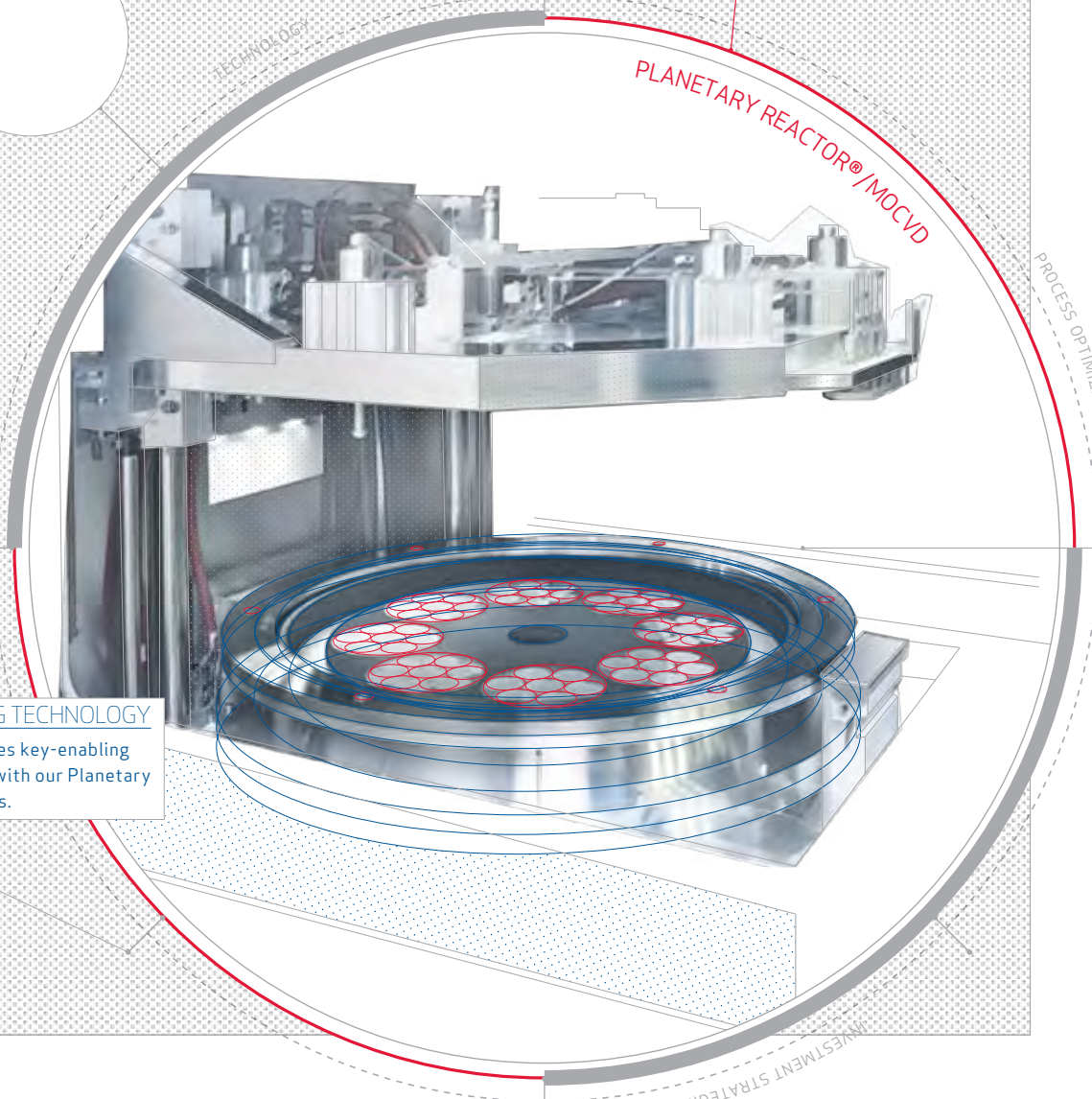


KEY-ENABLING TECHNOLOGY

AIXTRON provides key-enabling technology, e.g. with our Planetary Reactor® systems.

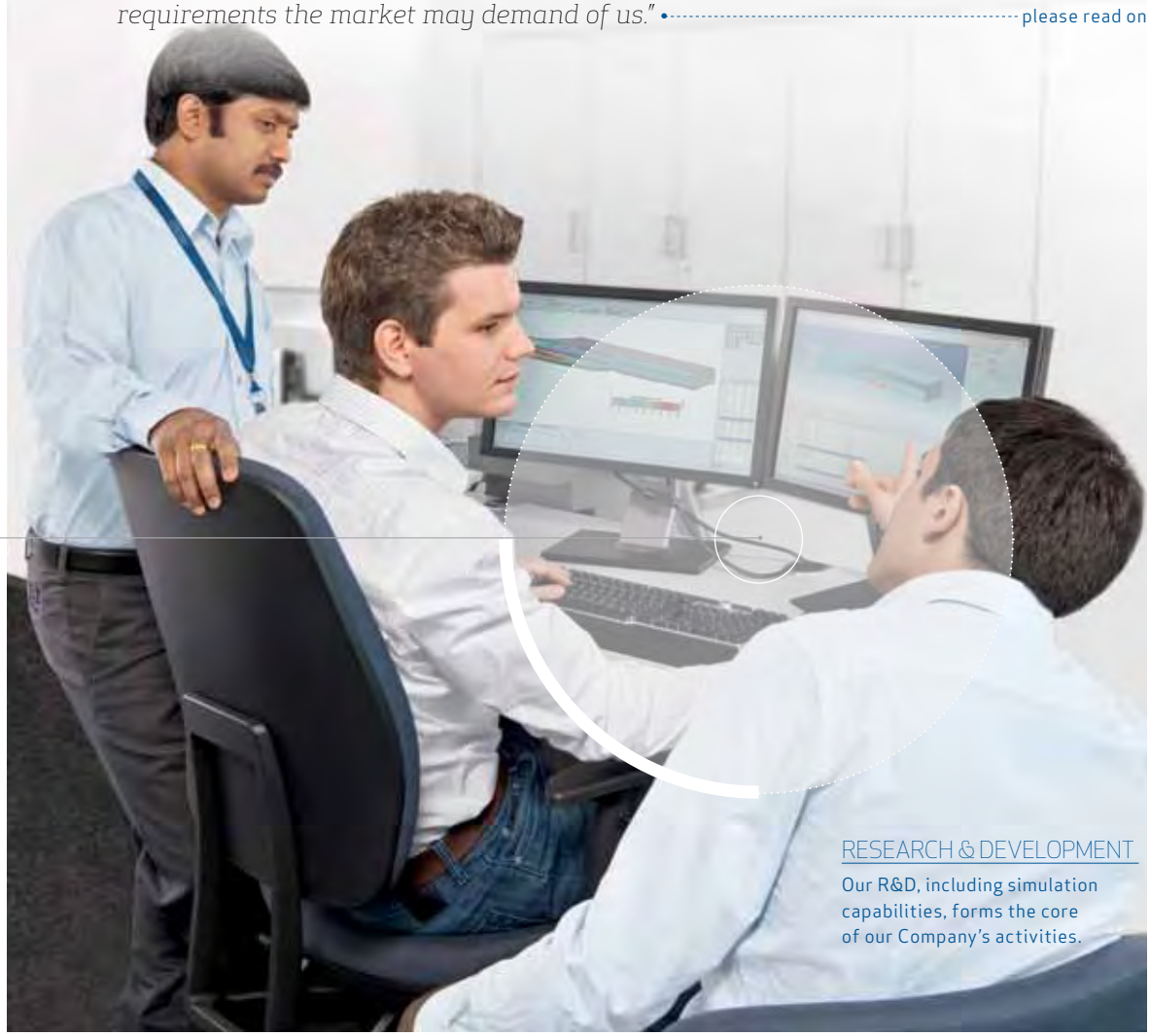
MARKET-DRIVEN TECHNOLOGY

TECHNOLOGY

PLANETARY REACTOR ®
CLOSE COUPLED SHOWERHEAD ®

"Customers want to produce the highest possible quality at the lowest possible unit cost – it's as simple as that. It's our job to enable them to achieve that objective," says Dr. Rainer Beccard, Vice President Marketing. "With our key-enabling technology, we have the necessary expertise to address the most challenging of material film requirements the market may demand of us."

please read on



RESEARCH & DEVELOPMENT

Our R&D, including simulation capabilities, forms the core of our Company's activities.

KEY-ENABLING TECHNOLOGY PAVES THE WAY

"It doesn't matter if we are talking about the LED market, or the markets for OLEDs, silicon applications or even carbon nanomaterials," Dr. Beccard states. "To be really successful it is essential that we deliver market-led engineering solutions. Internally we spend a lot of time understanding and defining what is important to our customers before we start the design process. That way, we can be confident that the solutions we deliver will meet their needs."

OLED
Organic Light Emitting Diode – a solid state device with organic compounds. OLEDs are being used in displays, monitors, e-papers as well as for large-area illumination (see glossary).

HIGHEST PERFORMANCE AND LOWEST COST OF OWNERSHIP

"The CRIUS® II-XL reactor system can process 19x4-inch wafers per run. Throughput of this volume and quality allows our customers to successfully operate in an increasingly competitive market environment", says Johannes Käppeler, Vice President Technology. "Our latest generation products, combined with recently re-developed options, like our powerful monitoring tool ARGUS, deliver unprecedented cost of ownership benefits to our customers. Our product strategy is focused on delivering progressively higher uniformity, increased productivity, better process control, improved cost of ownership, comprehensive automation options and on providing a predictable migration path between product generations."

EXPERTISE FOR OUR CUSTOMERS

Market-led engineering starts with listening to our customer. We and our customers benefit in three ways from the training centers we operate: First of all, customers learn how to take full advantage of our system technology, including our software interface products improving their fab integration process. Secondly, AIXTRON learns a great deal from the one-on-one discussions that take place during the training, about the customers' needs. Last, but not least; the Company is able to offer far more customized training and local support – enhancing the added value for our customers.

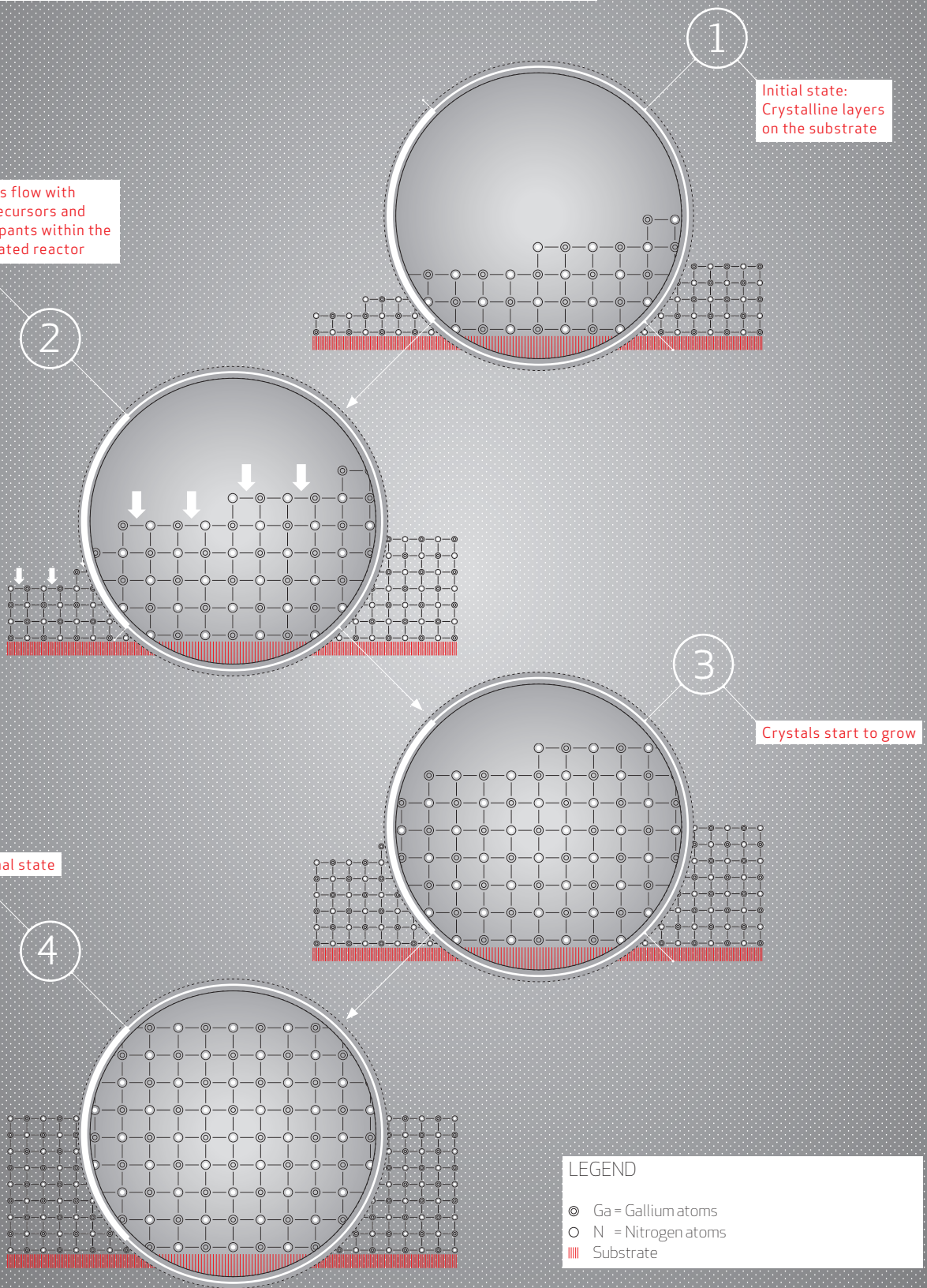
BEYOND LED – NOW!

As a leading edge technology business, we are always very aware that the developments we work on today, deliver the revenues we are targeting for tomorrow. Käppeler states: "The Planetary Reactor® and the Close Coupled Showerhead® concepts are being continuously refined by us so that they meet what we believe will be the needs of the imminent LED lighting market. But we are also investing heavily into alternative technologies in R&D addressing different end-markets."

Beccard explains: "We are making real progress in the development of our OVPD®/PVPD™ systems for manufacturing organic semiconductors (e.g., for OLEDs). We are continuing to invest in our new system technology for manufacturing semiconductors for power electronics, and in our BM systems for carbon nanostructures." Sasangan Ramanathan, Ph.D., Vice President and CTO at AIXTRON Inc., adds: "2012 also promises to be a key transitional year for our high throughput ALD technology, in the form of our QXP platform."

EPITAXY: GROWTH OF CRYSTALLINE LAYERS

Epitaxy refers to the deposition of thin, single layers on a suitable substrate on which they grow in the form of crystals. The word stems from the Greek term meaning “stacked” or “arranged in layers”.



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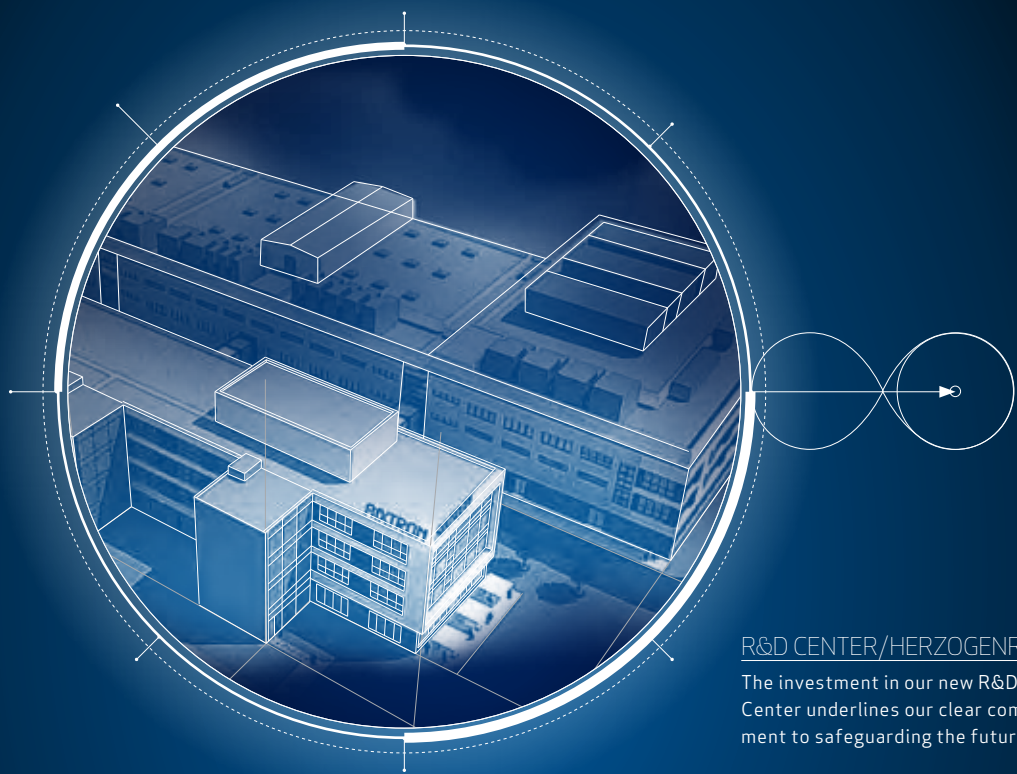


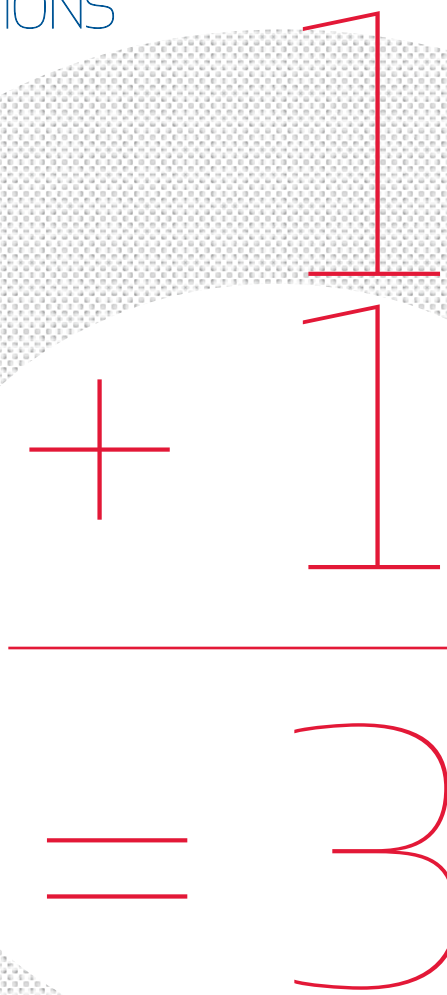
R&D CENTER/HERZOGENRATH

The investment in our new R&D Center underlines our clear commitment to safeguarding the future.

»Our clear strategy, our flexible business model, the quality of our people and our focus on key-enabling technology were the cornerstones of our success in the past and will remain so in the future. Coupled with these internal disciplines are external factors, such as our close collaborative relationships with customers and suppliers, fast response times, timely anticipation of market developments and above all; the delivery of customer value. We are determined to always be on the cutting edge of profitable technology development.«

PAUL HYLAND

SMALL DETAILS ∞ INFINITE OPTIONS



CONCLUSION

As always: there is more to the whole than the sum of its parts. Over the last few years many of the business's functional controls and processes have been considerably improved and as a consequence we have seen much more cohesive interaction between the key disciplines within AIXTRON. Today, the whole AIXTRON business is performing much more efficiently than ever before, albeit with the acceptance that we can always be better! Despite the market difficulties in 2011, we are confident that AIXTRON will continue to be a key player in material film deposition systems and will benefit from the huge opportunities offered by future markets.

THE STORY CONTINUES SINCE 1983

- 2011 AIXTRON launches CRIUS® II-L and CRIUS® II-XL, with the largest wafer surface in the market
- 2010 Launch of the new AIX G5 HT and CRIUS® II system generation
- 2009 Rapid adoption of LED TV drives significant market growth
- 2007 Further portfolio extension with PECVD
- 2005 Extension of technology portfolio with ALD and AVD® process
- 2000 Exclusive license from UDC for OVPD® technology
- 1999 Extension of portfolio with Close Coupled Showerhead® and SiC/CVD technology
- 1997 Initial public offering on the Frankfurt Stock Exchange
- 1995 AIXTRON becomes MOCVD world market leader (VLSI)
- 1994 First deposition system for the production of blue LEDs
- 1990 Delivery of the first MOCVD multi-wafer reactor
- 1989 Exclusive license from Philips for Planetary Reactor®
- 1988 AIXTRON wins “Innovationspreis der deutschen Wirtschaft”
- 1985 The first AIXTRON MOCVD system is installed
- 1983 AIXTRON is founded as a spin off from Aachen Technical University

2 INVESTMENT

BO LIU
Sales Project Manager
AIXTRON SE

CHAPTER 2

DEAR SHAREHOLDERS,

2011 was a year defined by the continuation of global uncertainty in the capital markets seen in 2010 and an increase in the financial vulnerability felt by the consumers our customers serve.

The absence of a sustainable solution to the ongoing financial debt situation in certain countries, coupled with some significant regional disruptions, led to us experiencing very sudden and difficult market conditions during 2011.

After a very strong first half of the year, we were confronted with a very abrupt reduction in order intake and business activity during the second half. Even though we have one of the industry's strictest order intake policies, not even that protected us from anxious customers deferring orders and deliveries of ordered systems at a very late stage.

One obvious reason for this development is that the progressive decline in confidence in the global economy has now cascaded from the capital markets to the consumer in the street. Nowhere is that clearer to be seen than in the consumer electronics market, manifesting itself in significantly lower consumer spending and consequently much reduced demand for LEDs used in these products.

The effect was additionally amplified in those Asian regions that produce much of the world's consumer electronics products, by a sudden deceleration in the availability of regional funding and increased credit tightness.

In the second half of 2011, these prime customer areas suffered doubly from both slowing end market demand and slowing and suspended subsidies.

Although what I describe are unprecedented market effects in unprecedented times, we will not allow ourselves to be distracted from our primary objectives. The flexible business model we have developed and refined over many years at AIXTRON and the stable financial position we have worked so hard to achieve has enabled us to rapidly adjust our operational costs to successfully adapt to these market fluctuations, whilst still maintaining our strong commitment to strategic investments in research and development.

Looking to the mid to long-term view, there are even encouraging signs that subsidies, previously aimed just at fixed assets, could now become available to stimulate the end market demand for LED lighting. The availability of both 'push' and 'pull' subsidies and favorable regulations will undoubtably help in the creation of the momentum we want to see towards LED lighting.

Let us also not lose sight of the fact that despite the very difficult market conditions in the second half of the year and consequent lower sequential revenues, 2011 has still turned out to be a profitable year with the second highest revenues in our history.

Let me now take a step back from the capital markets' view and try to give you our view of the industry and the drivers that could lead to a pick up in demand for LED manufacturing equipment again.

Since 2009, we have enjoyed extraordinary demand, driven by the very rapid consumer acceptance of LED LCD TVs and monitors. The use of LEDs for these applications has been a great success, but in my opinion, the majority of LED capital equipment investments necessary to serve this specific backlighting market have already been made by now. At the same time, the emerging LED lighting industry is not yet generating sufficient demand to support the next LED equipment investment cycle.

The big national and local government strategic investments being made to build up the LED infrastructure in the Asian markets, most prominently in China, did for a while suggest that they could have acted as a 'bridge' across the valley between the investment cycles for LED backlighting and separately for LED general lighting.

That 'bridge' is looking somewhat fragile today and we must look to the emerging LED lighting industry to trigger future meaningful market demand for LED mass production equipment.

Although it is difficult to predict the exact timing, I said before and I remain in no doubt, that the emergence of the LED lighting industry is not a question of 'if'. It is only a question of 'when'. We continue to see very encouraging signals in the form of increasingly proactive governmental engagement and clear market preparation and positioning activities from significant industry players specifically targeting the LED general lighting opportunity.

The mid- to long-term prospects for the LED industry remain excellent, particularly in view of the increasing worldwide acceptance of the environmental and increasing cost benefits that come with using LED technology for general lighting applications. Given the fact that around 20% of the world's energy is used for lighting; given that LED lights use only a fraction of the power needed for the majority of today's lights; and given that less than 5% of the world's lights currently use LED technology, then you can conclude that LED lighting remains a very real and substantial market opportunity for AIXTRON.

Let me assure you that when the doors to that opportunity really open wide – we will be ready with highly competitive products and services.

Our active Research and Development work is the foundation for our future success. Phase II of our new R&D center is now complete, providing us with the much needed infrastructure we need to support our ongoing investments in R&D. We have transferred our latest generation technology into the reseach and development laboratories and have also transferred our 'specials' and prototype production into this building.

We will also be able to use these facilities to further enhance the productivity and performance of our existing products, delivering lower cost of ownership for our customers. In the current climate our customers are having to cope with substantial LED price erosion and increasing margin pressures. Our contribution to the partnership we have with customers is to provide the support they need from us now and to ensure that they have access to the ongoing development of increasingly productive equipment from AIXTRON.

Our substantial multi-year investment program is not exclusively limited to the development of next generation LED manufacturing tools. We are using these facilities to develop new technologies for other end markets we believe we can address with the expertise we have within AIXTRON. In this context, it is important to recognize that we are not a company limited to just LED market opportunities, albeit that the LED market is very substantial. We continue to work on new technologies used in the manufacturing process of material films for other semiconductor applications.

These "beyond LED" technologies include; emerging MOCVD applications such as power electronics, large area deposition equipment to produce organic semiconductors like OLEDs or silicon semiconductor system technologies for next generation applications where we additionally expect to see an increased convergence between compound and silicon semiconductors.

In the longer term; we continue to make good progress providing equipment for the research community addressing carbon nanostructure applications, including graphene and carbon nanotubes.

Complementing and enhancing our R&D work; we are also actively engaged in a number of publicly and industry funded research projects to jointly work on the development and eventual commercialization of a number of these and other emerging technologies.

You won't be surprised that I believe that, with no immediate or obvious signals of a general economic recovery, along with every other global industry, we face a challenging first six months into 2012, with perhaps a more positive outlook for the second six months.

What is clear is that 'hoping' for a recovery is neither sensible nor professional. We will continue to take a proactive, disciplined and focused approach to managing the business we have. We will look after our customers and be competitive for all the new business that is available and we will continue to ensure that we are making the necessary investments to support the business outlook for the next 10 years.

With such limited order visibility, it is at this stage of the year far more difficult than in previous years to be precise in our 2012 guidance. However, we believe that although 2012 looks set to be a transitional year with lower revenues and potential customer consolidation, we retain a positive outlook for the industry in the long term.

Consequently, although unable to offer a precise revenue and EBIT margin guidance at this point in time, we anticipate remaining EBIT profitable in 2012. We will present a full year revenue and EBIT forecast as and when visibility improves.

In summary; the flexible business model, our solid balance sheet and strong financial position that we worked so hard to create, has enabled us to deliver a good 2011 result in a very difficult market environment. It also provides the foundation for our commitment to not only invest into today's opportunities, but also to invest into the markets of tomorrow.

In partnership with our customers, suppliers and employees, we are confident that we can cope profitably with the challenges we are facing today and emerge stronger from this period than we went into it.

This years' result could not have been achieved without the remarkable performance by the extraordinary group of people that work at AIXTRON. We are very fortunate to have such commitment from a consistently dedicated team.

I would also like to express my appreciation for the very active support and encouragement that we have received from the AIXTRON Supervisory Board throughout the year.

Finally, on behalf of the Executive Board of AIXTRON SE, I would also like to take this opportunity to express our gratitude to all of our shareholders for your continued support and patience in these difficult times.

I would also like to reaffirm the Executive Board's enthusiasm and commitment to the ongoing development of your company.

HERZOGENRATH, MARCH 2012

AIXTRON SE

PAUL HYLAND

PRESIDENT & CHIEF AND EXECUTIVE OFFICER

THE EXECUTIVE BOARD OF AIXTRON SE

WOLFGANG BREME
CHIEF FINANCIAL OFFICER
Born in 1960, married, 2 children

Education: Business Graduate.
2002–2005 Executive Board Member & CFO of technotrans AG.
Before 2002: board member and other leading positions at various international technology companies.

PAUL HYLAND
CHIEF EXECUTIVE OFFICER
Born in 1953, married, 4 children

Education: Businessman.
2000–2002: Managing Director Thomas Swan.
Previously: Managing Director of various international technology companies.

DR. BERND SCHULTE
CHIEF OPERATING OFFICER
Born in 1962, married, 3 childre

Education: Physics Graduate and Ph.D.
Since 1993: different management positions at AIXTRON.

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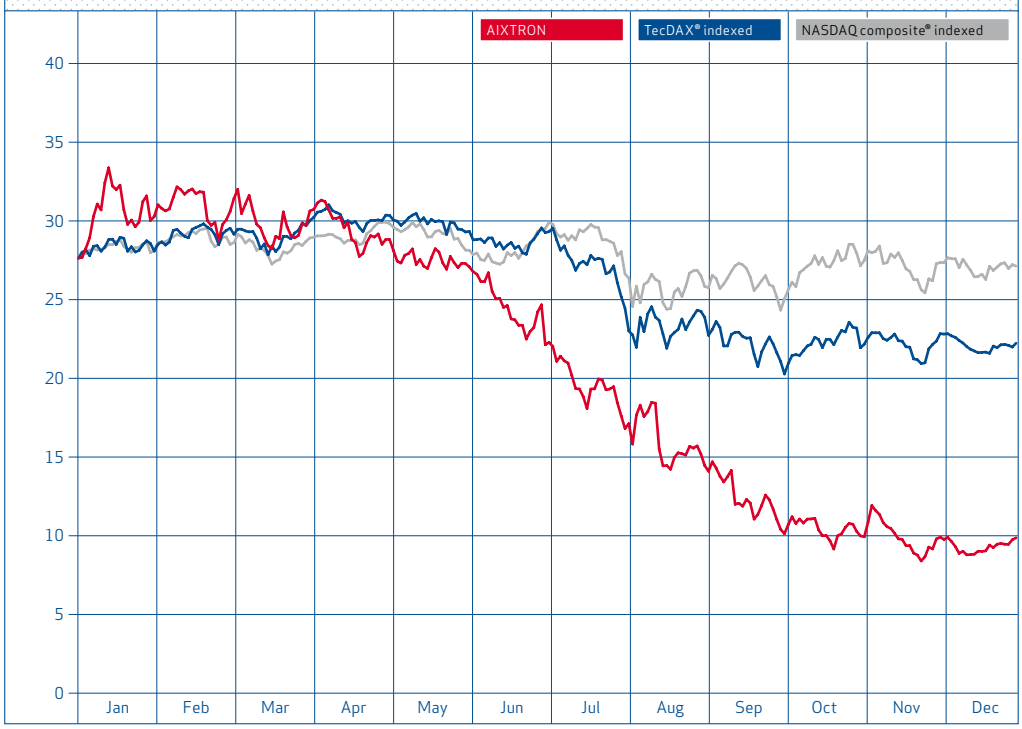
DEVELOPMENT OF SHARE PRICE in EUR



KEY SHARE DATA

XETRA in EUR, NASDAQ in USD	2011 Shares/ Germany	2011 ADS/ NASDAQ	2010 Shares/ XETRA	2010 ADS/ NASDAQ	2009 Shares/ XETRA	2009 ADS/ NASDAQ
Closing Price (end of period)	9.85	12.70	27.61	37.20	23.50	33.53
Period High Price	33.35	44.88	28.87	38.56	25.29	38.24
Period Low Price	8.38	11.26	18.99	23.11	3.15	3.88
Average daily trading volume (EUR, USD)	29,016,086	8,991,847	39,966,892	15,405,830	14,878,415	4,353,314
Average daily trading volume (number of shares, ADS)	1,384,466	323,581	1,717,062	495,203	1,016,748	170,069
Number of shared issued (end of period)	**101,789,527**		**101,179,866**		**100,667,177**	
Market capitalization (end of period), million EUR, million USD	1,002.6	1,292.7	2,793.6	3,763.9	2,365.68	3,375.37

THE AIXTRON SHARE

The uncertain prospects for both the global and regional economies and the technology industry sector had a significant impact on the equity markets during 2011 and led to both an outflow from European stock markets and from technology sector investments in general. Despite the positive full year operational performance, the AIXTRON share price declined by more than 60% in German and US trading during fiscal year 2011 on the back of deteriorating market expectations on the short term prospects for the LED industry.

Opening the year 2011 at EUR 27.50, the AIXTRON share continued to benefit from the positive macroeconomic forecasts made in 2010 and a stream of positive analyst reports at that time, which helped the share to achieve a 9-year high of EUR 34.08 in January 2011.

The very strong figures reported in March for the full year 2010, followed by the Q1/2011 results in April were broadly in line with the capital markets' expectations. However, after the strong start to the year, the macroeconomic environment progressively weakened into Q2, mainly on the continuation of the global financial crisis. The fragility of the outlook for the LED industry which subsequently developed, was increasingly reflected in the growing concerns being expressed by analysts and investors regarding the sustainability of such strong equipment demand from Asia and China in particular. As a direct consequence, the AIXTRON share came under pressure during this period.

At the end of July, the company reported the highest ever AIXTRON quarterly order intake, driven by continuing high demand, largely from China. Whilst retaining the guidance given in March, AIXTRON's Management did however report some early evidence of specific customer issues in this region and described the immediate outlook as resembling "choppy waters" ahead. In the period that followed the reporting of the first half results, the evidence of "choppy water" related LED customer uncertainty rapidly increased significantly, leading to the investment activities of those customers in Asia abruptly slowing down. After a comprehensive review of the prevailing circumstances, AIXTRON Management published a revision to AIXTRON's original full year guidance on September 15, 2011.

All the factors described, conspired to underpin an increasingly bearish capital market view on the development of the LED market and consequently of AIXTRON's short-term prospects. The lack of a resolution of the sovereign debt crisis and the spill-over effect on the global economy became increasingly evident. The result of these events and sentiments was that the AIXTRON share price remained under pressure throughout the second half of the year. This same pressure was additionally fuelled by the lack of business visibility and ongoing weak demand from the LED industry which led to an increasingly negative market consensus regarding AIXTRON's short-term business development opportunities.

In summary; during 2011, the AIXTRON share declined by 64% in German trading (Ticker: AIXA) and by 66% in US trading of AIXTRON's American Depositary Shares, ADS (Ticker: AIXG). The AIXTRON share ended the year at EUR 9.85 in Germany or USD 12.70 in the US (2010 closing price: EUR 27.61 or USD 37.20) with a market capitalization just above EUR 1 billion. 2011 was however the second best business year in AIXTRON's history.

The highest AIXA daily closing price of EUR 33.35 was reached on January 12 and the highest AIXG daily closing price of USD 44.88 was reached on April 4. The lowest daily AIXA and AIXG closing prices were both recorded on November 23, at EUR 8.38 and USD 11.26, respectively.

The European equity and specific technology sector outflow described earlier combined with the evident lack of visibility for AIXTRON, led to a disproportionate decline in the AIXTRON share price during 2011 compared to the TecDAX® and the NASDAQ Composite® Indices.

The TecDAX® Index decreased 20% from 848.1 points on December 30, 2010 to 682.4 at the end of 2011. The NASDAQ Composite® Index decreased 2% from 2,652.9 points on December 31, 2010 to 2,605.2 on the last trading day of 2011.

INVESTOR RELATIONS

The AIXTRON share is listed in the Prime Standard segment of the Frankfurter Wertpapierbörse and – in form of American Depositary Shares – on the NASDAQ® Global Select Market℠. In line with the US listing requirements, AIXTRON complies with strict American transparency guidelines. The share is included in many important indices, such as the TecDAX®, the NASDAQ Composite® and the STOXX® 600 Index. In addition, it is included in sustainability indices, such as the Dow Jones Sustainability Index and the Natur-Aktien-Index.

AIXTRON is committed to providing its shareholders and the capital markets with accurate, timely and relevant information both about the strategic and financial aspects of its business and about specific market developments, and to complying with the principles of good Corporate Governance.

This involves regular publication of press releases and key financial figures that reflect AIXTRON's current business situation. In addition, AIXTRON regularly participates in numerous major investor conferences and road shows in the world's most important financial centers, where it discusses current financial results, strategies and product, industry and market trends with institutional and private investors, journalists and financial analysts. At year end 2011, a total of 35 analysts (2010: 32), of whom 23 are based in Europe and 12 in the US, commented on the Company on a regular basis as part of their official coverage of the stock.

During fiscal year 2011, AIXTRON logged over 195 man-days reporting to the financial markets at investor conferences and road shows worldwide, conducting over 670 personal discussions and teleconferences with leading players in the financial markets. On request, the Investor Relations department sent out over 420 annual reports during the year and additionally maintained an active dialogue with many interested private shareholders and other stakeholders.

In 2011, AIXTRON's investor relations work was once again recognized by the annual survey of Thomson Reuters Extel and the German Investor Relations Association DIRK. According to fund managers, buy-side analysts and sell-side analysts worldwide, AIXTRON was quoted as running an "excellent IR operation with very good and honest interactions with clients and analysts" and is considered to have "best-in-class industry knowledge". AIXTRON SE was ranked number two among all TecDAX® companies (2010: rank 4) at the 2011 German IR Prize and number three among all TecDAX® companies (2010: rank 4) at the 2011 Capital IR Prize. In a survey amongst private investors for "2011 Best Investor Relations Germany" (Beste Investor Relations Deutschlands BIRD 2011), AIXTRON was ranked third among all TecDAX® companies (2010: 1).

A significant number of shareholders regularly attend AIXTRON's Annual General Meeting. At the meeting on May 19, 2011, AIXTRON's Executive and Supervisory Boards welcomed more than 650 shareholders and visitors to Aachen and provided a comprehensive report on the status of the Company through presentations, exhibitions and explanations.

SHAREHOLDER STRUCTURE

As of December 31, 2011, approximately 25% of AIXTRON's shares were held by private individuals, with around 75% held by institutional investors. While most of the private shareholders are based in Germany, the majority of the institutional investors (around 41%) are in the US, followed by the United Kingdom (21%) and Germany (17%). The remaining investors are distributed throughout other parts of Europe and the rest of the world. In 2011, AIXTRON's largest shareholder continued to be Camma GmbH (Aachen, Germany), with just under 8% of AIXTRON stock. Around 92.5% of the shares were free float, according to the definition of the Deutsche Börse. AIXTRON's shares ranked number 6 in market capitalization (December 2010: 2) and number 1 in turnover (December 2010: 1) in the Deutsche Börse TecDAX® Technology Index Ranking end of December 2011.

At year end, the following investors had shareholdings in AIXTRON SE exceeding the 3% reporting threshold (shares held as of the reporting date, pursuant to Section 26 (1) of the German Securities Trading Act/WpHG):

// Camma GmbH, Aachen, Germany, 7.5%
// Baillie Gifford & Co, Edinburgh, UK, 5.0%
// Vanguard International Growth Fund, Wayne, USA, 3.3%
// William Blair & Company, LLC, Chicago, USA, 3.0%
// Allianz Global Investors KAG mbH, Frankfurt am Main, Germany, 3.0%

3. PERFORMANCE

ANNETTE MÜLLERS

Department Manager
Systems & Design Engineering
AIXTRON SE

CHAPTER 3

GROUP MANAGEMENT REPORT AS OF DECEMBER 31, 2011

SUPERVISORY BOARD REPORT

Fiscal year 2011 was a year characterized by extraordinarily high volatility and an unexpected reduction in order intake during the second half. However, the Company's flexible business model and stable financial position has enabled the Management to effectively cope with these market fluctuations, whilst still maintaining their commitment to strategic investments in research and development.

One of the key triggers to the volatility seen recently across the entire LED industry has been the continued market uncertainty fuelled by the ongoing financial debt situation in certain countries. Amongst the indirect effects of this uncertainty, has been the negative effect on consumer spending behavior, leading to a decline in sales of consumer electronics and consequently in the demand for LEDs used in these products. The knock-on effect has been a sudden decrease in demand for our equipment during the second half of 2011, particularly from those Asian regions that have previously enjoyed a substantial subsidy-driven investment demand cycle. However, despite the very difficult market conditions in the second half of the year and consequent lower sequential revenues, 2011 has turned out to be a profitable year with the second highest revenues in our history.

The medium- to long-term prospects for the LED industry remain intact, particularly in view of the increasing worldwide acceptance of LED technology for general lighting applications. Moreover, the Supervisory Board believes that AIXTRON's wide-ranging research and development activities provide sufficient long-term market opportunities to enable the Company to look into the future with confidence.

During fiscal year 2011, the main focus of our activities was on how the Company dealt with issues such as the increased customer concentration in China, the general LED developments across Asia and the increased internal focus on technology development projects. Reflecting the growing importance of the timing and content of our Technology Development plans, the Supervisory Board created a Technology Committee in May 2011 to increase the level of interaction of this important element of the business.

We also supported the Executive Board through a regular dialogue with them on business development opportunities, corporate planning and strategic issues, including risk management issues and the requisite compliance program of the Company. For this purpose, the Supervisory Board, the Audit Committee and the newly formed Technology Committee met regularly with the Executive Board, which kept us promptly and comprehensively informed of all relevant developments. The Executive Board directly involved us in all decisions of a material importance to the Company and we, in turn, provided our independent advice to them. Furthermore, we monitored Executive Board management activities and actions on a regular basis and ensured that the Company was managed in a legal, orderly, appropriate and cost-effective manner.

SUPERVISORY BOARD MEETINGS AND CONTENT

During 2011, the Supervisory Board held four ordinary Supervisory Board meetings on February 28, May 18, September 14 and December 7, each of which was attended by all respective six Supervisory Board members. In addition, following the General Shareholders' Meeting on May 19, 2011, the then newly elected SE Supervisory Board held an inaugural meeting, which Prof. Dr. Denk attended for the first time as a new Supervisory Board member.

During these meetings, the Executive Board reported to us on the current financial position, risk management situation and operational issues. We specifically discussed in great detail; specific business performance measures, technological development projects, and production capacity projects. We also discussed the status of the market launch of the CRIUS® II-L and CRIUS® II-XL MOCVD systems, as well as the planned further developments of the common platform design. We also discussed the applicability of our system technologies for other, non-LED end market applications. This included; organic semiconductor and power electronic applications, amongst others. We were given regular status reports on regional market trends, in particular in the Chinese market, as well as on the progress being made in expanding our organization in that particular region. We also spent time discussing in detail the competitive environment and Management's strategy for increasing the Company's market share.

In all of the meetings held, we gained a comprehensive insight into the short- and medium-term corporate strategy and planning of the entire AIXTRON Group through forecast reports and business development plans. Variances between the Company's budgetary planning and actual business performance were explained. Here, we paid particular attention to the reported trend in sales projections, especially in Asia, where the Company had experienced so much volatility that it resulted in the Executive Board reducing its original year-end guidance for 2011 on September 15, 2011.

The latest share price developments and trends, analyst recommendations on the AIXTRON share, information on the share ownership structure, the USD/EUR exchange rate trend and the associated use of financial instruments to hedge against currency risks (hedging strategy) were also regularly discussed at the Supervisory Board meetings.

Between meetings, all Supervisory Board members received written monthly and detailed quarterly reports on the status of the Company. Through a secure intranet web portal specially designed for the Supervisory Board, we had access to internal and selected external information about AIXTRON, including internal control reports, meeting minutes, company presentations, research reports, analyst consensus reports, press releases and AIXTRON's financial reports. Furthermore, in numerous telephone calls and face-to-face meetings, both I, as Chairman, and the Chairman of the Audit Committee as well as the Chairman of the Technology Committee were promptly and comprehensively informed by the Executive Board about material developments and forthcoming decisions.

All business transactions which needed our approval were presented to us in a timely manner by the Executive Board, and where appropriate, we have given our approval after thorough consideration and examination.

At the first ordinary meeting of the year on February 28, 2011, the Financial Statements for AIXTRON SE as of December 31, 2010, the Consolidated Financial Statements as of December 31, 2010 and the respective Management Reports (including the Risk Report), the Auditors' Report and the report by the Audit Committee on the key audit results were extensively discussed by the Supervisory Board, and then subsequently adopted and approved. We also discussed and approved for publication, the Company's Annual Report in Form 20-F, pursuant to United States Securities and Exchange Commission (SEC) rules, and passed resolutions for the General Shareholders' Meeting in 2011 (including the agenda, a resolution for the appropriation of net income coupled with the proposed dividend payment, the Supervisory Board report and the appointment of an auditor for the Financial Statements and the Consolidated Financial Statements). The same meeting discussed and approved the Corporate Governance Report with the Declaration of Conformity dated February 2011 for publication in the Annual Report.

At the May 18, 2011 meeting, we approved the acquisition of two small plots of land and agreed to dissolve the Nomination Committee, as, for the time being, there was no immediate need to consult the said committee after suitable Supervisory Board candidates had been nominated. However, the Nomination Committee could be reappointed at any time, should the need arise.

At the inaugural meeting of the newly elected Supervisory Board of AIXTRON SE on May 19, 2011, which Mr. Simmroß no longer attended but which Prof. Dr. Denk attended for the first time, I was elected as Chairman and Dr. Jürgensen was elected as Deputy Chairman of the Supervisory Board. A resolution was also adopted to re-establish an Audit Committee made up of the following individuals: Prof. Dr. Blättchen (Chairman), Dr. Jürgensen and myself.

It was also decided at this meeting, that for the first time, a Technology Committee would be set up, whose members would include Prof. Dr. Denk (Chairman), Dr. Jürgensen and myself. The primary purpose of the Technology Committee is to monitor and focus on the most important aspects of the Company's activities and plans for Technology and Product developments.

At the meeting on September 14, 2011, we approved a revised schedule of responsibilities. We also approved the by-laws of the Technology Committee and the issuance of a tranche of the stock option program to hire and retain highly qualified new managers.

On December 7, 2011, AIXTRON SE's Supervisory Board held its last ordinary meeting of the year. After a thorough discussion, we approved the Executive Board's proposed 2012 budget. The budget includes, among other things, revenue, income, financial, investment and personnel development plans. At the same meeting, we discussed and approved the dividend policy and the Executive Board's intended appropriation of expected 2011 net income. Furthermore, we have agreed to issue a new tranche of the stock option program for highly qualified new employees.

The following additional topics were subjects of discussion and/or monitoring during our four ordinary meetings (but did not necessarily require any formal resolutions):

// The functions and duties of AIXTRON SE's Treasury Department
// Tests on the internal Control and Compliance System (including the work of the Compliance and Internal Audit Departments)
// Steps taken to recruit highly qualified employees
// MOCVD product lifecycles
// Steps taken to shorten development cycles
// The status and trends in the competitive environment
// Delay/potential cancellations of system orders and corresponding adjustments to production capacities
// Future policy for handling major/multiple orders
// Future manufacturing strategy options
// Downward price trend in LED lighting applications
// Decline in demand for systems for LED backlighting
// Inorganic growth opportunities
// Risk Management issues
// Capital market issues
// Senior management organization structure

USE OF NET INCOME

Based on German generally accepted accounting principles, as laid out in the German Commercial Code (Handelsgesetzbuch/HGB) and the requirements of the German Stock Corporation Act (Aktiengesetz/AktG), the AIXTRON Group's controlling company, AIXTRON SE, posted net accumulated income of EUR 77.0m in fiscal year 2011. The Executive Board proposed to the Supervisory Board that a dividend of EUR 0.25 per share be distributed for fiscal year 2011. The Supervisory Board examined this proposal for profit distribution, taking into consideration the Company's projected liquidity and proposed financial and investment plans. We came to the conclusion that a dividend payment of the proposed amount took appropriate account both of the financial security of the Company and the shareholders' interests. We therefore agreed with the Executive Board's proposal for the appropriation of net income. The Supervisory Board and the Executive Board will propose to the 2012 General Shareholders' Meeting that a dividend of EUR 0.25 per share be distributed for fiscal year 2011.

COMMITTEES

The Supervisory Board currently has two committees, an Audit Committee and a Technology Committee.

The Audit Committee is composed of a Chairman, who is an independent member and whose expertise is reporting and audits (as required by law: Sections 107(4) and 100(5) of the German Stock Corporation Act (AktG)), and two other members. The Audit Committee primarily deals with matters such as accounting, risk management, compliance, the effectiveness of the internal control system and the internal audit system and implementation of the regulations stipulated in Section 404 of the Sarbanes-Oxley Act (SOX 404), the auditors' mandate, the identification of areas to be audited and the auditors' fee arrangements, whilst also ensuring the necessary independence of the auditors. The Chairman of the Committee regularly reports to the Supervisory Board on the work of the Audit Committee.

The four Audit Committee meetings held during fiscal year 2011 (February 28, May 18, September 13 and December 6) were attended by all committee members. The Audit Committee members addressed the following issues:

// Enhancement of an information base to perform the supervisory task
// Preparational audit of financial publication (Year end closing and intermediate reporting)
// Supervision of the auditors work: selection and assignment of the auditor, review & discussion of the Statement of Independence and the Management Letter written by the auditors (main conclusions and recommendations from the 2010 annual audit of AIXTRON SE and AIXTRON Group accounts as well as the internal control system)
// Monitoring of the financial accounting process and the effectiveness of the internal control system (SOX-Database, Controlling System)
// Monitoring of the effectiveness of the risk management system and the internal auditing system
// Monitoring of the effectiveness of the compliance system (compliance manual, compliance statements, UK Bribery Act)
// New "Information Security" and "Sustainability Management" projects
// Specific points of focus during the 2011 annual audit and auditor rotation requirements in line with legal standards

The Technology Committee is also composed of three members. It deals in particular with issues involving AIXTRON's market positioning, product planning and developments, potential technology acquisitions or other diversification issues. The Committee Chairman regularly reports to the Supervisory Board on the activities of the Technology Committee.

In fiscal year 2011, the Technology Committee held four meetings: on September 13, on October 20, on November 15 and on December 6, which were attended by all Committee members. The Committee discussed in detail various technology topics, including: the continuous performance improvement program for the current MOCVD generation, the current new product development programs, as well as reflecting on the reported technology demand trends. The committee also reviewed other non-MOCVD end-markets which were of strategic interest to the Executive Board.

The nomination committee was composed of a chairman and two other members. In fiscal year 2011, the Nomination Committee deliberated in numerous telephone calls and conducted individual interviews with potential candidates to prepare its proposal of suitable Supervisory Board candidates to the 2011 Annual General Meeting. The Nomination Committee was dissolved in conjunction with the election of a new Supervisory Board by the Annual General Meeting on May 19, 2011. However, the Supervisory Board will reappoint a Nomination Committee should the need arise.

MONITORING OF THE EXECUTIVE BOARD

During fiscal year 2011, the Supervisory Board paid special attention to market and technology issues and to specific business developments in Asia. We ensured that the Executive Board kept us regularly informed about the breakdown of, and trend in, orders, including orders that were known to have been awarded to our competitors. The Executive Board explained to us the elements and circumstances behind the significant market adjustment that took place within the third quarter which led to the mid-September adjustment of the revenue and EBIT forecast for the year. In addition, we regularly consulted and asked the Executive Board and the Technology Committee questions about current research and development work, which is now being directed from the new R&D center. As part of a regular review process and in order to make the most effective use of the Executive Board members' individual expertise (especially in Sales/Distribution, Finance and Technology), we ensured that Executive Board responsibilities were appropriately apportioned and that the relevant Executive Board's schedule of responsibilities reflected these personal responsibilities.

During the reporting year, the Supervisory Board did not make use of its option to inspect the books and records of the Company, as provided for in Section 111(2) of the German Stock Corporation Act (AktG). There was no identified need to do so given the regular, detailed and satisfactory reporting by the Executive Board, the review by and discussions with the auditors, and the additional monitoring measures implemented as described.

CORPORATE GOVERNANCE

The Supervisory Board regularly checks on the control and development of Corporate Governance standards and together with the Executive Board writes a Corporate Governance report. We will continue to support the Executive Board in its efforts to maintain full compliance with the German Corporate Governance Code (GCGC) recommendations. There were no changes to the Code during the year under review, so as we were in the prior years, we are in full compliance with the code. This is further confirmed by the February 2012 Declaration of Conformity, in accordance with Section 161 of the German Stock Corporation Act (AktG).

During the year under review, no conflicts of interest, within the meaning of Section 5.5.2 GCGC, arose involving members of the Supervisory Board. Neither was the Supervisory Board required during the year, to address any conflict of interest issues concerning the Executive Board, nor were any such conflicts of interest reported by members of the Executive Board.

AUDIT AND ANNUAL FINANCIAL STATEMENTS

Following the resolution passed at the Company's General Shareholders' Meeting on May 19, 2011, the Supervisory Board has subsequently awarded the mandate to audit the annual accounts of both, AIXTRON SE and the AIXTRON Group to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany for the 2011 fiscal year.

The auditors also reviewed the internal control system in accordance with SOX as well as the measures implemented by the Executive Board to detect, at an early stage, business risks that might jeopardize the existence of the Company. It was also agreed that the auditors would, if necessary, inform the Supervisory Board or make a note in the audit report of any facts found during their investigation which conflict with the Declaration of Conformity issued under Section 161 of the German Stock Corporation Act (AktG) given by the Executive Board and Supervisory Board. As in previous years, the auditors did not make any such note for fiscal year 2011.

The Financial Statements of AIXTRON SE as of December 31, 2011 and the Management Report were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch/HGB), while the Consolidated Financial Statements for the AIXTRON Group and the Consolidated Management Report were prepared in accordance with Section 315a of the HGB on the basis of International Financial Reporting Standards (IFRS). The Financial Statements of AIXTRON SE and the Company's Consolidated Financial Statements were given an unqualified audit opinion. The auditors have determined that the Management Reports of both AIXTRON SE and the AIXTRON Group present a true and fair view of the current and future business development of AIXTRON SE and the AIXTRON Group.

The Annual Financial Statement documents (Annual Financial Statements of AIXTRON SE and Consolidated Financial Statements as of December 31, 2011, including the Management Reports of the Company and the Group) and the audit reports by the auditors, were submitted to the Audit Committee and the Supervisory Board for examination in a timely manner. We have closely examined these documents. The Annual Financial Statements of AIXTRON SE and the Consolidated Financial Statements for the AIXTRON Group, as well as the respective Management Reports, were discussed in detail at the Audit Committee Meeting on February 28, 2012, with due consideration given to the auditors' reports. The auditor was also present at that meeting and reported on the key audit results, which also covered internal control and risk management systems as they relate to the accounting process, and was available to answer any additional questions raised by the Audit Committee or Supervisory Board. We discussed the Annual Report Form 20-F as required by the U.S. Securities and Exchange Commission (SEC).

Following our own examination, we had no objections to the single-entity and Consolidated Financial Statements submitted; the respective Management Reports matched our own assessment of the Company and the Group's situation. We fully concurred with the auditors' results and opinion and consequently in a resolution passed on February 29, 2012 we approved both the Annual Financial Statements of AIXTRON SE and the Consolidated Financial Statements of the AIXTRON Group prepared by the Executive Board for fiscal year 2011. The auditor was also present at that meeting. The Annual Financial Statements of the Company and the AIXTRON Group are, therefore, formally adopted. Form 20-F is approved for filing with the SEC.

EXECUTIVE AND SUPERVISORY BOARD MEMBERS

All Supervisory Board members' terms of office ended as of the close of the General Shareholders' Meeting on May 19, 2011. Acting on the recommendation of the Nomination Committee, the Supervisory Board had therefore proposed that the following be appointed until the end of the General Shareholders' Meeting that adopts a resolution approving their activities during fiscal year 2015, but in any case for no longer than six years.

// Kim Schindelhauer, Aachen, Dipl.-Kaufmann (Degree in Business Administration),
// Dr. Holger Jürgensen, Aachen, physicist,
// Prof. Dr. Wolfgang Blättchen, Leonberg,
Managing Director of Blättchen Financial Advisory GmbH,
// Prof. Dr. Petra Denk, Unterschleissheim, Chair of Business and Energy Management
Hochschule Landshut (Landshut University of Applied Sciences),
// Karl-Hermann Kuklies, Duisburg, businessman,
// Prof. Dr. Rüdiger von Rosen, Frankfurt am Main, Managing Director,
Deutsches Aktieninstitut e.V.

The General Shareholders' Meeting approved the proposed candidates. Mr. Simmroß, who has been a member of AIXTRON's Supervisory Board since the formation of the original Supervisory Board, decided that after 21 years of working for AIXTRON he would not seek re-election. We thank Mr. Simmroß for his committed work for the AIXTRON Supervisory Board and his outstanding contribution and wish him all the best for his future.

There were no changes in the composition of the Executive Board during the fiscal year.

NOTE OF THANKS FROM THE SUPERVISORY BOARD

We would like to thank the Executive Board and all employees for their extraordinary personal commitment and also to express our appreciation to the employee representatives for their constructive cooperation with the Company's executives. Similarly, we would like to thank AIXTRON's shareholders for their continuing confidence in AIXTRON SE.

HERZOGENRATH, FEBRUARY 2012

AIXTRON SE

KIM SCHINDELHAUER
CHAIRMAN OF THE SUPERVISORY BOARD

CORPORATE GOVERNANCE

1 // DECLARATION ON CORPORATE GOVERNANCE

1.1 // DECLARATION OF CONFORMITY

In accordance with Article 161 of the German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of AIXTRON SE declare:

The recommendations of the Government Commission on the German Corporate Governance Code (Regierungskommission "Deutscher Corporate Governance Kodex"), as published by the Federal Ministry of Justice (Bundesministerium der Justiz) published in the official version of the electronic Federal Gazette as amended, have been complied with in full since the latest Declaration of Conformity, dated February 2011.

The Company intends to remain fully compliant in the future.

HERZOGENRATH, FEBRUARY 2012

AIXTRON SE

FOR THE EXECUTIVE BOARD OF AIXTRON SE

PAUL HYLAND
CHAIRMAN OF THE EXECUTIVE BOARD

FOR THE SUPERVISORY BOARD OF AIXTRON SE

KIM SCHINDELHAUER
CHAIRMAN OF THE SUPERVISORY BOARD

1.2 // INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

AIXTRON SE (formerly AIXTRON AG) has had a **Code of Ethics** since 2006 for Executive Board members and certain managers in Finance. The aim of this Code is to promote upright and ethical conduct, including the ethical handling of conflicts of interest, the complete, fair, precise, timely and transparent disclosure of quarterly and annual reports, compliance with prevailing laws, rules and regulations, the immediate internal reporting of breaches of the Code where necessary and to ensure accountable responsibility for compliance with the Code. The complete text of the Code may be found on the AIXTRON website.

In addition, AIXTRON has issued a **Compliance Code of Conduct** applicable to the Company's Executive and Supervisory Boards, as well as all employees in all Company offices throughout the world and holds them accountable to conduct that is required to be conscientious and in conformity with the law. Amongst the topics addressed, this Code covers the following issues: responsibility and respect towards society and the environment, compliance with overall legal conditions, legal and ethical conduct by each individual employee, loyalty to the Company, fair and respectful treatment of fellow employees, rejection of any form of discrimination, dealing responsibly with corporate risks, acting in an environmentally aware manner, security in all operating areas, working in a professional manner, reliability and fairness in all business relationships, compliance with guidelines on giving/taking unfair advantage, dealing with insider information and the treatment of Company property. The full text of the Compliance Code of Conduct can be downloaded from the AIXTRON website.

In 2011, AIXTRON issued a **Compliance Manual** which applies to all members of the senior management. This manual is based on the principles of the Compliance Code of Conduct and provides a detailed view on all important areas of compliance. It is regularly updated e.g. reflecting legal changes. By signing a representation letter, the senior managers confirm having informed their team members about the content of the Compliance Manual and that the compliance rules and regulations set out by AIXTRON SE are being complied with.

1.3 // FUNCTION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD AND COMPOSITION AND FUNCTION OF THE SUPPORTING COMMITTEES

As a European Company (Societas Europaea), AIXTRON SE is subject to not only the German Stock Corporation Law, but also to the superseding European SE regulations (SE VO) and the German SE Implementation Act (SE-Ausführungsgesetz). The company has a dual management and supervisory board structure consisting of an Executive Board and a Supervisory Board.

EXECUTIVE BOARD

Pursuant to the guidelines set forth in the German Stock Corporation Act, which are also valid for AIXTRON SE, via the SE statutes, the Executive Board of AIXTRON SE is responsible for the management of the Company and informs the Supervisory Board regularly, comprehensively

and without delay, of any appropriate issues or developments regarding business trends, corporate planning and strategy, and on the Company's risk status.

According to Article 8 of AIXTRON SE's Articles of Association, the Executive Board is to comprise of two or more persons.

The Supervisory Board determines the precise number of Executive Board members and also decides whether there should be a Chairman and whether deputy members or a Deputy Chairman should be appointed.

Since 2005, AIXTRON SE's (or, formerly, AIXTRON AG's) Executive Board has been comprised of the following three members:

Name	Position	First Appointment	End of Term
Paul Hyland	Chairman, President and Chief Executive Officer	April 1, 2002	March 31, 2015
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2013
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

In addition to the joint liability of the Executive Board, defined by law and the obligation to work closely and confidentially with their colleagues, the responsibilities of the individual members of the Executive Board are allocated, as follows:

Paul Hyland, AIXTRON's President and Chief Executive Officer coordinates the tasks of the Executive Board and is responsible for the corporate operations at the AIXTRON Group, focusing in particular on Strategic Planning, Investor Relations Management & Communication, Manufacturing, Procurement & Logistics. Wolfgang Breme, the Chief Financial Officer in addition to Group Finances and Reporting is also responsible for Corporate Governance & Compliance, IT, Human Resources, Legal & Risk Management and Facility Management. The Chief Operating Officer, Dr. Bernd Schulte is responsible for the Group's Marketing, Technology Development, Business Development and Sales.

With the Supervisory Board's approval, the Executive Board has adopted by-laws that are regularly reviewed to ensure they are appropriate and up to date. They include a listing of matters which are of fundamental or substantial importance and about which the Executive Board is required to make formal resolutions. Examples of such material decisions requiring formal resolutions are: Company strategies, corporate planning and budgets; significant changes in the organization of the Company and Group; the commencement or discontinuation of areas of activity of the Company; the acquisition and sale of land and land rights; the conclusion, amendment, and termination of intercompany or significant license or cooperation agreements; the commissioning of material external consulting and research projects; funda-

mental questions in the area of human resources and human resources policy; determination of the principles governing representation in business organizations and associations; appointments to the management and supervisory bodies of subsidiaries and associated companies; important publications and information for public consumption above and beyond normal reporting requirements; the initiation of lawsuits and legal disputes; the granting of collateral and assumption of guarantees.

In addition, the Executive Board rules of procedure and the Articles of Association, respectively, contain lists of material transactions and measures which require the prior approval of the Supervisory Board. Transactions and measures requiring approval pursuant to the Articles of Association or by-laws, include, but are not limited to, decisions to build or dispose of operating sites or land; starting or ending business activities; and extending or taking out loans, etc.

According to the by-laws, meetings of the Executive Board are to be held at least twice a month or whenever the Company's interests shall so dictate. Executive Board meetings are convened and directed by the Chairman of the Board. Any member of the Executive Board may request an Executive Board meeting be convened for a specific issue. If the Chairman cannot attend, the meeting shall be chaired by a Board member appointed by the Chairman. The Executive Board shall be deemed to have a quorum if all members have been invited and more than half of the members are able to participate in person, via telephone link or by videoconference when resolutions are being voted on. The Executive Board makes decisions by a simple majority of the votes cast by the members involved in the meeting unless otherwise determined by the law, the Articles of Association and the by-laws. In the case of a tie, the Executive Board Chairman casts the deciding vote.

Every Executive Board member must immediately disclose actual or imminent conflicts of interest to the Supervisory Board and other member of the Executive Board. Members of the Executive Board may only take on sideline activities, especially posts on company and supervisory boards outside the Group, after receiving Supervisory Board approval.

SUPERVISORY BOARD

The Supervisory Board is responsible for the appointment and employment terms of the Executive Board members and oversees and advises the Executive Board with regard to its management duties.

Pursuant to Article 11 of AIXTRON SE's Articles of Association, the Supervisory Board consists of six members. The General Shareholders' Meeting can specify any other number of Supervisory Board members, providing that the total is divisible by three. The members of the Supervisory Board are generally appointed for a period of four years and until the end of the General Shareholders' Meeting, in which the shareholders represented, resolve on the approval of the Supervisory Board's activities for AIXTRON SE's fourth fiscal year. The members of AIXTRON SE's

first Supervisory Board were appointed in December 2010 pursuant to AIXTRON SE's Articles of Association and in accordance with Article 40 (2) sentence 2 of the SE Regulation and consisted of the same members as AIXTRON AG's Supervisory Board in office until that time.

Following the recommendation of the Nomination Committee, the SE Supervisory Board was elected by the shareholders at the Annual General Meeting 2011. The shareholders elected Prof. Dr. Petra Denk as a member of the AIXTRON SE Supervisory Board, replacing Mr. Joachim Simmroß, who was a long-term member of the AIXTRON Supervisory Board and who chose not to seek re-election.

The Supervisory Board elects a Chairman and a Deputy Chairman from among its members. The Supervisory Board Chairman or – if he is prevented from doing so – his Deputy, convenes and leads the meetings of the Supervisory Board.

At the end of fiscal year 2011, AIXTRON's Supervisory Board comprised of the following six members:

Name	Position	Member since	End of Term
Kim Schindelhauer*/**/***	Chairman of the Supervisory Board	2002	AGM 2016
Dr. Holger Jürgensen*/**/***	Deputy Chairman of the Supervisory Board	2002	AGM 2016
Prof. Dr. Wolfgang Blättchen*	Chairman of the Audit Committee, Financial Expert****	1998	AGM 2016
Prof. Dr. Petra Denk**	Chairwoman of the Technology Committee	2011	AGM 2016
Karl-Hermann Kuklies		1997	AGM 2016
Prof. Dr. Rüdiger von Rosen		2002	AGM 2016

* Member of the Audit Committee
** Member of the Technology Committee
*** Former Executive Board member of AIXTRON AG
**** Since 2005

An independent and appropriately experienced Supervisory Board member has chaired the Audit Committee since 2005 (pursuant to item 5.3.2 of the German Corporate Governance Code/GCGC). The Technology Committee was constituted for the first time on May 19, 2011.

The Company is in compliance with the requirement for diversity on the Supervisory Board (item 5.4.1 GCGC) due to the broad range of skills of individual Supervisory Board members (in the areas of finance, capital markets, M&A and technology and market experience). In addition, the ratio of female members met the target requirements set in 2010.

As required under item 5.4.2 of the German Corporate Governance Code, the Supervisory Board includes no more than two former Executive Board members.

Prior to the Supervisory Board Meeting on December 7, 2011, each Supervisory Board member received the annual questionnaire from the Chairman, examining the efficiency of Supervisory Board's activities. Based on it's evaluation of the questionnaire, the Supervisory Board resolved that it is acting efficiently in accordance with item 5.6 of the Code.

Other directorships held by Executive and Supervisory Board members are listed under 36 **Supervisory Board and Executive Board**, in the Notes to the Consolidated Financial Statements. The Company did not initiate or conclude any binding material transactions with related parties during the fiscal year 2011.

The Supervisory Board has additionally adopted its own set of by-laws governing Supervisory Board duties, rights and organization procedures for meetings and resolutions, including the formation of appropriate committees. The Audit Committee operates according to separate by-law requirements approved by the Supervisory Board. Rules of procedure were also adopted for the Technology Committee on September 14, 2011 by the Supervisory Board.

The Supervisory Board, like the Audit Committee and the Technology Committee generally holds four ordinary meetings per calendar year (the minimum number of meetings according to the by-laws is two per half year).

As requested by the Chairman of the Supervisory Board, the Executive Board participates in all Supervisory Board meetings, gives written and oral reports on the various points on the agenda and proposed resolutions, and answers questions posed by individual Supervisory Board members. Between meetings, monthly and detailed quarterly reports on the status of the Company from the Executive Board are made available to all Supervisory Board members. Furthermore, in numerous telephone conference calls and face-to-face meetings, the Supervisory Board Chairman, the Chairman of the Audit Committee and the Chairwoman of the Technology Committee are promptly and comprehensively informed by the Executive Board about relevant material developments and forthcoming decisions on material issues.

Resolutions of the Supervisory Board and the Supervisory Board Committees are generally passed during formally convened meetings. In exceptional cases, Supervisory Board members may, if justified, participate in a board or committee meeting remotely via telephone or video conference. All three bodies are deemed to have a quorum if two-thirds, or in the case of the Supervisory Board, at least three members, are able to participate in person or outside of formal meetings, if no objections are raised by any member, remotely via a telephone link or via proxy to vote on resolutions. Resolutions are adopted if a majority of the votes cast are in favor. In the case of a tie, the Chairman of the body casts the deciding vote.

Every member of the Supervisory Board must disclose potential and actual conflicts of interest to the Supervisory Board, especially those conflicts arising from a consulting contract or board function for a customer, supplier, creditor, or other business partner. If a material, beyond temporary, conflict of interest involving a Supervisory Board member cannot be resolved to the satisfaction of the Supervisory Board, it will result in that member being required to resign.

EXECUTIVE AND SUPERVISORY BOARD COOPERATION

During 2011, the Executive Board and the Supervisory Board worked closely together for the benefit of the business enterprise. Their joint goal is to increase the sustainable value of the Company.

AIXTRON SE has a two-tier governance system characterized by a clear separation of management and supervisory functions. The Executive Board is responsible for managing the Company and informs the Supervisory Board regularly, comprehensively and without delay about all relevant issues or developments involving planning, business trends, the Company's risk situation, risk management and compliance.

The Supervisory Board appoints the members of the Executive Board and oversees and advises the Executive Board in its management duties. For certain transactions and measures, specified in the Articles of Association of AIXTRON SE or the Executive Board's by-laws, the Executive Board must obtain the prior approval of the Supervisory Board. When concluding, amending or terminating material agreements, that do not require approval under the Articles of Association or the Executive Board's by-laws, the Executive Board is also required to report such events to the Supervisory Board.

FUNCTION AND COMPOSITION OF THE COMMITTEES

AIXTRON's Executive Board has not formulated any separate committees.

The Supervisory Board of AIXTRON currently has two committees: the Audit Committee and the Technology Committee.

The Audit Committee is composed of a Chairman, who is an independent member and whose area of expertise is reporting and audits (as required by law: Articles 107(4); 100(5) German Stock Corporation Act/AktG) and two other members. The by-laws for the Supervisory Board specify that the Audit Committee is responsible, in particular, for preparing, on behalf of the Supervisory Board, proceedings and resolutions concerning accounting issues, the accounting process and the effectiveness of the internal control system, the risk management system, the internal audit system, supervising the audit of the financial statements (specifically ensuring the independence of the auditors and any additional services performed by the auditors) and the overseeing of compliance issues. In addition, the Audit Committee is responsible for issuing the mandate to audit the annual accounts and the consolidated Group accounts and to carry out any necessary

examination of interim reports of AIXTRON SE; for identifying the main focus areas of the audit and for agreeing on the fee arrangements with the auditors. The Audit Committee forwards to the Supervisory Board its recommendation on which auditing firm should be appointed as auditor.

The Technology Committee is composed of a Chairwoman and two other members. It deals, in particular, with questions of AIXTRON's market positioning, product planning and development, possible technology acquisitions and other topics relating to diversification.

The Supervisory Board also had in place a Nomination Committee, which consisted of a Chairman and two additional members. The specific task of the Nomination Committee was to propose suitable candidates to the Supervisory Board, for the latter's recommendation of suitable candidates to the Annual General Meeting. The Nomination Committee was required to ensure that collectively, the members of the Supervisory Board had the necessary expertise, skills and professional experience to properly discharge their duties. To that end, attention was also to be given to the Company's international operations, potential conflicts of interest, the specified age limit for Supervisory Board members and diversity requirements, including appropriate participation by women. The Nomination Committee was dissolved in conjunction with the election of a new Supervisory Board by the Annual General Meeting on May 19, 2011. At its constitutive meeting of May 19, 2011, the AIXTRON SE Supervisory Board decided not to form another Nomination Committee since, after the election of a new Supervisory Board at the Annual General Meeting of May 19, 2011, there were no further tasks for this Committee. The Supervisory Board will reappoint a Nomination Committee should the need arise. The Nomination Committee can consist of up to four members.

The Supervisory Board is required to have what it considers to be a sufficient number of independent members. No more than two former AIXTRON Executive Board members should be members of the Supervisory Board at any one time. The members of the Supervisory Board should not fulfill a board function or consultancy task for a material competitor of the company. The Supervisory Board must at least have one independent member with expertise in accounting, internal controls and audits.

The interaction and cooperation of the Executive Board, the Supervisory Board and its committees during fiscal year 2011 are further described in the Supervisory Board Report which is also part of this Company's Annual Report which can be downloaded from the AIXTRON corporate website.

2 // CORPORATE GOVERNANCE REPORT

2.1 // REPORT ON CORPORATE GOVERNANCE FROM THE EXECUTIVE AND SUPERVISORY BOARDS

AIXTRON is committed to observing the principles of transparent and responsible conduct of business aimed at creating value on a sustainable basis, by employing appropriate corporate governance. We, the Executive and Supervisory Boards of AIXTRON SE, seek to further strengthen the trust placed in us by our shareholders, financial markets, business partners, employees and the general public. We are convinced that good corporate governance is an essential element of our Company's success.

Both this Corporate Governance Report, prepared in accordance with item 3.10 of the German Corporate Governance Code ("Code"/GCGC), and the joint Declaration of Conformity, issued by the Executive Board and the Supervisory Board pursuant to Article 161 of the German Stock Corporation Act (AktG) in February 2012, are published in the Annual Report and on the AIXTRON corporate website in German and English. AIXTRON also retains previous Declarations of Conformity on its website for a period of five years.

FULL COMPLIANCE

AIXTRON has complied with all recommendations of the German Corporate Governance Code, as updated from time to time, for more than five years, including fiscal year 2011. Our continuously refined internal monitoring and control systems – the robustness of which have been regularly tried and tested – meet the requirements of Section 404 of the Sarbanes-Oxley Act and are considered effective in supporting our Compliance activities, responsibilities and tasks.

In 2011, the Government Commission on the German Corporate Governance Code did not propose any changes to the code, and as such; the previously published version of May 26, 2010 remains in effect.

Therefore, our current Declaration of Conformity, dated February 2012, again confirms that AIXTRON is fully compliant with all the recommendations of the German Corporate Governance Code.

The Company also complies with nearly all suggestions of the Code.

DIVERSITY

As stipulated by the Code, AIXTRON has set clear targets with regard to appropriate diversity in the management of the Company (German Corporate Governance Code, Sections 4.1.5, 5.1.2 and 5.4.1).

Against the background of demographic change and the associated problems of a lack of qualified staff in Germany, AIXTRON has consistently striven for further increases in the percentage of women and the international composition of its employees and management. AIXTRON's employee structure has always been marked by its highly international character. With regard to the company's objective of increasing the percentage of women in key AIXTRON professional groups, such as engineers, technicians, physicists and chemists, it is evident that further significant adjustment is still required, in terms of social and educational policies, to encourage more women to take up these professions, thereby significantly increasing the potential for qualified female employees. The availability of a greater number of qualified candidates is necessary to support the desire of equal opportunity technology companies like AIXTRON to employ a greater number of women in these professions and give them appropriate consideration when staffing management positions. Nevertheless, the Company's primary commitment is to ensure that those persons employed possess the required experience and qualifications necessary to meet the needs of the business.

In 2010, the Supervisory Board listed a set of qualities required for future appointments of Supervisory Board members, the details of which are presented as follows:

// With respect to nominations of Supervisory Board members the Nomination Committee will ensure that the Supervisory Board will at all times consist of members who, individually and collectively as a team, have the knowledge, skills and experience required to perform their tasks properly. In addition, the members should be independent. The nomination committee will strive to enhance the efficiency and transparency of the selection process. As a general rule, the Supervisory Board members are nominated for election for the longest possible period in compliance with the Companies' Articles of Association.
// AIXTRON currently exports more than 95% of its products overseas and more than 90% thereof to Asia. Consequently; international experience in the electronics and lighting appliances markets that are specific to AIXTRON's areas of interest would be of the greatest benefit to the Company.
// As a general rule, new members of the Supervisory Board should not be older than 70 when they retire from the Supervisory Board. When elected, they should be available to the Company for at least two election periods.
// The Supervisory Board has six members. The aim should be that the individual Supervisory Board members will have training, qualification, expertise and international experience that is as diversified as possible so that collectively they will have the knowledge, skills and experience required to perform their tasks properly. Company and product oriented relevant experience with an understanding of the business model, the specifics of the industry, and

the processes in the various departments of business management and administration, accounting, audit of annual financial statements, corporate development, capital market, technology, special machine production, markets, sales, lighting, etc. is of benefit.

// It is believed to be in the best interests of the Company to employ the full potential of well-trained and motivated people from different nationalities and both genders in order to remain competitive in all of our chosen global markets. The Supervisory Board aims for an appropriate participation of circa 20% by women in the Supervisory Board.

// The Supervisory Board members shall not have any business or personal relationships with the Company or its Executive Board that might give rise to a conflict of interest.

// The Supervisory Board shall not have more than two former members of the Executive Board amongst its members at any one time.

// The Supervisory Board members shall not hold any function as a board member in or act as a consultant for any major competitor of the Company.

// The Supervisory Board must have at least one independent member with expertise in accounting, internal control processes and auditing of annual financial statements. This Supervisory Board member will be required to also be a member of the audit committee.

// Given the increased demands on professionalization of Supervisory Board members and with a view to ensuring that their services will be delivered as efficiently as possible as in previous years, new Supervisory Board members should not hold more than five seats in other listed companies or other companies with similar demands. For reasons of convenience and efficiency, the aim is to give preference, but not exclusivity to candidates who are based in Germany or in other parts of Europe.

In preparing its proposals for the election of a new Supervisory Board of AIXTRON SE by the Annual General Meeting of May 19, 2011, the Nomination Committee considered all of the above target objectives and proposed correspondingly qualified candidates to the shareholders. Additional information regarding the composition of the Supervisory Board can also be found in the Section of Chapter 1.3 entitled **Supervisory Board**.

The shareholders elected the physicist Prof. Dr. Petra Denk as a member of the AIXTRON SE Supervisory Board, replacing Mr. Joachim Simmroß, who was a long-term member of the AIXTRON Supervisory Board. In addition to her professional qualifications and her relevant business experience, Prof. Denk's appointment also reflects the Supervisory Board's commitment to the gender diversity requirements of the Corporate Governance Code.

The Executive Board and Supervisory Board of AIXTRON SE are convinced that the current composition of the Supervisory Board fully complies with the Code's requirement of appropriate diversity of Supervisory Board members.

Members of the AIXTRON Supervisory Board have pursued educational measures within the scope of either their Supervisory Board membership or their other professional activities supporting the desired further professionalization of Supervisory Boards.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

The regular General Shareholders' Meeting 2011 was held in Aachen on May 19, 2011. The invitation to the General Shareholders' Meeting was announced online in the German Federal Gazette (Bundesanzeiger), as prescribed by law, and included the agenda and proposed resolutions from the Executive and Supervisory Boards and the conditions for participating in the General Shareholders' Meeting and exercising voting rights. The Company's ADS (American Depositary Shares) holders received additional special proxy voting forms within the required timeframe. All of the reports and documentation required by law were available on our website at www.aixtron.com from the date the General Shareholders' Meeting was called. In compliance with item 2.3.4 of the GCGC, certain parts of the General Shareholders' Meeting (the opening of the meeting, the management discussion and the presentation of the Executive Board members) of the General Shareholders' Meeting were broadcast live via webcast. Immediately after the General Shareholders' Meeting, AIXTRON published the attendance figures and voting results in a press release and on the Company's website.

Nine out of ten points on the agenda were required to be voted on. All of the resolutions were approved with the support of at least 84.1% of the votes present, with around 50% of AIXTRON shareholders being represented at the General Shareholders' Meeting. Under agenda item 2, a resolution was passed to distribute a dividend of EUR 0.60 per share for the 2010 fiscal year. Under agenda item 5, the Annual General Meeting elected the new AIXTRON SE Supervisory Board. Under agenda item 6, shareholders approved a new system of Supervisory Board compensation. In agenda item 9, the Annual General Meeting resolved to create new Authorized Capital 2011 of up to EUR 40,471,946.00, with the opportunity to exclude existing shareholders' subscription rights.

SHARES HELD BY EXECUTIVE AND SUPERVISORY BOARD MEMBERS

As of December 31, 2011, members of AIXTRON SE's Supervisory Board directly and indirectly held a total of 8.55 million ordinary shares, or 8.4% of the Company's share capital, which amounted to EUR 101,789,527 at the end of the fiscal year.

As of December 31, 2011, the AIXTRON Executive Board neither directly nor indirectly held any of the shares the Company had issued. Executive Board member stock options arising from the stock option plans are set out and explained in the Remuneration Report below.

Information regarding the purchase and sale of AIXTRON SE shares by persons performing managerial responsibilities according to Article 15a of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG) is published on the AIXTRON website under the category "Corporate Governance/Directors Dealings" without undue delay after the Company has been formally notified. In accordance with Article 10 of the German Securities Prospectus Act (Wertpapierprospektgesetz or WpPG), every transaction is also published in an annual document, which is available on the Company's website. During fiscal year 2011, two such transactions were published; these involved the direct sale of 139,604 AIXTRON shares.

TRANSPARENCY

In the interest of maximum transparency, shareholders, shareholder associations, potential investors, financial analysts, and the media are regularly and promptly informed of the AIXTRON Group's business developments. The internet is the communication channel predominantly used for this purpose.

Reporting on the business situation and financial results of the AIXTRON SE and AIXTRON Group is provided in German and/or English, in the form of:

// a Webcast of the Annual General Meeting (the opening of the meeting, the management discussion and the presentation were broadcast live)
// the Annual Report with the Group Annual Report, the Group Management Report and the Supervisory Board Report
// the SE's annual financial statements and the related Management Report
// the explanatory report by the Executive Board pursuant to Sections 289(4) and 315(4) of the German Commercial Code (HGB)
// the Form 20-F report for the United States Securities and Exchange Commission ("SEC")
// Interim financial reports
// Quarterly analyst conference calls
// Company presentations
// Ad-hoc and corporate news releases
// Forms 6-K for the SEC
// Marketing releases

Important recurring dates, such as the date of the General Shareholders' Meeting or the publication dates for the financial reports, are detailed in the Company's financial calendar. This and the above mentioned reports, speaker notes, presentations, webcasts, and press releases are available on the Company's website for a limited period of time.

REPORTING AND AUDIT

The Group interim financial reports as of March 31, June 30, and September 30, 2011 and the Consolidated Financial Statements for the period ending on December 31, 2011 have been prepared in accordance with IFRS (International Financial Reporting Standards). The separately reported parent-company Annual Financial Statements 2011 for AIXTRON SE, on which a dividend payment is based, are prepared in accordance with German accounting standards (HGB) and the requirements of the German Stock Corporation Act (Aktiengesetz, or AktG).

The Consolidated Annual Financial Statements and parent-company Annual Financial Statements were audited by the appointed external auditor and approved by the Supervisory Board. The auditor agreed that the Chairman of the Supervisory Board or the Chairman of the Audit Committee would be informed without delay about any reasons for exclusion or exemption and any inaccuracies in the Declaration of Conformity arising in the course of the audit. No such material events were recorded in the current year.

STOCK OPTION PLANS

AIXTRON currently has four stock option plans which provide for the issuance to members of the Executive Board, officers and employees of the Company, of options to buy AIXTRON shares and/or ADS.

During the year under review, the Company released a fifth tranche ("2011 Tranche") under the terms of the 2007 stock option plan by approving 100,000 new stock options for the employment of highly-qualified staff. Each stock option grants the right to subscribe to one AIXTRON share. A waiting period of at least two years applies to 50% of the options granted, a further 25% may be exercised after a minimum of three years, with the remaining 25% exercisable after at least four years. The maximum duration of the stock options is 10 years.

Pursuant to the VorstAG, any stock option plans launched in the future are to be structured so that stock options can be exercised no earlier than for four years after they were granted.

As of December 31, 2011, the 2007, 2008, 2009, 2010 and 2011 Tranches of the 2007 stock option plan and the previous stock option plans (AIXTRON 1999 and 2002 plans, Genus Stock Option Plan 2000) still had outstanding options to subscribe to 4,526,251 AIXTRON shares or ADS.

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in the Notes to the Consolidated Financial Statements in Section **Share-based payments**.

2.2 // REMUNERATION REPORT

As in previous years, the AIXTRON Remuneration Report for 2011 is included in this Corporate Governance Report. It contains data that, in accordance with the requirements of the German Commercial Code (HGB) and the IFRS, are an integral part of the Notes to the Annual Financial Statements/Consolidated Financial Statements and/or of the Management Report/Group Management Report. The Remuneration Report is therefore an integral part of the audited Annual Financial Statements/Consolidated Financial Statements.

Therefore, the information explained in this report is not reproduced in detail in the Notes to the Annual Financial Statements/Consolidated Financial Statements or in the Management Report/Group Management Report.

EXECUTIVE BOARD REMUNERATION

The remuneration system summarized below pursuant to Section 120(4) of the German Stock Corporation Act was approved by the General Shareholders' Meeting on May 18, 2010.

The Supervisory Board is responsible for establishing the structure of the remuneration system and the total remuneration for individual members of the Executive Board. It regularly discusses and reviews the remuneration for appropriateness.

The level of remuneration of AIXTRON's Executive Board members is aligned with the commercial and financial situation and future prospects of the Group and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member are taken into account when calculating the remuneration.

Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance plan), a variable bonus, and a share-based payment.

The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The fixed remuneration component is non-performance-related and is paid out on a monthly basis (13 times a year) as a salary. Additional payments in kind are made, chiefly consisting of company car usage and payments for private pension insurance.

The variable bonus (profit-sharing) is based on consolidated net income for the year and is paid from an "accrued internal bonus", defined as up to 10% of the modified consolidated net income for the year, but not to exceed EUR 6.5 million. The modified consolidated net income for the year is obtained from the Company's Consolidated Financial Statements (IFRS) certified by the auditor, less a consolidated loss carry forward figure and those amounts that are to be allocated

to retained earnings in the Annual Financial Statements of AIXTRON by law or in accordance with the Articles of Association. The consolidated loss carry forward is obtained from consolidated net losses from previous years, less consolidated net income from subsequent fiscal years.

In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board may receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The stock option plans, including the exercise thresholds, are adopted at each General Shareholders' Meeting. The number of options granted to the Executive Board is stipulated by the Supervisory Board. Further details on the outstanding stock options of the Executive Board as well as comments on the respective stock option plans are set out further in this report.

The appropriateness of the above-mentioned remuneration components is regularly reviewed by the Supervisory Board. Attention is also paid to ensuring that the terms of the remuneration components do not induce the Executive Board to take inappropriate risks.

In fiscal year 2011, the total fixed and variable remuneration of the Executive Board (including benefits in kind and pension allowance) totaled EUR 7,623,754 (2010: EUR 7,620,046; 2009: EUR 5,148,351). In fiscal year 2011, the Executive Board was not granted any options (2010: 156,000, 2009: 156,000). The division between the individual members of the Executive Board for the years 2009 to 2011 is presented in the table below.

Executive Board Member	Year	Fixed remuneration* (EUR)	Variable remuneration (EUR)	Total fixed and variable remuneration (EUR)	Options granted (number)	Grantdate fair value of options (EUR)	Total EB remuneration (EUR)
Paul Hyland	2011	436,814	2,888,890	3,325,704	0	0	3,325,704
	2010	434,191	2,888,890	3,323,081	52,000	461,240	3,784,321
	2009	433,554	1,790,641	2,224,195	52,000	448,240	2,672,435
Wolfgang Breme	2011	309,413	1,805,555	2,114,968	0	0	2,114,968
	2010	308,968	1,805,555	2,114,523	52,000	461,240	2,575,763
	2009	308,968	1,119,151	1,428,118	52,000	448,240	1,876,358
Dr.Bernd Schulte	2011	377,527	1,805,555	2,183,082	0	0	2,183,082
	2010	376,887	1,805,555	2,182,442	52,000	461,240	2,643,682
	2009	376,887	1,119,151	1,496,038	52,000	448,240	1,944,278
Total	**2011**	**1,123,754**	**6,500,000**	**7,623,754**	**0**	**0**	**7,623,754**
	2010	**1,120,046**	**6,500,000**	**7,620,046**	**156,000**	**1,383,720**	**9,003,766**
	2009	**1,119,409**	**4,028,942**	**5,148,351**	**156,000**	**1,344,720**	**6,493,071**

* incl. benefits in kind and allowance for pensions

As of December 31, 2011, the AIXTRON Executive Board held a total of 953,758 Company stock options to subscribe to a total of 962,516 ordinary shares of the Company (December 31, 2010: 962,516 shares; December 31, 2009: 806,516 shares). The number of shares underlying the options is set out below. The actual profits from exercising the stock options may differ significantly from the figures shown in the table.

Executive Board Member	Allocation	Outstanding (shares)	Exercisable (shares)	Option Value on Allocation (EUR)	Exercise Price (EUR)	Maturity
Paul Hyland	Nov 2011	–	–	–	–	–
	Nov 2010	52,000	0	461,240	26.60	Nov 2020
	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	26,000	92,040	4.17	Nov 2018
	Dec 2007	52,000	39,000	225,680	10.09	Dec 2017
	May 2006	55,000	55,000	84,150	3.83	Nov 2016
	May 2004	35,000	35,000	107,800	6.17	Nov 2014
	May 2003	27,500	27,500	48,950	3.10	Nov 2013
	May 2002	27,500	0	152,625	7.48	May 2017
	May 2001	5,000	0	106,500	26.93	May 2016
	May 2000	5,400	1,350	114,507	67.39	May 2015
Wolfgang Breme	Nov 2011	–	–	–	–	–
	Nov 2010	52,000	0	461,240	26.60	Nov 2020
	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	26,000	92,040	4.17	Nov 2018
	Dec 2007	52,000	39,000	225,680	10.09	Dec 2017
	May 2006	55,000	55,000	84,150	3.83	Nov 2016
Dr. Bernd Schulte	Nov 2011	–	–	–	–	–
	Nov 2010	52,000	0	461,240	26.60	Nov 2020
	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	26,000	92,040	4.17	Nov 2018
	Dec 2007	52,000	39,000	225,680	10.09	Dec 2017
	May 2006	55,000	55,000	84,150	3.83	Nov 2016
	Mai 2004	35,000	35,000	107,800	6.17	Nov 2014
	May 2003	0	0	48,950	3.10	Nov 2013
	May 2002	27,500	0	152,625	7.48	May 2017
	May 2001	5,000	0	106,500	26.93	May 2016
	May 2000	2,640	660	55,981	67.39	May 2015
	May 1999	2,976	2,976	35,640	18.70	May 2014
Total		**962,516**	**462,486**			

In accordance with IFRS 2, the "grant-date fair value of the options" is also used as the basis for recognizing options issued after November 7, 2002 under expenses in the Income Statement. For stock options issued before November 7, 2002, the fair value was calculated using the Black-Scholes model.

In fiscal year 2011, the Executive Board members exercised no options (2010: 0; 2009: 0), and none expired (2010: 0; 2009: 0).

The current Executive Board members have no individual company pension benefits which would result in pension provisions being required to be made by the company. Instead, the Executive Board annual pension allowance (EUR 40,000 per person in each of the years; 2011, 2010 and 2009) is paid by AIXTRON and included in fixed remuneration, and is transferred by the Executive Board members into independent insurance contracts with a benevolent fund allowance (or similar plan).

The Executive Board members receive no loans from the Company.

SUPERVISORY BOARD REMUNERATION

The remuneration of the Supervisory Board is regulated by § 17 of AIXTRON's Articles of Association, as defined and approved by the General Shareholders' Meeting of May 19, 2011.

Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 25,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times the amount received by a regular member of the Supervisory Board.

The members of the Supervisory Board also receive, in aggregate, a variable compensation of 1% of the Company's net income, less an amount corresponding to 4% of the paid-in contributions to the share capital. The Chairman of the Supervisory Board receives 6/17 of the variable compensation, the Deputy Chairman 3/17, and each other member of the Supervisory Board 2/17. The variable compensation is limited to four times the fixed compensation per Supervisory Board member. In addition, committee members receive an attendance fee of EUR 2,000 for attending a committee meeting, with the Chairman of the committee receiving twice this amount. The total annual attendance fee per Supervisory Board member is limited to one and a half times that individual's fixed compensation.

In a separate resolution approved by the AGM, the remuneration of the first Supervisory Board of AIXTRON SE was approved to reflect the above described provision for the period from January 1, 2011 to May 19, 2011 inclusive.

In fiscal year 2011, the compensation of the Supervisory Board totaled 1,024,933 (2010: EUR 801,000; 2009: EUR 567,350). The Supervisory Board compensation for the years 2009 to 2011 can be broken down as follows:

Supervisory Board Member	Year	Fixed (EUR)	Variable (EUR)	Attendance fee (EUR)	Total (EUR)
Kim Schindelhauer*/**/***/**** (Chairman of the Supervisory Board)	2011	75,000	257,333	16,000	348,333
	2010	54,000	216,000	7,500	277,500
	2009	54,000	135,653	6,000	195,653
Dr. Holger Jürgensen*/**/***/**** (Deputy Chairman of the Supervisory Board, Chairman of the Nomination Committee)	2011	37,500	128,667	16,000	182,167
	2010	27,000	108,000	9,000	144,000
	2009	27,000	67,826	6,000	100,826
Prof. Dr. Wolfgang Blättchen*/** (Chairman of the Audit Committee)	2011	25,000	85,778	24,000	134,778
	2010	18,000	72,000	13,500	103,500
	2009	18,000	45,218	12,000	75,218
Prof. Dr. Petra Denk*** (Chairwoman of the Technology Committee)	2011	15,548	53,347	23,322	92,217
	2010	0	0	0	0
	2009	0	0	0	0
Karl-Hermann Kuklies	2011	25,000	85,778	0	110,778
	2010	18,000	72,000	0	90,000
	2009	18,000	45,218	0	63,218
Prof. Dr. Rüdiger von Rosen	2011	25,000	85,778	0	110,778
	2010	18,000	72,000	0	90,000
	2009	18,000	45,218	0	63,218
Joachim Simmroß* (until May 19, 2011)	2011	9,452	32,431	4,000	45,883
	2010	18,000	72,000	6,000	96,000
	2009	18,000	45,218	6,000	69,218
Total	**2011**	**212,500**	**729,111**	**83,322**	**1,024,933**
	2010	**153,000**	**612,000**	**36,000**	**801,000**
	2009	**153,000**	**384,350**	**30,000**	**567,350**

* Member of the Audit Committee
** Member of the Nomination Committee (until May 18, 2011)
*** Member of the Technology Committee (beginning May 19, 2011)
**** Former Executive Board member of AIXTRON AG

As in the prior years reported, there were no payments made to any Supervisory Board member for advisory services in the year 2011.

The Supervisory Board members receive no loans from the Company.

OTHER

The Company has a D&O insurance contract in place, covering the activities of members of the Executive Board and members of the Supervisory Board. Following the entry into force of the Act on the Appropriateness of Executive Board Compensation (VorstAG), the D&O insurance policies for members of the Executive Board and also members of the Supervisory Board of AIXTRON were adjusted to reflect the new legal requirements. Effective January 1, 2010, the deductible amounts to a minimum of 10% of the respective, potential loss incurred, but cannot exceed a factor of 1.5 of the respective annual fixed remuneration.

GROUP MANAGEMENT REPORT

AS OF DECEMBER 31, 2011

This Management Report relates to the Consolidated Financial Statements of AIXTRON SE (formerly AIXTRON AG) including the following subsidiaries (collectively referred to as "AIXTRON", "the AIXTRON Group", "the Group" or "the Company"): AIXTRON, Inc., Sunnyvale, California (USA); AIXTRON Ltd., Cambridge (United Kingdom); Nanoinstruments Ltd. (United Kingdom); AIXTRON AB, Lund (Sweden); AIXTRON Korea Co. Ltd., Seoul (South Korea); AIXTRON China Ltd., Shanghai (PR of China); AIXTRON KK, Tokyo (Japan); and AIXTRON Taiwan Co. Ltd., Hsinchu (Taiwan).

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All financial information contained in this Management Report, including comparable prior year numbers, is reported in accordance with IFRS. Further information about the adherence to reporting standards is contained in section "Significant Accounting Policies" of the notes to the Consolidated Financial Statements.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures for the same reason.

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements regarding the business, results of operations, financial condition and earnings outlook of AIXTRON within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "may", "will", "expect", "anticipate", "contemplate", "intend", "plan", "believe", "continue" and "estimate" and variations of such words or similar expressions. These forward-looking statements are based on our current views and assumptions and are subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from those reflected in our forward-looking statements. This could result from a variety of factors, such as actual customer orders received by AIXTRON, the level of demand for deposition technology in the market, the timing of final acceptance of products by customers, the condition of financial markets and access to financing for AIXTRON, general conditions in the market for deposition plants and macroeconomic conditions, cancellations, rescheduling or delays in product shipments, production capacity constraints, extended sales and qualification cycles, difficulties in the production process, the general development in the semi-conductor industry, increased competition, fluctuations in exchange rates, availability of public funding, fluctuations and/or changes in interest rates, delays in developing and marketing new products, a deterioration of the general economic situation and any other factors discussed in any reports or other announcements filed by AIXTRON with the U.S. Securities and Exchange Commission. Any forward-looking statements contained in this document are based on current expectations and projections of the executive board and on information currently available to it and are made as at the date hereof. AIXTRON undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise, unless expressly required to do so by law.

BUSINESS AND OPERATING ENVIRONMENT

ORGANIZATIONAL STRUCTURE

The table below shows a list of the AIXTRON subsidiaries as of December 31, 2011:

Name	Jurisdiction of Incorporation	Ownership Interest in %
AIXTRON Ltd.	England & Wales	100
AIXTRON AB	Sweden	100
AIXTRON Korea Co. Ltd.	South Korea	100
AIXTRON China Ltd.	China	100
AIXTRON KK	Japan	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100
AIXTRON, Inc.	USA	100
Nanoinstruments Ltd.	England & Wales	100
Genus Trust*	USA	n.a.

* The shares in the Genus Trust are attributed to AIXTRON as the beneficial owner, as control exists due to the trust relationship with AIXTRON SE

MANAGEMENT AND CONTROL

As of December 31, 2011, AIXTRON's Executive Board ("Management") consisted of the following three individuals:

Name	Position	First Appointment	End of Term
Paul Hyland	Chairman, President and Chief Executive Officer	April 1, 2002	March 31, 2015
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2013
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

As of December 31, 2011, AIXTRON's Supervisory Board consisted of the following six individuals:

Name	Position	First Appointment	End of Term
Kim Schindelhauer*/**/***	Chairman of the Supervisory Board	2002	AGM 2016
Dr. Holger Jürgensen*/**/***	Deputy Chairman of the Supervisory Board	2002	AGM 2016
Prof. Dr. Wolfgang Blättchen*	Chairman of the Audit Committee, Independent Financial Expert****	1998	AGM 2016
Prof. Dr. Petra Denk**	Chairman of the Technology Committee	2011	AGM 2016
Karl-Hermann Kuklies		1997	AGM 2016
Prof. Dr. Rüdiger von Rosen		2002	AGM 2016

* Member of the Audit Committee
** Member of the Technology Committee
*** Former Executive Board Member of AIXTRON
**** Since 2005

PRINCIPLES OF MANAGEMENT COMPENSATION

The remuneration level of the Executive Board members of AIXTRON SE is aligned with the commercial and financial situation and future prospects of the Group and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member, and the desire to retain them, are taken into account when calculating the remuneration. Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance), a variable bonus, and may include stock-based remuneration. The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The variable bonus (profit-sharing) is based on the consolidated net income for the year. In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board may receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The current Executive Board members have no individual Company pension benefits, which would result in pension provisions being required to be made by AIXTRON, and receive no loans from the Company. The appropriateness of the above-mentioned remuneration components, and the likelihood that they do not encourage Management to take unreasonable risks, are regularly reviewed by the Supervisory Board.

Remuneration of the Supervisory Board is regulated by AIXTRON's Articles of Association. Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 25,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times the amount received by a regular member of the Supervisory Board. The members of the Supervisory Board also receive, in aggregate, a variable compensation of 1% of the Company's net income, less an amount corresponding to 4% of the paid-in contributions to the share capital. In addition, committee members receive an attendance fee of EUR 2,000 for attending a committee meeting, with the Chairman of the committee receiving triple this amount.

Further detailed information on the compensation of the individual Executive Board and Supervisory Board members is contained in **note 30** of the Consolidated Financial Statements as well as in the Corporate Governance/Remuneration Report.

INFORMATION CONCERNING SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE ("HGB") ON TAKEOVERS

The stated share capital of AIXTRON SE (Grundkapital) as of December 31, 2011 amounted to EUR 101,789,527 (December 31, 2010: EUR 101,179,866; December 31, 2009: EUR 100,667,177) divided into 101,789,527 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share. Each no-par value share represents the proportionate share in AIXTRON's stated share capital and carries one vote at the Company's annual shareholders' meeting. All registered shares are fully paid in. The Company has issued a share certificate representing multiples of shares (global share); shareholders do not have the right to the issue of a share certificate representing their share(s). There are no voting or transfer restrictions on AIXTRON's registered shares that are related to the Company's Articles of Association. There are no classes of securities endowed with special control rights, nor are there any provisions for control of voting rights, if employees participate in the share capital without directly exercising their voting rights.

Additional funding needs could be covered by the following additional capital as authorized by the annual shareholders' meeting:

FUNDING SOURCES

(EUR or number of shares)	Dec. 31, 2011	Approved since	Expiry Date	Dec. 31, 2010	Dec. 31, 2009	2011–2010
Issued shares	101,789.527	–	–	101,179,866	100,667,177	609,661
Authorized Capital 1 – Capital increase for cash or contribution in kind with existing shareholders' preemptive rights	expired	18/05/2005	17/05/2010	expired	35,919,751	0
Authorized Capital 2011 – Capital increase for cash or contribution in kind with or without existing shareholders' preemptive rights	40,471,946	19/05/2011	18/05/2016	0	0	40,471,946
Conditional Capital 2 – Stock Options Program 1999	1,926,005	26/05/1999	31/12/2017	1,926,005	1,926,005	0
Conditional Capital 4 – Stock Options Program 2002	745,447	22/05/2002	31/12/2016	972,183	1,247,197	-226,736
Conditional Capital 1 2007 – Authorization to potentially issue convertible notes or warrants in future	35,875,598	22/05/2007	21/05/2012	35,875,598	35,875,598	0
Conditional Capital 2 2007 – Stock Options Program 2007	3,298,774	22/05/2007	31/12/2018	3,681,699	3,919,374	-382,925

In accordance with section 71 (1) no. 8 German Corporations Act, AktG, the Company is authorized until May 17, 2015, with the approval of the Supervisory Board, to purchase its own shares representing an amount of up to EUR 10,088,195 of the share capital. This authorization may not be used by the Company for the purpose of trading in own shares. The authorization may be exercised in full or in part, once or on several occasions by the Company. The shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company.

Any amendment to the Articles of Association related to capital measures requires a 75% majority of the share capital represented at the general shareholders' meeting (Article 59 SE Regulation, SE-VO; §179 German Corporations Act, AktG). Other amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least one half of the share capital is represented, a simple majority of the votes cast.

As of December 31, 2011, about 25% of AIXTRON shares were held by private individuals, with around 75% held by institutional investors. The largest AIXTRON shareholder was Camma GmbH, Aachen (Germany) with just under 8% holding in AIXTRON stock. Circa 92,5% of the shares are considered as free float according to Deutsche Börse's definition.

The Supervisory Board appoints and removes from office the members of the Executive Board, who may serve for a maximum term of five years before being reappointed.

If a change of control situation exists, the individual members of the Executive Board are entitled to terminate their service relationship with AIXTRON with a notice period of three months to the end of the month and to resign from their post on the termination date. Upon termination of the services as a result of a change of control, such member of the Executive Board will receive a severance pay in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the service contract, however, not exceeding an amount equal to twice the annual compensation. A change of control situation exists if a third party or a group of third parties, who contractually combine their shares in order to act subsequently as a third party, directly or indirectly holds more than 50% of the Company's authorized capital. Apart from the above mentioned, there are no further change of control provisions.

LOCATIONS

The Company has its registered office in Herzogenrath, Germany, and had a total of 17 facilities worldwide owned or rented as of December 31, 2011:

Facility location	Use	Approx. size (m²)	Lease expiry
Herzogenrath, Germany (owned)	Headquarters, Manufacturing, Service, Engineering	12,457	-
Herzogenrath, Germany (owned)	Manufacturing Engineering Research and Development	16,000	-
Herzogenrath, Germany (leased)	Administration, Sales	2,419	31/12/2012
Aachen, Germany (leased)	Research and Development	200	29/01/2014
Alsdorf, Germany (leased)	Manufacturing	1,588	30/06/2012
Cambridge, UK (leased)	Manufacturing, Engineering, Research and Development	2,180	13/09/2019
Cambridge, UK (leased)	Sales and Service, Engineering	1,386	27/06/2020
Lund, Sweden (leased)	Engineering, Service	449	31/12/2014
Sunnyvale, CA, USA (leased)	Manufacturing, Sales and Service, Engineering, Research and Development	9,300	31/10/2012
Seoul, South Korea (leased)	Sales and Service	1,032	31/12/2015
Shanghai, China (leased)	Sales and Service	755	31/07/2014
Shanghai, China (leased)	Sales and Service	88	30/11/2012
Suzhou, China (leased)	Sales and Service	445	31/12/2013
Yangzhou, China (leased)	Sales and Service	141	30/06/2016
Hsinchu, Taiwan (leased)	Sales and Service	1,893	31/12/2014*
Tainan, Taiwan (leased)	Service	203	26/05/2013
Tokyo, Japan (leased)	Sales and Service	534	30/09/2012

* Was 2011, as at December 31, 2011, and has been subsequently prolonged in January 2012

In 2011, AIXTRON has entered into a formal cooperation agreement with the Suzhou Institute of Nano-tech and Nano-bionics (SINANO) to establish a new MOCVD training and demo facility in Suzhou/China to train Chinese customers and potential customers' engineers. The training center is equipped with AIXTRON's latest generation MOCVD systems, the CRIUS® II-XL and the AIX G5 HT.

The new Research & Development ("R&D") center in Herzogenrath with an approximate size of 16,000 square meters and room for approximately 450 staff was fully completed on budget and on time by Q3/2010 (Phase I) and by Q1/2012 (Phase II).

BUSINESS MODEL

AIXTRON is a leading provider of deposition equipment to the semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and optoelectronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in displays, signaling, lighting, fiber optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, as well as a range of other leading-edge applications.

AIXTRON's business activities include developing, producing and installing equipment for the deposition of semiconductor materials, process engineering, consulting and training, including ongoing customer support.

Demand for AIXTRON's products is driven by the sustained miniaturization, increased processing speed, improved efficiency, and reduced cost of ownership demands for current and emerging microelectronic and optoelectronic components. The ability of AIXTRON's products to precisely deposit thin material films and the ability to control critical surface dimensions in these components, enables manufacturers to improve performance, yield and quality in the fabrication of advanced microelectronic and optoelectronic devices.

AIXTRON supplies to customers both full production-scale complex material deposition systems and small scale systems for R&D and pre-production use.

Environmental protection and the responsible use of resources are an essential part of AIXTRON's business strategy. The Company's engineers work diligently to continuously improve AIXTRON's systems, both in terms of resource conservation and environmentally-friendly design and function.

Please refer to chapter **Risk Report** for potential factors that could adversely affect the Company's business activities, model and strategy going forward.

EMPLOYEES

AIXTRON's success very much depends on the achievements and motivation of the Company's staff. The employees are recruited on the basis of professional and personal qualifications and experience. Apart from the direct advertising of job opportunities, to attract new employees, AIXTRON regularly participates in job fairs and other career events, publishes dedicated press articles, and enjoys close collaborative relationships with universities worldwide, including locally; the RWTH Aachen University and the University of Cambridge.

During the last few years, the Company has implemented various measures to increase the attractiveness of AIXTRON as an employer, with the aim of achieving the long-term retention of employees. These measures include: flexible work times, individual work place design, project team structures, regular performance feedbacks, health management, child care support, staff canteen, employee communication newspaper "AIXpression", etc. Several internal training programs facilitate the identification and promotion of talent.

The Company's training center offers a number of training classes, ranging from new hire orientation classes to continuous education, with topics ranging from quality assurance to environmental and workplace safety management, leadership, and labor law issues. Additionally, AIXTRON supports internships and students in the writing of their diploma and doctoral theses on topics of relevance to AIXTRON.

As a global Company with an international corporate culture, AIXTRON manages diversity with the aim of creating a productive work atmosphere, to prevent social discrimination, and to cultivate equal opportunities.

In 2011, influenced by the increased business activities in the first half of the year, the total number of employees increased by 25%, from 784 employees at the end of 2010 (2009: 687) to 978 at December 31, 2011. The areas of biggest individual increase in employees occurred in the groups who work in Sales and R&D, which grew by 37% and 28% respectively in 2011.

EMPLOYEES BY FUNCTION

	2011		2010		2009		+/- 2011-2010	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Sales	85	9	62	8	72	10	23	37
Research & Development	318	32	248	32	206	30	70	28
Manufacturing & Service	450	45	375	48	316	46	75	20
Administration	125	13	99	12	93	14	26	26
Total	**978**	**100**	**784**	**100**	**687**	**100**	**194**	**25**

As of December 31, 2011, the majority of AIXTRON's worldwide permanent employees were based in Europe.

EMPLOYEES BY REGION

	2011		2010		2009		+/- 2011-2010	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Asia	181	19	154	20	116	17	27	18
Europe	660	67	524	67	472	69	136	26
USA	137	14	106	13	99	14	31	29
Total	**978**	**100**	**784**	**100**	**687**	**100**	**194**	**25**

TECHNOLOGY AND PRODUCTS

AIXTRON's product range includes customized full production scale and research systems capable of depositing complex material films on a diverse range of different substrate sizes and materials.

The deposition process technologies include Metal-Organic Chemical Vapor Deposition ("MOCVD"), Hydride Vapor Phase Epitaxy ("HVPE") for the deposition of compound materials as well as thin film deposition of organic materials on up to Gen. 3.5 substrates, including Polymer Vapor Phase Deposition ("PVPD™"), Organic Vapor Phase Deposition ("OVPD®") or large area deposition for Organic Light Emitting Diodes ("OLED") applications. Plasma Enhanced Chemical Vapor Phase Deposition ("PECVD") is being employed for the deposition of complex Carbon Nanostructures (Carbon Nanotubes, Nanowires or Graphene).

For silicon semiconductor applications, the AIXTRON systems are capable of depositing material films on wafers of up to 300mm diameter, employing technologies such as: Chemical Vapor Deposition ("CVD"), Atomic Vapor Deposition ("AVD®") and Atomic Layer Deposition ("ALD").

The following table summarizes the products and technologies AIXTRON offers to its customers for use in specific applications and devices:

Material	Compound Semiconductors	Organic Semiconductors	Silicon Semiconductors
Systems Technology	MOCVD	OVPD®	CVD
	CVD	PVPD™	ALD
	PECVD		AVD®
	HVPE		
Products	Planetary Reactor®	Gen 1 R&D Tool	Lynx CVD
	Close Coupled Showerhead®	Gen 2 Production Tool	Tricent® ALD
	Nano CVD Reactors; BM Series	Gen 3.5 Production Tool	Tricent® AVD®
	Hot Wall Reactors: VP series		QXP-8300
Potential Applications/ Devices	LEDs	OLEDs for displays	Metal and Oxide films for CMOS gate stacks
	Optoelectronics (photo diodes, lasers, modulators for telecom/datacom)	OLEDs for solid state lighting	Metal and Oxide films for capacitor structures in DRAMs and FeRAMs
	Laser devices for consumer electronics (CDs, DVDs)	Organic transparent thin film solar cells	
	High-Frequency devices (such as Hetero Bipolar Transistors and High Electron Mobility Transistors) for wireless datacom	Electronic semiconductor structures, e.g. for flexible displays	
	Silicon Carbide ("SiC") based high power devices	Functional polymer layers	
	Gallium Nitride (GaN) based power electronics	Dielectric or passivating polymer films	
	Solar cells		
	Carbon Nanostructures for electronic, display & heat sink applications		
	Graphene structures for electronic applications		

AIXTRON also offers a comprehensive range of peripheral equipment and services, including products capable of monitoring the concentration of gases in the air and for cleaning the exhaust gas from metal organic chemical vapor deposition processes. The Company can also assist its customers in designing the production layouts for the gas supply to thin film deposition systems. Additionally, the Company offers its customers training, consulting and support services.

RESEARCH AND DEVELOPMENT

AIXTRON maintains a strong, well funded and focused R&D program within the business. The Company has a comprehensive R&D infrastructure, which has been greatly extended by the new R&D center at the Company's headquarters in Herzogenrath. Through the numerous research projects AIXTRON is engaged in, and a highly skilled R&D team of 318 employees (2010: 248; 2009: 206), the Company is focused on retaining its position as a leading provider of deposition equipment for the manufacturing of device structures for the semiconductor industry.

In addition to the new R&D center in Herzogenrath, AIXTRON also operates R&D laboratories in Aachen (Germany), in Cambridge (United Kingdom) and in Sunnyvale (United States). These in-house research laboratories are equipped with the latest version AIXTRON systems and are used for researching new equipment, materials and processes for the production of semiconductor structures.

AIXTRON's global R&D organization works as a technology matrix, with each project drawing on the expertise that resides within each center of excellence, regardless of location. The R&D team also works closely with the global sales and service organization to develop systems, tailored to customers' individual needs. Much of the work done by the AIXTRON R&D team is also in conjunction and collaboration with many well-known universities, external research centers and industrial partners worldwide, including many publicly and regionally funded development projects.

The projects pursued in AIXTRON's R&D facilities are supported by cutting-edge simulation systems and techniques, which have been developed in-house, to become critical tools in significantly shortening development times in addition to reducing material and energy-intensive manufacturing and testing processes to a minimum.

In 2011, R&D expenditures increased year on year, in line with expectations, by EUR 4.3 million, from EUR 46.1 million in 2010 (2009: EUR 32.9 million) to EUR 50.4 million, reflecting the Company's determination to further strengthen its technological positioning. For more information regarding R&D expenses from fiscal year 2009 through 2011, refer to **Development of Results** in this report.

AIXTRON plans to further increase R&D expenditures in 2012, underlining the commitment to remain a recognized technology and market leader. In the current Compound Semiconductor market environment, with an increased number of market participants, especially in China, and with shortening product cycle times, Management believes that focused and market-led R&D is a critical success factor for AIXTRON.

R&D activities include continual improvement programs, the delivery of more process capa bilities, factory integration, increased automation and the development of new system architectures, all of which are targeted at enabling customers, who are faced with increasing margin pressure, to achieve improvements in throughput efficiencies and total cost of ownership.

Moreover, the Company will continue to pursue new potential opportunities to leverage its core know-how of material deposition into new market and technology areas beyond LEDs, as evidenced by AIXTRON's many internally and externally funded research projects.

One recent example is AIXTRON's participation in the EU funded **"HiPoSwitch"** joint research project, which started in Q3/2011, and addresses the power electronics market. Through a coordinated approach, the eight members of the research consortium are focused on the development of highly efficient Gallium Nitride (GaN) based power devices using Silicon as a substrate material. This new development has the potential to significantly improve the device's energy efficiency as well as its functional and lifetime performance. The most promising potential for GaN-on-Silicon power electronic devices is perceived to be in the fields of telecommunication, IT, consumer electronics, automotive and industrial applications.

Started at the end of 2011, the German government funded **"TeleGAN"** joint research project also targets the power electronics industry; more specifically it aims to improve the power supply efficiency in wireless telecommunication base stations. The group of six research partners including AIXTRON, is focused on the development of free standing (FS) 2" semi-isolating (SI) GaN substrates employing AIXTRON's proven HVPE technology, to enable next generation HFET (heterostructure field-effect transistors) devices for extreme high voltage and high frequency applications.

The research project **"PROTECT"** (production technology for the encapsulation of organic electronics), funded by the German region of North Rhine-Westphalia, was approved and started in Q4/2011. It aims at the development of flexible organic electronic devices. Because of their potential energy and lighting efficiency, combined with potentially low material costs, OLEDs are seen as important future lighting and display source supplementing LED technology. AIXTRON, together with Philips and two other research partners will work on enhanced methods to create thin film barrier layers for a more cost efficient encapsulation technique for OLEDs. The project is ultimately focused on the development of new equipment concepts (cluster and in-line solutions) for the pilot production of high performance OLEDs.

PATENTS

AIXTRON aims to secure its technology by patenting and protecting inventions and know-how, provided it is strategically expedient and possible for the Company to do so. As of December 31, 2011, 198 patent-protected inventions were in use, of which 11 were registered in the reporting period. Patent protection for these inventions applies in those sales markets relevant for AIXTRON, specifically in Europe, China, Japan, South Korea, Taiwan and the United States. These patents are maintained and renewed annually and will expire between 2012 and 2031.

MANUFACTURING AND PROCUREMENT

The AIXTRON Manufacturing operation is principally involved in the final assembly stage of production, including equipment configuration, tuning and testing. The Company purchases all of the components and most of the assemblies required to manufacture the equipment from third-party contractors and suppliers. AIXTRON's contractors and suppliers are carefully selected and qualified to be able to source, supply and/or partially assemble and test individual equipment parts and sub-assemblies. For strategic reasons, there are typically several suppliers for each AIXTRON equipment component/assembly. AIXTRON's own staff manages the whole manufacturing process and in conjunction with in-house contractors executes the final manufacturing steps as discribed above.

Since 1994, AIXTRON has been assessed annually and awarded unlimited ISO 9001 certification. In 2003, the process-oriented management system was successfully certified in accordance with worldwide quality standard DIN EN ISO 9001:2000. In October 2009, this certification was upgraded to DIN EN ISO 9001:2008.

The Company routinely complies with all applicable international standards and procedures for the equipment industry. The "CE" label qualification confirms the conformity of AIXTRON products with the applicable European directives and standards. Moreover, the "UL" standard for product admission to the US market and the recommended requirements of the SEMI organization are also complied with. When developing new equipment, the "Restriction of Hazardous Substances Directive, RoHS" is strictly adhered to, as are the internal compliance requirements to meet these specific rules and standards. Several independent certification companies, such as "TÜV" and "ETL" have also confirmed AIXTRON's compliance with their requirements and specifications through the issuance of the respective examination certifications.

SALES AND SERVICE

The AIXTRON Group markets and sells its products worldwide, principally through its own direct sales organization, but also through appointed dealers and sales representatives.

AIXTRON's own Sales and Service Organization provides a full range of customer services, from the initial support of the customized development of an AIXTRON system, through to the final installation and ongoing customer training as well as operational support of its systems.

See also **Development of Revenues** for a breakdown of revenues by technology and region.

CUSTOMERS AND GEOGRAPHIC REGIONS

AIXTRON's semiconductor device customers are principally, but not exclusively, focused on the manufacturing of LEDs, wireless, power electronics, optoelectronics, logic and data storage components. Some of these customers are vertically integrated device manufacturers who serve the entire value chain down to the end consumer. Others are independent component suppliers who deliver chips and components produced on AIXTRON equipment to the next link in the value chain, namely, the electronic device manufacturers. The Company's customers also include research centers and universities. Most of the world's leading electronic device manufacturers produce in Asia and consequently, the majority of AIXTRON sales continue to be delivered into this region.

In 2011, 90% (2010: 91%; 2009: 82%) of the Company's revenues were realized with customers in Asia, 4% (2010: 4%; 2009: 14%) of our sales went to Europe and 6% (2010: 5%; 2009: 4%) into the USA.

COMPETITIVE POSITIONING

Historically, AIXTRON's main competitor in MOCVD applications has been Veeco Instruments Inc. (USA) with part of its "LED & Solar" business segment. AIXTRON also competes with a number of Asian manufacturers including Taiyo Nippon Sanso (Japan), amongst others. As a consequence of the rising LED end-market expectations and positive prospects for MOCVD equipment demand, there is evidence that equipment companies from adjacent industries continue to attempt to qualify their own MOCVD tools with customers. For example; both Applied Materials Inc. (USA) and Jusung Engineering Co. Ltd. (South Korea) are known to be in the development process for an in-house equipment solution for the production of LEDs. Some local Chinese companies have also commenced MOCVD equipment design and manufacturing plans supported by government initiatives.

Based on the latest published market share research by Gartner Dataquest (March 2011), it was estimated that the share of the worldwide MOCVD equipment market (estimated 2010 total market value: USD 1.7bn) held by AIXTRON in 2010 was around 56%. In the same report, the Company's strongest competitor in terms of sales, Veeco Instruments Inc., had an estimated market share of approximately 39%. Viewed in the mid to long term, AIXTRON continues to target a market leading position in the global MOCVD market. In a more recent report (December 2011) Gartner Dataquest anticipated that the total value of the 2011 MOCVD equipment market would decrease to circa USD 1.5bn.

For emerging Organic Semiconductor applications, AIXTRON competes with established manufacturers such as Ulvac, Inc. (Japan), Tokki Corporation (Japan), Sumitomo (Japan), Applied Materials, Inc. (USA), Doosan DND Co. Ltd. (South Korea), Sunic System (South Korea) and a number of other smaller companies. While these competitors use established vacuum thermal evaporation ("VTE") technology or polymer technology to produce organic light emitting diodes (OLEDs), AIXTRON offers OLED manufacturers its own highly innovative organic vapor phase deposition (OVPD®) and PVPD™ (polymer vapor phase deposition) large area deposition technologies. In AIXTRON's opinion, due to a perceived superior process technology and the potential for reducing manufacturing costs, these technologies have the potential to compete successfully with VTE and polymer technologies. AIXTRON is well positioned as a potential deposition system supplier for the next generations of OLEDs and large area deposition applications that are anticipated to be used in innovative, self-luminous displays as well as future potential lighting, solar cells, and other electronic OLED applications.

As AIXTRON's system technology and customer applications are still in the market entry phase, Organic Semiconductor market share information is neither available nor meaningful at this point in time.

For CVD, AVD® and ALD applications, AIXTRON competes with a variety of other equipment companies, including Applied Materials, Inc. (USA), Tokyo Electron Ltd. (Japan), ASM International N.V. (Netherlands), IPS Technology (South Korea), Jusung Engineering Co. Ltd. (South Korea), and Hitachi Kokusai Electric Co. Inc. (Japan). With the Company's currently available silicon semiconductor manufacturing technologies, AIXTRON is potentially well positioned to offer advanced films for 28nm node and beyond for memory and logic integrated circuits (ICs). These technologies enable extremely high precision in depositing very thin material layers and facilitate the consistent coating of complex three-dimensional microelectronic device structures. Moreover, they offer the semiconductor industry new material coating possibilities for the next generation of semiconductor devices, and, in AIXTRON's opinion, present high development potential for the future.

The specific market niche to be addressed by AIXTRON's system technologies for the production of specialized applications such as gate stacks and capacitors was estimated by Gartner Dataquest in December 2011 to be valued at USD 378m for 2011. In line with other capital equipment companies positioning for 28nm node and beyond for memory and logic integrated circuits, AIXTRON has continued to experience low order intake and revenue levels in 2011. AIXTRON's market share in this area is therefore not considered meaningful at this point in time.

KEY PERFORMANCE INDICATORS

The Executive Board has implemented numerous control systems and procedures to manage, monitor, analyze, and document Company risks and opportunities, including a Key Performance Indicator system addressing relevant business areas, with a primary focus on the "Market", "Finance" and "Technology Development" control areas.

In the "Market" control area, using third party reports and direct customer dialog, AIXTRON pursues a market-led product development strategy through the careful examination of market trends and customer requirements. The objective of this strategy is to ensure the market availability of new and appropriately competitive product generations in line with customer requirements.

In the "Finance" control area, the Executive Board uses a range of internal and external key performance indicators, with particular focus on: total sales, contribution margins, net result data and cash flow. The objective of these controls is to ensure that profitable revenue growth is matched by appropriate and prudent cash flow development.

In the "Technology Development" control area, the Executive Board uses a range of internal and external key performance indicators to evaluate the progress and success of internal projects. The Management regularly reviews project progress against target timelines and objectives, including: total sales revenue and net result data comparisons to the original targets. The objective of this review process is to ensure that ongoing projects retain the necessary level of technological and commercial competitiveness throughout the life of the product.

GOVERNMENT REGULATION

Due to the nature of AIXTRON's products, the shipment of some products to customers in certain countries requires the Company to obtain an export license from legal and statutory authorities in Germany, the UK and the US, including, for example, the Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA in Germany, the Department for Business, Innovation and Skills in the UK as well as the Department of State and the Department of Commerce in the US.

Research and development activities, as well as the manufacturing and demonstration of the Company's products involve the use of potentially harmful chemical and hazardous materials and radioactive compounds and as a result, AIXTRON is subject to stringent environmental and safety regulations in connection with its business operations.

Because AIXTRON's securities are publicly traded in the US, the Company is also subject to the rules and regulations promulgated by the SEC, including those defined under the Sarbanes-Oxley Act of 2002. In addition, AIXTRON is subject to other regulations for example the provisions of the US Foreign Corrupt Practices Act and the UK Bribery Act relating to the maintenance of books and records and anti-bribery controls.

IMPORTANT FACTORS

GLOBAL ECONOMY*

The global economy faced major challenges in the year 2011, many of which to date remain unresolved. This was mainly caused by the continuing uncertainty and economic vulnerability arising from the sovereign debt crisis in certain countries and the resulting impacts on global growth perspectives. According to the International Monetary Fund (IMF), global growth has decreased throughout 2011 and resulted in a global GDP (gross domestic product) growth rate of 3.8% during the year compared to 5.2% in 2010, and is predicted to further decline to 3.3% in 2012 before rising to 3.9% in 2013.

In 2011, the situation in the more advanced economies was characterized by highly volatile financial markets, fiscal consolidation actions in some Euro area countries, and declining consumer and business confidence. Consequently, the average growth rate of these countries, including the United States, the Euro-zone nations, Japan, Canada, and the United Kingdom, is expected to have been halved from 3.2% in 2010 to 1.6% in 2011 according to the IMF. However, growth rates within these countries varied widely, ranging from –0.9% in Japan, hindered by the lasting impact of the earthquake and tsunami in March, to 3.0% in Germany. Other key European countries such as France, the UK, Italy and Spain were significantly lagging behind Germany and achieved growth rates of only 1.6%, 0.9%, 0.4% and 0.7% respectively. In the US, a high unemployment rate, weak housing markets and high household saving rates were putting consequent pressure on consumer demand, suppressing economic recovery. Consequently, the US growth rate was down from 3.0% in 2010 to 1.8% in 2011.

The emerging and developing countries have once again been the major driver of economic growth in 2011. On average, GDP growth in these countries amounted to 6.2% which compares to 7.3% in 2010. This development was led by some of the more dynamic Asian economies, including China (9.2%) and India (7.4%). However, signs of overheating have already prompted more restrictive monetary policies in these countries, thus limiting their potential to support ongoing global growth.

* GDP data according to the "World Economic Outlook" Report by the International Monetary Fund "IMF"

Throughout 2011, the global stock markets experienced extreme volatility and ended the year in a negative position. This volatility was mainly driven by a regular stream of news reporting on the fragile state of the economy in the face of the sovereign debt situation in the Euro area and the US. After a relatively stable performance in the first half of the year, the German DAX® index has suffered severe losses throughout August and September that could not be recouped by the end of 2011. In total, the DAX® was down 15% from 6,914 points at the beginning of the year to 5,898 points at the end of December. The TecDAX® index, which AIXTRON is a prominent part of, lost 19% from 851 points to 685 points as of year end 2011. Major international indices outside the Euro area performed somewhat better than the German market. The FTSE 100, for example, ended the year with a loss of 6%, while the year end position of the S&P 500 was virtually the same as its opening position for 2011.

Throughout the first half of the year, the US Dollar suffered from disappointing US economic data and outlook figures and declined by 7% against the Euro, to end the first half of 2011 at 1.44 USD/EUR. Over the same period, the Euro appeared to find support from the prospect of further European interest rate hikes and from the surprisingly strong economic recovery in some specific EU economies, despite the renewed focus on resurfacing EU debt problems. However, in the second half of the year, the value of the Euro depreciated against the US Dollar as concerns about the debt situation in European countries and about the stability of the European monetary union became much stronger. The USD/EUR exchange rate fell below the 1.40 USD/EUR mark on September 8, and the US Dollar ended the year 3% stronger year on year at 1.29 USD/EUR.

AIXTRON Management continues to monitor very carefully the developments in the global economy and financial markets, and regularly examines what can be potentially done to mitigate possible negative consequential effects on AIXTRON's business.

THE SEMICONDUCTOR EQUIPMENT MARKET

While the recorded world real gross domestic product increased in value terms by an estimated 3.8% (according to the IMF) in 2011, the electronics equipment industry increased by 6% (according to Gartner Dataquest, December 2011).

In comparison, semiconductor capital spending showed a growth of about 14% in 2011, and specific spending on Wafer Front End equipment (WFE), which includes spending on deposition tools supplied by AIXTRON, increased by 10% year on year (according to Gartner Dataquest, December 2011).

THE HB LED MARKET

In 2011, AIXTRON generated the large majority, i.e. more than 83% (2010: 93%; 2009: 81%), of its total equipment revenues with the sale of HB LED manufacturing systems.

The customer end-market for High Brightness ("HB") LEDs, which can be produced with AIXTRON's compound semiconductor equipment, was predicted by Strategies Unlimited (an independent semiconductor market research institute) in their October 2011 report, to grow in 2011 by 10% to USD 12.3bn (2010: USD 11.2bn). During the same time, sales of LED units are expected to grow by 34%. However, LED prices have dropped by 20-40% throughout the year mainly due to excess capacity and a slowdown in demand for TVs by customers.

A combination of the market-driven LED price decline described above and a variety of governmental and commercial industry iniatives, helped by a rising public awareness of the positive environmental benefits of LED technology are perceived to be positive contributions towards the early adoption of LED general lighting applications.

Towards the end of 2009, Chinese local government authorities started to support LED makers through substantial direct subsidies in order to build up a significant Chinese production industry aimed at LED lighting applications. In addition to these subsidies, the Chinese Five Year Plan, published in March 2011, reiterated China's commitment to support the development of this industry and consequently their aspirations to become a meaningful global player in this market. Towards the end of 2011, although increased credit tightness appeared to suppress the availability of local government funding, market rumors suggest that subsidies previously aimed exclusively at fixed assets could potentially become available to stimulate the end market demand for LED lighting.

In June 2011, South Korea launched a new LED lighting adoption program as part of the Korean government's national energy-saving objectives. The program aims at achieving 100% adoption rates for LED lighting in Korean governmental institutions and 60% penetration of all lighting applications throughout the country by 2020. Currently, LEDs account for only 2.5% of all lighting in South Korea.

An increased number of governments around the world (e.g. EU countries, Russia, Japan, China, South Korea, Taiwan, Australia, USA, and Canada) are pursuing measures to phase out incandescent light bulbs for general lighting. The intent of these programs is to encourage the use and further technological development of more energy-efficient lighting alternatives, including LED lighting.

On a more commercial level, two influential global consumer electronic companies in Korea, are already domestically offering LED light bulbs equivalent to a 60W incandescent light in their own domestic market at prices around USD 16-18, which is, in the opinion of AIXTRON Management, within the key price tipping point range for commercial LED light adoption and represents a 50% year on year market price reduction.

AIXTRON SPECIFIC FACTORS

SUCCESSFUL MARKET INTRODUCTION OF NEW PRODUCTS

// During 2011, AIXTRON has experienced very good market acceptance of its latest generation G5 and CRIUS® II equipment systems, first launched in 2010, and finished the year 2011 representing 48% of AIXTRON's 2011 equipment revenues (2010: 26%).

// In July and November 2011, AIXTRON launched enhanced versions of its CRIUS® II MOCVD system, the CRIUS® II-L and the CRIUS® II-XL. Based on the production proven Showerhead reactor design of the CRIUS® II, the latest systems have an increased reactor capacity as high as 19x4 inch wafers per production run, thus providing LED manufacturers with best-in-class cost of ownership and footprint efficiency allowing a faster reduction in unit LED chip cost.

// AIXTRON has received very positive customer response to these latest high volume production systems and leading customers have already taken delivery, supporting Management's confidence in the positive mid- to long-term growth perspectives of the LED lighting industry and AIXTRON's contribution to that growth.

FOCUSED CHINA STRATEGY

// Whilst the vast majority of AIXTRON's revenues traditionally come from Asia (90% in 2011; 91% in 2010; 82% in 2009), significant shifts between the different Asian revenue regions have taken place, with China having become the Company's strongest regional revenue driver in 2011. The Chinese region still offers substantial growth potential for the LED market, evidenced by the respective key economic and developmental targets detailed in the 12th Chinese Five-Year Plan released in March 2011.

// Within its focused China strategy, AIXTRON has formally established "AIXTRON China Ltd.", a legally independent and wholly owned Chinese subsidiary in Shanghai during 2011. This new business structure will make it easier for AIXTRON to improve the infrastructure required to support AIXTRON's Chinese customer base, including the opening of further offices if necessary, and thereby supplying spare parts and services even faster and more efficiently in the future.

// In June 2011, AIXTRON also signed a formal collaboration agreement with the Suzhou Institute of Nano-Tech and Nano-Bionics (SINANO) to open a new MOCVD training and demo center in Suzhou, China. The new training center is equipped with AIXTRON's latest generation MOCVD systems, and is staffed with a professional team of highly experienced AIXTRON process and service engineers. The agreement is designed to both support SINANO's research work and to train Chinese MOCVD engineers and operators.

DECREASING ORDER INTAKE AND REVENUES IN H2/2011

// In the second half of the year, the previously high investment and purchase order activities by Asian LED manufacturers, driven by the relatively easy availability of government funding, abruptly slowed down. This was partially a consequence of the perceived lack of sufficiently developed end-market demand, but also evidence of some relevant financing pressures on some Asian LED manufacturers, including both sovereign and bank suppression of credit lines and bank loans.

// The degree to which orders slowed down in the second half can be seen in comparison with the first half order intake; H1/2011: EUR 432.5m; H2/2011: EUR 80.9m. A similar effect can be seen with the revenues; H1/2011: EUR 381.0m; H2/2011: EUR 229.9m.

// From August, AIXTRON began to receive increased requests for delivery deferrals, which subsequently led to a Management decision to reduce the order backlog position by EUR 100m. The year end order backlog stood at EUR 141.0m on December 31, 2011 (December 31, 2010: 274.8m).

// Year end inventories increased by 10% to EUR 184.6m (December 31, 2010: 167.2m), largely due to the indeterminately deferred deliveries referred to above. However, due to the highly modular design of AIXTRON's common platform equipment, deferred work in progress systems can potentially be reconfigured to meet the requirements of new order requests.

// The immediate market outlook for our specific industry, i.e. the first half of the year, suggests a continuation of the low level market activity seen towards the end of 2011.

// In view of this and the consequent likely reduction in inventory turnover, combined with new product developments in the pipeline, Management decided to make a provision against the potential risk of unsold excess inventories of approximately EUR 40m, resulting in the year end total inventories mentioned above.

// However, due to its flexible business model, including flexible workforce agreements, AIXTRON was able to quickly adapt to the deteriorating business environment during the second half of the year, and therefore was still able to deliver good profit margins for the year, with a gross margin of 38% (2010: 53%; 2009: 44%) and an EBIT margin of 18% (2010: 35%; 2009: 21%).

RESULTS OF OPERATIONS

DEVELOPMENT OF REVENUES

In fiscal year 2011, AIXTRON recorded revenues of EUR 611.0m, a decrease of EUR 172.8m, or 22%, compared to EUR 783.8m in 2010 (2009: EUR 302.9m). This development was principally due to the rapid deterioration in the business environment during the second half of the year where revenues were down 40% compared to the first half year. In 2010, the exceptionally positive revenue development had been largely influenced by substantial demand from Asia customers serving a growth market for LED TVs at that time and government subsidy support. In 2010, revenues also benefited from a stronger USD/EUR exchange rate.

The decrease in full year 2011 revenues was mainly attributable to the 24% reduction in the Company's deposition equipment revenues (2011: EUR 556.3m; 2010: EUR 735.7m; 2009: EUR 275.0m). The equipment bought by AIXTRON's customers is predominantly used for the production of LEDs, which in turn are primarily employed as backlighting devices for LCD displays and emerging lighting applications. Total equipment sales generated 91% of total revenues in 2011 (94% in 2010; 91% in 2009).

The remaining revenues were generated by sales of spare parts and service, which at 9% in 2011 were 3 percentage points higher relative to total revenues than in 2010 (6% in 2010; 9% in 2009).

REVENUES BY EQUIPMENT AND SERVICE

	2011		2010		2009		2011–2010	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Equipment revenues	556.3	91	735.7	94	275.0	91	–179.4	–24
Other revenues (service, spare parts, etc.)	54.7	9	48.1	6	27.9	9	6.6	14
Total	**611.0**	**100**	**783.8**	**100**	**302.9**	**100**	**–172.8**	**–22**

A very high percentage, namely 90% of total revenues in 2011, was generated by sales to customers in Asia, which is 1 percentage point lower than the 91% recorded in 2010 (82% in 2009). 4% of revenues in 2011 were generated in Europe (4% in 2010; 14% in 2009) and the remaining 6% in the USA (5% in 2010; 4% in 2009).

REVENUES BY REGION

	2011		2010		2009		2011 - 2010	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Asia	547.8	90	716.9	91	250.0	82	-169.1	-24
Europe	26.3	4	31.1	4	41.6	14	-4.8	-15
USA	36.9	6	35.8	5	11.3	4	1.1	3
Total	**611.0**	**100**	**783.8**	**100**	**302.9**	**100**	**-172.8**	**-22**

DEVELOPMENT OF RESULTS

COST STRUCTURE

	2011		2010		2009		2011 - 2010	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Cost of sales	**379.6**	**62**	**372.0**	**47**	**168.1**	**56**	**7.6**	**2**
Gross profit/margin	**231.4**	**38**	**411.8**	**53**	**134.7**	**44**	**-180.4**	**-44**
Operating costs	**118.5**	**19**	**136.2**	**17**	**72.0**	**24**	**-17.7**	**-13**
Selling expenses	32.1	5	48.9	6	25.5	8	-16.8	-34
General and administration expenses	34.0	6	30.1	4	21.3	7	3.9	13
Research and development costs	50.4	8	46.1	6	32.9	11	4.3	9
Net other operating (income) and expenses	2.0	0	11.1	1	(7.7)	-2	-9.1	-82

COST OF SALES

Cost of sales increased year on year by 2% from EUR 372.0m in 2010 (2009: EUR 168.1m) to EUR 379.6m in 2011, while cost of sales relative to revenues were up 15 percentage points to 62% from 47% in 2010 (55% in 2009). The relatively high absolute cost base is mainly due to the above mentioned write-down of inventories in combination with the increasing sales volume effect in the first half of the year, accounting for more than 50% of total cost of sales. The strong increase relative to revenues is attributable to the above mentioned write-down of inventories combined with the reduced full year sales volume as well as a less favorable product mix and pricing compared to the year 2010. The year on year cost of sales improvement in 2010 was mainly due to the increasing sales volume effect and a more favorable product mix than in 2009.

GROSS PROFIT, GROSS MARGIN

While revenues decreased by 22% and cost of sales increased by 2%, the Company's gross profit decreased by 44% year on year to EUR 231.4m in 2011 (2010: EUR 411.8m; 2009: EUR 134.7m), resulting in a 15 percentage points lower gross margin of 38% after 53% in 2010 (44% in 2009). Seven percentage points of this year-on-year decline is attributable to the EUR 40m inventory write-down.

OPERATING COSTS

Operating costs decreased year on year by 13% to EUR 118.5m in 2011 (2010: EUR 136.2m; 2009: EUR 72.0m). Operating costs relative to revenues were 19% in 2011, 2 percentage points higher than the 17% in 2010 (24% in 2009). This development was influenced by the following factors:

Selling expenses decreased year on year by 34% to EUR 32.1m (2010: EUR 48.9m; 2009: EUR 25.5m), which is mainly due to lower sales commissions resulting from the change in the geographical mix of sales, and lower warranty expenses. In contrast to that, the increase in sales expenses in 2010 was mainly attributable to higher warranty expenses provisions in consequence of higher volume and sales commissions, which vary by territory, partially offset by disproportionally lower increases in discretionary expenses. Selling expenses relative to revenues also decreased year on year from 6% in 2010 by 1 percentage point to 5% in 2011 (8% in 2009).

The year on year 13% increase in **general and administration expenses** to EUR 34.0m in 2011 (2010: EUR 30.1m; 2009: EUR 21.3m) was principally due to the increased number of employees within this area, as well as higher IT infrastructure and consultancy costs. The 2010 increase in absolute terms was principally due to profit-related variable administration expenses, IT infrastructure costs and consultancy. General and administration expenses, relative to revenues, increased from 4% in 2010 (2009: 7%) by 2 percentage points to 6% in 2011, principally due to the lower sales volume effect in connection with a higher absolute cost base.

KEY R&D INFORMATION

	2011	2010	2009	2011-2010
R&D expenses (million EUR)	50.4	46.1	32.9	9%
R&D expenses, % of sales	8	6	11	
R&D employees (period average)	279	240	197	16%
R&D employees, % of total headcount (period average)	32	32	31	

Research and Development expenses increased by 9% year on year from EUR 46.1m recorded in 2010 (2009: EUR 32.9m) to EUR 50.4m in 2011, due to further expansion of the development activities, including additional personnel and material expenses. These activities are based on the necessity of an intensive R&D engagement to secure the Company's technology leading position. The 2010 increase in R&D expenses was attributable to the increase in development

activities, including additional personnel, material expenses and depreciation. In relative terms, R&D costs increased from 6% of revenues in 2010 (11% in 2009) to 8% in 2011, due to the reduced revenue base.

PERSONNEL COSTS

	2011	2010	2009	2011–2010	
	m EUR	m EUR	m EUR	m EUR	%
Cost of Sales	26.5	23.8	17.3	2.7	11
Selling, General and Administrative expenses	25.9	24.3	17.9	1.6	7
Research and Development costs	24.2	21.8	16.5	2.4	11
Total	**76.6**	**69.9**	**51.7**	**6.7**	**10**

With the average number of Group employees increasing in line with the higher business volume in the first half of 2011, **personnel expenses** increased by 10% in total from EUR 69.9m in 2010 (2009: EUR 51.7m) to EUR 76.6m in 2011, and was up as a percentage of sales from 9% in 2010 (17% in 2009) to 13% in 2011.

2011 net **other operating income and expenses** resulted in an expense of EUR 2.0m, compared to an expense of EUR 11.1m in 2010 (2009: income of EUR 7.7m), mainly due to the impact from currency effects. For comparison purposes it should be noted that included in the other operating income recorded in 2009 were some one-off effects (EUR 4.8m income in total) from the sale of the Aachen facility and compensation payments for cancelled orders.

In 2011, a net currency expense of EUR 2.1m (2010: EUR 17.2m; 2009: 1.4m) was incurred largely from USD/EUR hedging contracts. Income of EUR 1.6m relates to hedge contracts. Expenses of EUR 3.7m were recorded from transactional and translation differences which do not involve hedge contracts.

EUR 1.4m of R&D grants, received in 2011 (2010: EUR 3.5m; 2009: 3.3m), were recorded as other operating income.

OPERATING RESULT

The operating result decreased by 59% from EUR 275.5m in 2010 (2009: EUR 62.7m) to EUR 112.9m in 2011, with a 17 percentage points lower EBIT margin of 18% (35% in 2010; 21% in 2009). This development is a result of the aforementioned development of the Company's full year revenues and the relatively higher cost base including the write-down of inventories as described above. In 2010, the operating result showed a strong improvement, in absolute and relative terms, due to the positive effects of an increase in revenues and relatively lower costs, while the expense from currency hedges and currency translation effects offset, to a limited extent, some of the positive effects.

RESULT BEFORE TAXES

Result before taxes decreased by 59% from EUR 278.2m in 2010 (2009: EUR 64.0m) to EUR 115.0m in 2011, with a net finance income of EUR 2.1m in 2011 (2010: EUR 2.7m; 2009: EUR 1.3m).

INTEREST AND TAXES

	2011 m EUR	2010 m EUR	2009 m EUR	2011–2010 m EUR	2011–2010 %
Net Interest Income/Expense	**2.1**	**2.7**	**1.3**	**–0.6**	**–22**
Interest Income	3.4	2.8	1.3	0.6	21
Interest Expenses	–1.3	–0.1	0.0	–1.2	n. a.
Tax Expenses	**–35.4**	**–85.7**	**–19.2**	**50.3**	**–59**

AIXTRON recorded in 2011 a **tax on income expense** of EUR 35.4m at a relatively stable effective tax rate of 31% compared to the year before (2010: EUR 85.7 or 31%; 2009: EUR 19.2m or 30%). Tax loss carry-forwards, remaining unrecognized as deferred tax assets in 2011, totaled EUR 15.9m (2010: EUR 17.1m; 2009: EUR 21.2m).

PROFIT/LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF AIXTRON SE (AFTER TAXES)

The 2011 after-tax profit attributable to the equity holders of the AIXTRON SE was EUR 79.5m (13% of revenues), 59% down from the EUR 192.5m (25% of revenues) in 2010 (2009: EUR 44.8m or 15% of revenues).

NET INCOME AIXTRON SE – USE OF RESULTS

AIXTRON SE, the parent company of the AIXTRON Group, recorded a net accumulated income in accordance with German generally accepted accounting principles (German GAAP), based on the German Commercial Code, HGB, of EUR 77.0m for 2011 (2010: EUR 124.9m; 2009: EUR 42.5m).

AIXTRON's Executive and Supervisory Boards will propose to the shareholders' meeting that a dividend of EUR 25.4m or EUR 0.25 per share (EUR 60.7m or EUR 0.60 in 2010; EUR 15.1m or EUR 0.15 per share for 2009) will be distributed for the fiscal year 2011.

DEVELOPMENT OF ORDERS

EQUIPMENT ORDERS

	2011 m EUR	2010 m EUR	2009 m EUR	2011–2010 m EUR	2011–2010 %
Equipment order intake	513.4	748.3	370.1	-234.9	-31
Equipment order backlog (end of period)	141.0	274.8	203.8	-133.8	-49

In 2011, **equipment order intake** was 31% down year on year, at EUR 513.4m (2010: EUR 748.3m; 2009: EUR 370.1m). The 2011 total order intake includes EUR 100m which was subsequently removed from the order backlog on September 15, 2011. As a matter of internal policy, order intake in US Dollars was recorded at a budget exchange rate for 2011, which had been set at 1.35 USD/EUR at the beginning of the year (2010: 1.50 USD/EUR; 2009: 1.40 USD/EUR).

The total **equipment order backlog** of EUR 141.0m at December 31, 2011 was 49% lower than at the same point in time in 2010 (2010: EUR 274.8m; 2009: EUR 203.8m). The order backlog as of December 31, 2011 is post the adjustment made on September 15, 2011. As of year end 2011, US Dollar denominated order backlog was recorded at a 2011 budget exchange rate, which had been set at 1.35 USD/EUR at the beginning of the year (2010: 1.50 USD/EUR; 2009: 1.40 USD/EUR). This order backlog was revalued at the 2012 budget rate of 1.40 USD/EUR as per January 1, 2012, leading to an opening equipment order backlog of EUR 136.8m.

As a matter of strict internal policy of prudence, AIXTRON follows clear internal requirements before recording and reporting received equipment orders as order intake and order backlog. These requirements comprise all of the following minimum criteria:

1. The receipt of a firm written purchase order and
2. the receipt of the agreed deposit and
3. the accessibility of the required shipping documentation and
4. a customer confirmed agreement on a system specific delivery date.

In addition and reflecting current market conditions even if an order does fulfill all of the above criteria, the Company's Management reserves the right to assess whether the actual realization of each respective system order is sufficiently likely to occur in a timely manner according to Management's opinion. When Management concludes, that there is an unacceptable degree of risk of not realizing revenue on any specific system, Management will, until that risk is considered acceptable, exclude the order, or a portion of the order, from the recorded order intake and order backlog figures, regardless of compliance with requirements of the points 1-4 above.

FINANCIAL POSITION

CORPORATE FINANCIAL MANAGEMENT

AIXTRON has a central financial management system to control its global liquidity, interest and currency management.

Due to the potentially volatile nature of its business, a sufficient level of cash is essential to expeditiously finance potential business needs. The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. In order to secure growth financing and support an acceleration and expansion of the R&D activities, the Company has access to a strong equity capital base. Furthermore, approved by the Shareholders Meeting, and subject to Supervisory Board approval, the Company has the authority to issue equity instruments to be able to raise additional liquidity on the capital market if required.

AIXTRON conducts a large part of its business in foreign currencies, i.e. in currencies other than the Euro. The most prevalent foreign currency relevant to AIXTRON is the US Dollar. In order to hedge foreign exchange risks, the Company routinely employs currency hedging instruments. With these instruments, expected cash flows from customer orders and expected customer orders are hedged.

FUNDING

The Company's stated **share capital (Grundkapital)** as of December 31, 2011 amounted to EUR 101,789,527 (December 31, 2010: EUR 101,179,866; December 31, 2009: EUR 100,667,177) divided into 101,789,527 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share.

The Company has a number of **stock option programs** in place that grant the members of the Executive Board and employees the right to purchase AIXTRON shares or American Depositary Shares ("ADS") under certain conditions. In fiscal year 2011, 609,661 stock options (2010: 513,014 options; 2009: 915,662 options) were exercised, resulting in delivery of in total 609,661 ordinary shares. Under the 2011 tranche of the AIXTRON stock option plan 2007, 14,000 new stock options were granted in fiscal year 2011 (2010 tranche: 779,950 grants; 2009 tranche: 778,850 grants).

AIXTRON ordinary shares	Dec. 31, 11	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 10
stock options	3,852,164	609,661	38,709	14,000	4,486,534
underlying shares	4,519,641	609,661	39,450	14,000	5,154,752

AIXTRON ADS	Dec. 31, 11	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 10
stock options	6,610	0	0	0	6,610
underlying shares	6,610	0	0	0	6,610

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in **note 23** to the Company's Consolidated Financial Statements **Share-based payments**.

The Company recorded no **bank borrowings** as of December 31, 2011, 2010 and 2009.

Where necessary, AIXTRON SE provides loans and financial security facilities to its subsidiaries to enable the business to continue to operate efficiently. The Company has granted no security interests in its own land and buildings.

The **equity ratio** increased to 81% as of December 31, 2011, compared to 73% as of December 31, 2010 (December 31, 2009: 72%), with a 6% lower balance sheet total in 2011 compared to 2010 (+44% in 2010 compared to 2009). The high equity ratio in 2011 was largely achieved due to the EUR 38.8m increase in retained earnings.

In 2011, the return on equity (ROE), based on the lower 2011 Group's net profit in proportion to the average total shareholders' equity at the start and end of the year was 13% (2010: 38%; 2009: 14%).

In order to support future developments, the Company regularly explores and assesses on an ongoing basis, potential funding opportunities available in the market.

INVESTMENTS

The AIXTRON Group's total capital expenditures of fiscal year 2011 amounted to EUR 30.2m (2010: EUR 51.9m; 2009: EUR 9.9m).

In 2011, EUR 27.2m (2010: EUR 48.6m; 2009: EUR 8.8m) were related to property, plant and equipment (including testing and laboratory equipment). Thereof, EUR 16.7m were related to investments in the R&D center in Germany (Phase II), whereas in 2010, EUR 39.5m had been invested into the R&D center (Phases I and II) under construction at that time. Investments of circa EUR 10m in the MOCVD training and demo facility in Suzhou/China commenced in 2011 and will be completed in 2012.

The remaining EUR 3.0m (2010: EUR 3.3m; 2009: EUR 1.0m) were related to intangible assets including software licenses.

The decrease of EUR 80.3m in bank deposits with a maturity of at least three months in 2011 was recorded as cash inflow from investing activities. In 2010, EUR 113.6m of additional bank deposits was recorded as cash outflow from investing activities (2009: EUR 87.0m).

All 2011, 2010 and 2009 expenditures were funded out of operating cash flow and available cash resources.

LIQUIDITY

Cash and cash equivalents including cash deposits with a maturity of at least three months, most of which is held in Euros (also see **Investments**), decreased by 23% to EUR 295.2m (EUR 172.9m + EUR 122.3m financial assets) as of December 31, 2011 (December 31, 2010: EUR 182.1m + EUR 202.6m December 31, 2009: EUR 211,2m + EUR 90.0m).

Specific proceeds that increased the 2011 year end liquidity position came, amongst other factors, from the 2011 net profit (EUR 79.5m) and stock option exercises (EUR 3.2m), but in total were lower than the dividend payment (EUR 60.7m), reduced advance payments from customers, higher inventories, and the above mentioned capital expenditures. In 2010, the increasing factors had been: EUR 192.5m from net profit, EUR 28.8m from advanced payments, EUR 3.5m from stock option exercises, over-compensating the dividend payment of EUR 15.1m.

There are currently no material restrictions on the Company's use of cash resources.

ASSETS

PROPERTY, PLANT AND EQUIPMENT

The value of property, plant and equipment increased year on year by 23% to EUR 96.2m (December 31, 2010: 77.9m; December 31, 2009: EUR 37.8m). The increase in 2010 and 2011 was principally based on the respective investments in the building of the new R&D center which was recorded as tangible assets/assets under construction, and an increase in laboratory equipment (with depreciation partly offsetting new equipment investments).

GOODWILL

The 3% increase in the value of goodwill to EUR 64.1m as per December 31, 2011 from EUR 62.2m as per December 31, 2010 (December 31, 2009: EUR 58.3m) resulted mainly from currency translation adjustments. There were no other significant additions or impairments in the three years from 2009 through 2011.

OTHER INTANGIBLE ASSETS

The value of other intangible assets decreased by 11% from EUR 7.0m as per December 31, 2010 (December 31, 2009: EUR 7.8m) to EUR 6.2m as per December 31, 2011. As in 2010, differences arose mainly from depreciation.

INVENTORIES

Post write-down of approximately EUR 40m, inventories, including raw materials, work in progress and finished goods, increased by 10% from EUR 167.2m as of December 31, 2010 (December 31, 2009: EUR 89.6m) to EUR 184.6m as of December 31, 2011, mainly due to customer delayed delivery plans. The 2010 increase in inventories resulted mainly from higher manufacturing volumes.

TRADE RECEIVABLES

Trade receivables decreased by 11% from EUR 88.4m as of December 31, 2010 to EUR 78.6m as of December 31, 2011 (EUR 49.3m as of December 31, 2009) directly due to the reduced business volume. In 2010, trade receivables were up as a result of the increased business volume.

LIABILITIES

Also due to the reduced business volume, trade payables decreased by 48% to EUR 20.5m as of December 31, 2011 compared to EUR 39.6m as of December 2010 (December 31, 2009: EUR 21.4m). For the same reason, other current provisions decreased by 16% from EUR 43.5m as of December 31, 2010 to EUR 36.6m as of December 31, 2011 (December 31, 2009: EUR 26.2m). Advance payments from customers as of December 31, 2010 were down to EUR 64.9m from EUR 117.5m as of December 31, 2010 (December 31, 2009: EUR 87.9m).

MANAGEMENT ASSESSMENT OF COMPANY SITUATION

Despite the backdrop of a very challenging macro-economic environment, AIXTRON still delivered strong revenues in the first half of the year, mainly driven by demand from LED backlighting, early lighting applications, and a continuation of the generous regional subsidies in China.

Progressively through the course of the year, Asian LED customers have had to face the effects of lower consumer demand for LED backlit TVs and monitors, contributing to overcapacity for LED manufacturers, causing evident margin pressures for these customers due to LED price declines. Many new LED customers were additionally facing problems in putting in place the necessary infrastructure and expertise to support their business plans.

These specific factors, amongst others, led to the very abrupt slow down in demand for our systems in the third quarter, particularly in Asia, and resulted in the AIXTRON Management reviewing the business outlook, and consequently the original guidance given for fiscal year 2011.

Management also reviewed the equipment order backlog and decided to reduce the previously published order backlog of EUR 373.5m by EUR 100.0m. The conclusion of this review took into account AIXTRON's Management opinion on backlog conversion risk, purchase order delays and deferred system delivery requests by several customers, specifically in Asia.

The immediate market outlook for our specific industry i.e. the first half of the year, suggests a continuation of the low level market activity seen towards the end of 2011.

In view of this and the consequent likely reduction in inventory turnover, combined with new product developments in the pipeline, Management decided to make a provision against the potential risk of unsold excess inventories of approximately EUR 40m, resulting in the year end total inventories mentioned above.

However, the 2011 full year result still underlines the benefit of the Company's flexible business model and stable financial position which has enabled Management to effectively cope with these severe market fluctuations, whilst maintaining their commitment to strategic investments in research and development

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no business events with a potentially significant effect on AIXTRON's results of operation, financial position, and net assets after the close of fiscal year 2011.

RISK REPORT

RISK MANAGEMENT

As an international technology company, AIXTRON is engaged in business operations worldwide and is, consequently, exposed to a variety of risks. The Company may also benefit from the opportunities related to the risks it is exposed to. To exploit these opportunities and to minimize risks, AIXTRON has established a Company-wide risk management system that is continuously being adapted to the evolving business environment and business processes.

A large number of systems and procedures for monitoring, analyzing, and documenting business risks and opportunities are deployed at several levels of the organization. The Whistleblower policy, as an example, helps to quickly identify critical issues allowing them to be addressed before critical exposure occurs and thereby preventing further escalation. Additionally, it enables employees at all levels to feel that their opinions are appreciated and respected, reinforcing a company culture where honesty and integrity are a priority in company behavior. Accurate and timely reporting is the core component of AIXTRON's risk and opportunity management. Risk managers, responsible for implementing risk reporting, have been appointed in different areas of the Company and at all subsidiaries.

To minimize risks and to capitalize on opportunities, AIXTRON pursues a forward looking product strategy, by observing current and identifying anticipated future market trends and customer requirements and continuously strives to develop and maintain unique selling propositions related to its technology. This product strategy incorporates measures for honing the Company's profile in its target market, for building new partnerships and alliances, as well as for training third parties engaged to market, sell, and deploy AIXTRON products. In fiscal year 2011, the Company continued to monitor market trends and the activities of its competitors and evaluated market analyzes and forecasts produced by leading market research companies. Project management and quality assurance systems are routinely deployed in all areas of product development where risk awareness and evaluation play a crucial role.

These measures are accompanied by a training and development program for managers and specialist employees, and by procedures to maintain and expand the necessary infrastructure when required.

AIXTRON deploys accounting, control, and forecasting software for the global monitoring and management of core enterprise information. Daily, weekly, monthly, and quarterly reporting processes ensure that information on business and market trends is regularly updated. In addition to annual budget planning, real-time forecasts are used to continuously review and update the Company's plans. As part of the Company's financial control procedures, variances between actual and budget figures are continuously identified and analyzed and they serve as the basis for corrective measures as necessary.

Furthermore, the Executive Board analyzes the Company's net assets, financial position, and results of operations on a continuous basis. The frequent exchange of knowledge and experiences at all hierarchy levels worldwide ensures the constant and efficient flow of information as well as rapid decision-making.

The Executive Board informs and includes, where required, the Supervisory Board in all key decisions at least once every quarter, and normally at shorter intervals. The Audit Committee of the Supervisory Board meets regularly with the Executive Board to discuss, analyze, and monitor financial issues arising in the course of the Company's business activities. Internal guidelines governing risk management, insider trading, and the disclosure of share price sensitive information ensure compliance with all applicable laws and the implementation of the corporate governance recommendations specified in the German Corporate Governance Code.

The Company's Supervisory Board is informed about the status, plausibility, and further development of the risk management system by the Executive Board on an ongoing basis. In addition, it is the Company's auditor's duty, to inform the Supervisory Board about their audit of the risk management early warning system.

INTERNAL CONTROL OVER FINANCIAL REPORTING

AIXTRON's Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the Securities and Exchange Act of the US Code of Federal Regulations, Title 17, Chapter II, §240, 13a-15(f) or 15d-15(f)) to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements for external purposes. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AIXTRON; (ii) provide reasonable assurance that all transactions are recorded as necessary to permit the preparation of AIXTRON's Consolidated Financial Statements and the proper authorization of receipts and expenditures of AIXTRON are being made in accordance with authorization of AIXTRON's Management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AIXTRON's assets that could have a material effect on AIXTRON's Consolidated Group Financial Statements.

Management assessed AIXTRON's internal control over financial reporting as of December 31, 2011, the end of its fiscal year. Management based its assessment on criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and AIXTRON's overall control environment. This assessment is supported by testing and monitoring. If a test should reveal a problem, proper feedback will be given and appropriate action will be taken to resolve the issue. This internal control over financial reporting system, designed to be dynamic, is constantly adapted to reflect the progressive development of the Company.

Based on the Company's assessment, Management has concluded that AIXTRON's internal control over financial reporting was effective as of December 31, 2011 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. AIXTRON's Management reviewed the results of Management's assessment jointly with the Audit Committee of AIXTRON's Supervisory Board.

Deloitte & Touche GmbH, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this annual report and has issued an attestation report on the effectiveness of AIXTRON's internal control over financial reporting pursuant to Section 404 of the U.S. Sarbanes Oxley Act of 2002.

SINGLE RISK FACTORS

CURRENCY EXCHANGE RISKS AND OTHER FINANCIAL RISKS

AIXTRON conducts a large part of its business in foreign currencies, i.e., in currencies other than the Euro. The most prevalent foreign currency relevant to AIXTRON is the US Dollar. Unfavorable exchange rate movements, especially the US Dollar/Euro exchange rate, will adversely affect the Company's results of operation. In order to hedge foreign exchange risks, the Company routinely employs currency hedging instruments. With these instruments, expected income from fixed client orders and from expected client orders is hedged. Results from these hedging contracts could also negatively affect the Company's results of operation.

AIXTRON conducts business with a large number of customers worldwide and is therefore exposed to the risk of bad dept losses. This potential risk is significantly reduced by down payments, letters of credit or bank guarantees. Further information on this subject is contained in section "Trade receivables and other current assets" of the notes to the Consolidated Financial Statements for 2011.

AIXTRON assesses the financial strength of its banking partners regularly and will take appropriate measures should it detect any significant deterioration or risk.

The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. The Company currently commands adequate cash and cash equivalents to meet business needs and carries no debt. However, should AIXTRON not be able to generate sufficient sales revenues, due to a weaker market demand, then this may significantly harm operating results and cash flows in the future. If AIXTRON cannot quickly and appropriately realign its business structure in line with adverse conditions, the need for additional external funding may arise. If it is not possible to acquire sufficient funding, AIXTRON could be forced to delay or reduce operations.

COMPANY-SPECIFIC RISKS, MARKET AND COMPETITION RISKS

The semiconductor industries can be highly volatile and unpredictable, which may adversely affect AIXTRON's operating results and result in significant volatility in the market price of its ordinary shares and ADS.

The semiconductor manufacturing equipment industry can be affected by the cyclical nature of the semiconductor industry. Although semiconductors are used in many different products, the markets for those products are interrelated to various degrees. The industry has historically experienced sudden changes in supply and demand for semiconductors. The timing, length and severity of these industry cycles are difficult to predict. During periods of declining demand for semiconductor manufacturing equipment, AIXTRON needs to be able to quickly and effectively align its cost structure with prevailing market conditions, to manage its inventory levels to reduce the possibility of future inventory write-downs resulting from obsolescence, and to motivate and retain key employees. Because a certain proportion of AIXTRON's costs are fixed in the near term, the Company's ability to reduce expenses quickly in response to revenue shortfalls is limited. During periods of rapid growth, AIXTRON's business must be able to acquire and/or develop sufficient manufacturing capacity and inventory to meet customer demand, and to attract, hire, assimilate and retain a sufficient number of qualified people.

The Company's customers may experience difficulties in acquiring manufacturing facilities or maintaining a sufficient flow of raw materials or accessing cash to achieve their increased manufacturing output. Should this occur, customers could request to delay AIXTRON system shipments.

The Company's customers often accelerate or delay expenditures, as well as attempt to cancel or reschedule their orders, in reaction to variations in their businesses or market conditions. As a result, AIXTRON must be able to react quickly to these changes in supply and demand. Failure to quickly align the Company's cost structure and manufacturing capabilities with industry fluctuations could lead to significant losses or a failure to capitalize on increased demand opportunities. In either event, the results of operations may be adversely affected, which could result in significant volatility in the market price of the Company's ordinary shares and ADS.

To partly protect AIXTRON from negative effects of the cyclicality of the semiconductor markets, AIXTRON outsources a large part of its production to third party suppliers. To minimize risks in this area, the company generally dual sources the supply of procured key items.

AIXTRON invests heavily into R&D and AIXTRON's future success depends highly on its ability to translate the knowledge gained from R&D quickly and, in line with the technological and commercial market needs, into commercial success. Should this fail, then this could have a significantly adverse impact on the Company's net assets, financial position, and results of operations.

Because in the past there has been substantial industry litigation regarding patents and other intellectual property rights infringements, AIXTRON cannot exclude the possibility of itself infringing upon intellectual property rights of third parties or of itself being held liable for supposedly infringing upon third party intellectual property rights. The costs associated with such litigation could be substantial. AIXTRON therefore pursues continous assessment of its intellectural property.

For more information on risks, please refer to section "Risk Factors" in AIXTRON's 2011 20-F-Report, which has been filed with the U.S. Securities and Exchange Commission on March 1, 2012.

OVERALL STATEMENT TO THE RISK SITUATION

Neither within fiscal year 2011 nor at the time of writing has the Executive Board identified any risks that could jeopardize the Company's continued existence.

REPORT ON EXPECTED DEVELOPMENTS

FUTURE STRATEGIC POSITIONING

The development of state-of-the-art complex material deposition technology remains AIXTRON's core competency and one which the Company has developed an acknowledged competitive advantage. The AIXTRON Management intends to continue this 'Pure Play' positioning and plans to further expand this core know-how into both existing and emerging markets.

Furthermore, due to an expectation that the speed of development and the competitive environment in the equipment markets that AIXTRON addresses will become more dynamic, and consequently product life cycles will become shorter, AIXTRON intends to further accelerate and expand its R&D activities. Based on these strategic plans, AIXTRON expects to maintain its MOCVD equipment market leadership position.

AIXTRON has a pioneering and leading role in the area of special Silicon Carbide ("SiC") epitaxial equipment utilizing its Hot-Wall Planetary Reactor® technology. This leading role is planned to be further strengthened within the next years with the rapid adoption of AIXTRON's 6x6 inch multiwafer technology. Customers in Europe, USA, China, Japan and South Korea are using AIXTRON's SiC equipment for the production of fast-switching diodes with minimized power loss, which are already used in power supplies for computer servers, flat panel TVs and solar inverters. Furthermore, the Company is active in supplying equipment to the power electronics market for the production of Gallium Nitride ("GaN") on Silicon ("Si") devices, which are expected to progressively replace Silicon power management devices within the next two years. Supported by internal and externally funded development projects, AIXTRON plans to bring its GaN-on-Si production technology to market within the next two years.

AIXTRON will also continue to implement its strategy to address the large area organic semiconductor application markets with the Company's deposition technology for organic materials, OVPD® and PVPD™. Additionally, AIXTRON seeks to make further inroads into the research community with its PECVD technology aimed at manufacturing Carbon Nanostructures including Carbon Nanotubes, Carbon Nanowires and Graphene.

AIXTRON has developed a high throughput ALD product aimed at providing innovative solutions for next-generation memory and logic device markets. AIXTRON's product is being qualified by multiple major chip manufacturers and AIXTRON expects to generate revenues with its technologies as the industry moves to 28nm technology node or beyond.

FUTURE MARKET ENVIRONMENT AND OPPORTUNITIES

In view of the increasing uncertainties regarding the European sovereign debt crisis and the stability of the European Monetary Union, growing downside risks to a weakening US economy as well as reducing demand in the emerging and developing countries, the IMF expects global growth in 2012 to decrease to 3.3% from the previously projected 3.8% for 2011. In 2013, the global GDP growth is expected to recover to 3.9%, under the condition that policymakers intensify their efforts to address the sovereign debt crisis.

For 2011, Gartner Dataquest forecasted (in their report as of December 2011) that the semiconductor capital spending grew by 14% to USD 64.2bn. In the same report, Gartner forecasts a decline of semiconductor capital spending of about 20% to USD 51.7bn (2013e: USD 61.6bn) for 2012. The spending on Wafer Front End equipment, where AIXTRON competes, is expected to decline by almost 23% year on year in 2012 to USD 26.7bn (2013e: USD 33.1bn) according to Gartner Dataquest.

According to financial and market analysts, the value of MOCVD equipment was expected to have reached a range of approximately USD 1.4bn to USD 1.8bn by the end of 2011, and is expected to develop towards a range of approximately USD 0.6bn to USD 1.4bn in 2012 as the market begins to recover from the current excess of manufacturing capacity for LEDs. In 2013, the same analysts expect the investment activity to pick up again, leading to a market size range of approximately USD 0.8bn to USD 1.9bn.

The total Silicon power management device market is expected to grow from USD 12bn to 18bn between 2010 and 2015 according to Gartner (in December 2011). The SiC and GaN power electronics devices, which can be produced on AIXTRON equipment, are estimated to generate a USD 500m device market by 2015. Estimates of an accessible market size for the respective production equipment is however not meaningful at this point in time.

AIXTRON Management believes, that the markets, AIXTRON addresses with its OVPD®, PVPD™ and PECVD technologies bear substantial growth potential in the mid- to long-term. However, as with all emerging technologies, there is an element of risk associated with the timing of AIXTRON's technology being adopted by the market. Estimates of an accessible OLED or Carbon Nanostructure equipment market size or market share are neither available nor meaningful at this point in time.

The specific market niche to be addressed by AIXTRON's ALD technology for the production of specialized applications such as gate stacks and capacitors is estimated by Gartner Dataquest (in December 2011) to be valued at USD 378m by the end of 2011 (2012e: USD 267m; 2013e: USD 341m). The exact timing of the market adoption of AIXTRON's technologies in this space remains difficult to accurately predict at this time.

AIXTRON believes that the following market trends and **opportunities** of the relevant end user markets could have a positive effect on future business:

SHORT TERM

// Increasing adoption of LEDs for exterior, public street and commercial lighting.
// Increasing adoption of LEDs for consumer and residential general lighting applications.
// Increasing adoption of GAN power electronics.

MID TERM

// Increased emergence of high volume Silicon Carbide (SiC) production applications and emerging hybrid automotive and photovoltaic transistor applications.
// Increased emergence and further development of plastic electronics/flexible organic TFT backplanes.
// Development of next generation NAND, DRAM and PRAM memory devices.
// Increased development activity for specialized compound solar cell applications.

LONG TERM

// Further progress in research activities leading to technologies for OLED lighting and displays as well as organic material large area deposition.
// Progress in the convergence development of complex compound semiconductor material applications as substituting materials in the silicon semiconductor industry.
// Development of applications using Carbon Nanostructures (Carbon Nanotubes, Carbon Nanowires, Graphene).
// Development of UV LED applications e.g. for water purification.
// Development of GaN-on-Silicon based devices for energy efficient power electronics.

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

With the reluctance of customers to invest in the current climate, especially in the Asian markets, our short-term business visibility remains limited. Given where we are in the LED backlighting and general lighting investment cycles, we do not expect further significant investments into backlighting capacity during 2012, but do expect to see increasing equipment investments for LEDs in general lighting applications.

With such limited order visibility, it is at this stage of the year far more difficult than in previous years to be precise in our 2012 guidance. However, Management believes that although 2012 looks set to be a transitional year with lower revenues and potential customer consolidation, we retain a more positive outlook for the second half of the year.

Consequently, although unable to offer a precise revenue and EBIT margin forecast at this point in time, we anticipate, remaining EBIT profitable in 2012. To achieve this result, given the expected declining revenues, we will utilize the advantages of our flexible business model and continuously review and implement cost saving measures in the short term.

Due to the advantages that our technologies offer to the LED manufacturers, we remain confident of retaining our generally recognized technology and market leadership, even in a weaker market environment. For this reason, we will also not cut back on our current R&D projects. A possible increase in demand for our systems in the second half of 2012 should enable us to increase our revenues in 2013 compared to 2012 with a corresponding improvement in profits.

Reflecting our strong commitment to R&D, we intend to continue investing intensively in 2012 in equipment and tools for our laboratories.

Due to our strong liquidity, we do not expect to require any external debt financing in 2012 or in 2013. We also anticipate retaining a strong equity base throughout 2012 and 2013.

Based on the positive customer response to AIXTRON's recent product releases, and against a background of several governmental and commercial industry market initiatives, we continue to believe in the positive mid- to long-term outlook for the LED industry and AIXTRON's contribution to that growth.

As at December 31, 2011, AIXTRON had no binding agreements for participation financing, company acquisition or transfers of parts of the Company.

4. RESULTS

STEPHAN STRAUCH
Supervisor
Production Planning Engineering
AIXTRON SE

CHAPTER 4

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2011 COMPACT

EUR 610,960,000 → Revenues

EUR 231,431,000 → Gross profit

EUR 112,880,000 → Operating result (EBIT)

EUR 79,536,000 → Net income

EUR 0.79 → Basic net result per share

EUR 50,410,000 → Research and Development costs

EUR 513,411,000 → Equipment order intake

EUR 140,957,000 → Equipment order backlog

EUR 628,340,000 → Shareholders' equity

EUR 777,259,000 → Balance sheet total

EUR 101,789,527 → Number of shares

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in EUR thousands	Notes	2011	2010	2009
Revenues	3	610,960	783,775	302,857
Cost of sales		379,529	372,018	168,143
Gross profit		**231,431**	**411,757**	**134,714**
Selling expenses		32,138	48,935	25,465
General administration expenses		33,978	30,076	21,288
Research and development costs	4	50,410	46,126	32,917
Other operating income	5	2,394	6,659	10,046
Other operating expenses	6	4,419	17,769	2,365
Operating result		**112,880**	**275,510**	**62,725**
Finance income		3,393	2,851	1,283
Finance expense		1,306	141	27
Net finance income	**8**	**2,087**	**2,710**	**1,256**
Result before taxes		**114,967**	**278,220**	**63,981**
Taxes on income	9	35,431	85,724	19,215
Profit for the year		**79,536**	**192,496**	**44,766**
Thereof attributable to the owners of AIXTRON SE		**79,536**	**192,496**	**44,766**
Basic earnings per share (EUR)	21	0.79	1.93	0.49
Diluted earnings per share (EUR)	21	0.78	1.89	0.48

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in EUR thousands	Notes	2011	2010	2009
Profit for the year		**79,536**	**192,496**	**44,766**
Losses/gains from derivative financial instruments before taxes	20	-9,032	1,224	-1,417
Deferred taxes on derivative financial instruments	14	2,934	-449	302
Currency translation adjustment		6,930	1,454	1,306
Other comprehensive income		**832**	**2,229**	**191**
Total comprehensive income for the year		**80,368**	**194,725**	**44,957**
Thereof attributable to the owners of AIXTRON SE		**80,368**	**194,725**	**44,957**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR thousands	Notes	Dec 31, 2011	Dec 31, 2010
Assets			
Property, plant and equipment	11	96,176	77,910
Goodwill	12	64,078	62,201
Other intangible assets	12	6,205	6,977
Other non-current assets	13	720	807
Deferred tax assets	14	28,347	19,469
Tax receivables	15	291	332
Total non-current assets		**195,817**	**167,696**
Inventories	16	184,553	167,221
Trade receivables less allowance kEUR 389 (2010: kEUR 382)	17	78,630	88,407
Current tax receivables	10	8,150	696
Other current assets	17	14,894	14,707
Other financial assets	18	122,323	202,587
Cash and cash equivalents	19	**172,892**	**182,118**
Total current assets		**581,442**	**655,736**
Total assets		**777,259**	**823,432**
Liabilities and shareholders' equity			
Subscribed capital Number of shares: 100,710,602 (2010: 100,100,941)		100,711	100,101
Additional paid-in capital		274,816	267,070
Retained earnings		263,316	244,488
Cumulated other comprehensive income and expense recognized in equity		-10,503	-11,335
Total shareholders' equity	**20**	**628,340**	**600,324**
Employee benefits	22	0	17
Other non-current payables		217	636
Other non-current provisions	24	0	387
Deferred tax liabilities	14	140	0
Total non-current liabilities		**357**	**1,040**
Trade payables	25	20,527	39,643
Advance payments from customers		64,900	117,477
Other current provisions	24	36,558	43,536
Other current liabilities	25	20,076	4,034
Current tax payables	10	6,404	17,342
Deferred revenues		97	36
Total current liabilities		**148,562**	**222,068**
Total liabilities		**148,919**	**223,108**
Total liabilities and shareholders' equity		**777,259**	**823,432**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

in EUR thousands	Notes	2011	2010	2009
Cash inflow from operating activities				
Profit for the year		79,536	192,496	44,766
Reconciliation between profit and cash inflow/outflow from operating activities				
Expense from share-based payments		5,177	3,645	2,149
Depreciation and amortization expense		12,258	13,101	12,247
Net result from disposal of property, plant and equipment		49	-1	-1,207
Deferred income taxes		-8,739	-5,053	-10,412
Other non-cash expenses		0	-3,369	1,064
Change in				
Inventories		-16,390	-75,870	-11,713
Trade receivables		9,524	-37,718	-10,506
Other assets		-13,653	-263	-4,283
Trade payables		-19,274	16,425	2,539
Provisions and other liabilities		-2,132	16,935	19,265
Deferred revenues		57	0	-6
Non-current liabilities		-813	-1,146	55
Advance payments from customers		-51,945	28,815	34,939
Cash inflow from operating activities		**-6,345**	**147,997**	**78,897**
Cash inflow/outflow from investing activities				
Capital expenditures in property, plant and equipment		-27,184	-48,645	-8,791
Capital expenditures in intangible assets		-2,978	-3,245	-1,008
Proceeds from disposal of fixed assets		77	105	6,723
Bank deposits with a maturity of more than 90 days	18	80,537	-113,602	-87,000
Cash inflow/outflow from investing activities		**50,452**	**-165,387**	**-90,076**
Cash inflow/outflow from financing activities				
Dividend paid to shareholders		-60,708	-15,100	-8,181
Proceeds from issue of equity shares		3,179	3,502	161,749
Cash inflow/outflow from financing activities		**-57,529**	**-11,598**	**153,568**
Effect of changes in exchange rates on cash and cash equivalents		4,196	214	1,341
Net change in cash and cash equivalents		-9,226	-29,074	143,730
Cash and cash equivalents at the beginning of the period		182,118	211,192	67,462
Cash and cash equivalents at the end of the period	**20**	**172,892**	**182,118**	**211,192**
Interest paid		-140	-261	-9
Interest received		2,675	1,772	778
Income taxes paid		-54,651	-90,344	-16,903
Income taxes received		211	86	122

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands	Subscribed capital under IFRS	Additional paid-in-capital	Currency translation	Derivative financial instruments	Retained Earnings/ Accumulated deficit	Shareholders' equity attributable to the owners of AIXTRON SE
Balance at January 1, 2009	89,692	106,445	-13,755	0	30,507	212,889
Dividends to shareholders					-8,181	-8,181
Share based payments		2,140				2,140
Issue of shares for options	916	3,196				4,112
Issue of shares	8,980	148,657				157,637
Currency translation		-25				-25
Net Income for the year					44,766	44,766
Other comprehensive income			1,306	-1,115		191
Total comprehensive income for the year	0	0	1,306	-1,115	44,766	44,957
Balance December 31, 2009 and January 1, 2010	**99,588**	**260,413**	**-12,449**	**-1,115**	**67,092**	**413,529**
Dividends to shareholders					-15,100	-15,100
Share based payments		3,645				3,645
Issue of shares for options	513	2,989				3,502
Issue of shares						0
Currency translation		23				23
Net Income for the year					192,496	192,496
Other comprehensive income			1,454	775		2,229
Total comprehensive income for the year	0	0	1,454	775	192,496	194,725
Balance December 31, 2010 and January 1, 2011	**100,101**	**267,070**	**-10,995**	**-340**	**244,488**	**600,324**
Dividends to shareholders					-60,708	-60,708
Share based payments		5,177				5,177
Issue of shares for options	610	2,569				3,179
Issue of shares						0
Currency translation						0
Net Income for the year					79,536	79,536
Other comprehensive income			6,930	-6,098		832
Total comprehensive income for the year	0	0	6,930	-6,098	79,536	80,368
Balance December 31, 2011	**100,711**	**274,816**	**-4,065**	**-6,438**	**263,316**	**628,340**

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 // GENERAL PRINCIPLES

AIXTRON SE is incorporated as a European Company (Societas Europaea) under the laws of the Federal Republic of Germany. The Company is domiciled at Kaiserstrasse 98, 52134 Herzogenrath, Germany. AIXTRON SE is registered in the commercial register of the District Court ("Amtsgericht") of Aachen under HRB 16590.

The consolidated financial statements of AIXTRON SE and its subsidiaries ("AIXTRON" or "Company") have been prepared in accordance with, and fully comply with

// International Financial Reporting Standards (IFRS), and the interpretations as published by the International Accounting Standards Board (IASB); and also
// International Financial Reporting Standards (IFRS) as adopted for use in the European Union; and also
// The requirements of Section 315a of HGB (German Commercial Law).

AIXTRON is a leading provider of deposition equipment to the semiconductor and compound semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in fibre optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, signalling and lighting, displays, as well as a range of other leading-edge technologies.

These consolidated financial statements have been prepared by the Executive Board and have been submitted to the Supervisory Board at its meeting held on February 29, 2012 for approval and publication.

2 // SIGNIFICANT ACCOUNTING POLICIES

A // COMPANIES INCLUDED IN CONSOLIDATION

Companies included in consolidation are the parent company, AIXTRON SE, and 8 companies, in which AIXTRON SE has a 100% direct shareholding or control. The balance sheet date of all consolidated companies is December 31. A list of all consolidated companies is shown in **note 31**.

B // BASIS OF ACCOUNTING

The consolidated financial statements are presented in Euro (EUR). The amounts are rounded to the nearest thousand Euro (kEUR). Some items in the statement of financial position and income statement have been combined under one heading to improve the clarity of presentation. Such items are disclosed and commented on individually in the notes.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if this revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments which have a significant effect on the Company's financial statements are described in **note 37**.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each consolidated company.

C // BASES OF CONSOLIDATION

(I) SUBSIDIARIES

Entities over which AIXTRON SE has control are treated as subsidiaries (see **note 31**). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that controlling influence commences.

(II) TRANSACTIONS ELIMINATED ON CONSOLIDATION

All intercompany income and expenses, transactions and balances have been eliminated in the consolidation.

D // FOREIGN CURRENCY

The consolidated financial statements have been prepared in Euro (EUR). In the translation of financial statements of subsidiaries outside the Euro-Zone the local currencies are used as functional currencies of those companies. Assets and liabilities of those companies are translated into EUR at the exchange rate ruling at the balance sheet date. Revenues and expenses are translated into EUR at average exchange rates for the year or at average exchange rates for the period between their inclusion in the consolidated financial statements and the balance sheet date. Net equity is translated at historical rates. The differences arising on translation are disclosed in Consolidated Statement of Changes in Equity.

Exchange gains and losses resulting from fluctuations in exchange rates in the case of foreign currency transactions are recognized in the income statement in “other operating income” or “other operating expenses”.

E // PROPERTY, PLANT AND EQUIPMENT

(I) ACQUISITION OR MANUFACTURING COST

Items of property, plant and equipment are stated at cost, plus ancillary charges such as installation and delivery costs, less accumulated depreciation (see below) and impairment losses (see **accounting policy (j)**).

Costs of internally generated assets include not only costs of material and personnel, but also a share of directly attributable overhead costs, such as employee benefits, delivery costs, installation, and professional fees.

Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

(II) SUBSEQUENT COSTS

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing components or enhancement of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. All other costs such as repairs and maintenance are expensed as incurred.

(III) GOVERNMENT GRANTS

Government grants related to the acquisition or manufacture of owned assets are deducted from original cost at date of capitalization.

(IV) DEPRECIATION

Depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Useful lives and residual values of property, plant and equipment are reviewed at the year end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	3–14 years
Other plant, factory and office equipment	2–14 years

F // INTANGIBLE ASSETS

(I) GOODWILL

All business combinations are accounted for by applying the purchase method. In respect of business combinations that have occurred since January 1, 2004, goodwill represents the difference between the fair value of the consideration for the business combination and the fair value of the net identifiable assets acquired. In respect of business combinations prior to this date, goodwill, determined under the previous accounting principles (US-GAAP), applied until 2004, and has continued to be recognized at its then carrying amount.

Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units and is tested annually for impairment (see **accounting policy (j)**).

(II) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding using scientific methods, is recognized as an expense as incurred.

Expenditure on development comprises costs incurred with the purpose of using scientific knowledge technically and commercially. As not all criteria of IAS 38 are met or are only met at a very late point within the development process, for reasons of materiality AIXTRON did not capitalize such costs.

(III) OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortization (see below) and impairment losses (see **accounting policy (j)**).

Intangible assets acquired through business combinations are stated at their fair value at the date of purchase.

Expenditure on internally generated goodwill, trademarks and patents is expensed as incurred.

(IV) SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(V) AMORTIZATION

Amortization is charged on a straight-line basis over the estimated useful lives of intangible assets, except for goodwill. Goodwill is tested annually in respect of its recoverable amount. Other intangible assets are amortized from the date they are available for use. Useful lives and residual values of intangible assets are reviewed at the year-end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Software	2–5 years
Patents and similar rights	5–18 years
Customer base and product and technology know-how	6–7 years

G // FINANCIAL INSTRUMENTS

(I) FINANCIAL ASSETS

Financial assets are classified into the following specific categories:
// financial assets 'at fair value through the profit or loss' (FVTPL),
// 'held to maturity investments', and
// 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognized at the trade date, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(II) FINANCIAL ASSETS AT FVTPL

Financial assets are classified as at FVTPL where the asset is either
// held for trading or
// it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(III) HELD TO MATURITY INVESTMENTS

Investments with fixed or determinable payments and fixed maturity dates that the Company intends and is able to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortized cost using the effective interest rate method less any impairment, with revenue recognized on an effective yield basis.

(IV) TRADE RECEIVABLES

Trade receivables and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment.

(V) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(VI) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits with banks with a maturity of up to three months at inception.

(VII) EQUITY INSTRUMENTS

Equity instruments, including share capital, issued by the company are recorded at the proceeds received, net of direct issue costs.

(VIII) FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(IX) FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL where the liability is either
// held for trading or
// it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(X) OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

(XI) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company's activities expose it primarily to the financial risks of changes in foreign exchange currency rates (see **note 26**). The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by policies approved by the Executive Board, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in the income statement.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.

Hedge accounting is discontinued when the derivative financial instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the derivative financial instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

H // INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Cost is determined using weighted average cost.

The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes direct material and production cost, as well as an appropriate share of overheads based on normal operating capacity.

Allowance for slow moving, excess and obsolete, and otherwise unsaleable inventory is recorded based primarily on either the Company's estimated forecast of product demand and production requirement for the next twelve months or historical trailing twelve month usage. When there has been no usage of an inventory item during a period of twelve months, the Company writes down such inventories based on previous experience.

I // OPERATING RESULT

Operating result is stated before finance income, finance expense and tax.

J // IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill purchased as part of a business acquisition is tested annually for impairment, irrespective of whether there is any indication of impairment. For impairment test purposes, the goodwill is allocated to cash-generating units. Impairment losses are recognized to the extent that the carrying amount exceeds the higher of net realizable value or value in use (recoverable amount) of the cash-generating unit.

Property, plant and equipment as well as other intangible assets are tested for impairment, where there is any indication that the asset may be impaired. The company assesses at the end of each period whether there is an indication that an asset may be impaired. Impairment losses on such assets are recognized, to the extent that the carrying amount exceeds either the fair value less cost to sell, or the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks associated with the asset.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals are made only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

An impairment loss in respect of goodwill is not reversed.

K // EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of issued common shares (see **note 21**) for the year. Diluted earnings per share reflect the potential dilution that could occur if options issued under the Company's stock option plans were exercised and convertible bonds were converted, unless such conversion had an anti-dilutive effect.

L // EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

(II) DEFINED BENEFIT PLANS

The obligation from defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognized in the income statement at each balance sheet date.

(III) SHARE-BASED PAYMENT TRANSACTIONS

The stock option programs allows members of the Executive Board, management and employees of the Company to acquire shares/ADS (see **note 23**) of the Company. These stock option programs are accounted for by AIXTRON according to IFRS 2. The fair value of options granted after November 7, 2002 is recognized as personnel expense with a corresponding increase in the additional paid-in capital. The fair value is calculated at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. In the calculation of the personnel expense options forfeited are taken into account.

M // PROVISIONS

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle this obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax interest rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

(I) WARRANTIES

The Company normally offers one, occasionally two, year warranties on all of its products. Warranty expenses generally include cost of labor, material and related overhead necessary to repair a product free of charge during the warranty period, and are recorded as a selling expense. The specific terms and conditions of those warranties may vary depending on the equipment sold, the terms of the contract and the locations from which they are sold. The Company establishes the costs that may be incurred under its warranty obligations and records a liability in the amount of such costs at the time revenue is recognized. Factors that affect the Company's warranty liability include the historical and anticipated rates of warranty claims and cost per claim.

The Company accrues material and labor cost for systems shipped based upon historical experience. The Company periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary.

(II) ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognized as a provision is determined as the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received. Before making that provision any impairment loss that has occurred on assets dedicated to that contract are recognized. The provision is discounted to present value if the adjustment is material.

N // REVENUE

Revenue is generated from the sale and installation of equipment, spare parts and maintenance services. The sale of equipment involves a customer acceptance test at AIXTRON´s production facility. After successful completion of this test, the equipment is dismantled and packaged for shipment. Upon arrival at the customer site the equipment is reassembled and installed, which is a service generally performed by AIXTRON engineers. AIXTRON gives no general rights of return, discounts, credits or other sales incentives within its terms of sale. However, occasionally some customers of AIXTRON have specifically negotiated terms and conditions of business.

Revenues from the sale of products that have been demonstrated to meet product specification requirements are recognized upon shipment to the customer, if a full customer acceptance test has been successfully completed at the AIXTRON production facility and the significant risks and rewards of ownership has passed to the customer.

Revenue relating to the installation of the equipment at the customer's site is recognized when the installation is completed and the final customer acceptance has been confirmed. The portion of the contract revenue deferred until completion of the installation services is determined based on either the fair value of the installation services or, if the company determines that there may be a risk that the economic benefits of installation services may not flow to the company, the portion of the contract amount that is due and payable upon completion of the installation. Fair value of the installation services is determined based on market rates for the materials and time required to complete the installation.

Revenue related to products where meeting the product specification requirements has not yet been demonstrated, or where specific rights of return have been negotiated, is recognized only upon final customer acceptance.

Revenue on the sale of spare parts is recognized when title and risk passes to the customer, generally upon shipment. Revenue from maintenance services is recognized as the services are provided.

0 // EXPENSES

(I) COST OF SALES

Cost of sales includes such direct costs as materials, labor and related production overheads.

(II) RESEARCH AND DEVELOPMENT

Research and Development costs are expensed as incurred. Project funding received from governments (e.g. state funding) and the European Union is recorded in other operating income, if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

(III) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognized as expense on a straight-line basis over the term of the lease.

P // OTHER OPERATING INCOME

GOVERNMENT GRANTS

Government grants awarded for project funding are recorded in "Other operating income" if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

Q // TAX

The tax expense represents the sum of the current and deferred tax.

Deferred tax assets and liabilities are recorded for all temporary differences between tax and commercial balance sheets and for losses brought forward for tax purposes as well as for tax credits of the companies included in consolidation. The deferred taxes are calculated, based on tax rates applicable at the balance sheet date or known to be applicable in the future. Effects of changes in tax rates on the deferred tax assets and liabilities are recognized upon substantively enacted amendments to the law.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits can be set off against tax credits and tax losses carried forward. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realized. The recoverability of deferred tax assets is reviewed at least annually.

R // SEGMENT REPORTING

An operating segment is a distinguishable component of the Company that is engaged in business activities and whose operating results are reviewed regularly by the Chief Operating Decision Maker, which the Company considers to be its Executive Board. The Executive Board regularly reviews financial information on a consolidated group basis. AIXTRON has only one reportable segment.

Accounting standards applied in segment reporting are in accordance with the general accounting policies as explained in this section.

S // CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7. Cash flows from operating activities are prepared using the indirect method. Cash inflows and cash outflows from taxes and interest are included in cash flows from operating activities.

T // RECENTLY ISSUED ACCOUNTING STANDARDS

Amendments to the following standards and interpretations were adopted during 2011:

// Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
// Improvements to IFRSs (Issued by IASB in May 2010)

The adoption of these interpretations and amended standards has not led to any changes in the Company's accounting policies. The standards, amendments to standards and interpretations have all been adopted earlier than required.

At the date of authorization of these financial statements, the following Standards and amendments to Standards, which have not been applied in these financial statements, were in issue but not yet effective and not yet adopted by the EU.

// IFRS 9 Financial Instruments
// IFRS 10 Consolidated Financial Statements
// IFRS 11 Joint Arrangements
// IFRS 12 Disclosures of Interests in Other Entities
// IFRS 13 Fair Value Measurement
// IAS 27 Separate Financial Statements
// IAS 28 Investments in Associates and Joint Ventures
// Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12)
// Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1)
// Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
// Amendments to IAS 19 Employee Benefits
// Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
// Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
// IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

The adoption of IFRS 9 which the Company plans to adopt on January 1, 2015 will impact both the measurement and disclosures of Financial Instruments; other changes to standards do not have a material impact.

3 // SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Board, as Chief Operating Decision Maker, in order to allocate resources to the segments and to assess their performance.

The Executive Board regularly reviews financial information on a consolidated group basis since the various activities of the group are largely integrated from an operational perspective. In accordance with IFRS 8.5, AIXTRON has only one reportable segment.

The Company's reportable segment is based around the category of goods and services provided to the semiconductor industry.

SEGMENT REVENUES AND RESULTS

in EUR thousands	2011	2010	2009
Equipment revenues	556,275	735,723	275,008
Spares and service	54,685	48,052	27,849
Revenue from external customers	610,960	783,775	302,857
Inventories recognized as an expense	255,357	298,872	121,296
Employee benefits	76,494	69,964	51,705
Depreciation	8,960	8,732	8,739
Amortization	3,540	4,369	3,508
Other expenses	154,041	115,741	63,521
Net foreign exchange losses	2,082	17,246	1,409
Other operating income	-2,394	-6,659	-10,046
Segment profit	112,880	275,510	62,725
Investment revenue	3,393	2,851	1,283
Finance costs	-1,306	-141	-27
Profit before tax	114,967	278,220	63,981

The accounting policies of the reportable segment are identical to the Group's accounting policies as described in **note 2**. Segment profit represents the profit earned by the segment without the allocation of investment revenue, finance costs and income tax expense. This is the measure reported to the Executive Board for the purpose of resource allocation and assessment of performance.

SEGMENT ASSETS AND LIABILITIES

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Semi conductor equipment segment assets	445,256	418,228
Unallocated assets	332,003	405,204
Total Group assets	**777,259**	**823,432**

For the purpose of monitoring segment performance and allocating resources all assets other than tax assets, cash and other financial assets are treated as allocated to the reportable segment. All liabilities are allocated to the reportable segment apart from tax liabilities and post-employment benefit liabilities.

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Semi conductor equipment segment liabilities	142,375	205,748
Unallocated liabilities	6,544	17,360
Total Group liabilities	**148,919**	**223,108**

Additions to Property, Plant and Equipment, to Goodwill and to Intangible assets, and the depreciation and amortization expenses are given in **notes 11 and 12**. Other non-current assets reduced by kEUR 87 during 2011 (increased by kEUR 163 in 2010).

Information concerning other material items of income and expense for personnel expenses and R&D expenses can be found in **notes 7 and 4**.

GEOGRAPHICAL INFORMATION

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below. Revenues from external customers are attributed to individual countries based on the country in which it is expected that the products will be used.

in EUR thousands	2011	2010	2009
Asia	547,782	716,872	250,034
Europe	26,322	31,066	41,498
USA	36,856	35,837	11,325
Total	**610,960**	**783,775**	**302,857**

Sales from external customers attributed to Germany, AIXTRON's country of domicile, and to other countries which are of material significance are as follows:

in EUR thousands	2011	2010	2009
Germany	10,929	21,314	31,937
Korea	57,744	125,489	110,140
China	314,900	193,768	24,445
Taiwan	157,446	376,899	102,071

In 2011 and in 2010 there were no customers who accounted for more than 10% of Group revenues. Sales to two customers amounted to 29% and 10% of total Group revenues respectively in 2009.

	Non-current assets	
in EUR thousands	Dec 31, 2011	Dec 31, 2010
Asia	1,604	1,310
Europe excluding Germany	14,873	13,060
Germany	96,109	78,726
USA	54,594	55,132
Total Group non-current assets	**167,180**	**148,228**

Non-current assets exclude deferred tax assets, financial instruments, post-employment benefit assets and rights arising under insurance contracts.

4 // RESEARCH AND DEVELOPMENT

Research and Development costs, before deducting project funding received, were kEUR 50,410, kEUR 46,126 and kEUR 32,917 for the years ended December 31, 2011, 2010 and 2009 respectively.

After deducting project funding received and not repayable, net expenses for research and development were kEUR 49,003, kEUR 42,588, and kEUR 29,637 for the years ended December 31, 2011, 2010 and 2009 respectively.

5 // OTHER OPERATING INCOME

in EUR thousands	2011	2010	2009
Research and Development funding	1,407	3,538	3,280
Income from resolved contract obligations		1,800	3,498
Income from the reversal of provisions and the write-off of debts	92	741	1,596
Gain from the disposal of fixed assets	17	4	1,262
Compensation payments	2	154	16
Foreign exchange gains	367	248	119
Other	509	174	275
	2,394	**6,659**	**10,046**

The total amount of exchange gains and losses (see also **note 6**) recognized in profit or loss was a loss of kEUR –2,082, (2010 loss kEUR –17,246; 2009 loss kEUR –1,409).

in EUR thousands	2011	2010	2009
Foreign exchange gains	367	248	119
Foreign exchange losses (see note 6)	–2,449	–17,494	–1,528
Net foreign exchange gains (losses)	**–2,082**	**–17,246**	**–1,409**
Gains (losses) arising on financial assets and liabilities at FVTPL	–1,320	–20,877	340
Other foreign exchange gains (losses)	–762	3,631	–1,749
	–2,082	**–17,246**	**–1,409**

The net gain (loss) on allowances for receivables and also on financial assets measured at amortized cost was kEUR –9 (2010 kEUR 471; 2009 kEUR 1,147)

6 // OTHER OPERATING EXPENSES

in EUR thousands	2011	2010	2009
Foreign exchange losses	2,449	17,494	1,528
Losses from the disposal of fixed assets	66	3	55
Additions to allowances for receivables or write-off of receivables	101	270	449
Customs penalty	1,334		
Other	469	2	333
	4,419	**17,769**	**2,365**

7 // PERSONNEL EXPENSE

in EUR thousands	2011	2010	2009
Payroll	63,315	58,534	43,738
Social insurance contributions	6,777	5,767	4,629
Decrease/Increase in defined benefit plan obligations	-17	866	219
Expense for defined contribution plans	1,355	1,152	970
Stock option expense	5,064	3,645	2,149
	76,494	**69,964**	**51,705**

8 // NET FINANCE INCOME

in EUR thousands	2011	2010	2009
Interest income from financial assets			
On financial assets measured at amortized cost	3,309	2,590	862
Other financial assets	84	261	421
	3,393	**2,851**	**1,283**
Interest expenses from financial liabilities			
On financial liabilities not at fair value through profit or loss	-546	-141	-26
Other financial liabilities	-761	0	-1
	-1,307	**-141**	**-27**
Net finance income	**2,086**	**2,710**	**1,256**

Interest income relates to interest on cash and cash equivalents and held to maturity investments.

9 // INCOME TAX EXPENSE/BENEFIT

The following table shows income tax expenses and income recognized in the consolidated income statement.

in EUR thousands	2011	2010	2009
Current tax expense (+)/current tax income (–)			
for current year	40,686	90,294	29,261
adjustment for prior years	552	483	131
Total current tax expense	**41,238**	**90,777**	**29,392**
Deferred tax expense (+)/deferred tax income (–)			
from temporary differences	–5,802	–4,980	–4,561
income/expense from changes in local tax rate	–5	26	–16
from reversals and write-downs		–99	–5,600
Total deferred tax expense	**–5,807**	**–5,053**	**–10,177**
Taxes on income	**35,431**	**85,724**	**19,215**

Income before taxes on income and income tax expense relate to the following regions:

in EUR thousands	2011	2010	2009
Income before income taxes			
Germany	56,554	225,802	88,822
Outside Germany	58,413	52,418	–24,841
Total	**114,967**	**278,220**	**63,981**
Income tax expense			
Germany	18,867	62,798	15,336
Outside Germany	16,564	22,926	3,879
Total	**35,431**	**85,724**	**19,215**

The Company's effective tax rate is different from the German statutory tax rate of 30.21% (2010: 30.21%; 2009: 30.20%) which is based on the German corporate income tax rate (including solidarity surcharge and trade tax).

The following table shows the reconciliation from the expected to the reported tax expense:

in EUR thousands	2011	2010	2009
Net result before taxes	**114,967**	**278,220**	**63,981**
Income tax expense (German tax rate)	34,732	84,050	19,322
Effect from differences to foreign tax rates	-1,574	-1,074	-2,392
Non-deductible expenses	2,236	2,491	1,222
Non-consideration of tax claims from losses carryforwards			977
Reversal of allowance/write-off against deferred tax assets	587	-133	103
Expense from changes in local tax rate	-5	26	-16
Effect of the use of losses carryforwards	-1,369		-168
Effect of permanent differences	-71	-113	175
Other	895	477	-8
Taxes on income	**35,431**	**85,724**	**19,215**
Effective tax rate	**30.8%**	**30.8%**	**30.0%**

10 // CURRENT TAX RECEIVABLES AND PAYABLES

As of December 31, 2011 the current tax receivable and payable, i.e. those actually incurred because the amount of tax paid in the current or in prior periods was either too high or too low, are kEUR 8,150 (2010: kEUR 696) and kEUR 6,404 (2010: kEUR 17,342) respectively.

11 // PROPERTY, PLANT AND EQUIPMENT

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

in EUR thousands	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Assets under construction	Total
Cost					
Balance at January 1, 2010	**28,145**	**40,597**	**11,199**	**1,891**	**81,832**
Acquisitions	11,106	4,267	4,143	29.128	48,644
Disposals	171	725	1,086	35	2,017
Transfers	172	1,500	-169	-1,503	0
Effect of movements in exchange rates	49	873	261	5	1,188
Balance at December 31, 2010	**39,301**	**46,512**	**14,348**	**29,486**	**129,647**
Balance at January 1, 2011	**39,301**	**46,512**	**14,348**	**29,486**	**129,647**
Acquisitions	1,787	5,239	3,185	16,973	27,184
Disposals	3	2,327	244	7	2,581
Transfers	102	1,330	20	-1,509	-57
Effect of movements in exchange rates	76	504	120	12	712
Balance at December 31, 2011	**41,263**	**51,258**	**17,429**	**44,955**	**154,905**
Depreciation and impairment losses					
Balance at January 1, 2010	**7,926**	**28,558**	**7,590**	**0**	**44,074**
Depreciation charge for the year	1,678	5,650	1,404	0	8,732
Disposals	118	721	1,073	0	1,912
Transfers	114		-114	0	0
Effect of movements in exchange rates	59	558	226	0	843
Balance at December 31, 2010	**9,659**	**34,045**	**8,033**	**0**	**51,737**
Balance at January 1, 2011	**9,659**	**34,045**	**8,033**	**0**	**51,737**
Depreciation charge for the year	1,997	5,023	1,939		8,959
Disposals		2,304	165		2,469
Transfers					0
Effect of movements in exchange rates	38	399	65		502
Balance at December 31, 2011	**11,694**	**37,163**	**9,872**	**0**	**58,729**
Carrying amounts					
At January 1, 2010	**20,219**	**12,039**	**3,609**	**1,891**	**37,758**
At December 31, 2010	**29,642**	**12,467**	**6,315**	**29,486**	**77,910**
At January 1, 2011	**29,642**	**12,467**	**6,315**	**29,486**	**77,910**
At December 31, 2011	**29,569**	**14,095**	**7,557**	**44,955**	**96,176**

DEPRECIATION

Depreciation expense amounted to kEUR 8,959 for 2011 and was kEUR 8,732 and kEUR 8,739 for 2010 and 2009 respectively.

IMPAIRMENTS

During 2011, 2010 and 2009 no impairment charges were necessary.

ASSETS UNDER CONSTRUCTION

Assets under construction relates mainly to the new Research and Development centre in Germany and to self-built systems for development laboratories.

12 // INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS

in EUR thousands	Goodwill	Other intangible assets	Total
Cost			
Balance at January 1, 2010	**75,474**	**39,200**	**114,674**
Acquisitions	0	3,245	**3,245**
Disposals	0	10,355	**10,355**
Effect of movements in exchange rates	3,644	2,081	5,725
Balance at December 31, 2010	**79,118**	**34,171**	**113,289**
Balance at January 1, 2011	**79,118**	**34,171**	**113,289**
Acquisitions	234	2,744	**2,978**
Disposals		14	**14**
Transfers		57	**57**
Effect of movements in exchange rates	2,109	590	**2,699**
Balance at December 31, 2011	**81,461**	**37,548**	**119,009**
Depreciation and impairment losses			
Balance at January 1, 2010	**17,199**	**31,434**	**48,633**
Depreciation charge for the year	0	4,369	**4,369**
Disposals	0	10,355	**10,355**
Effect of movements in exchange rates	-282	1,746	**1,464**
Balance at December 31, 2010	**16,917**	**27,194**	**44,111**
Balance at January 1, 2011	**16,917**	**27,194**	**44,111**
Depreciation charge for the year		3,540	**3,540**
Disposals		14	**14**
Effect of movements in exchange rates	466	623	**1,089**
Balance at December 31, 2011	**17,383**	**31,343**	**48,726**
Carrying amounts			
At January 1, 2010	**58,275**	**7,766**	**66,041**
At December 31, 2010	**62,201**	**6,977**	**69,178**
At January 1, 2011	**62,201**	**6,977**	**69,178**
At December 31, 2011	**64,078**	**6,205**	**70,283**

AMORTIZATION AND IMPAIRMENT EXPENSES FOR OTHER INTANGIBLE ASSETS

Amortization and impairment expenses for other intangible assets are recognized in the income statement as follows:

	2011		2010		2009	
in EUR thousands	Amort-ization	Impairment	Amort-ization	Impairment	Amort-ization	Impairment
Cost of sales	1,000	0	1,296	0	1,175	0
Selling expenses	255	0	1,301	0	1,303	0
General administration expenses	1,670	0	1,119	0	458	0
Research and Development costs	615	0	653	0	572	0
	3,540	**0**	**4,369**	**0**	**3,508**	**0**

In 2011, 2010 and 2009, no impairment losses were incurred and no reversals of impairment losses were made.

The amortization expected to be charged on other intangible assets in the future years is as follows:

in EUR thousands	
2012	2,498
2013	1,213
2014	747
2015	340
2016	180

The actual amortization can differ from the expected amortization.

IMPAIRMENT OF GOODWILL

At the end of 2011 the Group assessed the recoverable amount of goodwill and determined that no impairment loss had to be recognized (2010: kEUR 0; 2009 kEUR 0).

The carrying value of goodwill was kEUR 64,078 (2010 kEUR 62,201; 2009 kEUR 58,275). The addition in the year of kEUR 234 is a further contractual payment to the former owners of Nanoinstruments Ltd. Nanoinstruments Ltd was acquired by AIXTRON Ltd in 2007.

As at the end of 2011 the cash generating unit, to which the goodwill has been allocated, is the AIXTRON Group operational segment.

The recoverable amount of the cash-generating unit is determined through a fair value less cost to sell calculation which uses cash flow projections based on financial budgets and forecasts approved by the Executive Board covering the period up to 2013. Management has carried out checks to ensure that its internal projections are consistent with external forecasts of sales and earnings.

The key assumptions include

// A post tax WACC of 11.94% (2010 10.63%) which is derived as at December 2011 using the capital asset pricing model.
// A risk free interest rate of 2.75% (2010 3.25%) based on German Government bond yields.
// A market risk premium of 5% (2010 5%).
// An additional risk premium of 1.25% (2010 0%) to reflect the current capital market situation of historically low interest rates and high uncertainty.
// An unlevered beta of 1.37 (2010 1.24).
// A country risk premium of 1.09% (2010 1.09%).
// A terminal growth rate of 0% (2010 0%) has been assumed for the purposes of the calculation of the recoverable amount.
// An exchange rate of USD 1.40 to EUR 1 (2010 USD 1.35 to EUR 1).
// A margin, before interest and tax, of 15% (2010 32%).
// Projections of net working capital are based on expected working capital ratios. These ratios include; inventory turnover 2.2 (2010 2.5); receivables 46 DSO (2010 35) and payables 34 DPO (2010 33).

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate amount recoverable from the cash-generating unit.

13 // OTHER NON-CURRENT ASSETS

Other non-current assets totalling kEUR 720 (2010: kEUR 807) include mainly rent deposits for buildings.

14 // DEFERRED TAX ASSETS AND LIABILITIES

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
in EUR thousands	2011	2010	2011	2010	2011	2010
Property, plant and equipment	19	-95	-9	0	10	-95
Trade receivables	7,160	7,086	0	0	7,160	7,086
Inventories	13,629	6,962	0	0	13,629	6,962
Employee benefits	43	43	16	0	59	43
Deferred revenues		14	0	0	0	14
Provisions and other liabilities	-2,955	-2,033	0	0	-2,955	-2,033
Customer advances	1,578	0	0	0	1,578	0
Intangible assets	5,576	5,576	0	0	5,576	5,576
Other	42	156	-147	0	-105	156
Tax losses	1,688	2,455	0	0	1,688	2,455
Derivative financial instruments	1,567	-695	0	0	1,567	-695
Deferred tax assets (+) liabilities (-)	**28,347**	**19,469**	**-140**	**0**	**28,207**	**19,469**

Deferred tax assets are recognized at the level of individual consolidated companies in which a loss was realized in the current or preceding financial year, only to the extent that realization in future periods is probable. The nature of the evidence used in assessing the probability of realization includes forecasts, budgets and the recent profitability of the relevant entity. The carrying amount of deferred tax assets for entities which have made a loss in either the current or preceding year was kEUR 142 (2010: kEUR 3,180). Forecast transactions are expected to give rise to taxable profits in 2012 in the entity where deferred tax assets have been recognized.

Deferred taxes for tax losses in the amount of kEUR 16,141 (2010: kEUR 17,056) and on deductible temporary differences in the amount of kEUR 886 (2010: kEUR 22,028) were not recognized. Tax losses in the amount of kEUR 0 can be used indefinitely (2010: kEUR 0), kEUR 1,341 expire by 2016 (2010: 0, by 2015) and kEUR 14,800 expire after 2016 (2010: kEUR 17,056 after 2015).

The following table shows the development of temporary differences during the financial year:

in EUR thousands	Balance at Jan 1, 2011	Recognized in income statement	Directly recognized in other comprehensive income	Balance at Dec 31, 2011
Property, plant and equipment	-95	105	0	10
Trade receivables	7,086	74	0	7,160
Inventories	6,962	6,663	4	13,629
Employee benefits	43	11	4	58
Deferred revenues	14	-14		0
Currency adjustment	0	75	-75	0
Provisions and other liabilities	-2,033	-929	7	-2,955
Customer advances	0	1,578	0	1,578
Intangible assets	5,576	0	0	5,576
Other	156	-267	7	-104
Derivative financial instruments	-695	-673	2,935	1,567
Tax losses carried forward	2,455	-816	49	1,688
	19,469	**5,807**	**2,931**	**28,207**

in EUR thousands	Balance at Jan 1, 2010	Recognized in income statement	Directly recognized in other comprehensive income	Balance at Dec 31, 2010
Property, plant and equipment	-163	76	-8	-95
Trade receivables	2,603	4,483	0	7,086
Inventories	5,955	1,005	2	6,962
Employee benefits	-131	174	0	43
Deferred revenues	29	-11	-4	14
Currency adjustment	-38	-73	111	0
Provisions and other liabilities	-643	-1,411	21	-2,033
Intangible assets	0	5,576	0	5,576
Other	-140	308	-12	156
Derivative financial instruments	560	-806	-449	-695
Tax losses carried forward	5,562	-4,268	1,161	2,455
	13,594	**5,053**	**822**	**19,469**

15 // LONG-TERM RECEIVABLES FROM CURRENT TAX

Long-term receivables from current tax consist of a receivable from corporate tax which will be refunded over a period of six years. The amount included in long-term receivables is for the amount receivable after more than one year from the balance sheet date.

16 // INVENTORIES

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Raw materials and supplies	80,654	52,816
Work in process	94,469	108,909
Finished goods and services completed	2,277	249
Inventories at customers' locations	7,154	5,247
	184,554	**167,221**

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Write-down of inventories during the year	41,601	730
Inventories measured at net realizable value	0	0
Inventories recognized as an expense during the period	255,357	298,872
Reversals of write-downs recognized during the year	0	6,609

The reason for the reversal of provisions in 2010 was principally because some obsolete inventory was expensed as scrap and therefore the requirement for the provision no longer existed.

17 // TRADE RECEIVABLES AND OTHER CURRENT ASSETS

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Trade receivables	79,019	88,789
Allowances for doubtful accounts	-389	-382
Trade receivables - net	**78,630**	**88,407**
Prepaid expenses	796	766
Reimbursement of Research and Development costs	251	1,692
Advance payments to suppliers	5,016	915
VAT recoverable	3,468	6,530
Other assets	2,598	2,512
Derivatives that are designated and effective as hedging instruments carried at fair value	2,765	1,221
Financial assets carried at fair value through the profit or loss (FVTPL) (see note 28)	0	1,071
Total other current assets	**14,894**	**14,707**
	93,524	**103,114**

Additions to allowances on trade receivables are included in other operating expenses, releases of allowances are included in other operating income.

in EUR thousands	2011	2010
Allowance at January 1	382	717
Translation adjustments	8	16
Impairment losses recognized	69	223
Used	-22	-6
Impairment losses reversed	-48	-568
Allowance at December 31	**389**	**382**

Due to the worldwide spread of risks, there is a diversification of the credit risk for trade receivables. Generally, the Company demands no securities for financial assets. In accordance with usual business practice for capital equipment however, the Company mitigates its exposure to credit risk by requiring payment by irrevocable letters of credit and substantial payments in advance from most customers as conditions of contracts for sale of major items of equipment.

At the balance sheet date two customers accounted for 26% and 23% respectively of the Company's net trade receivables, no other single customer accounted for more than 10% of trade receivables. In 2010 one customer accounted for 11% of trade receivables, no other customer accounted for more than 10% of receivables. In determining concentrations of credit risk the company defines counterparties as having similar characteristics if they are connected entities.

Included in the Company's trade receivable balance are debtors with a carrying amount of kEUR 4,602 (2010: kEUR 12,807) which are past due at the reporting date for which the Company has not provided. As there has not been a significant change in credit quality and, although the company has no collateral, the amounts are still considered recoverable.

In determining the financial assets which may be individually impaired the Company has taken into account the likelihood of recoverability based on the past due nature of certain receivables, and our assessment of the ability of all counterparties to perform their obligations.

AGEING OF PAST DUE BUT NOT IMPAIRED RECEIVABLES

in EUR thousands	Dec 31, 2011	Dec 31, 2010
1–90 days past due	3,041	12,418
More than 90 days past due	1,561	389

18 // OTHER FINANCIAL ASSETS

Other financial assets of kEUR 122,323 (2010: kEUR 202,587) are fixed deposits with banks with a maturity of more than three months at inception of the contracts.

19 // CASH AND CASH EQUIVALENTS

in EUR thousands	Dec 31, 2011	Dec 31, 2010
Cash-in-hand	17	12
Bank balances	172,875	182,106
Cash and cash equivalents	**172,892**	**182,118**

Cash and cash equivalents comprise short-term bank deposits with an original maturity of 3 months or less. The carrying amount and fair value are the same.

Bank balances included kEUR 0 given as security (2010: kEUR 0) at December 31, 2011.

20 // SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

	2011	2010
January 1	100,100,941	99,587,927
Exercise of employee stock options	609,661	513,014
Issued capital at December 31, under IFRS	**100,710,602**	**100,100,941**
Treasury shares	1,078,925	1,078,925
Stated share capital at December 31	**101,789,527**	**101,179,866**

The share capital of the company consists of no-par value shares and was fully paid-up during 2011 and 2010. Each share represents a portion of the share capital in the amount of EUR 1.00.

Treasury shares were contributed into a trust, as part of the Genus acquisition for the exercise of Genus stock and other options and for conversion of bonds.

AIXTRON SE cannot dispose of the trust assets. IFRS (SIC 12) prescribes an allocation of the trust assets to AIXTRON SE. In the IFRS financial statements the shares held in this trust are therefore shown as treasury shares and deducted from the nominal share capital.

AUTHORIZED SHARE CAPITAL

Authorized share capital, including stated capital, amounted to EUR 184,107,297 (2010: 143,635,351).

ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital mainly includes the premium on increases of subscribed capital as well as cumulative expense for share-based payments.

INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME

in EUR thousands	Currency translation	Derivative financial instruments	Total
Balance at Januray 1, 2009	**-13,755**	**0**	**-13,755**
Change in currency translation	1,306	0	1,306
Change in unrealized gains/losses before taxes	0	-1,417	-1,417
Deferred taxes	0	302	302
Balance at December 31, 2009	**-12,449**	**-1,115**	**-13,564**
Change in currency translation	1,454	0	1,454
Change in unrealized gains/losses before taxes	0	1,224	1,224
Deferred taxes	0	-449	-449
Balance at December 31, 2010	**-10,995**	**-340**	**-11,335**
Change in currency translation	6,930		6,930
Change in unrealized gains/losses before taxes		-9,032	-9,032
Deferred taxes		2,934	2,934
Balance at December 31, 2011	**-4,065**	**-6,438**	**-10,503**

The foreign currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is not the Euro.

The item “derivative financial instruments” comprises the gain or loss on foreign currency hedge contracts deferred in other comprehensive income.

21 // EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the weighted-average number of common shares outstanding during the reporting period.

DILUTED EARNINGS PER SHARE

The calculation of the diluted earnings per share is based on the weighted-average number of outstanding common shares and of common shares with a possible dilutive effect resulting from share options being exercised under the share option plan.

	2011	2010	2009
Earnings per share			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	79,536	192,496	44,766
Weighted average number of common shares and ADS for the purpose of earnings per share	100,530,006	99,871,834	91,609,912
Basic earnings per share (EUR)	**0.79**	**1.93**	**0.49**
Earnings per share (diluted)			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	79,536	192,496	44,766
Weighted average number of common shares and ADS for the purpose of earnings per share	100,530,006	99,871,834	91,609,912
Dilutive effect of share options	1,304,711	1,874,632	1,405,764
Weighted average number of common shares and ADS for the purpose of earnings per share (diluted)	101,834,717	101,746,466	93,015,677
Diluted earnings per share (EUR)	**0.78**	**1.89**	**0.48**

The following securities issued were not included in the computation of the diluted earnings per share, as their effect would be anti-dilutive:

Number of shares	2011	2010	2009
Share options	**2,305,590**	**2,323,928**	**1,970,222**

22 // EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

The Company grants retirement benefits to qualified employees through various defined contribution pension plans. The expenses incurred for defined contribution plans mainly arise from two pension plans in subsidiaries. The contributions made do not exceed 10% of qualified employees' base salaries. In 2011 the expense recognized for defined contribution plans amounted to kEUR 1,338 (2010: kEUR 1,152, 2009: kEUR 970).

In addition to the Company's retirement benefit plans, the company is required to make contributions to state retirement benefit schemes in most of the countries in which it operates. The Company is required to contribute a specified percentage of payroll costs to the retirement schemes in order to fund the benefits. The only obligation of the Group is to make the required contributions.

DEFINED BENEFIT PLAN

The Company's net obligation in respect of defined benefit pension plans reflects commitments to two former members of the Executive Board of AIXTRON SE. These are final salary plans.

In the three years ending 2011 no payments were made under these plans. The value of the obligations from pension plans is determined annually at December 31. During 2010 these obligations were contracted out to an insurance company, the resulting insurance contract is recognized as a plan asset under IAS 19.104. Following the transfer of the pension obligation to the insurance company, the guaranteed increase in pensions is 1% only. The company does not expect to have any further obligation under these schemes.

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

in EUR thousands	2011	2010	2009
Present value of defined benefit obligations at January 1	1,048	1,064	845
Interest expense	51		
Actuarial gains and losses	-58		
Settlement	-17	-16	219
Present value of defined benefit obligations at December 31	**1,024**	**1,048**	**1,064**

The amount included in the consolidated statement of financial position arising from defined benefit obligations is:

in EUR thousands	2011	2010	2009	2008	2007
Present value of defined benefit obligations	1,024	1,048	1,064	845	878
Fair value of scheme assets – funded	-1,024	-1,031	0	0	0
Defined benefit liability – unfunded	**0**	**17**	**1,064**	**845**	**878**

EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

in EUR thousands	2011	2010	2009
Interest expense	0	54	87
Actuarial gains and losses	0	0	0
Settlement	-17	812	132
	-17	**866**	**219**

DEVELOPMENT OF PLAN ASSETS

in EUR thousands	2011	2010	2009
at January 1	**1,031**	**0**	**0**
Contributions by the sponsoring companies		**1,913**	**0**
Return from plan assets	**51**		
Actuarial gains and losses	**-58**	**-882**	**0**
	1,024	**1,031**	**0**

In the income statement, the income of kEUR 17 (expenses 2010: kEUR 866; 2009: kEUR 219) is recognized in general administration expense.

The following table shows the principal actuarial assumptions:

Biometrical calculation assumptions	2011 Heubeck tables 2005 G in %	2010 Heubeck tables 2005 G in %
Interest rate at December 31	5.20	4.90
Expected salary increase	0.00	0.00
Expected pension increase	1.00	1.00
Expected rate of return on plan assets	5.20	4.90

23 // SHARE-BASED PAYMENT

The Company has different fixed option plans which reserve shares of common stock and AIXTRON American Depository Shares (ADS) for issuance to members of the Executive Board, management and employees of the Company. Each AIXTRON ADS represents the beneficial ownership in one AIXTRON common share. The following is a description of these plans:

AIXTRON STOCK OPTION PLAN 1999

In May 1999, options were authorized to purchase 3,000,000 shares of common stock (after giving effect to capital increases, stock splits, and the Euro conversion). The stock options can be exercised when 15 years have elapsed since their issue. Under the terms of the 1999 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date. Under this plan 1,113,567 options for the purchase of 1,781,044 common shares were outstanding as of December 31, 2011.

AIXTRON STOCK OPTION PLAN 2002

In May 2002, options were authorized to purchase 3,511,495 shares of common stock. The options are exercisable in equal instalments of 25% per year after the second anniversary of the date of grant, subject to certain conditions. Options expire ten years from date of grant. Under the terms of the 2002 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. No grants were issued with a strike price less than fair market value. A total of 394,209 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2011.

AIXTRON STOCK OPTION PLAN 2007

Options were granted to purchase shares of common stock. 50% of the granted options may be executed after a waiting period of not less than two years, further 25% after three years and the remaining 25% after at least four years. The options expire 10 years after they have been granted. Under the terms of the 2007 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%.

Options were granted as follows:

2008	779,000
2009	778,850
2010	779,950
2011	14,000

GENUS STOCK OPTION PLAN 2000

With the acquisition of Genus, Inc. the Company adopted the Genus Incentive Stock Option Plan 2000. Under this plan at the date of acquisition options were authorized to purchase the equivalent of 2,013,487 AIXTRON ADS. Options granted before October 3, 2003 vest over a three-year-period and expire five years from the date of grant. Options granted after October 3, 2003 vest over a four-year-period and expire ten years from the date of grant.

A total of 6,610 options to purchase AIXTRON ADS were outstanding under this plan as of December 31, 2011. Upon exercise of options new shares are issued from the trust (see **note 20**).

SUMMARY OF STOCK OPTION TRANSACTIONS

AIXTRON SHARE OPTIONS

	2011		2010	
	Number of shares	Average exercise price (EUR)	Number of shares	Average exercise price (EUR)
Balance at January 1	5,154,752	19.17	4,998,686	16.52
Granted during the year	14,000	12.55	779,950	26.60
Exercised during the year	609,661	5.21	512,689	6.83
Forfeited during the year	39,450	16.10	111,195	8.99
Outstanding at December 31	**4,519,641**	**21.06**	**5,154,752**	**19.17**
Exercisable at December 31	**1,468,398**	**25.78**	**937,426**	**18.62**

GENUS SHARE OPTIONS

	2011		2010	
	Number of shares	Average exercise price (USD)	Number of shares	Average exercise price (USD)
Balance at January 1	6,610	7.44	6,935	7.33
Exercised during the year			325	5.08
Outstanding at December 31	**6,610**	**7.44**	**6,610**	**7.44**
Exercisable at December 31	**6,610**	**7.44**	**6,610**	**7.44**

AIXTRON STOCK OPTIONS AS OF DECEMBER 31, 2011

Exercise price per share (EUR)	Underlying shares represented by outstanding options	Shares represented by exercisable options	Average option life (in years)
18.70	406,824	406,824	2.5
67.39	392,740	392,740	3.5
26.93	390,900	0	4.5
7.48	590,580	0	5.5
3.10	30,150	30,150	1.5
6.17	76,684	76,684	2.5
3.83	287,375	287,375	4.5
10.09	331,400	164,075	6.0
4.17	477,038	110,550	7.0
24.60	752,150	0	8.0
26.60	769,800	0	9.0
12.55	14,000	0	10.0
	4,519,641	**1,468,398**	

GENUS STOCK OPTIONS AS OF DECEMBER 31, 2011

Average exercise price (USD)	Outstanding	Exercisable	Average option life (in years)
3.55	1,000	1,000	2.9
7.20	4,590	4,590	2.3
12.35	1,020	1,020	1.9
	6,610	**6,610**	

ASSUMPTIONS USED TO CALCULATE FAIR VALUES AND SHARE-BASED PAYMENT EXPENSES

The fair value of services received in return for stock options granted is measured by reference to the fair value of the stock options granted. The fair value of the stock options is determined on the basis of a binomial lattice model. In accordance with IFRS 2 the measurement includes only options which were granted after November 7, 2002. In 2011, the personnel expenses from share-based payments were kEUR 5,064 (2010: kEUR 3,645; 2009: kEUR 2,149). As of December 31, 2011 an amount of kEUR 6,308 relating to stock options granted prior to that date had not yet been recognized as a personnel expense. This amount will be charged over the period to 2016. The expected allocation of the expense is as follows: 2012: kEUR 3,775, 2013 kEUR 1,825, 2014: kEUR 623, 2015: kEUR 85 and 2016: kEUR 1.

AIXTRON SHARE OPTIONS GRANTED

	in 2011	in 2010	in 2009
Fair value on grant date	**EUR 3.22**	**EUR 8.87**	**EUR 8.62**
Price per share	EUR 9.95	EUR 23.54	EUR 19.00
Exercise price	EUR 12.55	EUR 26.60	EUR 24.60
Expected volatility	59.03%	58.02%	56.38%
Option life	10.0 years	10.0 years	10.0 years
Expected dividend payments	EUR 0.38	EUR 0.55	EUR 0.00
Risk-free interest rate	2.02%	2.62%	3.44%

The expected volatility is based on historical volatility.

24 // PROVISIONS

Development and breakdown of provisions:

in EUR thousands	Jan 1, 2011	Exchange rate differences	Usage	Reversal	Addition	Dec 31, 2011	Current	Non-current
Personnel expenses	14,709	194	12,448	1,272	13,224	14,407	14,407	0
Warranties	7,709	28	4,295	1,021	1,158	3,579	3,579	0
Onerous contracts	1,139	8	656	75		416	416	0
Commissions	9,608	–7	6,008	73	3,018	6,538	6,538	0
Other	10,758	39	7,835	270	8,926	11,618	11,618	0
2011 Total	**43,923**	**262**	**31,242**	**2,711**	**26,326**	**36,558**	**36,558**	**0**

in EUR thousands	Jan 1, 2010	Exchange rate differences	Usage	Reversal	Addition	Dec 31, 2010	Current	Non-current
Personnel expenses	8,162	209	7,053	1,089	14,480	14,709	14,709	0
Warranties	4,710	56	4,710	78	7,731	7,709	7,709	0
Onerous contracts	1,182	93	0	465	329	1,139	752	387
Commissions	4,002	–4	3,814	142	9,566	9,608	9,608	0
Other	8,898	79	6,711	1,192	9,684	10,758	10,758	0
2010 Total	**26,954**	**433**	**22,288**	**2,966**	**41,790**	**43,923**	**43,536**	**387**

PERSONNEL EXPENSES

These include mainly provisions for holiday pay and bonuses, which are financial liabilities.

PROVISIONS FOR ONEROUS CONTRACTS

These include provisions for contracts connected with obligations, including rent payable and contract risks.

COMMISSIONS

Commissions are recorded as financial liabilities.

OTHER PROVISIONS

Other provisions consist mainly of the estimated cost of services received, customs duties and estimated obligations arising from leases.

25 // TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The liabilities consist of the following:

in EUR thousands	Dec. 31, 2011	Dec. 31, 2010
Trade payables	20,527	39,643
Liabilities from grants	1,466	950
Payroll taxes and social security contributions	754	883
VAT and similar taxes	85	631
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward foreign currency contracts		735
Financial instruments carried at fair value through the profit or loss (FVTPL)		
Foreign currency options	17,354	461
Other liabilities	417	374
	20,076	4,034
	40,603	43,677

The carrying amount of trade payables and other current liabilities approximates their fair value. Trade payables, grant liabilities, taxes and other liabilities fall due for payment within 90 days of receipt of the relevant goods or services. The maturities of currency contracts are shown in **note 26**.

26 // FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods, the basis of measurement that are used in preparing the financial statements and the other accounting policies that are relevant to an understanding of the financial statement are disclosed in **note 2** to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The group seeks to minimize the effects of any risk that may occur from any financial transaction. Key aspects are the exposures to liquidity risk, credit risk, interest rate risk and currency risk arising in the normal course of the Company's business.

The AIXTRON Group's central management co-ordinates access to domestic and international financial institutions and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposure to risk by likelihood and magnitude. These risks cover all aspects of the business, including financial risks; and the risk management system is in accordance with the corporate governance recommendations specified in the German Corporate Governance Code.

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

LIQUIDITY RISKS

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk is one of the central tasks of AIXTRON SE. In order to be able to ensure the Group's solvency and flexibility at all times cash and cash equivalents are projected on the basis of regular financial and liquidity planning.

As at December 31, 2011 the Group had no borrowings (2010 nil). Financial liabilities, all due within one year, of kEUR 40,603 (2010 kEUR 43,677) consisting of trade payables and other liabilities are shown in **note 25**, together with an analysis of their maturity.

As at December 31, 2011 the Group had kEUR 172,892 cash and cash equivalents (2010 kEUR 182,118) and a further kEUR 122,323 of fixed deposits with banks (2010 kEUR 202,587).

CREDIT RISKS

Financial assets generally exposed to a credit risk are trade receivables (see **note 17**) and cash and cash equivalents.

The Group's cash and cash equivalents are kept with banks that have a good credit standing. Central management of the Group assesses the counter-party risk of each financial institution dealt with and sets limits to the Group's exposure to those institutions. These credit limits are reviewed from time to time so as to minimize the default risk as far as possible and to ensure that concentrations of risk are managed.

The maximum exposure of the Group to credit risk is the total amount of receivables, financial assets and cash balances as described in **notes 17, 18 and 19**.

MARKET RISKS

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rate risks. Interest rate risks are not material as the Company only receives a minor amount of interest income. The Company does not use derivative financial instruments to manage its exposure to interest rate risk. Cash deposits are made with the Company's bankers at the market rates prevailing at inception of the deposit for the period and currency concerned. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk.

FOREIGN CURRENCY RISK

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts to hedge the exchange rate risk arising on the export of equipment. The main exchange rates giving rise to the risk are those between the US Dollar, Pound Sterling and Euro.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
in EUR thousands	2011	2010	2011	2010
US Dollars	(57,687)	(4,483)	119,581	121,148
GB Pounds	(7,242)	(11,991)	41,748	4,318

Exposures are reviewed on a regular basis and are managed by the Company through sensitivity analysis.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to US Dollar exchange rate risks through its worldwide activities.

The following table details the Company's sensitivity to a 10% change in the value of the Euro against the Dollar. A positive number indicates an increase in profit and other equity, a negative number indicates a reduction in profit and other equity.

	USD Currency Effect	
in EUR thousands	2011	2010
Increase in value of Euro by 10%		
Profit or loss	5,389	6,776
Other comprehensive income	9,189	12,515
Decrease in value of Euro by 10%		
Profit or loss	-3,176	-6,988
Other comprehensive income	-17,869	-13,109

The effect on profit or loss of changes in currency rates differs between increases and decreases in rates because of the asymmetrical effect of changes in valuation of option contracts.

The sensitivity analysis represents the foreign exchange risk at the year-end date only. It is calculated by revaluing the Group's financial assets and liabilities, existing at December 31, denominated in US Dollars by 10%. It does not represent the effect of a 10% change in exchange rates sustained over the whole of the financial year, only the effect of a different rate occurring on the last day of the year.

FORWARD FOREIGN EXCHANGE CONTRACTS

The Company enters forward foreign exchange contracts with banks to cover receipts from highly probable forecast sales denominated in US Dollars.

The following table details the forward foreign currency contracts outstanding as at the reporting date:

	Foreign Currency		Contract Amount		Fair Value at Dec. 31			
					Asset		Liabilities	
	2011 kUSD	2010 kUSD	2011 kEUR	2010 kEUR	2011 kEUR	2010 kEUR	2011 kEUR	2010 kEUR
Cash flow hedges								
Options to sell US Dollars buy Euros								
Less than 3 months	–	45,000	–	33,827	–	350	–	(204)
3 to 12 months	–	135,000	–	101,539	–	871		(530)
Options to sell Euros buy US Dollars								
Less than 3 months	96,000	–	70,996	–	–	–	(3,066)	–
3 to 12 months	201,000	–	148,774	–	–	–	(6,240)	–
Hedges through the Profit or Loss								
Options to sell US Dollars buy Euros								
Less than 3 months	199,000	30,000	142,143	22,388	316	371	–	–
3 to 12 months	201,000	30,000	143,571	22,388	2,449	700	–	–
Options to sell Euros buy US Dollars								
Less than 3 months	103,000	30,000	76,223	24,234	–	–	(936)	(109)
3 to 12 months	–	30,000	–	24,234	–	–	(7,112)	(353)

FOREIGN CURRENCY CASH FLOW HEDGES

As of December 31, 2011, the aggregate amount of unrealized gains (2010: losses) on forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on anticipated future transactions is kEUR 6,438 (2010: kEUR 340).

The unrealized losses of kEUR 340 (December 31, 2009: kEUR 1,115) included in income and expenses recognized in equity as of December 31, 2010 were fully reversed and recognized in the income statement at maturity date of the contracts in the financial year. The gains actually realized in 2011 were kEUR 6,874 (2010: losses kEUR 7,951).

FOREIGN CURRENCY OPTION CONTRACTS

The Company has also entered into option contracts to hedge the exchange rate risk on US Dollar sales proceeds in 2012. The contracts are classified as at fair value through the profit and loss account.

Unrealized losses of kEUR 5,461 (2010 gain: kEUR 610) on forward exchange contracts are recognized in Other Operating Income (2010 other Operating Income) in the Income Statement.

At December 31, 2011 AIXTRON held a series of US dollar/ Euro put and call options with equal and opposite purchase and sales volumes and maturities. In view of the expectation that the intrinsic value of these options will be offsetting, and to the extent that they represent hedges of highly probable future cash flows, they have been designated as cash flow hedges and accounted for as such in accordance with IAS 39.

FAIR VALUES

Cash and cash equivalents, loans and receivables and held to maturity investments are stated at amortized cost. At FVTPL and hedging derivatives are classed as at fair value through profit or loss.

The fair values and the carrying amounts of the financial instruments shown in the balance sheet are shown in the following table. Financial assets are classified into categories.

FINANCIAL ASSETS 2011

in EUR thousands	Cash and cash equivalents at amortized cost	Loans and receivables at amortized cost	Held to maturity investments at amortized cost	At FVTPL at fair value	Hedging derivatives at fair value	Total carrying amount and fair value
Cash and cash equivalents	172,892	0	0	0	0	172,892
Fair value of derivative financial instruments	0	0	0	2,765	0	2,765
Other financial assets	0	0	122,323	0	0	122,323
Other non-current assets	0	720	0	0	0	720
Trade receivables	0	78,630	0	0	0	78,630
Total	**172,892**	**79,350**	**122,323**	**2,765**	**0**	**377,330**
At amortized cost	**172,892**	**79,350**	**122,323**			**374,565**
At fair value				**2,765**	**0**	**2,765**

FINANCIAL LIABILITIES 2011

in EUR thousands	Cash and cash equivalents at amortized cost	Loans and receivables at amortized cost	Other payables at amortized cost	At FVTPL at fair value	Hedging derivatives at fair value	Total carrying amount and fair value
Fair value of derivative financial instruments	0	0	0	8,047	9,307	17,354
Trade payables	0	0	20,527	0	0	20,527
Advance payments from customers (not in the scope of IFRS 7)	0	0	64,900	0	0	64,900
Total	**0**	**0**	**85,427**	**8,047**	**9,307**	**102,781**
At amortized cost	**0**	**0**	**85,427**			**85,427**
At fair value				**8,047**	**9,307**	**17,354**

FINANCIAL ASSETS 2010

in EUR thousands	Cash and cash equivalents at amortized cost	Loans and receivables at amortized cost	Held to maturity investments at amortized cost	At FVTPL at fair value	Hedging derivatives at fair value	Total carrying amount and fair value
Cash and cash equivalents	182,118	0	0	0	0	182,118
Fair value of derivative financial instruments	0	0	0	1,071	1,221	2,292
Other financial assets	0	0	202,587	0	0	202,587
Other non-current assets	0	807	0	0	0	807
Trade receivables	0	88,407	0	0	0	88,407
Total	**182,118**	**89,214**	**202,587**	**1,071**	**1,221**	**476,211**
At amortized cost	**182,118**	**89,214**	**202,587**			**473,919**
At fair value				**1,071**	**1,221**	**2,292**

FINANCIAL LIABILITIES 2010

in EUR thousands	Cash and cash equivalents at amortized cost	Loans and receivables at amortized cost	Other payables at amortized cost	At FVTPL at fair value	Hedging derivatives at fair value	Total carrying amount and fair value
Fair value of derivative financial instruments	0	0	0	461	735	1,196
Trade payables	0	0	39,643	0	0	39,643
Advance payments from customers (not in the scope of IFRS 7)	0	0	117,477	0	0	117,477
Total	**0**	**0**	**157,120**	**461**	**735**	**158,316**
At amortized cost	**0**	**0**	**157,120**			**157,120**
At fair value				**461**	**735**	**1,196**

DERIVATIVES

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The values are derived from inputs other than quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). This is level 2 in the hierarchy of fair value measurement techniques.

TRADE RECEIVABLES/PAYABLES

For trade receivables/payables due within less than one year, the fair value is taken to be the nominal value. All other receivables/payables are discounted to determine the fair value.

27 // OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

in EUR thousands	
2012	4,088
2013	1,594
2014	1,346
2015	769
2016	635
after 2016	1,064
	9,495

The Company leases certain office and plant facilities, office furniture and motor vehicles under various operating leases. Under most of the lease commitments for office and plant facilities the Company has options to renew the leasing contracts. The leases typically run for a period between one and fifteen years. None of the leases include contingent rentals.

The expenses for leasing contracts were kEUR 4,490, kEUR 3,959 and kEUR 2,922 for 2011, 2010 and 2009 respectively.

28 // CAPITAL COMMITMENTS

As of December 31, 2011, the Company had entered into purchase commitments with suppliers in the amount of kEUR 84,757 (2010: kEUR 92,277) for purchases within the next 12 months. Commitments for capital expenditures are kEUR 4,164 (2010: kEUR 6,514) as of December 31, 2011.

29 // CONTINGENCIES

The Company is involved in various legal proceedings or can be exposed to a threat of legal proceedings in the normal course of business. The Executive Board regularly analyzes these matters, considering any possibilities of avoiding legal proceedings or of covering potential damages under insurance contracts and has recognized, where required, appropriate provisions. It is not expected that such matters will have a material effect on the Company's net assets, results of operations and financial position.

The legal proceeding issued in 2008 between International Rectifier Corporation ("I.R."), of El Segundo, California, USA and AIXTRON SE was settled by agreement in January 2011. I.R. withdrew its action and financial claims against AIXTRON in exchange for certain disclosures and witness statements provided by AIXTRON. At I.R.'s request the Court dismissed the action against AIXTRON. No further liability exists.

30 // IDENTITY OR RELATED PARTIES

Related parties of the Company are members of the Executive Board and members of the Supervisory Board.

REMUNERATION OF EXECUTIVE BOARD

Active members of the Executive Board are remunerated as follows:

in EUR thousands	2011	2010
Short-term employee benefits	7,624	7,620
Total cash remuneration	**7,624**	**7,620**
Share-based payment	0	1,383
Total remuneration	**7,624**	**9,003**

The following table shows the remuneration of each individual member of the Executive Board in 2011 and 2010.

Executive Board Member	Fixed remuneration (kEUR)	Variable remuneration (kEUR)	Total monetary remuneration (kEUR)	Number of granted options (No.)	Option value at grant date (kEUR)	Total remuneration (kEUR)
Paul Hyland	437	2,888	3,325	0	0	3,325
Wolfgang Breme	309	1,806	2,115	0	0	2,115
Dr. Bernd Schulte	378	1,806	2,184	0	0	2,184
2011 Total	**1,124**	**6,500**	**7,624**	**0**	**0**	**7,624**

Executive Board Member	Fixed remuneration (kEUR)	Variable remuneration (kEUR)	Total monetary remuneration (kEUR)	Number of granted options (No.)	Option value at grant date (kEUR)	Total remuneration (kEUR)
Paul Hyland	434	2,888	3,322	52,000	461	3,783
Wolfgang Breme	309	1,806	2,115	52,000	461	2,576
Dr. Bernd Schulte	377	1,806	2,183	52,000	461	2,644
2010 Total	**1,120**	**6,500**	**7,620**	**156,000**	**1,383**	**9,003**

REMUNERATION OF SUPERVISORY BOARD

Remuneration of the members of the Supervisory Board consists of the following:

in EUR thousands	2011	2010
Fixed remuneration	213	153
Variable remuneration	729	612
Attendance fee	83	36
Remuneration of Supervisory Board total	1,025	801

The following table shows the remuneration of each individual member of the Supervisory Board in 2011 and 2010:

Supervisory Board Member	Fixed	Variable	Attendance Fee	Total
Kim Schindelhauer* (Chairman of the Supervisory Board)	75	257	16	**348**
Dr. Holger Jürgensen* (Deputy Chairman of the Supervisory Board)	38	128	16	**182**
Prof. Dr. Wolfgang Blättchen* (Chairman of the Audit Committee)	25	86	24	**135**
Karl-Hermann Kuklies	25	86	0	**111**
Prof. Dr. Rüdiger von Rosen	25	86	0	**111**
Prof. Dr. Petra Denk	16	53	23	**92**
Joachim Simmroß	9	33	4	**46**
2011 Total	**213**	**729**	**83**	1,025

* Member of the Audit Committee

Supervisory Board Member	Fixed	Variable	Attendance Fee	Total
Kim Schindelhauer* (Chairman of the Supervisory Board)	54	216	8	**278**
Dr. Holger Jürgensen* (Deputy Chairman of the Supervisory Board)	27	108	9	**144**
Prof. Dr. Wolfgang Blättchen* (Chairman of the Audit Committee)	18	72	13	**103**
Karl-Hermann Kuklies	18	72	0	**90**
Prof. Dr. Rüdiger von Rosen	18	72	0	**90**
Joachim Simmroß*	18	72	6	**96**
2010 Total	**153**	**612**	**36**	801

* Member of the Audit Committee

The Remuneration Report which is included in the Corporate Governance report contains further details regarding the remuneration of Executive Board and Supervisory Board.

31 // CONSOLIDATED ENTITIES

AIXTRON SE controls the following subsidiaries:

	Country	Share of capital in %	
		2011	2010
AIXTRON, Inc.	USA	100	100
AIXTRON Ltd.	England & Wales	100	100
AIXTRON Korea Co. Ltd.	South Korea	100	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100	100
AIXTRON AB	Sweden	100	100
AIXTRON KK	Japan	100	100
AIXTRON China Ltd.	P. R. China	100	n.a.
Nanoinstruments Ltd.	England & Wales	100	100
Genus trust*	USA	n.a.	n.a.

* The shares in Genus trust are attributed, as beneficial owner, to AIXTRON, as control exists through the trust relationship with AIXTRON SE

32 // EVENTS AFTER THE REPORTING PERIOD

There are no events which have occurred after the balance sheet date, of which the directors have knowledge, which would result in a different assessment of the Company's net assets, results of operation and financial position.

33 // AUDITORS' FEES

Fees expensed in the income statement for the services of the Group auditor Deloitte & Touche are as follows:

in EUR thousands	2011	2010
For audit	748	773
For other confirmation services	70	69
For tax advisory services	157	242
For other services	7	1
	982	1,085

Included in the total amount of fees are fees for the Group auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, in the amount of kEUR 462 for audit (2010: kEUR 466), kEUR 70 for other confirmation services (2010: kEUR 62), kEUR 91 for tax services (2010: kEUR 134) and kEUR nil for other services (2010: kEUR nil).

34 // EMPLOYEES

Compared to last year, the average number of employees during the current year was as follows:

EMPLOYEES BY FUNCTION

Average number for the year	2011	2010
Sales	73	68
Research and Development	279	240
Manufacturing and Service	401	351
Administration	109	90
Employees (§ 314 HGB)	862	749
Executive board members	3	3
Apprentices	13	12
Total Employees	**878**	**764**

35 // STATEMENT OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In 2011, Executive and Supervisory Boards have made the declaration of compliance in accordance with Section 161 of AktG and this is permanently available on the Company's web site at http://www.aixtron.com/index.php?id=91&L=1.

36 // SUPERVISORY BOARD AND EXECUTIVE BOARD

Composition of the Supervisory Board as of December 31, 2011

// DIPL.-KFM. KIM SCHINDELHAUER
Aachen / businessman / Chairman of the Supervisory Board since 2002

// DR. HOLGER JÜRGENSEN
Aachen / physicist / Deputy Chairman of the Supervisory Board since 2002

// PROF. DR. WOLFGANG BLÄTTCHEN

Leonberg / business consultant / Managing Director of Blättchen Advisory Group GmbH, member of the Supervisory Board since 1998

Membership of Supervisory Boards and controlling bodies:

// Pfisterer Holding AG, Winterbach – Chairman of the Supervisory Board
// HAUBROK AG, Düsseldorf – Deputy Chairman of the Supervisory Board
// APCOA Parking AG, Stuttgart – member of the Supervisory Board
// FAS AG, Stuttgart – member of the Supervisory Board
// Datagroup IT Services Holding AG, Pliezhausen – member of the Supervisory Board until February 22, 2011

// PROF. DR. PETRA DENK

Unterschleißheim / physicist / Professor of Energy Economics / Director of the Institute for Systems Energy Consulting / Landshut University of Applied Science since May 19, 2011

// KARL-HERMANN KUKLIES

Duisburg / businessman / member of the Supervisory Board since 1997

// PROF. DR. RÜDIGER VON ROSEN

Frankfurt/Main / businessman / Managing member of the Executive Board of Deutsches Aktieninstitut e.V., Frankfurt/Main / member of the Supervisory Board since 2002

Membership of Supervisory Boards and controlling bodies:

// PriceWaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Frankfurt/Main – member of the Supervisory Board
// ICF Kursmakler AG, Frankfurt/Main – Deputy Chairman of the Supervisory Board

// DIPL.-KFM. JOACHIM SIMMROSS

Hannover / businessman / member of the Supervisory Board since 1997 until May 19, 2011

Membership of Supervisory Boards and controlling bodies:

// Commerz Unternehmensbeteiligungs-Aktiengesellschaft, Frankfurt/Main – member of the Supervisory Board
// WeHaCo Unternehmensbeteiligungsgesellschaft mbH, Hanover – member of the Advisory Board
// BAG Health Care GmbH, Lich – member of the Advisory Board
// Astyx GmbH, Ottobrunn – member of the Advisory Board

The following gentlemen are members of the Company's Executive Board:

// **PAUL HYLAND**
Aachen / businessman / Chairman, President and Chief Executive Officer since 2002

// **DR. BERND SCHULTE**
Aachen / physicist / Executive Vice President and Chief Operating Officer since 2002

// **DIPL.-KFM. WOLFGANG BREME**
Aachen / business graduate / Executive Vice President and Chief Financial Officer since 2005
Membership of Supervisory Boards and controlling bodies:
// Deutsches Aktieninstitut e.V., Frankfurt/Main – member of the Executive Board

37 // CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of AIXTRON's Consolidated Financial Statements requires the Company to make certain estimates, judgments and assumptions that the Company believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts and related disclosures and are made in order to fairly present the Company's financial position and results of operations. The following accounting policies are significantly impacted by these estimates and judgments that AIXTRON believes are the most critical to aid in fully understanding and evaluating its reported financial results include the following:

REVENUE RECOGNITION

Revenue is generally recognized in two stages for the supply of equipment to customers, partly on delivery and partly on final installation and acceptance (see **note 2 (n)**). The Company believes, based on past experience, that this method of recognizing revenue fairly states the revenues of the Company. The judgments made by management include an assessment of the point at which substantially all of the risks and rewards of ownership have passed to the customer.

GOODWILL

As stated in the accounting policies, the Company tests at least annually whether goodwill has suffered impairment. If there is an indication of impairment, the recoverable amount of the cash generating unit has to be estimated. This is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making judgments and estimates related to the projection and discounting of future cash flows. Although the Company believes the assumptions used to calculate recoverable amount are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results. The carrying amount of goodwill is disclosed in **note 12**.

VALUATION OF INVENTORIES

Inventories are stated at the lower of cost and net realizable value. This requires the Company to make judgments concerning obsolescence of materials. This evaluation requires estimates, including both forecasted product demand and pricing environment, both of which may be susceptible to significant change. The carrying amount of inventories is disclosed in **note 16**.

In future periods, write-downs of inventory may be necessary due to (1) reduced demand in the markets in which the Company operates, (2) technological obsolescence due to rapid developments of new products and technological improvements, or (3) changes in economic or other events and conditions that impact the market price for the Company's products. These factors could result in adjustment to the valuation of inventory in future periods, and significantly impact the Company's future operating results.

INCOME TAXES

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to future taxable income. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits. The carrying amount of deferred tax assets is disclosed in **note 14**.

INDEPENDANT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the AIXTRON SE (formerly: AIXTRON Aktiengesellschaft), Herzogenrath – comprising the consolidated statement of financial position, the consolidated income statement and consolidated statement of other comprehensive income, the consolidated statement of cash flow, the consolidated statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB ("German Commercial Code") are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of the AIXTRON SE (formerly: AIXTRON Aktiengesellschaft), Herzogenrath, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

DÜSSELDORF, FEBRUARY 28, 2012

DELOITTE & TOUCHE GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

CRAMPTON
WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)

PPA. GRÜNEWALD
WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)

RESPONSIBILITY STATEMENT

Responsibility Statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the Consolidated Financial Statements:

"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 the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

FEBRUARY 29, 2012

AIXTRON SE, HERZOGENRATH

EXECUTIVE BOARD

PAUL HYLAND
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

WOLFGANG BREME
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

DR. BERND SCHULTE
EXECUTIVE VICE PRESIDENT
AND CHIEF OPERATING OFFICER

GLOSSARY

A

ALD

Atomic Layer Deposition is a method for producing ultra thin films for ➞ semiconductor devices and new, emerging non-semiconductor applications. ALD is a technology that is capable of meeting the production requirements of next-generation geometries (45 ➞ nanometer and below). The ALD process is used to pulse and purge two reactants to ➞ deposit films. The purge process is done using ➞ carrier gases like argon or nitrogen.

AVD®

Atomic Vapor Deposition. A liquid delivery and evaporation technology. Liquid precursors or precursor solutions are sprayed directly into the flash vaporizer via injectors. Up to four injectors, one for each precurs or source can be used.

B

BACKLIGHTING

The assemblies used to illuminate the liquid-crystal displays (➞ LCDs) of electronic equipment are known as "backlighting" assemblies. LEDs are used for backlighting because their advantages – long operating lifetime, robustness and small dimensions – are all of particular benefit. ➞ Displays for small mobile equipment such as mobile phones or navigation devices are typical examples of applications.

C

CAPACITORS

A circuit element formed by placing an insulating layer between two conducting layers; its function is to store an electrical charge. It is a very important component of ➞ memory chips.

CAPITAL MARKET

The capital market is part of the financial market and is the entirety of all institutions and transactions whose purpose is to combine supply and demand for long-term (financial) capital.

CARBON NANOTUBES

Carbon nanotubes (CNT) are microscopically small tube-shaped structures of carbon (molecular nanotubes). Depending on the structural detail the electrical conductivity within the tubes is either metallic or semiconducting. There are also carbon nanotubes with superconducting properties at low temperatures. ➞ Transistors and simple circuits have already been produced using semiconducting carbon nanotubes.

CARRIER GAS

In the process for the production of ➞ compound semiconductor layers or silicon devices, the raw materials are converted into gases and are then transported into the reactor with a carrier gas. The carrier gases principally used are hydrogen, argon and nitrogen.

CHIP

The finished ➞ device structure which constitutes a very small element of the ➞ semiconductor wafer.

CLEAN-ROOM

The place in a semiconductor fab where all the wafer processing process is completed. Dust and particles which might fall on the wafers during processing and result in the circuits not functioning correctly are kept out of the clean room by filtering the air and managing the air flow. Personnel are required to wear specially designed clean room overalls and 'booties' over their street clothes and shoes, and must wear gloves and face masks (humans tend to shed skin and hair). Not even normal paper is allowed in clean rooms – only clean room low particulate paper may be taken in.

CLOSE COUPLED SHOWERHEAD®

With this technology, the reagent gases are introduced vertically into the reactor through a water-cooled showerhead surface covering the entire area of deposition. During deposition, the showerhead is extremely close to the ➞ substrates and is constructed to enable precursors to be kept separate right up to the point where they are injected into the reactor chamber. The gases are injected through a multiplicity of small tube orifices into the chamber in order to create a very uniform distribution of reagent gases.

CMOS

Complementary Metal Oxide Semiconductor is a major class of integrated circuits. CMOS technology is used in ➝ chips such as microprocessors, microcontrollers, static RAM, and other digital logic circuits. CMOS technology is also used for a wide variety of analog circuits such as image sensors, data converters, and highly integrated transceivers for many types of communication devices.

COMPLIANCE

Compliance (including regulatory compliance) stands for the observance of laws and company policies, but also of voluntary codes. The totality of the principles, processes and measures of a company to comply with certain rules and thus to avoid breaking the rules in a company is called Compliance Management System and is a part of the ➝ corporate governance system.

COMPOUND SEMICONDUCTORS

These multi-element ➝ semiconductors are complex crystal growth structures containing a variety of material elements. The structures are defined by the ➝ periodic table groups from which they come. For example: IV/IV (germanium/silicon), III/V (gallium/nitrogen), II/VI (magnesium/oxygen). Compound semiconductors have several advantages compared to single element semiconductors. Many have properties that allow them to emit or absorb light very efficiently (for illumination or production of electrical energy). Many can be processed into ➝ devices that have better power capabilities, operation frequency or efficiency than similar devices made from ➝ silicon only.

CORPORATE GOVERNANCE

Corporate Governance refers to the system by which companies are directed and controlled. Effective Corporate Governance guarantees that an enterprise is managed in a responsible, professional and transparent manner with the purpose of safeguarding its long-term success. It is intended to reflect and serve the purposes of the organization itself, its owners and all other stakeholders. Corporate Governance is very complex and includes both mandatory and voluntary measures: observance of legal provisions and policies (➝ Compliance), conformance with recognized standards and recommendations as well as the development of the company's own guidelines and adherence to them.

CVD

Chemical Vapor Deposition is the ➝ deposition of thin films (usually dielectrics/insulators) on ➝ silicon wafers placed in a reactor chamber or furnace. The target deposition material is delivered to the surface of the wafer in the form of a mixture of gases which then react at the surface of the wafers. CVD can be done at medium to high temperature in a furnace, or in a CVD reactor in which the wafers are heated but the walls of the reactor are not. Plasma enhanced CVD avoids the need for high temperature by exciting the reactant gases into a plasma.

DEPOSIT/GROWTH

➝ Semiconductor devices comprise of several crystalline layers. Deposition is the correct term for the creation of these layers on a wafer.

DEPOSITION

Deposition describes the process by which material carrying gases are introduced into the ➝ reactor chamber where the required crystal growth or deposition process occurs on the ➝ wafers. Depending on the kind of coating process, different electronic and optoelectronic devices can be manufactured, e.g. LEDs, lasers, solar cells or transistors.

DEVICES

These are the completed products which are manufactured with the ➝ compound or silicon semiconductor chips at their core. For example, ➝ LEDs and lasers, ➝ transistors, ➝ memory and logic chips, as well as solar cells.

DIODE

A two-terminal electronic ➝ device which permits significant current flow in only one direction. Diodes typically function as a rectifier, i.e., converting alternating current into direct current.

DISPLAY

A display is an electronic device for displaying images and text. Displays can be found in many industrial and consumer electronic products, e.g. in digital cameras, cell phones or navigational equipment, as well as in flat screen televisions.

DRAM

Dynamic Random Access Memory (DRAM) is a volatile type of ➝ semiconductor memory chip, on which data is lost after an interruption of the electric power supply.

ELECTRONIC PAPER

Electronic paper (also e-paper, E-Paper or ePaper) aims to imitate printed paper. Displays of so-called E-Book Readers (EBR) reflect light in the same way as common paper devices do. Static digital information such as texts or pictures can be displayed semi-permanently and does not require any additional energy whilst being viewed. The image can be changed at any time and requires only a small energy input to be changed. Some methods allow the production of electronic paper displays which are as flexible as common paper devices.

EPITAXY

The → deposition of thin single crystalline layers on a suited → substrate in the form of crystal growth.

FeRAM

FeRAM (Ferroelectric Random Access Memory) is a non-volatile computer memory chip. It is similar in construction to → DRAM, which is currently the most commonly used main memory in computers. FeRAM is based on a ferroelectric layer whose memory state is still retained even after switching off the power supply. At the same time it allows operating speeds that come close to those of DRAMs.

FLASH MEMORY

See → NAND flash memory.

GAS FOIL ROTATION®

The → wafer carriers in AIXTRON → MOCVD equipment turn friction-free on gas cushions. This movement is powered by a directed gas flow.

GENERAL LIGHTING

General lighting is the uniform, even illumination of a space. The term "solid-state lighting" is also used in this context: Today this is what all semiconductor-based lighting components are called. They include → LEDs and → OLEDs, among others.

GERMAN COMMERCIAL CODE

The German Commercial Code (HGB) contains the core of the commercial law of Germany.

GERMAN SECURITIES TRADING ACT

The German Securities Trading Act (WpHG) regulates securities trading in Germany and serves in particular the control of the service industry, that deals with securities and financial futures, but also the protection of the investor.

GERMAN STOCK OPERATION ACT

The German Stock Corporation Act (AktG) regulates the setting up, incorporation, accounting, liquidation, and stockholders' meetings of stock corporations and partnerships limited by shares.

GLOVEBOX

The hermetically sealed cabinet with arm-length gloves in which the operator can slide his hands in order to carry out internal work from outside the cabinet. These cabinets protect the reactor from contamination with oxygen or humidity and ensure the purity of the epitaxial process.

HBT

The Heterojunction Bipolar Transistor (HBT) is an improvementof the bipolar junction transistor, using differing → semiconductor materials for the emitter and base regions and creating a heterojunction, that can handle signals of very high frequencies up to 600 GHz and more. This type of device is common in modern ultrafast circuits as well as applications requiring a high power efficiency, such as power amplifiers in cellular phones.

HEMT

High Electron Mobility Transistor (HEMT) is a field effect transistor incorporating a junction between two materials with different band gaps. A commonly used material combination is GaAs with AlGaAs. HEMTs have attracted attention due to their high-power performance capabilities, especially for high frequency applications.

HVPE

Hydride Vapor Phase Epitaxy is a technique employed to produce → semiconductors e.g. III-V → compound semiconductor materials from metallic sources of Group III elements and hydrogen compounds of Group V elements of the semiconductor crystal.

ISO 9001

ISO 9001 is part of a series of standards that document the principles for quality management measures within a company. This standard describes the entire quality management system as a model and is the basis for a comprehensive quality management system.

LCD

A Liquid Crystal Display (LCD) fulfills the same function as a monochrome or color television tube, namely as a ➝ display, but is much thinner in form and consumes much less energy.

LED

A light-emitting diode (LED) is an electronic ➝ semiconductor device. LEDs can emit very bright light and are highly energy-efficient. The most commonly used LEDs generally have an area of 0.1 mm^2 (ca. 20 mA) whereas the most powerful LEDs can have an area of 1 mm^2 (ca. 350 mA) or more. This places LEDs among the world's smallest light sources and their low power consumption and heat emission qualities make LEDs potentially far more economical and safer than traditional lighting.

LOGIC CHIP

The critical chip which does the necessary computational calculations in an electronic component. For example, the main chip in a computer is a microprocessor, e.g. for mathematical computations, amongst other things.

MEMORY CHIP

A ➝ chip which retains the information that ➝ logic chips will then process. For example, in a computer, the memory chips will store the word processing program while it is being used, and the letters of the word processing documents which are being worked on. ➝ DRAM is the type of memory used most in computers, and is by far the most important type of memory from a total worldwide revenue standpoint.

MOCVD

Metal-Organic Chemical Vapor Deposition . With this ➝ compound semiconductor production method, the raw material "metal-organic compounds" are transformed into gases and then, bound to a ➝ carrier gas and subsequently fed into the reactor. This transformation also occurs under reduced pressure, down to approx. one-tenth of normal atmospheric pressure. The advantage is that the gases introduced are of high purity and can be finely dosed. MOCVD equipment allows the processing of quite large surface areas and is therefore first choice for the production of ➝ compound semiconductors. MOCVD is also the cheapest method. AIXTRON is the global market leader in this technology.

NAND FLASH MEMORY

A non-volatile computer memory manufactured in NAND (Not/AND) technology. Flash memories are characterized by the fact that they can be electrically erased and reprogrammed. This technology is mainly used for memory cards. The data of a flash memory device is retained even after interruptions in the power supply.

NANOMETER

One nanometer (nm) is equal to one billionth of a meter and is approximately 70,000 times thinner than a human hair.

NANOTECHNOLOGY

The term "nanotechnology" refers to the research being conducted in cluster physics and surface physics, surface chemistry, semiconductor physics, specific areas of chemistry and, to a more limited extent, in areas of mechanical engineering and food technology ("nano food"). The collective term is derived from the magnitude common to all of the research areas, namely, structures with sizes ranging from a single atom to 100 nanometers (nm). Nanomaterials play an increasingly important role in the miniaturization of circuit elements. Typical modern representatives of nanotech products are the so-called "quantum dots". Modern processors also have structures smaller than 100nm, which could therefore also be called "nanotech" as well.

NASDAQ

NASDAQ ("National Association of Securities Dealers Automated Quotations") is a stock exchange founded in 1971 as a fully electronic platform. Securities trading on NASDAQ is regulated by the United States Securities and Exchange Commission (SEC).

NON-VOLATILE MEMORY

→ Semiconductor memory which will not lose its data even after its power source is switched off. This is in contrast to volatile memory (e.g. → DRAMs), which loses its data when the power supply to the → chip is interrupted.

OLED

Organic Light Emitting Diode: An OLED is a solid state → device that typically consists of a series of organic thin films sandwiched between two thin film conductive electrodes. The choice of organic materials and the layer structure determine the device's performance features: emitted color, operating lifetime and power efficiency.

OVPD®

Organic Vapor Phase Deposition is a technology for the thin film deposition of small molecular organic materials. It utilizes the advantages of gas phase → deposition, where the materials are transported to the → substrate by an inert → carrier gas.

PCRAM

This abbreviation stands for Phase Change RAM and refers to a type of non-volatile memory in electronics. The active principle of this memory is based on the differences in electrical resistivity exhibited by the material depending on whether it is in the amorphous phase (high resistivity/RESET state) or the crystalline phase (low resistivity/SET state). The material used is a chalcogenide alloy (chalcogenide compound) similar to the material used for data storage in a CD-RW or DVD-RAM – also on the basis of phase change.

PECVD

Plasma-Enhanced Chemical Vapor Deposition or also Plasma Assisted Chemical Vapor Deposition (PACVD) is the term for a special type of Chemical Vapor Deposition (→ CVD) process used to → deposit thin films by chemical reaction, as with the CVD technique. In addition,the process is supported by a plasma. The plasma can burn directly in contact to the → substrate to be layered (direct plasma method) or in a separate chamber (remote plasma method).

PERIODIC SYSTEM

All elements are ordered within the periodic table according to their atomic number and chemical properties into main- and subgroups. These groups are used in the identification of → compound semiconductors. Gallium has the main group III, Nitrogen the main group V, so GaN is a III/V semiconductor.

PLANETARY REACTOR®

The Planetary Reactor® is based on the principle of a horizontal laminar flow reactor. The laminar flow principle guarantees extremely precise heterojunctions and unequaled control of → deposition rates at the atomic monolayer level. The combination of this principle with AIXTRON's unique multiple substrate carrier rotation methodology, known as → Gas Foil Rotation® (GFR), ensures excellent deposition uniformity, regarding layer thickness, composition and doping. In addition, the special reactor inlet, which allows the separation of reactive gases, ensures a uniform outward radial flow and optimum distribution adjustment.

PLANETARY ROTATION

A specific arrangement of the → wafers within an → MOCVD reactor for the production process, whereby a number of small discs holding the wafers orbit like planets in space around the central gas injector (→ Gas Foil Rotation®). The large plate also turns. This method facilitates a uniform, even deposition of → compound semiconductor layers on the wafer. AIXTRON employs this process as part of its → MOCVD technology (→ Planetary Reactor®).

PRIME STANDARD

As a sub-segment of the Regulated Market with additional requirements for admission, organized under private law and regulated by legislation, the Prime Standard is the segment of the Frankfurt Stock Exchange with the highest transparency standards, surpassing those of the General Standard. Admission to Prime Standard is a prerequisite for shares to be included in the DAX®, MDAX®, → TecDAX® and SDAX® indices.

PVPD™

Polymer Vapor Phase Deposition. This process is used e.g. in the production of → electronic paper.

RFID CHIPS

Radio-frequency identification (RFID) is the use of an object (typically referred to as an RFID tag) applied to or incorporated into a product, animal, or person for the purpose of identification and tracking using radio waves. This contact free technology makes the capture and storage of data considerably easier.

SARBANES-OXLEY ACT

The Sarbanes-Oxley Act of 2002 (also SOX) is a United States federal law designed to improve the reporting reliability of companies that make use of the public → capital market of the United States.

SEMICONDUCTOR

A material such as ➞ silicon whose conductivity is between that of a conductor and an insulator. Its conductivity can be modulated by adding impurities (such as boron or phosphorus in silicon).

SILICON

An element of the periodic table with the symbol Si. Silicon is a ➞ semiconductor used to fabricate most transistors and integrated circuits.

SUBSTRATE

The base material on which ➞ semiconductor layers are ➞ deposited ➞ see also wafer.

SUSCEPTOR

This circular plate serves as the pocket holder for the ➞ substrate, or the substrate carrier. Normally it consists of graphite so that excellent temperature uniformity can be achieved.

TecDAX®

The TecDAX® is a German stock market technology index. Along with those in the DAX®, the MDAX® and the SDAX®, the companies in the TecDAX® are listed in the ➞ Prime Standard.

TFT

A thin-film ➞ transistor (TFT) is a special field-effect transistor that allows the production of electronic circuits with large areas, e.g. on glass screens, backlit by ➞ LEDs. It is increasingly used in laptops, computer monitors and televisions.

TRANSISTORS

These ➞ devices are divided into two types: the field-effect transistor is based on the effect that, by means of a voltage applied through an insulated terminal (gate), a current can be controlled between two terminals (source and drain). In the case of a bipolar transistor, the current is controlled between the two terminals by means of a small current at the base. This current controls the current between the two other terminals, referred to as emitter and collector.

VPE

This is an older, established process for the production of ➞ compound semiconductors. In contrast to ➞ MOCVD, this gas phase process uses inorganic substances as starting materials. The method allows for clean ➞ deposits of very thick and pure layers. However, not all materials can be produced by this method. AIXTRON produces such equipment for niche applications. Recently, this method (also referred to as ➞ HVPE – Hydride VPE) has gained much attention as a way to produce high quality gallium nitride ➞ substrates or templates.

WAFER

The technical term for the ➞ substrate material, typically a thin disc of semiconductor material, on which the layers are deposited in the reactor. Wafers are typically 2 inch, 100, 150, 200 or 300 mm in diameter.

INFORMATION

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FINANCIAL CALENDAR

APRIL 2012 → Q1/2012 RESULTS

MAY 16 2012 → ANNUAL GENERAL MEETING

JULY 2012 → Q2/2012 RESULTS

OCTOBER 2012 → Q3/2012 RESULTS

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