Q03

Report Third Quarter 2005

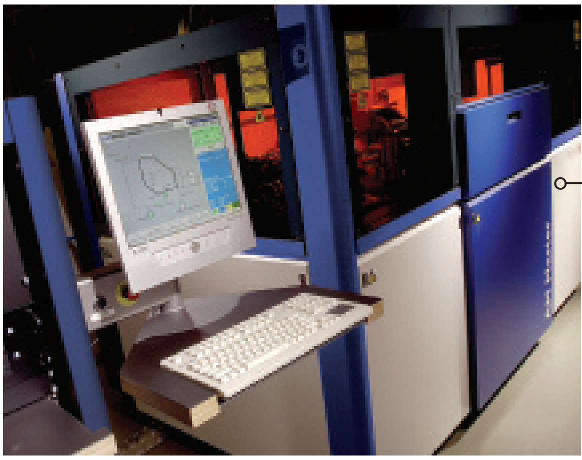
Consolidated Statements IFRS for the Third Quarter and First Nine Months of Fiscal 2005 as of September 30, 2005 (unaudited)

Optical Disc

Mastering

TMR Technology

Optical Coatings



- Sales and EBIT in the 3rd quarter significantly above Q1 and Q2 2005
- Sound balance sheet with net cash in the amount of € 53 million
- First Blu-ray production line delivered
- More than 60 % SPACELINE II HD as combined machines for HD DVD
- 200th AM Mastering machine sold

Dear Ladies and Gentlemen,

SINGULUS TECHNOLOGIES (SINGULUS) was able to significantly increase sales to around € 73.5 million compared with the previous quarters (Q1: € 50.4 million; Q2: € 48.7 million) of the current fiscal year, but remained below previous year's level (€ 139.5 million) as expected. Accordingly, the EBIT followed this favorable sales trend and amounted to € 4.5 million (previous year € 31.9 million). This includes extra ordinary expenditure in the amount of over € 5 million.

SINGULUS, the global market leader in the Optical Disc sector, delivered the first Blu-ray production systems at the end of September. The two inline replication lines for prerecorded Blu-ray disc as well as the also newly-developed injection molding machine MoldPro started their test production at major international customers. Thus, SINGULUS is the first European line manufacturer to place Blu-ray reference machines. Since April 2005 the BLU-LINE has already been tested in Kahl and presented to the leading Hollywood studios together with SONY.

In the course of this year's MEDIA-TECH Showcase & Conference in Frankfurt next to other developments the two formats HD DVD and Blu-ray Disc of the third Optical Disc generation for High Definition TV were also introduced and discussed. The sales of "HD-Ready" flat screens are currently rising sharply. Against this background it is interesting to note that the TV stations Sat 1, Pro 7 and Premiere will soon start to broadcast programs in this high-definition TV format.

The market launch for prerecorded HD DVD and Blu-ray Disc is scheduled for the end of the 1st half of 2006. Hence, the basis for taking advantage of the new TV generation has been established. The first HD DVD production systems on the basis of the SINGULUS SPACELINE II have been ready for use since summer 2005. Despite the open question, which format will finally win at the consumer level, SINGULUS has positioned itself early as a "first mover" in the area of

Key Figures (Third Quarter), as of 30.09.

		Q3/2004 IFRS	Q3/2005 IFRS
Gross revenues	million €	139.5	73.5
Order intake	million €	79.7	65.1
EBIT	million €	31.9	4.5
Profit before tax	million €	32.3	4.7
Net income	million €	19.6	3.2
Operating cash flow	million €	4.2	6.4
Earnings per share, basic	€	0.53	0.09

DMS Evolution at
Replication Expo 2005 in Shanghai, China,
September 7 - 9, 2005

machines for the 3rd format generation Optical Disc. SINGULUS has met all requirements to successfully continue its market leadership for the new formats as well.

Reports from Asia show that the local disc producers are operating at the limit of their capacity and that they return to profitability. Therefore, the recovery of business activities in the machine market is expected shortly. At the Replication Expo 2005 in Shanghai SINGULUS presented the SPACELINE II HD for DVD 9 and HD DVD. In addition, two mastering systems were shown, one of them being the new mastering system LBR 266 for master of the new format generation. In the Mastering division the subsidiary SINGULUS MASTERING was able to record an important sales success at the fair in Shanghai: With the mastering machine ordered by Datapulse Technology, Singapore, the 200th system of the AM production line was sold globally. Therefore, this machine type has become the absolute benchmark within the sector.

Revenues

After three quarters cumulative sales amount to € 172.6 million in the current business year which is as expected below the € 299.8 million achieved during the same period one year ago. However, SINGULUS was able to increase sales significantly to € 73.5 million in the 3rd quarter (previous year € 139.5 million) compared with the previous quarters (Q1: € 50.4 million; Q2: € 48.7 million).

Sales were mainly generated through Prerecorded DVD lines in the 3rd quarter. More than 60 % of the delivered machines are combined machines for DVD 9 and HD DVD. The share of Mastering activities amounts to 19.3 % (previous year 10.2 %). The Service activities accounted for 12.9 % in the first nine months 2005 (previous year 9.5 %).

Development of Revenues by Region

The regional breakdown of sales during the first nine months was as follows: Asia 21.5 % (previous year 37.4 %), Europe 53.5% (previous year 38.4 %), North and South America 18.7 % (previous year 22.1 %), Africa and Australia 6.3 % (previous year 2.1%). These figures show a shift of sales towards Europe due to the weak trend in Asia in the current fiscal year.

Order Intake and Backlog

During the first nine months of 2005 the order intake amounted to € 178.2 million (previous year € 377.3 million) which means a decline of 52.8 %. During the 3rd quarter the order intake came to € 65.1 million. This represents a decline of € 14.6 million or 18.3 % compared with the 3rd quarter of 2004.

As of September 30, 2005 the order backlog in the amount of € 62.2 million is also just slightly below the previous quarter's level (€ 70.7 million), but as expected significantly below the € 156.1 million achieved in the previous year.

Earnings

The earnings before interest and taxes (EBIT) of € 4.5 million in the 3rd quarter were significantly positive. However, compared with the same quarter one year ago (€ 31.9 million) it was also lower just as the cumulative EBIT for the first nine months 2005 in the amount of € 5.7 million (previous year € 49.8 million). Yet, it should be noted that in the 3rd quarter 2005 the company recorded extraordinary write-offs on receivables as well as contract loss provisions in the amount of over

€ 5 million. This makes clear that the operating earnings power was considerably stronger in the 3rd quarter than the results suggest. The EBIT margin amounted to 3.4 % (previous year 17.2 %). The net income for the first nine months came to € 4.4 million after € 31.3 million in the previous year. The gross profit margin stood at 29.3 % (previous year 31.2 %).

SINGULUS as the market leader in the Optical Disc segment shows that it can achieve positive results, which can be used for a future-oriented company policy, in economically difficult times as well.

Cash Flow

The cash flow from operating activities amounted to € 4.0 million (previous year € -1.7 million). In this context, inventories as well as receivables have contributed favorably since the beginning of the year. For the full-year we also expect a positive cash flow from operating activities.

Balance sheet

Nine months after the sharp decline in the global activities in the Optical Disc industry, the company is able to still present its shareholders a sound and healthy balance sheet. The net cash amounts to € 53 million. The item "other receivables" was reduced substantially. The programs to optimize raw materials and supplies within the Group have made an impact. Since the beginning of the year the raw materials and supplies have been reduced by 32.5 % (€ 10 million). The accounts receivable bear little risks after the recent write-offs in our view.

SINGULUS TECHNOLOGIES AG booth
at Replication Expo 2005 in Shanghai, China

Employees

As of September 30, 2005 the number of employees within the Group amounted to 641 (previous year 730). The net increase of 3 employees compared with June 30, 2005 results on the one hand from a further staff cut in the Group as well as on the other hand the recruitment of 32 people at the Swiss subsidiary SINGULUS MOLDING.

In addition, 37 temporary workers were employed as of September 30, 2005 (previous year 116).

Research and Development (R&D)

With regard to a future-oriented company and product policy SINGULUS invested € 12.0 million (previous year € 14.6 million) in total for R&D during the first nine months of 2005. The company has found a good balance between future-oriented development of products and necessary cost savings.

The further development and completion of our Blu-ray production line BLU-LINE was an important investment in our leading role for formats of the new generation. The first installations took place together with our newly-developed injection molding machine MoldPro for the 3rd format generation as well.

Our development efforts in the area of machines for DVD R were once again intensified. For the mass production of DVD R we developed a version of the STREAMLINE II DVD R with 4 injection molding machines. Furthermore, we invested in the technology for Dual Layer DVD R. As a result, an additional line of the STREAMLINE II DVDR DL type was delivered to a key customer recently.

Presentation of SPACELINE II HD Replication Line
for HD DVD and DVD 9 in Shanghai

STREAMLINE II DVDR Q
Version with 4 Molding Machines

Outlook

Despite first positive signs of a recovery in the global market for machines to produce Optical Disc, capital spending in the Asian as well as the US market is currently still cautious. Since the production for blank discs in Asia and replication factories for prerecorded DVDs in the US are already running at full load at the moment, we expect that additional investments in machines will be made soon. We assume that SINGULUS as the market leader will benefit from this recovery in machine orders to a disproportionate extent.

We see significant growth potential in our core business in 2006 in particular – supported by the market launch of high-definition TV and the 3rd format generation Optical Disc.

We think that the bottom of the business activities has been left behind and look confidently to the year 2006.

Sincerely,

SINGULUS TECHNOLOGIES AG

The Executive Board

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 (IFRS UNAUDITED)

	Sept. 30, 2005	Year End 2004
	€ k	€ k
Cash and cash equivalents	63,266	77,148
Trade accounts receivable, short-term	80,125	85,869
Raw materials and supplies	20,903	30,951
Work in process	77,172	69,432
Total inventories	98,075	100,383
Deferred tax assets (current)		
Accruals and other current assets	14,389	9,143
Total current assets	**255,855**	**272,543**
Trade accounts receivable, long-term	9,468	12,789
Property, plant & equipment	13,930	13,917
Intangible assets	50,728	43,960
Goodwill	31,249	31,249
Deferred tax assets (non-current)	5,755	5,640
Total non-current assets	**111,130**	**107,555**
Total assets	**366,985**	**380,098**
Current bank liabilities	3,804	3,785
Trade accounts payable	25,283	24,312
Advance payments received	16,569	21,255
Other provisions, accrued expences	7,599	10,222
Tax accruals	6,360	11,299
Other current liabilities	22,378	23,127
Total current liabilities	**81,993**	**94,000**
Non-current bank liabilities	7,500	10,313
Pension accruals	5,132	4,800
Other long-term liabilities	21,474	21,409
Total long-term liabilities	**34,106**	**36,522**
Total liabilities	**116,099**	**130,522**
Share capital	34,932	35,392
Additional paid-in capital	23,640	28,347
Retained earnings	191,355	191,355
Profit current year	4,427	0
Currency translation adjustment (CTA)	-3,468	-5,518
Total shareholders' equity	**250,886**	**249,576**
Total liabilities & equity	**366,985**	**380,098**

CONSOLIDATED INCOME STATEMENTS AS OF SEPTEMBER 30, 2005 (IFRS UNAUDITED)

	3rd Quarter		First 9 Months	
	2005	2004	2005	2004
	€ k	€ k	€ k	€ k
Revenues (gross)	**73,538**	**139,452**	**172,614**	**299,817**
Sales Deductions & Direct Distribution Costs	-3,341	-4,045	-7,948	-10,195
Net Revenues	**70,197**	**135,407**	**164,666**	**289,622**
Cost of Goods Sold	-47,657	-88,808	-116,494	-199,239
Gross Profit	**22,541**	**46,598**	**48,173**	**90,382**
Research and Development	-2,647	-2,589	-7,163	-6,548
Sales and Customer Service	-4,561	-5,475	-14,646	-16,041
General Management and Administration	-3,126	-4,003	-9,174	-10,854
Goodwill on Company Value	0	-726	0	-2,179
Other Operating Income (+) / Expenses (-)	-7,706	-1,890	-11,535	-4,989
Total Operating Expenses	-18,040	-14,683	-42,518	-40,611
Operating Result (EBIT)	**4,501**	**31,915**	**5,655**	**49,771**
Interest Income (+) / Expenses (-)	240	360	1,018	1,195
Profit Before Tax	**4,741**	**32,275**	**6,673**	**50,966**
Income Taxes	-1,581	-12,642	-2,246	-19,706
Net Income	**3,160**	**19,634**	**4,427**	**31,261**
Net Income per share (basic), EUR	0.09	0.53	0.13	0.84
Net Income per share (diluted), EUR	0.09	0.53	0.13	0.84
Weighted average shares outstanding (basic)	34,931,987	37,121,862	35,103,098	37,089,892
Weighted average shares outstanding (diluted)	34,931,987	37,121,862	35,103,098	37,089,892

CONSOLIDATED CASH FLOW STATEMENTS AS OF SEPTEMBER 30, 2005 (IFRS UNAUDITED)

	First 9 Months	
	2005	2004
	€ k	€ k
Net Income	**4,427**	**31,261**
Depreciation and amortization	3,460	2,801
Change in pension accruals	332	474
Change in deferred taxes	1,683	4,074
Change in Working Capital	-5,880	-40,338
Cash flow from operating activities	**4,022**	**-1,728**
Change in Property, Plant & Equipment	-3,473	-2,140
Change in other intangible assets	-6,768	-17,393
Change in goodwill	0	-14,795
Change in other long-term liabilities	-4,546	3,367
Capital Increase	-460	402
Currency Translation	2,050	405
Cash paid to buy back shares	-4,707	0
Change in Cash & Liquid Funds	**-13,883**	**-31,882**
Cash & Cash equivalents at beginning of period	77,148	66,425
Cash & Cash equivalents at end of period	63,266	34,542

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF SEPTEMBER 30, 2005 AND 2004 (IFRS UNAUDITED)

	Share capital	Capital reserves	Other reserves	Accumulated profit	Equity
	€ k	€ k	€ k	€ k	€ k
Balance on December 31, 2004	**35,392**	**28,347**	**-5,518**	**191,355**	**249,576**
Capital increase					0
Repayment of share capital	-460	-4,707			-5,167
Exchange differences in the fiscal year			2,050		2,050
Net income				4,427	4,427
Balance on September 30, 2005	**34,932**	**23,640**	**-3,468**	**195,782**	**250,886**
for comparison the figures of the same period the year before					
Balance on December 31, 2003	**37,064**	**27,650**	**-4,287**	**166,627**	**227,054**
Capital increase	58	344			402
Repayment of share capital					0
Exchange differences in the fiscal year			405		405
Net income				31,261	31,261
Balance on September 30, 2004	**37,122**	**27,994**	**-3,882**	**197,888**	**259,122**

Company Calendar 2005/2006

24.03.2006	Annual Results 2005: Annual Press Conference and DVFA-Analyst-Meeting
09.05.2006	Quarterly Report 1-2006
02.08.2006	Quarterly Report 2-2006
06.11.2006	Quarterly Report 3-2006

Shares of Executive and Supervisory Board, September 30, 2005: Shares á 1 Euro

WG Roland Lacher GbR	41,750 shares
Stefan Baustert	1,000 shares
William Slee	29,520 shares
Thomas Geitner	1,500 shares

Stock Subscription Rights provided in form of convertible bonds á 1 Euro as of September 30, 2005:

Stefan Baustert	160,000 shares
Staff	913,822 shares

Key Figures (Nine months cumulative)

		2001 US GAAP	2002 US GAAP	2003 US GAAP	2004 IFRS	2005 IFRS
Gross revenues	million €	175.8	209.5	255.0	299.8	172.6
Order intake	million €	155.9	242.2	313.1	377.3	178.2
Order backlog (09/30)	million €	54.0	88.4	116.6	156.1	62.2
EBIT	million €	35.7	41.0	46.8	49.8	5.7
Profit before tax	million €	37.0	42.3	47.6	51.0	6.7
Net income	million €	22.7	27.2	29.9	31.3	4.4
Operating cash flow	million €	17.6	-3.3	-2.5	-1.7	4.0
Equity capital	million €	130.0	173.3	210.5	259.1	250.9
Balance sheet total	million €	207.2	268.2	320.2	415.2	367.0
Research & Development	million €	4.4	9.3	12.4	14.6	12.0
Staff (09/30)		328	472	582	730	641
Weighted average shares outstanding, basic		36,346,888	36,735,818	37,006,734	37,089,892	35,103,098
Earnings per share, basic	€	0.63	0.74	0.81	0.84	0.13

Additional Notes:

Annotations in accordance with § 63 BörsO of the Frankfurt Securities Exchange (§ 63 paragraph 3 figure 5 exchange regulations)

The financial statements for Q3/2005 were drawn up in accordance with IFRS regulations. The figures for 2004 were adjusted accordingly.

Development of Expenses and Pricing
Prices and expenses developed as planned.

Capital Expenditures
Gross capital expenditures for the first nine months totaled € 3.5 million (previous year 3.4 million Euro). These figures reflect normal expansion and replacement expanditures for office equipment as well as for measuring and control technology.

Breakdown of Revenues
For the first nine months, the company realized revenues of approx. 86.6 % (previous year 90.4 %) through the manufacture and sale of systems for the production of optical discs. The revenue share for spare parts and service totaled 13.4 % (previous year 9.6 %). The new business sectors for MRAM and ophthalmic systems have not yet generated revenues.

Changes in Executive Management and Supervisory Bodies
No changes.

Events of Exceptional Significance with the Potential to Affect the Outcome of Business Operations
No exceptional events.

Interim Dividends
No interim dividends were distributed.

Distribution or Recommended Distributed Amount
No dividends were distributed or recommended for distribution.

Changes in Consolidated Equity
See “Statement of changes in consolidated equity” table.

MetaCom 07.11.2005

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