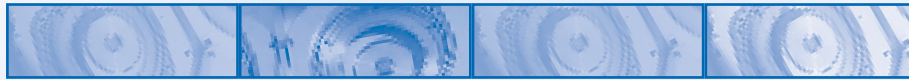


Half-Year Report 2004

Consolidated Closing (US-GAAP) for the 2nd Quarter and 1st Half-Year 2004,
as of 30.06.2004 (unaudited)



1st Quarter

2nd Quarter

3rd Quarter

4th Quarter

Order Intake Projections Clearly Surpassed!

HIGHLIGHTS:

- Order intake for Q2/2004 up 50.9 % over Q2/2003
- 297.6 million Euro total order intake in first-half year of 2004 (+31.9 %)
- Order intake for DVD 9 and DVD-R replication lines far above prior-year levels
- 49 % gain in order backlog over 1st half of 2003
- 2004 mid-year revenues show 15 % gain over 1st half of 2003
- Gross margin for Q2 exceeds Q1/2004 by 2 %
- Q2 EBIT exceeds Q1/2004 by 4.1 million Euro
- Optical Coating and TMR technology well-received at trade shows in Italy and USA

Dear Ladies and Gentlemen,

SINGULUS TECHNOLOGIES AG continued to grow during the first half of 2004. The company's order intake and revenues for the 2nd quarter as well as the entire first half of 2004 rose markedly over the comparable preceding-year periods. The order backlog rose significantly.

REVENUES

At 91 million Euro, revenues for the 2nd quarter 2004 exceeded the Q2/2003 figures (82.2 million Euro). Revenues of 160.4 million Euro for the first half of the year surpassed the 139.2 million Euro prior-year half-year revenues by 15.2 %. The revenue share of prerecorded DVD 9 replication lines for the 2nd quarter has not yet exceeded the equivalent prior-year period.



DEVELOPMENT OF REVENUES WORLDWIDE

The regional distribution of revenue for the first half of 2004 is as follows: Europe 29.9 % (prior year 35.1 %); North and South America 18.9 % (prior year 26.8 %); Asia 48.1 % (prior year 38.1 %); and Africa 3.1 % (prior year 0 %).

ORDER INTAKE AND ORDER BACKLOG

The 146.4 million Euro order intake for Q2/2004 exceeded expectations when compared to Q2/2003 (97.0 million Euro). The total order intake of 297.6 million Euro for the first



STREAMLINE II DVD-R
2nd generation replication line for DVD-R

half of 2004 resulted in a 31.9 % gain over the 225.6 million Euro prior-year figure. Order intake projections were surpassed, particularly for replication lines and mastering systems, with bookings received for 193 DVD 9 and 42 DVD-R lines.

The "book-to-bill" ratio totals 1.6 (first half-year 2003: 0.7).

By the 06/30/04 closing date, the order backlog totaled 215.9 million Euro (prior year 144.9 million Euro), up 49 % over 2003.

EARNINGS

Earnings before interest and depreciation (EBIT) totaled 9.0 million Euro for Q2/2004, a 4.1 million Euro gain over Q1 earnings (4.9 million Euro). A mid-year comparison reveals that the 13.8 million Euro EBIT is still 7.6 million Euro below the prior-year figure. This is attributable to the much lower number of DVD 9 lines booked during the first half-year 2004 versus the equivalent prior-year period. Only a portion of the high order intake for this business segment had been delivered, the balance of which will be accounted for in the third and fourth quarters of the year. This contributed to earnings of 9.6 million Euro being still below prior-year figures (14 million Euro).

The gross margin rose from 27.3 % in the first quarter to 29.3 % in the 2nd quarter of the year and is calculated at 28.6 % for the first half of the year (prior year first half 32.5 %).

STAFF

The corporate-wide employment figure for SINGULUS TECHNOLOGIES totaled 709 by 06/30/04 (06/30/03: 527 employees). The 182-person increase in staff is due in part to the 88 new employees for the ODME consolidation as well as an additional 33 employees needed for the expansion of our business in Asia. As of 06/30/04, the firm employed an additional 178-member temporary workforce. The company continued to expand its capacity in order to adequately address the growth and development of new systems and processes for optics and the new generation of optical disc formats (HD-DVD and Blu-Ray).

RESEARCH AND DEVELOPMENT

R&D expenditures are necessary investments in the future and the best means by which new growth can be generated for a technology company such as SINGULUS TECHNOLOGIES. R&D investments totaled 9.5 million Euro for the first half of 2004, corresponding to 22 % growth over 2003.

In the optical disc sector, development and optimization efforts were concentrated on the recently-introduced STREAMLINE II inline DVD-R replication system. During the period in report, the first of these new-generation lines were delivered in Europe and Asia and beta site tests were successfully concluded. Mass-production of the STREAMLINE II was begun in May of this year.



The new STREAMLINE II replication line for CD-R

In the months ahead, the company will concentrate its R&D activities on new optical disc formats. Intensive efforts are underway on a system variation that will manufacture the 8.5 Gbyte storage-capacity dual layer DVD+R. Consumers will be able to record extended DVD-quality movies for the first time using this disc.

SINGULUS OMP and the mastering business of ODME, acquired earlier this year, were successfully consolidated into SINGULUS MASTERING in July, 2004.

Investments in the new HD-DVD (high density, 15 Gbyte storage DVD) and Blu-Ray Disc (25 Gbyte storage capacity) formats were further intensified. Efforts will be concentrated on the development of new in-line replication systems in the months ahead. Discussions with potential development and cooperation partners as well as pilot customers have already been initiated.

In early July, the TMR deposition technology was presented at Semicon West in San Francisco, USA, the world's largest semiconductor trade show. In addition to the ongoing MRAM applications, we are working on customer projects for magnetic heads (read/write heads for magnetic hard disc drives) to be employed in PCs and new DVD recorders with integrated hard disc drives.

Industry professionals were first introduced to the SINGULUS inline ophthalmic lens coating technology at the Mido optics trade show in Milan, Italy. The positive feedback received demonstrates the great need in the market for inline manufacturing technology. In consultation with key customers, further optimization of the anti-reflective eyeglass lens coating process was conducted on the pilot system. Delivery of this system is imminent. Intensive research is currently being conducted on additional layers for fine optics applications with high market potential.

OTHER

SINGULUS recorded the highest attendance rates among all exhibitors at the three-day Media-Tech Expo 2004, the optical disc industry's leading international trade show held in May 2004 in Frankfurt. The great interest shown in the presentation of the new SPACELINE II and STREAMLINE II replication lines resulted in firm orders, underscoring SINGULUS TECHNOLOGIES' dominant market position, particularly in the DVD replication line business.

As reported on June 25, 2004, Dr. Reinhard Wollermann-Windgasse, a member of the SINGULUS TECHNOLOGIES' Managing Board, resigned from the company for personal reasons effective June 30, 2004, in mutual agreement with the Supervisory Board. We thank Dr. Wollermann-Windgasse for his achievements on behalf of the company.



Clustering at the SINGULUS booth at Media-Tech 2004

As announced during the recent General Shareholders Meeting, the company will hold an open house and extends an invitation to all shareholders and friends of the company to attend this event. The company will open its doors to visitors on Sunday, October 3, 2004, between 1 and 5 PM.

FORECAST

As the global technology leader among optical data storage replication line manufacturers, SINGULUS TECHNOLOGIES continues to benefit from a strong economy in this industry. Project activity was gratifyingly robust, particularly in the DVD sectors. Our market position continues to be reinforced in all vital business segments.

System concepts for the new formats currently being developed will be introduced by the end of 2004, i.e., the beginning of 2005.

Our ophthalmic system has been very well received with initial orders anticipated by the second half of the year. Intensive discussions with potential customers for the TIMARIS TMR thin-film coating system are ongoing.

As in years past, a significant gain in revenue is projected for the 2nd half of 2004. The company reconfirms the expectations for the full year 2004 that revenues will grow by a double-digit figure and EBIT-growth will be single digit.

Sincerely,

SINGULUS TECHNOLOGIES AG
The Managing Board

The Media-Tech Expo 2004
in Frankfurt/Main



CONSOLIDATED BALANCE SHEETS AS AT JUNE 30, 2004 AND DECEMBER 31, 2003
(US GAAP, UNAUDITED)

| | 2004 | 2003 |
|---------------------------------------|----------------|----------------|
| | KEUR | KEUR |
| Cash and cash equivalents | 27,152 | 66,425 |
| Trade accounts receivable, short-term | 81,217 | 79,275 |
| Raw & Packing Materials | 43,958 | 27,208 |
| Work in Process, Finished Goods | 110,167 | 73,612 |
| Pre-Payments to Suppliers | 3,923 | 1,503 |
| Deferred tax assets (current) | 3,272 | 3,272 |
| Accruals and other current assets | 14,733 | 8,848 |
| Total current assets | 284,423 | 260,143 |
| Trade accounts receivable, long-term | 13,785 | 17,209 |
| Property, plant & equipment | 17,376 | 15,842 |
| Intangible assets | 9,056 | 695 |
| Goodwill | 34,026 | 16,539 |
| Deferred tax assets (non-current) | 1,409 | 1,409 |
| Total non-current assets | 75,653 | 51,694 |
| Total assets | 360,076 | 311,837 |
| Trade accounts payable | 52,278 | 28,957 |
| Advance payments received | 32,049 | 19,116 |
| Other provisions, accrued expences | 9,631 | 9,382 |
| Tax accruals | 11,924 | 11,334 |
| Other current liabilities | 16,555 | 19,034 |
| Total current liabilities | 122,437 | 88,093 |
| Pension accruals | 3,853 | 3,558 |
| Other long-term liabilities | 4,146 | 719 |
| Total long-term liabilities | 7,998 | 4,277 |
| Total liabilities | 130,435 | 92,370 |
| Share capital | 37,122 | 37,064 |
| Additional paid-in capital | 27,994 | 27,650 |
| Retained earnings | 159,514 | 159,514 |
| Profit current year | 9,564 | 0 |
| Currency translation adjustment (CTA) | -4,553 | -4,761 |
| Total shareholders' equity | 229,641 | 219,467 |
| Total liabilities & equity | 360,076 | 311,837 |

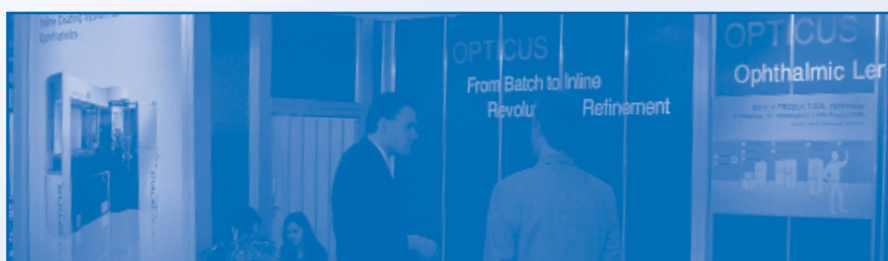


Booth of SINGULUS TECHNOLOGIES AG
at Semicon West 2004, USA

CONSOLIDATED STATEMENT OF INCOME AS AT JUNE 30, 2004
(US GAAP, UNAUDITED)

| | 2nd Quarter | | First 6 Months | |
|---|---------------|---------------|----------------|----------------|
| | 2004 | 2003 | June 30, 2004 | June 30, 2003 |
| | KEUR | KEUR | KEUR | KEUR |
| Gross Revenues | 91,004 | 82,208 | 160,365 | 139,150 |
| Sales Deductions & Direct Distribution Costs | 3,313 | 2,681 | 6,150 | 4,620 |
| Net Revenues | 87,691 | 79,527 | 154,216 | 134,531 |
| Cost of Goods Sold | 62,041 | 55,156 | 110,431 | 90,792 |
| Gross Profit | 25,651 | 24,371 | 43,785 | 43,738 |
| Research and Development | 5,107 | 3,507 | 9,454 | 7,726 |
| Sales and Customer Service | 5,665 | 4,708 | 10,566 | 8,812 |
| General Management and Administration | 3,872 | 2,297 | 6,851 | 4,574 |
| Other Operating Expenses | 2,037 | 1,170 | 3,099 | 1,200 |
| Total Operating Expenses | 16,681 | 11,682 | 29,970 | 22,312 |
| Operating Income (EBIT) | 8,969 | 12,689 | 13,815 | 21,426 |
| Interest Income and expenditure | 304 | 213 | 835 | 551 |
| Profit Before Tax | 9,272 | 12,902 | 14,649 | 21,977 |
| Income Taxes | 3,204 | 4,697 | 5,085 | 7,993 |
| Minority Interest | - | - | - | 9 |
| Net Income | 6,068 | 8,205 | 9,564 | 13,975 |
| Net Income per share (basic), EUR | 0.16 | 0.22 | 0.26 | 0.38 |
| Net Income per share (diluted), EUR | 0.16 | 0.21 | 0.25 | 0.36 |
| Weighted average shares outstanding (basic) | 37,083,498 | 36,967,062 | 37,073,907 | 36,957,144 |
| Weighted average shares outstanding (diluted) | 38,687,498 | 38,926,493 | 38,682,498 | 38,901,891 |

Presentation of the OPTICUS
at the Mido 2004 in Milan



CONSOLIDATED CASH FLOW STATEMENT AS AT JUNE 30, 2004 (US GAAP, UNAUDITED)

| | June 30, 2004 | June 30, 2003 |
|---|----------------|---------------|
| | KEUR | KEUR |
| Net Income | 9,564 | 13,975 |
| Depreciation | 1,924 | 1,443 |
| Change in Pension and Tax Accruals | 295 | 97 |
| Change in Working Capital* | -25,784 | -19,378 |
| Net cash flows from operating activities | -14,001 | -3,863 |
| Change in Property, Plant & Equipment | -3,459 | 312 |
| Change in other intangible assets | -8,362 | - |
| Change in goodwill | -17,487 | - |
| Change in long-term liabilities | 3,427 | -96 |
| Capital increase | 402 | 414 |
| Currency Translation | 208 | -1,696 |
| Net Change in Cash & Liquid Funds | -39,272 | -4,929 |
| Cash & Cash equivalents at beginning of period | 66,425 | 53,915 |
| Cash & Cash equivalents at end of period | 27,152 | 48,986 |

* incl. Trade Receivables, long term

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AS AT JUNE 30, 2004 (US GAAP, UNAUDITED)

| | Share capital | Additional paid-in-capital | Retained earnings & current profit | Currency translation adjustment | Total shareholders' equity |
|-------------------------------------|---------------|----------------------------|------------------------------------|---------------------------------|----------------------------|
| | KEUR | KEUR | KEUR | KEUR | KEUR |
| Balance at December 31, 2003 | 37,064 | 27,650 | 159,514 | -4,761 | 219,467 |
| Capital increase | 58 | 344 | | | 402 |
| Currency translation adjustments | | | | 208 | 208 |
| Profit current year | | | 9,564 | | 9,564 |
| Balance at June 30, 2004 | 37,122 | 27,994 | 169,078 | -4,553 | 229,640 |

for comparison the figures of the same periode the year before:

| | | | | | |
|-------------------------------------|---------------|---------------|----------------|---------------|----------------|
| Balance at December 31, 2002 | 36,947 | 26,950 | 119,257 | -1,523 | 181,631 |
| Capital increase | 60 | 354 | | | 414 |
| Currency translation adjustments | | | | -1,696 | -1,696 |
| Profit current year | | | 13,975 | | 13,975 |
| Balance at June 30, 2003 | 37,007 | 27,304 | 133,232 | -3,219 | 194,324 |

Company Calendar 2004

| | |
|------------|---|
| 05.05.2004 | Quarterly Report 1-2004 |
| 13.05.2004 | Annual Shareholders Meeting in Frankfurt/Main |
| 27.05.2004 | Analyst and Investor Meeting at the Media-Tech Expo in Frankfurt/Main |
| 02.08.2004 | Quarterly Report 2-2004 |
| 04.11.2004 | Quarterly Report 3-2004 |

Shares and Subscription Rights, 30.06.2004: Shares á 1 Euro

| | |
|-----------------------|----------------|
| VVG Roland Lacher GbR | 129,600 pieces |
| William Slee | 29,520 pieces |
| Thomas Geitner | 1,500 pieces |

Stock Subscription Rights provided in form of convertible bonds á 1 Euro:

| | |
|-----------------------------------|------------------|
| VVG Roland Lacher GbR | 12,150 pieces |
| Stefan Baustert | 80,000 pieces |
| Dr. Reinhard Wollermann-Windgasse | 110,000 pieces |
| Employees | 1,255,294 pieces |

Additional Notations:

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

Accounting and Valuation Methods

No changes were made to accounting and valuation methods. The report follows US GAAP regulations.

Development of Expenses and Prices

Pricing and expenses developed as planned.

Expenditures

Capital expenditures for the first half-year totaled 2.7 million Euro (first half-year 2003: 3.3 million Euro). These figures reflect expansion and replacement expenditures for office and assembly areas as well as measuring and control technology.

Division of Earnings

SINGULUS operates exclusively in a single business sector. The manufacture and sale of systems for the production of optical discs accounted for approximately 88.5 % (2003: 89.2 %) of the company's total revenues. The revenue share for spare parts, upgrades and service totaled 11.5 % (2003: 10.8 %). No earnings have yet been generated by the new MRAM and ophthalmic business sectors.

Changes in Executive Management and Regulatory Bodies

Dr. Reinhard Wollermann-Windgasse has resigned from the company effective July 1, 2004.

Events of Exceptional Significance with the Potential to Affect the Outcome of Business Operations

No events of note.

Interim Dividends

No interim dividends were disbursed.

Amount Disbursed or Recommended for Disbursement

No dividends were disbursed or recommended for disbursement.

Shareholder Equity Variance Account

See "Development of Corporate Shareholder Equity" Table.

| Six months cumulative, as at 30.06.2002 / 2003 / 2004 (unaudited) | | | |
|---|---------|---------|---------|
| | 2002 | 2003 | 2004 |
| | KEUR | KEUR | KEUR |
| Gross Revenues | 110,290 | 139,150 | 160,365 |
| EBIT | 19,091 | 21,426 | 13,815 |
| Earnings Before Taxes | 19,866 | 21,977 | 14,469 |
| Net Income | 12,624 | 13,975 | 9,564 |
| Total Shareholders' Equity | 159,314 | 194,324 | 229,641 |
| Balance Sheet Total | 262,782 | 288,784 | 360,076 |
| Operating-Cash-Flow | -11,330 | -3,863 | -14,001 |
| R & D Expenditures | 5,679 | 7,726 | 9,454 |
| Employees* (30.06.) | 456 | 527 | 709 |
| Earnings per Share in EURO** | 0.34 | 0.38 | 0.26** |

All figures in KEUR, except: * (actual number)

** based on 37,121,862 issue shares à 1 EURO

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