

## Report First Quarter 2004

Consolidated Closing (US GAAP) for the Fiscal Year 2004  
as of 31.03.2004 (audited)



1st Quarter

2nd Quarter

3rd Quarter

4th Quarter

High order backlog bolsters positive growth expectations for 2004

- Order intake grows 8,8 % over Q1/2003
- Order backlog of 160.5 million Euro more than double that of 12/31/03
- Net sales rise 22 % in Q1/2004 compared to 69.4 million Euro in Q1/2003
- Accounting-related drop in Q1/2004 EBIT to 4.8 million Euro
- Double-digit overall revenue growth expected for 2004
- Operating Cash Flow in Q1/2004 with 4.4 Mio. Euro positiv

Dear Ladies and Gentlemen,

SINGULUS TECHNOLOGIES' order intake of 139.9 million Euro (plus another 11.3 million Euro derived from the ODME acquisition) for the first quarter of 2004 displayed a marked increase over the same quarter in preceding years (Q1/2003 = 128.6 million Euro, Q1/2002 = 77.5 million Euro). The order intake also rose considerably over the previous quarter (Q4/2003 = 69.6 million Euro). The high demand affected primarily prerecorded DVD systems and the recordable DVD growth sector.

The order backlog more than doubled from 78.6 million Euro on 12/31/03 to 160.5 million Euro by the close of the period on 03/31/04. At 69.4 million Euro, revenues surpassed the comparable prior-year period (56.9 million Euro = + 22 %).



Due to the composition of the order backlog at the end of last year, deliveries and bookings for the first quarter of 2004 were comprised primarily of prerecorded and recordable CD lines. Conversely, the product mix for Q1/2003 was predominated by high-margin prerecorded DVD lines. The change in the product mix resulted in an EBIT decline from the comparable period last year to 4.8 million Euro. This led to a temporary downturn in the EBIT margin to 7.3 %



SKYLINE II  
CD/DVD 5 Replication line of second generation

## REVENUES

Net sales for Q1/2004 totaled 69.4 million Euro, up 22 % over the 56.9 million Euro earned during the same prior-year quarter. Lines for the manufacture of recordable discs made up 35 % of revenues (prior year: 9.8 %). At 42.6 %, the revenue share for prerecorded disc manufacturing lines fell well below that of the same quarter a year ago (71.6 %). The revenue share for prerecorded DVD lines declined from 54% to 19 %. This will improve significantly in the months ahead. Now the strongest segment, the high-margin DVD prerecorded lines made up approximately 70 million Euro of the order backlog by the end of March 2004. The mastering business accounted for 8.5 % of revenues (prior year 4.9 %).

## DEVELOPMENT OF REVENUES WORLDWIDE

The regional distribution of revenues for the first three months of the year is as follows: Asia 55 % (38.4 % last year), North and South America 19.1 % (21.2 % last year), and Europe 22.2 % (40.4 % last year), and Africa 3.7 % (last year = 0)

## BOOKINGS AND ORDER BACKLOG

At 139.9 million Euro, the order intake for Q1/2004 markedly surpassed the figures recorded for the same quarter in preceding years (Q1/2003 = 128.6 million Euro, Q1/2002 = 77.5 million Euro). The total order backlog rose to 160.5 million Euro, clearly exceeding both the 12/31/2003 figure (78.6 million Euro) and the equivalent quarter in 2003 (130.1 million Euro).

## EARNINGS

Earnings before interest and taxes (EBIT) totaling 4.8 million Euro demonstrated an expected downturn from a year ago (8.7 million Euro) due to the reduced number of bookings in the prerecorded DVD line segment. Earnings of 3.5 million Euro for the period also declined from a year ago (5.8 million Euro). At 27.3 % of net earnings, the gross margin demonstrated an accounting-related decline during the first quarter of 2004, as did the 7.3 % EBIT margin (prior year = 15.9 %).

Overall, the gross margin for individual product segments (CD, DVD, CD-R, DVD-R) met and, in some instances, exceeded last year's levels. Thus, the temporary downturn in the margin for Q1/2004 is solely attributable to the reduction in bookings for the prerecorded DVD segment.

## STAFF

The SINGULUS TECHNOLOGIES Group employed 702 people worldwide on 03/31/04 (12/31/03: 599 employees). Another 96 employees were added to the company's payroll through the acquisition of the Dutch company ODME.

*OPTICUS - Inline Coating system for eyeglass lenses.*



## RESEARCH AND DEVELOPMENT

Research and Development activities totaling 4.3 million Euro were at the same level with expenditures for the preceding year (4.2 Euro) with emphasis placed primarily on development of the next generation of prerecorded and recordable DVD lines as well as on our eyeglass coating system OPTICUS.

Large-scale deliveries of the new SPACELINE II have begun. The DVD-9 cycle time is being reduced from its former 3-second rate to 2.5 seconds with the potential for further improvements incorporated into the system concept. The SPACELINE II replication line can now produce up to 30,000 DVDs per day, setting a new benchmark for the industry.

DVD-R is also on the threshold of the next generation: A new high-performance STREAMLINE II replication system has been developed specifically oriented to the stringent requirements of our Asian customers. We are confident that, with improved cycle times and higher yields, the customer base of previously leading competitors can be accessed and penetrated providing the company with a new market segment. The synergy derived from our intense process development is another factor crucial to the success of future sales and can be used throughout the entire process chain, from mastering to molding and replication. The first major order for the new STREAMLINE II system has already been placed in Asia. Large-scale deliveries will begin in June 2004.

In the Fall of 2003, PHILIPS and MISUBISHI published the specification for dual layer DVD-R, presenting replication line manufacturers with a fresh challenge to develop new process and system technologies. In-house evaluation of new manufacturing processes has begun and must be systematically and rapidly converted into new machine technology. Since pertinent market prognoses for the mid-term expect dual layer DVD-R to capture at least 30% of the entire DVD recordable market share, publication of this new format specification has introduced another industry growth cycle.

The new AM Direct Mastering System incorporates new technology to manufacture stampers without galvanic processes and will be introduced at the MEDIA-TECH show in May 2004. This innovation presents sales opportunities in new areas of application.

The advent of digital and high definition television (HDTV) in conjunction with flat panel screens is already taking shape in Japan and the US. Consequently, the market demand for a third generation of optical discs has also materialized, with development of the BluRay and HD-DVD systems advanced to the prototype stage in Japanese research laboratories. Concrete in-house research projects are currently being conducted on these new formats to ensure the company's readiness for mass production at market launch.



*AM Master  
Mastering System for all CD and DVD formats*

SINGULUS TECHNOLOGIES and its key customer have further optimized the OPTICUS inline coating system for eyeglass lenses and other precision optics substrates. Intense application work is underway for potential customers impressed by the economic potential of this system. The official OPTICUS market launch will take place at the MIDO trade show in Milan at the beginning of May 2004.

#### IMPORTANT EVENTS

The acquisition of both the ODME B.V., Eindhoven/NL mastering business and the patents and rights to MoldPro injection molding technology were concluded effective 1/1/04. The decision was made to subsequently merge these activities with our SINGULUS OMP subsidiary and continue worldwide business activities under the new name SINGULUS MASTERING B.V. The new company is the global market leader in mastering with a product portfolio superior to that of any competitor.

#### FORECAST

The company continues to devote special attention to growth in the DVD and DVD-R markets. The sharp decline in the price of DVD recorders has considerably enhanced the significance of the DVD-R market. Its potential for 2004 is considered to be extremely positive.

Order intake and revenue developments for the first quarter of 2004 reinforce our expectations for double-digit revenue growth in 2004. Since the order backlog has clearly shifted in favor of prerecorded DVD lines, a distinct improvement in the margin is expected for subsequent quarters.

The positive mood in the precordable and recordable DVD line market strengthens our conviction that stable annual revenue and earnings developments can be achieved for 2004. We have begun the market launch of the new DVD and DVD-R product lines and have incorporated the emerging third generation of optical disc machines (HD-DVD/Blu Ray) into our R&D activities. The integration of the recently-acquired mastering business is progressing favorably and efforts to introduce a new molding machine in 2005 are running at full speed. With this in mind, the company looks to the future with great anticipation.

Best regards,  
SINGULUS TECHNOLOGIES AG  
The Managing Board

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

	March 31, 2004	Year End 2003
	KEUR	KEUR
Cash and cash equivalents	46,518	66,425
Trade accounts receivable, short-term	71,908	79,275
Inventories	126,459	102,323
Deferred tax assets (current)	3,272	3,272
Accruals and other current assets	10,408	8,848
<b>Total Current Assets</b>	<b>258,565</b>	<b>260,143</b>
Trade accounts receivable, long-term	13,537	17,209
Property, plant & equipment	16,710	15,842
Intangible assets	9,313	695
Goodwill	34,026	16,539
Deferred tax assets (non-current)	1,409	1,409
<b>Total non-current assets</b>	<b>74,996</b>	<b>51,694</b>
<b>Total Assets</b>	<b>333,561</b>	<b>311,837</b>
Trade accounts payable	38,735	28,957
Advance payments received	23,236	19,116
Other provisions, accrued expenses	9,260	9,382
Tax accruals	10,766	11,334
Other current liabilities	20,289	19,304
<b>Total Current Liabilities</b>	<b>102,286</b>	<b>88,093</b>
Pension accruals	3,705	3,558
Other long-term liabilities	4,233	719
<b>Total Long-Term Liabilities</b>	<b>7,938</b>	<b>4,277</b>
<b>Total Liabilities</b>	<b>110,224</b>	<b>92,370</b>
Share capital	37,064	37,064
Additional paid-in capital	27,650	27,650
Retained earnings	159,514	159,514
Profit current year	3,496	0
Currency translation adjustment (CTA)	-4,388	-4,761
<b>Total Shareholders Equity</b>	<b>223,337</b>	<b>219,467</b>
<b>Total Liabilities &amp; Equity</b>	<b>333,561</b>	<b>311,837</b>

CONSOLIDATED STATEMENT OF INCOME AS AT MARCH 31, 2004  
(US GAAP, UNAUDITED)

	First 3 Months	
	2004	2003
	KEUR	KEUR
<b>Gross Revenues</b>	<b>69,361</b>	<b>56,942</b>
Sales Deductions & Direct Distribution Costs	2,837	1,939
<b>Net Revenues</b>	<b>66,525</b>	<b>55,003</b>
Cost of Goods Sold	48,390	35,636
<b>Gross Profit</b>	<b>18,135</b>	<b>19,367</b>
Research and Development	4,347	4,219
Sales and Customer Service	4,901	4,104
General Management and Administration	2,979	2,277
Other Operating Expenses	1,062	30
Total Operating Expenses	13,289	10,629
<b>Operating Income (EBIT)</b>	<b>4,846</b>	<b>8,737</b>
Interest Income and expenditure	531	338
<b>Profit Before Tax</b>	<b>5,377</b>	<b>9,075</b>
Income Taxes	1,881	3,296
Minority Interest	0	9
<b>Net Income</b>	<b>3,496</b>	<b>5,770</b>
Net Income per share (basic), EUR	0.09	0.16
Net Income per share (diluted), EUR	0.09	0.15
Weighted average shares outstanding (basic)	37,064,316	36,947,226
Weighted average shares outstanding (diluted)	38,627,498	38,474,063

**CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2004**  
(US GAAP, UNAUDITED)

	First 3 Months	
	2004	2003
	KEUR	KEUR
<b>Net Income</b>	<b>3,496</b>	<b>5,770</b>
Depreciation	950	713
Change in Pension and Tax Accruals*	147	48
Change in Working Capital	-465	-16,115
<b>Net Cash Flows from Operating Activities</b>	<b>4,129</b>	<b>-9,583</b>
Change in Property, Plant & Equipment	-1,818	-526
Change in other intangible assets	-8,618	-4
Change in goodwill	-17,487	0
Change in long-term liabilities	3,514	-141
Currency Translation	373	-1,100
<b>Net Change in Cash &amp; Liquid Funds</b>	<b>-19,907</b>	<b>-11,354</b>
Cash & Cash equivalents at beginning of period	66,425	53,915
Cash & Cash equivalents at end of period	46,518	42,561

\* incl. Trade Receivables, long term

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AS AT MARCH 31, 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
<b>Balance at December 31, 2003</b>	<b>37,064</b>	<b>27,650</b>	<b>159,514</b>	<b>- 4,761</b>	<b>219,467</b>
Capital increase					
Currency translation adjustments				373	373
Profit current year			3,496		3,496
<b>Balance at March 31, 2004</b>	<b>37,064</b>	<b>27,650</b>	<b>163,010</b>	<b>- 4,388</b>	<b>223,337</b>

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

<b>Balance at December 31, 2002</b>	<b>36,947</b>	<b>26,950</b>	<b>119,257</b>	<b>- 1,523</b>	<b>181,631</b>
Capital increase					0
Currency translation adjustments				- 1,100	- 1,100
Profit current year			5,770		5,770
<b>Balance at March 31, 2003</b>	<b>36,947</b>	<b>26,950</b>	<b>125,027</b>	<b>- 2,623</b>	<b>186,301</b>

## Company Calendar 2004

30.03.2004	Quarterly Report 4-2003 and Annual Closing 2003 Annual Press Conference in Frankfurt/Main
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 right, 31.03.2004:

### Shares á 1 Euro

VVG Roland Lacher GbR	117,450 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	24,300 pieces
Stefan Baustert	80,000 pieces
Dr. Reinhard Wollermann-Windgasse	50,000 pieces
Employees	1,299,790 pieces

## Additional Notations:

### Annotations 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 the accounting and valuation methods. The report follows US GAAP regulations.

#### Development of Expenses and Pricing

Prices and expenses developed as planned.

#### Capital Expenditures

Fixed assets purchased in first quarter totaled 1,2 million Euro (Q1/2003: 0,5 million Euro). This figure is made up of the customary expansion and replacement expenditures for furnish and equipment.

#### Division of Earnings

SINGULUS operates exclusively in a single business sector. The production and sales of systems for the manufacture of optical discs accounted for 89 % (2003: 87 %) share of total revenue. Revenue share for spare parts, upgrades and service accounted for 11 % (2003: 13 %).

#### 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 disbursed.

#### Disbursement or Recommended Disbursement Amount

No dividends were disbursed or recommended for disbursement.

#### Equity Capital Variance Computation

Information can be find in the table "Consolidated statement of shareholders' equity".

	Three months cumulative, as of 31.03.2002 / 2003 /2004		
	2002	2003	2004
	TEUR	TEUR	TEU
Gross Revenues	53,492	56,942	69,361
EBIT	9,151	8,737	4,846
Earnings Before Taxes	9,408	9,075	5,377
Net Income	6,136	5,770	3,496
Total Shareholders Equity	152,745	186,301	223,337
Balance Sheet Total	213,225	273,007	333,561
Operating-Cash-Flow	-2,128	-9,583	4,129
R&D Expenditures	2,456	4,219	4,347
Mitarbeiter* (31.03.)	427	508	702
Earning per Share in EURO	0.17	0.16	0.09**

All figures in KEUR, except:

\* (actual number) \*\* based on 37,064,316 issue shares á 1 EURO

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