

Q03

Report Third Quarter 2006

Consolidated Statements IFRS for the Third Quarter and First Nine Months of Fiscal 2006 as of September 30, 2006 (unaudited)

Optical Disc

Mastering

TMR Technology

Optical Coatings



SINGULUS



- Sales for the first nine months 2006 increased by 23 % to € 213.1 million
- EBIT improved to € 7.9 million (+ 39 %)
- New orders received € 272.4 million (previous year: € 178.2 million)
- As of September 30, 2006, order backlog nearly doubled to € 120.2 million

Dear Ladies and Gentlemen,

During the first nine months of 2006 the SINGULUS TECHNOLOGIES Group (SINGULUS) achieved a 23 % higher sales volume of € 213.1 million compared with the previous year (€ 172.6 million). The EBIT of € 7.9 million (previous year: € 5.7 million) was 39 % higher.

During the period under review the orders received improved by nearly € 100 million and amounted to € 272.4 million (previous year: € 178.2 million). In addition, the order backlog developed very favorably and nearly doubled from € 62.2 million as of September 30, 2005 to € 120.2 million.

In the spring of 2006 SINGULUS made the decision to establish an assembly location for prerecorded DVD replication lines in China. SINGULUS and Vika, Hong Kong, founded the joint venture (JV) SINGULUS MANUFACTURING GUANGZHOU (SMG) in Panyu, Southern China. SINGULUS owns 51 % of the shares in the JV. On July 14, 2006, SMG was inaugurated in the presence of 130 business partners and official Chinese representatives. In Panyu, SPACELINE machines and EMOULD injection molding equipment is assembled on a business space of 10,000 sqm. and sold to the Chinese market. The SMG was included in the Group's accounts of the SINGULUS TECHNOLOGIES AG in the quarter under review for the first time.

According to the latest figures of the established market research institutes, the market for DVDs will continue to grow despite the announced market launch of the new formats HD DVD and Blu-ray. In 2006, DVD sales are projected to rise by an additional amount of one billion compared to the previous year and to total nearly 8 billion discs.

Change in the Executive Board

Since November 1, 2006, Stefan A. Baustert (50) is the new Chief Executive Officer of the SINGULUS TECHNOLOGIES AG. The Supervisory Board of the company appointed him Chairman of the Executive Board as per resolution on November 1, 2006. At the same time, the Supervisory Board appointed



Official opening of SINGULUS Manufacturing
Guangzhou in Panyu, China



Official Chinese delegation visiting the SINGULUS booth
at Replication Exop, Shanghai, China

Dr. Eng. Anton Pawlakowitsch (53) as Executive Board Member responsible for Technology, Research and Development as from January 1, 2007.

Since joining the company in January 2003 Stefan A. Baustert has been member of the Executive Board in charge of the Finance department, which he will continue to head. In addition, his responsibilities will include the divisions Sales & Marketing, Strategy and Public Relations. Mr. Baustert has also been the Chairman of the Supervisory Board of the subsidiary HamaTech AG since January 2006.

Dr. Eng. Anton Pawlakowitsch will remain Chairman of the Executive Board of the HamaTech AG, which he has been in charge of since February 2006 after the acquisition by the SINGULUS TECHNOLOGIES AG.

In the course of the Supervisory Board meeting on September 21, 2006, Klaus Hammen, former Spokesman of the Executive Board of SINGULUS TECHNOLOGIES AG, had announced his intention to assume new responsibilities at a different company.

Acquisition HamaTech AG

With the approval of the domination agreement between SINGULUS TECHNOLOGIES Beteiligungs GmbH and HamaTech AG (HamaTech) by the Annual General Meeting in June 2006, SINGULUS offered the outstanding shareholders of HamaTech to acquire their shares for a cash compensation of € 2.55 per share. In total 234,056 shares have been submitted until the end of October 2006.

As of October 1, 2006 the scope of consolidation of the SINGULUS TECHNOLOGIES Group changed, because HamaTech sold 51 % of its shares in the Slovakian subsidiary in Nové Mesto on October 6, 2006. With effect from October 1, 2006, the company Böhm Fertigungstechnik Suhl GmbH (BFT) acquired the majority of the shares from HamaTech at a price of € 1.9 million. In addition, BFT will assume the shareholder loans from SINGULUS and HamaTech step by step.

Due to the disposal of 51 % of the shares and the transfer of the corporate management to BFT in the 4th quarter 2006, the Slovakian company will no longer contribute to sales and earnings of SINGULUS. SINGULUS remains the owner of the land and buildings in Slovakia. BFT is a company with many years of experience in subcontracting and pre-assembly production. SINGULUS is looking forward to a good cooperation and is convinced to be able to further expand the location in Slovakia together with BFT.

Key Figures of the SINGULUS TECHNOLOGIES Group

The quarterly accounts as well as the accounts for the first nine months of the year were drawn up pursuant to the International Financial Reporting Standards (IFRS).

Sales

Sales of € 96.6 million in the 3rd quarter 2006 were significantly higher than in the previous year (€ 73.5 million). Sales for the nine months of the year increased by 23 % to € 213.1 million (previous year: € 172.6 million).

The percentage regional breakdown of sales for the first nine months of 2006 was as follows: Europe 37.4 % (previous year: 53.5 %), Asia 32.6 % (previous year: 21.5 %), North and South America 28.8 % (previous year: 18.7 %), Africa and Australia 1.2 % (previous year: 6.3 %).

With the manufacturing and sale of equipment for the production of optical discs SINGULUS generated a share of sales amounting to 69.4 % as of September 30, 2006 (previous year: 86.6 %). The share of sales with other equipment, replace-

ment parts, upgrades and services amounted to 30.6 % as of September 30, 2006 (previous year: 13.4 %). In the 3rd quarter the share in the Optical Disc division came to 71.2 %, Others contributed 28.8 %.

Order backlog and order intake

In the first nine months of the year the order intake rose significantly from 178.2 million in the same period one year ago to € 272.4 million currently. As of September 30, 2006, the order backlog stood at € 120.2 million (previous year: € 62.2 million), which is significantly higher than the comparable figure for 2005.

Earnings

As of September 30, 2006, the EBIT amounted to € 7.9 million and is therefore 39 % higher than in the same period one year ago (€ 5.7 million). This includes one-off effects in connection with the first-time consolidation of HamaTech in the 1st quarter of 2006. They mainly stem from an extraordinary gain in the amount of € 34.1 million from the earnings-relevant reversal of a resulting badwill in the course of the first-time consolidation as well as restructuring charges in the amount of € 20.1 million.

In the third quarter an EBIT of € 2.6 million was achieved. The consolidated contribution of HamaTech amounted to an EBIT of - € 2.7 million in the quarter under review.

The earnings after taxes came in at € 0.8 million in the 3rd quarter 2006, which was below previous year's level (€ 3.2 million). During the first nine months of 2006 the earnings after taxes rose by € 3.7 million to € 8.1 million compared with the previous year. The gross profit margin stood at 22.9 % in the 3rd quarter and at 23.9 % for the first nine months of the year (previous year: 29.3 %).

Cash flow

The operating cash flow of € 11.1 million during the first nine months of 2006 was substantially higher than in the previous year (€ 4.0 million). This increase results mainly from the high net profit before depreciation.

Capital expenditure

Capital expenditure amounted to € 1.0 million as of September 30, 2006 (previous year: € 3.5 million). Replacement investments predominantly made up the expenditure.

Employees

Compared with September 30, 2005, the headcount (excluding HamaTech) declined from 641 to 591 employees. HamaTech also adjusted its headcount continuously to the economic situation. As of September 30, 2006 the SINGULUS Group (including HamaTech) employed 1,182 people. Due to the sale of the 51 % share in Slovakian subsidiary the headcount as of October 1, 2006 declines by additional 318 employees to 864.

The average headcount in the Group (including HamaTech) amounted to 1,219 employees (previous year: 675) as of September 30, 2006.

Development of costs and prices

The increase in sales is mainly attributable to a volume-based rise in sold machines. The selling prices developed as planned. Expenses for materials and personnel declined slightly during the further course of the business year 2006 according to plan.



SINGULUS TECHNOLOGIES and SINGULUS MASTERING
booths at the MEDIA-TECH Showcase & Conference,
October 2006, in Long Beach, USA



SINGULUS booth with TIMARIS presentation
at Semicon West 2006, San Francisco, USA

Research and development (R&D)

At € 19.2 million, the expenses for R & D as of September 30, 2006 were above previous year's level (€ 12.0 million), however, they also included € 6.0 million from HamaTech.

In the Optical Disc division SINGULUS works intensively on the optimization of the BLU-LINE replication machine for single layer prerecorded Blu-ray (25 GB) as well as the further development of this machine type for the production equipment for dual layer prerecorded Blu-ray with a storage capacity of 50 GB. SINGULUS MASTERING in Eindhoven works on this mastering system for the 3rd format generation. In the course, SINGULUS is developing a completely new production group for the coating of the glass substrates. The new mastering system works with a laser with 405 nm according to the PTM principle (phase transition mastering) and has been designed for the production of mastering substrates for HD and BD as well as for traditional DVD discs.

New business areas

In the segment of new business areas SINGULUS has recently shipped a machine for the production of write/read heads (thin film heads) to a customer. The already delivered OPTICUS machines for the ophthalmic lens production are further developed together with our development partners and optimized for series production.

Outlook

We still regard the traditional CD and DVD machine activities as an important pillar of our overall business operations in the next couple of years. In addition, the project activities in the market for equipment for the production of recordable discs experienced a pick-up again. For Blu-ray we are working very hard - together with our key customers - to further improve the processes for permanent operation. Therefore, we are confident - as already in the previous year - with respect to a constant improvement of the starting point and the sale volumes of Blu-ray machines in the coming years.

The integration of HamaTech has become very tangible. With the first successful disposal of a non-core activity and the transfer of the photo masking operations into a legally independent entity as of November 1, 2006, the portfolio adjustments are showing first concrete results.

Since the scope of consolidation of the SINGULUS TECHNOLOGIES Group changed as of October 1, 2006, we realigned the expected consolidated sales to a range between € 255 and 275 million for the business year 2006 and announced this on October 6. This reflects a sales forecast for the Slovakian company in the amount of € 25 million in the 4th quarter 2006. We confirm our assessment that the SINGULUS TECHNOLOGIES Group will deliver a positive EBIT in 2006.

With respect to Blu-ray we are confident for the year 2007 and think that with an increasing market volume we will benefit as one of the first companies from this growth. We are also internationally well positioned with our DVD / HD DVD combination machine SPACELINE.

Yours sincerely,

SINGULUS TECHNOLOGIES AG

The Executive Board

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005 (IFRS UNAUDITED)

	Sept 30, 2006	Dec. 31, 2005
	K€	K€
Cash and cash equivalents	55,092	67,719
Trade receivables	81,693	80,964
Other receivables and assets	11,617	11,155
Total receivables	93,310	92,119
Raw materials, consumables and supplies	41,523	23,134
Work in process	104,971	55,800
Total inventories	146,494	78,934
Total current assets	294,896	238,772
Available-for-sale financial assets	15	5,236
Non-current trade receivables	12,278	12,448
Property, plant and equipment	28,227	12,887
Capitalized development costs	38,630	42,083
Goodwill	31,249	31,249
Other intangible assets	19,048	9,241
Deferred tax assets	11,520	8,004
Total non-current assets	140,967	121,148
Total assets	435,863	359,920
Trade payables	30,544	18,780
Current bank liabilities	17,427	13,866
Other current liabilities	27,042	19,215
Advance payments received	36,560	9,666
Tax provisions	4,104	1,840
Other provisions	6,876	5,172
Total current liabilities	122,553	68,539
Non-current bank liabilities	13,989	9,548
Other non-current liabilities	5,327	3,046
Pension provisions	5,954	5,242
Deferred tax liabilities	16,176	18,063
Total non-current liabilities	41,446	35,899
Total liabilities	163,999	104,438
Share capital	34,942	34,942
Capital reserve	30,125	29,398
Other reserves	-2,416	-2,214
Accumulated profit	201,488	193,356
Equity attributable to the shareholders of the SINGULUS TECHNOLOGIES AG	264,139	255,482
Minority interests	7,725	0
Total equity	271,864	255,482
Total liabilities and equity	435,863	359,920

CONSOLIDATED INCOME STATEMENTS AS OF SEPTEMBER 30, 2006 (IFRS UNAUDITED)

	3 rd Quarter		First 9 Months	
	2006	2005	2006	2005
	K€	K€	K€	K€
Revenues (gross)	96,648	73,538	213,123	172,614
Sales Deductions & Direct Distribution Costs	-3,247	-3,341	-7,750	-7,948
Net Revenues	93,401	70,197	205,373	164,666
Cost of Goods Sold	-72,031	-47,657	-156,202	-116,494
Gross Profit	21,370	22,541	49,171	48,173
Research and Development	-4,071	-2,647	-15,079	-7,163
Sales and Customer Service	-5,639	-4,561	-18,019	-14,646
General Management and Administration	-5,620	-3,126	-16,542	-9,174
Other Operating Income (+) / Expenses (-)	-3,256	-7,706	-5,505	-11,535
Restructuring costs	0	0	-20,092	0
Badwill through acquisition of STEAG HamaTech AG	-145	0	33,936	0
Total Operating Expenses	-18,731	-18,040	-41,301	-42,518
Operating Result (EBIT)	2,639	4,501	7,870	5,655
Interest Income (+) / Expenses (-)	-210	240	425	1,018
Profit Before Tax	2,429	4,741	8,295	6,673
Income Taxes	-1,590	-1,581	-162	-2,246
Net Income	839	3,160	8,133	4,427
Net Income per share (basic), EUR	0.02	0.09	0.23	0.13
Net Income per share (diluted), EUR	0.02	0.09	0.23	0.13
Weighted average shares outstanding (basic)	34,941,929	34,931,987	34,941,929	35,103,098
Weighted average shares outstanding (diluted)	34,941,929	34,931,987	34,941,929	35,103,098

CONSOLIDATED CASH FLOW STATEMENTS AS OF SEPTEMBER 30, 2006 (IFRS UNAUDITED)

	First 9 Months	
	2006 K€	2005 K€
Net Income	8,133	4,427
Depreciation and amortization	22,261	3,460
Change in pension accruals	712	332
Change in deferred taxes	-5,403	1,683
Change in Working Capital	-14,567	-5,880
Cash flow from operating activities	11,136	4,022
Change in Property, Plant & Equipment	-21,226	-3,473
Change in goodwill	5,221	0
Change in other intangible assets	-22,730	-6,768
Change in other long-term liabilities	2,281	-2,671
Changes in long-term bank loans	4,441	-1,875
Changes in minority interests	7,725	0
Capital increase, capital reduction	727	-5,167
Currency Translation	-202	2,050
Change in Cash & Liquid Funds	-12,627	-13,883
Cash & Cash equivalents at beginning of period	67,719	77,148
Cash & Cash equivalents at end of period	55,092	63,266

* including long-term accounts receivable

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
AS OF SEPTEMBER 30, 2006 AND 2005 (IFRS UNAUDITED)

	Share capital K€	Capital reserves K€	Other reserves K€	Accumu- lated profit K€	Minority interests K€	Equity K€
Balance on December 31, 2005	34,942	29,398	-2,214	193,356	0	255,482
Minority interests					7,725	7,725
Capital increase		375				375
Repayment of share capital						0
Share-based compensation		352				352
Exchange differences in the fiscal year			-202			-202
Net income				8,132		8,132
Balance on September 30, 2006	34,942	30,125	-2,416	201,488	7,725	271,864
for comparison the figures of the same period the year before						
Balance on December 31, 2004	35,392	28,347	-5,518	191,355	0	249,576
Capital increase						0
Repayment of share capital	-460	-4,707				-5,167
Share-based compensation						0
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	0	250,886

Company Calendar 2007

March 30, 2007	Annual Press Conference
March 30, 2007	Annual Analysts' Conference
May 8, 2007	Q1/2007 Report
June 6, 2007	Annual Shareholders Meeting
August 7, 2007	Q2/2007 Report
November 6, 2007	Q3/2007 Report

Shareholdings as of September 30, 2006: shares with a nominal value of € 1:

WG Roland Lacher GbR	141,750 shares
William Slee	29,520 shares
Thomas Geltner	1,500 shares

Granted stock options (€ 1 nominal value) through convertible as of September 30, 2006:

Stefan Baustert	200,000 shares
Staff	839,682 shares

Consolidated key figures 3rd quarters 2004-2006 pursuant to IFRS

		2004 IFRS	2005 IFRS	2006 IFRS
Sales	million €	139.5	73.5	96.6
Order intake	million €	79.7	65.1	78.1
EBIT	million €	31.9	4.5	2.6
Earnings before taxes	million €	32.3	4.7	2.4
Net profit	million €	19.6	3.2	0.8
Research & Development	million €	5.1	3.8	6.7

Consolidated key figures (nine months cumulated) 2004-2006 pursuant to IFRS

		2004 IFRS	2005 IFRS	2006 IFRS
Sales	million €	299.8	172.6	213.1
Order intake	million €	377.3	178.2	272.4
Order backlog (September 30)	million €	116.6	62.2	120.2
EBIT	million €	49.8	5.7	7.9
Earnings before taxes	million €	51.0	6.7	8.3
Net profit	million €	31.3	4.4	8.1
Operating cash flow	million €	-1.7	4.0	11.1
Shareholders' equity	million €	259.1	250.9	271.9
Balance sheet total	million €	415.2	367.0	435.9
Research & Development	million €	14.6	12.0	19.2
Employees (September 30)		730	641	1,182
Weighted average shares outstanding, basic		37,089,892	35,103,098	34,941,929
Earnings per share, basic	€	0.84	0.13	0.23

Future-oriented statements and forecasts

This report contains future-oriented statements based on the current expectations, assessments and forecasts of the Executive Board as well as on the currently available information to them. Known as well as unknown risks, uncertainties and impacts could cause the actual results, the financial situation or the development to differ from the statements made in this report. We assume no obligation to update the future-oriented statements made in this report.