

Annual Report 2004
SINGULUS TECHNOLOGIES

Focus on New Technologies



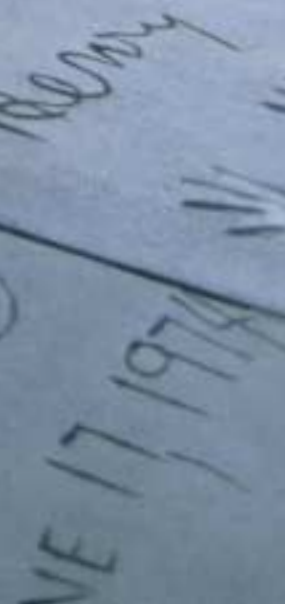
SINGULUS 



The DVD brings Hollywood stars into the living room - in 65 % of the time we are involved.

The entertainment industry grows constantly.

The success of a film is more frequently being determined by the DVD market than by the box office alone.



The DVD as „Game Changing Technology“ 018
DVD Changes Patterns of Consumption 019

SINGULUS as Technology Supplier for Hollywood

- the DVD as „Game Changing Technology“

A mere nine years have passed since the „digital versatile disc“ (DVD) optical storage medium began its triumphant sweep through the world of film and video games. By the end of 2004, over 60 per cent of American, over 40 per cent of European, and over 20 percent of Asian households were equipped with corresponding players. Consumers will relegate the traditional video cassette to the scrap heap.

Very few anticipated this level of success. Even fewer companies had dedicated their business model on the success of DVD the way SINGULUS TECHNOLOGIES did.

When DVD was developed, some experts did not believe that the technically reliable, economical mass production of the new silver discs was possible. SINGULUS TECHNOLOGIES' SPACELINE I, the world's first inline DVD machine, laid those doubts to rest. The company has upheld its competitive edge ever since. In 2004, 65 % of all DVD machines installed worldwide were built by SINGULUS. With 255 machines sold in 2004, we remain undefeated in first place. More than every second DVD produced around the world is manufactured on a machine „made in Kahl am Main“.

Now that the success of the DVD has become self-evident, it has become more and more apparent that the new technology is significantly changing consumer electronics, particularly for movies. The DVD has become „game changing technology“, an innovation that redefines markets.



DVD Changes Patterns of Consumption

Consumer electronics hardware manufacturers use the storage capacity of DVDs to achieve movie theatre effects in home theatres. The high resolution of DVD films promotes the use of large screens or projectors; the spectacular “Dolby Surround Sound” audio experience, until recently a privilege reserved for movie-goers, is now available to replace the traditional stereo sound systems.

Film makers and film studios use the capacity provided by new storage media to produce additional „bonus material“. The DVD also often includes a “making of” segment documenting the film production process. The movie trilogy “Lord of the Rings”, the most profitable DVD set in the world in 2004, has set a new benchmark. Interviews with literary experts, actors, the director, special effects and camera crews, etc., and extended versions of the three individual movies, have transformed the DVD into a special, integrated media experience.

Like the video cassette of the mid-seventies, the DVD is now changing the consumption habits of TV viewers and movie-goers alike. The emergence of the DVD has boosted film earnings, much to the amazement and delight of major film studios. A comparison of profits derived from theatre films and DVD/video cassettes in 2004, clearly favored the DVD/video cassette by a 1:2 ratio.

The high acceptance of DVDs and the enormity of the recent marketing efforts to position the discs is changing the entire landscape of movies. The DVD has given a second chance to films with budgets that would never before have permitted a cost-recouping, opening day release of hundreds or thousands of copies at all the major theatres. Director Mike Judge’s 1999 satire „Office Space“ was a box office „flop“, netting just 10 million Dollars. 20th Century Fox, the studio that originally released the film, has no explanation for the 40 million Dollars the film has since generated in additional DVD sales.

The transition in the film world can be recognized in other details as well. The American director Martin Scorsese edited the 1968 movie “Belle de jour” starring Catherine Deneuve and re-released it on DVD. Virtually unknown in the USA, this work by the Spanish master Luis Buñuel, became an overnight art house hit.



“There’s not a sector of the entertainment industry to which DVD is not a significant, if not the dominant, contributor of revenue.”

Scott Hettrick – Editor-in-Chief of the American trade journal DVD Exclusive

The success of a film is more frequently being determined by the DVD market than by the box office alone.

There is much to support the assertion that the changes set in motion by the movie markets will be advanced by the next generation of optical storage media represented by Toshiba’s HD DVD and Sony’s capacity-rich Blu-ray disc. SINGULUS TECHNOLOGIES is the preferred partner for the development of systems for this technology and “first mover” for the global business.

