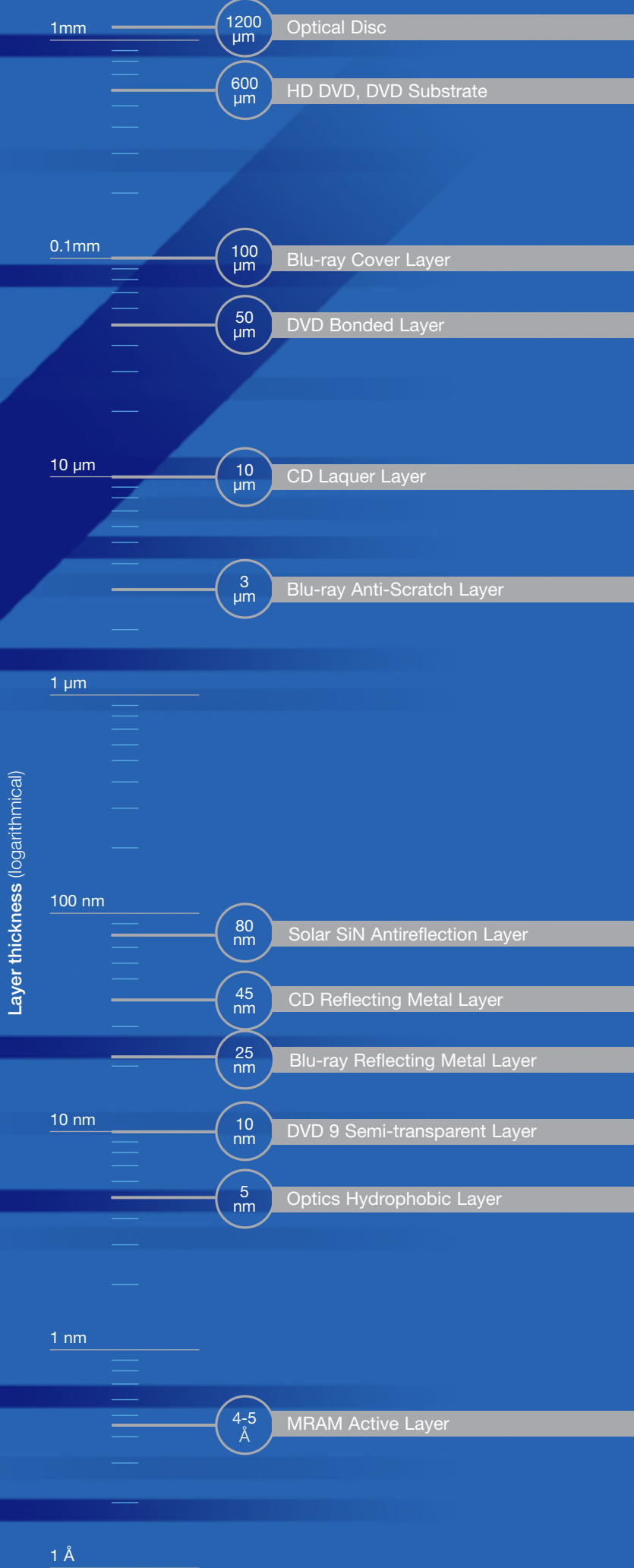




New Directions in Thin Film Technology

Annual Report 2006

SINGULUS 
Smart Solutions to Drive the Future.



Thin Film Technology

Thin Film Technology – SINGULUS' potential. SINGULUS' core competence is multi-dimensional. The current and potentially future work areas of the company can only be subsumed very generally under the term vacuum coating technology. We are experts for highly automated production machines and lines, which are able to apply coatings on large scale, that satisfy complex characteristics on very small surfaces and meet highest quality requirements.

Some examples are illustrated on the left.

Units of length for comparison:

1 cm	=	10 mm
1 mm	=	1000 μm
1 μm	=	1000 nm
1 nm	=	10 Å
1 Å	=	0.000001 mm
		0.0000001 mm

Company Profile

SINGULUS TECHNOLOGIES

In addition to the further development of our core activities in Optical Disc, we view diversification as the most important goal and biggest challenge for our company in the coming years.

In 2007, SINGULUS will focus on the following goals:

- Clear market leadership in all areas of Optical Disc, with benefits from the growth of the new format generation far exceeding those of our competitors.
- Expansion of market share for photo mask cleaning and processing machines for the semi-conductor industry.
- Extensive further development in our segments “Nano Deposition Technologies” and “Optical Coatings” as well as the new business area “Decorative Coatings,” to become independent work areas with increasing sales and earnings contributions.

- Consistent expansion of all activities in the next couple of years through the introduction of new work areas via acquisitions in order to generate sales and earnings contributions with additional new business area.

The increasing penetration of the new disc formats HD DVD and Blu-ray; the stable market position in the photo mask area; the opportunities arising from the new work areas Nano Deposition Technologies, Optical Coatings and Decorative Coatings; our strategy to broaden our activities into new work areas—these form the strategy to secure the future of our company and to generate new growth.

Key Figures

The consolidated financial statements of the years 2001 and 2002 were drawn up according to US accounting standards (US GAAP), the statements

of the years 2003 to 2006 pursuant to International Financial Reporting Standards (IFRS).

		[US GAAP] 2001	[US GAAP] 2002	[IFRS] 2003	[IFRS] 2004	[IFRS] 2005	[IFRS] 2006
Sales (gross)	[in mn. €]	225.5	290.6	362.6	439.5	244.4	283.1
Sales (net)	[in mn. €]	213.3	278.8	348.8	423.5	232.3	272.5
Sales Germany	[%]	7.0	6.0	5.3	10.1	13.3	11.7
Sales Rest of Europe	[%]	26.0	31.0	31.4	30.1	36.5	30.2
Sales Americas	[%]	23.0	34.0	21.3	24.3	20.1	28.0
Sales Asia	[%]	44.0	29.0	40.3	33.7	24.4	27.5
Sales Africa & Australia	[%]	–	–	1.7	1.8	5.7	2.6
Order intake	[in mn. €]	212.0	293.3	382.7	417.6	248.7	319.0
Order backlog	[in mn. €]	55.7	58.5	90.4	56.7	60.9	81.5
EBIT	[in mn. €]	40.2	52.7	68.4	72.6	2.1	4.0
EBIT margin	[%]	18.9	18.9	19.6	17.1	0.9	1.5
Earnings before taxes	[in mn. €]	42.5	54.5	70.9	73.9	3.3	4.3
Net profit	[in mn. €]	27.9	36.6	44.5	46.8	7.3	11.1
Operating cash flow	[in mn. €]	16.3	20.9	18.4	49.1	8.3	9.0
Net cash flow in % of sales	[%]	7.6	7.5	5.3	11.6	3.6	3.3
Tangible assets	[in mn. €]	9.3	14.6	15.8	13.9	12.9	22.3
Financial assets	[in mn. €]	3.2	16.6	13.0	31.2	31.2	31.2
Current assets	[in mn. €]	165.6	207.9	256.9	284.9	238.8	256.2
Shareholders' equity	[in mn. €]	135.4	181.6	227.1	249.6	255.5	274.7
Equity ratio	[%]	72.2	69.0	69.4	63.0	71.0	69.1
Balance sheet total	[in mn. €]	187.7	263.3	327.0	396.0	359.9	397.6
Research & Development	[in mn. €]	8.3	16.2	16.3	22.8	19.4	23.5
(in % of net sales)	[%]	3.9	5.8	4.7	5.4	8.4	8.6
Employees (as of Dec. 31)	[number]	367	502	599	736	636	796
Weighted average shares outstanding, basic	[quantity]	36,361,342	36,792,112	36,986,738	36,769,485	35,065,241	34,941,929
Weighted average shares outstanding, diluted	[quantity]	37,941,709	38,589,372	36,986,738	36,769,485	35,065,241	35,015,262
Net profit	[€]	31.50	12.52	16.70	12.90	14.50	12.13
Earnings per share	[€]	0.77	0.99	1.20	1.27	0.21	0.35

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Events 2006

- 27-01-2006 SINGULUS reports preliminary results for 2005
- 27-01-2006 SINGULUS announces acquisition of STEAG HamaTech
- 07-02-2006 SINGULUS holds 84.74 % of the STEAG HamaTech shares
Extended acceptance period for the STEAG HamaTech offer until February 21, 2006
- 13-02-2006 New order for OPTICUS ophthalmic lens coating machine
- 01-03-2006 SINGULUS sells its 1000th SPACELINE
- 06-03-2006 SINGULUS' in-house exhibition in Kahl with more than 140 attendees
- 10-03-2006 Roland Lacher announces his retirement as CEO as of June 23, 2006



- 24-03-2006 SINGULUS reports final results for 2005
- 21-04-2006 SINGULUS TECHNOLOGIES Beteiligungs GmbH and STEAG HamaTech AG sign control agreement
- 05-05-2006 Presentation of Optical Coatings at MIDO, Milan, Italy
- 09-05-2006 SINGULUS reports results for the 1st quarter of 2006
- 23-05-2006 SINGULUS receives additional TIMARIS order for MRAM application
- 30-05-2006 MEDIA-TECH Expo, Frankfurt/Main
SINGULUS presents its new injection molding machine MOLDPRO and its new BLU-LINE inline replication system for single layer Blu-ray Disc in Frankfurt

- 21-06-2006 SINGULUS receives additional TIMARIS order for MRAM application
- 23-06-2006 Singulus' Annual General Meeting appoints Roland Lacher to the Supervisory Board - Klaus Hammen is appointed Spokesman of the Executive Board
- 11-07-2006 Presentation of TMR technology at Semicon West, San Francisco
- 14-07-2006 Opening SINGULUS MANUFACTURING GUANGZHOU, China
- 26-07-2006 SINGULUS receives follow-up order for thin film head applications
- 02-08-2006 SINGULUS reports results for the 1st half of 2006

Summary of Key Events in 2006



- | | | | |
|------------|--|------------|--|
| 13-09-2006 | SINGULUS presents SPACELINE and DMS Evolution at Replication Expo, Shanghai, China | 23-11-2006 | HamaTech plans to relocate Recordable division to Kahl |
| 21-09-2006 | Klaus Hammen leaves SINGULUS with effect from December 31, 2006 | 06-12-2006 | First customer acceptance of new ophthalmic lens coating machine OPTICUS |
| 06-10-2006 | SINGULUS concludes the first step of the portfolio optimization: Böhm Fertigungstechnik acquires 51 % of the Slovakian subsidiary from the HamaTech AG | 31-12-2006 | Dr.-Ing. Anton Pawlakowitsch is appointed Executive Board Member responsible for Technology, Research and Development with effect from January 1, 2007 |
| 10-10-2006 | MEDIA-TECH Showcase & Conference in Long Beach, USA | | |
| 01-11-2006 | Stefan A. Baustert is appointed new CEO | | |
| 06-11-2006 | SINGULUS reports Q3 figures as of September 30, 2006 | | |

Glossary

Advanced Process Equipment. Work area for equipment for the cleaning of photo masks.

AM Master. High performance mastering system for prerecorded, once-recordable and rewritable formats CD and DVD.

AM Direct. Mastering system for the direct manufacturing of stampers.

Angstrom. Unit of length, 0.1 nm.

Anti-Reflective (AR) - Coating. Reduction of reflection on glass surfaces. Through anti-reflective coating distracting reflections are removed.

BLU-LINE. New inline coating machine for Single Layer Blu-ray Disc ROM.

Blu-ray Disc. New, 3rd generation optical storage medium. Storage capacity of up to 25 gigabyte per layer, works with the blue laser (405 nm), disc 120 mm diameter.

Blu-ray Disc Dual Layer. Blu-ray Disc with two active layers. Storage capacity 50 gigabyte.

Blu-ray Disc ROM. Blu-ray Disc Read Only Memory. Prerecorded Blu-ray, digital information can be read, but not altered

Blu-ray Disc R. Blu-ray Disc Recordable. Recordable Blu-ray, optical storage medium used for personal archiving (burning) of digital information; information can be recorded only once and thereafter can only be read.

Bonding. Bonding of two disc halves.

CD. Compact Disc; 1st generation optical storage medium for digital information (audio, video, computer data); storage capacity 650 megabyte; laser wavelength 780 nm; polycarbonate substrate (120 mm diameter; 1.2 mm thickness).

CD-ROM. Compact Disc -- Read Only Memory; 1st generation optical storage medium used for prerecorded data; digital can only be read, but not altered.

CD-R. Compact Disc -- Recordable; 1st generation optical storage medium for archiving (burning) of digital information; information can be recorded onto a CD R only once, thereafter it can only be read like a CD ROM.

CD-RW. Compact Disc -- Rewritable; 1st generation optical storage medium used for archiving of digital information; the CD RW can be recorded and erased repeatedly.

CD-Card. 1st generation optical storage medium with size of a credit card, which can be read by a conventional CD ROM player. Storage capacity 60 megabyte.

Cleaning. Performed to prepare eyeglass lenses for additional processing / coating.

Curing. Drying or curing of adhesives or lacquers through exposure to ultraviolet light.

Decorative Coatings. Brilliant layers on plastic parts.

Digital high definition television (HDTV). High resolution television with a 1920 x 1080 pixel image resolution.

DMS Evolution. Mastering system for prerecorded, once-recordable and rewriteable CD and DVD.

DVD. Digital Versatile Disc; 2nd generation optical storage medium for digital information (audio, video, computer data); storage capacity of up to 9.4 (2 x 4.7) gigabyte; laser wavelength 650 nm; 2 polycarbonate substrates (120 mm diameter; 0.6 mm thickness), individually produced, coated and subsequently bonded together. The digital information can be read but not altered.

DVD-Audio. Digital Versatile Disc Audio; 2nd generation optical storage medium for digital storage of music.

DVD-Plus. 2nd generation optical storage medium combining DVD and CD technology on a single disc. A CD is bonded to the flip side of a DVD 5 disc.

DVD-ROM. Digital Versatile Disc-ROM; 2nd generation optical data storage medium for digital information (data, software, games, etc.); the digital information can be read but not altered.

DVD-Video. Digital Versatile Disc-Video; 2nd generation optical storage medium for digital storage of movies with multiple language options.

DVD R. Digital Versatile Disc-Recordable; 2nd generation optical data storage medium for personal archiving (burning) of digital information; the DVD R can be recorded only once, and thereafter can only be read like a normal DVD. Storage capacity 4.7 gigabyte.

DVD-R. Digital Versatile Disc-Recordable; (format used by Pioneer and others).

DVD+R. Digital Versatile Disc-Recordable; (format used by Philips and others).

DVD+R DL. Dual Layer Digital Versatile Disc-Recordable; optical data storage medium for personal archiving (burning) of digital information with 2 active layers; 8.5 gigabyte storage capacity.

DVD 5. Digital Versatile Disc -- storage capacity 4.7 gigabyte.

DVD 9. Digital Versatile Disc -- storage capacity 8.5 gigabyte.

DVD 10. Digital Versatile Disc -- storage capacity 9.4 gigabyte.

DVD-RW. Digital Versatile Disc -- Rewritable; 2nd generation optical data storage medium for repeated digital recording, used for PC and video applications. (format used by Pioneer and others).

DVD+RW. Digital Versatile Disc -- Rewritable; 2nd generation optical data storage medium for repeated digital recording, used for PC and video applications. (format used by Philips and others).

DVD-RAM. Digital Versatile Disc -- Rewritable; 2nd generation optical data storage medium for repeated digital recording, used for PC and video applications. (format used by Hitachi and others).

Dye. Special dye on CD-R and DVD-R discs onto which information is recorded in a CD or DVD burner.

Emould. Electric injection molding machine for the manufacture of disc blanks.

Hard Coat (Scratch-Resistant Coating). First layer applied to synthetic eyeglass lenses during the finishing process. Lens wear- and scratch-resistance is enhanced, thereby improving the durability of the lenses.

HD DVD. High Density Digital Versatile Disc. 3rd generation optical data storage medium for storage of digital information. Storage capacity up to 15 gigabyte per layer. Operates with the blue laser (405 nm), Disc Ø 120mm.

HD DVD Dual Layer. High Density Digital Versatile Disc with 2 active layers. Storage capacity 30 gigabyte.

HD DVD ROM. Prerecorded High Density Digital Versatile Disc Read Only Memory; prerecorded HD DVD; the digital information can be read but not altered.

HD DVD R. High Density Digital Versatile Disc Recordable; optical data storage medium for personal archiving (burning) of digital information; the disc can be recorded only once, and thereafter can only be read.

HD Ready. Logo for TV displays able to display High Definition Television.

HDTV. High Definition Television. The new High Definition Television (HDTV) will replace traditional TV standards. For an optimum HD-display a resolution of 1920x1080 pixels and 720 lines are required.

HDTV-logo. Logo for TV displays able to display High Definition Television.

Hydrophobic Coat (Easy Care Coating). Hydrophobic (water repellent) coating to prevent the adhesion of dust and other contaminants on the lens surface. The Hydrophobic Coat layer reduces the frequency of eyeglass lens cleaning during daily use.

Immersion Coating. Process by which the surface of an object is coated by immersion into a liquid.

Injection Molding Machine. Machine used to manufacture and shape disc blanks.

Laquering. Process by which the hard coat layer is applied during an immersion or spin coating process.

LBR 266. New mastering system for HD-DVD/Blu-ray.

Mastering. The mastering process converts digital music, data, or video information into pits. The disc master created during this process is the basis for the subsequent replication process.

Metallizing. Application of a thin layer of metal (aluminum, gold, silver, silicon) onto a CD or DVD disc; this reflective layer serves to reflect the laser beam; the cathode technology employed is known as sputtering.

MODULUS. Multiple-cathode metallizer for coating rewritable CD-RW, DVD-RW, DVD+RW and DVD-RAM media.

MRAM (Magnetic Random Access Memory). Contrary to conventional technology, this non-volatile storage medium does not lose memory in the absence of power, uses less energy, and exceeds the read/write speeds and data density of other forms of storage.

Molding. Injection molding process used to manufacture and shape disc blanks.

MoldPro. New fully-electric injection molding machine.

Nano Deposition Technologies. Work area which comprises the application areas of the TIMARIS machine.

Nanometer. Unit of length, 0.000001 mm.

OPTICUS. A machine for coating ophthalmic lenses based on the InLine process.

Organic Glass. A vitriform, entirely synthetic material characterized by its low specific weight and impact resistance.

PECVD. Plasma Enhanced Chemical Vapor Deposition - process used to apply Hard Coat and Top Coat to eyeglass lenses. Plasma is used in this process to deconstruct complex gas molecules. The product of this reaction precipitates onto the surface of a substrate forming a thin, hard layer.

Phase change. Process during which the composition of a material is alternately converted between an amorphous and crystalline state.

Pit-Length. The pit with data on an optical disc.

Polycarbonate. Raw material for all substrates of optical discs (CD, DVD, HD DVD, Blu-ray).

SACD (Super Audio CD). Optical data storage medium and advancement of the Audio CD combining the advantages of analog and digital formats.

Semiconductor Industry. Field engaged in research and the manufacture of microelectronic integrated circuits or transistors commonly known as microchips used in electronic devices.

Semiconductor material. (e.g., silicon) good insulator at low temperatures and good conductor of electricity at high temperatures.

SINGULUS 3 DS. Coating machine for decorative layers.

SKYLINE. Fully automated replication line for CD, CD ROM and CD cards.

SKYLINE II. Fully automated replication line for CD, CD ROM and CD cards.

SKYLINE II Duplex. Fully automated replication line for CD and DVD 5.

Smart Cathode®. Patented sputter cathode for coating CD and DVD discs with highly uniform reflective layers. Also specially employed for the OPTICUS.

Solar layer. Active layer in Thin Film Solar Cells.

SPACELINE. Fully automated replication line for DVD 5, DVD 10 and DVD 9.

SPACELINE II. Fully automated replication line for HD DVD, DVD 5, DVD 10 and DVD 9.

Spin-Coating. A coating process in which liquids such as dyes or lacquers are spun onto the surface of an object.

Sputtering. The process by which a thin layer of metal or silicon is deposited onto a polycarbonate disc. Material bombarded by electrically-charged particles (ions) in a vacuum is knocked loose and in a vacuum precipitates onto the surface of a substrate forming a thin coating.

Sputter Cathode. Sputtering device in a metallizer.

STREAMLINE. Fully automated replication line for CD R.

STREAMLINE DVDR/ SP-A. Fully automated replication line for DVD±R.

STREAMLINE II. Fully automated replication line for DVD±R and CD R.

SUNLINE. Fully automated replication line for rewritable discs CD RW, DVD-RW, DVD+RW and DVD-RAM.

Target. Metal plate from which particles are deposited in a vacuum which subsequently condense as a thin layer on a substrate.

TAURUS. Replication line by HamaTech for DVD R.

Tempering. Heat treatment of eyeglass lenses in preparation for subsequent manufacturing steps.

Thin Film Head. Read/Write-head for magnetic hard disc drives.

TIMARIS. Vacuum coating system which operates in accordance with TMR principles, designed for use in the semiconductor industry. Manufactures either MRAM wafers or future read-write heads for magnetic hard disc drives.

TMR (Tunnel Magnetic Resistance). Effect: Electrical resistance can be altered depending on the external magnetic field applied. The application of this external magnetic field can alter the magnetic alignment in one of the ferromagnetic portions of a three-tiered sandwich (two ferromagnetic layers and a middle, nonmagnetic isolating layer). The magnetization of the second layer remains unchanged. These two alignment options, parallel or anti-parallel, can now be used to store bits of information.

Top Coat (Easy Care Coating). Hydrophobic (water repellent) coating to prevent the adhesion of dust and other contaminants on the lens surface. A Top Coat layer reduces the frequency of eyeglass lens cleaning for everyday lens care.

Uniformity. Consistency in the thickness of a layer applied to the surface of an object.

UV Curing. Drying or curing of adhesives or lacquers through exposure to ultraviolet light.

Vaporization. Vacuum coating technology, e.g. for anti-reflective coating on ophthalmic lenses, where material is melted and evaporated in a vacuum.

Wafer. Extremely thin slice of silicon up to 300 mm in diameter. Serves as the substrate material for integrated circuits (also known as chips).

Corporate Calendar 2007

March 30, 2007 10.00 am: Annual Press Conference
1.00 pm: Annual Analysts' Conference

May 8, 2007 Q1/2007 Report

June 6, 2007 10.30 am: Annual Shareholders Meeting
Hermann-Josef-Abs Saal, Frankfurt/Main

August 7, 2007 Q2/2007 Report

November 6, 2007 Q3/2007 Report

Annual Shareholders Meeting 2007

Please refer to SINGULUS TECHNOLOGIES' page http://www.SINGULUS.de/english/2_investor/index_investor.htm for detailed information (available from April 2007 or June 6, 2007):

- 1_** Driving instruction to Hermann-Josef-Abs Hall
 - _ Frankfurt city map
 - _ Routing
 - _ Your way by the German railway
 - _ Agenda of the Annual General Meeting
 - _ Invitation as PDF-file

2_ Counter Motions

- 3_** Important questions at the Annual General Meeting as HTML-document

- 4_** About the Annual General Meeting:
 - _ Speech of the Chief Executive Officer (CEO) as text document
 - _ Presentation for the Annual General Meeting as PDF-file
-

SINGULUS TECHNOLOGIES AG

Hanauer Landstraße 103
D-63796 Kahl/Main
Tel. +49-6188-440-0
Fax +49-6188-440-110
Internet: www.singulus.de

Investor Relations

Maren Schuster
Tel. +49-6188-440-612
Fax +49-6188-440-110
investor.relations@singulus.de

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Hanauer Landstraße 103

D-63796 Kahl/Main

www.singulus.de

