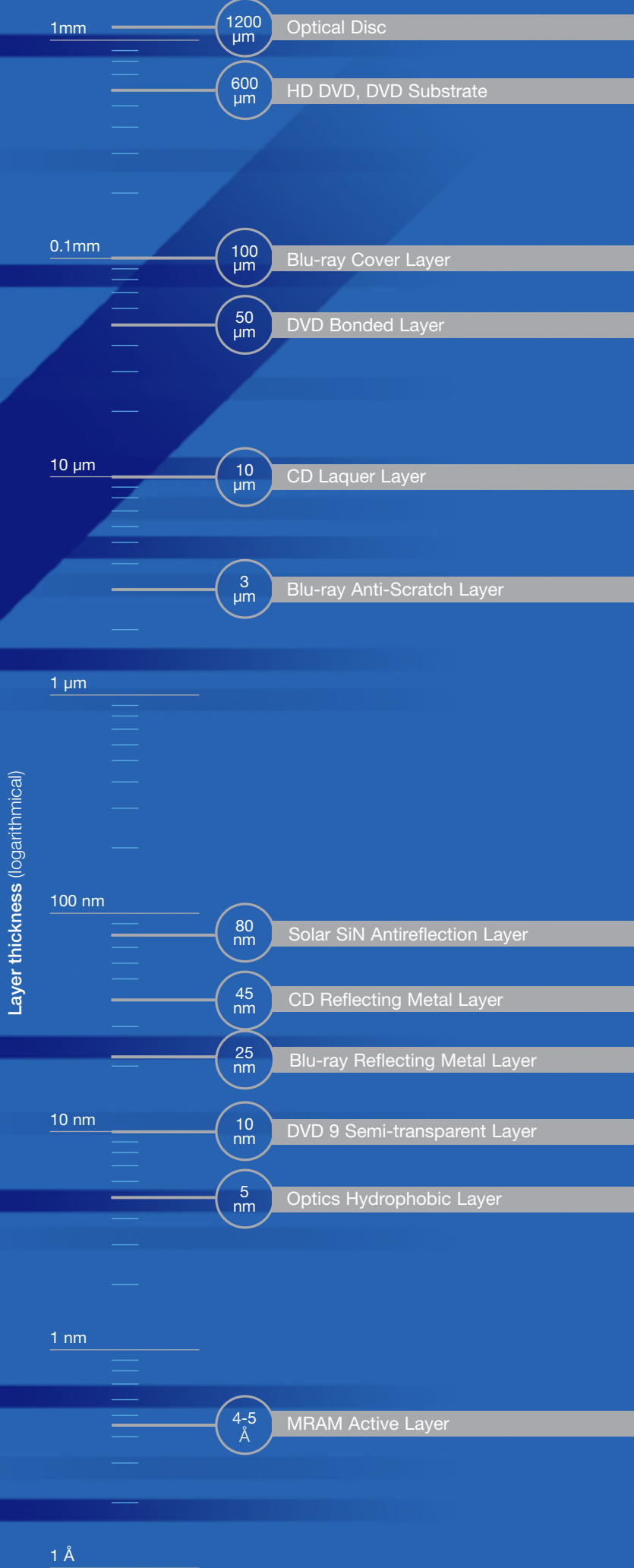




## New Directions in Thin Film Technology

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 $\mu\text{m}$
1 $\mu\text{m}$	=	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] <b>2006</b>
Sales (gross)	[in mn. €]	225.5	290.6	362.6	439.5	244.4	<b>283.1</b>
Sales (net)	[in mn. €]	213.3	278.8	348.8	423.5	232.3	<b>272.5</b>
Sales Germany	[%]	7.0	6.0	5.3	10.1	13.3	<b>11.7</b>
Sales Rest of Europe	[%]	26.0	31.0	31.4	30.1	36.5	<b>30.2</b>
Sales Americas	[%]	23.0	34.0	21.3	24.3	20.1	<b>28.0</b>
Sales Asia	[%]	44.0	29.0	40.3	33.7	24.4	<b>27.5</b>
Sales Africa & Australia	[%]	–	–	1.7	1.8	5.7	<b>2.6</b>
Order intake	[in mn. €]	212.0	293.3	382.7	417.6	248.7	<b>319.0</b>
Order backlog	[in mn. €]	55.7	58.5	90.4	56.7	60.9	<b>81.5</b>
EBIT	[in mn. €]	40.2	52.7	68.4	72.6	2.1	<b>4.0</b>
EBIT margin	[%]	18.9	18.9	19.6	17.1	0.9	<b>1.5</b>
Earnings before taxes	[in mn. €]	42.5	54.5	70.9	73.9	3.3	<b>4.3</b>
Net profit	[in mn. €]	27.9	36.6	44.5	46.8	7.3	<b>11.1</b>
Operating cash flow	[in mn. €]	16.3	20.9	18.4	49.1	8.3	<b>9.0</b>
Net cash flow in % of sales	[%]	7.6	7.5	5.3	11.6	3.6	<b>3.3</b>
Tangible assets	[in mn. €]	9.3	14.6	15.8	13.9	12.9	<b>22.3</b>
Financial assets	[in mn. €]	3.2	16.6	13.0	31.2	31.2	<b>31.2</b>
Current assets	[in mn. €]	165.6	207.9	256.9	284.9	238.8	<b>256.2</b>
Shareholders' equity	[in mn. €]	135.4	181.6	227.1	249.6	255.5	<b>274.7</b>
Equity ratio	[%]	72.2	69.0	69.4	63.0	71.0	<b>69.1</b>
Balance sheet total	[in mn. €]	187.7	263.3	327.0	396.0	359.9	<b>397.6</b>
Research & Development	[in mn. €]	8.3	16.2	16.3	22.8	19.4	<b>23.5</b>
(in % of net sales)	[%]	3.9	5.8	4.7	5.4	8.4	<b>8.6</b>
Employees (as of Dec. 31)	[number]	367	502	599	736	636	<b>796</b>
Weighted average shares outstanding, basic	[quantity]	36,361,342	36,792,112	36,986,738	36,769,485	35,065,241	<b>34,941,929</b>
Weighted average shares outstanding, diluted	[quantity]	37,941,709	38,589,372	36,986,738	36,769,485	35,065,241	<b>35,015,262</b>
Net profit	[€]	31.50	12.52	16.70	12.90	14.50	<b>12.13</b>
Earnings per share	[€]	0.77	0.99	1.20	1.27	0.21	<b>0.35</b>

<b>04</b>	<b>Summary of Key Events in 2006</b>
<b>06</b>	<b>Letter to Shareholders</b>
06	Report of the Supervisory Board
13	Report of the Executive Board
16	Corporate Governance
20	The SINGULUS Stock
<b>24</b>	<b>Status Report of the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG</b>
<b>25</b>	<b>Overall Economic Situation</b>
25	The Global Economy
26	Optical Disc Market
<b>30</b>	<b>The Future: Further Development of SINGULUS TECHNOLOGIES</b>
<b>32</b>	<b>Research and development</b>
32	General
32	Optical Disc
32	Nano Deposition Technologies
32	Optical Coatings
33	Decorative Coatings
<b>34</b>	<b>Global Activities</b>
<b>38</b>	<b>Employees</b>
<b>40</b>	<b>Financial Report of the SINGULUS TECHNOLOGIES Group</b>
41	Sales and Earnings
41	Order Backlog and Order Intake
41	Balance Sheet and Liquidity
42	Shareholders' Equity and Profit Appropriation
44	Capital Expenditure and Financing
44	Cash Flow
<b>46</b>	<b>Risk Report</b>
<b>48</b>	<b>Events after December 31, 2006</b>
<b>50</b>	<b>Compensation Report</b>
<b>55</b>	<b>Information Pursuant to the German Takeover Directive Implementation Act</b>
<b>57</b>	<b>Environment and Sustainability</b>
<b>58</b>	<b>Essay Vacuum Thin Film Technology</b>
<b>64</b>	<b>Consolidated Financial Statements</b>
<b>103</b>	<b>Financial Statement of SINGULUS TECHNOLOGIES AG</b>
<b>108</b>	<b>Glossary</b>
<b>112</b>	<b>Corporate Calendar 2007</b>
<b>112</b>	<b>Information Regarding the Annual General Meeting</b>

## Consolidated Financial Statements

## Report of Independent Auditors

We have issued the following opinion on the consolidated financial statements and the combined management report:

“We have audited the consolidated financial statements prepared by Singulus Technologies AG, Kahl am Main, Germany, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1, 2005 to December 31, 2006. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] as well as the supplementary provisions of the articles of incorporation are the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated

financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks relating to future development.”

Eschborn/Frankfurt am Main, 28. Februar 2007

Ernst & Young AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Bösser	Weber
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

# Consolidated Balance Sheets

## as of December 31, 2005 and 2006

### ASSETS

	Note no.	Dec. 31, 2006 [K€]	Dec. 31, 2005 [K€]
Cash and cash equivalents	[5]	56,216	67,719
Trade receivables	[6]	69,881	80,964
Other receivables and assets	[7]	24,394	11,155
<b>Total receivables</b>		<b>94,275</b>	<b>92,119</b>
Raw materials, consumables and supplies		46,181	23,134
Work in process		59,501	55,800
Total inventories	[8]	105,682	78,934
<b>Total current assets</b>		<b>256,173</b>	<b>238,772</b>
Available-for-sale financial assets	[10]	0	5,236
Non-current trade receivables	[6]	11,031	12,448
Property, plant and equipment	[11]	22,326	12,887
Investment property	[4]	8,770	0
Capitalized development costs	[9]	38,949	42,083
Goodwill	[9]	31,249	31,249
Other intangible assets	[9]	13,330	9,241
Deferred tax assets	[21]	10,545	8,004
<b>Total non-current assets</b>		<b>136,200</b>	<b>121,148</b>
Non-current assets classified as held for sale	[12]	5,224	0
<b>Total assets</b>		<b>397,597</b>	<b>359,920</b>

## LIABILITIES

	Note no.	Dec. 31, 2006 [K€]	Dec. 31, 2005 [K€]
Trade payables		20,042	18,780
Current bank liabilities	[17]	9,850	13,866
Other current liabilities	[13]	22,940	19,215
Prepayments received	[14]	21,493	9,666
Tax provisions	[21]	3,645	1,840
Other provisions	[19]	6,492	5,172
<b>Total current liabilities</b>		<b>84,462</b>	<b>68,539</b>
Non-current bank liabilities	[17]	10,352	9,548
Other non-current liabilities	[15]	3,069	3,046
Pension provisions	[18]	6,115	5,242
Deferred tax liabilities	[21]	17,376	18,063
<b>Total non-current liabilities</b>		<b>36,912</b>	<b>35,899</b>
Liabilities in connection with assets held for sale	[12]	1,479	0
<b>Total liabilities</b>		<b>122,853</b>	<b>104,438</b>
<b>Equity attributable to shareholders of the parent company</b>			
Subscribed capital	[20]	34,942	34,942
Capital reserve	[20]	29,879	29,398
Other reserves	[20]	- 2,514	- 2,214
Accumulated profit		205,538	193,356
		<b>267,845</b>	<b>255,482</b>
<b>Minority interests</b>	[4]	<b>6,899</b>	<b>0</b>
<b>Total equity</b>		<b>274,744</b>	<b>255,482</b>
<b>Total liabilities and equity</b>		<b>397,597</b>	<b>359,920</b>

(The accompanying notes are an integral part of the consolidated financial statements)

# Consolidated Income Statements for 2005 and 2006

	Note no.	2006		2005	
		[K€]	[%]	[K€]	[%]
<b>Revenues (gross)</b>	<a href="#">23</a>	<b>283,137</b>	<b>103.9</b>	<b>244,438</b>	<b>105.2</b>
Revenue deductions and direct selling costs	<a href="#">24</a>	- 10,671	- 3.9	- 12,109	- 5.2
<b>Revenues (net)</b>		<b>272,466</b>	<b>100.0</b>	<b>232,329</b>	<b>100.0</b>
Cost of sales		- 203,867	- 74.8	- 172,652	- 74.3
<b>Gross profit on sales</b>		<b>68,599</b>	<b>25.2</b>	<b>59,677</b>	<b>25.7</b>
Research and development	<a href="#">29</a>	- 21,229	- 7.8	- 10,956	- 4.7
Sales and customer service		- 24,001	- 8.8	- 18,975	- 8.2
General administration	<a href="#">28</a>	- 25,854	- 9.5	- 13,654	- 5.9
Other operating expenses	<a href="#">31</a>	- 8,062	- 3.0	- 14,176	- 6.1
Other operating income	<a href="#">31</a>	8,010	2.9	142	0.1
Restructuring expenses	<a href="#">30</a>	- 27,237	- 10.0	0	0.0
Negative difference from the acquisition of HamaTech	<a href="#">4</a>	33,776	12.4	0	0.0
Total operating expenses		- 64,597	- 23.7	- 57,619	- 24.8
<b>EBIT</b>		<b>4,002</b>	<b>1.5</b>	<b>2,058</b>	<b>0.9</b>
Finance income	<a href="#">32</a>	3,806	1.4	4,617	2.0
Finance costs	<a href="#">31</a>	- 3,544	- 1.3	- 3,380	- 1.5
<b>EBT</b>		<b>4,264</b>	<b>1.6</b>	<b>3,295</b>	<b>1.4</b>
Tax income/expenses	<a href="#">21</a>	6,870	2.5	4,010	1.7
<b>Profit for the period</b>		<b>11,134</b>	<b>4.1</b>	<b>7,305</b>	<b>3.1</b>
Thereof attributable to:					
Shareholders of the parent company		12,182		7,305	
Minority interests		- 1,048		0	
		<b>11,134</b>		<b>7,305</b>	
<i>Basic earnings per share based on the profit for the period (in EUR) attributable to shareholders of the parent company</i>		0.35		0.21	
<i>Diluted earnings per share based on the profit for the period (in EUR) attributable to shareholders of the parent company</i>		0.35		0.21	
<i>Weighted number of shares – basic</i>		34,941,929		35,065,241	
<i>Weighted number of shares – diluted</i>		35,015,262		35,065,241	
- thereof effect of the earnings diluting stock option plan 2005		73,333		0	

(The accompanying notes are an integral part of the consolidated financial statements)

# Statement of Changes in Consolidated Equity as of December 31, 2005 and 2006

Note no.	Equity attributable to shareholders of the parent company					Minority interests	Equity
	Subscribed capital [20] [K€]	Capital reserve [20] [K€]	Other reserves [20] [K€]	Accumulated profit [K€]	Total [K€]	[4] [K€]	[K€]
<b>Balance on January 1, 2005</b>	<b>35,392</b>	<b>28,950</b>	<b>- 5,518</b>	<b>190,752</b>	<b>249,576</b>	<b>0</b>	<b>249,576</b>
Derivative financial instruments			- 39		- 39		- 39
Exchange differences in the fiscal year			3,343		3,343		3,343
Net income/expense recognized directly in equity	0	0	3,304	0	3,304	0	3,304
Profit for the period				7,305	7,305		7,305
Total recognized income and expense for the period	0	0	3,304	7,305	10,609	0	10,609
Capital increase	10	60			70		70
Capital repayment	- 460			- 4,701	- 5,161		- 5,161
Share-based payment (IFRS 2)		388			388		388
<b>Balance on December 31, 2005</b>	<b>34,942</b>	<b>29,398</b>	<b>- 2,214</b>	<b>193,356</b>	<b>255,482</b>	<b>0</b>	<b>255,482</b>
Derivative financial instruments			578		578		578
Exchange differences in the fiscal year			- 878		- 878		- 878
Net income/expense recognized directly in equity	0	0	- 300	0	- 300	0	- 300
Profit for the period				12,182	12,182	- 1,048	11,134
Total recognized income and expense for the period	0	0	- 300	12,182	11,882	- 1,048	10,834
First-time consolidation HamaTech AG						7,406	7,406
First-time consolidation Singulus Manufacturing Guangzhou						541	541
Share-based payment (IFRS 2)		481			481		481
<b>Balance on December 31, 2006</b>	<b>34,942</b>	<b>29,879</b>	<b>- 2,514</b>	<b>205,538</b>	<b>267,845</b>	<b>6,899</b>	<b>274,744</b>

(The accompanying notes are an integral part of the consolidated financial statements)

# Consolidated Cash flow Statements for 2005 and 2006

	2006 [K€]		2005 K€]	
<b>Cash flows from operating activities</b>				
Profit for the period		11,134		7,305
Adjustment to reconcile consolidated profit for the period to income/expenses				
Income from the realization of negative goodwill	- 33,776		0	
Amortization, depreciation and impairment losses on non-current assets	9,846		14,869	
Net allocation to pension provisions	873		442	
Other non-cash expenses/income	- 3,229		388	
Deferred taxes	1,019	- 25,267	- 1,884	13,815
		<b>- 14,133</b>		<b>21,120</b>
Decrease/increase in assets and increase/decrease in liabilities and equity				
Trade receivables	22,238		20,614	
Other receivables and assets	- 4,219		- 2,062	
Capitalized development costs	3,134		- 16,506	
Inventories	5,515		20,548	
Trade payables	- 366		- 5,458	
Other liabilities	- 7,259		- 4,285	
Prepayments received	11,827		- 11,589	
Tax provisions	- 874		- 9,074	
Other provisions	- 6,823	23,173	- 4,984	- 12,796
<b>Net cash flow from operating activities</b>		<b>9,040</b>		<b>8,324</b>

	2006 [K€]		2005 K€]	
<b>Cash flows from investing activities</b>				
Investments in assets	- 3,861		- 4,716	
Disposals of assets (net)	- 232		13	
Cash received from sale of subsidiaries	0		- 5,236	
Cash paid for the acquisition of consolidated companies	1,419		0	
Cash paid for the acquisition of consolidated companies net of cash and cash equivalents received	- 17,624	- 20,298	0	- 9,939
Net expenditure from investing activities		<b>- 20,298</b>		<b>- 9,939</b>
<b>Cash flows from financing activities</b>				
Cash paid to redeem shares	0		- 5,161	
Cash paid for/received from the raising/redemption of loans	9,743		- 3,754	
Change in liabilities from discounted bills	- 9,696		- 2,807	
Issue/redemption of convertible bonds	- 333		- 272	
Capital increase from the conversion of convertible bonds	0	- 286	70	- 11,924
Net cash flow from financing activities		<b>- 286</b>		<b>- 11,924</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>- 11,544</b>		<b>- 13,539</b>
Effect of exchange rate changes		41		4,110
<b>Cash and cash equivalents at the beginning of the fiscal year</b>		<b>67,719</b>		<b>77,148</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>		<b>56,216</b>		<b>67,719</b>
<i>Cash paid in the fiscal year for</i>				
<i>Interest</i>		1,722		67
<i>Taxes</i>		2,429		3,015
Payments in the business year for net expenditure from investing activities				
<i>Interest</i>		1,208		712
<i>Taxes</i>		3,217		0

(The accompanying notes are an integral part of the consolidated financial statements)

# Notes to the Consolidated Financial Statements

## as of December 31, 2005

### [ 1 ] General Information

The consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG, Hanauer Landstrasse 103, 63796 Kahl am Main, Germany, and its subsidiaries (hereinafter referred to as "SINGULUS" or the "Company").

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, all figures are disclosed in thousands of euros (EUR k).

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted in the European Union (EU) and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The Company applied all mandatory standards of the International Accounting Standards Board (IASB), London, as of the balance sheet date. The IFRSs also include the International Accounting Standards (IAS) that are still effective. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly the Standing Interpretations Committee (SIC) - that were mandatory for fiscal year 2006 were likewise applied.

The consolidated financial statements have been prepared on a historical cost basis except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

### [ 2 ] Business Activities

The Company is engaged in the manufacture and distribution of metallizers for prerecorded, recordable and rewritable CDs and DVDs as well as replication lines for these products. Metallizers are distributed under the brand names "SINGULUS" and "MODULUS", and replication lines under the brand names "SKYLINE" (prerecorded CDs and DVDs), "STREAMLINE" (CD-Rs and DVD-Rs), "SPACELINE" (Video DVDs) and "SUNLINE" (CD-RWs and DVD-RWs).

Since fiscal year 2002, the Company has been involved in the manufacture and distribution of mastering systems, which complement the Company's replication lines.

The business activities of the SINGULUS Group were extended with the acquisition of HamaTech AG and its subsidiaries. The subsidiary ETA-Optik manufactures measurement systems which are used in the Optical Disc segment to facilitate the quality assurance of DVDs and CDs. In the Non-Optical Disc segment, measurement technology is used to measure foils and coatings for flat-screens, with measurement tools being manufactured and sold for this purpose. The focus of the subsidiary APE is on the cleaning of photomasks. The MaskTrack systems are used as projection templates in the semiconductor industry. In addition, photomasks are also developed and baked. The product platform ModuTrack is developed and sold for this purpose and can be used to develop and produce wafers. The subsidiary Manufacturing Services manufactures optical disc systems as well as components and equipment for the semiconductor industry. In addition to assembly, customers are also offered support during commissioning and ongoing servicing.

## [ 3 ] New Accounting Standards

The IASB has made various amendments to the existing IFRSs and published new IFRSs and International Financial Reporting Interpretation Committee (IFRIC) interpretations which, unless described otherwise below, are mandatory for companies for all fiscal years beginning on or after January 1, 2006. The Company decided against earlier application, although it was permitted. Below we outline the amendments and publications of relevance for the consolidated financial statements and their effects on accounting and measurement in the Company's consolidated financial statements.

On December 16, 2004, the IASB published amendments to IAS 19 "Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures". This amendment extends the disclosure requirements in the notes and introduces the recognition of actuarial gains and losses in equity as an alternative to the existing methods. The Company has retained the corridor approach. This involves, to the extent required, repayment of the actuarial gains or losses taking into consideration the expected average activity time of significance which remains at the beginning of the fiscal year.

On December 15, 2005, the IASB published changes to IAS 21 "The effects of changes in foreign exchange rates". The changes relate to the treatment of net investments in a foreign company. The adoption of this standard did not have any material impact on the presentation of net assets, financial position and results of operations.

On June 16, 2005, the IASB published the final fair value option according to IAS 39. These amendments restrict in some cases the previously applicable provisions on full fair value measurement in IAS 39 (2004). Other amendments in IAS 32 and IFRS 1 also arose in connection with the revision of the fair value option. The application of this standard did not have any material impact on the presentation of net assets, financial position and results of operations.

The application of IFRIC 4, "Determining whether an arrangement contains a lease" did not have any material impact on the presentation of net assets, financial position and results of operations.

Apart from the IFRSs whose application is mandatory for fiscal year 2006, the IASB has also published or amended other IFRSs and IFRICs which have already received EU endorsement but which will only become mandatory at a later date. Below, only those standards and interpretations which could be relevant for the Company are described. Voluntary early application of these standards and interpretations is explicitly permitted or encouraged. However, the Company does not make use of this option.

The change made to IAS 1 "Presentation of financial statements" has given rise to the need to include in the financial statements information which enables the addressee to evaluate the aims, methods and processes used in capital management. The change to IAS 1 becomes compulsory for fiscal years beginning on or after January 1, 2007.

On August 18, 2005, the IASB published IFRS 7, "Financial Instruments: Disclosures". This Standard supersedes the existing IAS 30 and incorporates all provisions regarding disclosures in the notes from IAS 32. In this connection, the capital disclosure requirements in IAS 1 were also amended or supplemented. The Standard has completely restructured the disclosure requirements for financial instruments. Disclosures on the objectives, methods, risks, security and management processes are now required. The disclosure provisions of IFRS 7 and the modified capital disclosure requirements of IAS 1 shall apply to periods beginning on or after January 1, 2007; earlier application is encouraged. The new provisions of IFRS 7 do not affect measurement at the Company, but more detailed disclosures and presentations are required.

The interpretation IFRIC 8 "Scope of IFRS 2" regulates the application of IFRS 2 to all agreements under which the fair value of a consideration is lower than the fair value of the equity instruments issued by the company. Adoption of the interpretation is compulsory for fiscal years beginning on or after January 1, 2007.

The interpretation IFRIC 9 "Reassessment of Embedded Derivatives" clarifies the question regarding the extent to which an agreement has to be reviewed on the date it is concluded or continuously throughout its entire term to ascertain whether an embedded derivative exists within the meaning of IAS 39. Adoption of the interpretation is compulsory for fiscal years beginning on or after January 1, 2007.

In addition to the new accounting standards, the IASB published further IFRSs and IFRICs which have not yet been endorsed by the EU.

In this regard, IFRS 8 "Operating Segments", which was published on November 30, 2006, may be of relevance to the Company. This new standard supersedes IAS 14 "Segment Reporting" and follows a management approach to segment reporting. This means that segment reports must be made on the basis of information used internally by management to evaluate the performance of operating segments and allocate resources to the segments. The standard is mandatory for fiscal years beginning on or after January 1, 2009.

## [ 4 ] Significant Accounting Principles

### Business Combinations and Acquisition of Minority Interests

Effective as of January 27, 2006, the Company acquired 66.28 % of the shares in HamaTech AG. In addition, the seller transferred a shareholder loan to SINGULUS TECHNOLOGIES AG. The preliminary purchase price for the transfer of HamaTech shares and the transfer of the shareholder loan totaled EUR 12,347k. EUR 10,100k of this amount relates to the acquisition of the shares and EUR 2,247k to the transfer of the shareholder loan. The purchase agreement stipulates that the purchase price is to be reduced by 60 % if HamaTech's consolidated EBIT audited in accordance with IFRS in 2005 exceeds EUR 5,000k. This resulted in a subsequent reduction in the purchase price of EUR 4,919k in fiscal year 2006.

In addition, the Company issued shareholders of HamaTech with a public takeover bid (cash bid). Under the bid, which was limited to the period from December 16, 2005 to February 1, 2006, the Company offered shareholders EUR 2.40 per HamaTech share. In connection with this takeover bid, the Company acquired a further 14.55 % of the shares for a total purchase price of EUR 12,045k.

In addition, the Company acquired a further 1.14 % of the shares in HamaTech AG, Sternenfels, Germany, through the capital market for a total purchase price of EUR 908k.

The Company had already acquired 6.82 % of the shares in this company for a purchase price of EUR 5,236k in fiscal year 2005.

The purchase price was paid in full from the Company's cash and cash equivalents. The Company accounted for the acquisition in accordance with IFRS 3. EUR 7,544k of the purchase price was mainly allocated to intangible assets. These relate to patents (EUR 2,556k), customer relationships (EUR 2,325k), the "HamaTech" brand (EUR 2,169k) as well as the order book as of the date of first-time consolidation (EUR 494k). Furthermore, other provisions of EUR 2,418k were recognized as part of first-time consolidation. The resulting negative goodwill of EUR 33,776k was recognized in income in fiscal year 2006 on the date it was incurred in accordance with IFRS 3.

As of December 31, 2006, the Company held 88.79% of the shares in HamaTech AG.

The fair value of the identifiable assets and liabilities of HamaTech AG as of the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition break down as follows:

	Fair value on the date of acquisition	Carrying amount
	[K€]	[K€]
Intangible assets	11,392	3,848
Non-current assets	21,347	21,347
Current assets	67,582	67,582
Deferred tax assets	4,195	3,388
<b>Total assets</b>	<b>104,516</b>	<b>96,165</b>
Non-current liabilities	(2,143)	(2,143)
Current liabilities	(35,142)	(32,724)
Deferred tax liabilities	(2,679)	0
<b>Total liabilities</b>	<b>(39,964)</b>	<b>(34,867)</b>
Net assets	64,552	61,298
Minority interests	7,406	
Net assets acquired	57,146	
Negative goodwill from business acquisition	33,776	
Costs with an effect on income:		
Cash acquired		510
Cash paid		23,370
thereof paid in 2005		5,236
Actual cash flow in 2006		17,624

HamaTech Group contributed a net loss of EUR 19,916k in fiscal year 2006. In the fiscal year, the HamaTech Group generated revenues of EUR 87,293k.

The Company founded SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, Germany, with effect as of February 23, 2006. The shares in HamaTech AG, Sternenfels, Germany, were contributed to this company.

Effective as of October 1, 2006, Hamatech AG, Sternenfels, Germany, sold 51 % for a purchase of EUR 1.900 K of its shares in its Slovakian subsidiary STEAG Electronic Systems.

The Company founded SINGULUS CHINA MANUFACTURING GUANGZOU LTD., Panyu, China with effect as of March 17, 2006 and holds 51 % of this company.

### Consolidated Group and Consolidation Principles

Along with SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all entities under the legal and/or constructive control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- \_ SINGULUS EMOULD GmbH, Würselen, Germany
- \_ SINGULUS MASTERING B.V., Eindhoven, Netherlands
- \_ SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- \_ SINGULUS MOLDING AG, Schaffhausen, Switzerland
- \_ SINGULUS TECHNOLOGIES Inc., Windsor, USA
- \_ SINGULUS TECHNOLOGIES SERVICE GROUP Inc., Windsor, USA
- \_ SINGULUS TECHNOLOGIES Ltd., Swindon, UK
- \_ SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- \_ SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paulo, Brasil
- \_ SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- \_ SINGULUS VIKI CHINA Limited, Wanchai, Hong Kong
- \_ SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Valence, France
- \_ SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- \_ SINGULUS TECHNOLOGIES TAIWAN Limited, Taipeh, Taiwan
- \_ SINGULUS CHINA MANUFACTURING GUANGZOU Ltd., Panyu, China
- \_ SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, Germany
- \_ HamaTech AG, Sternefeld, Germany
- \_ HamaTech APE GmbH & Co. KG, Sternefeld, Germany
- \_ HamaTech APE Beteiligungs-GmbH, Sternefeld, Germany
- \_ STEAG ETA-Optik Gesellschaft für optische Meßtechnik mbH, Heinsberg, Germany
- \_ HamaTech Slowakei s.r.o., Slovakia (formerly STEAG Electronic Systems spol. s.r.o., Nove Mesto, Slovakia)
- \_ HamaTech USA Inc., Austin, USA (ehemals STEAG HamaTech USA Inc.)
- \_ BÖHM ELECTRONIC SYSTEMS SLOWAKEI s.r.o., Nove Mesto, Slovakia
- \_ STEAG HamaTech Asia Ltd., Hong Kong, China

HamaTech AG, Sternefeld, Germany, founded two new subsidiaries in October 2006: HamaTech APE GmbH & Co. KG, Sternefeld, Germany, and HamaTech APE Beteiligungs-GmbH, Sternefeld, Germany, as the general partner of the abovementioned limited company. On November 2, 2006, the newly founded HamaTech APE GmbH & Co. KG acquired all the assets and liabilities of the former business area "Advanced Process Equipment" (APE) from HamaTech AG.

In September 2006, the former Slovakian subsidiary STEAG ELECTRONIC SYSTEMS SLOWAKEI spol. s.r.o., Nove Mesto, set up a subsidiary into which all assets and liabilities relating to the operating business were contributed. Only the land and the building remained the property of the former company. Effective as of October 1, 2006, 51 % of the shares in the new subsidiary, BÖHM ELECTRONIC SYSTEMS SLOWAKEI s.r.o., Nove Mesto, were sold to BÖHM FERTIGUNGSTECHNIK – SLOWAKEI, Trencin, Slovakia, a subsidiary of BÖHM FERTIGUNGSTECHNIK SUHL GmbH, Zella-Mehlis. Thus, as of the balance sheet date, 49 % of the shares were indirectly owned by HamaTech AG. The buyer of the 51 %

and HamaTech as the seller agreed a put/call option on the remaining 49 %. HamaTech will probably make use of the first opportunity to exercise the put option in fiscal year 2007 and, in doing so, sell the company in its entirety. The company was therefore recognized as a other assets and 49% of the shares were not consolidated using the equity method in accordance with IAS 28.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003. However, this company had not been fully liquidated as of the balance sheet date.

The share of equity and profit attributable to minority interests is shown separately in the balance sheet and income statement. However, if the loss attributable to minority interests exceeds the carrying amount of their share of equity, this carrying amount is adjusted to zero and no further proportionate losses are recorded.

The net profit/loss of acquired entities is recognized in the consolidated financial statements from the date of acquisition. All material intragroup transactions are eliminated during consolidation.

### Discontinued Operations

At the beginning of October 2005, HamaTech AG announced that it had sold 51 % of the shares in the operating unit BÖHM ELECTRONIC SYSTEMS s.r.o., Slovakia (hereinafter referred to as "BÖHM"), which had previously been spun off from the subsidiary HamaTech Slowakei s.r.o. (formerly STEAG ELECTRONIC SYSTEMS spol. s.r.o., Slovakia), to BÖHM FERTIGUNGSTECHNIK – SLOWAKEI, a subsidiary of BÖHM FERTIGUNGSTECHNIK SUHL GmbH, Zella-Mehlis, with effect from October 1, 2006. The deconsolidation of this company led to the generation of profit of EUR 3,354k which was disclosed under other operating income. The profit contributions of this unit are not disclosed under discontinued operations in the consolidated income statement for fiscal year 2006 as the company does not fulfill the criteria of a discontinued operation within the meaning of IFRS 5.

At the beginning of 2007, HamaTech announced that it had sold 100 % of the shares in the former subsidiary STEAG ETA-Optik GmbH (hereinafter referred to as "ETA-Optik"), Heinsberg, Germany, to the Swedish stock corporation AudioDev AB, Malmö, Sweden. The transfer took effect on the same day. The company's assets were disclosed in the balance sheet under "assets of a disposal group classified as held for sale". The company's liabilities were disclosed in the balance sheet under "liabilities in connection with assets held for sale". The profit contributions of this unit are not disclosed under discontinued operations in the consolidated income statement for fiscal year 2006 as the Company does not fulfill the criteria to be called a discontinued operation within the meaning of IFRS 5.

### **Currency Translation Differences**

The financial statements of the foreign subsidiaries are prepared in the currency in which the majority of transactions are concluded (functional currency). The functional currency is the respective local currency. Balance sheet items are translated at the rate on the balance sheet date and income statement items at the average rate of the fiscal year. The capital stock of the investments is measured at the historical rate. Currency differences arising from the application of different rates are shown in other reserves.

Foreign currency monetary items are translated at the closing rate. Translation differences are recognized as income or expenses in the period in which they occurred.

### **Management's Use of Judgment and Main Sources of Estimating Uncertainties**

The preparation of financial statements in accordance with IFRSs requires estimates and assumptions to be made by management which have an effect on the amounts of the assets, liability, income, expenses and contingent assets and liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the recoverability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values may in some cases differ from the assumptions and estimates. Any changes will be recognized in profit or loss as and when better information is available.

The following areas within the Singulus Group are affected by management's use of judgment and the estimation of uncertainties:

#### **Impairment of Goodwill**

The Group tests goodwill for impairment on an annual basis. This requires estimations to be made regarding the useful lives of the cash-generating units to which the goodwill has been allocated. In this context, we also refer to the comments in "Impairment of Assets" contained in this note.

#### **Deferred Tax Assets**

Deferred tax assets are recognized for all unused tax loss carryforwards to the extent that it is possible that it is probable that taxable income will be available as this will allow the said tax loss carryforwards to be utilized. Judgment is required when determining the amount of deferred tax assets on the basis of the expected date of occurrence, the amount of future taxable income and future tax planning strategies. In this context, we also refer to note 21.

#### **Pension Obligations**

The expenses incurred with defined benefit plans is determined on the basis of actuarial calculations which are made on the basis of assump-

tions relating to discount rates, future salary increases, mortality rates and the future pension increases. The long-term nature of these plans means that they are subject to a great deal of uncertainty. In this context, we also refer to note 9.

#### **Revenue Recognition**

Revenue is recognized when a contract has become effective, delivery has been made (in the case of metallizers – excluding MODULUS – and injection molding machines), the customer has accepted delivery, a preacceptance test has been carried out successfully (in the case of replication lines) or services have been rendered, a price has been agreed and is determinable and payment thereof is probable.

Revenue is stated net of VAT, returns, sales deductions and credit notes.

#### **Goodwill**

Goodwill resulting from an acquisition is initially measured at cost, that being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. In this context, please see our comments in "Impairment of Assets".

#### **Negative Goodwill from Business Acquisitions**

If the share in the assets, liabilities, and contingent liabilities recognized at fair value exceeds the cost of the business acquisition, the excess is to be taken to income immediately following completion of another assessment.

#### **Research and Development Costs**

Research costs are expensed as incurred. Pursuant to IAS 38, development costs are recognized as intangible assets at cost, provided that the conditions of IAS 38.57 are fulfilled. Cost encompasses all costs directly allocable to the production process as well as appropriate shares of development-related overheads. Amortization is charged using the straight-line method over the expected useful life of the developed products (generally assumed to be five years).

### Other Intangible Assets

Intangible assets acquired separately are recognized at cost and from a business combination are capitalized at fair value as of the date of acquisition. Intangible assets, excluding development costs, created within the Company are not capitalized; associated costs are expensed as incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized systematically, but they are tested for impairment at least once a year.

The useful lives of intangible assets with limited useful lives are:

_ Software	3 years
_ Patents	8 years

### Cash and Cash Equivalents

Cash and cash equivalents comprise monetary investments with a remaining maturity of up to three months at the time of acquisition as well as bills with an original maturity of up to three months.

### Receivables

Invoices for goods and services are mainly issued in euros.

To cover credit risks, specific bad debt allowances are recognized for trade receivables. For details on the recognition of foreign currency receivables and the related hedging transactions, we refer to our comments under "Derivative Financial Instruments".

### Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. Raw materials, consumables and supplies including spare parts are measured using the average cost method. Work in process is measured using the full cost approach based on standard cost. The standard costs are reviewed once a year and adjusted if necessary. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

### Financial Assets and Liabilities

Financial assets, other than loans granted by the Company or receivables, or those classified as "held for trading" (derivatives) are classified as "available-for-sale financial assets".

All financial assets and liabilities are initially recognized on the transaction date. They are carried at the transaction price plus all transaction costs incurred. In subsequent periods, financial assets of the category "loans and receivables" are measured at amortized cost. "Held-for-trading" and "available-for-sale" financial assets are recognized at fair value on subsequent balance sheet dates. Any changes in the value of "available-for-

sale financial assets" are recorded in a separate line item in equity, except when impairment is expected to be permanent. By contrast, changes in the value of derivatives, other than those designated as hedging instruments, are recognized in profit and loss.

Financial liabilities are recorded at amortized cost. Transaction costs are capitalized and amortized over the term of the respective liability using the effective interest method.

### Hedge Accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge continue to be recognized in profit and loss. In this case, the hedged item relating to the hedged exposure is also carried at fair value such that, if a hedge is highly effective, the changes in value in relation to the hedged exposure more or less offset each other.

The derivative designated as a hedge in a cash flow hedge is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in a separate line item in equity if, and to the extent that, the hedging relationship is effective. The non-effective portion of the change in fair value continues to be recognized in profit and loss. The change in fair value recorded in equity is derecognized and recorded in profit and loss as soon as the hedge item has an effect on the income statement, or, if the hedged item is reversed, as soon as the hedged item ceases to exist.

Hedge accounting is only performed as long as a hedge can be proven to be effective (effectiveness of 80 to 125 %). Effectiveness is tested retrospectively and prospectively on a regular basis.

As considerable documentation and evidencing obligations are attached to hedge accounting under IAS 39, hedging relationships are only accounted for using hedge accounting if the corresponding conditions are, or were, met.

The Company concludes forward exchange contracts and foreign currency options to hedge foreign currency risks from trade receivables. In the case of fair value hedges for existing receivables, the hedging transaction and the risk portion of the hedged item are carried at fair value. Changes in value are recognized in profit or loss.

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. The exchange rate used for currency options are the end-of-day rates of the respective commercial bank or the ECB reference rates valid at month-end. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other reserves, taking into account any deferred taxes, and only recognized in profit or loss when the cash flow is realized. The ineffective portion is reported immediately in profit or loss.

## Property, Plant and Equipment

Property, plant and equipment are carried at cost of purchase plus directly allocable costs, less straight-line depreciation. Finance costs are not recognized. Depreciation is charged over the economic lives of the assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The economic lives are estimated as follows:

Buildings	25 years
Machines and technical equipment	2 to 10 years
Other assets	1 to 4 years

Gains or losses on the disposal of assets are recognized in profit or loss.

The increase in property, plant and equipment which resulted from the acquisition of STEAG Hamatech AG, Sternenfels, Germany, in fiscal year 2006 is presented in the statement of changes in non-current assets under "Addition Business Acquisition" and amounted to EUR 17,680k as of the date of first-time consolidation. Of this, EUR 14,454k is attributable to land and buildings.

In the fiscal year no essential impairment losses needed to be recognized on property, plant and equipment.

Depreciation on property, plant and equipment is recognized in the functional area to which the respective assets have been allocated.

For more information on the disclosure of the assets of ETA-Optik and BÖHM in fiscal year 2006 we refer to Note 12. All the assets of both companies are recognized as disposals in 2006.

## Investment Property

SINGULUS values investment property at cost net of depreciation and impairment losses in accordance with IAS 40. The fair values, determined using a calculation adjusted for inflation, largely correspond to the cost net of depreciation and impairment losses. The majority of these assets comprise commercially used land and buildings which are now leased out. In fiscal year 2006, property, plant and equipment with book value of EUR 8,770k were reclassified as investment properties. Depreciation of investment properties amounts to EUR 59k in the reporting. Depreciation is charged straight-line over a useful life of between 4 to 40 years. Lease income amounts to EUR 450k p. a.

## Leases

The Company is a lessee of property, plant and equipment and a lessor of replication lines. The criteria defined in IAS 17 for assessing, based on the risks and rewards, whether beneficial ownership of the leased asset is attributable to the lessor (operating lease) or the lessee (finance lease), are used to assess all the leases and account for them accordingly.

For leases in which the Group is lessee, beneficial ownership of the leased assets is attributable to the lessor pursuant to IAS 17 if the lessor bears all the risks and rewards incidental to ownership of those assets. The leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full.

Assets leased from the Company under operating leases are recognized at cost of conversion and depreciated using the straight-line method over an expected useful life of five years. The related lease income is recognized in income on a straight-line basis over the term of the leases.

## Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less costs to sell and the value in use. Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In order to test its recoverability, the goodwill acquired in business combinations was allocated to cash-generating units which, at SINGULUS, correspond to the subsidiaries.

Goodwill is presented in the following table:

	[K€]
SINGULUS EMOULD	603
SINGULUS MASTERING B.V.	30,646
ETA-Optik	942
	<b>32,191</b>
Amortization of goodwill (ETA-Optik)	942
<b>Total goodwill</b>	<b>31,249</b>

The recoverable amount of the cash-generating units was determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 9.5 %.

In the fiscal year, impairment losses were charged on intangible assets, in particular due to the sale of ETA-Optik in February 2007. In addition, impairment losses were charged on capitalized development costs as the result of an impairment test and restructuring.

The impairment losses of EUR 12,556k are mainly the result of restructuring measures. Of these, EUR 10,807k is attributable to capitalized development costs and EUR 942k to goodwill on ETA-Optik GmbH.

For more information on the disclosure of ETA-Optik in fiscal year 2006 we refer to Note 12.

Write-downs on intangible assets are recognized in the functional area to which the respective assets have been allocated. Impairment losses on development costs are disclosed under "restructuring expenses" because production of the relevant products was discontinued at the respective locations.

No impairment losses were recognized on the remaining intangible assets in the fiscal year.

### **Other Receivables and Assets**

Other receivables and assets are recognized at amortized cost. Bad debt allowances are recorded for specific identifiable risks and general credit risks.

### **Current Tax Assets and Liabilities**

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Calculation is based on the tax rates and tax laws applicable as of the balance sheet date.

Current tax relating to items which are recognized directly in equity is recognized in equity and not in the income statement.

### **Deferred Tax Liabilities and Assets**

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax balance sheet and consolidated balance sheet using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax assets, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax assets can be utilized.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable profit in the years in which these temporary differences are expected to be settled. In the event of a change in tax rate, the effects on deferred tax assets and liabilities are recognized in profit or loss in the period to which the new tax rate applies. The tax consequences of distributions are not recognized before the resolution on the appropriation of net profit has been passed.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities in the consolidated balance sheet.

### **Pension Provisions**

The actuarial measurement of pension provisions is based on the projected unit credit method prescribed by IAS 19 for benefit obligations for old-age pensions. This method takes into account the pensions known and expectancies earned by the employees as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future.

Actuarial gains and losses are recorded in income if the balance of the cumulative unrecognized actuarial gains and losses exceeds by 10% the obligations arising from defined benefit plans at the end of the prior reporting period. These gains and losses are realized over the expected residual working life of the employees covered by the plan.

### **Other Provisions**

Under IAS 37, provisions are recognized if a present obligation toward a third party as a result of a past event exists which will probably result in a future outflow of resources, and whose amount can be reasonably estimated. Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. The discount factor is based on market interest rates. The settlement amount also includes the expected cost increases.

Provisions for warranty costs are recognized as soon as the respective revenues are realized. The provision is measured on the basis of historical estimates of the costs of meeting warranty obligations, including handling and transport costs.

### Liabilities

Current liabilities are stated at the redemption amount or settlement amount. Non-current liabilities are recognized at amortized cost in the balance sheet. Differences between historical cost and the redemption amount are accounted for by using the effective interest rate method.

Finance lease liabilities are carried at the present value of the lease payments.

### Government Grants

In the fiscal year, research and development costs included government grants. These reduced costs accordingly. These grants were specifically received from the German Federal Ministry of Education and Research [“Bundesministerium für Bildung und Forschung”: BMBF] and were linked to the achievement of successful completion of project milestones. The grants received for the subsidiary HamaTech AG in fiscal year 2006 totaled EUR 432k (prior year: EUR 290k); EUR 33k (prior year: 82k) was received for the subsidiary STEAG ETA-Optik GmbH.

### Share-Based Payment

As a reward for services rendered, employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). Senior executives are granted share appreciation rights which can be settled with a cash payment (cash settled transactions) or in the form of equity instruments.

The cost of issuing the equity instruments after November 7, 2002 is measured at the fair value of these instruments on the date they were issued. The fair value is determined by an external valuer using a suitable option pricing model, further details of which are given in note 16.

The recognition of the expenses incurred in connection with the issue of equity instruments and the corresponding increase in equity takes place throughout the period in which the exercise or performance condition must be fulfilled (vesting period). This period ends on the date on which the relevant employees become fully entitled to the award. The cumulative expenses recognized on each reporting date for equity-settled transactions until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in the cumulative expenses recognized as at the beginning and end of that period.

The dilutive effect of the outstanding options is reflected as additional share dilution in the determination of earnings per share. No expense is recognized for compensation claims that are not exercisable. This does not include compensation claims whose exercisability is subject to certain market criteria. Irrespective of the market conditions, they are deemed exercisable provided that all other performance criteria are met.

The cost of equity-settled transactions is measured using a binomial model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured on each balance sheet date and on the settlement date with changes in fair value recognized in profit or loss.

### Earnings per Share

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding plus the number of convertible bonds and stock options outstanding, provided that the exercise of conversion rights and the stock options is reasonably certain.

## [ 5 ] Cash and Cash Equivalents

	2006	2005
	[K€]	[K€]
Cash on hand and bank balances	56,216	67,706
Bills with an original maturity of up to three months	0	13
	<b>56,216</b>	<b>67,719</b>

## [ 6 ] Trade Receivables

	<b>2006</b>	2005
	[K€]	[K€]
Trade receivables (current)	86,246	90,783
Trade receivables (non-current)	11,531	12,848
Less bad debt allowances	(16,865)	(10,219)
	<b>80,912</b>	93,412

The non-current receivables accrue interest at normal market conditions.

## [ 7 ] Other Receivables and Assets

	<b>2006</b>	2005
	[K€]	[K€]
Tax refund claims	12,302	5,518
Loan receivable BÖHM ELECTRONIC SYSTEMS SLOVAKEI s.r.o.	2,800	0
Financial instrument recognized at fair value	1,862	0
Loan receivable	1,787	0
Prepayments made	1,473	2,235
Prepaid expenses	1,340	2,089
Forward exchange contracts at fair value	1,025	0
Loans to employees	93	157
Claims against insurance companies	12	2
Supplier credit notes	0	69
Other	1,700	1,085
	<b>24,394</b>	11,155

EUR 7,996k of the tax refund claims resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act ["Steuersenkungsgesetz": StSenkG] from October 23, 2000, which came about as a result of revision of law dealing with tax measures intended to accompany the introduction of the European company and the subsequent amendment of other tax regulations ["Gesetz über steuerliche Begleitmaßnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften": SEStEG] dated December 7, 2006.

The item "Financial instrument recognized at fair value" related to the 49 % stake in BÖHM ELECTRONIC SYSTEMS SLOVAKEI s.r.o. (BESS). The buyer of the 51 % and HamaTech agreed a put/call option on the remaining 49 %. HamaTech will be given the first opportunity to exercise the put option in fiscal year 2007. The fair value of the 49 % shareholding is determined on the basis of the sales price realized in fiscal year 2006 for the 51% shareholding in the same unit. Income from this financial instrument is recognized in position deconsolidation of BESS under other income. We refer to note 31.

The loan receivable from Böhm relates to a short-term loan of EUR 1,343k issued to BESS by SINGULUS TECHNOLOGIES AG. The remaining EUR 1,457k relates to a short-term loan issued to BESS by HamaTech.

The EUR 1,787k disclosed under "loan receivable" relates to a loan granted to a customer by HamaTech. The loan has a four-year term, ending on December 31, 2007. HamaTech has given this customer the option to repay the loan, which has a nominal value of EUR 1,575k and accrues interest of 4.5 % per annum, either fully or in part through the transfer of shares in this company. The right only exists when the equity ratio of the customer lies below the contractually agreed value. The measurement of the option is based on the measurement of the Company's income and was carried out in accordance with IDW standard S 1. The capitalization rates applied to the income were determined on the basis of capital market research. The risk-free interest rates were determined using the Svensson method. The market risk premium was set at 4.5 % on the basis of capital market research. The beta factor was determined via a peer group analysis. The fair value of the option amounted to EUR 503k as of the balance sheet date and was recognized as an embedded derivative (IAS 39.11) under "other liabilities".

The Company hedges foreign currency receivables against potential exchange losses with derivative financial instruments. Forward exchange contracts and currency options are used to hedge receivables. On the balance sheet date, receivables totaling USD 6,488k (prior year: USD 8,305k) were hedged by derivatives. Due to the decline of the US dollar in the fiscal year, the fair value of all derivative financial instruments on the balance sheet was EUR 1,025k, with EUR 792k attributable to forward exchange contracts and EUR 233k to currency options.

## [ 8 ] Inventories

Inventories break down as follows:

	<b>2006</b>	2005
	[K€]	[K€]
Raw materials, consumables and supplies	56,327	29,581
Work in process	63,102	59,278
Less inventory allowances	(13,747)	(9,925)
	<b>105,682</b>	78,934

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle. In this regard, raw materials, consumables and supplies are treated separately from the other inventories. The net realizable value is determined as the sales price less any selling expenses incurred. The carrying amount of inventories recognized at net realizable value comes to EUR 5,124k (prior year: EUR 9,150k).

## [ 9 ] Intangible Assets

In fiscal year 2006, intangible assets developed as follows (all amounts in EUR k):

	Goodwill	Concessions, industrial property rights and other intangible assets	Capitalized development costs	Total
<b>Cost</b>				
<b>As of January 1, 2005</b>	<b>31,249</b>	<b>12,582</b>	<b>40,538</b>	<b>84,369</b>
Other additions	0	227	16,506	16,733
Disposals	0	0	0	0
<b>As of December 31, 2005</b>	<b>31,249</b>	<b>12,809</b>	<b>57,044</b>	<b>101,102</b>
Exchange rate fluctuations	0	228	0	228
Additions from business acquisition	942	8,378	2,522	11,841
Other additions	0	135	15,124	15,259
Disposals	0	- 878	- 9,493	- 10,371
Disposals ETA-Optik	- 942	- 879	- 761	- 2,582
<b>As of December 31, 2006</b>	<b>31,249</b>	<b>19,793</b>	<b>64,436</b>	<b>115,478</b>
<b>Amortization</b>				
<b>As of January 1, 2005</b>	<b>0</b>	<b>2,307</b>	<b>6,853</b>	<b>9,160</b>
Other additions (scheduled)	0	1,261	8,108	9,369
Disposals	0	0	0	0
<b>As of December 31, 2005</b>	<b>0</b>	<b>3,568</b>	<b>14,961</b>	<b>18,529</b>
Exchange rate fluctuations	0	20	0	20
Other additions (scheduled)	0	3,277	9,973	13,250
Other additions (unscheduled)	942	807	10,807	12,556
Disposals	0	- 329	- 9,493	- 9,822
Disposals ETA-Optik	- 942	- 879	- 761	- 2,582
<b>As of December 31, 2006</b>	<b>0</b>	<b>6,463</b>	<b>25,487</b>	<b>31,950</b>
<b>Carrying amount as of December 31, 2005</b>	<b>31,249</b>	<b>9,241</b>	<b>42,083</b>	<b>82,573</b>
<b>Carrying amount as of December 31, 2006</b>	<b>31,249</b>	<b>13,330</b>	<b>38,949</b>	<b>83,528</b>

EUR 15,124k of the development costs incurred in fiscal year 2006 qualify for recognition as an asset under IFRSs. The capitalized development costs mainly relate to expenses in the Company's core business areas, optical disc and mastering, as well as the new areas OPTICUS and TMR technology.

Other intangible assets primarily comprise patents and licenses acquired in connection with the acquisition of ODME B.V., Eindhoven, Netherlands.

## [ 10 ] Available-for-Sale Financial Assets

The available-for-sale financial assets in fiscal year 2005 relate solely to shares in STEAG Hamatech AG, Sternenfels, Germany. With effect as of March 6, 2006, the Company contributed these shares to SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, Germany.

# [ 11 ] Property, Plant and Equipment

In fiscal year 2006, property, plant and equipment developed as follows  
(all amounts in EUR k):

	Land, own buildings	Technical equipment and machines	Factory equipment, furniture and fittings	Leased assets	Assets under construction	Total
<b>Cost</b>						
<b>As of January 1, 2005</b>	<b>7,035</b>	<b>4,230</b>	<b>10,336</b>	<b>0</b>	<b>194</b>	<b>21,795</b>
Exchange rate fluctuations	0	- 32	- 52	0	0	- 84
Other additions	1,397	1,126	1,366	385	215	4,489
Disposals	0	- 342	- 1,937	0	0	- 2,279
Reclassifications	0	- 66	66	0	0	0
<b>As of December 31, 2005</b>	<b>8,432</b>	<b>4,916</b>	<b>9,779</b>	<b>385</b>	<b>409</b>	<b>23,921</b>
As of December 31, 2005	1,086	9	998	0	0	2,093
Additions from business acquisition	14,454	1,124	2,102	0	0	17,680
Other additions	325	1,749	1,212	1,302	4	4,592
Disposals	0	- 1,742	- 2,492	0	-308	- 4,542
Reclassifications	- 10,492	- 364	385	- 385	0	- 10,856
Disposals ETA-Optik	- 44	- 76	- 83	0	0	- 203
<b>As of December 31, 2006</b>	<b>13,760</b>	<b>5,617</b>	<b>11,902</b>	<b>1,302</b>	<b>105</b>	<b>32,685</b>
<b>Amortization</b>						
<b>As of January 1, 2005</b>	<b>817</b>	<b>850</b>	<b>6,211</b>	<b>0</b>	<b>0</b>	<b>7,878</b>
Exchange rate fluctuations	0	- 30	- 48	0	0	- 78
Other additions (scheduled)	1,739	1,432	2,287	42	0	5,500
Disposals	0	531	1,735	0	0	2,266
<b>As of December 31, 2005</b>	<b>2,556</b>	<b>1,721</b>	<b>6,715</b>	<b>42</b>	<b>0</b>	<b>11,034</b>
Exchange rate fluctuations	311	6	103	0	0	420
Other additions (scheduled)	1,004	1,390	2,198	0	0	4,591
Other additions (unscheduled)	0	57	172	0	0	229
Disposals	0	- 1,155	- 2,472	0	0	- 3,627
Reclassifications	- 1,865	- 222	0	0	0	- 2,086
Disposals ETA-Optik	- 44	- 76	- 83	0	0	- 203
<b>As of December 31, 2006</b>	<b>1,962</b>	<b>1,721</b>	<b>6,663</b>	<b>42</b>	<b>0</b>	<b>10,358</b>
<b>Carrying amount as of December 31, 2005</b>	<b>5,876</b>	<b>3,195</b>	<b>3,064</b>	<b>343</b>	<b>409</b>	<b>12,887</b>
<b>Carrying amount as of December 31, 2006</b>	<b>11,798</b>	<b>3,895</b>	<b>5,268</b>	<b>1,260</b>	<b>105</b>	<b>22,326</b>

## [ 12 ] Assets and Liabilities of Disposal Groups Classified as Held For Sale

The following carrying amounts of certain assets and liabilities held for sale as of December 31, 2006 relate to ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany.

	<b>Dec. 31, 2006</b>
	[K€]
Receivables	1,134
Inventories	3,883
Other assets	207
<b>Assets held for sale</b>	<b>5,224</b>
Trade payables	280
Financial liabilities	505
Provisions	456
Other liabilities	238
<b>Liabilities held for sale</b>	<b>1,479</b>

## [ 13 ] Other Current Liabilities

	<b>2006</b>	2005
	[K€]	[K€]
Outstanding liabilities to personnel	4,869	3,710
Sales commissions for foreign agents	4,172	5,322
Outstanding invoices	3,407	2,293
Outstanding credit notes	1,598	42
Liabilities from the acquisition of patents	1,000	1,000
Deferred interest portion of installment payment plans	887	1,043
Financial statement, legal and consulting fees	701	843
Employee bonuses	656	559
Current portion of convertible bonds	598	738
Measurement of the option on a loan	503	0
Liabilities in connection with social security	501	788
Tax liabilities	346	1,020
Forward exchange contracts at fair value	0	739
Other	3,702	1,118
	<b>22,940</b>	<b>19,215</b>

For more information on the measurement of the option on a loan we refer to the comments in note 7 – Other receivables and other assets.

For details on non-current liabilities from convertible bonds, we refer to Note 15.

## [14] Prepayments Received

	2006	2005
	[K€]	[K€]
Prepayments received from customers	21,493	9,666

Prepayments received as of December 31, 2006 and 2005 mainly relate to prepayments for replication lines and TMR technology, which are disclosed in inventories under work in process.

## [15] Other Non-Current Liabilities

EUR 1,846k of non-current liabilities relates to residual purchase prices for acquisitions of intangible assets in fiscal year 2004.

The item also contains liabilities from convertible bonds as part of a stock option plan for management board members and senior employees.

	2006	2005
	[K€]	[K€]
Non-current portion of convertible bonds	77	270

For more information on the performance of outstanding convertible bonds we refer to note 16 -a) Convertible Bonds Issued. The nominal value of the outstanding bonds amounts to EUR 1.00 per convertible bond.

As of December 31, 2006, the total value of all four tranches of convertible bonds amounted to EUR 675k. Based on the stipulated conversion dates, the value at maturity of the convertible bonds is as follows:

	[K€]
Maturing in 2007	598
Maturing in 2008	57
Maturing in 2009	20
	<b>675</b>

According to the above table, the current portion of convertible bonds due within one year (EUR 598k) is disclosed under other current liabilities as of the balance sheet date.

## [16] Share-Based Payment

The share-based payment plans are as follows:

### a) Convertible Bonds Issued

By resolution approved at the extraordinary shareholder meeting on November 6, 1997 and the ordinary shareholder meeting on May 7, 1999 and May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue convertible bonds in one or more tranches with a total nominal value of up to EUR 1,597,104 until September 2002, and to issue convertible bonds in one or more tranches with a total nominal value of up to EUR 1,800,000 and a maturity up to December 31, 2010 until September 30, 2005 to management board members and senior employees. The purpose of the stock option plan was to motivate the management board and senior employees and encourage them to contribute toward the success of the Company.

The following table summarizes the information on the convertible bonds outstanding as of December 31, 2006 and December 31, 2005:

		2006		2005
	No. of bonds	Weighted average exercise price (EUR)	No. of bonds durch-	Weighted average exercise price (EUR)
<b>Development of the convertible bonds</b>				
Outstanding at the beginning of the fiscal year	1,007,682	23.95	1,281,407	24.18
Granted in the fiscal year	0	–	0	–
Returned in the fiscal year	333,000	30.45	273,725	25.05
Exercised during the fiscal year	0	–	0	–
Expired in the fiscal year	0	–	0	–
Outstanding at the end of the fiscal year	674,682	20.74	1,007,682	23.95
Exercisable at the end of the fiscal year	556,682	21.18	683,727	26.26

The options issued through the convertible bond were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. SINGULUS has not exercised the option right afforded to it as a result of early application of IFRS 2. As a result, only the 270,000 convertible bonds issued after November 7, 2002 were recorded in income in fiscal year 2006 or in prior periods.

The market value of the respective options was determined using a binominal model. The determinants of the option measurement on the grant date were:

Tranche	I/2003	II/2003	I/2004	II/2004
Grant Date	May 31, 2003	Sep. 12, 2003	Jun. 18, 2004	Aug. 20, 2004
Average residual term (in years)	0	0.2	1.1	1.2
Exercise price	17.95 €	26.03 €	19.70 €	16.95 €
Dividend yield	0.00 %	0.00%	0.00%	0.00%
Interest rate	4.97%	6.11%	5.03%	4.39%
Volatility SINGULUS	50.00%	50.00%	50.00%	50.00%
Fair value per option	4.36 €	6.42 €	4.89 €	4.10 €

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the convertible bond was used as an historical timeframe. In fiscal year 2006, personnel expenses of EUR 221k were incurred in connection with stock options.

**b) Stock Option Plan 2005**

In order to provide its management staff and other top-performers with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a stock option plan in 2005 entitling these employees to subscribe for up to 1,200,000 no-par value registered shares. Not until 2006, however, did the management board exercise its authority to award stock options to the respective employees under this stock option plan 2005.

The term of the subscription rights is five years. They can be exercised at the earliest upon expiry of the two-year vesting period within the space of 14 trading days beginning on the sixth trading day following publication of the quarterly reports for the first or third quarter; up to 25 % of the stock options held by the respective employee can be exercised during the first exercise period and then a further 25 % every six months during each subsequent exercise period. The options may only be exercised if the average (arithmetic mean) closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15 % higher than the strike price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the strike price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the strike price during the reference period for the third 25 % (third tranche) and iv) at least 22.5 % higher than the strike price during the reference period for the last 25 %. If the stock options of a tranche cannot be exercised within the respective exercise period because the aspired earnings target has not been reached, the stock options of this tranche can be exercised in subsequent exercise period(s) on the condition that the previously unmet earnings target is achieved in these reference exercise period(s). The reference period covers the five trading days from the publication date of the quarterly report pertaining to the beginning of the exercise period.

500,000 subscription rights with an exercise price of EUR 10.05 were issued in fiscal year 2006.

		<b>2006</b>
	No. of options	Weighted average exercise price (EUR)
<b>Performance of the subscription rights</b>		
Outstanding at the beginning of the fiscal year	0	–
Granted in the fiscal year	500,000	10.05
Revoked in the fiscal year	120,000	10.05
Exercised during the fiscal year	0	–
Expired in the fiscal year	0	–
Outstanding at the end of the fiscal year	380,000	10.05
Exercisable at the end of the fiscal year	0	–

The subscription rights were measured using a Monte-Carlo simulation. When applying this model, early exercise of the subscription rights was assumed in all situations in which the closing rate on the exercise date corresponds to at least 200 % of the exercise price. Furthermore, we also simulated a situation in which 3 % of the subscription right holders leave the Company following expiry of the lockup period and, where possible, exercise their subscription right. We applied the following parameters to the process of measuring the options.

	<b>2006</b>
<b>Tranche</b>	
Grant Date	Aug. 10, 2006
Exercise price	10.05 €
Closing rate SINGULUS	9.89 €
Dividend yield	0.00 %
Interest rate	3.68 %
Closing rate SINGULUS	50.30 %
Total fair value	4.41 €

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the options was used as an historical timeframe.

In fiscal year 2006, personnel expenses of EUR 218k were incurred in connection with stock options.

### c) HamaTech's Stock Option Program

To implement the employee and manager stock option program, a resolution was approved at the shareholder meeting of HamaTech AG on May 18, 2001 to conditionally increase the capital of HamaTech AG by EUR 1.0m. The conditional capital serves the one-time or repeated issue of options on company shares and thus only results in a capital increase to the extent that the owners of the options actually exercise them. The resolution was entered in the commercial register on June 8, 2001.

By resolution approved by the shareholder meeting on May 18, 2001, the

management board was authorized, with the approval of the supervisory board, to launch a stock option plan for members of the executive body and workforce of HamaTech AG and its subsidiaries. With this authorization, the management and supervisory boards approved the issue of options for up to 1 million no-par value bearer shares in HamaTech AG as part of a stock option program. The options were issued in two tranches, which have developed as followed since the day of issue:

The expired options relate solely to employees who have left the Company.

	2006	2006	2005	2005
	1 <sup>st</sup> tranche	2 <sup>nd</sup> tranche	1 <sup>st</sup> tranche	2 <sup>nd</sup> tranche
Granted	388,100	578,800	388,100	578,800
As of January 1	196,200	389,400	244,400	448,600
Exercised	–	–	–	–
Expired	40,000	130,600	48,200	59,200
As of December 31	156,200	258,800	196,200	389,400
Thereof exercisable	–	–	–	–

Furthermore, authorization to exercise options depends on the fulfillment of certain performance criteria. The stock option plan requires the closing

	1 <sup>st</sup> tranche	Stock Option Plan
	1 <sup>st</sup> tranche	2 <sup>nd</sup> tranche
Subscription price per share	7.78	3.54
Date the options were granted	Nov. 30, 2001	Dec. 2, 2002
End of the lockup period	For 33% of the options issued after two or three years, respectively. For the remaining 34 % after four years.	
End of the lockup period (% of total options)	100 %	66 %
Exercise periods	4 <sup>th</sup> to 18 <sup>th</sup> banking day following the shareholder meeting of HamaTech AG or the publication of the quarterly report for the second or third quarters.	
Final opportunity to exercise an option	The 15 banking days prior to expiry of the option on November 30, 2007	4 <sup>th</sup> to 18 <sup>th</sup> banking day following publication of the quarterly report for the third quarter; however, no later than December 31, 2007

price of the HamaTech share on the last banking day before commencement of the exercise period to be higher than the subscription price.

As a rule, the options that cannot be exercised because the exercise period has elapsed can be exercised in one of the subsequent exercise periods.

The options were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. The reasons

why HamaTech opted for early application of IFRS 2 include the opportunity to measure and expense those options eligible for exercise on the basis of the performance of the HamaTech AG share in the last three years. The market value of the respective options was determined using the Black-Scholes option pricing model. The determinants applied to the measurement of the second tranche of options on the grant date were:

In fiscal year 2006, personnel expenses of EUR 42k were incurred in

Share volatility	64.84 %
Expected dividend yield (%)	0.00 %
Average risk-free interest rate (%)	3.82 %
Market value of each option of the three tranches	1.32 € 1.54 € 1.73 €
This results in an average market value of the three tranches of	1.53 € 1.54 € 1.73 €
This results in an average market value per option of	1.53 €

connection with stock options.

The total expense recognized in the fiscal year for payments received in connection with the abovementioned option programs is as follows:

	2006	2005
	[K€]	[K€]
Expenses from the issue of convertible bonds	221	388
Expenses from the SINGULUS stock option program	218	0
Expenses from the HamaTech stock option program	42	0
<b>Total expenses from share-based payment transactions</b>	<b>481</b>	<b>388</b>

## 17 Bank Liabilities

As of December 31, 2005, the Company recognized bank liabilities of EUR 16,797k from three loans granted in October 2004 and April 2006 in the amount of EUR 25,000k. The loans are repayable in equal annual installments. For the loans issued in October 2004, the last installment payable is on September 30, 2008. For the loan issued in the fiscal year, the last installment payable is on March 31, 2010. The interest rate on the loans is adjusted to the 3-month EURIBOR rate on a quarterly basis. At year end, the effective interest rate for the loans issued in October 2004 was 2.992 % p.a. (prior year: 2.679 % p. a.). At year end, the effective interest rate for the loans issued in October 2004 was 4,026 % p. a.

There are also bank liabilities of EUR 3,405k (prior year: EUR 13,101k) resulting from the discounting of bills. The fair values of bank liabilities are substantially equivalent to book values.

## 18 Pension Liabilities

Both SINGULUS TECHNOLOGIES AG and HamaTech AG operate defined benefit pension plans. Both plans are performance-orientated.

SINGULUS TECHNOLOGIES AG operates a pension plan for employees who were taken over from Leybold AG and hired by Leybold AG on behalf of the Company as well as for the management board. The pension plan is based on the benefit plan established in 1969 and the amendments thereto as of 1977, 1986 and 2001.

The pension plan operated by HamaTech AG is solely for members of the management board.

Consistent with German practice, the pension plan is not funded. Pension provisions are determined on the basis of an independent actuarial report. Pension benefits under the plan are based on a percentage of the employees' current compensation and their years of service.

The pension obligations and underlying assumptions are described overleaf.

The change in SINGULUS TECHNOLOGIES AG's pension liabilities as of December 31, 2006 and 2005 is presented in the following tables:

	2006	2005
	[K€]	[K€]
<b>Change in pension liabilities:</b>		
Projected benefit obligation at the beginning of the fiscal year	5,242	4,800
Current service cost	339	282
Interest expense	273	238
Actuarial gains/(losses)	864	967
Benefits paid in the fiscal year	(154)	(78)
Projected benefit obligation at the end of the fiscal year	6,564	6,209
Unrecognized actuarial gains/(losses)	(844)	(967)
<b>Pension provisions recognized in the balance sheet</b>	<b>5,720</b>	<b>5,242</b>

	2006	2005
	[K€]	[K€]
Current service cost	339	282
Interest expense	273	238
Actuarial gains/losses	20	0
	<b>631</b>	<b>520</b>

Net pension expenses break down as follows:

The pension liabilities of HamaTech AG as of December 31, 2006

	2006
	[K€]
<b>Change in pension liabilities:</b>	
Projected benefit obligation at the beginning of the fiscal year	298
Current service cost	82
Interest expense	15
Actuarial gains/(losses)	(10)
Projected benefit obligation at the end of the fiscal year	385
Unrecognized actuarial gains/(losses)	(10)
<b>Pension provisions recognized in the balance sheet</b>	<b>395</b>

are presented as follows:

	2006
	[K€]
Current service cost	82
Interest expense	15
Actuarial gains/losses	0
	<b>97</b>

Net pension expenses of HamaTech AG break down as follows:

	2006	2005
	[K€]	[K€]
Discount rate (future pensioners)	4.50 %	4.50 %
Discount rate (current pensioners)	4.40 %	4.10 %
Estimated future wage and salary increases	2.75 %	2.75 %
Estimate future pension increases	1.80 %	1.90 %

[19]

The assumptions on which the calculation of pension liabilities are as follows:

## Other Provisions

	Jan. 21, 2006	Addition from business acquisition	Utilization	Reversal	Additions	Dec. 31, 2006
	[€]	[€]	[€]	[€]	[€]	[€]
Warranties	5,054	1,879	2,133	3,111	2,184	3,873
Redundancy plan	0	640	640	0	2,500	2,500
Other	118	0	0	0	1	119
	<b>5,172</b>	<b>2,519</b>	<b>2,773</b>	<b>3,111</b>	<b>4,685</b>	<b>6,492</b>

Other provisions developed as follows in the fiscal year:

Provisions for warranty costs are recognized as a percentage of revenues as well as for individual warranty risks. The percentages are based on historical values and amounted to 0.95 of net revenues in fiscal year 2006 (prior year: 2%).

The provisions for redundancy plans were recognized for severance payments resulting from the restructuring measures initiated at various subsidiaries at the end of 2006.

[20]

## Equity

### Subscribed Capital

By resolution approved at the shareholder meeting on June 23, 2006, the management board was authorized to acquire shares representing up to EUR 3,494,192.00 of capital stock in full or in part until November 22, 2007 and cancel them with the consent of the supervisory board. In 2006 no shares had been bought and drawn in. The capital stock totals EUR 34,941,929 and consists of 34,941,929 ordinary bearer shares with a par value of EUR 1.00 each.

As of November 21, 1997, the entire capital stock was admitted to the regulated market (Neuer Markt) of the Frankfurt Stock Exchange.

### Conditional Capital

By resolution approved at the shareholder meeting on November 6, 1997, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to EUR 1,597k (convertible to shares with a nominal value of EUR 1) and a maturity up to December 31, 2010 (conditional capital I).

By resolution approved at the shareholder meeting on May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to EUR 1,800k (convertible to shares with a nominal value of EUR 1) and a maturity up to December 31, 2010 (conditional capital II). On November 30, 1997, convertible bonds with a total nominal value of EUR 383k were issued as part of a stock option plan for management board members and other employees of the Company. In fiscal years 1999 and 2000, convertible bonds with a total nominal value of EUR 494k were issued as part of another stock option plan. In fiscal year 2001, convertible bonds with a total nominal value of EUR 711k were issued. In fiscal year 2002, convertible bonds with a total nominal value of EUR 563k were issued as part of a further stock option plan. In fiscal year 2003, convertible bonds with a total nominal value of EUR 130k were issued. In fiscal year 2004, further convertible bonds with a total nominal value of EUR 140k were issued. The non-current portion of the convertible bonds is disclosed under non-current liabilities and the current portion under other current liabilities.

A resolution was approved at the shareholder meeting on May 13, 2004 to increase the capital stock of the Company by EUR 15,617,364.00 (conditional capital III). On May 30, 2005, a resolution was approved at the shareholder meeting to cancel this conditional capital III.

By resolution approved at the shareholder meeting on May 30, 2005, conditional capital IV was created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 13,000,000 bearer shares with a nominal value of EUR 1.00 each. The conditional capital increase will only take place to the extent that the holders of options or conversion rights issued or guaranteed by the Company on the basis of the authorization approved by resolution at the shareholder meeting on May 30, 2005 exercise these options or conversion rights. The new shares are included in the profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights.

Conditional capital V has also been created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 1,200,000 bearer shares with a nominal value of EUR 1.00 each. The sole purpose of the conditional capital increase is to grant subscription rights (stock options) to members of the Company's management board, to executive bodies of affiliated companies and to other management staff and employees of the Company in line with the provisions of the authorization approved by resolution at the shareholder meeting on May 30, 2005. It will only take place if the aforementioned stock options are exercised. The new shares are included in the profit from the beginning of the fiscal year in which they result through the exercise of the said options.

### Approved Capital

The management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 in one or more steps and by a maximum of EUR 7,363k through the issue of new bearer shares with a nominal value of EUR 1,00 each in return for cash and/or non-cash contributions (approved capital 1). Furthermore, the management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 in one or more steps and by a maximum of EUR 1,841k through the issue of new bearer shares with a nominal value of EUR 1,00 each in return for cash and/or non-cash contributions (approved capital 2). For both approved capital amounts, the subscription rights of shareholders may, with the consent of the supervisory board, be excluded under certain conditions.

### Capital Reserve

In fiscal year 2006, the capital reserve increased by EUR 481k in line with share-based payments. In fiscal year 2005, the capital reserve increased by a total of EUR 60k due to the conversion of convertible bonds. In addition, the capital reserve increased by EUR 388k in fiscal year 2005 due to share-based payments.

### Other Reserves

Other reserves include changes in the market value of cash flow hedges as well as currency translation differences from translating the financial statements of foreign entities.

### Minority Interests

Minority interests represent third party shareholdings in group entities. Minority interests relate mainly to HamaTech and Singulus Manufacturing Guangzhou.

### Dividend Payments

Dividends may only be paid from distributable shareholders' equity as disclosed in the separate HGB financial statements of SINGULUS TECHNOLOGIES AG. As of December 31, 2006, the Company's separate financial statements showed an accumulated profit of EUR 27k and revenue reserves of EUR 120,033k.

## [ 21 ] Income Taxes

In fiscal year 2006, tax income of EUR 7,996k resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act ["Steuersenkungsgesetz": StSenkG] from October 23, 2000, which came about as a result of the revision of the law governing tax measures intended to accompany the introduction of the European company and the subsequent amendment of other tax regulations ["Gesetz über steuerliche Begleitmaßnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften": SEStEG] dated December 7, 2006.

The last tax field audit of SINGULUS TECHNOLOGIES AG was completed in 2006 and relates to the period from 2001 to 2004 inclusive. Additional taxes for the tax audit period including interest of approximately EUR 595k are disclosed under tax expenses for fiscal year 2006.

In 1997, a provision for corporate income tax of EUR 5.1m was recognized as the final assessment of the tax loss carryforward of a predecessor of SINGULUS TECHNOLOGIES AG depends on the outcome of future tax field audits at former subsidiary partnerships. As the provision is no longer expected to be utilized, it was reversed in fiscal year 2005.

Furthermore, the tax field audit for the period from 1997 to 2000 led to objections in 1997 as to the use of tax loss carryforwards pursuant to Sec. 8 (4) KStG ["Körperschaftsteuergesetz": Corporate Income Tax Act]. This resulted in a tax risk of approximately EUR 10.6m plus interest (approximately EUR 4m) for 1997. However, an appeal was lodged against

the tax field audit assessment and an application for the suspension of execution filed. The suspension of execution was granted as legal proceedings are currently pending before the Federal Constitutional Court with regard to the formal unconstitutionality of Sec. 12 (2) UmwStG ["Umwandlungssteuergesetz": German Reorganization Tax Act] due to failure to comply with the legislative procedure. As the legislative procedure for Sec. 8 (4) KStG has the same defects, it is possible that this regulation is formally unconstitutional as well. Due to the pending legal proceedings regarding the unconstitutionality of the respective legal norms, appeal proceedings will be suspended until a decision has been reached by the Federal Constitutional Court. There are therefore no taxes payable. As execution in respect of the loss deduction was suspended in 1997 and this indicates that the tax authorities have serious doubts as to the legality of the challenged assessment notice because there are reasons relating to the uncertainty in the evaluation of the legal issues to suggest that it is unlawful, no provision was recognized for this potential tax risk.

As of December 31, 2006 and 2005, income tax data are presented as follows:

	2006	2005
	[K€]	[K€]
<b>EBT:</b>		
Germany	(30,524)	4,686
Abroad	1,000	5,981
	(29,524)	10,667
Consolidation adjustments recognized in profit and loss	33,788	(7,372)
	<b>4,264</b>	3,295
<b>Current income tax expense:</b>		
<i>Germany:</i>		
Corporate income tax	288	1,091
Trade tax	241	902
<i>Abroad:</i>		
Tax expenses	1,179	1,022
	1,708	3,015
Income from the recognition of corporate income tax credits	(7,996)	0
Income from the reversal of tax provisions	0	(5,105)
	<b>(6,288)</b>	(2,090)
<b>Deferred taxes:</b>		
Germany	(2,962)	(3,177)
Abroad	2,380	1,257
Total tax expenses/(income)	<b>(6,870)</b>	(4,010)

Under German tax law, taxes on income are composed of corporate income tax, trade taxes and the solidarity surcharge.

Deferred tax assets break down as follows:

	2006	2005
	[K€]	[K€]
<b>Difference between the commercial and tax balance sheets due to</b>		
Inventory allowances	3,247	3,061
Bad debt allowances	138	252
Warranty provisions	0	178
Other provisions/liabilities	327	118
Deferred taxes on loss carryforwards	4,937	2,372
Other differences between commercial and tax balance sheets	689	672
Consolidation adjustments	1,207	1,351
	<b>10,545</b>	8,004

In the fiscal year, as in the prior year, SINGULUS TECHNOLOGIES AG recognized deferred taxes in accordance with IAS 12 on a corporate income tax loss carryforward of EUR 8,021k (prior year: EUR 7,128k) and a trade tax loss carryforward of EUR 7,727k (prior year: EUR 6,522k). Under German law, the loss carryforwards may be utilized for an indefinite period.

By contrast, HamaTech AG recognized write-downs on deferred tax assets of EUR 3,339k for tax loss carryforwards.

	2006	2005
	[K€]	[K€]
Capitalized development costs	10,433	13,776
Disclosed hidden reserves from first-time consolidation	4,992	2,800
Differences between the commercial and tax balance sheets	1,951	1,487
	<b>17,376</b>	18,063

Deferred tax liabilities break down as follows:

The German statutory tax rate (for corporate income tax, trade tax and solidarity surcharge) was approximately 36.0 % for 2006 and 2005. The reconciliation from the statutory tax rate to the effective tax rate

	2006	2005
Statutory tax rate	36.0 %	36.0 %
Losses for the current period for which no deferred taxes were recognized (HamaTech AG)	185.3 %	–
Write-down on deferred tax assets for tax loss carryforwards of HamaTech AG	78.3 %	–
Tax backpayments following tax field audit	14.0 %	–
Non tax-deductible expenses	3.1 %	3.0 %
Tax refunds/backpayments for prior years	1.5 %	1.5 %
Differences in foreign tax rates	– 6.7 %	– 7.3 %
Recognition of corporate income tax credits	– 187.5 %	–
Tax-free income from negative goodwill	– 285.1 %	–
Reversal of provision for tax risks	–	– 154.9 %
<b>Effective tax rate</b>	<b>– 161.1 %</b>	<b>– 121.7 %</b>

is as follows:

## [22] Contingent Liabilities and Other Financial Obligations

Contingent liabilities and other financial obligations not recognized in the consolidated balance sheet amount to EUR 11,074k (prior year: EUR 17,934k) and represent buy-back guarantees given to leasing companies relating to the sale of replication lines. Any claims under the guarantees given to the leasing companies will be offset by the revenue realized from the resale of the returned machines.

Management is not aware of any other matters that would have a material adverse effect on the Company's business, financial situation or results of operations.

## [23] Segment Reporting

The Company's key products are comparable in terms of production processes and marketing methods. They are therefore not considered as the Company's primary segment reporting format for the purposes of IAS 14 and do not require formal segment reporting. There are likewise no geographical segments which could be defined as the Company's primary segment reporting format. However, selected information on revenue has been presented in the following table:

	2006	2005
	[K€]	[K€]
<b>Gross revenue by product group</b>		
Prerecorded CDs/DVDs	125,303	133,343
Recordable CDs/DVDs	37,641	32,794
Mastering systems	24,766	45,209
APE	22,598	0
Manufacturing service	25,308	0
Service and other	47,521	33,092
	<b>283,137</b>	<b>244,438</b>

Geographical information as of December 31, 2006

	Germany	Rest of Europe	North and South America	Asia	Africa	Australia
	[K€]	[K€]	[K€]	[K€]	[K€]	[K€]
<b>Revenue by:</b>						
Country of origin	194,811	52,266	15,584	20,476	0	0
Destination	33,188	85,588	79,333	77,769	7,259	0

Geographical information as of December 31, 2005

	Germany	Rest of Europe	North and South America	Asia	Africa	Australia
	[K€]	[K€]	[K€]	[K€]	[K€]	[K€]
<b>Revenue by:</b>						
Country of origin	183,812	45,636	9,147	5,843	0	0
Destination	32,391	89,319	49,148	59,591	10,372	3,617

## [ 24 ] Sales Deductions and Direct Selling Costs

Sales deductions comprise all discounts granted. Direct selling costs mainly relate to packing, shipping and commission expenses.

## [ 26 ] Personnel Expenses

Personnel expenses of EUR 66,500k (prior year: EUR 42,295k) were recognized in the income statement in fiscal year 2006. The year-on-year increase is chiefly attributable to the first-time inclusion of HamaTech.

## [ 25 ] Cost of Materials

The cost of sales for fiscal year 2006 includes material costs of EUR 184,828k (prior year: EUR 172,652k).

## [27] Amortization and Depreciation

Amortization and depreciation amount to EUR 17,841k (prior year: EUR 14,869k).

## [28] General and Administrative Expenses

Administrative expenses include management expenses, personnel expenses and finance and accounting expenses as well as the premises and vehicle expenses attributable to such areas. Ongoing IT costs, legal and consulting fees, investor relations costs as well as costs of shareholder meetings and the financial statements are also recognized in this item.

## [29] Research and Development Costs

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of EUR 9.973k (prior year: EUR 8,108k).

## [30] Restructuring Expenses

Restructuring expenses primarily relate to the costs of terminating certain product lines at the Kahl am Main and Sternenfels sites. The item also includes costs for redundancy plans. The restructuring program is expected to be completed by the middle of fiscal year 2007. No further expenses are expected to be incurred.

The restructuring expenses mainly contain impairment losses on capitalized development costs (EUR 10,807k), inventory allowances (EUR 6,765k), redundancy plan costs (EUR 5,092k), goodwill amortization (EUR 942k) and the amortization of trademarks (EUR 807k).

## [31] Other Operating Income/Expenses

Other operating expenses primarily comprise expenses resulting from bad debt allowances (EUR 7,280k; prior year: EUR 5,603k). Other operating income mainly relates to exchange gains (EUR 1,802k; prior year: EUR 23k), income from the reversal of bad debt allowances (EUR 793k; prior year: EUR 119k) and from the diconsolidation of SESS (EUR 3,354k).

## [32] Finance Income and Finance Expenses

Interest income/expenses break down as follows:

	2006	2005
	[K€]	[K€]
Interest income from non-current receivables from customers	2,326	4,110
Interest income from time/overnight deposits	1,146	449
Other interest income	334	58
(Finance costs)	(3,544)	(3,380)
	<b>262</b>	<b>1,237</b>

## [33] Rentals and Leases

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease came into force on July 1, 2000 and expires on June 30, 2018. The annual lease payment is EUR 1,481k.

As of December 31, 2006, the future minimum payments arising from rental agreements and operating leases are:

	[K€]
2007	1,816
2008	1,629
2009	1,635
2010	1,533
2011	1,481
2012 and later	7,728
	<b>15,822</b>

## [ 34 ] Subsequent Events

Events after the balance sheet date are those events, both favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Events that provide evidence of conditions that existed at the balance sheet date are considered in the consolidated financial statements. Events that are indicative of conditions that arose after the balance sheet date are presented in the notes to the financial statements and the management report if they are significant.

Dr. Ing. Anton Pawlakowitsch was elected to the management board of SINGULUS TECHNOLOGIES AG effective as of January 1, 2007.

On January 26, 2007, a compensation agreement including a redundancy plan was concluded with the works council of HamaTech AG. This agreement provides for the termination of approximately 50 jobs at the Sternenfels site. The precursor to this was the decision to relocate the optical disc business to the Kahl am Main site after no visible recovery in demand for production systems for recordable media was seen in 2006 following the dramatic market slump in 2005.

On February 8, 2007, HamaTech sold 100% of the shares in STEAG ETA-Optik GmbH (hereinafter referred to as "ETA-Optik"), Heinsberg, Germany, to the Swedish stock corporation AudioDev AB, Malmö, Sweden. The takeover took effect on the same day.

## [ 35 ] Related Party Disclosures

SINGULUS TECHNOLOGIES AG renders various services for related parties in its ordinary course of business. Conversely, the various group companies also render services within the SINGULUS TECHNOLOGIES Group as

part of their business purpose. This extensive intragroup trade is transacted at market prices.

In accordance with the articles of incorporation, the supervisory board of SINGULUS TECHNOLOGIES AG has three members. The members of the supervisory board in fiscal year 2006 were:

Alexander von Engelhardt, Kronberg/Taunus, Germany	Chairman (until June 23, 2006)
Roland Lacher, Gelnhausen, Germany	Chairman (since June 23, 2006)
William Slee, London, UK	Deputy chairman
Thomas Geitner, Newbury, UK	

The aforementioned members of the supervisory board are appointed until the shareholder meeting which decides on their exoneration for the fiscal year in 2010 is closed.

In addition to compensation for expenses, each member of the supervisory board receives fixed remuneration amounting to EUR 15,000.00 for each full fiscal year of supervisory board membership. In addition, following the decision on profit appropriation, each supervisory board member receives, for membership on the supervisory board during the preceding fiscal year, performance-based remuneration of EUR 800.00 for each cent by which the consolidated earnings per share, pursuant to International Financial Reporting Standards, exceeds the amount of EUR 0.30. The basis of assessment is at most equal to the Company's accumulated profit less an amount of four percent of the capital invested in the lowest issue amount of the shares.

The chairman of the supervisory board receives twice this amount, and the deputy chairman one and a half times this amount.

The remuneration of the supervisory board of SINGULUS TECHNOLOGIES AG (including payments for supplementary services) totaled EUR 86k (prior year: EUR 68k).

The following supervisory board members hold shares in the Company:

	2006	2005
	No.	No.
<b>Shares as of December 31</b>		
William Slee	29,520	29,520
Thomas Geitner	1,500	1,500
	<b>31,020</b>	<b>31,020</b>

Furthermore, VVG Roland Lacher GbR and Familie Roland Lacher Vermögensverwaltungs GmbH together hold 398,161 shares in the Company.

The current occupations of supervisory board members are listed below along with any additional supervisory board positions held or memberships of similar bodies:

	Occupation	Membership of other supervisory boards and similar bodies
Alexander v. Engelhardt	Supervisory board member (until June 23, 2006)	_ WashTec AG (chairman) _ Tarkett Sommer AG, until December 31, 2006
Roland Lacher	Supervisory board member (since June 23, 2006)	–
William Slee	Supervisory board member	–
Thomas Geitner	Supervisory board member	_ Vodafone D2 GmbH, until December 31, 2006 _ Vodafone Holding GmbH (chairman), until December 31, 2006 _ Vodafone Deutschland GmbH (chairman), until December 31, 2006 _ BBC (British Broadcasting Cooperation) Worldwide Ltd Board

Members of the management board in fiscal year 2006 were:

Roland Lacher	until June 23, 2006, Chief Executive Officer
Klaus Hammen	until December 31, 2006
Stefan A. Baustert	until October 31, 2006, Chief Executive Officer since November 1, 2006

The management board received total remuneration of EUR 1,174k in fiscal year 2006. This breaks down as follows:

	Fixed	Variable	Total
	[K€]	[K€]	[K€]
Stefan A. Baustert	349	300	649
Klaus Hammen	300	19	319
Roland Lacher (bis 23. Juni 2006)	197	9	206
	<b>846</b>	<b>328</b>	<b>1,174</b>

The management board received total remuneration of EUR 905k in fiscal year 2005, which broke down as follows:

	Fixed	Variable	Total
	[K€]	[K€]	[K€]
Stefan A. Baustert	279	0	279
Klaus Hammen	253	0	253
Roland Lacher	373	0	373
	<b>905</b>	<b>0</b>	<b>905</b>

Former members of the management board received total remuneration of EUR 289k in the fiscal year. In addition, provisions for current pensions for former board members (EUR 1,143k) were recognized.

The management board member Stefan A. Baustert and the former management board member Dr. Reinhard Wollermann-Windgasse hold

	2006	2005
	No.	No.
<b>No. of convertible bonds as of December 31</b>		
Stefan A. Baustert	120,000	160,000
Dr. Reinhard Wollermann-Windgasse	110,000	110,000
	<b>230,000</b>	<b>270,000</b>

the following numbers of convertible bonds:

In addition, the management board member Stefan A. Baustert was granted 80,000 stock options with a fair value of EUR 353k during the fiscal year.

	2006	2005
	[K€]	[K€]
Stefan A. Baustert	161	222
Roland Lacher	0	0
Klaus Hammen	0	0
	<b>161</b>	<b>222</b>

The personnel expense recognized in fiscal years 2006 and 2005 in accordance with IFRS 2 for management board members amounted to:

Mr. Stefan A. Baustert also holds 2,400 shares in the Company (prior year: 0).

# [36] Information on Shareholdings

	Currency	Shareholding	Equity	Profit/loss for the period
		%	in thousands (local currency)	in thousands (local currency)
<b>Germany</b>				
SINGULUS EMOULD GmbH, Würselen, Germany	EUR	100	7,579	1,337
SINGULUS TECHNOLOGIES BETEILIGUNGS GmbH, Kahl, Germany	EUR	100	23,533	- 255
HamaTech AG, Sternenfels, Germany	EUR	88.8	53,866	- 22,180
HamaTech APE GmbH & Co. KG, Sternenfels, Germany	EUR	100	2,536	- 464
HamaTech APE BETEILIGUNGS-GmbH, Sternenfels, Germany	EUR	100	18	- 7
STEAG ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany <sup>1</sup>	EUR	100	3,688 <sup>2</sup>	- 3,723 <sup>3</sup>
<sup>1</sup> Company was sold on February 8, 2007 <sup>2</sup> After profit/loss transfer <sup>3</sup> Before profit/loss transfer				
<b>Abroad</b>				
SINGULUS TECHNOLOGIES Inc., Windsor, USA	USD	100	20,955	3,429
SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK	GBP	100	1,705	- 88
SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore	SGD	100	12,066	- 869
SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paulo, Brazil	EUR	91.5	1,509	342
SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain	EUR	100	1,240	172
SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong	HKD	51	16	- 454
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Valence, France	EUR	100	213	- 36
SINGULUS TECHNOLOGIES ITALIA s.r.l., Ancona, Italy	EUR	99.99	1,284	- 372
SINGULUS MASTERING B.V., Eindhoven, Netherlands	EUR	100	24,219	- 1,634
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipeh, Taiwan	TWD	100	5,487	- 17,786
SINGULUS MOLDING AG, Schaffhausen, Switzerland	EUR	100	7,889	- 2,498
SINGULUS MANUFACTURING GUANGZHOU Ltd., China	CNY	51	11,196	24,229
HamaTech SLOVAKEL s.r.o., Nova Mesto, Slovakia	SKK	100	403,586	28,728
HamaTech USA Inc., Austin, USA	USD	100	- 526	- 6,007
STEAG HamaTech ASIA Ltd., Hong Kong, China	USD	100	0 <sup>4</sup>	0 <sup>4</sup>
BÖHM ELEKTRONIC SYSTEM s.r.o., Nove Mesto, Slovakia	SKK	49	20,000 <sup>5</sup>	- <sup>6</sup>

<sup>4</sup> Functional currency    <sup>5</sup> On the date of sale (October 5, 2006)    <sup>6</sup> Company founded: September 2006

SINGULUS MASTERING B.V., Eindhoven, Netherlands, owns all the shares in Mastering International GmbH, Schaffhausen, Switzerland. Furthermore, SINGULUS TECHNOLOGIES Service Group Inc., Windsor, USA, is wholly owned by SINGULUS TECHNOLOGIES Inc., Windsor, USA.

The remaining 8.5 % stake in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paulo, Brazil, is held by SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain.

Singulus Technologies Inc., Windsor, USA, owns all the shares in SINGULUS TECHNOLOGIES Service Group Inc., Windsor, USA.

In addition to the 2,045,954 shares in HamaTechAG acquired in fiscal year 2005, SINGULUS TECHNOLOGIES AG acquired a further 24,592,352 shares in the fiscal year. The total 26,638,306 shares represent an 88.79 % share in the subscribed capital of HamaTech AG as of December 31, 2006. The shares were acquired by way of a share takeover bid and purchase on the free market; 19,884,672 of the shares were bought from the former majority shareholder SES.

Also in 2006, the Company joined forces with VIKA International Ltd. to found SINGULUS MANUFACTURING GUANGZHOU Ltd., China, with capital stock of USD 1,400,000.00; SINGULUS TECHNOLOGIES AG owns 51 % of this company.

## [ 37 ] Financial Risk Management

With the exception of derivative financial instruments, the main financial instruments used by the Group include bank loans, finance leases and trade liabilities. The main purpose of these financial instruments is to finance group operations. The Group has financial assets at its disposal. These include trade receivables, cash and cash equivalents and short-term deposits that result directly from operations.

Furthermore, the Group also utilizes derivative financial instruments. These mainly include forward exchange contracts, and currency options, the purpose of which is to hedge the currency risks that arise from operations.

In line with Group guidelines, no derivatives were traded in fiscal years 2005 and 2006. In addition, no derivatives will be traded in the future.

The main risks that arise from the use of financial instruments include interest rate, liquidity and currency risks.

### Currency Risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Part of the revenue generated by the SINGULUS TECHNOLOGIES Group are exposed to the risk of US dollar fluctuation. As a result, derivative financial instruments are used to hedge USD exchange rate risks. Foreign currency risks are constantly assessed as part of the risk management system.

### Liquidity Risk

The Group has adequate cash and cash equivalents to cover all its payment obligations. No liquidity risk exists for the Group at present.

### Interest Rate Risk

As of December 31, 2006, the Company recognized bank liabilities of EUR 16,797k stemming mainly from three loans granted in October 2004 and April 2006 in the amount of EUR 25,000k. The interest rate on the loans is adjusted to the 3-month EURIBOR rate on a quarterly basis. The last installment on the loan issued in October 2004 is payable on September 30, 2008. The last installment on the loan issued in April 2006 is payable on March 31, 2010. No notable interest rate risks exist as a result of these loans. Furthermore, there are no other circumstances which pose interest rate risks. Financial instruments are therefore not used to hedge interest rate risks.

## [ 38 ] Employees

In the fiscal year, the Company had an annual average of 1,093 permanent employees. In the prior year, the annual average was 666. The Group had 796 employees as of December 31, 2006 (prior year: 636).

## [ 39 ] Auditor Fees (Disclosure Pursuant to Sec. 314 (1) No. 9 HGB)

In the fiscal year, the following auditor's fees were invoiced to SINGULUS TECHNOLOGIES AG and its subsidiaries:

a) for tax advisory services	EUR 233k
b) for transaction advisory services	EUR 194k
c) for audit services	EUR 286k
d) for other services	EUR 83k

## [40] Notification Pursuant to Sec. 25 WpHG

Pursuant to Sec. 25 WpHG [“Wertpapierhandelsgesetz“: German Securities Trading Act], the following reports were published in fiscal years 2007 and 2006 and on the following dates:

Date of publication	Reporting entity	Voting power
March 1, 2007	Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany	2.9600 % as of March 1, 2007
February 28, 2007	Sky Investment Counsel Inc., 1 Adelaide St E, Ste 2310, PO Box 184, Toronto, ON, M5C 2V9, Canada	4.8500 % as of February 26, 2007
February 13, 2007	Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany	3.0040 % as of February 9, 2007
November 8, 2006	Arnhold and S. Bleichroeder Advisers, LLC, 1345 Avenue of the Americas, New York, NY 10105, USA	5.1000 % as of October 30, 2006
July 11, 2006	Sky Investment Counsel Inc., 1 Adelaide St E, Ste 2310, PO Box 184, Toronto, ON, M5C 2V9, Canada	5.1100 % as of June 6, 2006
April 18, 2006	J.P. Morgan Securities Ltd., 125 London Wall, London EC2Y 5AJ, UK	4.7100 % as of April 12, 2006
April 4, 2006	J.P. Morgan Securities Ltd., 125 London Wall, London EC2Y 5AJ, UK	5.7000 % as of March 6, 2006
February 10, 2006	Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt, Germany, on behalf of subsidiary DWS Investment GmbH, Mainzer Landstrasse 178–190, 60327 Frankfurt, Germany	4.8600 % as of February 6, 2006

## [41] Corporate Governance

On January 26, 2007, the management and supervisory boards submitted the declaration pursuant to Sec. 161 AktG [“Aktiengesetz“: German Stock Corporation Act] and made this available to shareholders on a permanent basis.

Kahl am Main, Germany, February 28, 2007

### SINGULUS TECHNOLOGIES AG

The Management Board

Stefan A. Baustert

Dr. Ing. Anton Pawlakowitsch

According to international standards our report is concentrated on SINGULUS TECHNOLOGIES Group.

On the following pages you will find the balance sheets and the income statement of the legal entity SINGULUS TECHNOLOGIES AG in prepared conformity with German accounting principles and translated into English.

The complete German report (HGB) is available on request:

**SINGULUS TECHNOLOGIES AG**

Hanauer Landstraße 103  
D-63796 Kahl

Tel.: +49-6188-440-0  
Fax: +49-6188-440-110

Internet: [www.singulus.de](http://www.singulus.de)  
e-Mail: [investor-relations@singulus.de](mailto:investor-relations@singulus.de)



## 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](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](http://www.singulus.de)

**Investor Relations**

Maren Schuster  
Tel. +49-6188-440-612  
Fax +49-6188-440-110  
[investor.relations@singulus.de](mailto:investor.relations@singulus.de)

**Published by**

SINGULUS TECHNOLOGIES,  
Kahl/Main

**Production**

MetaCom  
Corporate Communications  
GmbH

**Conception and Idea**

Bernhard Krause

**Texte**

Bernhard Krause,  
SINGULUS TECHNOLOGIES

**Artwork/DTP**

Jens Gloger,  
Andrzej Korzec

**Photography**

Company photos SINGULUS,  
Viktor Diebold, Andrzej Korzec,  
Matthias Müller, With kind  
permission of Börse Frankfurt,  
SONY, MICROSOFT

**Printing**

Braun & Sohn, Maintal  
Printed on chlorine-free  
bleached paper

**SINGULUS TECHNOLOGIES AG**

Hanauer Landstraße 103

D-63796 Kahl/Main

[www.singulus.de](http://www.singulus.de)

