

FIRST QUARTER REPORT 1999 AS OF 03/31/99 (UNAUDITED)

Dear Shareholders:

The following report outlines our business activities for the first three months of 1999 and provides an overview of prospective developments.

REVENUES

Revenues reached 60 million DM in the first quarter, surpassing results for the same period in the preceding year by 27 %. First quarter sales were characterized by the finalization of large orders, primarily for Far East customers. Our customers accepted 63 CD replication lines into in-line production. The commissioning of 155 of our SKYLINE CD replication lines in the past 12 months has exceeded all expectations and has attained market predominance for this product.

In the first three months of the year, 81 % of the company's total revenues were realized in Asia, 15 % in Europe and 4 % in North and South America.

BOOKINGS AND ORDER BACKLOG

The high volume of orders received late last year continued during the first three months of this year, increasing the order backlog to 77 million DM (03/31/98: 50.2 million DM).

EARNINGS

Net earnings rose by 20 % to 6 million DM. Due to the particular composition of orders processed in the first quarter and the decline in prices in the CD business compared to year 1998, the improvement in earnings was not proportionate to the increase in revenues.

INVESTMENTS

In order to accommodate the strong demand for our products, our capacity was increased short-term by leasing additional assembly space.

The number of our subsidiaries providing sales and support was increased to six with the establishment of SINGULUS VIKA CHINA in Hongkong and SINGULUS TECHNOLOGIES IBERICA in Spain.

Within the context of our long-range objectives, the decision was made to construct a new plant to accommodate the necessary increase in capacity. Completion of the new facility is scheduled for the summer of 2000 with the total investment projected to be 25 million DM.

STAFF

The addition of 16 employees to our staff within the past 12 months has increased our workforce to 160. Six new positions were created for Commissioning, five for Research & Development and Engineering; and four for Sales and Customer Support.

FORECAST

Through its own efforts SINGULUS TECHNOLOGIES has attained the preeminent position in the CD and DVD line business and is also entering into additional markets. We have extended our technical lead in DVD manufacturing by adding new products such as the SKYLINE-Duplex and the SPACELINE DVD in-line measuring system.

Our STREAMLINE CD-R replication line was first introduced to the public at the beginning of this year. All its technical core components were developed inhouse. The first system was recently delivered.

Despite the remarkable number of orders booked during the first quarter, we submit that our potential customers have yet to make the majority of their investment decisions for 1999 which they will finalize in the second and third quarters of this year.

Interest in our products is high and we expect invigorated growth for the remainder of the year, particularly for the CD-R and DVD formats.

Best regards

SINGULUS TECHNOLOGIES AG
The Managing Board

At a Glance

SINGULUS TECHNOLOGIES Consolidated

Three months cumulative, as of 03/31/1997, 1998, 1999 (unaudited)

	Q I 1997	Q I 1998	Q I 1999
	K DM	K DM	K DM
Revenues	22,689	47,257	59,997
Operating Income (EBIT)	6,265	11,720	11,798
Earnings Before Taxes	5,712	11,839	11,914
Net Income	2,436	5,006	6,008
Earnings per Share in DM**	0.42	0.83	1.00
Cash Flow	2,622	5,400	6,465
Staff*	74	144	160
R&D Expenditures	735	1,560	1,520

All figures in K DM, except for:

* (actual number)

** based on 6 million issue shares

Investor-Relations

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Consolidated Statement of Income (unaudited)

as at March 31 DEM'000	First Quarter	
	1998	1999
Gross Revenues	47 257	59 997
Sales Deductions & Direct Distribution Costs	3 476	4 170
Net Revenues	43 781	55 827
Cost of Goods Sold	26 270	37 953
Gross Profit	17 511	17 874
Developm., Design, Quality Control	1 203	1 226
Sales & Customer Services	2 292	2 437
General Managem. & Administration	1 466	1 483
Projects & Reserves	831	931
Total Operating Expences	5 791	6 076
<i>thereof R&D</i>	<i>1 560</i>	<i>1 520</i>
Operating Income (E.B.I.T.)	11 720	11 798
Non-Periodic, Extraordinary Exp.		
Interest Expences (-Income)	- 119	- 116
Profit Before Tax	11 839	11 914
Income Taxes	6 833	5 921
Minority Interest		- 15
Net Income	5 006	6 008
DVFA/SG Net Income	5 006	6 008
EPS (DVFA/SG) in DEM	0,83	1,00

Consolidated Cash Flow Statement (unaudited)

as at March 31 DEM'000	First Quarter	
	1997	1998
Net Income	5 006	6 008
Depreciation	294	357
Movt. In Long Term Provisions	100	100
Cash Flow	5 400	6 465
Change In Working Capital	-10 175	-29 556
Net cash flows from operating activities	-4 775	-23 091
Capital Expenditures In Fixed Assets	- 465	- 282
Movt. In Long Term Depts		
Change In CTA	44	174
Net Change in Cash & Liquid Funds	-5 196	-23 199