POINTING THE WAY: OUR IDEAS FOR THE FUTURE

ANNUAL REPORT 2013

2014 FINANCIAL CALENDAR

Date	
May 15, 2014	Publication of 2014 Q1 financial report
July 9, 2014	2014 Annual Meeting of Shareholders
August 14, 2014	Publication of 2014 Q2 financial report
November 13, 2014	Publication of 2014 Q3 financial report
November 24–26, 2014	2014 German Equity Forum

OVERVIEW OF GROUP RESULTS

(in EUR million)	2013	2012	Change in %
Revenues	266.2	184.1	+44.6
Total operating revenues	278.4	188.9	+47.4
EBITDA	27.0	–10.8	n/a
EBITDA margin (in %)	9.7	n/a	n/a
EBIT	3.1	–30.7	n/a
EBIT margin (in %)	1.1	n/a	n/a
EBT	0.1	–32.4	n/a
Consolidated net profit (loss)	–2.7	–33.5	n/a
Earnings per share (in euros)	–0.69	–7.51	n/a
Operating cash flow	22.5	20.5	9.5
Cash flow from investing activities	–11.7	–39.1	n/a
Cash flow from investing activities	23.9	15.8	51.0

	Dec. 31, 2013	Dec. 31, 2012	Change
Total assets	319.2	299.9	+6.4 %
Equity	175.0	156.2	+12.0 %
Equity ratio (in %)	54.8	52.1	+2.7 pp
Financial liabilities	65.0	65.7	–1.2 %
Liquid assets	64.7	30.7	+110.6 %
Net debt	0.4	35.0	–99.0 %

COMPANY HISTORY

1987
Company founded by Dieter Manz

1988
Developed the first automation system for processing crystalline solar cells in a pilot manufacturing project

1994
Shipped the first automation solution for the FPD industry to Asia

2002
Shipped the first automation system for a completely automated production line for crystalline solar cells

2005
Entered the thin-film market with equipment for mechanically scribing solar panels

2006
IPO on the Entry Standard market of the Frankfurt Stock Exchange

REVENUES

(in EUR million)	2013	2012	2011	2010	2009
	266.25	184.11	240.51	181.40	85.92

EBITDA

(in EUR million)	2013	2012	2011	2010	2009
	27.0	–10.8	14.3	9.9	–9.0

EBIT

(in EUR million)	2013	2012	2011	2010	2009
	3.10	–30.71	3.12	0.56	–15.91

EBIT BY BUSINESS UNIT 2013

(in EUR million)	Solar	Display	Battery	PCB/OEM	Others
	–22.56	20.11	0.11	3.68	1.76

2008

Became leading supplier of systems for wet-chemical processes by acquiring Intech, Taiwan

2009

Entered the market for lithium-ion batteries

2010

Manz Coating GmbH founded

2012

Acquired the CIGS innovation line from Würth Solar

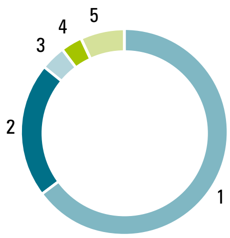
Opened facility for solar and display production systems in Suzhou, China

2013

Successful capital increase of 26.9 million euros

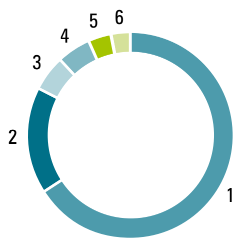
Record revenues of 266.2 million euros

REVENUES BY BUSINESS UNIT 2013



1	**64.8 %**	Display
2	**21.2 %**	PCB/OEM
3	**3.9 %**	Solar
4	**3.4 %**	Battery
5	**6.7 %**	Others

REVENUES BY REGION 2013



1	**66.1 %**	China
2	**16.5 %**	Rest of Europe
3	**5.7 %**	Taiwan
4	**5.1 %**	Germany
5	**3.6 %**	Other Regions
6	**3.0 %**	USA

MANZ AG MISSION STATEMENT

As a high-tech engineering company, our goal is to develop equipment and systems for fast-growing sunrise industries, especially for companies active in the fields of green technology and mobile communication. With our slogan “Passion for Efficiency”, we promise to continue to develop existing products with a high rate of innovation, to create new solutions, and to offer our customers in vibrant sunrise industries ever more efficient production equipment. Close customer relations across the world and extensive technological expertise are the foundation of our company, and they enable us to continually optimize our range of products in line with industry requirements. This makes the Manz Group an important innovation leader – for breakthroughs in key technologies, such as sustainable energy generation and stationary power storage, displays for global communication needs, and e-mobility. Thanks to our expertise in the technological fields of automation, laser processes, vacuum coating, screen printing, metrology, and wet-chemical processes, our technologies find application in numerous industries. Manz currently focuses its research and development activities on production equipment for the display industry, photovoltaics, and lithium-ion batteries. This spirit of invention spurs us on each and every day – it is what makes our company’s dynamic growth possible.

Manz AG – Corporate Film

OUR IDEAS ENABLE THE FUTURE TO BECOME THE PRESENT

Reliable energy supply, resource-efficient mobility, mobile communication: The course for the major future topics of our everyday world is already being set today. Manz’s ideas change perceptions and make what was previously unimaginable become the “norm”. Our ideas speed up the breakthrough of new technologies and ensure that new concepts soon become suitable for widespread use.

The properties of our customers’ end products are determined, in large part, by the equipment on which they are produced. Their performance characteristics venture into new dimensions thanks to our technologies.

In our annual report, we show you the many facets of high-tech engineering. You will be astonished how many areas of your everyday life are shaped by us and our ideas.

CONTENT

008 TO OUR SHAREHOLDERS

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

030 GROUP MANAGEMENT REPORT

032 BASIC INORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

086 CONSOLIDATED FINANCIAL STATEMENT

088 CONSOLIDATED INCOME STATEMENT
089 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
090 CONSOLIDATED BALANCE SHEET
092 CONSOLIDATED CASH FLOW STATEMENT
093 CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
094 SEGMENT REPORTING FOR DIVISIONS
095 SEGMENT REPORTING FOR REGIONS

098 NOTES

100 GENERAL DISCLOSURES
100 ACCOUNTING PRINCIPLES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
166 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS
167 EVENTS AFTER THE BALANCE SHEET DATE
167 RELATED PARTIES
172 RESPONSIBILITY STATEMENT
173 AUDITOR’S REPORT

178 IMPRINT

OUR IDEAS FOR UNFORGETTABLE TV EXPERIENCES

SPEEDING UP THE BREAKTHROUGH OF NEW TECHNOLOGIES

Higher resolution, richer colours, a larger viewing angle – the properties of displays are determined, in large part, by the equipment on which they are produced. Manz provides solutions for, among other things, OLED televisions and displays with 4k resolution – the standards of the future. We work together with display manufacturers at an early stage and in an intensive manner, ensuring that the complex manufacturing processes are performed more efficiently, the production costs fall, and the end products quickly become better-priced as a result.

MANZ – ALWAYS ONE IDEA AHEAD

TO OUR SHARE-HOLDERS

010 **LETTER FROM THE MANAGING BOARD**

014 **MANAGING BOARD INTERVIEW**

014 INTERVIEW WITH DIETER MANZ AND MARTIN HIPP

018 **MANZ AG STOCK**

018 PRICE PERFORMANCE
020 2013 CASH CAPITAL INCREASE
021 INVESTOR RELATIONS
022 ANNUAL GENERAL MEETING

023 **REPORT FROM THE SUPERVISORY BOARD**

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

LETTER FROM THE MANAGING BOARD

Dear Shareholders,

Turnaround in operating activities achieved

In the 2013 fiscal year, the early introduction of diversification in technologies, industries and regions as well as the rigorous pursuit of cross-industry technology transfer had a significant impact: record revenues and positive operating earnings before interest and taxes (EBIT) are striking evidence of our having successfully met the challenges laid down and brought about an operating turnaround.

Nevertheless, we, as a high-tech engineering company, can look back on eventful and turbulent years. The overcapacities in the solar industry, the dramatic fall in prices for solar cells and modules and the lack of new investment by manufacturers confronted us as entrepreneurs and our employees with extraordinary challenges. We faced up to these with "passion for efficiency" and rigorously further developed our business model with great personal commitment and a high rate of innovation.

The key to success: The innovative strength of our company

The key to our impressive development is to be found in our company's great innovativeness. Thanks to our cross-industry technology transfer and the great inventive talent of our engineers, we have also established ourselves, with our efficient technology and production solutions, as an innovative high-tech engineering company in our strategic Display and Battery target industries and beyond, following our success in the solar industry. By opening up new markets within our divisions, we have given our business model additional stability. This has enabled us to more than compensate for the weak order situation in the solar industry. The driving force behind the positive development in the 2013 fiscal year was the fast-growing Display division, in which we now supply production equipment to many of the leading Asian suppliers of the electronics industry and the world's leading smartphone and tablet manufacturers. At the same time, growth in the Battery division was positive compared with the previous year. We were even able to continue to expand our OEM business through efficient use of our capacities. Group revenues therefore increased significantly from 184.1 million euros in the previous year to 266.2 million euros in the 2013 fiscal year, a rise of 44.6 %. We thus achieved the highest revenue result in our company's history. We were also able to increase profitability significantly compared with the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) of 27.0 million euros, which is around 38 million euros above the prior-year level, impressively underlines Manz AG's operating strength. Adjusted for existing depreciation of around 24 million euros, which mainly stems from the solar sector, we report positive EBIT of 3.1 million euros for the 2013 fiscal year, following an operating loss of –30.7 million euros in the previous year. With a positive cash flow from operating activities of 22.5 million euros (previous year: 20.5 million euros) and liquid assets of 64.7 million euros, we have an extremely solid liquidity position and, following the successful capital increase in November 2013, report an equity ratio of 54.8 % (previous year: 52.1 %).

Market environment remains outstanding for the Display division

We are convinced that we will also be able to continue the positive trend in 2014 and beyond. Developments at the beginning of the current fiscal year go a long way to underlining this: In the Display and Battery segments alone, we recorded incoming orders of around 50 million euros in the first few weeks of the year. In addition to systems and equipment in the fields of automation, laser process technology, and metrology for the manufacture of smartphones and tablet computers, the orders in the Display division also comprise innovative vacuum coating systems for the first time. This opens up great opportunities for follow-on orders and commensurately high revenue potential for the future. In the Solar division, too, we are registering a noticeable upturn in the industry compared with the previous year, based on enquires and orders already received. For the first time in years, experts expect global demand for solar modules in 2014 to be above existing production capacities. This will have a stabilizing effect on price levels and a positive impact on the industry's willingness to invest.

Significant upside potential through CIGSfab

We see significant revenue potential for Manz AG from the sale of our CIGS*fab* in the current year. We are registering high interest in our technology in countries with "local content" regulations, such as in China, South Africa, Turkey, and many Arab countries. We intend to actively promote the upside potential that the improved market situation in this segment offers our company by intensifying communication and sales activities.

Manz is Europe's leading engineering company for the manufacture of lithium-ion batteries

We have therefore created the conditions for sustainable and profitable growth. At the same time, we are laying the foundation for the long-term competitiveness of our company by making strategic investments in future technologies. For example, we are actively pressing ahead with our commitment to OLED technology in the form of an industrial partnership with the renowned AIXTRON SE. We are also planning crucial enhancement of our technology portfolio in the Battery division by making targeted acquisitions. This will enable us to strengthen our position as Europe's leading engineering company for lithium-ion batteries with a view to being able to acquire further market share in future. We have also constantly pressed ahead with the development of efficient production solutions in the Solar division. With the latest generation of machines for manufacturing solar cells and modules, we have created an extremely good baseline situation, which will allow us to benefit from upcoming investment cycles.

In view of the positive market prospects, we see correspondingly great opportunities for our company in all three divisions, which we will systematically utilize.

We would like, at this point, to extend our special thanks to our employees, who, through their commitment, flexibility and inventiveness, make a crucial contribution to further developing our technology, thereby laying the foundation for our continued growth.

The Managing Board

Dieter Manz

Martin Hipp

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

MANAGING BOARD INTERVIEW

INTERVIEW WITH DIETER MANZ AND MARTIN HIPP

Mr Manz, Mr Hipp, Manz AG returned to operating profitability in 2013 after suffering significant losses in 2012. How sustainable is this development, in your assessment, and what are your expectations for the 2014 fiscal year?

Dieter Manz: With our Display, Solar, and Battery divisions, we are operating in industries whose development is typically subject to certain cycles. At the same time, they offer us excellent growth possibilities due to their high market dynamism. The diversification of our business model enables us, on the one hand, to do our level best to offset this volatility. On the other hand, we benefit in an above-average manner from the opportunities that we see in view of positive market developments. For example, the boom in the demand on the retail market for smartphones and tablet computers, the current main driver of our Display division, continues unabated. Constantly new generations of devices involving product novelties and innovations require commensurately innovative production solutions and technologies – these are excellent preconditions for a high-tech engineering company like Manz AG. At the same time, our Battery division has opened up an emerging market, on which we are already very well positioned and which offers medium-term revenue potential comparable with that provided currently by the display industry. Following the successes of Tesla and the commitment of BMW, we see that the automotive industry as a whole is significantly increasing activities in the field of e-mobility. Stationary power storage and the premium consumer electronics sector are also providing positive impetus for the production of lithium-ion batteries. In view of this potential, we are planning to expand our commitment to the Battery division accordingly by means of targeted acquisitions and to enhance our technology portfolio. And we are also expecting significant revenue contributions from the solar industry again in the short term. I am therefore convinced that we will continue the positive company performance in 2014, achieving our defined target of a double-digit EBIT margin in the medium term.

Martin Hipp: As a result of the cost and structure optimization measures that we already introduced in 2012, we succeeded in 2013 in improving our profitability while increasing revenues accordingly. At the same time, our earnings were reduced due to systematic depreciation of around 24 million euros, which mainly stems from the solar segment. We were able to offset this by only very small revenue contributions from this division. Adjusted for the depreciation, our EBITDA margin of 9.7 % reflects Manz AG's operating strength – we are therefore on the right path. The successful capital increase has also enabled us to significantly improve our equity base. Liquid funds totaling around 65 mil-

„The diversification strategy enables us to do our level best to offset the volatility of our markets and, at the same time, to benefit in an above-average manner from their opportunities. On this basis, we will continue the positive company performance in 2014, achieving our defined target of a double-digit EBIT margin in the medium term." **DIETER MANZ, CEO**

lion euros and a positive operating cash flow of 22.5 million euros provide a sustainable basis for financing our profitable growth in 2014 and beyond.

You are again expecting incoming orders from the solar industry in the short term. What makes you so optimistic here and how do you assess the risks?

Dieter Manz: The retail market for solar cells and modules also witnessed renewed growth in 2013, while newly installed global photovoltaics capacity amounts to 36 GW and is hence higher than ever before. The supply and demand curves on the market will intersect in the course of this year. The solar producers who want to be at the forefront of this development need to invest at an early stage. Market consolidation amongst manufacturers is already in the final stages and the first big players are investing again in new cost-efficient production facilities. We have always been convinced of the outstanding future prospects for photovoltaics in markets like China, India, the USA, Turkey, South Africa and the Middle East and have not neglected our development activities in either

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

crystalline PV or the thin-film solar sector. We can now therefore offer the industry the efficient and innovative production solutions that it needs. CIGS thin-film technology, however, still has the greatest potential for further cost reductions and efficiency gains. Owing to our fully integrated turnkey line for manufacturing CIGS thin-film solar modules, we are a global leader in this sector and see great opportunities for selling a Manz CIGS*fab* in the current fiscal year.

„We have brought about an operating turnaround. Our EBITDA margin of 9.7% in the 2013 fiscal year reflects Manz AG's operating strength – we are therefore on the right path." **MARTIN HIPP, CFO**

Martin Hipp: With write-offs of around 17 million euros in the area of crystalline photovoltaics, we removed these factors of uncertainty from our balance sheet as early as 2012. The recoverability of all existing assets in the solar segment was examined and confirmed as part of annual impairment tests carried out by our public auditors. I therefore firmly expect no further write-offs to be necessary given the forecast for market development. Opportunities currently significantly outweigh the risks, and I am sure that we will benefit from these possibilities.

Mr Manz, you continue to be the biggest shareholder in Manz AG. Manz stock rallied uniquely in 2013. How do you see the valuation of the stock and what lies in store for shareholders of Manz AG in 2014?

Dieter Manz: Our stock rose in price by around 220 % in 2013. I think this development reflects the capital market's confidence in the sustainability of our company and our business model – and that also encourages us, of course, to pursue our strategy. It is difficult to forecast how the stock will continue to develop. We have positioned ourselves for future growth, thereby creating the conditions for positive growth in earnings. As Manz AG's biggest shareholder, I am, of course, hoping that this will also be reflected in our stock price in the medium term.

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

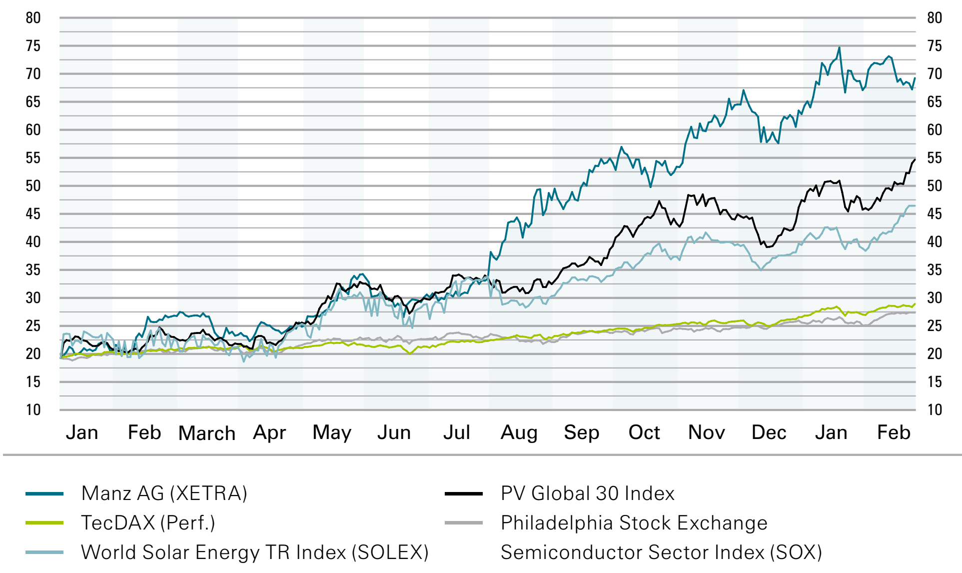
MANZ AG STOCK

PRICE PERFORMANCE (JANUARY 1, 2013 – DECEMBER 31, 2013)

Manz AG's stock began the 2013 fiscal year on January 2, 2013, at a closing price of 19.65 euros. The stock initially experienced a significant sideways movement in January 2013, but increased in value as of the beginning of February. On February 28, 2013, the stock reached its highest point in the first quarter of 2013, at 27.795 euros. After further sideways movement, the value of the stock subsequently fell to 22.65 euros on April 5, 2013, only to increase in value again in the following weeks. On May 31, 2013, Manz AG's stock stood at a new high of 34.49 euros. After temporarily falling below the 30-euro mark in the following weeks, it showed a constant upward trend at the beginning of August, closing at a high for the year of 67.00 euros on December 2, 2013. On December 30, 2013, the stock closed at 62.10 euros. At the beginning of the current fiscal year, the stock continued to perform positively, reaching a new high of 74.53 euros on January 23, 2014. On February 28, 2014, the stock closed at 69.14 euros.

Share price increase of about 220% in 2013

CHART SHOWING MANZ AG STOCK 2013 (XETRA, in EUR)



In the period under review, the stock performed very positively compared with the solar industry indexes, the World Solar Energy Index (SOLEX) of Société Générale, and the Photovoltaik Global 30 Index (PV Global 30) of Deutsche Börse AG, as well as TecDAX and the Philadelphia Stock Exchange Semiconductor Sector Index (SOX). The development of TecDAX and SOX over the entire period under review was stable, with a slightly positive performance. Manz stock significantly outpaced them from the beginning of the second quarter onwards. The two solar indexes also performed positively from the second quarter onwards, but were ultimately unable to keep pace with Manz AG's price performance, closing with lower price increases than Manz AG stock in the period under review.

The latest information on the company's stock and share price performance is available here

STOCK KEY DATA AND PERFORMANCE INDICATORS

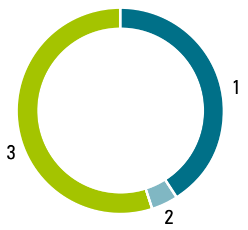
German Securities Identification Number	A0JQ5U
International Securities Identification Number	DE000A0JQ5U3
Ticker Symbol	M5Z
Stock Market Segment	Regulated market (Prime Standard)
Type of Stock	Registered, common, no-par value bearer shares, each with a proportionate value of 1.00 EUR of capital stock

Capital Stock	**4,928,059**
IPO	September 22, 2006
Opening Price	19.00 EUR
Stock Price at the Beginning of the Fiscal Year*	19.65 EUR
Stock Price at the End of the Fiscal Year*	62.10 EUR
Change (in percent)	**+216.03 %**
Annual High*	67.00 EUR
Annual Low*	19.65 EUR

* Closing prices on Deutsche Börse AG's XETRA trading system

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

SHAREHOLDER STRUCTURE



1	**41.0 %**	Dieter Manz
2	**4.2 %**	Ulrike Manz
3	**54.8 %**	Free Float

Currently at 54.8 %, Manz AG has a large number of shares in free float and has a wide shareholder base. At the end of the reporting period on December 31, 2013, company founder and chairman of the Managing Board, Dieter Manz, held 41.0 % of Manz's stock. In addition, Ulrike Manz holds 4.2 % of the company's shares.

2013 CASH CAPITAL INCREASE

On November 28, 2013, Manz AG successfully carried out an increase in capital against cash deposits, disapplying shareholders' preemptive subscription rights; this increase has been entered in the Commercial Register since November 29, 2013. The placement price was set at 60.00 euros for each new share. In total, 448,005 new shares were placed with qualified investors by way of an accelerated bookbuilding process. This increased Manz AG's capital from 4,480,054 euros to 4,928,059 euros, an increase of 448.005 euros. Bankhaus Lampe supported the transaction as the sole bookrunner.

The company received gross proceeds amounting to approximately 26.9 million euros from the increase in capital. These proceeds are to be used to finance the company's further internal and external growth. Among other things, Manz AG is planning to further strengthen its young "Battery" division through potential acquisitions.

The new shares carry full dividend rights as of January 1, 2013 and were included in the existing quotation of the company's shares in the Prime Standard on the Frankfurt Stock Exchange on December 2, 2013.

INVESTOR RELATIONS

Manz AG places great importance on an active dialog with investors, analysts and financial journalists and, again in the 2013 fiscal year, maintained a constant exchange of information with its shareholders and stakeholders. The regular and prompt publication of news about the company underscores its goal of providing comprehensive information about the company's performance. At the same time, being listed in the Prime Standard segment of the Frankfurt Stock Exchange already means that Manz is required to comply with the highest standards of transparency. Manz AG's aspirations are to surpass these standards.

Intensive and continual capital market communication

In addition to the legal requirements, Manz carried out the following IR activities, among others:

- Participated in 11 capital market conferences
- 10 road shows in Germany and abroad
- Analysts Day on September 23, 2013, in Reutlingen
- Regularly holding conference calls with a webcast when publishing financial reports, providing an audio replay as an online offering on the company's Web site
- Publishing 12 Corporate News

Manz AG IR Newsletter – subscribe now

In the course of the 2013 fiscal year, Manz AG was covered by the following institutions:

- Bankhaus Lampe
- Warburg Research
- Close Brothers Seydler

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

ANNUAL GENERAL MEETING

Complete information on the company's AGM is available here

The *FIL*harmonie in Filderstadt, Germany, hosted Manz AG's 2013 Annual General Meeting on July 16, 2013. Altogether, some 304 shareholders were present and listened to the report by the Managing Board regarding the company's performance in 2012 as well as the outlook for the current fiscal year.

At the Annual General Meeting, almost all of the represented shareholders approved of the items on the meeting's agenda. A total of 62.34 % of capital stock with voting rights was represented (previous year: 61.22 %). Detailed information on the voting results can be downloaded at any time from the Investor Relations/Annual General Meeting section of the company's Web site: www.manz.com.

2014 FINANCIAL CALENDAR

Date	
May 15, 2014	Publication of 2014 Q1 financial report
July 9, 2014	2014 Annual Meeting of Shareholders
August 14, 2014	Publication of 2014 Q2 financial report
November 13, 2014	Publication of 2014 Q3 financial report
November 24–26, 2014	2014 German Equity Forum

REPORT FROM THE SUPERVISORY BOARD

Dear Shareholders,

Once again in 2013, the Supervisory Board regularly advised the Managing Board with regard to the company's strategic orientation and governance and continuously monitored its management activities. In so doing, we meticulously carried out the duties incumbent upon us by law, the company's Articles of Incorporation, and our rules of procedure, satisfying ourselves that the Managing Board's work was legally compliant and appropriate. The Supervisory Board was involved in all decisions of fundamental importance to the company and the Group. All transactions and measures that required Supervisory Board approval were thoroughly discussed on the basis of the reports by Supervisory Board and Managing Board. The Supervisory Board approved the Managing Board's resolution proposals after careful consideration of all relevant information and following a detailed examination.

The Managing Board and Supervisory Board remained in close and intensive contact throughout the 2013 fiscal year. In this context, the Managing Board complied with its duty to provide information as set out in the law and the rules of procedure, notifying us, even over and beyond Supervisory Board meetings, in a regular, detailed, and timely manner in both written and oral form, about all measures and events relevant to the company. As a result, the Supervisory Board was always abreast of information pertaining to the company's business situation and performance, the company's intended business policy, short-term, medium-term and long-term planning (including investment, financial, and human resources planning as well as the company's profitability), organizational measures, and the Group's overall situation. In addition, information regarding the company's risks and risk management activities was regularly provided.

Focus of Deliberations in the Supervisory Board

In the 2013 fiscal year, the Supervisory Board held a total of six face-to-face meetings and two conference calls, which, with the exception of one face-to-face meeting, all members always attended.

At the meeting on February 5, 2013, Supervisory Board and Managing Board discussed current financing as well as financial planning and business prospects for Manz AG in the fiscal year 2013. In addition, the 2012 earnings situation and current business growth as well as cost and structural optimization measures were addressed.

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 **REPORT FROM THE SUPERVISORY BOARD**

At the meeting on March 27, 2013, we addressed Manz AG's annual financial statements and consolidated financial statements as of December 31, 2012, including the management report and the Group management report as well as the auditors' audit report. The meeting also focused on the current business performance in the first quarter of 2013 and the medium-term prospects, the strategy review by Roland Berger, and the 2012 risk report. Furthermore, the Supervisory Board adopted the report of the Supervisory Board to the Annual General Meeting, the Corporate Governance Report, and the resolution proposals for the Annual General Meeting. In addition, the Supervisory Board examined the efficiency of the work carried out in the Supervisory Board.

At the meeting on May 21, 2013, the Managing Board reported on the business performance at the time and the close of the first quarter in 2013. Furthermore, we discussed current financing, Roland Berger's strategy review aimed at examining the business concept and optimizing the company's structures, and the current status in respect of filling the COO position.

The subject of the Managing Board's report at the meeting of July 24, 2013, was the business and financial position at the time as well as further prospects following the close of the first half of 2013. We also discussed measures relating to CIGS technology and the status of activities in respect of filling the COO position.

The conference call on October 11, 2013, approved the terms and conditions for the Manz Performance Share Plan 2012, the issuance of subscription rights to members of the Managing Board, and the issuance of subscription rights to selected managers and executives of affiliates.

At the meeting of October 23, 2013, the Managing Board reported on the business and financial situation at the time, measures relating to CIGS technology, and possible acquisition opportunities. We also discussed the provisional figures after the close of the third quarter of 2013. Furthermore, a candidate for the COO position introduced himself, in person, to members of the Managing Board and Supervisory Board.

By means of a resolution dated November 27, 2013, the Supervisory Board approved the 10% increase in the company's capital stock from approved capital, which it had discussed beforehand by conference call with the Managing Board.

At the meeting on December 10, 2013, the Managing Board reported on the business and financial situation at the time, the 2014 budget, and possible acquisition opportunities.

Furthermore, the Supervisory Board checked that the recommendations of the Corporate Governance Code had been complied with, and adopted the statement of compliance. In addition, the Supervisory Board discussed the 2013 risk report presented by the Managing Board.

Conflicts of Interest

Supervisory Board member Dipl.-Ing. Peter Leibinger is Managing Partner of a company that carries out supplies to the company. No concrete conflict of interest resulted from this business relationship.

Supervisory Board member Prof. Dr.-Ing. Michael Powalla is a member of a research institute that granted licenses to a subsidiary of the company in 2011. Also in this case, no concrete conflict of interest occurred as a result of the business relationship.

Otherwise, there were no conflicts of interest on the part of members of the Managing or Supervisory Boards that had to be disclosed to the Supervisory Board and about whose handling the Annual General Meeting needed to be informed.

German Corporate Governance Code

In the 2013 fiscal year, the Managing Board and Supervisory Board once again gave careful consideration to the further development of the company's corporate governance policies. At the meeting on December 10, 2013, we discussed the recommendations of the German Corporate Governance Code and, in particular, those recommendations that have been amended by the new version of the Code. Managing Board and Supervisory Board issued a joint statement of compliance pursuant to section 161 of the German Stock Corporation Act in December 2013, according to which the company complies with the recommendations in the code with only one exception and will comply in future without exception. The statement of compliance has been made permanently available to the public on Manz AG's Web site.

The latest statement pertaining to the Corporate Governance Code can be found here

The Supervisory Board of Manz AG consists of three members, the minimum number of members laid down by law. Due to the number of Supervisory Board members, forming committees does not serve any purpose and would unnecessarily hamper the Board's work. The Board did not therefore form any committees during the 2013 fiscal year.

010 LETTER FROM THE MANAGING BOARD
014 MANAGING BOARD INTERVIEW
018 MANZ AG STOCK
023 REPORT FROM THE SUPERVISORY BOARD

Annual Financial Statements and Consolidated Financial Statements for 2013

The annual financial statements and consolidated financial statements as of December 31, 2013, prepared by the Managing Board, and the management report and Group management report for the 2013 fiscal year were audited by the company's and Group's auditors, BEST AUDIT GmbH Wirtschaftsprüfungsgesellschaft, and given an unqualified opinion. The auditors conducted the audit in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

„The record revenues and the return to operating profitability in the 2013 fiscal year are the result of the strategy adopted by Manz AG. This gives Manz an excellent basis for sustainable and long-term company success." **PROF. DR. HEIKO AURENZ**

The Supervisory Board reviewed the annual financial statements and the consolidated financial statements as of December 31, 2013, as well as the management reports for Manz AG and the Group for the 2013 fiscal year, including the auditors' audit reports submitted to the Board's members prior to the meeting. At the Supervisory Board meeting held for the purpose of reviewing the annual financial statements on March 27, 2014, the Managing Board clarified Manz AG's financial statements, the consolidated financial statements, and the company's risk management system. At this meeting, the auditors reported on the scope and focus, as well as principles and results, of their audit. In addition, they reported that, based on their audit, the company's internal monitoring system and risk management system do not exhibit any major weaknesses.

The Supervisory Board concurs with the findings in the audit. Based on the definitive findings of the Supervisory Board's review, there were no objections. In a resolution dated March 27, 2014, the Supervisory Board approved the annual financial statements and consolidated financial statements as of December 31, 2013. Manz AG's annual financial statements as of December 31, 2013, were thereby adopted.

Thanks and Acknowledgement

The Supervisory Board wishes to thank the Managing Board for the constantly open and constructive collaboration in the past fiscal year. It also extends its thanks to all employees, who made a crucial contribution to the positive performance of the company in the past year. And last but not least, we would like to thank you, our valued shareholders, for the trust that you have placed in us and for your willingness to shape the future of Manz AG together with us.

Reutlingen, March 27, 2014

Prof. Dr. Heiko Aurenz
Chairperson of the Supervisory Board

OUR IDEAS FOR LONGER LIVES

VENTURING INTO HITHERTO UNCHARTED DIMENSIONS

The rechargeable battery's life is the crucial factor in lifespan and acceptance of premium consumer electronics products. Manz opens up new ways for industry to continually increase the capacity and lifespan of lithium-ion batteries by, for example, using pouch cells, an area in which we have already been able to gain years of experience in the automotive industry. We are now utilizing this expertise for production technologies that also enable rechargeable batteries for consumer electronics to venture into new performance dimensions.

MANZ – ALWAYS ONE IDEA AHEAD

GROUP MANAGEMENT REPORT

032 BASIC INFORMATION ON THE GROUP

032 BUSINESS MODEL
034 GROUP STRUCTURE AND HOLDINGS
035 LOCATIONS AND EMPLOYEES
036 CONTROL SYSTEMS AND PERFORMANCE INDICATORS
039 RESEARCH AND DEVELOPMENT

040 BUSINESS REPORT

040 MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED CONDITIONS
044 BUSINESS PERFORMANCE
067 NOTES TO THE RESULTS AND ANALYSIS OF FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

052 EVENTS AFTER THE BALANCE SHEET DATE

053 CORPORATE GOVERNANCE

053 CORPORATE GOVERNANCE STATEMENT
053 CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)
053 DISCLOSURES IN ACCORDANCE WITH SECTION 315(4) OF THE GERMAN COMMERCIAL CODE (HGB) AND NOTES PURSUANT TO SECTION 176(1) SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) ON THE DISCLOSURES IN ACCORDANCE WITH SECTION 289(4) AND SECTION 315(4) OF THE GERMAN COMMERCIAL CODE
061 COMPENSATION REPORT

070 REPORT ON OPPORTUNITIES AND RISKS

070 RISK MANAGEMENT AND INTERNAL MONITORING SYSTEM
073 RISKS TO THE COMPANY
077 OPPORTUNITIES FOR FUTURE GROWTH
079 OVERALL ASSERTION

080 FORECAST REPORT

080 OUTLOOK
083 FORWARD-LOOKING STATEMENTS

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

Further information about our high-tech machines is available here

Manz AG, founded in 1987, is an internationally leading high-tech engineering company with a global presence. In recent years, the company has successfully developed from an automation specialist into a supplier of integrated production lines for growth and sunrise industries, applying its proven competence in six areas of technology, including automation, laser processes, vacuum coating, screen printing, metrology and wet-chemical processes. The technologies are currently deployed in three strategic fields, the “Display”, “Solar” and “Battery” segments, and are constantly being further developed. To secure medium-term and long-term success, Manz AG will also continue to be rigorous in future in its pursuit of cross-industry technology transfer, the diversification of its business model and the internationalization of the company.

Cross-industry technology transfer

As a high-tech engineering company, Manz AG is constantly pressing ahead with development activity in its enabling technologies, thereby laying the foundation for successful cross-industry technology transfer. This approach makes internal synergies and innovative production solutions possible for different industries. This simultaneously allows Manz AG to give its business model the necessary flexibility to be able to respond to new growth trends and to rapidly open up promising industries as additional sales markets.

Diversification strategy

As a result of successful cross-industry technology transfer, the diversification strategy is nowadays an integral part of Manz AG’s successful business model. This strategy enables Manz to offset the volatility of individual segments that is part and parcel of growth industries in the best way possible. Production capacities can be adjusted in line with the investment cycles of individual industries and utilized efficiently by other divisions within the company. This enables Manz to give the overall business model additional and long-term stability.

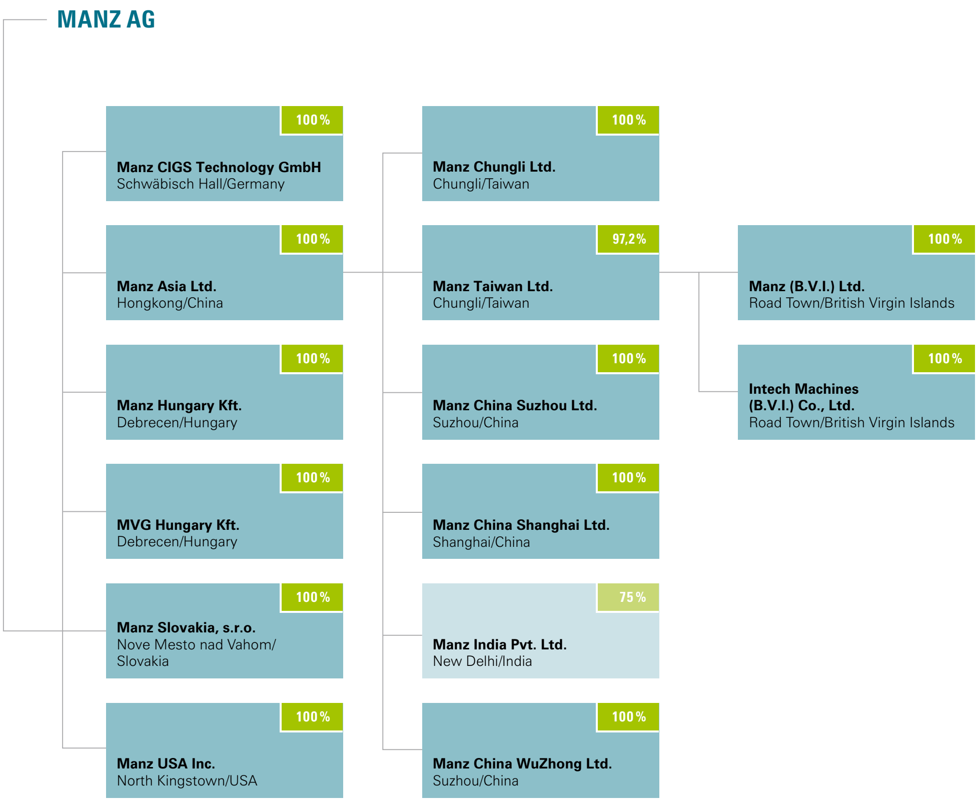
Internationalization and “follow the market” strategy

As a high-tech engineering company that operates on an international basis, Manz AG, due to its global production, sales and service network, has close customer relations and

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

a strong market position in target industries in Asia, the USA and Europe. The "follow the market" strategy gives the company, with a total of around 900 employees at production, research and development sites in Taiwan and China, excellent market access in Asia's largest growth market. This enables the company to offer German engineering skill at locally competitive prices. This strategy gives Manz a clear technological lead over Asian competitors and unbeatable cost advantages over European mechanical and plant engineering companies.

GROUP STRUCTURE AND HOLDINGS



Altogether, 15 companies are included in Manz AG's consolidated financial statements dated December 31, 2013, and are therefore fully consolidated. On the reporting date, Manz AG, as the Group's parent company, held a 100 % interest in five international subsidiaries and one domestic subsidiary located in Schwäbisch Hall. In comparison with last year, the subsidiaries Manz Tübingen GmbH, Tübingen, und Manz Coating GmbH, Reutlingen, were merged, as of 1 January 2013, into Manz AG, Reutlingen. Two of the foreign subsidiaries are based in Hungary and one subsidiary each in the USA, Slovakia and Hong Kong. In addition, the company has a 100 % stake in three second-tier subsidiaries in China and two in Taiwan. A 75 % second-tier subsidiary exists in India. Manz AG also has a 100 % stake in two third-tier subsidiaries in the British Virgin Islands.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

LOCATIONS AND EMPLOYEES

27 **NATIONS**

Employees and managers from 27 different countries work in our group's various subsidiaries

1,853 **EMPOYEES**

Around a quarter of employees work in research and development worldwide.

1 **Germany**
Reutlingen, Tübingen, Karlstein, Schwäbisch Hall, Leipzig
Production, Sales & Service

2 **Hungary**
Debrecen
Production & Service

3 **Slovakia**
Nove Mesto nad Vahom
Production, Sales & Service

4 **USA**
North Kingstown, Cupertino
Sales & Service

5 **Taiwan**
Taoyuan, Taichung, Tainan
Production, Sales & Service

6 **South Korea**
Seoul, Incheon, Daegu
Sales & Service

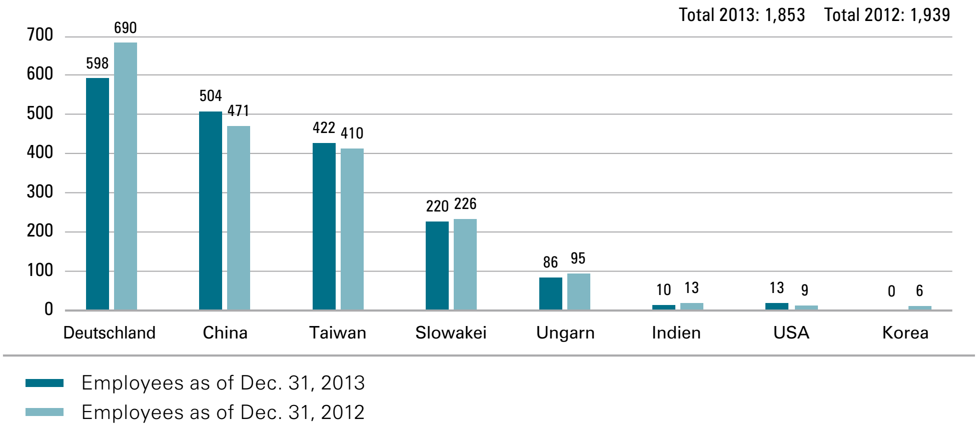
7 **China**
Shanghai, Suzhou, Wuxi, Yingkuo, Huaian, Jiangyin, Ningbo, Longhua, Xiamen
Production, Sales & Service

8 **India**
New Delhi, Calcutta, Bangalore, Hyderabad
Sales & Service

Qualified and motivated employees provide the basis of Manz AG's long-term success. As of December 31, 2013, Manz employed a total workforce of 1,853 (previous year: 1,939) both in Germany and abroad, of which 598 employees worked in Germany. Based on the number of employees, the largest subsidiary in the Group is Manz China Suzhou Ltd. in China, with 493 employees, followed by Manz Taiwan Ltd. in Taiwan, with 422 employees, and Manz Slovakia s.r.o., with 220 employees.

The continuous expansion of its technology and product portfolio, with more than 500 qualified engineers, technicians and scientists, as well as having a strong local presence in the main sales region of Asia both remain central components of the company's strategic positioning and are reflected in its employee structure.

EMPLOYEES BY COUNTRY



CONTROL SYSTEMS AND PERFORMANCE INDICATORS

Manz AG is organized, for corporate management purposes, by products and services at Group level and has three divisions, namely "Display", "Solar" and "Battery", as well as the "Printing Circuit Board/OEM" and "Others" reporting segments. In order to decide how to distribute resources and to manage the earnings power of the divisions and segments, they are monitored separately by management. The Managing Board is informed about business performance in the individual divisions on a regular basis by means of

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

detailed reports. This enables the Managing Board to counter any unsatisfactory developments promptly.

Manz AG's financial management system is organized centrally. In order to minimize risks and make use of the potential to optimize activities across the entire Group, the company concentrates decisions about subsidiaries' financing, investments, and currency hedging activities within the Group. In this context, the company follows value-based financing principles in order to secure its liquidity at all times, limit financial risks, and optimize the cost of capital In addition, Manz strives for a well-balanced debt maturity profile. Figures such as revenues, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT), equity ratio, and liquidity serve Manz AG's Managing Board as key indicators for financial management activities.

In comparison with the previous year, EBITDA has been integrated as an indicator into Manz AG's control system. The following overview contains information about the relevant Group-internal indicators:

Revenues – Indicator of succsseful Company Performance

Sales performance serves as a measure of the success of business activities and company growth. In the long term, the company is targeting an average annual increase in revenues of between 10 % and 20 %.

EBITDA and EBITDA Margin – Indicator of Operating Activities

As a high-tech engineering company, we invest significant parts of revenue in research and development and have successfully expanded our extensive technology portfolio over the years. In order to give a realistic impression of operating activities in view of correspondingly high cumulative, systematic depreciation, Manz AG will also disclose earnings before interest, taxes, depreciation and amortization for the 2013 fiscal year. EBITDA and EBITDA margin serve as significant measures of the company's operating earnings power. Manz AG has defined an EBITDA margin greater than 15 % as a medium to long-term target value.

EBIT and EBIT Margin – Further Indicator of Operating Earnings Power

Earnings before interest and taxes is one of Manz AG's main indicators of success. EBIT and the EBIT margin serve as significant measures of the company's earnings power.

Manz AG has defined an EBIT margin greater than 10 % as a medium to long-term target value. This value is also used in any assessment of the cost-efficiency of potential new strategic divisions and is a major element in the decision-making process.

Equity Ratio – A Robust Capital and Financial Structure

Equity ratio is one of the indicators that Manz AG uses to monitor and manage the company's internal financial structure. The medium-term target corridor for the ratio of equity to total assets is between 40 % and 60 %.

Gearing – Monitoring Capital and Securing Liquidity

In addition to the equity ratio, gearing, as the ratio of net financial liabilities to balance sheet equity before minority interest, is a central indicator for managing and monitoring capital as well as securing liquidity. Net financial liabilities here are calculated as the sum of financial liabilities and lease liabilities minus liquid funds. Manz AG has defined gearing below 50 % as a target value.

The 2013 fiscal year saw a positive development in the key indicators and performance indicators in relation to the defined target values. Revenues, for example, were increased by 44.6 % in comparison with the same period in the previous year. The precise development of the revenue, EBITDA margin, EBIT margin, equity ratio, and liquidity indicators is explained under "Financial Position, Financial Performance and Cash Flows". The following table provides an initial overview of the development:

INDICATOR		2013	2012	2011	2010	2009
Revenues	EUR million	266.2	184.1	240.5	181.4	85.9
EBITDA margin	%	9.7	–	5.4	4.8	–
EBIT margin	%	1.1	–	1.2	0.3	–
Equity ratio	%	54.8	52.1	59.5	66.4	79.0

RESEARCH AND DEVELOPMENT

In order to further strengthen Manz's position as a company driving innovation in growth industries, research and development (R&D) activities will also play an important role for the company in 2014. With over 500 engineers, technicians, and scientists at its development facilities in Germany, Taiwan and China, Manz AG will focus on the main technologies in its Display, Solar and Battery divisions. The aim is to accelerate the cross-industry integration of these core competencies in order to achieve synergy effects and economies of scale.

Innovation and growth through research and development

Manz AG had a total ratio of research costs to sales of 7.3 % in the reporting period (previous year: 18.3 %). If we consider only capitalized development costs, the ratio of research costs to sales totals 3.0 % (previous year: 8.1 %) Investment in research and development of 14.1 million euros at the German locations is virtually at the forecast level of 16 million euros. The high ratio in the previous year is due to the intensive R&D activities in the field of vacuum technology at the Karlstein location and in the field of CIGS technology at the facility in Schwäbisch Hall. The company will also continue to place a clear emphasis on R&D activities in future. In order to provide sustained and long-term consolidation of its excellent technological positioning in the relevant target markets and its innovativeness, Manz AG is striving for an annual ratio of research costs to sales of 6.5 % on average.

More on CIGSfab here

BUSINESS REPORT

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED CONDITIONS

Economic Environment

Overall, growth in the global economy in the 2013 reporting period, at 3.0 %, was slightly weaker than in the previous year. According to experts at the Kiel Institute for the World Economy (IfW), this was due to the recession in the euro zone, which gradually abated only in the course of last year. An additional factor was further uncertainty caused by the budget dispute in the United States and sluggish economic growth in the emerging countries. According to the economists at the IfW, these factors will be much less important in 2014. They therefore expect to see a 3.7 % increase in global domestic product (GDP). Experts at the International Monetary Fund estimate growth in the euro zone at 1.0 % in 2014 (GDP growth in 2013: –0.4 %).

Positive economic prospects in all relevant sales markets

Economic development in Asia and in the People's Republic of China, in particular, is of major importance to Manz AG as this is its principal sales region. According to the IMF's economists, growth in the People's Republic of China stood at 7.5 % in 2013. China is forecast to achieve GDP growth of 7.25 % in 2014.

Germany witnessed an improvement in its economic situation in 2013. There was a moderate increase in economic activity in the third and fourth quarters, in particular, resulting in a 0.4 % growth in GDP. The Kiel Institute expects an increase in investment and private consumer expenditure in 2014, which will stimulate the economy. The forecast for GDP growth in Germany therefore stands at 1.7 %.

Display Division

Whether in laptops, televisions or navigation devices – flat panel displays (FPDs) are currently ubiquitous. Everyday life would be inconceivable without touch-sensitive screens (touch panel displays), such as are found in smartphones, tablet computers or service terminals and are finding application in more and more areas. As an established provider of innovative production solutions for the manufacture of FPDs and touch panel displays, Manz AG, with its Display division, is one of the world's leading high-tech engineering companies in this industry.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

The market research institute IHS puts the market for touch panel displays at 1.4 billion units in 2013. This is equivalent to a year-over-year increase of 20.2 % or a market volume of 20.1 billion USD. Small and medium displays of up to 10 inches (1 inch is equivalent to 2.54 centimeters), which are used in smartphones and tablet computers or even digital cameras and navigation devices, have the largest share of the market, at around 97.7 %. Experts at IHS forecast that the overall market will also experience further growth in 2014 and future years. They expect 2014 to show a further 24.2 % increase to 1.8 billion units. Based on 2013, market growth of 70 % to a total of 2.4 billion units or a market volume of around 28 billion USD is expected by 2017. The market research institute NPD Displaysearch expects to see significant capacity expansion investment in China over the next two years, which is responsible for around 70 % of global investment. The market research institute identifies the continually rising demand for terminals with ever larger screens, higher resolution and further developments in touch panel displays for smartphones and tablet computers as the decisive factors in this positive market development in respect of flat panel displays in the small and medium display sector. By 2017, Displaysearch expects smartphones to have a share of around 82 % of the global market for mobile telephones, which is equivalent to a market volume of 1.8 billion units. The market for tablet computers also continues to develop positively. The market volume for tablet computers is estimated at 255 million units in 2013, which is equivalent to just under 60 % of the overall market for mobile computers. According to Displaysearch, this share is set to increase to 76 % by 2017; this is equivalent to 534 million units. The institute sees additional impetus for the FPD market in the field of large-format TV screens and expects an increase in volume both as a result of rising unit numbers and the trend towards larger screens. Experts expect to see an increase of 9 % to 154 million m^2 of TFT LCD screens in 2014. In the medium term, they also expect AMOLED technology to increase its market share in this area.

Market prospects for the Display division remains outstanding in 2014 as well

Solar Division

As had already been the case in previous years, the solar industry was again shaped by contrary trends in the 2013 fiscal year. On the one hand, the worldwide new installations of photovoltaics (PV) with a total output of 36 GW constituted a new annual record. At the same time, however, overcapacities and the low price level for solar modules impaired profitable growth on the PV market, which meant that investment in the industry was not forthcoming - even though obsolete production technologies render cost-efficient manufacture difficult and make investment necessary. As a high-tech engineering company, Manz AG offers the industry innovative production solutions for crystalline solar cells and thin-film solar modules.

The market research institute IHS sees early signs of a positive market development in 2014: The institute forecasts that module prices will stabilize, putting the world's newly installed capacity at 40 to 45 GW. Experts from NPD Solarbuzz expect new installations with a total capacity of as much as 49 GW. Given existing global production capacities of around 44 GW, the increased demand on the consumer market in 2014 will require the industry to expand capacities and to make corresponding new investment in production facilities. Emerging countries and the Asia and Pacific region, in particular, are becoming more and more important in this respect. According to IHS, China, at 8.6 GW, will be the world leader in the field of newly installed PV capacity. This development reflects the aim of the Chinese government to expand photovoltaics to 35 GW by the end of 2015. With an anticipated 6.3 GW, Japan is viewed as the second largest sales market. All in all, according to an assessment carried out by NPD Solarbuzz, around 50 % of the world's demand for PV panels will be in the Asia and Pacific region. Owing to stabilizing price levels and the continually rising demand on the world market, NPD Solarbuzz expects PV producers to make new investment in production capacities, particularly, in the short term, in the area of crystalline PV technology. Owing to plans for expansion harbored by both established and new market participants, industry experts forecast that 2015 will see a significant increase in capacities in the field of thin-film technology. On the premise of an industry-standard introductory phase of six to twelve months, commensurately significant investment impetus could therefore be expected in the current year.

Capacity expansion expected in the solar industry in 2014

Battery Division

In its Battery division, Manz AG focuses on manufacturing technologies and production processes for lithium-ion batteries, which are used in the fields of e-mobility, premium consumer electronics and stationary power storage. Lux Research experts expect the total global market for lithium-ion batteries to grow by just under 50 %, from 28 billion USD in 2013 to 41 billion USD by 2018.

The market research institute Navigant Research forecasts that the e-mobility sector will experience worldwide growth of 86 % in 2014, which is equivalent to around 346,000 new electric vehicles. This development is primarily being driven by premium brands such as Mercedes, Audi and BMW, which will market electrically powered vehicles for the first time in 2014. Furthermore, governments in the automotive industry's key sales markets of Germany and China are providing incentives for end consumers to purchase electric vehicles. For example, electric cars bought before 2015 in Germany will be exempt from vehicle tax for a period of ten years. The subsidy program launched by the

More market growth in the e-mobility sector

Chinese government in 2013 bears up to 60,000 RMB (around 7,000 euros) in the case of purchase of an electric vehicle.

According to the market research institute Lux Research, lithium-ion batteries will mainly be sold in the form of premium consumer electronics like smartphones and tablet computers. Sales of 25 billion USD are expected to be achieved in 2018. Experts from the sustainability bank J. Safra Saranin also see great potential in terms of the market for lithium-ion batteries in the stationary power storage sector. The reason for this, according to the bank, is the necessity to use lithium-ion batteries to offset the increase in volatility in power networks in the face of an increasing proportion of renewable energies. Furthermore, according to the bank, stationary power storage in combination with renewable energies is the ideal solution for 84 % of the roughly 1.3 billion people around the world not connected to a grid. The bank expects to see additional growth from a significant fall in production costs for lithium-ion batteries: According to a study carried out by Safra Sarasin, these costs are expected roughly to halve by 2022. Markets and Markets Research accordingly forecasts average annual growth of 10 % for the next five years, which means that the global market in 2018 will comprise 10.3 billion USD.

Printed Circuit Board/OEM Reporting Segment

After a slight decline in 2012, the market for printed circuit boards grew again in Germany in 2013. The German Electrical and Electronic Manufacturers' Association (Zentralverband Elektrotechnik- und Elektronikindustrie e.V., or ZVEI for short) also expects growth of 3.4 % in 2014. Printed circuit boards will therefore achieve a market of 1.40 billion euros. The segments of industrial electronics and automotive electronics, for which growth of 4 % and 3 %, respectively, is forecast, will account for the largest part of this. ZVEI expects the global market to be worth 62.9 billion USD (2013: 60.3 billion USD), which is equivalent to growth of 4.3 %. The German market accounts for only a small section of about 3 %; the lion's share can be found in the Asia and Pacific region, which has a 64 % share of the global market for printed circuit boards (equivalent to 40.4 billion USD). An increase of 6 % is estimated for this region.

Overall Assertion

Manz AG can look back on a successful implementation of its diversification strategy and technology transfer between the Display, Solar and Battery divisions in the 2013 fiscal year. With this strategic orientation and the production locations in China and Taiwan, the company views itself as being well positioned for the current 2014 fiscal year. In the Display segment, the investment boom of recent years continues unabated, even though market growth is expected to decrease slightly in comparison with the previous year. As the market leader for innovative production solutions in the field of wet-chemical processing steps in Taiwan and China and successful transfer of innovative laser and coating technology from the Solar division, Manz AG also sees excellent opportunities for additional revenue and earnings growth in this division in 2014.

An increasing willingness to invest is emerging in the solar industry in the current year. With its innovative production solutions, particularly in relation to the cost-efficient CIGS thin-film technology, Manz AG is extremely well placed to benefit from the upcoming investment cycle.

Due to further intensified research and development activities for battery technologies in the e-mobility sector, stationary power storage and premium consumer electronics, Manz AG also sees significant growth opportunities in the Battery division. Manz AG also expects to see additional impetus in this sector from planned acquisitions in the current fiscal year. Manz AG expects market development in the PCB/OEM reporting segment to be stable.

BUSINESS PERFORMANCE

Manz AG already received significant large-scale and follow-on orders in the Display division in the first three months of 2013 and, in publishing its interim financial report after the first quarter of 2013, was able to report its highest order volume, at around 142 million euros, since mid-2010. As a result of the excellent order situation and further incoming orders in the Display segment, Manz AG generated 87.9 million euros in the second quarter of 2013, the highest quarterly revenue figures in the company's history. Furthermore, in April 2013, Manz acquired one of the world's leading battery manufacturers, in the form of the French firm Saft SA, as a new customer. Manz's strong position in the Battery segment was underpinned, at the end of September, by a strategically important order for a research production line at the Baden-Württemberg Center for Solar Energy and Hydrogen Research. One month previously, in August 2013, Manz AG had also received an order from a leading Chinese manufacturer of OLED displays, which, at the same time, was one of the largest investments to date of the emerging OLED industry in China. Owing to the overall very positive business performance in the first nine months of 2013, Manz AG,

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

in its interim financial report following the third quarter, increased its revenue forecast for the whole of 2013 to between 260 and 270 million euros with continuing positive EBIT. After the close of the 2013 fiscal year, Manz AG reports revenues of 266.2 million euros and EBIT of 3.1 million euros.

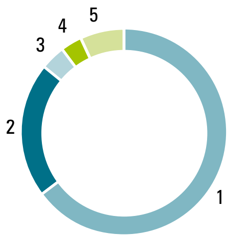
NOTES TO THE RESULTS AND ANALYSIS OF FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

In the 2013 fiscal year, Manz AG's products and services were grouped in the "Display", "Solar" and "Battery" strategic divisions, and the "Printed Circuit Board/OEM" and "Others" reporting segments.

Financial Performance

In the 2013 fiscal year, Manz AG's financial performance was very positive. Overall, Manz AG obtained revenues of 266.2 million euros in the 2013 reporting period, following 184.1 million euros in the previous year. This performance reflects year-over-year growth of 44.6%. Manz AG thereby fulfils both the original revenue forecast with double-digit growth and the increased forecast with revenues of between 260 and 270 million euros for the 2013 fiscal year.

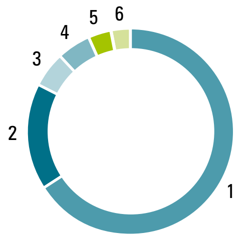
REVENUES BY BUSINESS UNIT 2013



1	**64.8 %**	Display
2	**21.2 %**	PCB/OEM
3	**3.9 %**	Solar
4	**3.4 %**	Battery
5	**6.7 %**	Others

The Display division accounted for the largest share of revenues in the reporting period, at 172.5 million euros or 64.8 % (previous year: 111.3 million euros or 60.4 %). This was due, in particular, to the continuing high demand for touch panel displays for mobile end devices, smartphones and tablet computers. In the Solar division, Manz AG generated around 10.4 million euros or 3.9 % of total revenues in the 2013 fiscal year (previous year: 16.4 million euros or 8.9 %). A major factor in this development was the continuing reluctance to invest within the solar industry. Battery, the third division, contributed 9.1 million euros to Group revenues in the form of equipment for producing lithium-ion batteries (previous year: 14.5 million euros), its share of revenue thereby amounting to 3.4 % (previous year: 7.9 %). The PCB/OEM segment was responsible for relevant revenue contributions of 56.4 million euros or 21.2 % (previous year: 25.9 million euros or 14.1 %). Revenues in the Others segment totaled 17.8 million euros in the 2013 fiscal year, following 16.0 million euros in the previous year; that corresponds to a revenue share of 6.7 % for the 2013 reporting period (previous year: 8.7 %).

REVENUES BY REGION 2013



1	**66.1 %**	China
2	**16.5 %**	Rest of Europe
3	**5.7 %**	Taiwan
4	**5.1 %**	Germany
5	**3.6 %**	Other Regions
6	**3.0 %**	USA

Manz AG revenues by region had the following distribution in the 2013 fiscal year: China and Taiwan accounted for the largest share of Manz AG's revenues, at 191.1 million euros or 71.8 % (previous year: 127.9 million euros or 69.5 %). In Germany, the company generated 13.7 million euros or 5.1 % of total revenues (previous year: 22.2 million euros or 12.1 %). In terms of the rest of Europe, Manz AG's aggregate revenues in the 2013 reporting period were around 43.9 million euros or 16.5 %, following 18.5 million euros or 10.0 % in the prior-year period. In the USA, Manz AG generated revenues of 7.9 million euros; that corresponds to a 3.0 % share of total revenues (previous year: 10.7 million euros or 5.8 %). Revenues in other regions worldwide amounted to 9.8 million euros or 3.6 % (previous year: 4.8 million euros or 2.6 %).

Inventories of finished goods and work in progress increased by 4.2 million euros in the reporting period (previous year: –10.1 million euros) owing to the positive level of incoming orders. As a result of reduced F&E activities and conservative capitalization of development costs, own work capitalized declined significantly in comparison with the previous year. In the 2013 fiscal year, this amounted to 7.9 million euros following 14.9 million euros in the comparable period in 2012. This gives rise to a 47.4 % increase in gross revenue to 278.4 million euros in 2013 (previous year: 188.9 million euros). Other operating income amounted to 13.9 million euros (previous year: 15.5 million euros), resulting from subsidies for technology development and funds that Manz AG is receiving from Würth Solar as part of the agreement to acquire the location in Schwäbisch Hall. Material costs in the 2013 fiscal year amounted to 160.5 million euros (previous year: 100.9 million euros); the material cost ratio increased to 57.7 % (previous year: 53.4 %). This development was due to a shift in the product mix towards an increasing proportion of products involving higher material costs, which mainly arises at the Asian and Slovakian subsidiaries. Gross profit therefore amounted to 131.8 million euros (previous year: 103.5 million euros). Personnel expenses declined by 6.4 million euros year over year to 65.2 million euros (previous year: 71.6 million euros); the personnel expenses ratio thus improved significantly to 23.4 % (previous year: 37.9 %). Other operating expenses declined slightly to 39.6 million euros (previous year: 42.7 million euros). Earnings before interest, taxes, depreciation and amortization (EBITDA) accordingly stand at 27.0 million euros (previous year: –10.8 million euros). The EBITDA margin for the reporting period is therefore 9.7 %.

Depreciation in 2013 rose from 19.9 million euros in the previous year to 23.9 million euros, with systematic depreciation on property, plant and equipment including machinery and own activities (development costs) increasing owing to the successful completion of several development projects. Systematic depreciation on buildings opened in mid-2012 at the production location in Suzhou / China was also responsible for the increase. Overall, positive developments enabled Manz AG to improve the negative operating earnings (EBIT), which stood at –30.7 million euros in the previous year, significantly to 3.1 million euros in the 2013 reporting period. In relation to gross revenue, that is equivalent to an EBIT margin of 1.1 %. Manz AG thereby meets its forecast of positive EBIT for the 2013 fiscal year.

An analysis of the individual divisions shows that EBIT in the Display division was 20.1 million euros (previous year: 14.0 million euros). There was an improvement in EBIT in the Solar division compared with the previous year, even though the division still posted negative EBIT of –22.6 million euros (previous year: –47.4 million euros). Operating earnings in the Battery division amounted to 108 thousand euros, following 1.5 million euros in the reference period in 2012. The PCB/OEM reporting segment recorded an operating profit of 3.7 million euros (previous year: 390 thousand euros) and the Others segment also increased EBIT to 1.8 million euros, following 781 thousand euros in the previous year.

Manz AG's financial expenses increased owing to the worsening of banks' financing terms. Following –1.9 million euros in 2012, financial expenses in the 2013 fiscal year amounted to –3.3 million euros. The negative financial result, at –3.0 million euros, was accordingly significantly above that recorded in the previous year (–1.7 million euros). This gives rise to earnings before taxes (EBT) of 134 thousand euros (previous year: –32.4 million euros). After deduction of taxes on income, Manz AG's consolidated net loss for the 2013 fiscal year was –2.7 million euros (previous year: –33.5 million euros). Based on a weighted average of 4,521,121 shares, that corresponds to earnings per share of –0,69 euros (previous year: –7.51 euros).

Financial Position

Total assets as of December 31, 2013 rose by 19.2 million euros to 319.2 million euros as a result of the increase in business activities compared with December 31, 2012. On the liabilities side, the company's equity amounted to 175.0 million euros (December 31, 2012: 156.2 million euros). The successful capital increase at the end of November 2013 was responsible for the overall change compared with the reference date at the end of 2012. Withdrawals caused the capital reserve to decline to 103.8 million euros (previous year: 144.0 million euros). At the same time, retained earnings rose to 57.2 million euros (December 31, 2012: –5.9 million euros), due to the transfer of the withdrawals.

The change in respect of currency translation is due to exchange rate changes with regard to foreign subsidiaries. This relates, in particular, to the weakness of the Taiwanese dollar against the euro. This gives rise to an overall equity ratio of 54.8 % as of the balance sheet date in 2013, following 52.1 % as of December 31, 2012.

On the reference date of the 2013 reporting period, non-current liabilities, at 33.1 million euros, were below the prior-year level of 37.5 million euros, with non-current financial liabilities declining to 18.5 million euros (December 31, 2012: 22.3 million euros). This was due to scheduled repayments of existing loans from the Kreditanstalt für Wiederaufbau (KfW) for projects to develop innovative production technologies and loans for financing buildings at the location in China. Pension provisions are virtually unchanged at 5.6 million euros (December 31, 2012: 5.7 million euros). At the same time, other non-current provisions, at 2.1 million euros, were slightly below the level in the previous year (December 31, 2012: 2.4 million euros). Other non-current liabilities increased slightly to 6.6 million euros (December 31, 2012: 6.5 million euros) owing to the earn-out agreement with Würth Solar.

Current liabilities increased slightly to 111.0 million euros as of the end of the 2013 fiscal year (December 31, 2012: 106.3 million euros). This includes increased current liabilities totaling 46.4 million euros as of 31 December 2013 (December 31, 2012: 43.4 million euros), with lines of credit being drawn down for preliminary financing of the significantly improved order situation and supplier discounts being utilized. Trade payables likewise increased slightly to 42.7 million euros (December 31, 2012: 38.7 million euros) in the light of the expansion of business activities. At the end of the 2013 reporting period, payments received stood at 8.7 million euros (December 31, 2012: 7.7 million euros). Other current provisions totaled 4.6 million euros as of December 31, 2013, following 5.7 million euros as of the 2012 balance sheet date. Other liabilities declined from 8.8 million euros as of December 31, 2012, to 6.3 million euros and include, in particular, VAT and social security liabilities.

On the asset side, the reduction in non-current assets from 155.4 million euros to 138.2 million euros is due to the systematic amortization of intangible assets and systematic depreciation of property, plant and equipment. With less capitalization of development costs, intangible assets amounted to 91.7 million euros as of December 31, 2013 (December 31, 2012: 100.8 million euros), while, owing to restrained new investment in the 2013 fiscal year, property, plant and equipment declined to 45.0 million euros at the end of the reporting period, following 51.3 million euros at the end of the 2012 fiscal year.

Current assets, on the other hand, increased to 181.0 million euros as of 31 December, 2013 (December 31, 2012: 144.5 million euros). In the face of positive order growth in the reporting period, inventories increased only slightly due to optimized warehouse management, rising by 1.5 million euros to 55.9 million euros (December 31, 2012: 54.5 million euros). Trade receivables also increased only slightly by 1.4 million euros to 55.7 million euros (December 31, 2012: 54.4 million euros). Other current receivables, which mainly comprise VAT receivables, were at a comparable level at the end of the reporting period, standing at 4.3 million euros, following 4.9 million euros as of December 31, 2012. In addition, liquid funds increased significantly to 64.7 million euros (December 31, 2012: 30.7 million euros). This increase is due to the cash inflow from the capital increase and to the positive business performance.

Cash Flows

Taking cash flow in the strict sense (operating profit plus depreciation/amortization of fixed assets and increase/decrease in other non-current provisions and pension provisions), a positive cash flow totaling 26.9 million euros resulted in the 2013 fiscal year (previous year: –10.8 million euros). Based on positive operating profit of 3.1 million euros, this cash inflow mainly results from systematic depreciation of fixed assets amounting to 23.9 million euros. Cash flow from operating activities for the 2013 fiscal year, at 22.5 million euros, was slightly above the previous year (previous year: 20.5 million euros). This development was mainly attributable to the very positive cash flow in the strict sense. At the same time, the cash inflow from inventories, trade receivables, and other assets stood at 3.7 million euros (previous year: 42.2 million euros). Trade payables and other liabilities declined in the reporting period and are responsible for a cash outflow of –4.9 million euros (previous year: –7.5 million euros). Owing to changes in bank terms, the cash outflow due to interest paid increased to –3.1 million euros (previous year: –1.6 million euros).

Following a cash flow from investing activities of –39.1 million euros in 2012, a cash outflow of –11.7 million euros resulted for 2013. This was due to investments for capitalized development activities of 7.9 million euros (previous year: 14.9 million euros) and investments in other fixed assets amounting to 3.8 million euros (previous year: 24.6 million euros). In terms of segments, the Solar division accounted for investment of 3.6 million euros (previous year: 25.0 million euros) and the Display division for 2.8 million euros (previous year: 8.4 million euros). A figure of 5.3 million euros (previous year: 6.1 million euros) was invested in the other segments.

On the other hand, the cash flow from financing activities increased significantly to 23.9 million euros, following 15.8 million euros in the previous year. This was due to receipts from the capital increase in November 2013. At the same time, short-term bank overdrafts of around 3.0 million euros were utilized (previous year: –4.9 million euros), while around 4.7 million euros of long-term borrowings were repaid (previous year: –0.2 million euros). If exchange rate changes are taken into account, Manz AG had liquid funds totaling 64.7 million euros as of December 31, 2013 (previous year: 30.7 million euros), as well as unused overdraft facilities/lines of credit at banks with a total value of 76.1 million euros (previous year: 68.0 million euros).

Financial Management's Principles and Goals

Manz AG's financial management is organized centrally. In order to minimize risks and make use of the potential to optimize activities across the entire Group, the company concentrates decisions about subsidiaries' financing, investments, and currency hedging activities within the Group. In this context, the company follows value-based financing principles in order to secure its liquidity at all times, limit financial risks, and optimize the cost of capital. In addition, Manz strives for a well-balanced debt maturity profile. Figures such as revenues, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT) and liquidity serve Manz AG as key indicators for financial management activities.

Overall Assertion

Group revenues increased significantly from 184.1 million euros in the previous year to 266.2 million euros in the 2013 fiscal year, a rise of 44.6 %, enabling Manz AG to achieve the highest revenue result in its history. The company also succeeded in producing a significant improvement in profitability. EBITDA of 27.0 million euros and a corresponding EBITDA margin of 9.7 % impressively underline Manz AG's operating strength. Despite existing depreciation of around 24 million euros, which mainly results from the Solar segment, Manz AG reports positive EBIT of 3.1 million euros for the 2013 fiscal year after posting an operating loss of –30.7 million euros in the previous year. With a positive cash flow from operating activities amounting to 22.5 million euros (previous year: 20.5 million euros) and net cash of 64.7 million euros, the company has an extremely solid liquidity position, reporting an equity ratio of 54.8 % (previous year: 52.1 %) following the successful capital increase in November 2013. Overall, this provides Manz AG with sufficient financial leeway to be able to make systematic use of opportunities for growth for the company.

EVENTS AFTER THE BALANCE SHEET DATE

On January 15, 2014, the company announced that it had received several contracts in the Display division valued at a total of around 50 million euros, which will be recognized in revenues and earnings in the first half of 2014. The orders comprise not only systems and equipment relating to automation, laser process technology and metrology for the manufacture of smartphones and tablet computers, but also, and for the first time, innovative vacuum coating equipment.

Other than the aforementioned event, no further events took place after the reporting date that could have had a significant impact on the financial position, financial performance and cash flows.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

The Corporate Governance Statement pursuant to section 289a of the German Commercial Code (HGB) has been published on the company's Web site at www.manz.com in the "Investor Relations" section under "Corporate Governance". Pursuant to section 317(2) sentence 3 of the HGB, the disclosures pursuant to section 289a of the HGB have not been included in the audit carried out by the auditors.

Information on all matters pertaining to Corporate Governance is also available on our website

DISCLOSURES IN ACCORDANCE WITH SECTION 315(4) OF THE GERMAN COMMERCIAL CODE (HGB) AND NOTES PURSUANT TO SECTION 176(1) SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) ON THE DISCLOSURES IN ACCORDANCE WITH SECTION 289(4) AND SECTION 315(4) OF THE GERMAN COMMERCIAL CODE

Composition of Subscribed Capital

Manz AG's subscribed capital is valued at 4,928,059.00 euros and is divided into 4,928,059 registered, no-par value bearer shares. All shares of stock are associated with the same rights and duties. Each share of stock grants its owner one vote at the Annual General Meeting. Each share of stock offers the same share of profits. This excludes treasury shares held by Manz AG, which do not entitle the company to any rights. At the present time, the company does not hold any treasury shares. In other respects, shareholders' individual rights and duties result from the provisions of the German Stock Corporation Act, particularly sections 12, 53a ff., 118 ff., and 186.

Restrictions That Apply to Voting Rights or the Transfer of Shares

The Managing Board of Manz AG does not know of any agreements pertaining to restrictions on the use of voting rights or the transfer of shares of stock.

Shareholdings That Exceed 10.0 % of Voting Rights

As a result of notifications received regarding major holdings of voting rights pursuant to section 21 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and transactions involving company shares executed by persons performing managerial responsibilities pursuant to section 15a of the WpHG, the Managing Board is aware of the following direct and indirect holdings in the company's capital that exceed 10.0 % of all voting rights:

	Number of Voting Rights	Percentage of Voting Rights
Dieter Manz, Schlaitdorf	2,019,700	41.0 %

Shares with Special Rights That Confer an Authority to Exercise Control

The company does not have shares with special rights that confer an authority to exercise control.

Type of Voting Right Controls When Employees Are Issued Shares of Company Stock and Do Not Immediately Exercise Their Control Rights

Employees with holdings in the capital of Manz AG may immediately exercise any control rights to which they are entitled based on the shares transferred to them in accordance with provisions of the company's Articles of Incorporation and the law.

Legal Requirements and Provisions of the Articles of Incorporation Regarding the Appointment and Dismissal of Members of the Managing Board and Regarding Amendments to the Articles of Incorporation

The appointment and dismissal of members of the Managing Board is governed by sections 84 and 85 of the German Stock Corporation Act. These sections stipulate that members of the Managing Board are appointed by the Supervisory Board for a period lasting a maximum of five years. Members may be repeatedly appointed or have their term extended, in either case for another period lasting a maximum of five years. Pursuant to Article 5 of the company's Articles of Incorporation, the Managing Board may consist of one or more persons. The Supervisory Board appoints the members of the Managing Board pursuant to the provisions of the German Stock Corporation Act and determines their number. The Supervisory Board may appoint a member as chairperson of the Managing Board (CEO). Pursuant to section 84(3) of the German Stock Corporation Act, the Supervisory Board may revoke the appointment of a member of the Managing Board and the appointment of a chairperson of the Managing Board for cause.

Amendments to the Articles of Incorporation are governed by sections 133 ff. and 179 ff. of the German Stock Corporation Act. In general, amendments require a resolution passed by the Annual General Meeting. The resolution passed at the Annual General Meeting requires a majority of at least three-quarters of capital stock represented at the time the resolution is adopted. The Articles of Incorporation may determine a diferent capital majority, but only a greater capital majority for any amendment to the purpose of the company.

Pursuant to Article 16(1) of the company's Articles of Incorporation, resolutions are passed at the Annual General Meeting by a simple majority of the votes cast, unless mandatory provisions of the German Stock Corporation Act stipulate otherwise. Where the German Stock Corporation Act also stipulates that a majority of represented capital stock is required to pass a resolution, a simple majority of represented capital fulfills this requirement, insofar as this is legally permissible.

Authority of the Managing Board to Issue or Repurchase Company Shares

The Managing Board may issue new shares only on the basis of resolutions passed at the Annual General Meeting in respect of an increase in capital stock or in respect of authorized and conditional capital. Purchasing treasury shares is governed by section 71 ff. of the German Stock Corporation Act and, in certain cases, is permitted by operation of law or as a result of authorization given at the Annual General Meeting.

Authorized Capital

Pursuant to Article 3(3) of the Articles of Incorporation, the Managing Board is authorized to increase the company's capital stock, with Supervisory Board approval, in the period until June 15, 2014, on a once-only basis or in partial contributions, up to a total of 1,792,022.00 euros through the issuance of a total of 1,792,022 new bearer shares (no-par value shares) by means of cash contributions or contributions in kind (Authorized Capital 2009).

In principle, the new shares must be offered for subscription to shareholders. The Managing Board is, however, authorized, with Supervisory Board approval, to disapply shareholders' subscription rights

- in the event of a capital increase by means of contributions in kind in order to purchase companies, parts of a company or holdings in companies;

- insofar as it is necessary in order to give owners of convertible and/or warrant bonds, profit-sharing rights, and/or profit-sharing bonds issued by the company or indirect or direct affiliates a subscription right to new shares to the same extent as they would have upon exercising their conversion or option right or after fulfilling their conversion obligation;
- to exclude fractional amounts from the subscription right.

Authorization to Issue Partial Debentures with Option or Conversion Rights or Conversion Obligations, Profit-Sharing Rights and Profit-Sharing Bonds (or Combinations of These Instruments) as well as Conditional Capital I

At the Annual General Meeting on July 16, 2013, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue bearer warrant or convertible bonds, profit-sharing rights and/or profit-sharing bonds or a combination of these instruments (collectively referred to as "bonds"), up to a total nominal value of 150 million euros, on one or more occasions until July 15, 2018. In addition, the Managing Board was also authorized to grant owners of warrant bonds option rights and owners of convertible bonds conversion rights for bearer shares of the company with a proportionate amount of capital stock totaling up to 1,792,021.00 euros, in accordance with the detailed terms and conditions of the warrant/convertible bonds.

The statutory subscription right is granted to the shareholders in that the bonds are underwritten by a bank or a syndicate of banks with the obligation to offer them for subscription to shareholders. If bonds are issued by one of Manz AG's subsidiaries pursuant to section 18 of the German Stock Corporation Act, the company must ensure that the statutory subscription right is granted accordingly to shareholders of Manz AG.

The Managing Board is, however, authorized, with Supervisory Board approval, to exclude fractional amounts from shareholders' subscription rights and also to disapply shareholders' subscription rights to the extent that is necessary in order to give owners of already issued bonds with option rights or conversion rights and/or conversion obligations a subscription right to the extent to which they would be entitled after exercising their option or conversion rights or upon fulfilling their conversion obligation.

Furthermore, the Managing Board is authorized, with Supervisory Board approval, to completely disapply shareholders' subscription right to bonds issued with an option and/or conversion right or conversion obligation, providing the Managing Board, after dutiful examination, arrives at the view that the issue price of the bonds is not significantly below their hypothetical market value calculated according to accepted and, in particular, mathematical finance methods. This authorization to disapply the subscription right applies to bonds issued with an option and/or conversion right or a conversion obligation, carrying an option and/or conversion right or a conversion obligation for shares with a total proportionate amount of the capital stock which may not exceed 10 percent of the capital stock, either at the time the authorization becomes effective or – in the event that this amount is lower – at the time the authorization is exercised. The following are offset against the aforementioned ten percent limit:

- new shares which are issued from authorized capital with the subscription right being disapplied pursuant to section 186(3) sentence 4 of the Stock Corporation Act during the term of this authorization up to the issue, subject to the disapplication of subscription rights pursuant to section 186(3) sentence 4 of the German Stock Corporation Act, of the bonds carrying an option and/or conversion right or conversion obligation, and
- such shares as are acquired on the basis of an authorization granted by the Annual General Meeting and are disposed of, with disapplication of the subscription right, pursuant to section 71(1) no. 8 sentence 5, in conjunction with section 186(3) sentence 4, of the German Stock Corporation Act during the term of this authorization up to the issue, subject to the disapplication of subscription rights pursuant to section 186(3) sentence 4 of the German Stock Corporation Act, of the bonds carrying an option and/or conversion right or conversion obligation.

Where profit-sharing rights or profit-sharing bonds without an option right or conversion right/obligation are issued, the Managing Board is authorized, with Supervisory Board approval, to completely disapply shareholders' subscription rights if these profit-sharing rights or profit-sharing bonds have the characteristics of a debenture, i.e. do not give rise to any membership rights in the company, do not grant a share in the liquidation proceeds and the interest payable is not calculated on the basis of net income for the year, net retained profit or the dividend. Moreover, in such a case, the interest payment and the issue price of the profit-sharing rights or profit-sharing bonds must reflect current market conditions at the time of issue.

Pursuant to Article 3(4) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to 1,792,021.00 euros through the issue of 1,792,021 bearer shares (Conditional Capital I). This conditional increase in capital serves to grant no-par value bearer shares to the owners of warrant or convertible bonds, profit-sharing rights or profit-sharing bonds (or a combination of these instruments), each with option or conversion rights and/or conversion obligations, which are issued as a result of the aforementioned authorization. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution.

Authorization to Issue Stock Subscription Rights within the Scope of the Manz Performance Share Plan 2011 as well as Conditional Capital III

At the Annual General Meeting held on June 28, 2011, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 15,000 subscription rights for subscription of a total of up to 60,000 shares of company stock to executives of affiliates as well as Manz's own managers below the executive level and managers of affiliates, both domestic and foreign, on one or more occasions until May 31, 2016. Furthermore, the Supervisory Board was given authorization to issue a total of up to 15,000 subscription rights for subscription of a total of up to 60,000 shares of company stock to members of Manz's Managing Board, on one or more occasions, until May 31, 2016. The subscription rights will be granted, arranged and exercised in accordance with the provisions defined in the resolution passed at the Annual General Meeting on June 28, 2011. The authorizations were revoked by a resolution passed at the Annual General Meeting of June 19, 2012, insofar as no subscription rights had been issued on the basis of the authorization.

Pursuant to Article 3(6) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to 56,000.00 euros through the issue of up to 56,000 no-par value bearer shares (Conditional Capital III). This conditional increase serves to secure the rights of the owners of subscription rights granted as a result of the aforementioned authorization.

Authorization to Issue Stock Subscription Rights within the Scope of the Manz Performance Share Plan 2012 as well as Conditional Capital IV

At the Annual General Meeting held on June 19, 2012, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 27,000 subscription rights for subscription of a total of up to 108,000 shares of company stock to executives of affiliates as well as Manz's own managers below the executive level and managers of affiliates, both domestic and foreign, on one or more occasions until May

31, 2017. The Supervisory Board was given authorization to issue a total of up to 37,000 subscription rights for subscription of a total of up to 148,000 shares of company stock to members of Manz's Managing Board, on one or more occasions, until May 31, 2017. The subscription rights will be granted, arranged and exercised in accordance with the provisions defined in the resolution passed at the Annual General Meeting on June 19, 2012.

Pursuant to Article 3(7) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to 256,000.00 euros through the issue of up to 256,000 no-par value bearer shares (Conditional Capital IV). This conditional increase serves to secure the rights of the owners of subscription rights granted as a result of the aforementioned authorization.

Authorization to Purchase and Dispose of Treasury Shares

At the Annual General Meeting held on June 22, 2010, the Managing Board was given authorization, pursuant to section 71(1) number 8 of the German Stock Corporation Act, to purchase treasury shares with a calculated proportion of up to 10 % of the current capital stock, until June 21, 2015. Such a purchase can either be transacted on the stock exchange or through a publicly issued purchase offer sent to all shareholders and/or a public call to submit sales offers.

The Managing Board was authorized, with Supervisory Board approval, to sell acquired treasury shares, while disapplying shareholders' subscription rights, in ways other than over the stock exchange or through an offer made to all shareholders if the acquired treasury shares are sold at a price or introduced on foreign stock exchanges on which they are not listed, which does not significantly fall below the market price of similar company shares at the time of the sale. This disapplication of the subscription right is restricted to a maximum of 10 % of the company's capital stock that exists both at the time this authorization becomes effective and at the time this authorization is exercised. The capital stock apportionable to those shares that must be issued to service convertible and/or warrant bonds, profit-sharing rights and/or profit-sharing bonds (or combinations of these instruments) issued during the term of this authorization pursuant to the corresponding application of section 186(3), sentence 4 of the German Stock Corporation Act while disapplying subscription rights, or which will be issued during the term of this authorization in immediate or corresponding application of section 186(3), sentence 4 of the German Stock Corporation Act while disapplying subscription rights, must be offset against the aforementioned limit.

The Managing Board was also authorized, with Supervisory Board approval, to disapply shareholders' subscription rights and sell acquired treasury shares to third parties in connection with the purchase of companies, parts of companies, and holdings in companies in ways other than over the stock exchange or through an offer to all shareholders.

The Managing Board was also authorized to disapply shareholders' subscription rights and use acquired treasury shares to fulfill subscription and conversion rights that result from exercising option or conversion rights or fulfilling conversion obligations which have been granted or imposed within the scope of issuing convertible and/or warrant bonds, profit-sharing rights, and/or profit-sharing bonds (or combinations of these instruments) of the company or its subsidiaries.

The Managing Board was also given authorization, with Supervisory Board approval, to disapply shareholders' subscription rights and issue acquired treasury shares to employees of the company or subordinate affiliates pursuant to section 15 ff. of the German Stock Corporation Act.

Significant Company Agreements That Are Conditional on a Change of Control as a Result of a Takeover Bid

Apart from the agreements with Managing Board member Martin Hipp, mentioned in the section below, there are no significant company agreements that are conditional on a change of control as a result of a takeover bid.

Compensation Agreements into Which Our Company Has Entered with Members of the Managing Board or with Employees in the Event of a Takeover Bid

The employment agreement with Managing Board member Martin Hipp provides that, in the event of a change of control (notification by a notifying party in accordance with section 21(1), sentence 1 of the German Securities Trading Act that the notifying party has reached or exceeded 25 % or more of voting rights in the company), the Managing Board member is entitled to terminate his employment contract with three months' notice to the end of a calendar month and to resign from his position as member of the Managing Board with the same notice period. These rights may be exercised only within six months after the change of control has occurred. The Managing Board member receives a severance payment consisting of the full amount of the fixed salary that is owed for the time remaining in the employment agreement as well as the full amount of the cash bonus

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

that is owed for the time remaining in the employment contract. The severance payment is limited to the amount that would arise if the remaining employment term were three years. If the remaining employment term on the date the termination becomes effective amounts to more than two years, the severance payment is reduced, insofar as it is being granted for the exceeding period, by 75 % for the purposes of lump-sum offsetting of the Managing Board member's expected income from other sources in the period after cessation of the employment relationship. In addition, the amounts used in the calculation of the severance payment must also be discounted at 3 % p.a. to the date on which the severance payment is due.

In other respects, the company has not entered into any agreements with members of the Managing Board or with employees which make provision for compensation payments in the event of a takeover bid.

COMPENSATION REPORT

The following compensation report presents the basic principles of the compensation systems for the Managing Board and Supervisory Board of Manz AG, as well as the salaries earned by the members of the Managing Board and Supervisory Board in the 2013 fiscal year.

System of Compensation for the Managing Board

The aim of the Managing Board's compensation system is to compensate the members of the Managing Board commensurately according to their area of activity and responsibility, taking into account not only the personal performance of each respective Managing Board member, but also the company's overall situation and business success. The compensation structure is geared toward sustainable corporate growth.

The compensation paid to members of the Managing Board consists of fixed and variable components. When calculating the value of each element of compensation, the company differentiates between the CEO and the other members of the Managing Board.

Fixed Elements of Compensation

The fixed components of Managing Board compensation consist of a fixed monthly salary, benefits in kind, and contributions to a company retirement scheme.

The fixed salary is paid in twelve equal monthly installments. These fixed payments function as a base salary to cover Managing Board members' and their families' ongoing cost of living expenses irrespective of the company's performance.

An appropriate company car, which can also be used for private purposes, is provided to Managing Board members as a benefit in kind. In addition, the company has taken out accident insurance policies with appropriate benefits for each of the Managing Board members. These policies also cover non-work-related accidents. Furthermore, the company also covers the cost of D&O insurance for each member of the Managing Board.

The company has entered into an executive retirement agreement with the CEO Dieter Manz that provides him with life-long retirement benefits in the event of his retirement after reaching 65 years of age or as a result of disability. Furthermore, the company has also agreed to provide his wife with life-long surviving dependent benefits in the event of his demise. With respect to Managing Board member Martin Hipp, the company has undertaken to set up a pension scheme through payment of annual contributions to a provident fund.

Variable Elements of Compensation

General

Variable Managing Board compensation as an incentive for sustainable corporate growth

Variable compensation comprises both an annual component calculated on the basis of the company's performance and provided in the form of a cash bonus (short-term variable compensation) and a stock-based component calculated on a multiyear basis and provided in the form of stock subscription rights to be granted annually, as stipulated in the Manz Performance Share Plan 2012 (long-term variable compensation).

The variable components complement the fixed elements of compensation, serving as a specific incentive to achieve sustained corporate growth while contributing to the Managing Board members' accumulation of personal assets and financial independence. In the interest of aligning Managing Board members' variable compensation with sustained corporate growth, the fair value of the subscription rights granted as a result of the Manz Performance Share Plan 2012 (calculated using accepted mathematical finance methods) outweighs the annual cash bonus.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

Annual Cash Bonus

The aim of the annual cash bonus is to allow the members of the Managing Board to participate in the company's success or failure in a given fiscal year as a result of their own personal management performance.

The annual cash bonus is paid out after the completion of a fiscal year based on that year's EBT return. EBT return is calculated from the ratio of earnings before taxes to revenues as set out in the consolidated financial statements prepared pursuant to IFRS. Moreover, the cash bonus is calculated based on the fixed salary of the particular Managing Board member for the given fiscal year (fixed annual salary).

The annual cash bonus is paid out only if an EBT return of at least 4.1 % is achieved. Given an EBT return of 4.1 %, each member of the Managing Board receives a cash bonus valued at 1 % of their fixed annual salary. For every 0.1 percentage point above an EBT return of 4.1 %, the percentage of fixed salary used to calculate the cash bonus increases by one percentage point. As such, given an EBT return of 5.0 %, each member of the Managing Board would receive a cash bonus equal to 10 % of their fixed annual salary and, given an EBT return of 14 %, the cash bonus would equal 100 % of each Managing Board member's fixed annual salary. The upper limit is set at an EBT return of 20 %, in which case each member of the Managing Board would receive a cash bonus valued at 160 % of their fixed annual salary.

In order to calculate the ratio between the individual elements of compensation, the Supervisory Board has defined an EBT return of 10 % as the middle target of short-term variable compensation. At this middle value, the cash bonus is 60 % of the fixed annual salary.

Manz Performance Share Plan 2011 and Manz Performance Share Plan 2012

The goal of the subscription rights to Manz stock granted in 2011 pursuant to the stipulations of the Manz Performance Share Plan 2011 and those to be granted annually on the basis of the Manz Performance Share Plan 2012 is to encourage the members of the Managing Board to effect a lasting increase in the company's internal and external value, effectively tying their interests to the interests of the company's shareholders as well as other stakeholders.

The Supervisory Board granted subscription rights to Manz AG stock to the members of the Managing Board as a variable, performance-based component of compensation with a long-term incentive effect and a risk element in the 2011 fiscal year on the basis of the Manz Performance Share Plan 2011.

A new Manz Performance Share Plan 2012 was adopted at the 2012 Annual General Meeting held on June 19, 2012. The Supervisory Board, with the consent of the Managing Board, did not grant members of the Managing Board any new subscription rights to Manz AG stock in the 2012 fiscal year. The Supervisory Board granted members of the Managing Board a total of 3,347 subscription rights to Manz AG stock in the 2013 fiscal year on the basis of the Manz Performance Share Plan 2012.

Concrete information about the Manz Performance Share Plan 2011 and the Manz Performance Share Plan 2012 are included in the Manz AG Corporate Governance Statement and Corporate Governance Report for Fiscal Year 2013, which is available on Manz AG's Web site at www.manz.com in the "Investor Relations" section under "Corporate Governance".

Severance Cap in the Event of Early Termination of Managing Board Duties

The Managing Board members' employment agreements provide that, in the event employment is terminated before the contractually stipulated end of the employment term, yet is not terminated for cause, severance payments to the Managing Board member (including fringe benefits) shall not exceed two years' annual compensation (severance cap) and that the member shall not be compensated for any more than the remainder of the employment term. The total compensation paid in the previous fiscal year and, if necessary, the anticipated total compensation for the fiscal year in which the early termination takes place will be used to calculate the severance cap.

Provisions in the Event of a Change of Control

The employment agreement with Managing Board member Martin Hipp provides that, in the event of a change of control, the Managing Board member is entitled to terminate the employment contract with three months' notice to the end of a calendar month and to resign from the position as member of the Managing Board with the same notice period. A change of control is deemed to have taken place if the company receives a statement from an individual legally required to submit such information informing the company that said person has reached or exceeded a 25% or higher share of voting rights in the company.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

In the event of a member of the Managing Board resigning, the member has a right to a severance payment equal to the value of the fixed salary as well as cash bonus for the remainder of the contractually stipulated employment term. In order to calculate the cash bonus in this case, the average of the EBT return in the prior fiscal year and the EBT return that is expected to be achieved (according to the company's financial plans) in the fiscal year in which the member resigns is to be used. The severance payment is limited, however, to the amount that would have resulted from a remaining employment term of three years. If the remaining employment term on the date the resignation becomes effective amounts to more than two years, the severance payment is reduced, insofar as it is being granted for the exceeding period, by an additional 75 % for the purposes of offsetting the severance payment with a lump sum equal to the member's expected income from other sources after ending employment. In addition, the amounts to be taken into account in calculating the severance payment must also be discounted at 3 % p.a. to the date on which the severance payment is due. If the employment agreement is effectively terminated for cause, the member of the Managing Board has no right to a severance payment.

Managing Board Compensation in the 2013 Fiscal Year

The members of the Managing Board received total compensation of 828 thousand euros for carrying out their duties in the 2013 fiscal year (previous year: 505 thousand euros).

The following table provides an overview of the compensation paid to individual members of the Managing Board for performing their duties in the 2013 fiscal year:

COMPENSATION OF THE MANAGING BOARD
(values from the previous year are in parenthesis)

	Fixed components		Performance-based components (short-term incentive)	Components with long-term incentive	
(in EUR tsd.)	**Fixed salary**	**Other benefits***	**Cash bonuses**	**Subscription rights to stock (fair value)**	**Total**
Dieter Manz, CEO	288 (288)	21 (21)	0 (0)	207 (0)	**516** (309)
Martin Hipp, CFO	174 (174)	22 (22)	0 (0)	116 (0)	**312** (196)
Total	**462** (462)	**43** (43)	**0** (0)	**323** (0)	**828** (505)

* Particularly non-cash benefits and contributions to a company retirement scheme (provident fund)

Subscription rights to Manz Automation AG stock issued on the basis of the Manz Performance Share Plan 2012 (tranche 2013) were measured at their fair value on the date of issue using recognized mathematical finance methods. Fair value is equal to the market value of Manz's stock on the issue date minus the issue price of 1.00 euro per share. In making this calculation, it was assumed, with regard to the performance component, that the standard target (factor of 1.0) of an EBIT margin of 10 % had been achieved and, with regard to the loyalty component, that the subscription rights will not be exercised until shortly before the end of the vesting period (factor of 2.0) within the eighth calendar year following issuance of the subscription rights.

Supervisory Board Compensation

Supervisory Board compensation is laid down in the Articles of Incorporation and was converted to a pure fixed compensation in a resolution passed at the Annual General Meeting on July 16, 2013 with effect for the 2013 fiscal year. The resolution stipulates that, in addition to reimbursement of expenses, each member of the Supervisory Board shall receive fixed compensation of 12,000.00 euros, payable at the end of each fiscal year. The compensation for the chairperson of the Supervisory Board is 24,000.00 euros, while, for the deputy chairperson, it is 18,000.00 euros. Supervisory Board members that are only members during a portion of a fiscal year receive proportionately less compensation. The company also reimburses Supervisory Board members for any VAT to be paid on their compensation. Moreover, the company can insure Supervisory Board members at its own expense against civil and criminal recourse in connection with the execution of their official duties; the company can also take out corresponding liability insurance against legal expenses and property loss (D&O insurance).

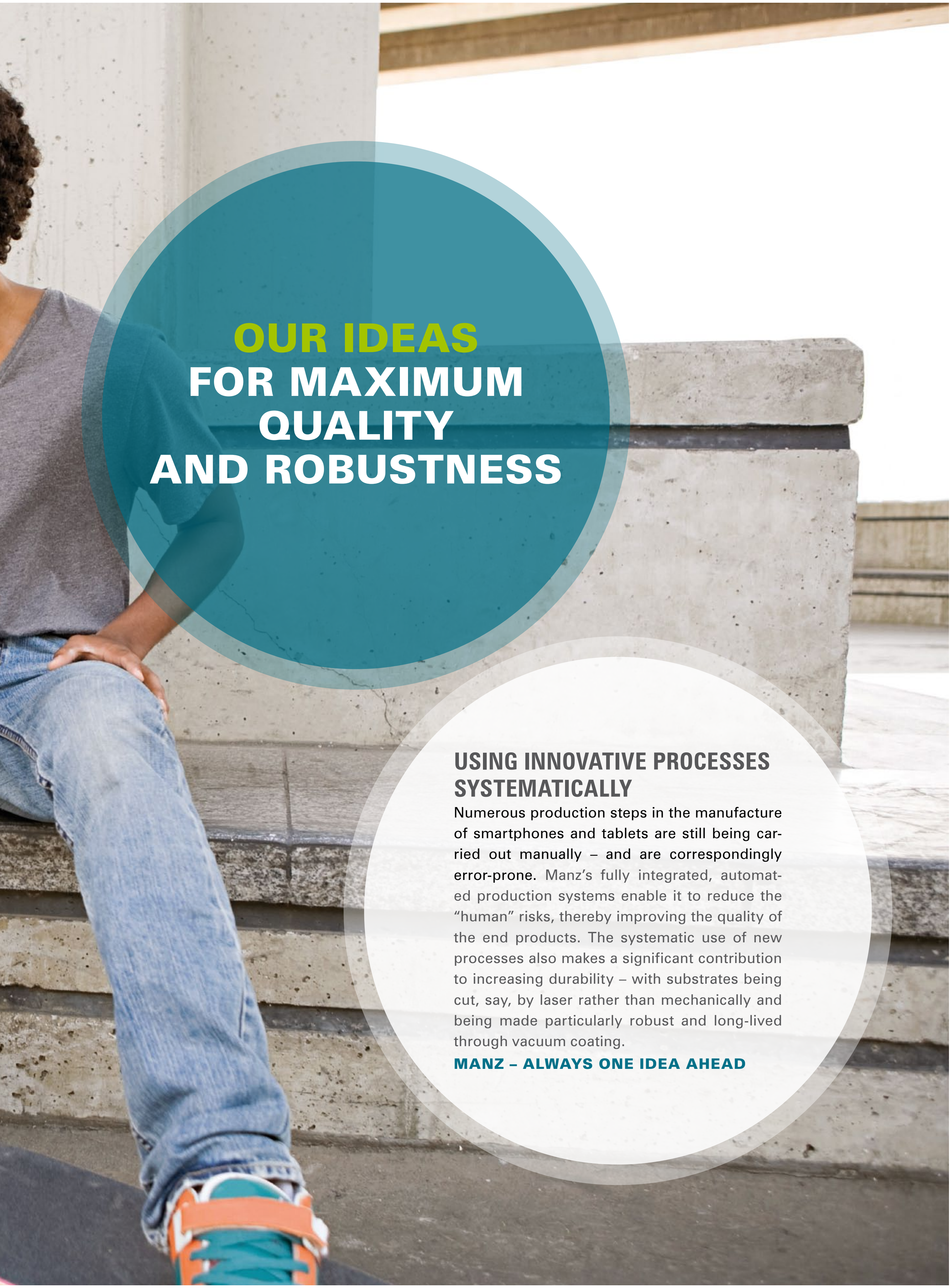
The following table provides an overview of the compensation paid to individual members of the Supervisory Board for performing their duties in the 2013 fiscal year (previous year's values in parentheses):

SUPERVISORY BOARD COMPENSATION

(values from the previous year are in parenthesis)

(in EUR tsd.)	
Prof. Dr. Heiko Aurenz, Chairman	24 (24)
Dr.-Ing. E.h. Dipl.-Ing. Peter Leibinger, Vice Chairman	18 (18)
Prof. Dr.-Ing. Michael Powalla	12 (12)
Total	**54** (54)

Furthermore, the company also covered the cost of D&O insurance for each member of the Supervisory Board.



OUR IDEAS FOR MAXIMUM QUALITY AND ROBUSTNESS

USING INNOVATIVE PROCESSES SYSTEMATICALLY

Numerous production steps in the manufacture of smartphones and tablets are still being carried out manually – and are correspondingly error-prone. Manz's fully integrated, automated production systems enable it to reduce the "human" risks, thereby improving the quality of the end products. The systematic use of new processes also makes a significant contribution to increasing durability – with substrates being cut, say, by laser rather than mechanically and being made particularly robust and long-lived through vacuum coating.

MANZ – ALWAYS ONE IDEA AHEAD

REPORT ON OPPORTUNITIES AND RISKS

RISK MANAGEMENT AND INTERNAL MONITORING SYSTEM

The goal of Manz AG's risk management system is to identify possible risks early on and to initiate appropriate measures to avert any threat of damage. By availing itself of a risk management system integrated into the company's corporate governance, Manz AG is able to identify and evaluate potential risks across the Group in a timely manner and to counter them with appropriate measures. In the course of its entrepreneurial activities, i.e. in the interplay between opportunities and risks, Manz AG also consciously takes risks that are commensurate with the expected benefit from the corresponding business activity. As such, risks cannot be completely avoided, but they are minimized or transferred where possible.

The company's risk management activities are managed centrally by the risk management officer, are regularly evaluated with regard to their effectiveness and appropriateness, and are the complete responsibility of the CFO. By contrast, responsibility for monitoring risks is locally organized and falls to the division heads, managing directors, and Manz AG executives, depending on the risk category and possible consequences. Regular written and verbal inquiries are used to detect potential risks in all divisions, and, at the same time, they also give Manz the opportunity to take prompt countermeasures to prevent any negative developments. An overall report is submitted to the Managing and Supervisory Boards once annually for comprehensive assessment of the risk situation.

Risks are regularly analyzed and evaluated using a risk management system, consisting of a defined group of risk officers, fixed risk categories, and a risk classification scheme that reflects the exposure to risk and how urgently action needs to be taken. The identification and handling of risks are embedded in corporate principles and are defined as a duty shared by all Manz AG's employees. Integrating the company's entire workforce enables risks to be identified quickly and conveyed to the risk officer in question, who must then take appropriate steps in accordance with the principles of action defined across the Group. In order to identify risks as comprehensively as possible, they are grouped into different topic areas. The following risk categories are distinguished, in principle:

- Management
- Natural disasters and pandemics
- Attacks and fraud
- Social and cultural risks
- Politics and the regulatory environment

- Economic environment
- Technology
- Competition
- Company organization and processes
- Buildings and infrastructure
- Products and projects
- Distribution
- Acquisitions and investments
- Procurement
- Human resources
- Finances

By way of supplementing this risk management system, Manz also carries out further activities to identify and minimize risks in the context of a semi-annual planning process. The company continuously monitors technology and markets in order to devise different scenarios that apply depending on technological and economic developments. The goal of devising and using these various planning scenarios is ultimately to effect a continuous and lasting increase in the value of the company, to achieve financial targets in the medium term, and to secure the company's long-term existence.

The effectiveness and appropriateness of our risk management system have been assessed by the public auditors. They found that the Managing Board has taken the necessary measures as stipulated in section 91(2) of the German Stock Corporation Act, in particular with regard to the establishment of a monitoring system, and that the system is likely to identify, at an early juncture, developments that put the company's continued existence at risk. Manz AG thereby fulfills the requirements of the German Control and Transparency in Business Act (KonTraG).

Risk Management System for the Accounting Process (Section 289(5) and Section 315(2) no. 5 of the German Commercial Code (HGB))

The goal of Manz AG's risk management system as it pertains to the accounting process is to identify and assess risks that might conflict with the compliance of the consolidated financial statements with the rules. Risk management encompasses the entirety of the organizational regulations and measures for detecting risks and for dealing with the risks associated with entrepreneurial activity. With regard to the accounting process, Manz has implemented the following structures and processes:

The CFO has total responsibility for the company's internal monitoring and risk management system as it pertains to the accounting process. All of the companies included in the consolidated financial statements are integrated via a defined management and reporting organizational structure. The separate financial statements of Manz AG and its subsidiaries are prepared in accordance with the corresponding national legislation and reconciled in financial statements in accordance with IFRS.

Group accounting guidelines ensure that recognition and measurement, which are brought into line with current external and internal developments at regular intervals, are carried out uniformly on the basis of the provisions applicable to the parent company. Furthermore, companies in the Group are prescribed report packages that they are required to prepare.

The company has been using the SAP tool BCS for its monthly consolidation process since the 2010 fiscal year. In order to examine data consistency, this tool already carries out automatic plausibility checks when data are entered. Consolidation measures and monitoring of adherence to chronological and process-related requirements are carried out by members of the consolidation department at Group level.

Additional monitoring activities at Group level include analyzing, and if necessary, adjusting the separate financial statements submitted by the Group's subsidiaries, in accordance with the reports submitted by the auditors.

Further key elements of the company's strategy for controlling risks in the accounting process include functional separation between entry, verification, and approval, as well as a clear allocation of responsibilities in the departments in question. The use of SAP as an IT financial system is another important means of systematically preventing errors. Furthermore, the company uses a dual control system at all process levels. If there are special issues of a technical or complex nature, the company also involves external experts. In addition to the internal monitoring of accounting-related processes and structures, the auditors also provide an assessment in the context of their auditing activity.

Further monitoring activities include analyzing and conducting plausibility checks on transactions as well as continuously monitoring project calculations. The aforementioned structures, processes and characteristics of the internal monitoring and risk management system ensure that Manz AG's accounting processes are carried out in a uniform manner in accordance with the legal requirements, generally accepted accounting principles, international accounting standards, and the Group's internal guidelines.

The Managing Board views the established systems, which are regularly reviewed in respect of their potential for optimization and further development, as appropriate and fully functional. Any potential improvements identified are implemented by the Managing Board in conjunction with Manz AG's employees.

RISKS TO THE COMPANY

Industry Risks

Macroeconomic Risks

As the massive economic upheavals resulting from the international economic and financial crisis have shown, macroeconomic and financial trends in Manz AG's main sales markets may involve negative effects on business performance. For example, investments in the display, industry or battery industry might be postponed as a result of financing bottlenecks. In addition, the refinancing of listed companies via the capital market might become much more difficult. There is a risk that potential customers of Manz AG, in general, do not have the necessary capital available for investment in new equipment. This would noticeably slow down growth in the solar and display markets, as well as in the field of lithium-ion batteries. In this scenario, the company might not be able to achieve its growth targets as planned. The company has diversified these risks by creating an established network, by constantly expanding worldwide production and sales capacities, by maintaining a liquidity buffer to offset slumps in demand and by having a clear focus on various growth markets such as China, India, the Middle East, and South Africa.

Risks from Increasing Competition

Existing and potential competitors, particularly Asian manufacturers, may try to gain market share in Manz AG's target industries through aggressive price policies. The manufacture of copy-cat products in the Asia region poses an additional risk. This could have a direct impact on Manz AG's revenues and earnings, as well the company's market share. In order to counter these risks effectively, Manz AG strives to maintain and further expand its position as the market's current technological leader through its research and development activities. In addition, Manz AG strengthens its own local presence close to its customers by means of its "Follow the market" strategy. With its production facilities in Taiwan and China, production costs that are standard for the local area, and direct customer contacts, Manz thus counteracts any churn to domestic competitors.

Risks from Consolidation in the Solar Industry

A possible postponement of replacement investments and a longer period of consolidation in the solar industry could have a negative impact on the company's financial performance. To minimize these risks and in response to changes in the market's requirements, the company has focused its research and development activities on solutions that offer manufacturers an increase in efficiency and hence lower production costs. Furthermore, the company counters the risks of such a development by systematically implementing its own diversification strategy. Management of Manz AG therefore currently assesses the risk of further consolidation as being low.

Risks from Rapid Technological Change and from Launching New Products

Research and development activities as well as an innovative portfolio of products are of key importance to the company as a technological leader. This is due to the continuous technological changes taking place in the core display, photovoltaic and lithium-ion battery industries. Within this process, there is no guarantee that the company will always be able to provide the technologies that the market demands over the long term. In addition, there is also the risk that the cost of developing new technologies and products may exceed the original budgets, meaning that the company may incur losses as a result of individual development projects. There is also no guarantee that newly launched products will subsequently be successful in the market, which may put the company's revenues and earnings at further risk. Moreover, because the target sectors are highly dynamic in technological terms, there is a danger of developing machinery and systems for which there is very little demand on the market. In order to control these risks, Manz AG maintains close contact with its customers, which enables the company to identify new trends early on. In addition, the company carefully examines possible market potential in advance in order to be able to estimate the returns on development projects and thus deploy resources in an optimal fashion.

Risks from a Lack of Demand in Relation to CIGS Technology and CIGS*fab*

Despite positive talks with customers from Asia, Turkey, South Africa and Arab countries, the company cannot completely rule out the risk of insufficient market demand for the CIGS*fab* or that customers will not be able to secure a financing solution for this technology. The consequence would be (partial) loss of the investments made, as part of the CIGS*fab* project, for licenses, the further development of the CIGS technology, and the acquisition and operation of the Schwäbisch Hall investment location. This could result in a significant financial burden on the company in this division and have a negative impact on Manz AG's financial position, financial performance and cash flows. In addition, the company's future revenue and earnings potential would be significantly reduced.

Financial Risks

Liquidity Risk

In order for the company to continue its growth trajectory, it is vital for it to be able to sufficiently ensure that it can make the payments required for ongoing operations as well as strategically appropriate investments in expansion and maintenance. The inflow of liquid funds required for these purposes could be impaired by a deterioration in operating activities or by external factors such as more restrictive lending practices on the part of banks. The liquidity needed to finance the company's operating activities will also continue to be secured in future via loans and lines of credit.

Currency and Interest Rate Risks

Manz AG's currency risks result from operating activities. Any foreign currency risks that affect the company's cash flows are hedged. In the 2013 fiscal year, Manz AG was exposed to foreign currency risks in connection with transactions in foreign currency that had already been fixed and planned. These affected only transactions in US dollars in connection with the sale of products, and loans within the Manz Group between subsidiaries and the parent. The risks arising therefrom were hedged using derivative financial instruments (mainly forward exchange transactions and, to a lesser extent, foreign exchange option and foreign exchange swap transactions). The preconditions for hedge accounting (cash flow hedge) existed for the planned transactions. The risk of delivery dates being postponed still exists, however, which may result in losses or gains from extending the derivative financial instruments. As of the reporting date, there were neither significant open foreign currency positions nor planned foreign currency transactions. Interest rate risk in the case of variable loans is limited through interest rate hedges.

Risks from Customer Insolvency

Manz AG will also face the risk of future receivable losses, which could have a negative impact on the company's revenues and earnings. In particular, insolvency-related receivable losses could arise in the Solar division due to the intensified competitive situation amongst manufacturers in the solar industry. Furthermore, a customer's insolvency also means the loss of possible follow-up orders from that customer. The company counters potential credit risks by carrying out detailed credit rating checks before entering into a contract, by opening letters of credit and through rigorous receivables management. As of the balance sheet date of December 31, 2013, there are only a small amount of customer receivables from the Solar division.

Personnel Risks

Qualified and motivated managers and employees are crucially important to the success of a high-tech engineering company. The loss of executives or employees in key positions could have a negative impact on the company's growth and thus impair its financial position, financial performance and cash flows. At the same time, there is also a risk that the company will not be able to hire a sufficient number of new, suitable executives or additional employees. Nonetheless, as a listed company, Manz AG enjoys greater attention from potential employees and can use that to enhance its attractiveness as an employer. In addition, being listed on the stock market also allows the company to increase employee loyalty over the medium term by issuing stock options, thus allowing employees to share in the company's profits.

Contract Risks

Risks from Contractual Penalties

Risks for Manz AG may also result from contractual penalties. A fixed delivery date, which both parties deem to be binding, is, for example, agreed when a contract is awarded. If Manz is unable to deliver the agreed quantity within the stipulated period as a result, say, of delivery problems or scarce resources, this may reduce income from the project. This would have a direct impact on the Group's financial performance. However, in order to control this risk, available resources are monitored at an early stage and, if required, adjusted to the respective order volume. This enables the company to keep earnings risks to a minimum.

Risks from Contracts with Suppliers

Long-term contracts with suppliers and subcontractors lead to the obligation to purchase components that have already been ordered, even in difficult market situations. This can lead to an increase in the company's inventories and hence increased capital lock-up. This may have a corresponding impact on the company's revenues, earnings and liquidity.

OPPORTUNITIES FOR FUTURE GROWTH

Diversifying the Business Model for Robust Growth Opportunities in Dynamic Markets

The successfully implemented diversification strategy is an integral part of Manz AG's business model, enabling the company to develop from an automation specialist to a high-tech engineering company. Thanks to an extensive technology portfolio in the fields of wet-chemical processes, laser technology, metrology, vacuum coating, automation, and screen printing as well as the application of these technologies across different industries, Manz AG has been able to establish itself as a sought-after supplier of integrated production systems in the three growth industries of displays, photovoltaics and lithium-ion batteries. This diversification gives the company the opportunity to benefit from the growth potential of several dynamic target markets. At the same time, it also allows Manz AG to tailor its own production capacities within the Group to the individual industries' investment cycles, thereby ensuring additional entrepreneurial stability.

Cross-sector technology transfer and diversification lead to sustained business success

Synergy Effects between the Divisions Open Up Competitive Advantages

When developing its production systems, Manz AG carries out active technology transfer between the relevant target industries of displays, photovoltaics, and lithium-ion batteries. By utilizing its extensive technological expertise across different industries, Manz AG can offer its customers innovative production solutions. As a result, Manz plays a key role in minimizing the production costs of the final products and decisively helps young growth industries, such as the lithium-ion battery industry, develop industrial and profitable production processes. At the same time, the synergy effects achieved between divisions contribute to revenue growth and increasing the company's profitability. These synergy effects result, for example, from the technologically comparable requirements in the production process for flat panel displays and thin-film solar modules in respect of automation, wet-chemical processes or coating using vacuum technology. Technologies that have already been completely developed can be used in both the Solar and the Display divisions. Technology transfer between the individual Display, Solar and Battery divisions enables Manz AG's business model to be flexible in its response to new growth trends and sales markets with additional revenue and earnings potential while, at the same time, enabling the company's excellent competitive position as an innovation leader in all its divisions to be further strengthened.

Exploiting synergies to increase profitability

Significant Growth Opportunities as a Result of Internationalization and "Follow the Market"

Manz AG is a high-tech engineering company that operates internationally, with close customer relationships worldwide. In order to further strengthen its international market position, the company operates an extensive service and sales network in the strategic target markets for displays, photovoltaics, and lithium-ion batteries in China, India, the United States, and Europe. Thanks to the company's "Follow the market" strategy, Manz also operates its own production facilities in all key markets, which allows the company to offer German engineering skill at local prices to its customers, particularly those in Asia, which is currently the company's main sales region. Thanks to the company's production, research, and development facilities in Taiwan and China, which employ about 900 workers, Manz enjoys outstanding access to Asia's largest growth market. With a total of two-thirds of employees based outside of Germany, Manz offers its customers extremely high availability and, at the same time, guarantees close, trusting customer relationships. This enables the company to identify technological trends at an early stage, anticipate the necessary production technologies on this basis, set new standards and thereby gain additional market share. This closeness to customers and the company's practically oriented production solutions strengthen Manz's competitive advantages in its international target markets in the long term and offer the company opportunities for revenue and earnings growth.

Competitive edge through close customer relations

Necessary New Investments in the Photovoltaics Industry

In the last two fiscal years, the situation in the photovoltaics market was characterized by overcapacities and increased price pressure, which primarily resulted in declining prices for solar modules. The retail market for solar cells and modules also witnessed renewed growth in 2013, while newly installed global photovoltaics capacity amounted to 36 GW and is hence higher than ever before. The supply and demand curves on the market can therefore be expected to intersect in the course of the current year. At the same time, a new investment cycle can be expected to begin. In the short and medium term, this could lead to a considerable increase in growth rates in the solar sector, since new investments are essential to cost-efficient production. It is against this background that Manz AG is continuing to press ahead with further development of CIGS technology. This technology offers the highest potential for increasing efficiency in the future and, as a result, the lowest costs per watt. Today, it is already possible for the integrated production line for CIGS thin-film solar modules, the Manz CIGS*fab*, to manufacture modules whose generated power costs between 0.04 euros (Spain) and 0.08 euros (Germany) per kilowatt-hour. This

Upside potential in the PV industry

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 FORECAST REPORT

means that solar power costs about the same as power from fossil fuel sources and significantly less than power generated by offshore wind parks. As a result, solar power's ability to compete with other sources of power (known as grid parity) is now close at hand. Thin-film technology can particularly capitalize on its advantages over crystalline technology in sunny countries such as India, China, Arab countries, and South Africa, which means that the medium to long-term prospects for this division remain positive and continue to provide upside potential in terms of Manz AG's future performance.

Market Opportunities from Acquisitions

Furthermore, the company can develop additional competitive advantages by making targeted acquisitions. This facilitates access to new technologies and the factors that are also scarce and crucial for competitors, expertise, and qualified personnel. Furthermore, the company regularly checks for opportunities to open up new customer and product groups and further diversify its product range by making attractive acquisitions. Manz AG is currently holding promising takeover talks in the Battery segment, which may concluded in the immediate future and provide a long-term addition to, and improvement of, the company's technology portfolio and market access. This would give the company an even broader foundation, which would have a stabilizing effect on revenues and earnings.

OVERALL ASSERTION

As an innovative high-tech engineering company, Manz AG sees itself as being well positioned, with regard to opportunities and risks, for securing its continued existence in the long term and utilizing opportunities for further growth. In Manz AG's assessment, all the risks that it consciously takes to make use of these opportunities are controllable. In particular, there are no perceivable risks that individually or collectively jeopardize the continued existence of the Group.

FORECAST REPORT

OUTLOOK

In our forecast report, we address, insofar as possible, the expected future growth of Manz AG and the company's business environment in the current fiscal year of 2014.

In the 2013 fiscal year, Manz AG generated revenues of 266.2 million euros, with earnings before interest and taxes (EBIT) of 3.1 million euros. This means that we have clearly achieved our 2013 targets, with revenues between 260 and 270 million euros and positive EBIT.

In Asia, the crucial region for us, economic earning power is expected to grow to the prior-year level. In the region's largest national economy, the People's Republic of China, GDP growth of 7.25 % is expected. At the same time, experts from the Kiel Institute for the World Economy also expect the global economy to perform positively, at 3.7 %, in 2014. Given the anticipated economic market forecasts, we see good framework conditions for our company to grow in the current fiscal year. It should be borne in mind that the current economic framework conditions increase uncertainty in respect of statements about future growth, as underlying premises can quickly lose their validity. The framework conditions give rise to opportunities and risks for the Manz Group's continued operating growth.

In addition to these macroeconomic framework conditions, developments in the display, photovoltaic and lithium-ion battery sub-markets are also crucial to Manz AG's further operating growth.

For the current 2014 fiscal year, we expect operating activities in our Display division to continue to show positive growth. This assumption is based on the sustained high demand for end devices with touch panel displays, such as smartphones and tablet computers. It is our view that the increased demand, as well as the additional areas of application, will lead to new and replacement investments in production systems, from which Manz AG can benefit. The contracts acquired by the Display division in the first three months of 2014, with a total value of more than 50 million euros, support this expectation, even though the shortening of our customers' ramp-up phases of between around four and six months will lead to shorter-notice incoming orders and require even more flexible order planning. Overall, we expect the Display division to maintain its revenue level in 2014 compared with the previous year, while improving its EBIT margin. The value of orders on hand in the Display division increased to 46.9 million euros as of February 28, 2014 (previous year: 84.2 million euros).

As far as our Solar division is concerned, the first rays of hope that we witnessed at the end of the past fiscal year and at the beginning of 2014 give us ground for optimism that the market for crystalline PV will recover in the current 2014 fiscal year. Due to the anticipated intersection of the supply and demand curves in this year, we expect new investments in production machinery and related positive effects on our revenue and earnings. CIGS thin-film technology, in which we are the world leaders with our fully integrated turnkey line for manufacturing CIGS thin-film solar modules, still has the greatest potential, in photovoltaics, for further cost reductions and efficiency gains. In view of the anticipated significant improvement in the market situation in the second half of 2014 and an increasing readiness to invest, we see good opportunities for selling a Manz CIGS*fab* in the current fiscal year and considerable upside potential for our company. The revenue potential of a CIGS*fab* ranges from 50 to 350 million euros, depending on the capacity of the line. Our main objective continues to be to sell the first turnkey, fully integrated CIGS production line. Overall, we expect to increase revenues in the Solar division significantly compared with the previous year. The sale of a CIGS*fab* would once again significantly accelerate revenue growth and result in a significant improvement in operating profit in the current 2014 fiscal year. The value of orders on hand as of February 28, 2014 is 8.5 million euros (previous year: 3.0 million euros).

We also expect to see very positive momentum in our third division, Battery. With our production systems for manufacturing lithium-ion batteries for e-mobility, stationary power storage and the premium consumer electronics sector, we have opened up further future markets that offer us significant revenue and earnings potential. After the Battery division's performance fell short of our expectations in this fiscal year due to the automotive industry's very restrained growth in the area of e-mobility, we expect to see a significant increase in revenues and earnings in 2014. The value of orders on hand as of February 28, 2014 is 5.3 million euros (previous year: 7.1 million euros).

The PCB/OEM reporting segment is also expected to perform positively in the current 2014 fiscal year owing to the increasing use of electronic devices in daily life, the increased penetration rate of communication applications and the sustained demand for mobile end devices such as smartphones and tablet PCs. We therefore expect to see the current year provide a significant increase in revenues and earnings compared with the previous year. The value of orders on hand as of February 28, 2014 is 13.8 million euros (previous year: 21.5 million euros). We expect 2014 revenues and earnings in the Others division to be at the prior-year level. The value of orders on hand as of February 28, 2014 is 4.6 million euros (previous year: 6.7 million euros).

In addition to the systematic continuation of our diversification strategy, cross-industry technology transfer and our own production and service locations in our customers' local markets, investments in R&D activities, in particular, are the foundation for sustainable growth. In this context, we want to strengthen and expand our outstanding market position in all three divisions by further developing our extensive technology portfolio. Overall, we therefore plan to invest approximately 20 million euros in research and development activities during the current fiscal year. Beyond that, no significant investments are planned. The outstanding importance of research at our company is underscored by the ratio of research costs to sales of 7.3 % in the 2013 fiscal year.

In respect of our company's financial position, we expect to see a further improved, positive cash flow from operating activities in the current fiscal year. To ensure our liquidity, we will strengthen the excellent cooperation we have with our local and international financial institutions, and take advantage of the financing opportunities presented by the capital market if needed.

Overall View of the Company's Future Development

For the current fiscal year, due to the positive outlook in the Display and Battery divisions, we expect order levels of approximately 80 million euros as of February 28, 2014, and the planned sale of a CIGS*fab*, with strong growth in revenues and a significantly improved EBIT compared to the previous year. We see a confirmation of our assumption in the first signs of an upturn in the PV market, despite continuing uncertainties regarding the development. We are ideally positioned to make consistent use of opportunities that present themselves and to develop positively in this area as well in 2014.

032 BASIC INFORMATION ON THE GROUP
040 BUSINESS REPORT
052 EVENTS AFTER THE BALANCE SHEET DATE
053 CORPORATE GOVERNANCE
070 REPORT ON OPPORTUNITIES AND RISKS
080 **FORECAST REPORT**

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. These statements are based on the current assumptions and forecasts of Manz AG’s Managing Board. Such statements are subject to both risks and uncertainties. These and other factors can cause our company’s actual results, financial situation, growth, and performance to significantly deviate from the opinions stated in this report. Our company assumes no obligation to update these forward-looking statements or adapt them to future events or developments.

Reutlingen, March 21, 2014

The Managing Board

OUR IDEAS FOR EMISSION-FREE MOBILITY

MAKING NEW CONCEPTS SUITABLE FOR WIDESPREAD USE

The market for e-mobility is not yet showing a rate of growth commensurate with its importance. Lithium-ion batteries are still too expensive to manufacture and do not yet fulfil expectations in terms of range sufficiently to establish themselves on a wide scale as a real alternative to conventional drive systems. Manz is attending to both “influential factors”. As Europe’s leading supplier of production systems for lithium-ion batteries, we are ensuring that this crucial future technology achieves a breakthrough.

MANZ – ALWAYS ONE IDEA AHEAD


burgh 185
ladelphia 469
New York 536

CONSOLIDATED FINANCIAL STATEMENT

088 CONSOLIDATED INCOME STATEMENT
089 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
090 CONSOLIDATED BALANCE SHEET
092 CONSOLIDATED CASH FLOW STATEMENT
093 CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
094 SEGMENT REPORTING FOR DIVISIONS
095 SEGMENT REPORTING FOR REGIONS

CONSOLIDATED INCOME STATEMENT

(in EUR tsd,)	Notes	2013	2012
Revenues	1	266,248	184,107
Changes in inventory		4,224	–10,118
Work performed by the entity and capitalized	2	7,890	14,888
Gross revenue		**278,362**	**188,877**
Other operating income	3	13,917	15,495
Cost of materials	4	–160,490	–100,870
Gross profit		**131,789**	**103,502**
Personnel expenses	5	–65,216	–71,591
Other operating expenses	6	–39,563	–42,712
EBITDA		**27,010**	**–10,801**
Depreciation, amortization and write-downs		–23,909	–19,907
Earnings before interest and taxes (EBIT)		**3,101**	**–30,708**
Finance income	7	370	211
Finance costs	8	–3,337	–1,919
Earnings before taxes (EBT)		**134**	**–32,416**
Taxes on income	10	–2,857	–1,064
Consolidated profit or loss		**–2,723**	**–33,480**
of which attributable to minority interests	11	377	163
of which attributable to Manz AG shareholders		–3,100	–33,643
Weighted average number of shares		4,521,121	4,480,054
Earnings per share (diluted = undiluted) in EUR per share	12	–0.69	–7.51

088 CONSOLIDATED INCOME STATEMENT
089 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
090 CONSOLIDATED BALANCE SHEET
092 CONSOLIDATED CASH FLOW STATEMENT
093 CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
094 SEGMENT REPORTING FOR DIVISIONS
095 SEGMENT REPORTING FOR REGIONS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR tsd.)	**2013**	**2012***
Consolidated profit or loss	**–2,723**	**–33,480**
Differences as a result of currency translation	–4,873	1,492
Hedging of future cash flows	75	203
Tax effect from components outside profit or loss	–17	–48
Total expenses and income recognized directly in equity that will be reclassified to net profit or loss in future periods	**–4,815**	**1,647**
Remeasurement of defined benefit plans	131	–58
Tax effect from components outside profit or loss	–33	13
Total expenses and income recognized directly in equity that will not be reclassified to net profit or loss in future periods	**98**	**–45**
Consolidated comprehensive income	**–7,440**	**–31,878**
of which attributable to minority interests	233	121
of which attributable to shareholders of Manz AG	–7,673	–31,999

Presentation has been restated owing to an amendment to IAS 1

* Values restated owing to an amendment to IAS 19

CONSOLIDATED BALANCE SHEET

ASSETS (in EUR tsd.)	Notes	**Dec. 31, 2013**	**Dec. 31, 2012***
Non-current assets			
Intangible assets	14	91,677	100,755
Property, plant, and equipment	15	44,975	51,331
Deferred taxes	10	1,124	2,535
Other non-current assets		440	808
		138,216	**155,429**
Current assets			
Inventories	16	55,949	54,452
Trade receivables	17	55,714	54,351
Income tax receivables		275	45
Derivative financial instruments	18	20	43
Other current receivables	19	4,332	4,919
Liquid funds	20	64,666	30,708
		180,956	**144,518**
Total assets		**319,172**	**299,947**

* Previous year figures adjusted. Additional information in the Appendix under “Changes in Accounting and Valuation Methods”

088 CONSOLIDATED INCOME STATEMENT
089 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
090 CONSOLIDATED BALANCE SHEET
092 CONSOLIDATED CASH FLOW STATEMENT
093 CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
094 SEGMENT REPORTING FOR DIVISIONS
095 SEGMENT REPORTING FOR REGIONS

LIABILITIES AND SHAREHOLDER'S EQUITY (in EUR tsd.)	Notes	**Dec. 31, 2013**	**Dec. 31, 2012***
Equity	21		
Issued capital		4,928	4,480
Capital reserves		103,822	143,986
Retained earnings		57,180	–5,876
Currency translation		7,050	11,777
Manz AG shareholders		172,980	154,367
Minority Interests		2,058	1,832
		175,038	**156,199**
Non-current liabilities			
Non-current financial liabilites	22	18,546	22,303
Non-current deferred investment grants	23	194	262
Financial liabilities from leases	24	58	36
Pension provisions	25	5,584	5,669
Other non-current provisions	26	2,116	2,387
Other non-current liabilities	27	6,600	6,500
Deferred taxes	10	2	302
		33,100	**37,459**
Current liabilities			
Current financial liabilities	28	46,372	43,374
Trade payables	29	42,687	38,705
Payments received	17	8,709	7,654
Income tax liabilities		1,499	1,910
Other current provisions	30	4,628	5,728
Derivative financial instruments	18	750	128
Other liabilities	31	6,341	8,756
Financial liabilities from leases	24	48	34
		111,034	**106,289**
Total shareholders' equity and liabilities		**319,172**	**299,947**

* Previous year figures adjusted. Additional information in the Appendix under "Changes in Accounting and Valuation Methods"

CONSOLIDATED CASH FLOW STATEMENT

(in EUR tsd.)	2013	2012*
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	3,101	–30,708
Depreciation / amortization of fixed assets	23,909	19,907
Increase (+) / decrease (–) in pension provisions and other non-current provisions	–356	17
Other non-cash income (–) and expenses (+)	293	–21
Cash flow	**26,947**	**–10,805**
Gains (+) / losses (–) from disposals of assets	9	37
Increase (+) / decrease (-) in trade payables and other liabilities	3,723	42,156
Increase (+) / decrease (-) in trade payables and other liabilities	–4,859	–7,488
Income tax paid	–653	–1,943
Interest paid	–3,059	–1,622
Interest received	369	186
Cash flow from operating activities	**22,477**	**20,521**
Cash flow from investing activities		
Cash receipts from the sale of fixed assets	15	161
Cash payments for investments in intangible assets and property, plant and equipment	–11,717	–39,530
Cash payments for the acquisition of consolidated entities, less liquid funds received	0	286
Cash flow from investing activities	**–11,702**	**–39,083**
Cash flow from financing activities		
Cash receipts from issue of capital	26,432	0
Purchase of treasury shares	–2	–45
Costs of raising capital (before taxes)	–876	0
Cash payments for the repayment of finance leases	–9	–12
Cash proceeds from long-term borrowings	0	20,960
Cash payment for the repayment of long-term borrowings	–4,652	–152
Change in bank overdrafts	2,998	–4,930
Cash flow from financing activities	**23,891**	**15,821**
Cash and cash equivalents at the end of the period		
Net change in cash funds (subtotal 1 - 3)	34,666	–2,741
Effect of exchange rate movements on cash and cash equivalents	–708	161
Cash and cash equivalents on January 1	30,708	33,288
Cash and cash equivalents on December 31	**64,666**	**30,708**
Composition of cash and cash equivalents		
Liquid funds	64,666	30,708
Cash and cash equivalents on December 31	**64,666**	**30,708**

* Previous year figures adjusted. Additional information in the Appendix under "Changes in Accounting and Valuation Methods"

Additional information regarding the cash flow statement in the Appendix under Point 13

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

for fiscal year 2013

(in EUR tsd.)	Issued capital	Capital reserves	Treasury shares	Retained earnings: Accummulated profit/loss	Retained earnings: Remeasurement of pensions *	Retained earnings: Cash flow hedges	Currency translation	Manz AG shareholders	Minority interests	Total equity
As of Dec. 31, 2011	**4,480**	**144,006**	**0**	**29,050**	**0**	**–215**	**10,243**	**187,564**	**1,754**	**189,318**
Effect from initial adoption of IAS 19					–259			–259	–10	–269
As of Jan. 1, 2012	**4,480**	**144,006**	**0**	**29,050**	**–259**	**–215**	**10,243**	**187,305**	**1,744**	**189,049**
Total comprehensive income				–33,643	–45	155	1,534	–31,999	121	–31,878
Purchase of treasury shares			–45					–45		–45
Use of treasury shares			45					45		45
Share-based compensation		–20		0				–20		–20
Change in minority interests due to increase in shares				4				4	–22	–18
As of Dec. 31, 2012	**4,480**	**143,986**	**0**	**–4,589**	**–304**	**–60**	**11,777**	**155,290**	**1,843**	**157,133**
As of Dec. 31, 2012 before restatements	**4,480**	**143,986**	**0**	**–4,589**	**0**	**–60**	**11,777**	**155,594**	**1,853**	**157,447**
Effect from initial adoption of IAS 19					–1,227			–1,227	–21	–1,248
As of Jan. 1, 2013	**4,480**	**143,986**	**0**	**–4,589**	**–1,227**	**–60**	**11,777**	**154,367**	**1,832**	**156,199**
Total comprehensive income				–3,102	98	58	–4,727	–7,673	233	–7,440
Capital increase	448	26,432		0				26,880		26,880
Costs of raising capital (after taxes)	0	–621		0				–621		–621
Withdrawal from capital reserves		–66,000		66,000				0		0
Purchase of treasury shares			–4					–4		–4
Use of treasury shares			4					4		4
Share-based compensation		25		0				25		25
Change in minority interests due to increase in shares				2				2	–7	–5
As of Dec. 31, 2013	**4,928**	**103,822**	**0**	**58,311**	**–1,129**	**–2**	**7,050**	**172,980**	**2,058**	**175,038**

* Previous year figures adjusted. Additional information in the Appendix under Point 21 “Changes in Accounting and Valuation Methods”
Additional information regarding the statement of changes to equity in the Appendix under Point 21

SEGMENT REPORTING FOR DIVISIONS

as of Dec. 31, 2013

(in EUR tsd.)	Revenues with third parties	Revenues with other segments	EBIT	Segment assets	Segment liabilities	**Net assets**	Additions to assets	Amortiza-tion/ deprecia-tion	Employees (annual average)
Solar									
2012	16,359		–47,352	128,380	16,246	**112,134**	25,042	11,086	398
2013	10,368		–22,555	107,104	12,630	**94,474**	3,589	14,713	319
Display									
2012	111,268		13,997	72,480	31,635	**40,845**	8,390	2,201	597
2013	172,540		20,108	82,204	38,771	**43,433**	2,838	2,958	554
Battery									
2012	14,497		1,476	10,720	2,110	**8,610**	1,274	799	49
2013	9,142		108	11,613	4,391	**7,222**	3,711	995	57
PCB/OEM									
2012	25,948		390	28,325	15,979	**12,346**	2,469	1,855	421
2013	56,391		3,684	29,623	19,977	**9,646**	986	1,734	396
Others									
2012	16,035	11,344	781	10,903	9,263	**1,640**	643	732	106
2013	17,807	4,273	1,756	9,976	8,521	**1,455**	336	1,053	156
Central functions/other									
2012	0			49,139	68,515	**–19,376**	1,712	3,234	349
2013	0			78,652	59,844	**18,808**	257	2,456	317
Consolidation									
2012		–11,344							
2013		–4,273							
Group									
2012	184,107	0	–30,708	299,947	143,748	**156,199**	39,530	19,907	1,920
2013	266,248	0	3,101	319,172	144,134	**175,038**	11,717	23,909	1,799

088 CONSOLIDATED INCOME STATEMENT
089 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
090 CONSOLIDATED BALANCE SHEET
092 CONSOLIDATED CASH FLOW STATEMENT
093 CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
094 SEGMENT REPORTING FOR DIVISIONS
095 SEGMENT REPORTING FOR REGIONS

SEGMENT REPORTING FOR REGIONS

as of Dec. 31, 2013

(in EUR tsd.)	Third-party revenues by customer location	Non-current assets (without deferred taxes)
Germany		
2012	22,196	89,876
2013	13,671	78,270
Rest of Europe		
2012	18,475	11,562
2013	43,882	10,959
China		
2012	101,430	13,907
2013	175,950	14,467
Taiwan		
2012	26,500	35,761
2013	15,117	33,338
Rest of Asia		
2012	3,485	8
2013	7,516	3
USA		
2012	10,702	72
2013	7,869	55
Other Regions		
2012	1,319	1,708
2013	2,243	0
Group		
2012	184,107	152,894
2013	266,248	137,092

OUR IDEAS FOR INDEPENDENT POWER SUPPLY

INVESTING IN NEW WAYS OF THINKING

Storage technologies are the foundation stone for the success of the energy transition – and the guarantee of an independent power supply. Energy must be available when it is needed. For this to happen, the high volatility of the grids needs to be offset by an increasing proportion of renewable energies. As a pioneer of production systems for lithium-ion energy stores, Manz is ensuring that more and more powerful storage systems can be produced cost-efficiently and also used to a greater extent for the local storage of renewably produced energy.

MANZ – ALWAYS ONE IDEA AHEAD

NOTES

100 GENERAL DISCLOSURES
100 ACCOUNTING PRINCIPLES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
166 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS
167 EVENTS AFTER THE BALANCE SHEET DATE
167 RELATED PARTIES
172 RESPONSIBILITY STATEMENT
173 AUDITOR'S REPORT

GENERAL DISCLOURES

Manz AG has its headquarters in Steigäckerstraße 5 in 72768 Reutlingen, Germany. Manz AG and its subsidiaries ("Manz Group" and "Manz") have expertise in six technology fields: automation, laser processes, vacuum coating, screen printing, metrology, and wet chemical processes. These technologies are utilized and continually further developed in three strategic divisions: "Display", "Solar", and "Battery". Manz AG's stock is traded on the regulated market of the Frankfurt Stock Exchange (Prime Standard segment).

Manz AG's consolidated financial statements as of December 31, 2013 were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions of German commercial law to be applied under section 315a(1) of the German Commercial Code (HGB). All mandatory standards and interpretations were taken into account. IFRSs that have not yet become mandatory are not applied. On March 21, 2014, the consolidated financial statements were approved, by resolution of the Managing Board, for presentation to the Supervisory Board.

To aid clarity, individual items have been combined in the balance sheet and the income statement and listed separately and explained in the notes. The Manz Group's fiscal year covers the period from January 1 to December 31 of any year. The consolidated financial statements are prepared in euros. Unless otherwise stated, the disclosures in the notes are made in thousands of euros (EUR tsd.). The income statement is prepared according to the nature of expense method.

ACCOUNTING PRINCIPLES

BASIS OF CONSOLIDATION

Manz AG's consolidated financial statements include all the companies whose financial and operating policy Manz AG can either directly or indirectly determine ("controlling relationship").

In addition to Manz AG, the group of consolidated companies includes the following domestic and foreign subsidiaries:

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

FULLY CONSOLIDATED COMPANIES

		Interest in %
Manz CIGS Technology GmbH	Schwäbisch Hall/Germany	**100.0 %**
Manz USA Inc.	North Kingstown/USA	**100.0 %**
Manz Hungary Kft.	Debrecen/Hungary	**100.0 %**
MVG Hungary Kft.	Debrecen/Hungary	**100.0 %**
Manz Slovakia s.r.o.	Nove Mesto nad Vahom/Slovakia	**100.0 %**
Manz Asia Ltd.	Hong-Kong/China	**100.0 %**
Manz Chungli Ltd. 1)	Chungli/Taiwan	**100.0 %**
Manz China Shanghai Ltd. (Shanghai) 1)	Shanghai/China	**100.0 %**
Manz China WuZhong Co. Ltd. 1)	Suzhou/China	**100.0 %**
Manz China Suzhou Ltd. 1)	Suzhou/China	**100.0 %**
Manz India Private Ltd. 1)	New Delhi/India	**75.0 %**
Manz Taiwan Ltd. 1)	Chungli/Taiwan	**97.2 %**
Manz (B.V.I.) Ltd. 2)	Road Town/British Virgin Islands	**97.2 %**
Intech Machines (B.V.I.) Co. Ltd 2)	Road Town/British Virgin Islands	**97.2 %**

1) via Manz Asia Ltd.
2) via Manz Taiwan Ltd.
3) via Intech Machines (B.V.I.) Co. Ltd.

The list of holdings is published in the online German Federal Gazette.

Manz CIGS Technology GmbH avails itself of the disclosure and preparation exemptions as set out in section 264(3) of the German Commercial Code.

The financial statements of the subsidiaries are prepared on the reporting date for the consolidated financial statements, which corresponds to the reporting date of Manz AG.

Changes to the Basis of Consolidation in the 2013 Fiscal Year

In the 2013 fiscal year, Manz Tübingen GmbH and Manz Coating GmbH were merged to form Manz AG with effect from January 1, 2013. The inactive company Intech Machines (Shenzhen) Co. Ltd, Shenzhen/China was liquidated in December 2013 and deconsolidated accordingly. In addition, all shares in Manz Israel (T.A.) Ltd., Petach-Tikva/Israel were sold in the 2013 fiscal year.

In addition, we increased our shares in Manz Taiwan Ltd. (formerly: Manz Intech Machines

Co. Ltd) by 0.01 %, from 97.16 % to the present level of 97.17 %. The additional acquisition is accounted for using the entity concept. In this case, the additional shares acquired are presented only in equity as a shift between majority and minority shareholders. The carrying amounts of assets and liabilities remain unchanged.

Company Acquisitions in the 2012 Fiscal Year

CIS Technology GmbH (now: Manz CIGS Technology GmbH)

With effect from January 1, 2012, Manz AG purchased a 100 % stake in CIS Technology GmbH, Stuttgart. This company owns the licenses, expertise, and a production plant for the manufacture of CIGS thin-film solar modules (CIGS*fab*). In this connection, the licensing and partnership agreement with Würth Solar GmbH & Co. KG into which Manz entered in July 2010 was annulled. All services set out in this agreement which had not yet been rendered are deemed to have been rendered upon completion of the acquisition of CIS Technology GmbH. The fair value of the annulled licensing and partnership agreement totaling 24.9 million euros corresponds to a purchase price in the same amount. There was no purchase price payment in the form of liquid funds. In addition, the agreement contains an earn-out component that is dependent on the future sale of CIGS systems. As a result of this acquisition, Manz assumed the following assets and liabilities:

(in EUR tsd.)	**Fair value (restated)**	**Carrying value**
Intangible assets	22,518	0
Property, plant and equipment	2,337	7
Cash and cash equivalents	286	286
	25,141	**293**
Current liabilities	161	161
Non-current liabilities	675	675
	836	**836**
Fair value of net assets	**24,305**	**–543**
Net assets	24,305	–543
Goodwill	7,043	
Acquisitions costs	31,348	

Goodwill amounting to 7,043 thousand euros includes the value of expected synergies from the acquisition, which was not recognized separately. This goodwill is assigned in its

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

entirety to the "Solar" segment. The company assumes that the recognized goodwill is not tax-deductible. Compared with the provisional purchase price allocation in the 2012 consolidated financial statements, the goodwill has increased slightly by 100 thousand euros.

Through the inclusion of Manz CIGS Technology, revenues in 2012 increased by 817 thousand euros and earnings before interest and taxes decreased by 4,164 thousand euros.

CONSOLIDATION PRINCIPLES

Acquisition accounting uses the purchase method. In this case, the acquired assets and liabilities are measured at their fair values at the acquisition date. The acquisition costs for the acquired shares are then offset against the proportionate newly measured equity of the subsidiary. Any remaining positive difference from offsetting the purchase price against the identified assets and liabilities is presented as goodwill in intangible assets. Costs incurred as part of the business combination are expensed and therefore do not represent any part of the acquisition costs.

Any difference arising upon acquisition of additional shares or sale of shares after initial consolidation without loss of control in a subsidiary that has already been fully consolidated is directly offset against equity.

In the case of successive business combinations, the share of equity in the acquired company previously held by the acquirer is recalculated at fair value at the acquisition date and the resulting gain or loss recognized in profit or loss.

If a previous subsidiary is deconsolidated, the difference between the consideration received and the outgoing net assets at the date when control is lost (including any goodwill that still exists from acquisition accounting) is recognized in profit or loss.

Expenses and income as well as receivables, payables, and provisions between consolidated companies are offset and subtotals eliminated. The necessary tax deferrals are carried out on consolidation processes. Furthermore, guarantees assumed by Manz AG or one of its consolidated subsidiaries in favor of other consolidated subsidiaries are eliminated.

Minority interests represent that part of the result and the net assets that is not attributable to the Group. Minority interests are presented separately in the consolidated income statement and the consolidated balance sheet. They are recognized within equity in the consolidated balance sheet, separately from the equity attributable to the shareholders of the parent company.

CURRENCY TRANSLATION

The financial statements of subsidiaries included in the Group prepared in foreign currency are translated into euros in accordance with IAS 21. The functional currency of the included companies is virtually always the same as the respective national currency, as these subsidiaries run their business activities independently in financial, economic and organizational respects. For one subsidiary, the functional currency is not the national currency, but the euro. Assets, liabilities, and contingencies are translated using the average exchange rate on the reporting date, whilst equity is translated using historical exchange rates. The income statement is translated at the average annual exchange rate. Differences resulting from translating the financial statements are recognized as a separate item directly in equity until the subsidiary is disposed of.

In the annual financial statements of the companies included in the consolidated financial statements, foreign currency items are initially measured at cost. Monetary items are measured at the average price as of the reporting date. Exchange rate gains and losses as of the balance sheet date are recognized in profit or loss.

EXCHANGE RATES OF THE MOST IMPORTANT CURRENCIES

			Closing rate		Average rate
(in EUR)		Dec. 31, 2013	Dec. 31, 2012	2013	2012
USA	USD	1.3768	1.3218	1.32826	1.28608
Taiwan	TWD	41.3366	38.4908	39.51745	38.14149
Hong Kong	HKD	10.6787	10.2538	10.31085	9.9819
China	CNY	8.4177	8.3487	8.23188	8.12766
Hungary	HUF	296.9470	291.1230	297.19070	289.85111

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

ACCOUNTING PRINCIPLES

Manz AG's assets and liabilities and those of the subsidiaries included by way of full consolidation are recognized and measured using uniform accounting policies applicable within the Manz Group as of December 31, 2013.

FIXED ASSETS

Intangible assets that are not acquired in a business combination are initially recognized at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Costs for internally generated intangible assets, with the exception of capitalizable development costs, are not capitalized, but recognized in profit or loss in the period in which they are incurred.

A distinction is drawn between intangible assets with a finite useful life and those with an indefinite useful life.

Intangible assets with a finite useful life are amortized on a straight-line basis over their economic useful life and checked for possible impairment if there are indications that the intangible asset may be impaired. The period and method of amortization for intangible assets with a finite useful life are reviewed at least at the end of any given fiscal year. Any necessary changes to the method or period of amortization due to changes in the anticipated useful life or to the anticipated use of the future economic benefit of the asset are accounted for as changes in estimates.

The useful lives of intangible assets with a finite useful life are as follows:

	Years
Software	3 to 5
Patents	8
Technologies	8
Customer relationships	8

Intangible assets with an indefinite useful life are not amortized. These include goodwill and brand names from business combinations. The indefinite nature of the useful life of brands is based on the assessment that the inflow of economic benefits from these assets cannot be attributed to a specific period. Each individual asset or cash-generating unit (CGU) is tested for impairment at least once a year. Intangible assets with indefinite useful lives are reviewed once a year to determine whether the indefinite useful life assessment continues to be justified. If this is not the case, the change in the useful life assessment from indefinite to finite is made prospectively.

Development costs for equipment and equipment components are capitalized as long as the conditions of IAS 38 are fulfilled. In this case, cost covers all the costs directly attributable to the development process as well as a reasonable share of development-related overheads. Capitalized development costs are amortized beginning at the start of production using the straight-line method over the expected product life cycle, usually three to five years. If capitalized development costs are not yet amortized, each individual asset or cash-generating unit (CGU) is tested for impairment at least once a year. Research costs and development costs that cannot be capitalized are expensed as incurred.

Items of property, plant and equipment are measured at cost, less depreciation in accordance with their ordinary useful life and write-downs based on impairments. Costs for repairs and maintenance are recognized as current expenses. Straight-line depreciation is carried out according to the anticipated progress of the consumption of the future economic benefit. Systematic depreciation is based predominantly on the following useful lives:

	Years
Buildings	20 to 50
Technical equipment and machinery	6 to 10
Other equipment, furniture and office equipment	4 to 13

Residual values, useful lives and depreciation methods of assets are reviewed at the end of a given fiscal year and adjusted prospectively if necessary.

If a considerable period of time is required for the acquisition or manufacture of a qualified asset to prepare it for its intended use, the directly attributable borrowing costs are capitalized until the asset is ready for its intended use. No borrowing costs were capitalized in the current and previous fiscal years.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Within the scope of finance leases, economic ownership is attributed to the lessee in those cases in which the lessee essentially bears all the risks and rewards incidental to ownership (IAS 17). If economic ownership is attributable to the Manz Group, capitalization takes place at the inception of the lease at the lower of fair value or the present value of the minimum lease payments. Depreciation is carried out on a straight-line basis over the shorter of economic useful life or the term of the lease. Payment obligations resulting from future lease payments are stated as liabilities under financial liabilities from leases. Determining whether an agreement contains a lease is based on the economic content of the agreement at the time the agreement was concluded and requires an assessment as to whether the fulfillment of the contractual agreement depends on the use of a particular asset or assets and whether the agreement grants a right to use the asset.

IMPAIRMENT TEST

An impairment test is performed at least once a year for goodwill and intangible assets with an indefinite useful life, but for capitalized development costs and other intangible assets with a finite useful life as well as property, plant and equipment and financial assets, the test is performed only if there are concrete indications.

An impairment is recognized in profit and loss if the recoverable amount of the asset is lower than the carrying value. The recoverable amount is generally estimated separately for each asset. If this is not possible, the calculation is based on a group of assets that constitutes a cash-generating unit (CGU). The recoverable amount is the higher of fair value less costs to sell and value in use.

The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less costs to sell. Value in use is determined using the discounted cash flow method on the basis of the estimated future cash flows expected to arise from the continuing use of an asset and its disposal. An interest rate before taxes corresponding to market conditions is used as the discount rate.

To determine the recoverability of goodwill and other intangible assets with an indefinite useful life (brand rights), the value in use of the cash-generating unit in question is generally used. The basis for this is the current plan prepared by management. The detailed planning period extends over a period of three years.

For the following years, plausible assumptions are made about the future development. The planning assumptions are adapted in each case to the current level of knowledge. In this case, reasonable assumptions about macroeconomic trends and historic developments are taken into account.

If the reasons for an impairment that has been charged in previous years no longer apply, the impairment is reversed to the recoverable amount (with the exception of goodwill). The amount reversed must not exceed the amount that would have been determined as the carrying amount, taking any depreciation and amortization into account, if no impairment loss had been recognized for the asset in prior years.

INVENTORIES

Inventories are recognized at the lower of cost or net realizable value, in accordance with IAS 2 (Inventories). Cost includes not only direct costs, but also appropriate parts of the necessary material costs and production overheads as well as production-related depreciation and proportionate administrative overheads that can be directly allocated to the manufacturing process. Where required, the average cost method is used as the simplified measurement method.

CONSTRUCTION CONTRACTS

Manz mainly generates its revenues from construction contracts, which are accounted for using the percentage of completion method (PoC method) in accordance with IAS 11. In this case, revenue and expected margins are recognized in proportion to the stage of completion of a contract. This calculation is based on the contract revenue as agreed with the customer and the expected contract costs. The stage of completion of a contract, which determines what portion of revenue is recognized, is determined based on the ratio between the order costs accrued as of the reporting date and the calculated total costs (cost-to-cost method). As a result of this accounting method, both revenues and the related costs are realized in the period in which they were generated/incurred.

If the total of incurred contract costs and disclosed profits exceeds payments received, the construction contracts are recognized on the asset side under future receivables from construction contracts as a component of “Trade receivables”. A negative balance

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

is reported under “Payments received”. Expected losses from custom construction contracts are accounted for as an expense in the full amount by writing off capitalized assets and, in addition, recognizing provisions.

Other revenue is recognized, in accordance with IAS 18, “Revenue”, once the relevant opportunities and risks have been transferred. This is usually the date on which the finished goods or merchandise were delivered or the services rendered.

FINANCIAL INSTRUMENTS

According to IAS 39, a financial instrument is any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. If the trade date of a financial asset can differ from the settlement date, the settlement date determines initial recognition. A financial instrument is initially measured at fair value. Transaction costs are included. In terms of subsequent measurement, financial instruments are recognized either at their fair value or at amortized cost.

For measurement purposes, IAS 39 divides financial assets into the following categories:
- financial assets at fair value through profit or loss and financial assets held for trading
- held-to-maturity investments
- available-for-sale financial assets
  and
- loans and receivables

Financial liabilities are to be assigned to the following two categories:
- financial liabilities at fair value through profit or loss and financial liabilities held for trading
- financial liabilities measured at amortized cost

Depending on the categorization of financial instruments, they are measured either at their fair value or at amortized cost.

Fair value corresponds to the market or exchange price as long as the financial instruments to be measured are traded in an active market. If there is no active market for a financial instrument, fair value is established using suitable financial valuation methods, such as recognized option pricing models or discounted future cash flows using the market rate of interest and checked by confirmations from banks that handle the transactions. Amortized cost corresponds to the acquisition costs less repayments, impairments and the amortization of a difference between the acquisition costs and the amount repayable on maturity, which is taken into account in accordance with the effective interest method. Financial instruments are recognized as soon as Manz becomes a contractual party to the financial instrument. The financial instrument is generally derecognized if the contractual right to cash flows expires or this right is transferred to a third party.

PRIMARY FINANCIAL INSTRUMENTS

Primary financial instruments particularly include receivables from customers and liquid funds, as well as financial liabilities and trade payables. Primary financial instruments are initially recognized at their fair value. At initial measurement, fair value corresponds, in principle, to the transaction price, i.e. the consideration given or received.

After initial recognition, primary financial instruments are measured either at their fair value or at amortized cost, depending on the category to which they belong.

Loans and receivables not held for trading are generally recognized at amortized cost less impairments. Impairments are charged if there is objective evidence for such. Evidence of an impairment may exist if there are signs that the debtor or a group of debtors is in considerable financial difficulties, if interest payments or repayments are canceled or delayed, insolvency is likely, and if observable data point to a measurable reduction in expected future cash flows, such as a change in arrears or economic conditions that correlate with defaults. In the Manz Group, this category primarily covers receivables from customers and other receivables.

Impairment losses are charged using an allowance account.

Assets held for trading are measured at fair value. These primary financial instruments do not occur in the Manz Group.

Held-to-maturity financial instruments are measured at amortized cost. Gains and losses from their subsequent measurement are recognized in profit or loss. They do not occur in the Manz Group.

Financial liabilities, with the exception of derivative financial instruments, are subsequently measured at amortized cost using the effective interest method.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

DERIVATIVE FINANCIAL INSTRUMENTS

Manz AG uses derivative financial instruments only to hedge against interest and currency risks resulting from operating activities.

In accordance with IAS 39, derivative financial instruments are recognized at their fair value on both initial recognition and subsequent measurement.. The fair values of traded derivative financial instruments correspond to their market prices. Non-traded derivative financial instruments are calculated by applying recognized measurement models based on discounted cash flow analysis and by referring to current market parameters.

In terms of recognition of the change in fair values – recognition in the income statement or recognition directly in equity – what is crucial is whether or not the derivative financial instrument is involved in an effective hedging relationship according to IAS 39. If there is no hedge accounting, changes to the fair values of the derivative instruments are immediately recognized in profit or loss. If, on the other hand, there is an effective hedging relationship according to IAS 39, the hedge is accounted for as such.

At Manz, the hedge accounting regulations under IAS 39 are applied to hedge future cash flows (cash flow hedges). In this case, at the start of the hedging relationship, the relationship between the hedged item and the hedge is documented, including the risk management objectives. Furthermore, when the hedging relationship is entered and throughout its course, it is regularly documented whether the hedging instrument designated in the hedging relationship is effective to a large degree with regard to compensating for the change in the cash flows of the hedged items.

Derivatives are assigned to the "held for trading purposes" category, insofar as no hedge accounting is applied. Changes in fair value are recognized in profit or loss in the income statement.

Hedge accounting can be used to hedge currency risks from investments in foreign subsidiaries (hedge of a net investment in a foreign operation). Unrealized exchange rate differences are initially recognized directly in equity and reclassified to profit or loss in the income statement on disposal of the operation.

The effective part of the change in the fair value of a derivative or a primary financial instrument that has been designated as a hedging instrument is recognized in equity under retained earnings from cash flow hedges, after deduction of deferred taxes. The profit or loss attributable to the ineffective part is immediately presented in profit or loss in “Other operating income” or “Other operating expenses”.

Amounts recognized in equity are transferred to the income statement in the period in which the hedged item is recognized in profit or loss. If the original hedged item is no longer expected to occur, the accumulated, unrealized profits and losses reported in equity to that point are also recognized in profit or loss.

LIQUID ASSETS

Liquid funds comprise cash and cash equivalents in the form of bank accounts and short-term financial investments with banks, which have a residual maturity of up to three months on initial recognition. They are measured at amortized cost.

SHARE-BASED COMPENSATION

As a payment for the services that they have rendered, Manz Group employees (including executives) receive share-based compensation in the form of equity instruments. This is known as the Performance Share Plan and was first introduced in the 2008 fiscal year. The costs arising from the granting of stock awards are measured based on the fair value of these equity instruments on the date they are granted. Fair value is determined by applying an appropriate measurement model (for more details, see disclosure 9).

The expenses resulting from the granting of equity instruments and the corresponding increase in equity are recognized over the period in which the exercise and performance conditions have to be fulfilled (so-called vesting period). This period ends on the vesting date, i.e. the date when the employee in question becomes an irrevocable beneficiary. The accumulated expenses from the granting of equity instruments disclosed on each reporting date up to the vesting date reflect the part of the vesting period that has already expired and the number of equity instruments that can actually be exercised when the vesting period expires, according to the Group’s best estimates. The income or expense recognized in the profit or loss for the period corresponds to the development of the accumulated expenses recognized at the start and end of the reporting period.

No expense is recognized for compensation rights that do not become exercisable. Exceptions to this are compensation rights for which certain market conditions have to be

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

fulfilled before they can be exercised. Irrespective of whether the market conditions are fulfilled, these are seen as exercisable, provided that all other performance conditions are fulfilled.

If the conditions of a compensation agreement compensated by equity instruments are modified, expenses are recognized in the amount in which they would have been incurred if the conditions of the agreement had not been modified. The company also recognizes the effects of modifications that increase the total fair value of the share-based compensation agreement or are associated with another benefit for the employee, measured at the time of the modification.

If a compensation agreement compensated by equity instruments is canceled, this is treated as if it had been exercised on the cancellation date. The expense not yet recognized is immediately recognized. This is applied to all compensation agreements if non-vesting conditions, over which either the company or the counterparty has an influence, are not fulfilled. If the annulled compensation agreement is replaced by a new compensation agreement, however, and the new compensation agreement is declared as a replacement for the annulled compensation agreement on the day it is granted, the annulled and the new compensation agreement are accounted for as if they were a modification to the original compensation agreement (see section above).

The dilutive effect of outstanding stock awards when calculating earnings per share (diluted) is considered as an additional dilution (for details, see disclosure 12).

TREASURY SHARES

Any treasury shares that the Group acquires are recognized at cost and deducted from equity. The purchase, sale, issue or withdrawal of treasury shares is not recognized in profit or loss.

GOVERNMENT GRANTS

Government grants are recognized if there is adequate assurance that grants will be provided and that the company complies with the attached conditions. Expenditure-related grants are recognized as income on a scheduled basis over the period required to offset them against the corresponding expenses for which the grants are intended to compensate. Grants for an asset are recognized in the balance sheet as a deferred liability and are released to profit or loss in equal installments over the estimated useful life of the asset.

CURRENT INCOME TAX

The current tax refund claims and tax liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the tax authorities. The amount is calculated based on the tax rates and tax laws applicable on the reporting date in those countries in which the Group is active and generates taxable income.

Current taxes that relate to items posted directly in equity are not recognized in profit or loss, but in equity.

DEFERRED TAXES

Deferred taxes are recognized on all temporary differences between the carrying amounts in the tax accounts and the consolidated financial statements. Deferred taxes on loss carry-forwards are capitalized as long as it is expected that these can be used.

The measurement of deferred taxes is based on the tax rates on the realization date that apply or are anticipated, based on the current legal situation in the individual countries. Deferred taxes that relate to items directly recognized in equity are presented in equity. Deferred tax assets and deferred tax liabilities are offset against each other if the Group has an enforceable claim for current tax refunds to be offset against current tax liabilities and these relate to income tax on the same tax subject that is levied by the same tax authority.

PENSION PROVISIONS

Provisions for pensions are determined according to the projected unit credit method pursuant to IAS 19. In addition to the pensions and acquired benefits known on the balance sheet date, this method also takes expected future salary and pension increases into account. If pension obligations have been reinsured using plan assets, these are reported net. The calculation is based on actuarial expert opinions, taking biometric calculation prin-

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

ciples into account. Differences between the assumptions made and the trends that actually materialized, or changes in assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses which have a direct impact on the consolidated balance sheet or on the statement of comprehensive income. The service cost is reported in personnel expense, the interest element of the allocation to provisions in the financial result. The interest rate used to discount provisions is determined based on the return from long-term high-quality corporate bonds at the balance sheet date.

OTHER PROVISIONS

Other provisions are recognized if a past event has led to a current legal or constructive obligation to third parties which is expected to lead to a future outflow of resources that can be reliably estimated. Provisions are generally measured at the expected settlement amount, taking into account all identifiable risks. Calculation of the settlement amount is based on best estimates. The settlement amount also includes anticipated cost increases.

Provisions for warranties are recognized in accordance with previous claims history or the estimated future level of claims. Non-current provisions are recognized at their settlement amount discounted to the balance sheet date. The interest rate used is a pre-tax rate that reflects current market expectations with regard to the interest effect and the risks specific to the circumstances. The interest expense resulting from the unwinding of the discount is presented in finance costs.

Accruals are not presented under provisions, but under trade payables or other liabilities, depending on their nature.

LIABILITIES

Non-current liabilities are recognized at amortized cost. Differences between their historical cost and their repayment amount are accounted for using the effective interest method. Current liabilities are recognized at their repayment or settlement amount.

INCOME AND EXPENSES

Revenue is generally not recognized until the point in time when the goods or products have been delivered or services rendered and risk has been transferred to the customer. Cash discounts, customer bonuses, and rebates are deducted from revenue. Revenue from construction contracts is recognized in accordance with the percentage of completion method.

Production-related expenses are recognized upon delivery or utilization of the service, while all other expenses are recognized as an expense as incurred. The same applies to development costs that cannot be capitalized. Provisions for warranties are recognized at the time the products are sold. Interest and other borrowing costs are recognized as an expense in the period as long as they are not capitalized pursuant to IAS 23.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation to third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Manz Group. A contingent liability may also be a present obligation that arises from past events, but is not recognized because an outflow of resources is not probable or the amount of the obligation cannot be estimated with sufficient reliability.

MANAGEMENT ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires assumptions and estimates that have an effect on the recognition, measurement and presentation of assets, liabilities, income and expenses as well as contingent assets and contingent liabilities. The main circumstances affected by such discretionary judgments and estimates relate to the viability of receivables, determination of defining the percentage of completion of long-term manufacturing projects, assumptions about future cash flows from cash-generating units (CGUs) and development projects, as well as the recognition and measurement of provisions. The values that actually occur may differ from the estimates in individual cases. The carrying amounts of assets and liabilities affected by estimates can be seen in the breakdowns of the individual balance sheet items.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The assumptions and estimates are based on premises that reflect the currently available level of knowledge. Specifically, the expected future business performance is based on the circumstances known at the date of preparation of the consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Developments in this environment that diverge from the assumptions and that are outwith the control of management may result in amounts that differ from the original estimates. The most important future-related assumptions as well as other sources of uncertainty surrounding estimates on the reporting date, on the basis of which there is a significant risk that a considerable adjustment will be necessary to the carrying amounts of assets and liabilities within the next fiscal year, are explained below:

Goodwill: The recoverability of goodwill is examined on an annual basis as part of an impairment test. As part of this test, estimates must be made above all in relation to future cash surpluses. To determine the recoverable amount, an appropriate discount rate needs to be selected. Any future change in the macroeconomic, industry or company situation may lead to a reduction of the cash surpluses and/or the discount rate and thus may also result in an unscheduled impairment of goodwill.

Development costs: Development costs are capitalized in accordance with the disclosures in the presented accounting policies. For the purposes of determining the amounts to be capitalized, management has to make assumptions about the level of anticipated future cash flows from assets, the applicable discount rates and the period of inflow from anticipated future cash flows that generate assets.

Property, plant and equipment: Technical progress, a deterioration in the market situation or damage can lead to a write-down of property, plant and equipment.

Assets and liabilities from construction contracts: Receivables from construction contracts are recognized using the percentage-of-completion method in accordance with IAS 11. Revenue is presented according to the percentage of completion. In this case, an exact estimate of contract progress is essential for accounting purposes. Depending on the method used to determine the percentage of completion, the essential estimates include the total contract costs, the costs still to be incurred up to completion, the total contract revenue and risks, as well as other judgements.

Trade receivables and other assets: In order to take credit risks into account, the company recognizes allowances for doubtful debts. The allowance amount here comprises estimations and evaluations of individual receivables, which in turn are based on the maturity structures of the receivable balances, the customer's credit standing, past experience pertaining to derecognition of receivable, and changes to payment terms.

Pension provisions: When calculating pension provisions, the choice of premises such as actuarial interest rate or trend assumptions plus the formulation of biometric probabilities lead to differences in comparison to the actual obligations emerging over the course of time.

Provisions for onerous contracts: Provisions for onerous contracts are usually recognized for disadvantageous purchase and sales agreements. A future change to the market prices on the purchase or sales side may result in the provisions for onerous contracts being adjusted.

Accounting for acquisitions: In the context of a share purchase, all identified assets and liabilities as well as contingent liabilities are recognized at their fair value at the acquisition date, for the purposes of the initial consolidation. Estimates are used to determine the fair value of these assets and liabilities at the acquisition date.

Income taxes: Estimates equally need to be made with regard to the recognition of tax provisions and with regard to assessment of the recoverability of deferred taxes on loss carry-forwards. In any assessment of the recoverability of deferred taxes, there are uncertainties in relation to the interpretation of complex tax regulations and to the amount and timing of future taxable income. Deferred taxes are recognized for all unused tax loss carry-forwards to the extent that it is probable that taxable income will be available to enable the loss carry-forwards to be actually utilized. When calculating the value of deferred tax assets which can be capitalized, management is required to make key judgments at their own discretion regarding the expected point in time and the value of future taxable income as well as the future tax-planning strategies.

CHANGES TO ACCOUNTING PRINCIPLES

First-Time Adoption of Amended Accounting Standards

The applied accounting policies are generally the same as those applied in the previous year with the following exceptions:

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The Group has adopted the new and revised IFRS standards and interpretations listed below:

Amendment to IAS 19 (2011) "Employee Benefits": The most important change to IAS 19 is that future unexpected fluctuations in net defined benefit liabilities and actuarial gains and losses must be recognized directly in equity (accumulated changes recognized directly in equity). The previous option of immediately recognizing these changes in profit or loss, recognizing these changes outside profit and loss or deferring gains or losses using the "corridor approach" has been eliminated. The net pension obligation therefore attracts interest at the discount rate on which the measurement of the gross pension obligation is based. As the net pension obligation is reduced by any plan assets, an interest yield in the amount of the discount rate is assumed for plan assets as a result of the calculation.

The following tables show the effects of the application of IAS 19 on the main items in the consolidated balance sheet as of January 1, 2012 and as of December 31, 2012 and the consolidated income statement for the 2012 fiscal year.

EFFECTS OF THE REVISED IAS 19 ON THE CONSOLIDATED BALANCE SHEET

(in EUR tsd.)	**Dec. 31, 2012**	**Jan. 1, 2012**
Equity	–1,227	–259
Pension provisions	1,603	309
Deferred tax assets	355	40

The effects from the revised IAS 19 on the consolidated income statement are of secondary importance, with the result that IAS 8 is not adopted.

Amendment to IFRS 7 (2011) "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities": In connection with the amendment to IAS 32 "Financial Instruments: Presentation" in respect of the offsetting of financial instruments, the extent of the required disclosures in the notes has been broadened. The amendments to IFRS 7 do not give rise to any significant effects on the financial position, financial performance and cash flows of the Manz Group. The amendments to IFRS 7 have resulted in additional disclosures in the notes in the section "Reporting on Financial Instruments".

IFRS 13 "Fair Value Measurment": IFRS 13 defines and specifies the concept of fair value across standards and extends disclosure requirements in the notes. The first-time adoption of IFRS 13 results in additional disclosures in the notes in connection with fair value. Presentation of the disclosures in the notes is made in the section "Reporting on Financial Instruments".

Amendment to IAS 1 (2011) "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income": According to the amendments, components of the statement of comprehensive income that will be reclassified to the income statement in future periods and components that will not be reclassified must be presented separately. If the items of the statement of comprehensive income are presented before taxes, the corresponding tax amount must similarly be presented separately for each category. The amendment to IAS 1 leads to a corresponding subdivision in the statement of comprehensive income in the Manz consolidated financial statements.

EFFECTS OF NEW, NOT YET APPLICABLE ACCOUNTING STANDARDS

The IASB and the IFRS IC have already published the following standards and interpretations, whose application, however, is not yet mandatory for the 2013 fiscal year. Future adoption is conditional upon their being transposed, by the EU, into European law.

Collective Standard to Amend Various IFRSs (2013) "Improving the 2010-2012 IFRS Cycle": These amendments are the result of the IASB's annual improvement process and affect a large number of individual IFRSs. The amendments are intended to substantiate the content of the regulations and remove unintended inconsistencies between the standards. These amendments are first applicable to fiscal years beginning on or after July 1, 2014. They have not yet been transposed into European law. The effects on Manz AG's consolidated financial statements are currently being reviewed.

Collective Standard to Amend Various IFRSs (2013) "Improving the 2011-2013 IFRS Cycle": These amendments are the result of the IASB's annual improvement process and affect a large number of individual IFRSs. The amendments are intended to substantiate the content of the regulations and remove unintended inconsistencies between the standards. These amendments are first applicable to fiscal years beginning on or after July 1, 2014. They have not yet been transposed into European law. The effects on Manz AG's consolidated financial statements are currently being reviewed.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Amendments to IAS 19 (2013) "Defined Benefit Plans: Employee Contributions": The amendments aim to clarify the regulations that apply to the allocation, to service periods, of employee contributions or third-party contributions linked to the service period. These amendments are first applicable to fiscal years beginning on or after July 1, 2014. They have not yet been transposed into European law. The effects on Manz AG's consolidated financial statements are currently being reviewed.

Complete Revision of IAS 27 (2011) "Separate Financial Statements": This standard was completely revised as part of the comprehensive project to reform consolidation methods. IAS 27 now contains only the unchanged requirements for separate IFRS financial statements. The revised standard is first applicable to annual reporting periods beginning on or after January 1, 2014. The standard will have no effect on Manz AG's consolidated financial statements.

Amendment to IAS 28 (2011) "Investments in Associates and Joint Ventures": IAS 28 was revised in 2011 in connection with the IASB project on joint arrangements. Most of these changes result from the inclusion of joint ventures in IAS 28. The underlying approach to accounting using the equity method was not changed. These amendments are first applicable to fiscal years beginning on or after January 1, 2014. The amendments will have no effect on Manz AG's consolidated financial statements.

Amendment to IAS 32 (2011) "Offsetting Financial Assets and Financial Liabilities": As a result of this amendment, the conditions for offsetting financial assets and financial liabilities are specified by means of additional application guidelines. The amendment is first applicable to fiscal years beginning on or after January 1, 2014. The amendments are not expected to have any significant effects on Manz AG's consolidated financial statements.

Amendment to IAS 39 (2013) "Novation of Derivatives": As a result of the amendment, the novation of a hedging instrument to a central counterparty as a result of legal requirements does not result in the reversal of a hedging relationship if certain prerequisites are met. These amendments are applicable to fiscal years beginning on or after January 1, 2014. The amendments have not yet been transposed into European law. The amendments are not expected to have any significant effects on Manz AG's consolidated financial statements.

IFRS 9 "Financial Instruments": With the publications of IFRS 9 (2009) and IFRS 9 (2010), the IASB concludes the first of three stages to reform how financial instruments are accounted for. The IASB plans to completely replace the existing IAS 39 "Financial Instruments: Recognition and Measurement" with IFRS 9. In the first stage, the standard addresses the classification and measurement of financial instruments. From now on, IFRS 9 will reduce the currently existing measurement categories to two: at amortized cost or at fair value through profit or loss. On December 16, 2011, the IASB published an amendment to IFRS 9, which postponed the first-time adoption date to fiscal years beginning on or after January 1, 2015. The amendments to IFRS 9 of November 19, 2013 contain new regulations on hedge accounting in the form of a new general model for accounting for hedging relationships. The current version of IFRS 9 does not contain an effective date, but is available for early adoption, subject to any existing transposition processes as in the EU. A mandatory first-time adoption date will not be fixed until all phases of the project have been completed and a definitive version of IFRS 9 is available. IFRS 9 has not yet been transposed into European law. The effects on Manz AG's consolidated financial statements are currently being reviewed.

IFRS 10 "Consolidated Financial Statements": IFRS 10 supersedes the consolidation provisions set out in the former IAS 27 "Consolidated and Separate Financial Statements" and in SIC-12 "Consolidation – Special Purpose Entities" and creates a uniform definition of control. IFRS 10 is first applicable to fiscal years beginning on or after January 1, 2014. IFRS 10 is not expected to have any significant effects on Manz AG's consolidated financial statements.

IFRS 11 "Joint Arrangements": IFRS 11 supersedes IAS 31 "Interests In Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" and contains instructions for identifying, classifying, and accounting for joint arrangements. IFRS 11 is first applicable to fiscal years beginning on or after January 1, 2014. IFRS 11 is not expected to have any significant effects on Manz AG's consolidated financial statements.

IFRS 12 "Disclosure of Interests in Other Entities": This new standard stipulates disclosure requirements in the notes regarding interests in subsidiaries, joint arrangements and associates. IFRS 12 is first applicable to fiscal years beginning on or after January 1, 2014. IFRS 12 will result in extended disclosures in the notes in the consolidated financial statements of Manz AG.

Amendments to IFRS 10, IFRS 11, and IFRS 12 (2012) "Transitional Requirements": These amendments clarify the transition guidance in IFRS 10 as well as granting additional relief when transitioning to IFRS 10, IFRS 11 and IFRS 12. These amendments are first

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

applicable to fiscal years beginning on or after January 1, 2014. The amendments are not expected to have any significant effects on Manz AG's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 und IAS 27 (2012) "Investment Companies": The standard defines so-called investment companies as an autonomous form of company and excludes them from the obligation to consolidate subsidiaries in accordance with IFRS 10. Instead, subsidiaries of an investment company must be measured at fair value in accordance with the requirement laid down in IFRS 9. These amendments are first applicable to fiscal years beginning on or after January 1, 2014. The amendments are not expected to have any effects on Manz AG's consolidated financial statements.

IFRIC 21 "Levies": The interpretation clarifies, for levies which are raised by a governmental entity and do not fall within the scope of another IFRS, how and, in particular, when such obligations must be classified as liabilities in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". These amendments are first applicable to fiscal years beginning on or after January 1, 2014. IFRIC 21 has not yet been transposed into European law. The effects on Manz AG's consolidated financial statements are currently being reviewed.

NOTES TO THE INCOME STATEMENT

REVENUES (1)

The distribution of revenues by objective and region is reflected in the segment report. Please also refer to our notes on the segment report.

Total revenues include revenue from construction contracts in the amount of 251,114 thousand euros (previous year: 154,231 thousand euros).

WORK PERFORMED BY THE ENTITY AND CAPITALIZED (2)

In fiscal year 2013, development costs were capitalized particularly for the areas of CIGS thin-film technology and lithium-ion batteries.

OTHER OPERATING INCOME (3)

(in EUR tsd.)	2013	2012
Exchange rate gains	541	2,044
Income from the reduction of reserves	888	894
Income from the reversal of provisions	543	232
Income from the sale of investments	96	33
Subsidies	2,883	3,798
Changes to valuation allowances on receivables	640	46
Investment subsidies	122	122
Third-party allowances	6,000	6,240
Other	2,204	2,086
	13,917	**15,495**

COST OF MATERIALS (4)

(in EUR tsd.)	2013	2012
Cost of raw materials, consumables and supplies, and of purchased merchandise	146,187	88,142
Cost of purchased services	14,303	12,728
	160,490	**100,870**

PERSONNEL EXPENSES (5)

(in EUR tsd.)	2013	2012
Wages and salaries	55,146	59,687
Severance payments	160	1,624
Social security, post-employment and other employee benefit costs	9,910	10,280
	65,216	**71,591**

Employees (yearly average)		
Manufacturing	1,036	1,124
Administrative/Technical	763	795
Trainees	34	39
	1,833	**1,958**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

OTHER OPERATING EXPENSES (6)

(in EUR tsd.)	**2013**	**2012**
Outgoing freight, packaging	1,666	2,139
Advertising and travel expenses	6,355	8,236
Commissions	1,500	905
Rent and leasing	5,865	6,084
Legal and consulting costs	2,458	1,500
IT costs	1,197	1,273
Other personnel expenses	1,139	1,724
Insurance policies	645	605
Exchange rate losses	1,125	378
Appropriation to other provisions	549	1,415
Repairs and maintenance	869	954
Losses on receivables and changes to valuation allowances on receivables	4,978	6,273
Licensing fees	2,028	1,218
Other operating costs	2,523	2,018
Other	6,666	7,990
	39,563	**42,712**

FINANCIAL INCOME (7)

(in EUR tsd.)	**2013**	**2012**
Bank interest and similar	370	211
	370	**211**

FINANCIAL COST (8)

(in EUR tsd.)	**2013**	**2012**
Interest and similar expenses		
Non-current liabilities	800	472
Current liabilities	2,293	1,097
Interest component of non-current provisions	231	277
Other interest expenses	13	73
	3,337	**1,919**

SHARE-BASED COMPENSATION (9)

Performance Share Plan

In the 2008 fiscal year, the Group introduced a Performance Share Plan for members of the Managing Board and other eligible employees. A new Performance Share Plan was introduced in the 2011 fiscal year. The vesting period is now 5 years and grants a maximum period of 8 years. After expiration of the vesting period, the recipient receives one share of Manz stock at a price of 1.00 euros. Stock awards expire if the employment is terminated or a cancellation agreement is entered into. The stock awards do not earn dividends during the vesting period. Manz AG can fulfill its obligations from stock awards with newly issued shares, treasury shares held by the company, or a cash payment. The Managing Board and Supervisory Board determine the method of settlement.

The stock awards (subscription rights) are issued at the discretion of the Managing Board with the approval of the Supervisory Board – or where members of the Managing Board are involved, at the sole discretion of the Supervisory Board – in annual tranches, within a period of three months after the company's Annual General Meeting.

The number of shares issued in total is determined by the number of beneficiaries per tranche, by the degree to which targets have been achieved (success factor), and by the holding period of subscription rights (loyalty factor). The success factor for the individual tranches relates to the respective EBIT margin from the consolidated financial statements. In this context, the Performance Share Plan 2011 uses the average EBIT margin for the fiscal year in which the vesting period ends, as well as the previous three fiscal years. The loyalty factor is determined by how long the subscription rights are held and can increase to a maximum factor of 2.00 if the subscription rights are not exercised until the third year following issuance.

In the 2013 fiscal year, 19 employees and members of the Managing Board received a total of 10,167 stock awards/subscription rights. Of this total, 3,347 were granted to the Managing Board. As a result of the earnings situation, no stock awards/subscription rights were granted in the 2012 fiscal year.

The following table shows the changes to stock awards/stock options with the corresponding weighted average fair values per share on the date they were granted:

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

	(in pcs.)	(in EUR)
	Stock Awards/ Stock Options Number	**Weighted average grant date fair value**
Balance at the beginning of the year (not vested)	14,256	36,65
Lapsed during the reporting period	0	0,00
Granted during the reporting period	10,167	85,35
Balance at the end of the year (not vested)	**24,423**	**56,10**

Stock awards are accounted for pursuant to IFRS 2 at the fair value of the stock awards on the date they are granted and are recognized in personnel expenses as well as in a corresponding equity increase (capital reserve). Fair value measurement is carried out using the Black-Scholes model.

Fair value measurement is based on the following parameters:

	2013	**2012**
Exercise price (in EUR)	1.00	n/a
Risk-free annual interest rate	1.53 %	n/a
Volatility	67.31 %	n/a
Expected dividend (in EUR)	0.00	n/a
Fair value of each stock award (in EUR)	85.35	n/a

Personnel expenses of 25 thousand euros were recognized as a result of the Performance Share Plan during the reporting period (previous year: 0 thousand euros).

INCOME TAXES (10)

Income taxes include both actual and deferred income taxes arising from temporary differences and existing tax loss carryforwards.

Income taxes consist of the following items:

(in EUR tsd.)	2013	2012
Actual tax expense		
Current period	497	1,278
Previous periods	999	132
Deferred tax expense/income (-) from temporary differences	284	573
Deferred tax expense/income (-) from tax loss carryforwards	1,077	–919
	2,857	**1,064**

The current income tax expense is calculated using the tax rates effective as at the balance sheet date. When calculating deferred taxes for domestic subsidiaries, the domestic tax rate of 29.13 % (previous year: 29.13 %) was applied. For foreign subsidiaries, tax rates of between 13 % and 25 % were used, unchanged from the previous year.

The income tax expense in the reporting period totaling 2,857 thousand euros (previous year: 1,064 thousand euros) is derived as follows from an “expected” income tax expense, which would have resulted if the statutory income tax rate of the parent company had been applied to earnings before income taxes:

(in EUR tsd.)	2013	2012
Earnings before taxes on income	134	–32,416
Manz AG income tax rate	29.13 %	29.13 %
Expected income tax expense	**39**	**–9,443**
International tax rate differences	–1,485	–224
Change in tax rate	0	–48
Non-deductible expenses	252	329
Prior-period taxes	999	132
Tax-free income	–2,375	–230
Valuation allowances on deferred tax assets	0	2,832
Non-recognition of tax loss carryforwards	5,055	7,580
Other	372	136
Reported income tax expense	**2,857**	**1,064**
Effective tax rate	**n/a**	**–3.28 %**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The following table shows deferred tax assets and liabilities:

	Deferred tax assets		**Deferred tax liabilities**	
(in EUR tsd.)	**Dec. 31, 2013**	**Dec. 31, 2012***	**Dec. 31, 2013**	**Dec. 31, 2012***
Intangible assets	0	0	10,122	11,020
Property, plant and equipment	0	0	26	81
Percentage-of-completion method	0	0	2,576	521
Inventories	334	349	0	0
Receivables	29	13	41	0
Derivative financial instruments	1	0	10	0
Pension provisions	793	521	0	0
Trade payables	115	7	2	7
Provisions	75	181	0	0
Tax loss carry-forward	**12,552**	**12,791**	**0**	**0**
Gross value	13,899	13,862	12,777	11,629
Offsetting	–12,775	–11,327	–12,775	–11,327
Balance according to consolidated balance sheet	**1,124**	**2,535**	**2**	**302**
Net amount of deferred tax assets	**1,122**	**2,233**		

* Previous year figures for deferred tax assets restated by 355 thousand EUR due to restatement of pension provisions in accordance with IAS 19. The representation of balance sheet items was amended in the reporting year such that the effects of the percentage-of-completion method on the valuation of inventories were combined in one item. The previous year's presentation has been restated accordingly.

The decrease (previous year: increase) in the net amount of deferred tax assets totaling 1,111 thousand euros (previous year: 243 thousand euros) breaks down as follows:

(in EUR tsd.)	**2013**	**2012**
Deferred tax expense/income in the income statement	–1,361	346
Change in deferred taxes, recognized in other comprehensive income, on actuarial gains/losses from pensions	–33	13
Derivative financial instruments	–17	–48
Currency translation	300	–68
	–1,111	**243**

Deferred taxes are recognized for tax loss carryforwards only if there is sufficient certainty that they will be realized. No deferred taxes are recognized for tax loss carryforwards insofar as the deferred tax assets would have exceeded the deferred tax liabilities of the respective company.

Tax loss carryforwards total 99,334 thousand euros (previous year: 88,428 thousand euros) as of the balance sheet date and can be carried forward indefinitely. Due to declining realization opportunities, no deferred tax assets were recognized for loss carryforwards totaling 63,614 thousand euros (previous year: 43,616 thousand euros).

In accordance with IAS 12, deferred taxes for temporary differences in connection with shares in Group companies must be accounted for (outside basis differences). No deferred tax liabilities were recognized for outside basis differences totaling 38.8 million euros (previous year: 25.1 million euros), since the temporary differences are not expected to reverse in the foreseeable future.

PROFIT/LOSS ATTRIBUTABLE TO MINORITY INTERESTS (11)

The minority shareholders' share of profits or losses consists of profit/loss attributed to minority interests in the amount of 377 thousand euros (previous year: 163 thousand euros). These are minority interests held by Manz Taiwan Ltd. and Manz India Limited.

EARNINGS PER SHARE (12)

The undiluted earnings per share are calculated by dividing Manz AG shareholders' share of earnings by the weighted average number of shares in circulation during the fiscal year. The earnings per share are diluted as a result of so-called "potential shares." These include option and subscription rights if such rights result in the issue of shares at a value below the share's average stock exchange price. There was a dilution effect from the stock awards in the context of the Performance Plan (see disclosure 9).

Earnings per share were calculated in accordance with IAS 33.

	2013	2012
Consolidated profit/loss attributable to Manz AG's shareholders	–3,099,200	–33,642,379
Weighted average number of outstanding shares	4,521,121	4,480,054
Effect from share-based compensation	40,668	0
Weighted average number of outstanding shares	**4,561,789**	**4,480,054**
Earnings per share (diluted = undiluted)	–0.69	–7.51

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

NOTES TO SEGMENT REPORTING

Within the scope of segment reporting, Manz discloses the results of operations grouped by division and region in accordance with the rules of IFRS 8 (Operating Segments). This grouping is based on internal management and takes the divisions' different risk and earnings structures into account. The Manz Group continues to operate in five areas of business: Display, Solar, Battery, PCB/OEM, and Others. The company's activities in the five areas of business remain unchanged from last year.

In the "Display" segment, the company produces complete systems for handling sensitive products under cleanroom conditions. The emphasis here is on the production of LCD flat screens and touch-sensitive applications.

Activities in the "Solar" division encompass system solutions for the manufacture of crystalline solar cells and thin-film solar modules.

In the "Battery" division, Manz develops system solutions for the industrial manufacture of lithium-ion batteries.

In the "PCB/OEM" segment, Manz produces equipment for manufacturing and processing printed circuit boards (PCBs) and equipment for the semi-conductor industry.

The "Others" segment encompasses primarily system solutions for the packaging industry, as well as equipment for the automated handling of small components.

The primary factor used to evaluate and control a segment's earnings position is operating profit (EBIT).

Segment reporting shows revenues, earnings and assets and liabilities in the Group's individual segments. With the exception of the Administration/Other division, there is only a low level of supply and service relationships between the individual segments. The supply and service relationships within segments are disclosed on a consolidated basis. The exchange of services between segments is set at prices that would also be agreed with companies outside the Group.

One customer accounts for 72,087 thousand euros (previous year: 48,808 thousand euros) of the revenues in the 2013 fiscal year assignable to the Display division.

NOTES TO THE CASH FLOW STATEMENT (13)

The cash flow statement shows how cash has changed in the Manz Group over the course of the reporting year due to cash inflows and outflows. Pursuant to IAS 7 (Statement of Cash Flows), a distinction is drawn between cash flows from operating, investing and financing activities. Effects from changes to the basis of consolidation and exchange rates are eliminated in the respective items. The change in liquid assets due to changes in exchange rates is presented separately.

Cash in the cash flow statement inludes all the liquid funds presented in the balance sheet. This comprises cash in hand and bank balances with a term of up to three months and only insignificant fluctuations in value.

The cash inflows and outflows from investing and financing activities are presented in accordance with the direct method. Cash inflows and outflows from investing activities in operating business comprise inflows to property, plant and equipment and intangible assets. Cash payments for the acquisition of subsidiaries are reduced by the transferred liquid funds. In financing activities, besides cash inflows from equity increases and the issuance of other financial liabilities, cash outflows from the repayment of loans are also presented.

In contrast, the cash inflow and outflow from operating activities is derived indirectly starting from earnings before interest and taxes (EBIT). For this purpose, EBIT is adjusted by non-cash expenses and income, which primarily involve depreciation and changes in non-current provisions and deferred taxes, and amended to include changes in operating assets and liabilities.

Investing and financing processes which have not led to a change in cash are not part of the cash flow statement.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

NOTES TO THE BALANCE SHEET

INTANGIBLE ASSETS (14)

(in EUR tsd.)	Licenses, trade-mark rights, software, and similar rights	Capitalized development costs	Goodwill	Assets under construction/ prepayments	Total
Acquisition costs					
As of January 1, 2012	42,727	45,823	24,781	7,442	120,773
Currency adjustment	13	9	543	0	565
Changes to the basis of consolidation	4,347	0	6,943	–6,676	4,614
Additions	752	14,888	0	147	15,787
Disposals	–13	–4,714	0	–738	–5,465
Reclassifications	19	0	0	–19	0
As of December 31, 2012	**47,845**	**56,006**	**32,267**	**156**	**136,274**
Write-downs					
As of January 1, 2012	12,401	12,628	0	419	25,448
Currency adjustment	10	2	0	0	12
Additions	5,524	9,671	0	0	15,195
Disposals	–7	–4,710	0	–419	–5,136
As of December 31, 2012	**17,928**	**17,591**	**0**	**0**	**35,519**
Acquisition costs					
As of January 1, 2013	47,845	56,006	32,267	156	136,274
Currency adjustment	–5	–91	–1,266	0	–1,362
Changes to the basis of consolidation	–733	–69	–211	0	–1,013
Additions	236	7,890	0	0	8,126
Disposals	–231	–144	0	0	–375
Reclassifications	328	0	0	–155	173
As of December 31, 2013	**47,440**	**63,592**	**30,790**	**1**	**141,823**
Write-downs					
As of January 1, 2013	17,928	17,591	0	0	35,519
Currency adjustment	–2	–491	0	0	–493
Changes to the basis of consolidation	–554	–19			–573
Additions	5,517	10,423	0	0	15,940
Disposals	–228	–19	0	0	–247
As of December 31, 2013	**22,661**	**27,485**	**0**	**0**	**50,146**
Residual carrying amount as of December 31, 2012	29,917	38,415	32,267	156	100,755
Residual carrying amount as of December 31, 2013	**24,779**	**36,107**	**30,790**	**1**	**91,677**

In the context of our annual review of capitalized development costs for projects with residual carrying amounts, no additional write-downs were charged in the reporting period. In fiscal year 2012, additional write-downs totaling 2,748 thousand euros were charged in the Solar division.

GOODWILL AND TRADEMARK RIGHTS

The goodwill values and intangible assets with an indefinite useful life (trademark rights) are attributable to the individual segments as follows:

	Goodwill		Trademark rights	
(in EUR tsd.)	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Solar	19,056	19,665	1,530	1,643
Display	6,877	7,586	1,530	1,643
PCB/OEM	2,369	2,527	765	822
Others	2,488	2,488	0	0
	30,790	**32,267**	**3,825**	**4,108**

The change in the value of goodwill of –1,477 thousand euros resulted in the amount of 100 thousand euros due to the subsequent correction of goodwill from the initial consolidation of Manz CIGS Technology (Solar division). The remaining changes to the value of goodwill and trademark rights are due solely to currency translations.

The recoverability of goodwill and trademark rights is tested at least once a year by comparing the carrying amounts of their respective underlying units with their value in use. Value in use is determined using the discounted cash flow method. The starting point is the current three-year plan for the respective business segment.

The key planning premises specifically include the expected market development in relation to the development of the Manz Group, the development of key production and other costs, as well as the discount factor and growth rates. When defining the assumptions, general market forecasts, current developments and historical experience are all taken into account.

In the Solar division, planning was based on the assumption that initial orders will be realized in the CIGS area during fiscal year 2014.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Cash flows are predicted individually based on revenue and cost planning for each division that has goodwill and trademark rights attributed to it. Growth rates were fixed at values between 1.0% and 2.0% (previous year: between 1.0% and 2.0%). The pre-tax discount rate used for discounting purposes (weighted average cost of capital (WACC)) ranged from 9.0% to 14.8% (previous year: 13.1% to 15.8%). In this context, the cost of equity is calculated on the basis of a comparable group (peer group). Since fiscal year 2012, individual peer groups were formed for the Solar, Display, and PCB/OEM segments in order to allow for the revenue weighting within the Group. The discount rates and growth rates are listed in the following table:

	Pre-tax discount rate		**Growth rate**	
(in %)	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Solar	14.8	13.4	2.0	2.0
Display	9.0	13.1	1.5	1.5
Battery	14.8	13.4	1.0	1.0
PCB/OEM	14.3	15.8	1.0	1.0
Others	14.8	13.4	1.0	1.0

Equity and borrowing cost rates calculated in this way were weighted on the basis of the peer group's average capital structure.

Goodwill is considered impaired when a division's carrying amount exceeds its value in use. For the 2013 and 2012 fiscal years, there was no need to recognize impairments of the goodwill accounted for or intangible assets with an indefinite useful life.

A WACC that is 1% higher and a calculation without assumed growth in perpetuity does not influence the intrinsic value of the goodwill. Even a subsequent additional 10% reduction of the EBIT margin over the entire planning period would not have led to an impairment of goodwill in fiscal year 2013. In the 2012 fiscal year, this would have led to an impairment of goodwill in the Solar division of 16.0 million euros and of 1.6 million euros in the PCB/OEM segment.

Trademark rights have been tested for impairment since fiscal year 2013 within the scope of impairment testing for goodwill. The carrying amounts of the trademark rights are attributed in this context to the corresponding CGUs. In the 2012 fiscal year, value in use was calculated based on the "license fee analogy model" with a licensing rate of 3% annually and a discount rate of 5.84% annually, as well as a planning horizon of five years and an assumed growth rate of 0.0%.

Of the total research and development costs incurred in the 2013 fiscal year, 7,890 thousand euros (previous year: 14,888 thousand euros) fulfill the criteria for capitalization pursuant to IFRS.

The following amounts were offset in profit or loss:

(in EUR tsd.)	**2013**	**2012**
Research and development costs total	–19,498	–33,711
Write-downs on development costs	–10,423	–9,671
Capitalized development costs	7,890	14,888
Research and development costs offset as expenses	**–22,031**	**–28,494**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

PROPERTY, PLANT AND EQUIPMENT (15)

(in EUR tsd.)	Properties and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction/ prepayments	Total
Acquisition costs					
As of January 1, 2012	18,333	7,177	8,684	5,986	40,180
Currency adjustment	239	11	11	–45	216
Changes to the basis of consolidation	0	2,333	0	0	2,333
Additions	1,581	14,534	1,939	5,685	23,739
Disposals	–438	–1,342	–1,089	–51	–2,920
Reclassifications	8,881	1,446	1,176	–11,503	0
As of December 31, 2012	**28,596**	**24,159**	**10,721**	**72**	**63,548**
Write-downs					
As of January 1, 2012	1,365	2,690	4,745	0	8,800
Currency adjustment	34	580	96	0	710
Additions	894	2,245	1,573	0	4,712
Disposals	–438	–774	–793	0	–2,005
As of December 31, 2012	**1,855**	**4,741**	**5,621**	**0**	**12,217**
Acquisition costs					
As of January 1, 2013	28,596	24,159	10,721	72	63,548
Currency adjustment	–234	–862	–861	–3	–1,960
Changes to the basis of consolidation	–19	0	–112	0	–131
Additions	393	509	1,080	1,608	3,590
Disposals	0	–718	–505	–28	–1,251
Reclassifications	39	554	783	–1,550	–174
As of December 31, 2013	**28,775**	**23,642**	**11,106**	**99**	**63,622**
Write-downs					
As of January 1, 2013	1,855	4,741	5,621	0	12,217
Currency adjustment	–48	–190	–556	0	–794
Changes to the basis of consolidation	–7	0	–45	0	–52
Additions	1,392	5,085	1,491	0	7,968
Disposals	0	–196	–496	0	–692
As of December 31, 2013	**3,192**	**9,440**	**6,015**	**0**	**18,647**
Residual carrying amount as of December 31, 2012	26,741	19,418	5,100	72	51,331
Residual carrying amount as of December 31, 2013	**25,583**	**14,202**	**5,091**	**99**	**44,975**

Properties and buildings belonging to Manz Taiwan Ltd. with a carrying amount of 7,202 thousand euros (previous year: 7,850 thousand euros), Manz China Suzhou Ltd. with a carrying amount of 12,136 thousand euros (previous year: 12,525 thousand euros), and Manz Slovakia s.r.o with a carrying amount of 4,463 thousand euros (previous year: 4,685 thousand euros) serve as collateral for bank loans.

INVENTORIES (16)

(in EUR tsd.)	**Dec. 31, 2013**	**Dec. 31, 2012**
Raw materials, consumables and supplies	22,765	25,877
Work in progress	30,739	25,804
Finished goods and merchandise	1,434	2,740
Prepayments	1,011	31
	55,949	**54,452**

As a result of market and movement rate risks, impairment losses of 17,127 thousand euros (previous year: 13,450 thousand euros) were charged to inventories. The increase in valuation allowances amounting to 3,677 thousand euros charged in the reporting year (previous year: 8,054 thousand euros) was recognized in profit or loss under cost of materials.

TRADE RECEIVABLES (17)

(in EUR tsd.)	**Dec. 31, 2013**	**Dec. 31, 2012**
Future receivables from construction contracts	26,064	19,066
Trade receivables	29,650	35,285
	55,714	**54,351**

Future receivables from construction contracts, accounted for in accordance with their percentage of completion, are determined as follows:

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Costs, including outcome of the contract, of construction contracts	97,312	36,941
Minus advances received	–71,248	–17,875
	26,064	**19,066**

Where advances received exceed the total of contract costs incurred and profits reported, such advances are accounted for on the liabilities side under "Advances received".

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Cost, including outcome of the contract, of construction contracts	9,045	5,389
Minus advances received	–17,754	–13,043
	–8,709	**–7,654**

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Specific valuation allowances		
Trade receivables	815	799
Receivables from construction contracts	0	4,702
Global valuation allowances	1,357	2,533
	2,172	**8,034**

Changes in valuation allowances were as follows:

(in EUR tsd.)	2013	2012
As of January 1	8,034	1,827
Currency conversion	104	33
Use	5,380	0
Release	640	46
Allocations	54	6,220
As of December 31	**2,172**	**8,034**

DERIVATIVE FINANCIAL INSTRUMENTS (18)

On the balance sheet date, the following forward exchange transactions and foreign exchange swaps were used within hedge accounting to hedge the exchange rate of USD/euros and euros/TWD transactions and interest rate derivatives anticipated in the course of the following fiscal year:

(in EUR tsd.)	Dec. 31, 2013		Dec. 31, 2012	
	Exchange rate hedge	**Interest rate derivatives**	**Exchange rate hedge**	**Interest rate derivatives**
Nominal value	17,713	9,745	9,708	16,745
Positive fair value	20	0	43	0
Negative fair value	–750	0	0	–123
Remaining term	max. 9/2014	max. 12/2015	max. 6/2013	max. 12/2015

In the fiscal year, a figure of 58 thousand euros (previous year: 155 thousand euros) from current cash flow hedges, minus deferred taxes with a value of 17 thousand euros (previous year: 48 thousand euros), was transferred directly to retained earnings. Owing to postponements in respect of the hedged items, the cash flow hedges produced gains, due to ineffectiveness, of 46 thousand euros. These gains have been presented in other operating income.

Forward exchange transactions were used to hedge currency risks from an investment in a foreign subsidiary. As of December 31, 2013, an unrealized loss with a value of 604 thousand euros (previous year: 0 thousand euros) resulting from changes in the exchange rate of the hedges was presented under "Cash flow hedge" within equity. The unrealized gain from the foreign currency loan of the subsidiary was likewise recognized directly in equity in the same amount.

OTHER CURRENT RECEIVABLES (19)

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Tax receivables (not income taxes)	1,367	2,942
Personnel receivables	353	369
Other accruals (primarily insurance policies)	213	220
Other	2,399	1,388
	4,332	**4,919**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Other current receivables are neither past due nor impaired.

LIQUID FUNDS (20)

Other liquid funds involve cash and cash equivalents in the form of cash accounts and short-term financial investments at banks with a term of up to three months upon initial recognition. They are measured at amortized cost.

EQUITY (21)

Changes in the equity and comprehensive income are presented separately in the "Consolidated Statement of Changes in Equity." The components of comprehensive income are presented in aggregate form in the income statement.

ISSUED CAPITAL

The capital stock of the parent company, Manz AG, is reported as issued capital.

As a result of the cash capital increase of November 27, 2013, which was decided, with Supervisory Board approval, by the Managing Board in partial exercise of the authorization given at the Annual General Meeting of June 16, 2009, pursuant to Article 3(3) of the Articles of Incorporation (Authorized Capital 2009), the issued capital of Manz AG was increased by 448,005.00 euros to 4,928,059.00 euros (previous year: 4,480 thousand euros) and is divided into 4,928,059 no-par value bearer shares, which are fully paid up. The nominal value of each share is thus 1.00 euros.

AUTHORIZED CAPITAL

The Managing Board was authorized, with Supervisory Board approval, to increase the company's capital stock in the period until June 15, 2014, one or more times, up to a total of 2,240,027.00 euros by issuing a total of 2,240,027 new no-par value bearer shares in return for cash or contributions in kind (Authorized Capital 2009). The new shares must, in principle, be offered to shareholders for subscription. However, the Managing Board is authorized, with Supervisory Board approval, to disapply shareholders’ preemptive rights. After partial utilization of the above authorization, authorized capital 2009 totaled 1,792,022.00 euros in the reporting period.

CONDITIONAL CAPITAL I

At the Annual General Meeting on July 16, 2013, the Managing Board was authorized, with Supervisory Board approval, to issue bearer warrant or convertible bonds, profit-sharing rights or profit-sharing bonds, or a combination of these instruments (collectively referred to as “bonds”), on one or more occasions, until July 15, 2018, with a total nominal amount of up to 150 million euros and to grant option rights to the holders of warrant bonds or, respectively, conversion rights to the holders of convertible bonds for bearer shares of the company with a proportionate amount of capital stock totaling up to 1,792,021.00 euros, in accordance with the detailed terms and conditions of the warrant/convertible bonds

However, the Managing Board is authorized, with Supervisory Board approval, to exclude fractional amounts from shareholders’ subscription right and to disapply the subscription right to the extent necessary in order to grant to the holders of previously issued debenture bonds carrying conversion or option rights and/or conversion obligations, a subscription right to the extent to which they would be entitled as shareholders upon exercising their option or conversion rights or upon fulfilling their conversion obligation. The Managing Board is further authorized, with Supervisory Board approval, to completely disappply shareholders’ subscription right to bonds carrying option and/or conversion rights or conversion obligations. To the extent that profit-sharing rights or profit-sharing bonds without option rights or conversion rights/obligations are issued, the Managing Board is authorized, with Supervisory Board approval, to completely disapply shareholders’ subscription right.

The share capital has been conditionally increased pursuant to Article 3(4) of the company’s Articles of Incorporation by up to 1,792,021.00 euros, through the issuance of up to 1,792,021 bearer shares (Conditional Capital I). The conditional capital increase serves to award no-par-value bearer shares to the holders of option or convertible bonds, profit-sharing rights or profit-sharing bonds (or a combination of these instruments), in each case carrying option or conversion rights or conversion obligations, which are issued as a result of the above authorization. The issue of new shares will be effected at the

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 **NOTES TO THE BALANCE SHEET**
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

conversion or option price to be determined respectively in accordance with the aforementioned authorization.

CONDITIONAL CAPITAL II

The conditional increase in capital approved at the Annual General Meeting on June 10, 2008 (capital II, Manz Performance Share Plan 2008) was nullified by a resolution adopted at the Annual General Meeting on July 16, 2013.

CONDITIONAL CAPITAL III

At the Annual General Meeting held on June 28, 2011, authorization to grant stock options as set out in the Manz Performance Share Plan 2011 was approved.

The Managing Board was authorized to issue a total of up to 15,000 subscription rights for a total of up to 60,000 shares of company stock to executives of affiliated companies, Manz's own managers below the executive level, and managers of affiliated companies, both domestic and foreign, one or more times with Supervisory Board approval in the period until May 31, 2016.

The Supervisory Board was given authorization to issue a total of up to 15,000 subscription rights for a total of up to 60,000 shares of company stock to members of Manz's Managing Board, one or more times, until May 31, 2016. Granting, organizing, and exercising these options is to be carried out according to the stipulations of the resolutions passed at the Annual General Meeting on June 28, 2011. The authorizations were nullified by resolution at the Annual General Meeting on June 19, 2012, to the extent that no options were issued on the basis of the authorization.

Pursuant to Article 3(6) of our Articles of Incorporation, our company's capital stock has been conditionally increased by up to 56,000.00 euros through the issue of up to 56,000 no-par value bearer shares (Conditional Capital III). This conditional increase serves to secure the rights of the owners of subscription rights that were granted as a result of the aforementioned authorization.

A total of 14,256 stock options from Conditional Capital III were issued as of the balance sheet date (previous year: 14,256) (see Annotation 9).

CONDITIONAL CAPITAL IV

At the Annual General Meeting held on June 19, 2012, authorization to grant subscription rights as set out in the Manz Performance Share Plan 2012 was approved.

The Managing Board was authorized to issue a total of up to 27,000 subscription rights for a total of up to 108,000 shares of company stock to executives of affiliated companies, Manz's own managers below the executive level, and managers of affiliated companies, both domestic and foreign, one or more times, with Supervisory Board approval, in the period until May 31, 2017.

Furthermore, the Supervisory Board was given authorization to issue a total of up to 37,000 subscription rights for a total of up to 148,000 shares of stock to members of Manz's Managing Board, one or more times, until May 31, 2017. Issuing, drafting, and exercising these options are to be carried out according to the stipulations of the resolutions adopted at the Annual General Meeting on June 19, 2012.

Pursuant to Article 3(7) of our Articles of Incorporation, our company's capital stock has been conditionally increased by up to 256,000.00 euros through the issue of up to 256,000 no-par value bearer shares (Conditional Capital IV). This conditional increase serves to secure the rights of the owners of options that were granted as a result of the aforementioned authorization.

A total of 10,167 subscription rights from Conditional Capital IV were issued as of the balance sheet date (previous year: 0) (see Annotation 9).

CAPITAL RESERVES

Capital reserves comprise primarily payments from shareholders pursuant to section 272(2), no. 1 of the German Commercial Code, minus capital-raising costs after taxes. Furthermore, this also includes the value of share-based compensation granted to management (including the Managing Board) as a salary component in the form of equity instruments. In fiscal year 2013, capital reserves with a value of 66 million euros at Manz AG were withdrawn and offset against net accumulated losses.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

TREASURY SHARES

In a resolution passed at the Annual General Meeting on June 22, 2010, the company was authorized to purchase treasury shares with a calculated value of up to 10% of the company's capital stock as of the day of the meeting pursuant to section 71(1), no. 8 of the German Securities Trading Act. The resolution grants the company authorization to execute these purchases until June 21, 2015.

Such a purchase can either be carried out on the stock exchange or through a publicly issued purchase offer sent to shareholders or a public call for bids. The Managing Board is authorized to use company shares which are or were purchased as a result of this authorization or earlier authorizations for all purposes allowed by law. The authorization to purchase treasury shares, to retire these shares, and to resell or utilize these shares in other ways can be exercised once or more than once, individually, or in conjunction with one another as well as only in parts. Shareholders' statutory subscription rights to treasury shares are disapplied insofar as these shares are used in accordance with the aforementioned authorizations.

In the 2013 fiscal year, the company purchased 110 treasury shares (previous year: 1,599) at an average price of 35.00 euros (previous year: 28.00 euros) per share with a market value of 4 thousand euros (previous year: 45 thousand euros). The company purchased treasury shares in the reporting period for employee jubilees. The company did not hold any treasury shares as of the balance sheet dates of December 31, 2013 and December 31, 2012.

RETAINED EARNINGS

Retained earnings are reserves for accumulated profits and reserves for cash flow hedges. Accumulated profits contain profits generated by Manz AG and its consolidated subsidiaries during the current year or previous years that have not yet been distributed.

In each of the 2012 and 2013 fiscal years, our interest in Manz Taiwan Ltd. increased. This was accounted for directly in equity as a transaction between majority and minority shareholders. In each case a positive difference of 2 thousand euros resulted (previous year: 4 thousand euros), which is presented in the reserves for accumulated profits.

The share of profit or loss resulting from a cash flow hedging instrument that was determined to be an effective hedge is recognized in the reserves for cash flow hedges.

CURRENCY TRANSLATION

The reserve for currency translation is used to recognize differences from the translation of the financial statements of foreign subsidiaries.

MINORITY INTEREST

Minority interest pertains to Manz Taiwan Ltd., in which Manz Asia Ltd. holds a 97.17 % stake (previous year: 97.16 %). Furthermore, a 25 % minority interest is held in Manz India Private Limited, which was founded during the 2008 fiscal year. The share of equity and annual profit/loss attributable to the minority shareholders is presented separately in the balance sheet and/or income statement.

PROPOSED APPROPRIATION OF PROFITS

Pursuant to section 58(2) of the German Stock Corporation Act, the distribution of dividends by Manz AG is based on the net earnings disclosed in the annual financial statements (separate financial statements) as of December 31, 2013. The Managing Board has decided to withdraw 66,000,000.00 euros from capital reserves and offset it against the net accumulated loss. Manz AG's remaining net accumulated loss of 5,667,431.75 euros as of December 31, 2013, (previous year: –50,881,466,09 euros) will be carried forward to new account.

ADDITIONAL DISCLOSURES REGARDING CAPITAL MANAGEMENT

The primary objective of capital management in the Manz Group is to continually increase the value of the company over the long term and to secure its liquidity. A high credit rating and a good equity ratio are important foundations for this purpose. The Group controls its capital structure and makes adjustments, taking into account changes in the general economic conditions.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The Manz Group monitors its capital regularly, based on various key performance indicators. The ratio of net financial liabilities to equity on the balance sheet before minority interest (gearing) and the equity ratio are important figures in this respect. In this case, net financial liabilities are calculated as the total of financial liabilities and lease liabilities less liquid funds.

The Supervisory Board and Managing Board have defined a minimum equity ratio of 40 % and gearing of less than 50 % as targets.

OVERVIEW OF CAPITAL MANAGEMENT

(in EUR tsd.)	**Dec. 31, 2013**	**Dec. 31, 2012**
Liquid funds	64,666	30,708
Financial liabilities	65,218	66,009
Net financial liabilities	552	35,301
Total Manz AG shareholders' equity	**172,980**	**154,367**
Equity ratio	54.2 %	51.5 %
Gearing	0.3 %	22.9 %

The two key performance indicators of equity and gearing improved significantly in the reporting year. The equity ratio increased due to a lower level of external financing to 54.2 % (previous year: 51.5 %). Gearing improved as a result of the significant increase in equity to +0.3 % (previous year: +22.9 %). Both key figures are thus well above the set targets.

In July 2013, the agreements with the German principal banks and Euler Hermes were fundamentally revised into a collateral agency and alteration of contract agreement. In addition to the collateral provided in the form of assignment of receivables and security assignments of machinery, inventories, and intangible rights, the company undertakes to carry out a structural optimization of the "CIGS" segment. The defined milestones of this structural optimization have been fulfilled as of the balance sheet date. Furthermore, family shareholders Ulrike Manz and Dieter Manz have undertaken to maintain a defined minimum proportionate interest.

In fiscal year 2013, financial liabilities held by Manz Slovakia valued at 2,485 thousand euros (previous year: 2,905 thousand euros) were subject to a covenant agreement pertaining to Manz Slovakia's separate financial statements. The provisions of the agreement stipulate an equity ratio of more than 10 % and an EBITDA-to-revenue ratio of more than 5 %. One of these stipulations was not fulfilled in the 2013 fiscal year. Both of the stipulations were not fulfilled in the 2012 fiscal year. As a result, the financial liabilities with a value of 2,485 thousand euros (previous year: 2,905 thousand euros) are recognized under current financial liabilities.

NON-CURRENT FINANCIAL LIABILITIES (22)

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Non-current liabilities to banks	18,546	22,303
	18,546	**22,303**

Non-current liabilities to banks contain a loan from the KfW development bank granted within the scope of the ERP innovation program with a long-term component value at 15.0 million euros and a term until December 30, 2020, as well as non-current loans taken out by Manz China to finance construction of its new production facility.

NON-CURRENT DEFERRED INVESTMENT GRANTS (23)

The item contains deferred investment subsidies, including those that will need to be released in the following year, as they are all solely connected with property, plant and equipment. They concern Manz Hungary in Hungary without exception.

The investment subsidies are linked to a series of conditions. On present evidence, these conditions will be completely fulfilled, meaning that no repayments are expected.

FINANCIAL LIABILITIES FROM LEASES (24)

Lease liabilities result from assets which must be capitalized in accordance with IAS 17. These pertain to automobile finance lease agreements with a carrying amount of 122 thousand euros (previous year: 71 thousand euros) which are presented under “Other equipment, operating and office equipment“.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The lease payments due in the future and their present values are shown in the following table:

(in EUR tsd.)	**Minimum leasing payments 2013**	**Present value of minimum leasing payments 2013**	**Minimum leasing payments 2012**	**Present value of minimum leasing payments 2012**
Up to 1 year	48	48	34	34
1 to 5 years	58	51	36	33
Total minimum payments	106		70	
Minus the interest component	–7		–3	
Present value of the minimum payments	**99**	**99**	**67**	**67**

PENSION PROVISIONS (25)

The components of expenses for pension benefits recognized in the Group's income statement and the amounts carried in the balance sheet are presented in the following tables.

The present value of performance-based obligations at the end of the year is balanced against the plan assets at fair value (financing status).

PENSION PROVISIONS

(in EUR tsd.)	2013	2012
Change in the present value of benefits		
Present value of performance-based obligations as of Jan. 1	7,036	5,922
Changes to the basis of consolidation	0	45
Service cost	62	54
Interest cost	193	232
Benefits paid	–230	–641
Actuarial losses (+) / gains (–)		
due to changes in demographic assumptions	78	83
due to changes in financial assumptions	–161	1,304
due to adjustments based on past experience	–1	–15
Currency differences from international plans	–162	52
Present value of performance-based obligations at Dec. 31	**6,815**	**7,036**
Change in plan assets		
Value of plan assets as of Jan. 1	1,367	1,710
Income from plan assets	27	24
Company contributions	56	59
Benefits paid	–142	–471
Actuarial losses (+) / gains (–)	–5	12
Currency differences from international plans	–72	33
Value of plan assets as of Dec. 31	**1,231**	**1,367**
Financing status (=pension provision)	**5,584**	**5,669**
which apply to:		
Manz AG, Reutlingen (2012: including Manz Tübingen GmbH)	4,251	4,255
Manz Taiwan Ltd., Taiwan	1,229	1,324
Manz CIGS Technology, Schwäbisch Hall	104	90

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 **NOTES TO THE BALANCE SHEET**
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Manz AG's pension obligations consist of two separate components with a non-varying payment scheme, as well as a company pension plan from the former Manz Tübingen GmbH, which was closed for new employees hired after July 15, 1997.

Manz Taiwan has both a performance-based and contribution-based pension plan for its employees. Employees hired after July 1, 2005, can only select the contribution-based pension plan. Those employed before July 1, 2005, can choose between the two pension plans.

The pension obligations of Manz CIGS Technology consist of the company pension plan regulation carried over within the framework of the transaction with Würth on January 1, 2012. The pension annuity is calculated by multiplying the number of service years by a fixed amount.

The following amounts have been included in the income statement:

(in EUR tsd.)	**2013**	**2012**
Service cost	–62	–54
Net interest cost	–166	–208

The service cost is reported in personnel expenses, while the interest cost is reported under financial expenses.

In the coming fiscal year, employer contributions to the fund's assets are expected to total 25 thousand euros (previous year: 31 thousand euros). Pension payments are expected to total 270 thousand euros.

The plan assets for German pension obligations consist exclusively of reinsurance policies. The plan assets for Manz Taiwan Ltd. are endowments stipulated by law that must be paid into an external central trust (Taiwan's Labor Pension Fund). The fund's assets comprise reinsurance policies (Germany) and trust assets (Taiwan), which make up 20.0 % and 80.0 % of the fund's total assets, respectively.

For contribution-based pension plans, payments were made totaling 1,103 thousand euros (previous year: 909 thousand euros). Furthermore, pursuant to federal regulations, our companies based in Germany made contributions to the federal pension fund totaling 2,826 thousand euros (previous year: 3,339 thousand euros).

The calculation of pension reserves was carried out based on the following underlying assumptions:

	Germany		Taiwan	
(in %)	2013	2012	2013	2012
Discount rate	3.48	3.53	2.00	1.50
Salary and wage increases	2.50	2.50	2.00	2.00
Pension increases	2.00	2.00	2.00	2.00

An increase or decline in key actuarial assumptions would have the following effect on the present value of pension obligations:

(in EUR tsd.)		2013
Sensitivity for discount rate	+0,50 %	–446
Sensitivity for discount rate	–0,50 %	532
Sensitivity for pension increases	+0,50 %	419
Sensitivity for pension increases	–0,50 %	–382
Sensitivity for life expectancy	+1 year	186

The weighted average duration of performance-based obligations was 18.1 years at the end of the reporting year (2012: 18.3 years).

OTHER NON-CURRENT PROVISIONS (26)

Changes in other non-current provisions in the reporting year were as follows:

(in EUR tsd.)	Jan. 1, 2013	Currency adjust-ments	Utilization	Reversal	Accrued interest	Transfer	Dec. 31, 2013
Personnel	277	0	58	0	5	63	287
Reinstatement obligation	419	0	0	0	25	0	444
Warranties	1,691	–28	407	522	15	636	1,385
	2,387	**–28**	**465**	**522**	**45**	**699**	**2,116**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Non-current personnel obligations contain obligations from partial early retirement as well as jubilee obligations. Provisions for partial early retirement have been presented offset against the plan assets in the amount of 49 thousand euros (previous year: 100 thousand euros).

Provisions for warranty obligations are recognized on the basis of past experience. It is expected that the costs will be incurred within the next two fiscal years.

OTHER NON-CURRENT LIABILITIES (27)

Other non-current liabilities with a value of 6,600 thousand euros contain earn-out components from the acquisition of CIS Technology GmbH. For more details, please refer to the information disclosed in "Acquisitions in Fiscal Year 2012".

CURRENT FINANCIAL LIABILITIES (28)

Current financial liabilities relate to various short-term lines of credit and overdrafts for financing operating activities; they are due within a period of one year. Standard market interest rates have been agreed upon for short-term loans. In addition, a non-current loan held by Manz Slovakia with a value of 2,485 thousand euros (previous year: 2,905 thouand euros) is presented under current financial liabilities as a result of non-compliance with the provisions of a covenant agreement (see disclosure 21). Furthermore, this also contains the current component (repayment in the following year) of the non-current financial liabilities.

TRADE PAYABLES (29)

Trade payables are accounted for at amortized cost. Their balance sheet values generally correspond to their market values. They are due within one year.

OTHER CURRENT PROVISIONS (30)

Other current provisions changed as follows:

(in EUR tsd.)	Jan. 1, 2013	Currency adjustments	Utilization	Reversal	Transfer	Dec. 31, 2013
Reworking	287	0	287	0	125	125
Other	5,441	–48	4,052	21	3,183	4,503
	5,728	**–48**	**4,339**	**21**	**3,308**	**4,628**

Other provisions primarily include provisions for onerous customer contracts, as well as provisions for commission, profit sharing, and the cost of preparing the annual financial statements. They also contain provisions for severance pay with a value of 32 thousand euros (previous year: 1,438 thousand euros).

The provisions usually lead to payments being made in the following year.

OTHER LIABILITIES (31)

On the reporting date, other liabilities break down as follows:

(in EUR tsd.)	Dec. 31, 2013	Dec. 31, 2012
Tax liabilities (not taxes on income)	674	1,622
Personnel-related liabilities	5,514	7,016
Other	153	118
	6,341	**8,756**

Tax liabilities (not taxes on income) primarily comprise VAT liabilities and liabilities from wage and church taxes; they are due within one year.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

OUR IDEAS FOR SUSTAINABLE ENERGY PRODUCTION

SECURING THE WORLDWIDE ENERGY SUPPLY

The history of Manz is a history of constant innovation pertaining to production technologies for solar cells and modules. We have made a significant contribution to photovoltaics being, even today, the cheapest way of generating electricity in some countries – and hence to its becoming even more important in future in satisfying, in an environmentally friendly manner, the enormous hunger for energy in wide parts of the earth. The Manz CIGS*fab*, the only turnkey production line for manufacturing CIGS thin-film solar modules in the world, enables us to create the best conditions for meeting these major challenges in an optimal manner.

MANZ – ALWAYS ONE IDEA AHEAD

REPORTING ON FINANCIAL INSTRUMENTS

The following table shows the reconciliation of balance sheet items to the categories of financial instruments, divided according to the carrying amounts and fair values of the financial instruments.

Trade receivables, other current receivables, liquid funds, trade payables, and the lion's share of other liabilities as set out in IFRS 7 mostly have short remaining terms. The carrying amounts of these financial instruments are therefore assumed to equate approximately to their fair values.

CARRYING AMOUNT BY MEASUREMENT CATEGORY 2013

(in EUR tsd.)	Fair value	Loans and receivables	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2013
Assets as of Dec. 31, 2013					
Other non-current assets	440	440			440
Trade receivables	55,714	29,650	-	26,064	55,714
Derivative financial instruments	20	-	20	-	20
Other current receivables	4,332	2,965		1,367	4,332
Liquid funds	64,666	64,666	-	-	64,666
	125,172	**97,721**	**20**	**27,431**	**125,172**

CARRYING AMOUNTS BY MEASUREMENT CATEGORY 2013

(in EUR tsd.)	Fair value	Measured at amortized cost	Carrying amount according to IAS 17	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2013
Liabilities as of Dec. 31, 2013						
Financial liabilities	64,748	64,748	-	-	-	64,918
Financial liabilities from leases	112	-	112	-	-	106
Trade payables	42,687	42,687	-	-	-	42,687
Derivative financial instruments	750	-	-	750	-	750
Other liabilities	12,941	5,667	-	-	7,274	12,941
	121,238	**113,102**	**112**	**750**	**7,274**	**121,402**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

CARRYING AMOUNTS BY MEASUREMENT CATEGORY 2012

(in EUR tsd.)	Fair value	Loans and receivables	Held for trading	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2012
Assets as of Dec. 31, 2012					
Other non-current assets	808	808			808
Trade receivables	54,320	35,285	-	19,066	54,351
Derivative financial instruments	43	-	43	-	43
Other current receivables	4,919	1,977		2,942	4,919
Liquid funds	30,708	30,708	-	-	30,708
	90,798	**68,778**	**43**	**22,008**	**90,829**

CARRYING AMOUNTS BY MEASUREMENT CATEGORY 2012

(in EUR tsd.)	Fair value	Measured at amortized cost	Carrying amount according to IAS 17	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2012
Liabilities as of Dec. 31, 2012						
Financial liabilities	65,477	65,477	-	-	-	65,677
Financial liabilities from leases	74	-	74	-	-	70
Trade payables	38,707	38,705	-	-	-	38,705
Derivative financial instruments	128	-	-	128	-	128
Other liabilities	15,256	7,134	-	-	8,122	15,256
	119,642	**111,316**	**74**	**128**	**8,122**	**119,836**

MEASUREMENT CLASSES PURSUANT TO IFRS 7.27

The Group uses the following hierarchy to determine and present the fair values of financial instruments, depending on measurement method:

Level 1: (unaltered) prices for identical assets and liabilities quoted on active markets

Level 2: input data that are observable either directly (as price) or indirectly (derived from prices) for the asset or liability and that do not represent any quoted price as described in Level 1.

Level 3: input data that are not based on observable market data for the measurement of the asset or liability (non-observable input data).

As of December 31, 2013, derivative financial instruments disclosed in current assets with a value of 20 thousand euros (previous year: 43 thousand euros), as well as derivative financial instruments disclosed in current liabilities with a value of 750 thousand euros (previous year: 128 thousand euros) fall within Level 2 of the fair value hierarchy within the scope of IFRS 7.27.

NET EARNINGS BY MEASUREMENT CATEGORIES SET OUT IN IAS 39

(in EUR tsd.)	**Net gains/ losses**	**Total interest income/ expenses**
Fiscal Year 2013		
Loans and receivables	–4,486	370
Assets held for trading (derivate financial instruments)	–1	0
Available-for-sale financial liabilities (derivate financial instruments)	58	0
Financial liabilities measured at amortized cost	–117	–3,106
	–4,546	**–2,736**
Fiscal Year 2012		
Loans and receivables	–5,331	172
Assets held for trading (derivate financial instruments)	–109	0
Available-for-sale financial liabilities (derivate financial instruments)	203	0
Financial liabilities measured at amortized cost	–8	–1,642
	–5,245	**–1,470**

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The net gains and losses from loans and receivables primarily include gains and losses from currency translation and changes to valuation allowances on receivables and receivable losses from construction contracts.

Interest income for financial instruments in the "Loans and receivables" category is the result of investing liquid funds. Interest resulting in the category "Financial liabilities measured at amortized cost" primarily pertain to interest expenses from non-current financial liabilities and from financial liabilities to banks.

FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

As a company which operates internationally, the Manz Group is exposed to credit, liquidity, and market risks during the course of its ordinary business activities. Market risks particularly result from changes to exchange rates and interest rates. Financial risk management measures are designed to manage and limit these market risks within the scope of operating and financial activities. Depending on the risk assessment, derivate hedging instruments are used, although generally only cash flow risks are hedged. Derivate financial instruments are only used for hedging purposes and are therefore not held for trading or speculative purposes. To reduce the default risk, hedging transactions are entered into only with leading financial institutions which have excellent credit ratings.

The basic principles of Manz's financial policy are regularly determined by the Managing Board and monitored by the Supervisory Board.

The sensitivity analyses in the following sections refer to the situation on December 31, 2013 and December 31, 2012, respectively. The sensitivity analyses were carried out based on the hedging relationships which existed on December 31, 2013, and on the premise that net debt, the relationship between the fixed and variable interest rates of liabilities and derivatives, and the share of financial instruments held in foreign currencies will remain constant.

The sensitivity analyses were prepared based on following assumptions:

- The sensitivity of the balance sheet relates to derivatives and available-for-sale debt instruments.
- The sensitivity of the relevant items on the income statement reflects the effect of assumed changes in the corresponding market risks. This is based on financial assets

and financial liabilities held on December 31, 2013 and December 31, 2012, including the effect of the hedging relationship.
- The sensitivity of equity is calculated by considering the effect the associated cash flow hedging relationships as of December 31, 2013 and December 31, 2012, will have on the assumed changes in the hedged item.

CREDIT RISKS

Credit risk is the risk that business partners will not be able to meet their contractual obligations and that the Manz Group will therefore incur a financial loss. Within the scope of its operating activities, the Group is particularly exposed to default risks when it comes to trade receivables and risks within its financing activities, including cash investments with banks and derivative financial instruments.

The credit risk from receivables from customers is managed (locally) at the company level and constantly monitored. In project business, the risk of default is minimized by advance payments. If default risks are noticeable in the case of financial assets, these risks are recognized by means of valuation allowances. The default risk associated with cash investments and derivative financial instruments is reduced by spreading the investments across different banks.

The maximum credit risk of financial assets (including derivatives with a positive market value) corresponds to the carrying amount recognized in the balance sheet. As of the balance sheet date on December 31, 2013, the company's maximum credit risk totaled 125,172 thousand euros (previous year: 90,798 thousand euros).

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

The age structure of trade receivables for which no impairment losses have been recognized is presented in the following table:

(in EUR tsd.)	2013	2012
Not overdue and not impaired	11,817	20,715
Overdue and on which no specific valuation allowance has been charged		
up to 30 days	3,054	3,671
between 31 and 60 days	1,932	1,469
between 61 and 90 days	1,438	70
between 91 and 180 days	3,243	1,360
more than 180 days	1,172	9,741
Carrying amounts of receivables for which no impairment losses have been charged	**22,656**	**37,026**

Non-impaired trade receivables showed no indications of requiring recognition of impairment. The recoverability of receivables neither overdue nor impaired is regarded as very high. This assessment is due, above all, to the long-standing business relationship with most buyers and the credit rating of our customers.

Other non-current assets and other current receivables are neither overdue nor impaired.

LIQUIDITY RISKS

Liquidity risk, i. e. the risk that Manz is not able to meet its financial obligations, is limited through the creation of the necessary financial flexibility and through an effective cash management system. We employ appropriate financial planning instruments to manage our future liquidity situation. According to our current plans, we do not have any foreseeable liquidity bottlenecks.

As of the balance sheet date, the company held unused overdraft facilities/lines of credit at banks with a value of 76,089 thousand euros (previous year: 67,979 thousand euros); these can either be used as an overdraft facility and/or as a surety line of credit (lines of credit used as of December 31, 2013: 5,397 thousand euros (previous year: 966 thousand euros).

In addition, the company held unused lines of credit at credit insurance companies and banks with a value of 10,276 thousand euros (previous year: 3,282 thousand euros); the company has drawn on these lines of credit in the amount of 4,724 thousand euros (previous year: 11,718 thousand euros).

The following lists show the contractually agreed, discounted interest and principal repayments for all primary financial liabilities as set out in IFRS 7. If the maturity date is not fixed, the liability is applied to the earliest maturity date. Interest payments with variable interest yield are taken into account according to the terms applicable as of the reporting date. We mainly assume that the cash outflows will not occur earlier than shown.

(in EUR tsd.)	**Total**	**2014**	**2015**	**> 2016**
Dec. 31, 2013				
Financial liabilities	67,156	48,336	4,450	14,370
Finance leasing	112	48	33	31
Trade payables	42,687	42,687		
Derivative financial instruments	750	750		
Other liabilities	12,536	12,536		
	123,241	**104,357**	**4,483**	**14,401**

(in EUR tsd.)	**Gesamt**	**2013**	**2014**	**> 2015**
Dec. 31, 2012				
Financial liabilities	68,454	44,232	5,628	18,594
Finance leasing	74	36	38	
Trade payables	38,705	38,705		
Derivative financial instruments	128	128		
Other liabilities	14,134	7,134	7,000	
	121,495	**90,235**	**12,666**	**18,594**

The factory buildings belonging to Manz Taiwan Ltd., Manz China Suzhou Ltd., and Manz Slovakia s.r.o. have been provided as collateral for the loans and lines of credit extended to the Manz Group by banks and utilized as of the balance sheet date. Furthermore, since fiscal year 2013, assignments of receivables have been in effect, as have collateral assignments in the form of inventories, machines and rights concerning intangible assets.

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

CURRENCY RISKS

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Manz Group is exposed to it primarily from its operating activities (if revenues and/or expenses are quoted in a currency different from the functional currency of the Manz company in question). In order to reduce the effects of exchange rate fluctuations, Manz AG continually quantifies exchange rate risks and hedges all major risks with forward exchange contracts and foreign exchange swaps whenever this makes business sense. The hedging of value fluctuations of future cash flows from expected transactions involves planned sales in foreign currency. Differences caused by exchange rates when financial statements are translated into the Group currency are ignored.

To present market risks, IFRS 7 demands sensitivity analyses, which show possible effects that changes to relevant risk variables (e.g. exchange rates, interest rates) might have on earnings and equity. To determine the periodic effects, a possible change in the risk variables on the financial instruments held by the company on the reporting date is undertaken. In this case, it is assumed that the instruments held at the end of the year are representative for the fiscal year. Foreign currency derivatives are always assigned to hedged items so that no currency risks can arise from these instruments.

For the US dollar, as the main foreign currency for the Manz Group, the following currency scenario arises:

If the value of the euro had been 10.0 % higher against the US dollar on December 31, 2013 (2012), consolidated profit/loss would have been 1,167 thousand euros (1,132 thousand euros) lower, and consolidated equity would have been 958 thousand euros (previous year: 415 thousand euros) lower. If the value of the euro had been 10.0 % lower against the US dollar on December 31, 2013 (2012), consolidated profit/loss would have been 1,430 thousand euros (1,386 thousand euros) higher, and consolidated equity would have been 1,256 thousand euros (previous year: 666 thousand euros) higher.

INTEREST RATE RISKS

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate, due to changes in market interest rates. The risk of fluctuations in market interest rates to which the Group is exposed results primarily from loans with variable interest rates.

The Group manages interest rate risks pertaining to financial liabilities by holding a balanced portfolio of fixed rate and variable rate loans and through the use of interest rate derivatives such as interest rate caps and interest rate swaps.

Interest rate risks as set out in IFRS 7 are determined using sensitivity analyses. In this context, the effects of variable market interest rates on the financial result are presented.

If the market interest rate as of December 31, 2013 (2012), had been 100 points higher (lower), the consolidated profit/loss would have been 76 thousand euros (193 thousand euros) lower and consolidated equity would have be 76 thousand euros (164 thousand euros) lower.

CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

As of the balance sheet date, Manz AG had guarantees in place for liabilities to banks for third parties totaling 700 thousand euros.

The Manz Group has entered into various rental agreements for buildings and leases for operating and office equipment. The due dates of minimum lease payments from irrevocable operating leases and rental agreements are as follows:

DUE DATES OF MINIMUM LEASE PAYMENTS

(in EUR tsd.)	2013	2012
Minimum lease payment		
Remaining term up to 1 year	5,864	4,609
Remaining term of 1–5 years	15,403	15,374
Remaining term of more than 5 years	25,250	28,178

In the 2013 fiscal year, rent and lease payments totaling 5,865 thousand euros (previous year: 6,084 thousand euros) were recognized under “Other operating expenses.”

As a result of an acquisition, a business continuation obligation as well as further obligations existed in fiscal year 2012. The resulting financial obligations were expected to

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

amount to total approximately 900 thousand euros. This obligation existed until Dec. 31, 2013, and has been fully met.

EVENTS AFTER THE BALANCE SHEET DATE

In January 2014, the company acquired several contracts in the Display division with a total value of 50 million euros. The orders are for automation systems and equipment, laser process and metrology for the manufacture of smartphones and tablet computers and, for the first time, innovative vacuum coating systems.

Otherwise, no further events occurred after the end of the reporting period on December 31, 2013 that would have had a significant impact on our financial position, financial performance and cash flows.

RELATED PARTIES

Pursuant to IAS 24, persons or companies that can be influenced by the reporting company or that can have an influence on the company must be specified if they are not already included as a consolidated company in the consolidated financial statements.

In the Manz Group, related parties generally refer to members of the Managing Board and of the Supervisory Board, including their family members, as well as companies over which Manz AG, Managing Board and Supervisory Board members, and their close family members can exercise a considerable influence.

COMPENSATION PAID TO THE MANAGING BOARD AND SUPERVISORY BOARD

The basic principles of the compensation system and the level of payments to Managing Board and Supervisory Board members, as well as to former members of the Managing Board, are shown in the compensation report, which is part of the management report.

Total compensation of 828 thousand euros was paid to the Managing Board in the 2013 fiscal year (previous year: 505 thousand euros). The non-performance-based components totaled 505 thousand euros (previous year: 505 thousand euros). No performance-based payment was made in either of the last two fiscal years. The long-term payable components totaled 323 thousand euros (previous year: 0 thousand euros). Long-term components of compensation are comprised of stock awards/subscription rights granted within the scope of the Performance Share Plan. During the reporting year, a total of 3,347 subscription rights were granted to members of the Managing Board, with a corresponding fair value of 323 thousand euros. No subscription rights were granted in the previous year.

The company has a pension obligation (defined benefit obligation) to CEO Dieter Manz pursuant to IFRS. This obligation has a total value of 288 thousand euros (previous year: 267 thousand euros). To cover this pension obligation, a reinsurance policy has been taken out with a fair value of 121 thousand euros (previous year: 115 thousand euros).

Former Managing Board member Otto Angerhofer received a pension payment in the 2013 fiscal year of 10 thousand euros (previous year: 10 thousand euros). Under IFRS, Manz has a pension obligation to the former Managing Board member totaling 158 thousand euros (previous year: 161 thousand euros). To cover this pension obligation, a reinsurance policy totaling 113 thousand euros was paid out to the company in fiscal year 2013.

At the end of the reporting period, CEO Dieter Manz held 40.98 % of Manz AG's stock (previous year: 46.43 %).

As of the 2009 fiscal year, a contribution-based pension plan exists for member of the Managing Board Martin Hipp. A total of 7 thousand euros annually is paid into an external, reinsured pension fund to cover these obligations.

As in the previous year, no advance payments or loans were granted to members of the Managing Board during the reporting year.

SUPERVISORY BOARD

Prof. Dr. Heiko Aurenz, Partner at Ebner Stolz Management Consultants GmbH, Stuttgart, Chairman

Dr. Peter Leibinger, Managing Partner of TRUMPF GmbH & Co. KG, Ditzingen, Vice Chairman

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

Prof. Dr. Michael Powalla, Head of the Solar Division; Member of the Board of the Baden-Württemberg Center for Solar Energy and Hydrogen Research (ZSW); and professor of thin-film photovoltaics at the Karlsruhe Institute of Technology (KIT), Light Technology Institute, Faculty of Electrical Engineering and Information Technology

The chairman of the Supervisory Board, Prof. Dr. Heiko Aurenz, is also a member of the Supervisory Board of IBS AG and the Know How! corporation for advanced training. Furthermore, Dr. Aurenz is a member of the Advisory Board of Anna-Haag-Mehrgenerationenhaus e.V., ASB Grünland Helmut Aurenz GmbH, and Monument Vermögensverwaltung GmbH.

Supervisory Board member Peter Leibinger is also a member of the Managing Board of TRUMPF Laser GmbH + Co. KG and a member of the Advisory Board of Hüttinger Elektronik GmbH + Co. KG. Furthermore, Dr. Leibinger is a member of the Board of Directors of SPI Lasers plc, TRUMPF Korea Co. Ltd., TRUMPF Pte. Ltd., Singapore, and TRUMPF Taiwan Industries Co. Ltd.

In the 2013 fiscal year, Manz AG purchased laser systems with a value of 4,906 thousand euros (previous year: 19,500 thousand euros) from TRUMPF GmbH + Co. KG, of which Peter Leibinger is managing partner. As of December 31, 2013, Manz AG holds liabilities to TRUMPF GmbH + Co KG with a value of 9 thousand euros (previous year: 2,284 thousand euros). Furthermore, Manz AG purchased goods with a total value of 49 thousand euros (previous year: 0 thousand euros) from Hüttinger Elektronik GmbH & Co. KG, of whose Advisory Board Peter Leibinger is a member. As of December 31, 2013, Manz AG holds liabilities of 49 thousand euros (previous year: 0 thousand euros) to Hüttinger Elektronik GmbH & Co. KG.

Supervisory Board member Dr. Michael Powalla does not hold any other positions on mandatory supervisory boards or comparable supervisory boards of domestic or international companies.

The compensation system for the Supervisory Board is also presented in the compensation report, which is part of the management report.

For the 2013 fiscal year, compensation was paid to members of the Supervisory Board totaling 54 thousand euros (previous year: 54 thousand euros). The compensation paid for both the current reporting period and the reporting period for the previous year only contains a fixed component.

As in the previous year, no advance payments or loans were granted to members of the Supervisory Board during the reporting year.

AUDITOR'S FEE

The fees assessed for services by the company responsible for auditing the financial reports, BEST AUDIT GmbH Wirtschaftsprüfungsgesellschaft, are calculated as follows:

(in EUR tsd.)	2013	2012
Auditing the annual financial statements	129	150
Other auditing services (audit of the interim financial statements)	23	24
Tax consultation services*	18	19
Other services*	68	18

* These services are provided by alltax gmbh Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (network partner). Payments in the category "Other services" made to BEST AUDIT GmbH totaled 44 thousand EUR in fiscal year 2013.

CORPORATE GOVERNANCE CODE

Manz AG's Managing Board and Supervisory Board have both issued a compliance statement pursuant to section 161 of the German Stock Corporation Act, and both statements are available to shareholders and can be viewed at any time by visiting Manz AG's Web site, www.manz.com.

PUBLICATIONS IN ACCORDANCE WITH ARTICLE 160, PARAGRAPH 1, NO. 8, OF THE GERMAN SECURITIES TRADING ACT

The following information was published during the 2013 fiscal year pursuant to the German Securities Trading Act:

December 5, 2013

On December 4, 2013, Bankhaus Lampe KG, Bielefeld, Germany informed us pursuant to section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3.0% and 5.0% voting right threshold on November 29, 2013, and on that day amounted to 9.09% (corresponding to 448,005 voting rights).

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 AUDITOR'S REPORT

December 5, 2013

On December 4, 2013, Bankhaus Lampe KG, Bielefeld, Germany informed us pursuant to section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 5.0% and 3.0% voting right threshold on December 2, 2013, and on that day amounted to 0% (corresponding to 0 voting rights).

December 16, 2013

On December 11, 2013, Henderson Group Plc, London, UK informed us pursuant to section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3.0% voting right threshold on December 11, 2013, and on that day amounted to 3.04% (corresponding to 150,000 voting rights). According to section 22(1), sentence 1, no. 6 of the German Securities Trading Act, 3.04% of voting rights (corresponding to 150,000 voting rights) are now held by the company.

On December 11, 2013, Henderson Global Investors (Holdings) Plc, London, UK informed us pursuant to section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3.0% voting right threshold on December 11, 2013, and on that day amounted to 3.04% (corresponding to 150,000 voting rights). According to Article 22, Section 1, Clause 1, No. 6 of the German Securities Trading Act, 3.04% of voting rights (corresponding to 150,000 voting rights) are now held by the company.

On December 11, 2013, Henderson Global Investors Limited, London, UK informed us pursuant to section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3.0% voting right threshold on December 11, 2013, and on that day amounted to 3.04% (corresponding to 150,000 voting rights). According to Article 22, Section 1, Clause 1, No. 6 of the German Securities Trading Act, 3.04% of voting rights (corresponding to 150,000 voting rights) are now held by the company.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Manz Group's financial position, financial performance and cash flows, and the Manz Group's management report includes a true and fair view of the trends and performance of the business and the position of the Group as well as a description of the principal opportunities and risks associated with the Group's expected development.

Reutlingen, March 21, 2014

The Managing Board of Manz AG

Dieter Manz
Chief Executive Officer

Martin Hipp

100 GENERAL DISCLOSURES
123 NOTES TO THE INCOME STATEMENT
131 NOTES TO SEGMENT REPORTING
132 NOTES TO THE CASH FLOW STATEMENT
133 NOTES TO THE BALANCE SHEET
158 REPORTING ON FINANCIAL INSTRUMENTS
173 **AUDITOR'S REPORT**

AUDITOR'S REPORT

We have audited the consolidated financial statements of Manz AG, headquartered in Reutlingen, Germany – which consist of an income statement, a statement of comprehensive income for the period, a statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity, and the notes to the consolidated financial statements – as well as the group management report for the fiscal year from January 1 to December 31, 2013. Preparing these consolidated financial statements and group management report in accordance with both IFRS as approved for use in the EU as well as with the additional commercial legal regulations set forth in Article 315a, Section 1 of the German Commercial Code is the responsibility of the legal representatives of the company. Our responsibility is to furnish an opinion on the annual consolidated financial statements and the consolidated management report based on our audit.

We conducted our audit in accordance with Article 317 of the German Commercial Code in compliance with the German principles of proper auditing as set forth by the Institut der Wirtschaftsprüfer (IDW, German Institute of Chartered Accountants). These standards require that we plan and perform the audit in such a way as to obtain adequate assurance that inaccuracies and violations of applicable accounting standards will be identified that could have a significant effect on the portrayal of the company's net assets, financial position, and results of operations as presented in the annual consolidated financial statements and the management report. When defining the auditing procedures, knowledge of the business activities and the economic and legal environment of the company as well as expectations of possible errors are taken into consideration. Within the scope of the audit, both the effectiveness of the group's internal control system and the evidence supporting the information disclosed in the annual consolidated financial statements and the management report is evaluated on the basis of random samples.

Our audit also includes assessing the annual financial statements of the consolidated companies, the definition of the basis of consolidation, the accounting and consolidation principles used, and the important estimates made by management, as well as evaluating the overall presentation of the annual consolidated financial statements and the group management report. We are confident that our audit provides a sufficiently sound basis from which to make an assessment in this regard.

Our audit did not lead to any objections.

In our opinion, based on the knowledge we gained from our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU as well as the provisions of the German Commercial Code as stipulated in Article 315a, Section 1, and convey a true and fair view of the group's net assets, financial position, and results of operations. The group management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the group's position and adequately presents the opportunities and risks associated with the group's future performance.

Reutlingen, March 21, 2014

BEST AUDIT GmbH
Wirtschaftsprüfungsgesellschaft
Regional Office Reutlingen

Ulrich Britting
Certified Public Accountant

Harald Aigner
Certified Public Accountant

OUR IDEAS FOR TOMORROW'S WORLD

TAKING FUTURE TRENDS IN HAND

Unimaginable or unaffordable today – suitable for widespread use tomorrow. Manz systematically keeps track of trends to which the future belongs. Our New Business segment acts as an incubator for ground-breaking technologies in various industries. A good example are our production solutions for fiber composite technology. We are working closely together with manufacturers from numerous industries here and will be ideally placed when things really "get going". In addition, we are working intensively on making the production processes in many industries much more efficient using novel, tailor-made solutions.

MANZ – ALWAYS ONE IDEA AHEAD

IMPRINT

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