EFFICIENT SOLUTIONS FOR A SUSTAINABLE FUTURE

manz automation

MADE BY MANZ

ANNUAL REPORT 2009

2010 FINANCIAL CALENDAR

May 11, 2010	Quarterly Report through Q1 2010
June 22, 2010	2010 Annual Meeting of Shareholders
August 10, 2010	2010 Semi-Annual Report
November 8, 2010	Quarterly Report through Q3 2010
November 22–24, 2010	2010 German Equity Forum

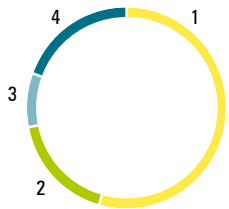
OVERVIEW OF GROUP RESULTS

in EUR million	**2009**	**2008**
Revenues	**85.92**	236.51
Total operating revenues	**101.07**	234.83
EBIT	**–15.91**	28.60
EBIT margin (in %)	**-**	12.1
EBT	**–12.98**	28.49
Net income for the period	**–9.71**	21.17
Earnings per share	**–2.15**	5.04
Operating cash flow	**39.75**	–16.76
Equity ratio (in %)	**79.0**	71.8
Net debt	**–78.78**	–47.95

REVENUES IN MIO. EUR

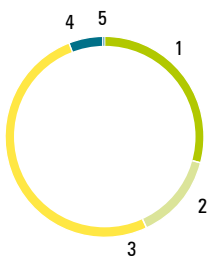
2009	2008	2007	2006
85.92	236.51	71.25	43.81

REVENUES BY BUSINESS UNIT 2009



1	systems.solar	**54.61%**
2	systems.lcd	**17.33%**
3	systems.aico	**8.74%**
4	others	**19.31%**

REVENUES BY REGION 2009



1	Germany	**29.2%**
2	Rest of Europe	**13.9%**
3	Asia	**51.2%**
4	USA	**5.5%**
5	Other regions	**0.2%**

EBIT IN MIO. EUR

2009	2008	2007	2006
–15.91	28.60	10.05	4.85

EBIT BY BUSINESS UNIT 2009

systems.solar	systems.lcd	systems.aico	others
–12.16	**–1.27**	**–1.11**	**–1.38**

HISTORY

1987

Manz Automatisierungstechnik GmbH founded

1988

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

1994

Delivered the first automation solution for the LCD industry to Asia

2002

Delivered the first automation system for a completely automated manufacturing line for crystalline solar cells

Developed the first completely automated quality testing and sorting system for crystalline solar cells

2005

Entered into the thin-film market with equipment for mechanically scribing solar modules

2006

IPO on the Entry Standard market of the Frankfurt Stock Exchange

2007

Acquisition of Christian Majer (Germany) effective January 1, 2008, for the purpose of expanding manufacturing capacity

2008

Gained additional technological expertise and manufacturing capacity through the acquisition of Manz Automation Slovakia und Intech (Taiwan)

Accepted into the regulated segment of the German Stock Exchange (Prime Standard)

2009

R&D partnership for the manufacture of lithium-ion batteries

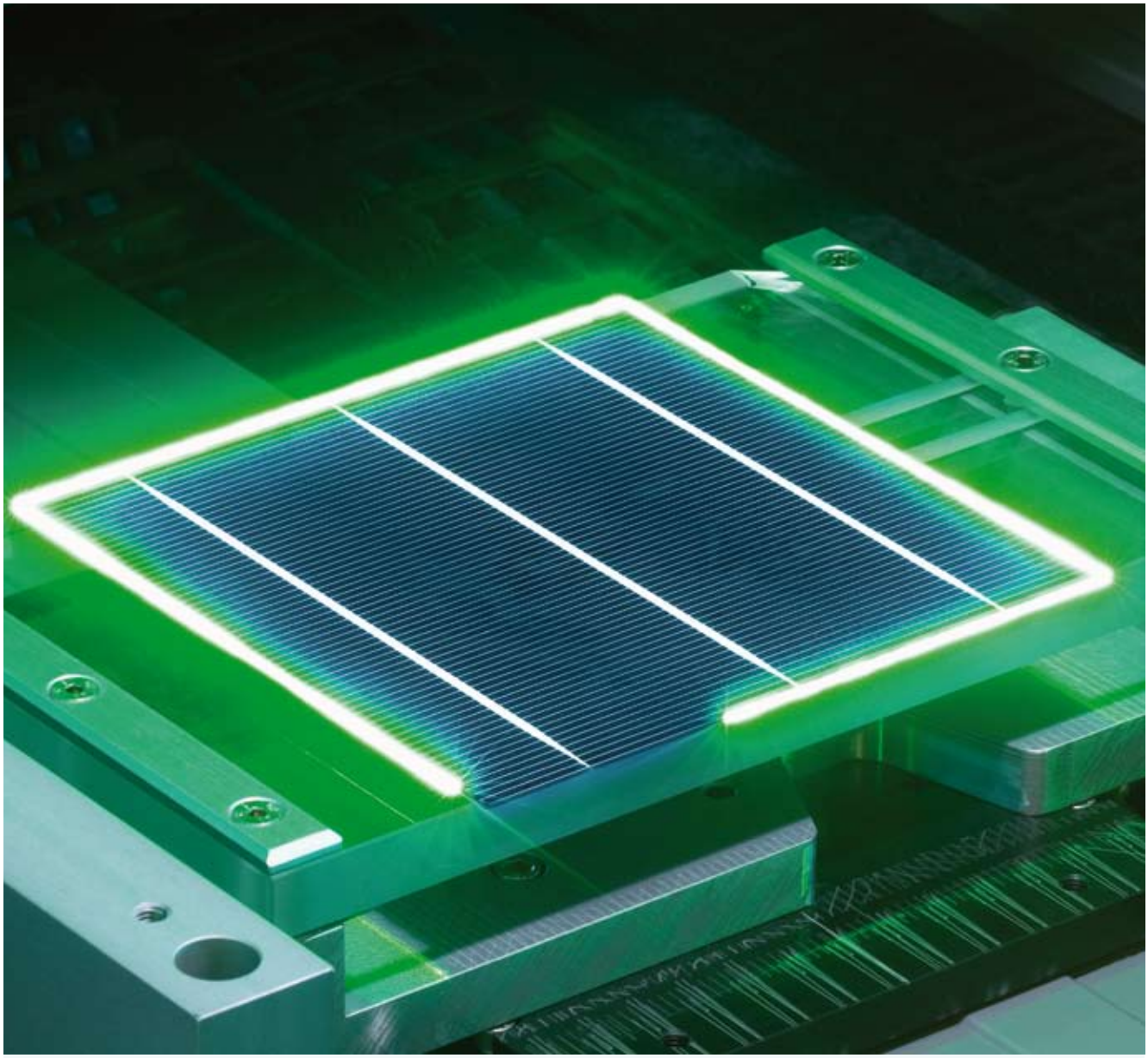
TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

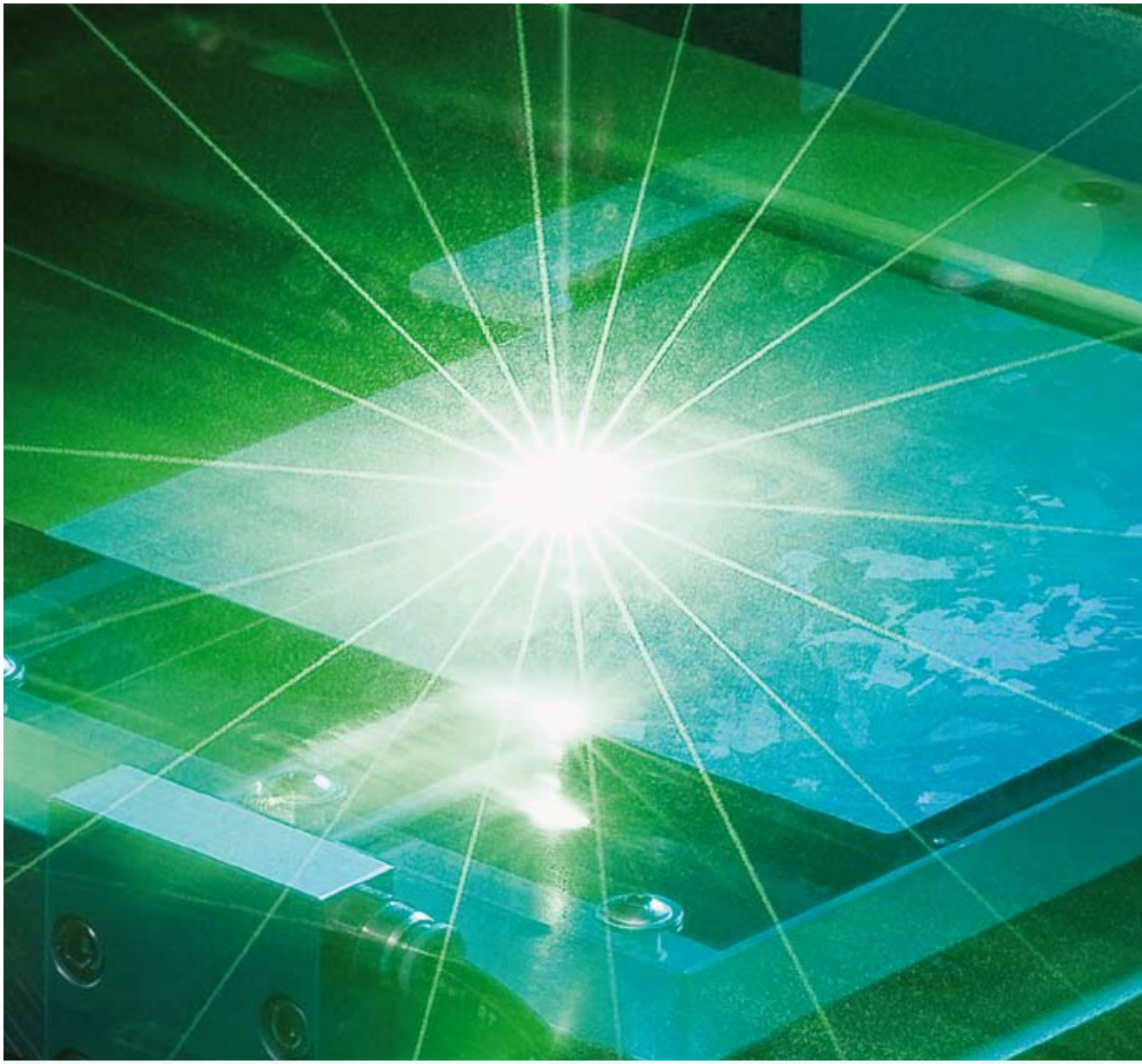
Title: Vocational training made by manz

The cover photo shows some of our young trainees, who represent extremely important parts of our corporate culture and positioning: Sustainability, future technology, and responsibility. These young colleagues enrich our company with their high level of dedication as well as truly individual skills and interests. In the following we would like to introduce some of them a little more closely.



ONE SINGLE CHANGE CAN HELP KEEP SOMETHING FROM BEING LOST FOREVER

Sennay Woldemariam began his apprenticeship as a mechatronics technician at Manz in September 2009. As someone just starting his career, it was particularly important to him to pursue a path that really suits his personal inclinations and talents. Already during the first six months at the Manz training workshop in Tübingen, Sennay's technical interests were recognized and fostered further by his instructor. Prior to his apprenticeship, Sennay completed a voluntary year of social service at a daycare center in Tübingen – a valuable experience that portrayed the topic of "future" on a somewhat different level. Here at Manz, Sennay works with systems for the highly efficient manufacture of solar cells. One day, the little ones at the daycare center will also benefit from this technology and a clean environment. Using laser-edge isolation, minimal edge distances can now be achieved. This not only increases the efficiency of solar cells, but thanks to this technology, costly etching gases are eliminated as well.



WHAT MOVES ONE PERSON CAN SET A LOT IN MOTION

Timo Weinmann has been an apprentice electronics technician for industrial engineering at Manz Automation AG since 2008. “What particularly motivates me here at Manz is that I get to know technologies that mean far more than just the success of individuals. We significantly increase the efficiency of silicon solar cells with selective emitters, for example. This makes it possible to manufacture highly efficient cSi cells with a comparatively low input but a higher level of efficiency. As a result, solar energy will soon be able to meet an even more substantial part of the energy need not only here in Germany but also in poorer, heavily populated countries.” Timo Weinmann also sets quite a few things in motion as a hobby DJ. When he turns on the controls at the weekend, it has a direct effect on all who are present. The energy spreads and everyone gets drawn in. His musical genre is house and electro. No wonder – after all, he is a future electronics technician.

TO OUR SHAREHOLDERS

MANZ AUTOMATION AG MISSION STATEMENT

Manz Automation views itself as a high-tech equipment manufacturer. Our goal is to develop machines and systems for fast-growing industries around the world that are on the cusp of becoming attractive mass markets. In pursuit of this goal, our strategy is to innovate at a fast pace, improving existing products and creating new solutions that offer our clients competitive advantages. In this regard, our high level of technological expertise forms the foundation upon which our company is built. We are primarily focused on the photovoltaics and LCD industries, but at the same time remain open to new trends and growth industries. As a result of our core area of expertise – automating processes and developing innovative systems – our solutions can find application in a variety of industries. Living and breathing the art of engineering day in and day out rapidly leads us to become familiar with further processes, which allows us to develop new, powerful products. You see, at Manz, research and development are a top priority. This inventive spirit is what drives us – each and every day – and is what makes our company's dynamic growth possible.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2009 was a great challenge for both Manz Automation and the economy as a whole. We rose to the challenge however, and by significantly expanding our R&D activities, we used the time to best prepare our company for the coming wave of investments. In the fall of 2009 we began to once again receive new orders from the LCD industry, and we recorded a growing number of inquiries from potential clients. Project that had previously been postponed by our clients were reactivated, and new orders were commissioned. This was particularly true for our clients in Asia. Since December 2009 we acquired orders for solar and LCD equipment totaling 40 million euros, which means we can officially report on a turnaround in the number of new orders received. As a result, in the first quarter of the current fiscal year we have recorded a high degree of capacity utilization in all our divisions. This allowed us to end the reduced working hours system we had been using since May of last year on January 1, 2010. Looking back, we have come to the conclusion that we made the right decision. We seized the chance to jumpstart the solar industry after the crisis had ended, driving innovation with groundbreaking solutions. We continued to employ our valuable employees at our German locations during the crisis, and now we can grow once again. And we also invested in our employees' education and particularly in offering young people vocational training during the crisis. We will profile some of them in this annual report.

Turnaround: New orders worth approximately 40 million euros acquired

When examining the 2009 fiscal year, our improved prospects for the future are not yet reflected in our company's revenues and earnings, however. Thus, in the reporting period we generated revenues of 85.92 million euros after generating 236.51 million euros in the previous fiscal year. This corresponds to a year-over-year decline of 63,7%. With regard to earnings before interest and taxes (EBIT), we recorded a loss of 15.91 million euros after generating an operating profit of 28.60 million euros last year. As a result, our Group generated a loss in fiscal year 2009 of -9,71 Mio. EUR million euros (previous year: profit of 21.17 million euros).

Investments in research and development for a leading technological market position

The main reason for the loss recorded in the previous fiscal year was the sharp decline in revenues compared to 2008, which was a record year for Manz. However, a large number of strategic investments were also made in research and development activities in order to launch new, innovative products. With our superior, highly efficient range of products, we believe we have achieved our goal of retaining our position as the market's technological leader after the financial crisis. Nevertheless, we will not rest and will continue to further optimize processes, increase the speed of our machines, and improve the efficiency of solar cells and modules. Our goal of cutting manufacturing costs for our clients while at the same time improving

performance will still apply in the future. Particularly in light of declining feed-in tariffs, solar manufacturers must significantly reduce costs and therefore invest in new machines in order to inch ever closer to the goal of achieving grid parity. Grid parity will be reached in the USA[1] this year as a result of the newest generation of machines and the solar cells manufactured with them. In the coming years, this ability to compete with conventional sources of energy must also be pursued in all other regions. As an equipment manufacturer, it is our duty to play a critical role in shaping these developments, which will then allow our company, as a leading equipment supplier, to profit from the global solar boom triggered by grid parity being reached.

Achievement of grid parity will unleash worldwide solar boom

// 1 In California and New Jersey

In addition to research and development for the solar industry, we are also highly active in our LCD division. In this division we have noted an increased demand for LCD TVs, primarily triggered by the market upturn in China, which is the reason why our manufacturing facilities in Asia are once again working at full capacity. In addition, new market trends such as touch-sensitive displays (touchscreens), which are used in mobile telephones and tablet PCs, are also causing a boom in the LCD industry.

At the same time, we are working relentlessly on new developments for a new growth market: lithium-ion batteries (li-ion batteries). Through the transfer of technology which took place within the group, in the previous fiscal year we were also able to further expand our operations in the area of li-ion batteries for electric-powered vehicles. In addition, as a result of the extremely positive market prospects in this area, we have concentrated our activities in the field of li-ion batteries within a new division of our company. In order to keep our group lean, we have decided to organize our business model into four divisions: Solar, LCD, New Business, and Other. In the future, the New Business division will be comprised of our activities in the fields of lithium-ion batteries and life science. Taking this step is in line with the announcement we made regarding expanding our activities in the field of electric-powered vehicles and the storage of energy into an independent division in 2010. This will create an even wider foundation for our business operations. The previously existing systems.aico division will be folded into the Other division, which was created as a result of the acquisitions we have made.

Engagement in new growth market of lithium-ion batteries through successful technology transfer within the Group

Redivision of the business units

Current market trends, with increasingly positive signs coming from Asia, underscore the significance of our strong presence in Taiwan and China. In the solar and LCD market, it is extremely important to be available to manufacturers locally and be able to carry out on-site support

services. In addition, as a result of growing substrate sizes and production volumes, the size of machines and equipment is also growing, making short distances increasingly important in the face of rising logistics costs. As the market for crystalline solar cells grows, our company can also benefit competitively by more intensively using our international subsidiaries in Slovakia and Hungary, where the wage levels are more favorable.

Manz Automation back on path to growth

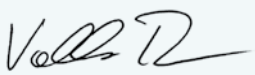
Thanks to our knowledge of the market, we firmly believe that we have brought Manz Automation back on its course for growth. This should also be reflected in our financial figures for the current fiscal year. As a result of the cost-cutting measures we implemented early on, we were able to maintain the strength of our company's financial resources. With a high equity ratio of near 79%, liquid assets valued at 88 million euros, and extensive, unused lines of credit, we have the necessary foundation from which to become a major player during the consolidation of the market in the mechanical engineering sector in 2010. Our goals for the future are clearly defined: Increasing our technological market leadership through innovations, improving our manufacturing capacities in Asia which will allow us to make use of cost benefits, and expanding our international locations. Ultimately, we expect to remain a leading equipment supplier for the LCD and solar industry, as well as for new growth industries. We anticipate year over year growth for the current fiscal year (expressed in percent) to be in the high double digits, with a clearly positive EBIT.

We would like to thank our shareholders and clients for the confidence they have shown in us despite the economically challenging times. But above all, we would like to thank our employees, who through their high level of dedication have contributed significantly to Manz Automation's strong market position.

The Managing Board

Dieter Manz
CEO

Martin Hipp
CFO



Volker Renz
COO

2009 – THE YEAR IN REVIEW

Reduced working hours and capacity adjustments made at our factories abroad

Reduced working hours to 80% in Reutlingen beginning in May of 2009, combined with intensive advanced training programs for our employees

Time off in lieu and reduced working hours had already been implemented since the beginning of 2009 at our manufacturing facilities in Taiwan, China, and Slovakia

Activities in the field of batteries for hybrid and electric cars

First order for machines used to manufacture lithium-ion batteries

Partner in an innovation alliance with goal of mass production

Development of the lithium-ion battery business segment with an estimated investment volume in the industry of several billion euros

Supervisory Board extends management contracts; Otto Angerhofer retires

The management contracts held by Martin Hipp, Chief Financial Officer, and Volker Renz, Chief Operating Officer, are each extended early for an additional three years

Otto Angerhofer, long-term member of the Managing Board, retired on July 31, 2009

Almost complete acquisition of Intech Machines Co. Ltd. in Taiwan

Acquisition of the 19.9% of shares in Intech Machines Co. Ltd. in Taiwan which remained in free float – investment volume around 5 million euros

Goal: freedom to make decisions regarding the company's strategy, sales and distribution structures, manufacturing processes, and product innovations as well as further strengthening our position in the Asian growth market

95.5% of shares acquired to date

Re-entry into the TecDAX Index on September 21, 2009

Improved international visibility

Increased attractiveness to investors

Positive results of our successful trade show appearance

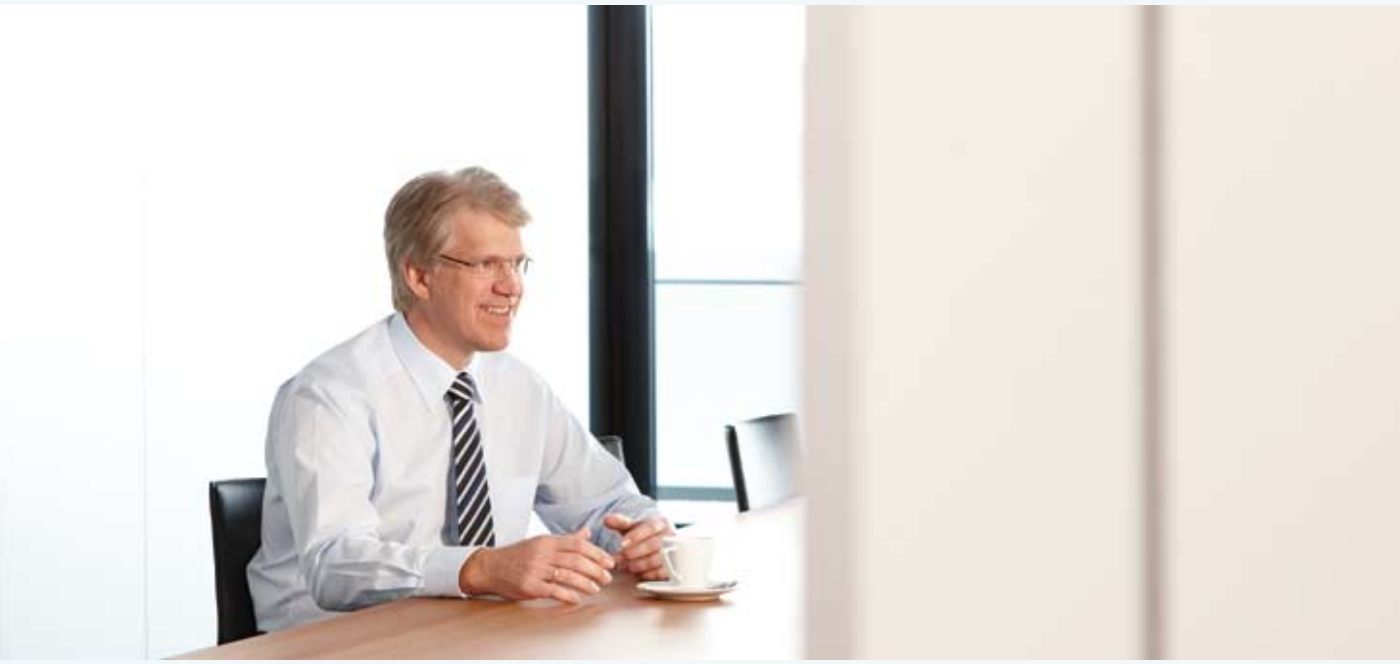
New orders and declarations of intent valued at approximately 5 million euros

Presentation of six new machines make Manz Automation's innovative lead clear

Acquired new orders with a total value of more than 15 million euros

New orders received in all divisions

First order for a new backend system from China

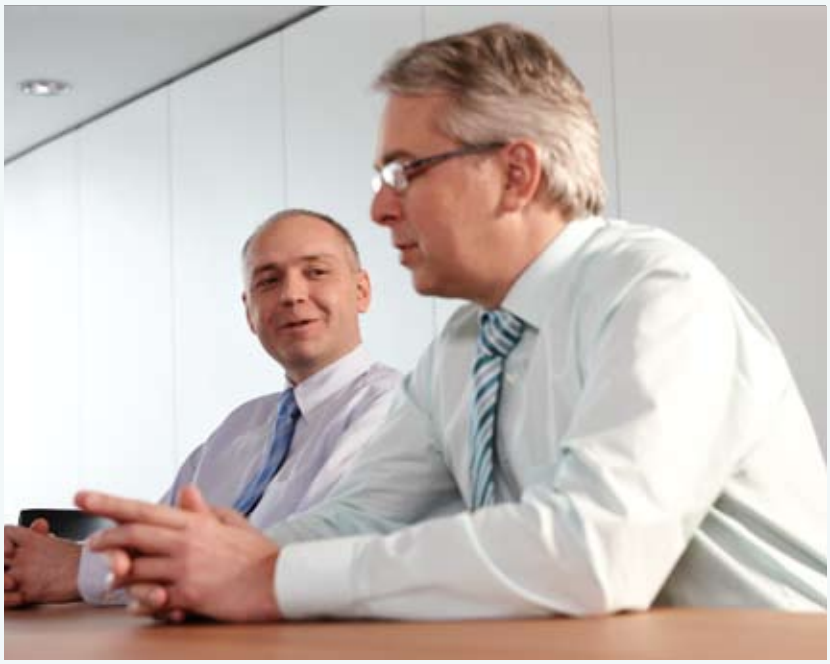


INTERVIEW WITH THE MANAGING BOARD

A LOOK BACK AT THE YEAR WITH THE MANAGING BOARD OF MANZ AUTOMATION AG – DIETER MANZ, MARTIN HIPP, AND VOLKER RENZ

What caused the dramatic decline in Manz's financial figures for the 2009 fiscal year?

Dieter Manz: The global economic crisis had a strong impact on the photovoltaics industry, which up until that time had thrived. Investments in new LCD factories came to an almost complete standstill in the first half of 2009. Among other things, the drastic reduction in banks' willingness to offer loans is another reason, since as a result the number of new and replacement investments in solar factories dropped dramatically. This hit the capital-intensive field of thin-film technology particularly hard, and this area played a significant role in our growth during the year before. But over the long term the prospects are extremely positive, since these investments will have to be made sooner or later if companies want to continue manufacturing products at competitive prices.



What steps did you take to cope with the crisis?

Martin Hipp: Basically, we took two steps: on the one hand, we drastically reduced our operating costs, on the other hand we effectively used our available resources. In addition to implementing a reduced working hours system, we also established an advanced training program for our employees within the scope of the Manz Academy. At the same time, we cut jobs in Asia and Eastern Europe. We have to particularly highlight our significant increase in research and development activities, which has already begun to bear fruit. As a result, we are extremely well prepared for the coming wave of investments and can offer our clients state-of-the-art equipment. Doing so helps the entire solar industry effectively counteract the ever-increasing cost pressure.

The changes to Germany's Renewable Energy Law are a hot topic at the moment. What impact do you expect them to have on the German market and as a result, your business here in Germany?

Volker Renz: The changes will definitely have a noticeable impact on the German consumer market and will slow down its growth. Through the use of powerful equipment and as a result, less expensive solar modules, solar equipment will still be able to generate attractive returns, however. As a result, we expect to see a torrent of new investments made by German manufacturers, and as an equipment manufacturer with an international client base, we will be able to profit from the above-average market growth in other regions.

It has been said Asia will be the main driving force behind the economic recovery. Will China become a threat to German manufacturers?

Dieter Manz: In general, competition between manufacturers will become more intense. It goes without saying that low wages and significantly lower building costs when constructing new factories in Asia are decisive advantages. But the race for the leading role in this industry is not over yet. The key to success lies in investing in state-of-the-art equipment to cut costs. Since we have an extremely strong position in Asia and generate the lion's share of our revenues there, we are very optimistic going forward.

What do you expect from your new field of activity, namely lithium-ion batteries?

Volker Renz: We have extremely high expectations for this future market. Li-ion batteries are a fundamental component of electric and hybrid vehicles, which is an area predicted to have enormous potential for growth over the next ten years. At the same time, li-ion batteries are an excellent way to store energy generated using photovoltaic equipment. This makes storing energy locally for equipment which has a low rate of energy consumption conceivable, in developing countries for example. Furthermore, this technology is used as a means of storing energy in fields such as shipping, aerospace, commercial vehicles, as well as industrial and private applications. As a result, there are a large number of interesting areas

where this technology can be used, which makes our new division highly attractive. We firmly believe that over the medium term, we will generate a significant portion of our revenues in this area.

What are your overall expectations for the current 2010 fiscal year?

Dieter Manz: Manz Automation has an outstanding position, we really did our homework during the previous fiscal year. With our current range of products, we are clearly the technological market leader. Given the current state of the market, our clients find it extremely important to use state-of-the-art equipment in order to counteract the growing cost pressure.

Martin Hipp: We are confident that our revenue will once again grow significantly and that we will post a profit. We have already received the first large orders, and additional ones will follow – in 2010 things will only get better.

REPORT FROM THE SUPERVISORY BOARD

Dear Shareholders,

On March 6, 2010, the Chairman of the Supervisory Board, Dr. Jan Wittig, passed away suddenly and unexpectedly. He had been a member of the Supervisory Board since 2001. Dr. Wittig's work was characterized by a considerable amount of technical knowledge and long-term experience. Dr. Wittig made a significant contribution to our company. We will honor his memory.

Manz Automation AG can look back on an extremely challenging year for the company. In a difficult market environment, the course of business was characterized by a decline in new orders received and orders being postponed. The company reacted to this with cost-cutting measures, and in particular through the introduction of reduced working hours. At the same time, the year was used for intensive research and development activities in order for the company to come out of the year of the economic crisis even stronger and with an improved range of products. Furthermore, the company formed an important industry partnership for the production of lithium-ion batteries in the field of electric vehicles and the complete acquisition of Manz Intech Machines Co. Ltd. was initiated. This strategic decision was, among other things, the topic of a faithful exchange of information between the Managing Board and the Supervisory Board.

As a result of the regular, timely, and comprehensive reports provided by the Managing Board, we were able to become intensively involved in the company's situation and development. When reporting on the course of business and the company's policies, the Managing Board addressed

all the issues relevant to planning, the company's performance, current risks, and risk management policies. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. Due to the management reports and joint meetings with the Managing Board, in the previous fiscal year the Supervisory Board of Manz Automation AG carried out its duties as set forth by law and the company's Articles of Incorporation, and continuously monitored and advised the Managing Board.

In the previous fiscal year, the Supervisory Board was provided comprehensive information on the company's economic and financial development and its environment in a total of four Supervisory Board meetings. The Managing Board also reported on events important to the company outside of these official meetings. In this way, the Supervisory Board received regular reports on the performance of the entire company as well as developments in each individual division. All transactions and measures which required approval from the Supervisory Board as set forth by law or the company's Articles of Incorporation were discussed at length with the Managing Board and a decision was then reached by the Supervisory Board. Board committees were not formed as a result of the Supervisory Board only consisting of three members, which meant that all topics were discussed and adopted collectively.

Our discussions were primarily centered around issues concerning the difficult market environment resulting from the global recession. The 2009 fiscal year was characterized by a significant decline in business

operations, which is why the Supervisory Board was regularly occupied with the consequences and potential risks associated with this trend. Further topics of discussion were the planned development of new business areas, particularly in the field of manufacturing technologies for high-performance lithium-ion batteries, as well as the project to completely acquire Manz Intech Machines Co. Ltd. In addition, the extension of Martin Hipp's and Volker Renz's management contracts by another three years was also a topic of Supervisory Board meetings.

At this point we would also especially like to thank long-term member of the Managing Board, Mr. Otto Angerhofer, who retired from his position on July 31, 2009. Mr. Angerhofer played a significant role in the growth of our company.

With the approval of Stuttgart Municipal Court, Dr. Guido Quass was appointed as a member of the Supervisory Board on March 17, 2010. In the Supervisory Board meeting on March 24, 2010, the Board elected Prof. Heiko Aurenz, PhD, as Chairman, and Dr. Guido Quass was elected as Deputy Chairman.

The annual financial statements and consolidated financial statements prepared by the Managing Board dated December 31, 2009, were audited by alltax GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft in Reutlingen, Germany, and both statements were certified with a unqualified auditor's opinion. With the inclusion of the auditor's opinion, the Supervisory Board has reviewed the annual financial statement and the consolidated financial statement dated December 31, 2009, the management report for both Manz Automation AG and the Group for fiscal year 2009, as well as the Managing Board's suggestion for the use of the annual net profit from fiscal year 2009. At the Supervisory Board meeting on March 24, 2010, the Supervisory Board discussed the annual

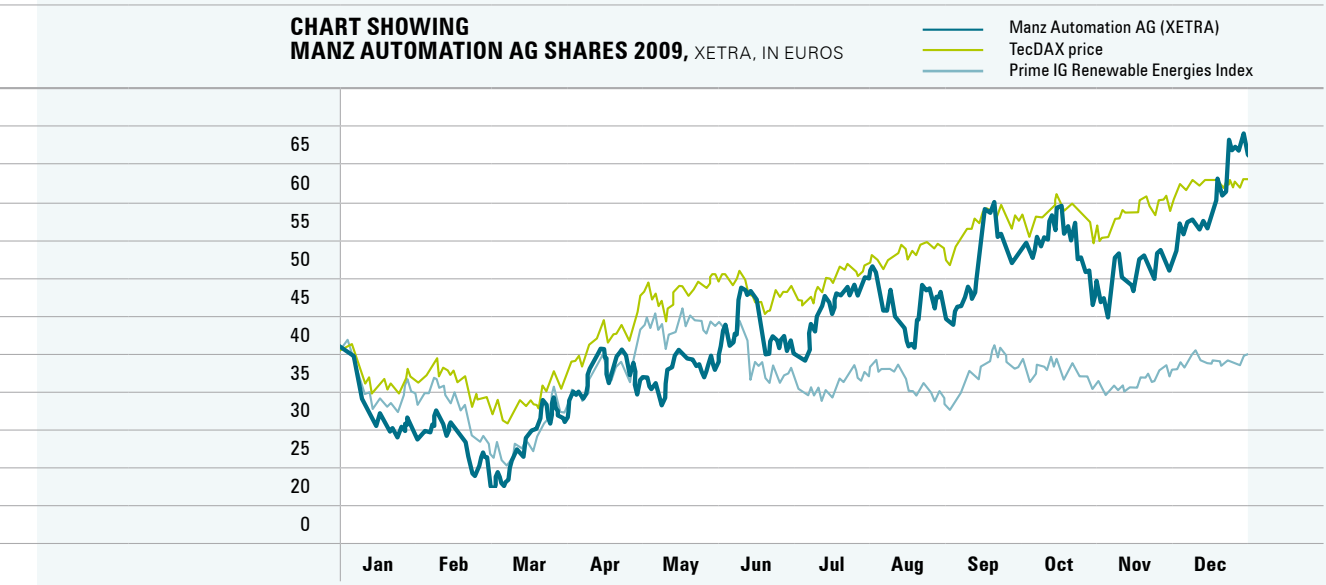
financial statements and consolidated financial statements, including the management report, with the Management Board and the auditor. The Supervisory Board did not have any objections. The auditor's opinions were also noted and approved. Following the closing result of the Supervisory Board's review there are no objections to be made. The annual financial statements and consolidated financial statements have been approved by the Supervisory Board with a resolution dated March 24, 2010. As a result, Manz Automation AG's annual financial statements have been officially adopted. Furthermore, the Supervisory Board supports the Managing Board's suggestion for the use of the annual net profit.

We would like to thank the Managing Board for their cooperation, which was always open and constructive. We would also like to thank all of Manz Automation's employees, who played a crucial role in overcoming the challenges of the previous fiscal year.

Reutlingen, March 26, 2010

Prof. Heiko Aurenz, PhD
Chairman of the Supervisory Board

CHART SHOWING
MANZ AUTOMATION AG SHARES 2009, XETRA, IN EUROS



MANZ AUTOMATION AG STOCK

Overview //

New orders in December invigorate Manz shares

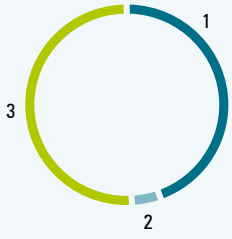
Manz Automation AG's stock has been listed on the Frankfurt Stock Exchange's regulated market (Prime Standard segment) since July of 2008. In fiscal year 2009, the stock markets were primarily dominated by the consequences of a recession caused by the financial market crisis. The market was characterized by volatility and plunging stock prices almost across the board. Unfortunately, Manz Automation's stock could not escape this environment. After a strong decline in the previous year, Manz's stock recovered over the course of the year despite difficult business operations. This allowed Manz's stock to reach its annual high of 68.98 euros on December 29. The stock noted its annual low of 22.26 euros in March 2009, after the entire market also reached its annual low as a result of a plethora of bad news. This is evident when viewing Manz's stock price in the context of comparable indexes such as the TecDAX and the Prime IG Renewable Energies index (ISIN DE0007237810). At the same time, it is also evident that Manz Automation's stock performed better than the industry average when compared with the Prime IG Renewable Energies index. Spurred on by the new orders we announced and our improved growth prospects, in the middle of December Manz's stock also topped the performance of the TecDAX. The stock closed out the year at a price of 66.50 euros (on December 30, 2009), which corresponds to a market capitalization of close to 300 million euros.

KEY DATA

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 euro of capital stock
Capital Stock	4,480,054
IPO	September 22, 2006
Opening Price	EUR 19.00
Stock Price at the Beginning of the Fiscal Year*	EUR 40.85
Stock Price at the End of the Fiscal Year*	EUR 66.50
Change (in percent)	62.79%
Annual High*	EUR 68.98
Annual Low*	EUR 22.26

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

SHAREHOLDER STRUCTURE



1	**44.49 %**	Dieter Manz
2	**4.70 %**	Ulrike Manz
3	**50.81 %**	Free Float

Shareholder Structure //

Currently at 50.81%, Manz Automation has a high number of shares in free float and a wide shareholder base. On the reporting date December 31, 2009, the founder and chairman of the Managing Board, Mr. Dieter Manz, held 44.49% of Manz's shares. In addition, Ulrike Manz holds another 4.70% of Manz Automation AG shares.

Investor Relations //

In these difficult economic times, open and transparent communication has become more important than ever before. That is why the company has continued to engage analysts, investors, and financial journalists in active dialog in 2009. Regularly and promptly publishing company-related news underscores our goal of providing comprehensive and timely information regarding the company's development. At the same time, being listed in the Prime Standard segment already means that Manz Automation is required to comply with the highest standards of transparency. However, the company plans to continue going above and beyond these standards, and wants to stay in regular contact with the financial community. With this goal in mind, numerous measures were implemented during the previous fiscal year to ensure a continuous and transparent flow of information.

In addition to the legal requirements, Manz Automation carried out the following IR activities, among other things:

> Participated in 13 capital market conferences
> Participated in 7 road shows in Germany and abroad
> Held an Investor Day on August 11, 2009 in Reutlingen
> Regularly conducts conference calls with a webcast when publishing reports
> Makes the webcasts available on the company's website

Manz Automation AG is currently being covered by 13 analysts, these include institutes such as Bankhaus Lampe, Barclays Capital, Berenberg Bank, BHF Bank, CA Cheuvreux, Commerzbank, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, LBBW, Nomura and WestLB.

As a result of a resolution passed by the Stock Index Committee, Manz Automation AG's stock has once again been included in the TecDAX index effective September 21, 2009. This improved the company's international visibility for both investors and clients. The stock index tracks the performance of the 30 largest German companies from the technology sector based on their free float market capitalization as well as their trading volume.

Manz Automation AG awarded "BIRD 2009"

Manz Automation AG received the award for best investor relations activities out of all TecDAX companies. This was based on a survey of the readers of BÖRSE ONLINE "BIRD 2009" magazine. At the same time, in the overall scoring, Manz ranked sixth out of the 160 largest public German companies listed in the DAX, MDAX, TecDAX and SDAX, with a score of 67.0 points.

The BIRD 2009 primarily gave private investors the opportunity to vote on how well they felt the largest corporations provided them with information. They had to evaluate how well each company provided information regarding its performance, strategy, and future prospects. The survey particularly focused on the criteria "credibility" and "understandability of the information

2010 FINANCIAL CALENDAR

May 11, 2010	Quarterly Report through Q1 2010
June 22, 2010	2010 Annual Meeting of Shareholders
August 10, 2010	2010 Semi-Annual Report
November 8, 2010	Quarterly Report through Q3 2010
November 22–24, 2010	2010 German Equity Forum

provided". The evaluation also focused on each company's annual report as a symbol of the company and the quality of each company's website.

Annual General Meeting //

Manz Automation's 2009 Annual General Meeting was held on June 16, 2009, at the Filharmonie in Filderstadt. A total of approx. 290 shareholders were present and listened to the report by the Managing Board regarding the company's performance in 2008 as well as the forecast 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 64.54% of capital stock with voting rights was represented. Last year, this figure stood at 83.59%

OVERVIEW OF VOTING RESULTS

Total Capital Stock:	4,480,054	
with voting rights:	4,480,054	
Total present	2,891,276 64	54%
in % of capital stock with voting rights		64.54%

Vot. No.	TOP	Voting Item	Not participating	Abstaining	Invalid	Valid	No Votes	No - %	Yes Votes	Yes - %	Result
2	2	Use of net profit	0	800	0	2,890,476	1,815	0.063%	**2,888,661**	**99.937%**	adopted
3	3	Approval of the Managing Board	2,143,493	619	0	747,164	51	0.007%	**747,113**	**99.993%**	adopted
4	4	Approval of the Supervisory Board	918	619	0	2,889,739	51	0.002%	**2,889,688**	**99.998%**	adopted
5	5	Selection of the Auditor	0	730	0	2,890,546	13	0.001%	**2,890,533**	**99.999%**	adopted
6	6	Auth. capital	0	711	0	2,890,565	290,723	10.058%	**2,599,842**	**89.942%**	adopted
7	7	Change to the Art. of Inc.	0	520	0	2,890,756	501	0.018%	**2,890,255**	**99.982%**	adopted
8	8	Purchase of own shares	0	80,747	0	2,810,529	2,402	0.086%	**2,808,127**	**99.914%**	adopted

CORPORATE GOVERNANCE REPORT

Corporate governance in accordance with the recommendations set forth in the German Corporate Governance Code //

The activities of the Managing Board and Supervisory Board of Manz Automation AG are guided by the recommendations set forth in the German Corporate Governance Code. This contains important statutory provisions as well as nationally and internationally recognized standards for corporate governance, which were drawn up and developed further by the appropriate government committee. This is to ensure that a corporation is managed and controlled satisfactorily. Another goal is to also satisfy the ever-increasing demand for information made by various interest groups, which in turn creates transparency and strengthens the confidence placed in our company's Managing Board.

March 2010 Compliance Statement from the Managing Board and the Supervisory Board regarding the recommendations by the "German Corporate Governance Code Committee" pursuant to Article 161 of the German Stock Corporation Act _ The Managing Board and the Supervisory Board of Manz Automation AG, pursuant to Article 161 of the German Stock Corporation Act, hereby declare that Manz Automation AG has complied with the recommendations made by the "German Corporate Governance Code Committee" issued by the German Ministry of Justice in the official section of the online German Federal Gazette as amended on June 6, 2008. In addition, we hereby declare that since August 5, 2009, Manz Automation AG has, with the following exceptions, complied with the recommendations as amended on June 18, 2009. In addition, we hereby declare that Manz Automation AG will, in the future, comply with the committee's recommendations as amended on June 18, 2009, also with the following exceptions:

Section 3.8, Paragraph 2 of the Code _ Our company has taken out an insurance policy covering the members of the Managing and Supervisory Boards against financial loss for company directors (known as a "Directors and Officers Liability Insurance"). Our company did not comply with the recommendation in Section 3.8, Paragraph 2 of the Code as amended on June 6, 2008, which sets forth that an appropriate deductible should be stipulated when a company takes out a D&O insurance policy for members of the Managing and Supervisory Boards. Since in the case that the applicable insurance coverage offered by our company's D&O insurance policies is restricted by a deductible, the deductibles are lower than those commonly accepted as "appropriate" as set forth in Section 3.8 Paragraph 2 of the Code as amended on June 6, 2008. The Managing Board and the Supervisory Board believe that a deductible is not an appropriate means of increasing the quality of our company's governance and control, and as such will not bring about any positive behavioral effects. The members of the Managing Board and Supervisory Board will perform their duties in a responsible way even

without the recommended deductibles.

Based on the aforementioned reasons, until this time our company also did not comply with the recommendation in Section 3.8, Paragraph 2 of the Code as amended on June 18, 2009, which sets forth that an appropriate deductible should be stipulated when a company takes out a D&O insurance policy for members of the Supervisory Board, as is prescribed by law for the Managing Board. Should our company take out D&O insurance policies covering members of the Managing Board, statutory regulations set forth a deductible of at least 10% of the damage up to at least one and a half times the amount of the member of the Managing Board's fixed annual compensation. Effective March 2010, our company has stipulated a deductible in the D&O insurance policies covering the members of our Managing and Supervisory Boards which complies with the aforementioned legal requirements.

Section 4.2.3, Paragraphs 4 and 5 of the Code _ Our company has not and does not comply with the recommendation set forth in Section 4.2.3, Paragraphs 4 and 5 of the Code, which stipulates that when concluding contracts with members of the Managing Board, care should be taken to ensure that payments made to a member as a result of premature termination without cause do not exceed the value of two years' compensation (severance payment cap), and compensate no more than the remaining term of the contract. In addition, the Code recommends that any payments promised in the event of premature termination of management duties as a result of a change of control should not exceed 150% of the severance payment cap. The employment contracts recently signed with two members of our company's Managing Board do not contain a severance cap and contain clauses which stipulate that in case of a change of control and a resulting termination, a severance package will be paid to the Managing Board member with a value of at least one times that member's annual salary. We were not able to include a severance payment cap within the scope of negotiating Managing Board contracts. Furthermore, the Managing Board and the Supervisory Board believe that in the event of a change of control, a severance package of least one years' pay meets the security of needs of the Managing Board members and is in our company's best interest.

Reutlingen, March 24, 2010
Manz Automation AG

For the Managing Board

Dieter Manz
CEO

Martin Hipp
CFO

Volker Renz
COO

For the Supervisory Board

Prof. Heiko Aurenz, PhD
Chairman of the
Supervisory Board

DIRECTORS' DEALINGS

Date of the Transaction	Name	Position/Status	Type/ Location	Financial Instrument/ISIN	Number	Price	Total Value	Comments
12.19.2008	Dr. Heiko Aurenz	Member of Sup. Board	Stuttgart	Manz Stock DE000A0JQ5U3	339	33.53	11,366.67	regular purchase of Manz stock
12.22.2008	Dr. Heiko Aurenz	Member of Sup. Board	Stuttgart	Manz Stock DE000A0JQ5U3	350	34	11,900	regular purchase of Manz stock
03.16.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	25,436	28.5409	725,967	regular purchase of Manz stock
03.17.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	8,014	29.5301	236,654	regular purchase of Manz stock
03.18.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	17,678	29.9216	528,954	regular purchase of Manz stock
03.19.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	2,000	29.987	59,974	regular purchase of Manz stock
03.20.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	2,094	29.8217	62,447	regular purchase of Manz stock
03.30.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	12,795	31.76	406,369.2	regular purchase of Manz stock
03.31.2009	Dieter Manz	CEO	Purchased through XETRA	Manz Stock DE000A0JQ5U3	2,805	31.4244	88,139.83	regular purchase of Manz stock

Cooperation between the Managing Board and the Supervisory Board //

The Managing Board informs the Supervisory Board regularly, promptly, and comprehensively, both in written and verbal form, on all relevant questions regarding the company's performance, plans including current risks and risk management, and organizational compliance.

Managing Board and Supervisory Board Compensation //

We fully comply with the recommendation set forth in the German Corporate Governance Code to individually disclose compensation paid to members of the Supervisory Board. In doing so, Manz Automation AG ensures that the various components of compensation are disclosed in a transparent fashion. The compensation report summarizes the principles applied in determining the compensation paid to members of Manz Automation AG's Managing Board, and also discloses the amount and structure of their payments. The compensation report is based on the recommendations of the German Corporate Governance Code, and contains information which, based on the requirements of German commercial law which were expanded to include a new law governing the disclosure of Managing Board compensation, comprises a component of the Notes in accordance with Article 285 of the German Commercial Code and/or a component of the Management Report in accordance with Article 289 of the German Commercial Code. The Supervisory Board is responsible for determining the compensation paid to the Managing Board. The compensation paid to members of Manz Automation AG's Managing Board is based on the size and global activities of the company, its economic and financial situation, and the amount and structure of compensation paid to members of the Managing Board at similar companies. In addition, the duties of and contributions made by each member of the Managing Board are also taken into account. Compensation is set at a level that is competitive on the international market for highly qualified executives and also

gives an incentive to operate successfully. The compensation paid to Managing Board members is performance-based and is comprised of two components: a. a fixed monthly salary and b. a variable, performance-based bonus, which is calculated based on the company's earnings before taxes [EBT] as disclosed in the company's consolidated statement of income. Compensation paid to the Supervisory Board is determined by at the Annual General Meeting based on suggestions by the Managing Board and Supervisory Board. It is governed by our company's Articles of Incorporation. The level of compensation paid to the Supervisory Board is based on the size of the company, the duties and responsibilities of Supervisory Board members, and the company's economic situation.

Manz Performance Share Plan //

On July 11, 2008, the Managing Board, with Supervisory Board approval on the basis of the authorization given at the Annual General Meeting of Manz Automation AG on June 10, 2008, resolved to grant stock options to select non-executive members of management within the company as well as to members of the Managing Board and other managers in key positions at our subsidiaries within the scope of the "Manz Performance Share Plan 2008," in the form of annual tranches ["stock options"]. The stock options will grant the beneficiary the right to purchase registered, common, no-par shares of Manz's stock. Furthermore, the Supervisory Board resolved on September 16, 2008, on the basis of this authorization, to grant members of the Managing Board options to purchase Manz stock. The stock options will be issued at the discretion of the Managing Board with the approval of the Supervisory Board, or when granting options to members of the Managing Board, at the sole discretion of the Supervisory Board, in yearly tranches on the basis of an individual agreement entered into between the beneficiary and the company.

Risk Management //

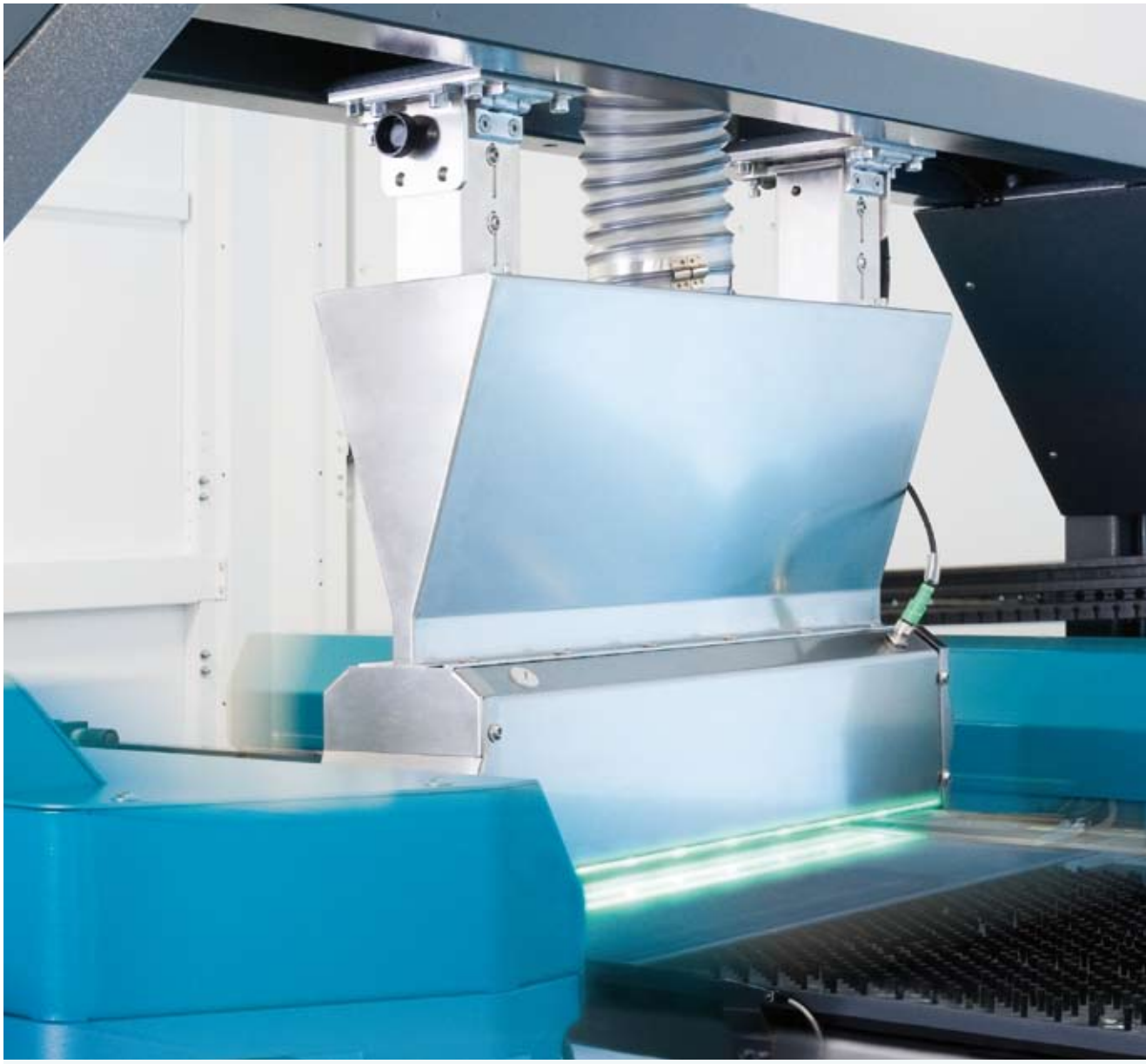
By paying particular attention to handling potential risks to the company in a careful manner, Manz Automation AG fulfills the ideals of sound corporate governance. In doing so, the goal is to indentify risks and optimize risky positions through systematic risk management. In a dynamic process, Manz Automation AG's risk management is continually attuned to changes in economic conditions. Further information regarding this topic can be found in our Risk Analysis and Forecast Report on page 76 ff.

Directors' Dealings (purchase and sale of Manz stock by members of the Managing and Supervisory Boards) //

In accordance with Article 15a of the German Securities Trading Act, members of the Managing Board and the Supervisory Board of Manz Automation AG are required to disclose the sale or purchase of Manz Automation AG stock or any financial instruments based on Manz stock carried out by themselves or related parties if the value of all trades executed within a calendar year equals or exceeds a total of 5,000 euros.

A SINGLE POINTER CAN AFFECT THOUSANDS

Daniel Bauer began his apprenticeship as an industrial mechanic at Manz in September 2009. His career choice was not a difficult one to make. His father also works at Manz as an industrial mechanic. And in the workshop at his parents' house, there constantly seems to be tinkering going on, too. Daniel's motor scooter can almost always use some work. The grease-covered hands, however, stand in stark contrast to the modern manufacture of LCD flat screens using the cleanroom robot systems from Manz: today, glass substrates with a thickness of only 0.7 mm measure approximately 6 m^2. This means that the highest requirements in terms of break resistance are necessary for handling since destroyed glass substrates would contaminate the cleanroom for a considerable time. Air cushion technology now makes a virtually contactless transport of the substrates possible. Daniel is fascinated by the fact that this single development helps make high-quality LCD displays affordable for tens of thousands of people.



ONE CAREFULLY CHOSEN STEP CAN HELP YOU SAFELY TAKE MANY MORE

Sina Böhmüller started working at Manz as an apprentice industrial clerk as part of her occupational retraining. She had already successfully completed her training as a dental assistant prior to this, but an allergic reaction forced her to change her career. The pleasant colleagues as well as the innovative environment made the switch quite easy for her. However, the technical facets initially seemed to her as if they came from a different world. Until now, image processing to her was mainly relevant for archiving her dog photos. Now, as a future industrial clerk, she also finds it interesting that the laser-scribed silicon removal on thin-film solar modules can be retraced and controlled by means of image processing. A previously lasered groove is recognized on the cell and additional grooves can now be precisely aligned. A thin-film solar module manufactured in this manner achieves a measurably higher efficiency.

GROUP MANAGEMENT REPORT

BUSINESS REPORT

COMPANY SITUATION

Group Structure and Holdings //

Reutlingen-based Manz Automation AG is one of the world's leading providers of technological systems in the fields of automation, quality assurance, and laser processing technology for the photovoltaics industry. In addition, our company offers system solutions in the fields of automation and wet chemistry for the LCD and printed circuit board industries. Our technological market leadership is both secured and expanded through ongoing research and development activities as well as by bundling the Manz Group's expertise.

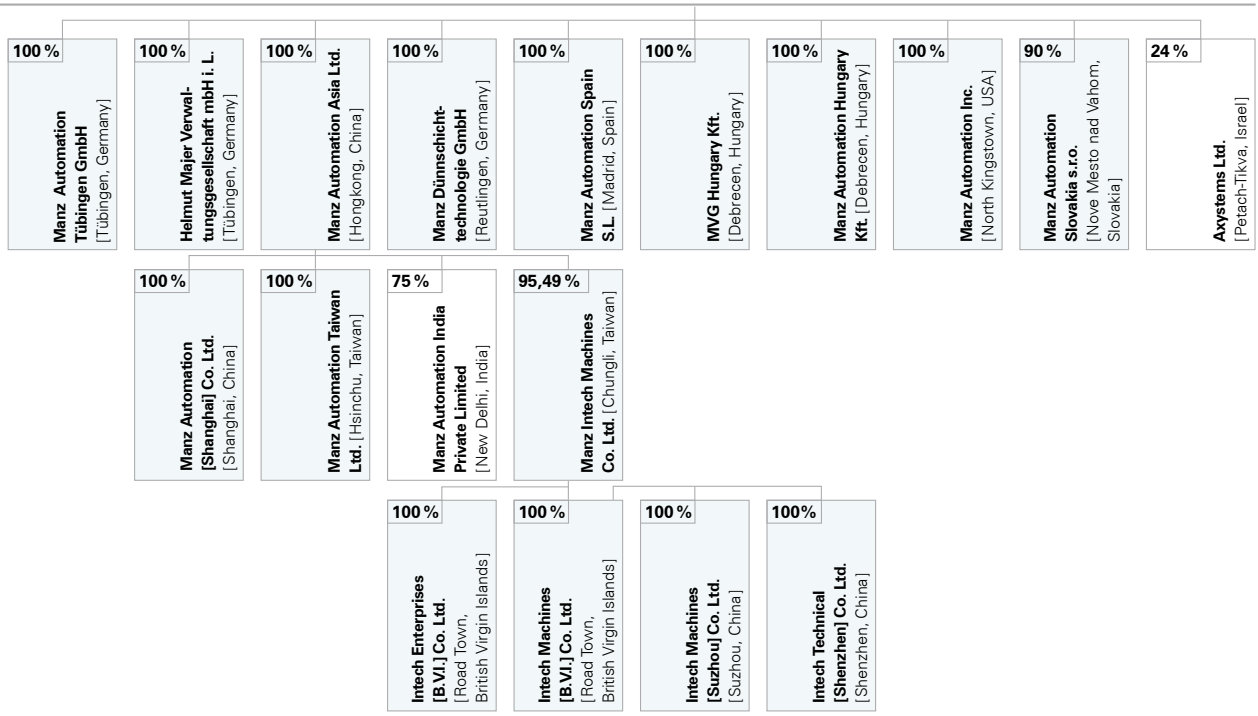
Our company is divided into the following divisions: photovoltaic [systems.solar], LCD [systems.lcd], components and OEM systems [systems.aico] for automation in various industry sectors, as well as a "Others" division which was established as a result of our new acquisitions. Beginning in the 2010 fiscal year, our divisions will be reorganized. Our activities in the field of li-ion batteries will be combined with those from our systems.aico division to form our New Business segment.

Research and development set milestones for the company

In this context, the Reutlingen-based parent company Manz Automation AG focuses primarily on the final assembly of systems and their technological advancement, sales and marketing, as well as the administrative management of the entire group. The strength of the Manz Group in carrying out research and development activities is particularly noteworthy. Our company was able to reach a number of milestones in recent years because of our technological advancements.

Our Center for Product Development is located at the headquarters in Reutlingen, since this division plays an important role in our company's performance. As the Group's parent company, on the reporting date Manz Automation AG held interest in six international subsidiaries, three domestic subsidiaries, and second-tier subsidiaries in Taiwan, China, and India. Two subsidiaries are based in Hungary, and one subsidiary each is located in the United States, Spain and Hong Kong. All of the subsidiaries are reflected in Manz Automation's consolidated financial statements and are therefore fully consolidated. Furthermore, Manz holds a 90% interest in a Slovakian subsidiary headquartered in Nove Mesto nad Vahom.

MANZ AUTOMATION AG



LOCATIONS

1 Germany //

Manz Automation AG
Reutlingen
Manufacturing, Sales & Service

Manz Automation Tübingen GmbH
Tübingen
Manufacturing, Sales & Service

2 Hungary //

Manz Automation Hungary Kft.
Debrecen
Manufacturing & Service

3 Slovakia //

Manz Automation Slovakia s.r.o.
Nove Mesto nad Vahom
Manufacturing, Sales & Service

4 Spain //

Manz Automation Spain s.l.
San Fernando de Henares, Madrid
Sales & Service

5 USA //

Manz Automation, Inc.
North Kingstown
Sales & Service

6 Taiwan //

Manz Intech Machines Co. Ltd.
Taoyuan
Manufacturing, Sales & Service

Manz Automation Taiwan Ltd.
Shanhua Township
Service

7 South Korea //

Manz Automation Asia Korea
Gyeonggi-do
Sales & Service

8 China //

Manz Automation (Shanghai) Co., Ltd.
Shanghai
Sales & Service

Intech Machines (Suzhou) Co., Ltd.
Wu Zhong, Su Zhou City
Sales & Service

9 India //

Manz Automation India Private Ltd.
New Delhi
Sales & Service

Products and Stages of the Value Chain //

Manz Automation AG is one of the world's leading technology providers of system solutions in the areas of automation, quality assurance, laser process technology, and wet chemistry for the photovoltaic and LCD industries. The Manz Group's core areas of expertise are in the fields of control and drive technology, image processing, laser technology, and wet chemistry. Many of the systems already hold a leading position in the global market today – with respect to both their technological standard as well as their performance and quality. As a result of the strategy Manz has consistently pursued over the past few years to internationalize the company, when compared with the competition, our company now has by far the most comprehensive worldwide network of its own sales, service, and manufacturing locations.

Products in the systems.solar division

Photovoltaics making advances again

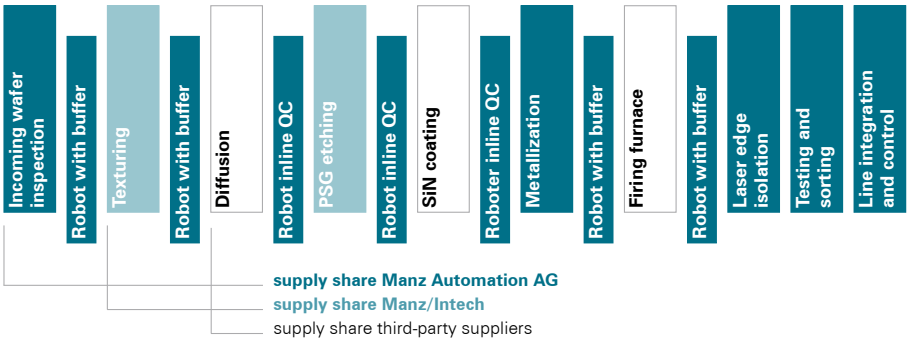
Crystalline solar cells segment (c-Si) _ In the future, photovoltaic power will become an integral part of the global energy mix used to secure the supply of energy. In addition, in contrast to fossil fuels, the use of solar technology supports the reduction of the harmful greenhouse gas carbon dioxide. By directly converting sunlight into electrical energy, a larger portion of the global energy demand can be met using renewable energy sources. The conversion of sunlight into electrical energy takes place in solar cells, the core component of photovoltaic equipment. Two factors, in particluar, play a significant role in the cost-effectiveness of solar cells as compared to traditional energy sources – low costs and, at the same time, a high level of output from the solar cells. Using systems from Manz Automation, our clients – leading global manufacturers of solar cells – can fulfill precisely these requirements.

Crystalline solar modules (c-Si) are manufactured in a multi-stage process. In this process, the value chain is usually divided into five stages:

VALUE-ADDED CHAIN

Silicon manufacturer	Wafer producer	Solar cell manufacturer	Module manufacturer	System service provider
Manufacture of pure silicon	Manufacture of silicon slices [wafers] made from pure silicon	Processing silicon slices into photovoltaic cells	Wiring solar cells and manufacturing modules	Combination of modules, component parts [inverter modules, cables, etc.] and assembly solutions; Sales

PROCESS STEPS FOR MANUFACTURING CRYSTALLINE SILICUM SOLAR CELLS

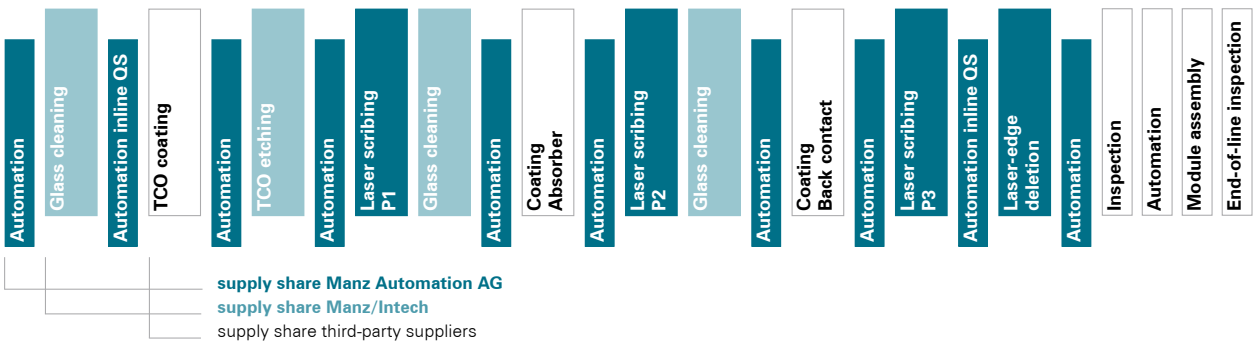


Within this value-added chain, Manz system solutions particularly concentrate on the crucial third stage – the manufacture of crystalline solar cells. In turn, this production process is subdivided into ten central production stages, from the receipt of silicon wafers (the raw material for solar cells) through to checking the finished solar cells and packaging. The system solutions from Manz are used to efficiently link the individual production stages, for example, loading and unloading the various machines used in the production process. These solutions are based on the company's long-term core skills – powerful, leading global automation technology. The company also provides solutions for important production stages such as printing, laser-edge isolation, or quality control.

Solar cell manufacturers must invest a total of 12-15 million euros in the construction of a fully automated and thus cost-efficient production line with an annual production output of 60 MW. Manz Automation can currently cover a share of around 60% of this order volume and offer a wide range of services. Over the medium term, Manz Automation will further increase its coverage of the value chain up to 70% by integrating further processing stages (including texturing). In this way, Manz will establish itself as an essential partner for providers of turnkey systems. As a result of its own product developments, in the fiscal year 2009 Manz Automation began offering the second part of this entire production line for crystalline solar cells – the so-called back end – completely from a single source.

Thin-film solar module segment _ What characterizes thin-film technology is the particularly favorable cost-benefit ratio. This is due to thin-film solar cells being manufactured by vapor depositing ultra-thin layers of conductive and semi-conductive materials on glass substrates. This technique enables manufacturers to significantly reduce raw material costs, since crystalline silicon wafers are not required. It is true that thin-film technology is considerably less efficient and requires significantly more space for installing the solar equipment.

PROCESS STEPS FOR MANUFACTURING THIN-FILM SOLAR MODULES



However, this technology has lower costs per watt, making it significantly less expensive to manufacture and subsequently quite attractive to those operating solar power plants. The manufacturing process of thin-film solar modules is mainly made up of a multi-stage process to coat the glass substrates as well as a subsequent process where the substrates are laser-scribed or mechanically scribed. In addition to linking the production stages, Manz Automation also currently focuses on developing and manufacturing systems for laser scribing, mechanical scribing, and laser-edge ablation. In fact, based on our own estimates, Manz Automation is the global market leader in the field of laser scribing.

At present, Manz Automation AG can currently provide approx. 25% of the total volume of a fully automated production line for thin-film solar modules. Manz Automation's percentage of the value chain may be lower in comparison to the production process for crystalline solar cells, yet the installation of these production lines is linked to a much higher investment volume for manufacturers. At the present time, an end-to-end production line for thin-film solar modules with an annual production capacity of 40 MW costs between 50 and 80 million euros. For this reason, Manz's absolute share with regard to the installed service is already higher in the thin-film segment than it is in the crystalline segment, and it will continue to rise due to the newly developed products in the wet chemistry segment. Important to note in this context is that Manz's equipment can be used in connection with all available technologies (CIS, CIGS, CdTe).

Products in the systems.lcd division

Manz Automation has been supplying innovative automation systems for handling glass substrates for more than 15 years. These products are used in the manufacture of LCD flatscreens. LCD displays must be produced under extreme cleanroom conditions, and

the automation systems used must also fulfill these requirements. The majority of the Manz systems which are installed are used to load and unload the in-line sputter systems (vacuum coating systems for glass substrates). Automated handling is an absolute necessity, since the size of glass substrates has increased to almost 6 m^2 (2,200 mm × 2,600 mm) at a thickness of only 0.7 mm. In this process, the highest demands are placed on break resistance during handling, since the airborne particles resulting from the breakage of a glass substrate would contaminate the cleanroom for a longer period of time, making a stoppage of production inevitable. In addition to low breakage rates, the throughput speed is also a key factor for LCD manufacturers in order to keep production costs as low as possible.

The aforementioned extremely sterile cleanroom conditions are required in order to manufacture LCD flatscreens. The cleanroom suitability of Manz's robotic system for handling glass substrates has been certified by the Fraunhofer IPA Institute. A further key component of safe and gentle handling of the glass substrates is the innovative "air-cushion" technology. This allows a virtually contact-free transport of the substrates, reliably preventing impurities and damage.

In addition to automation systems for substrate handling, automation systems for laser-cutting equipment and systems for transport and handling used in in-line inspection systems round out our product portfolio.

Product portfolio further developed with Manz Intech Machines Co. Ltd.

Through the formation of Manz Intech Machines Co. Ltd in Taiwan, the Manz Group has expanded its product portfolio to include wet chemical processing equipment for the LCD industry. This includes processes such as etching, stripping, and cleaning for the manufacture of LCD displays. But our expertise also includes the process of recycling defective glass substrates known as rework processing. In addition, Manz Intech manufactures systems for the PCB (printed circuit board) industry at another location in China. Besides the aforementioned processes, products for deburring and electroless deposition are also offered. These machines are used to produce circuit boards for electronic equipment.

Clients //

Clients of the systems.solar division

The systems.solar division delivers products to manufacturers of crystalline silicon solar cells (systems.solar/cSi) and thin-film solar modules (systems.solar/tfs). Outside of Japan, Manz Automation AG's clients include almost all of the key manufacturers of

silicon solar cells worldwide. In the crystalline field, our major clients include companies such as Q-Cells, Schott Solar, Yingli, or Motech, as well as our strategic partner Roth & Rau. Top clients of the systems.solar/tfs division include Applied Materials, Q-Cells, Würth Solar, Moser Baer, Masdar PV, and our new client Schüco. As a result, our company has positioned itself with its high-tech machines as the preferred equipment supplier to leading global providers in the photovoltaic market.

Clients of the systems.lcd division

LCD clients are among the five largest manufacturers

Due to the leading position of Asian manufacturers on the global market, Manz Automation AG supplies all of its systems.lcd products to countries in east Asia. In particular, our primary Asian markets are Taiwan, China, and South Korea. Manz Automation AG's clients currently include three of the world's five largest manufacturers of LCD flatscreen displays, among them Chi Mei Optoelectronics, Innolux, and AU Optronics. Our company makes staying in direct contact with our clients locally a top priority, allowing us to provide support services and market new products. This once again underscores the importance of Manz's presence in Asia.

Clients of the systems.aico/Others division

During the 2009 fiscal year, our company was able to generate significant revenues in the systems.aico division by contract manufacturing for the semiconductor industry, primarily through third-party business as a result of our acquisition of Manz Slovakia. In addition, this third segment serves to diversify the Manz Group's position and utilize synergies. Existing customers mainly include manufacturers of powder presses and grinding machines for the manufacture of carbide tools and sintered materials. Almost all of the leading providers of carbide tools rank among the company's customers. We were able to use available capacity at Manz Automation Slovakia for this purpose. Finally, we generated our first revenues in the new area of li-ion batteries and provided our partners in the research alliance with innovative solutions.

Sales and Marketing //

Opening of the new Client and Conference Center (MCC) in Reutlingen

Intensive sales and marketing measures have been implemented to increase awareness of the Manz brand and its products, particularly during the "crisis year" 2009. In addition to the Technology and Training Center (TTC) which was opened in May 2008, the new Client and Conference Center (MCC) has been open since the beginning of 2009 in order to provide

clients with an ideal level of support at Manz Automation's headquarters in Reutlingen. With an area of 1015 m^2 as well as 38 offices and conference rooms, the MCC offers a sufficient number of options to meet the needs of a highly productive sales department, both now and in the future. Together with the TTC, Manz has the optimum organizational conditions to achieve all of its corporate goals.

In addition, there are a wide variety marketing measures, such as participating in trade fairs as well as regularly issuing a customer magazine. On top of that, advertisements are continually placed in both online and print media. By participating in exhibitions both in Germany and abroad, such as the 24th European Photovoltaic Solar Energy Conference and Exhibition (EU PVSEC) in Hamburg, the 3rd International Photovoltaic Power Generation Conference and Exhibition (SNEC) in Shanghai, China, and Solar Power International in Anaheim, USA, Manz stood in close contact with existing and potential clients. As a result, over the course of the year our company acquired new orders with a total value in the double-digit millions.

Sales further developed

To maintain and, in the future, expand our market share, additional experienced employees were added to the sales team in every country. All in all, our company now has a sales team of more than 20 highly qualified and dedicated specialists at its disposal, whose focus lies particularly on selling products from the systems.solar division.

Maintaining a local presence close to clients, providing comprehensive services, and having rapid reaction times all play a significant role in generating sales. That's why we only deliver equipment outside of Europe in markets where we also have service locations. Our local services include regular maintenance of equipment, providing clients with spare parts, and in particular reacting quickly within a maximum of two hours in case of a malfunction. Providing these services is a cornerstone of our sales strategy which ensures that we remain in continual contact with our clients, and as a result, gives our company competitive advantages. In addition, we also generate sales indirectly through our long-term partnership with Applied Materials and Roth & Rau. In the future, we plan on further cultivating and intensifying these relationships.

Research & Development //

Our priorities for fiscal year 2009 were set on research and development activities. In 2010, Manz will continue on the same course in order to reinforce our position as the industry's innovation driver. Our goal was and is to prepare our company for the coming

wave of investments by solar cell manufacturers. In order to do so, we are developing highly efficient and seamlessly integrated machines which will set new industry standards. We already introduced some of our new developments at the "24th European Photovoltaic Solar Energy Conference and Exhibition" (EU PVSEC) held in Hamburg in September 2009. With new equipment and system solutions as the result of our intensive research and development activities, our company was able to further expand its lead over the competition as a pioneer of innovation.

Our focus at the trade show was on new developments, which both increase the efficiency of solar cells and cut solar cell manufacturers' operating costs. Using our state-of-the-art PSG etching (oxide etching) equipment for crystalline solar cells (cSi), whose process technology was developed in conjunction with the Fraunhofer Institute for Solar Energy Systems ISE, wafer breakage rates in the system are significantly reduced. In addition, the system was designed to use considerably less chemicals than competitors' models. As result, the ongoing costs of operating the equipment are reduced. Using this technology, the layer that forms on the surface of the wafer during phosphorus diffusion, which acts as an isolator, can be removed. The new machine now enables throughput rates of over 3,000 wafers per hour. At the same time, Manz presented the corresponding, improved automation system at the exhibition, which is one of our company's long-term core areas of expertise.

Laser Multi Tool is highlight at EU PVSEC

One particular highlight presented by Manz Automation at the exhibition was the Laser Multi Tool (cSi), which is also used with crystalline solar cells. It allows developers to quickly and reliably evaluate a variety of laser applications for high-efficiency cells, meaning that the development of new cell processes can be accelerated. For instance, through the process of laser diffusion, selective emitters can be created. The result is an improvement to the efficiency of solar cells by 0.5 percent. Clients have shown significant interest in this system, which can also be retroactively integrated into exisiting production lines. This means that the cost-effectiveness of older lines can be increased.

Heavy demand by clients for upgrades to production systems

Generally speaking, there is a strong demand from clients for the ability to "upgrade" existing systems, since this allows them to cut costs of existing production lines so that they can manufacture products more competitively in the current market situation. Manz has responded to this market need, and offers clients the ability to replace or upgrade individual machines within a production line. This allows clients to reduce production costs and increase the efficiency of the solar cells and modules they manufacture. These "upgrades" can cost anywhere from 1.5 to 3.0 million euros, and they give solar manufacturers additional flexibility in a transitional period.

In the thin-film technology segment (tfs), the new developments are primarily centered on our laser scribing processes. An innovative new control system allows for a significantly higher level of precision within the process, which means an increase in the efficiency of the manufac-

tured solar modules. Manz is the leading global supplier in this field, and we are confident that we will be able to further expand our leading position with regard to laser scribing equipment in the future.

We were also able to make considerable advancements to our system solutions for laser edge ablation of glass substrates. In addition to increased precision and process speed and reduced breakage rates, the laser-cut substrates are significantly sturdier than substrates cut using mechanical means. The reason for this improvement is the reduction of microtears in the edges. This increased stability plays a significant role in reducing loss rates during manufacture and installation of the solar modules as a result of breakage.

Yet another example of our innovative prowess is our new system for TCO texturing (tfs). In this system, glass substrates are roughened using an etching technique so that the surface area of the finished solar module is increased. The result here is an increase in the module's efficiency. While developing this system, Manz once again made use of our expertise and synergies from the LCD division. With each of these technical milestones, our company continues to underscore its position as a technological leader when it comes to equipment used to manufacture thin-film solar modules.

Using our expertise in the area of thin-film solar technology, Manz Automation is now also developing the ability to fulfill the needs of manufacturers in the new growth market for building-integrated photovoltaics (BIPV).

Lithium-ion batteries represent a new growth market

Our activities in the field of li-ion batteries comprise another new area of research. In this field, Manz will work in an "innovation alliance" to develop machines for the industrial manufacture of batteries. The goal of this research project is to explore new manufacturing technologies and apply them to the demands of mass production. Manz Automation will contribute its expertise to a series of production stages which are to be developed and, at the same time, will also be responsible for the automation solutions used to manufacture the batteries.

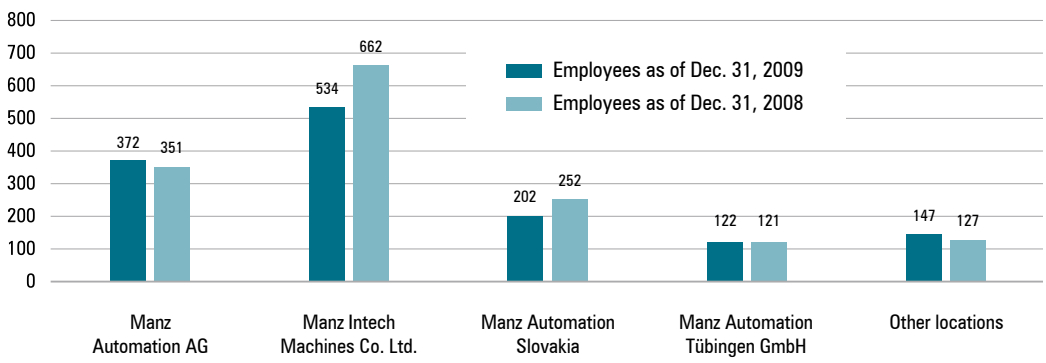
In fiscal year 2009 Manz Automation AG had a ratio of research costs to sales of 14.1% (previous year: 4.4%). If we only consider capitalized development costs, the ratio of research costs to sales totals 7.2%.

Employees //

Employee Structure

On December 31, 2009, a total of 1,377 employees (previous year: 1,513) worked for our company both in Germany and abroad, 372 of which were employed at our company's headquarters in Reutlingen. As the above figures show, the financial crisis also had

an impact on our company's workforce. As a result of economic developments, the workforce had to be reduced, primarily abroad. At German locations where the central focus is on research and development activities, no changes were made to our personnel levels for strategic reasons. However, we switched to reduced working hours domestically between May and December 2009. Based on the number of employees, the largest company in the Manz Group is Intech Machines Co., Ltd. in Taiwan, with 534 employees, followed by Manz Automation Slovakia s.r.o with 202 employees, and then Manz Automation Tübingen GmbH with 122 employees.



Manz Academy

Manz Academy established as an employee training center

All of our company's training and educational programs are encompassed within the Manz Academy. Our offering is directed both toward Manz Automation's employees as well as our clients. In the previous fiscal year, we offered 288 seminars which were attended by approx. 520 employees. We were able to further increase our employees' expertise through intensive training courses which were offered particularly while we were on the reduced working hours system between May and December 2009. This, in turn, serves as a sound basis from which to acheive our corporate goals.

In addition to courses on optimizing internal processes and self-organization, we also offer seminars for the purpose of aquiring additional qualifications. In this case, we not only hold in-house workshops but also coordinate external courses, for example at the Laser Academy. At the same time, individual employees were trained as Manz Academy Coaches (MACs), which will allow us to offer an even more comprehensive, high-quality training program in the future.

The Manz Academy offers training courses on the following topics:

> Business administration seminars
> A sheet-metal design workshop
> Welding for design engineers
> Leadership and time management
> Occupational safety
> CAD training courses

Daycare program

Manz Automation fulfills its responsibilities to its employees with a special offer for working parents. In order to ensure that our company's employees can focus on developing their ideas instead of worrying about their children, Manz launched a workplace daycare program. Children between one and three years of age can be put in well-trained and caring hands during working hours in two different facilities. Our company also contributes financially to support young families.

BUSINESS ENVIRONMENT

Market and Competitive Environment //

Economic environment

The 2009 fiscal year was characterized by one of the worst global economic crises since 1929, and this crisis also significantly impacted Manz Automation's business. The Federal Statistical Office has put the decline in Germany's gross domestic product (GDP) for 2009 at 5.0%. As a strongly export-driven economy, the effects of the global crisis on Germany were particularly severe: gross investments sank by 12.5% compared to last year, exports by 14.7%.

Overall, it is primarly industrialized nations that are seriously affected by the recession, since they have been confronted with a significant economic slump. This slump is principally due to disruptions on international financial markets, which according to the International Monetary Fund (IMF) caused global economic output to decrease by 0.8% in 2009.[2] // 2 International Monetary Fund, 2010

Many governments and central banks reacted to the deteriorating economic situation around the world with expansive monetary and fiscal policies. A number of industrialized nations put together economic stimulus packages to combat the effects of the crisis. At the same time, the European Central Bank (ECB) sank its key interest rate to a record low of 1.0%.[3] In addition, the

ECB explained that it does not see an increased risk of inflation, which can be taken to mean that it will maintain its current monetary policies. // 3 European Central Bank, 2010

These stimulus packages also aim to significantly expand the advancement of renewable energies. For example, at the beginning of 2009 the USA passed a package of laws which earmarks 32.8 billion US dollars for investments to increase the use of renewable energies.[4] // 4 Environmental America, 2009

Experts expect economic recovery in 2010

Despite economic trends which remain unstable and full of risks, experts are anticipating an economic recovery in 2010. The German Council of Economic Experts expects GDP growth of approximately 1.6% in Germany in 2010.[5] The IMF predicts global economic output to grow by around 3.9%. By 2011, they predict this figure to be close to 4.3%. // 5 German Council of Economic Experts, 2009

According to the German Engineering Federation (VDMA), the German engineering sector recorded a 25% decline in manufacturing output in the previous fiscal year, making it the worst year on record.

In 2009, industry revenues sank to 160 billion euros after recording revenues of 208 billion euros in the previous year. Due to the effects of the financial crisis, the engineering sector, which is highly dependant on export business, was hit particularly hard. As a result, exports sank by 24% to 110 billion euros. At the same time, because of the high level recorded in the previous year, a base effect comes into play with regard to new orders, making the decline of 38% particularly high.

We are beginning to see slightly positive trends for the current fiscal year, however. The federation expects that the low in new orders received had already been reached during the summer of 2009. The 8% increase in new orders recorded in December 2009 gives the industry confidence. Future markets will particularly benefit from the coming recovery, especially industries with a focus on energy and resource efficiency.

Because of our innovative range of products and the related competitive advantage we possess, Manz Automation expects the macroeconomic recovery to mean sustained positive growth prospects for our company. As soon as the markets have recovered and clients begin to receive the financing they need, we anticipate that the demand for investment goods will once again increase.

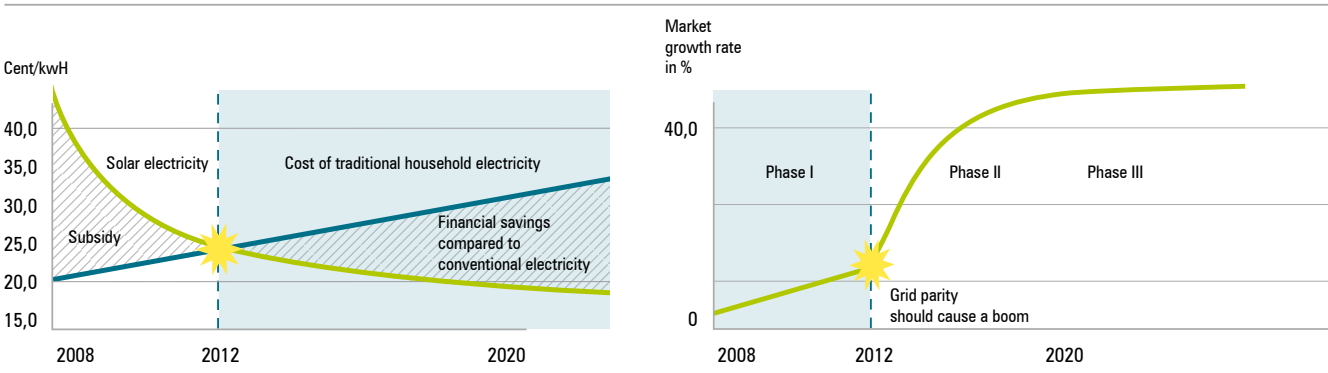
systems.solar division

Economic crisis provides opportunity for research and development

Crystalline solar cell segment _ As a result of the global economic crisis, in 2009 the photovoltaic industry experienced significantly slowed growth compared to previous years.[6] Banks were unwilling to make loans, and this led to a global decline in the number of investments being made. The market was characterized by the current credit crunch currently being experienced by solar cell manufacturers and solar park operators. The result was an oversupply of solar cells and more intense competition in the PV market. This caused the growing cost pressure on the side of manufacturers to once again increase. Manz Automation used the previous fiscal year to help manufacturers combat this growing cost pressure with state-of-the-art equipment. Through intensive R&D activities, our company developed innovative technologies. With highly efficient and seamlessly integrated machines from Manz, production costs can be cut and the efficiency of manufactured solar cells and modules can be increased. The engineering sector is driving innovation in the industry, and as a result PV technology will also be able to compete with conventional means of generating electricity in Central Europe within the next four years.[7] // 6 Bank Sarasin – study: „Solarwirtschaft – grüne Erholung in Sicht", 2009 // 7 Information from BSW-Solar

Grid parity may also be reached internationally much earlier than had previously been assumed, since the price of photovoltaic equipment has dropped dramatically as a result of the significant overcapacities which exist. Analysts from HWM Research expect many countries to already reach grid parity in 2012. Consequently, they anticipate a downright boom in demand over the medium to long term, which will initially take place primarily in countries with many hours of sunlight and high electricity prices.

RELATIONSHIP BETWEEN GRID PARITY AND MARKET GROWTH



source: HWM Research, June 2009

New Electronic Business Act (EGG) creates significant need for investment by manufacturers

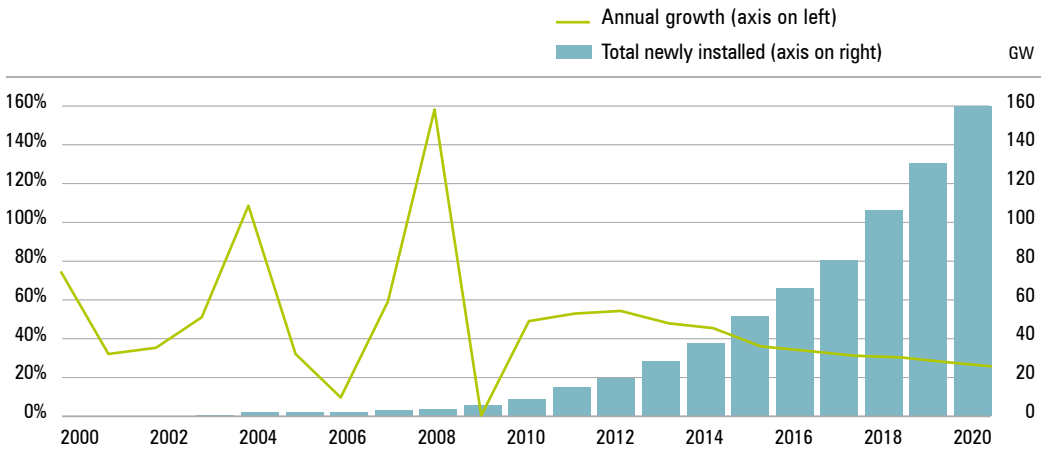
The experts at the Swiss bank Sarasin believe the global PV market will experience a clear recovery in 2010. The German PV industry will be able to participate in this recovery, since German solar companies were also a driving force behind dynamic growth in the industry in the past. Even in 2009, the year of the global economic crisis, Photon assumes that new installations in Germany totaled between 3 and 4 GW. This can primarily be traced back to the attractive potential returns, the rapid decline in solar module prices, and interest rates which are currently enticing. As a result of this rampant growth, the German government is discussing making changes to its Renewable Energy Law (EEG). According to these discussions, the feed-in tariff should be reduced well before 2012, which is when the law was originally going to be amended. Currently, a number of different proposals for changes have been debated, however a final decision has yet to be made. The political call to reduce the subsidies is based on both current technological advances and the resulting drastic reduction in manufacturing costs. At the same time, the prices for solar modules have fallen so steeply over the past few months that despite the reduction in subsidies which will be set forth within the scope of an amended Renewable Energy Law, the returns which investors can achieve have still risen significantly.[8] The result of this for manufacturers will be a considerable need to make new investments in order to cut manufacturing costs to match the lower level of prices. Overall, as one of the leading equipment suppliers in this industry, Manz Automation views this as a positive sign pointing to further growth. // 8 Handelsblatt – Boom in the solar energy industry drives electricity prices higher – October 8, 2009, Der Spiegel – German government wants to drastically reduce solar subsidies – January 14, 2010

Despite the uncertainty currently felt in the market as a result of further changes to subsidy policies in Germany, the largest market, the Sarasin Bank expects growth in the worldwide PV market to reach 45% in 2010. This means the output of newly installed equipment will reach approximately 8.5 GW by the end of the year. Based on current estimates, growth of this magnitude is also possible for the next two years. In this period, experts predict that at least ten new PV markets will be created with an annual volume of 500 MW. Growth of 15% to 20% is expected in Germany alone. These ambitious forecasts are based on the assumption that engineering firms will continue to actively pursue rapid technological advancements, reduce manufacturing costs, and increase the efficiency of solar cells, and that manufacturers will advance into new growth markets. From a global standpoint, this primarily means China, the USA, and India.

India offers optimal conditions for photovoltaic equipment

India _ The following facts reveal India's significant potential for growth. A total of 20 billion US dollars will be invested by 2050 in national subsidies for photovoltaic power. This should result in the creation of a country-wide capacity totaling approximately 200 GW. Initially, the country is aspiring to reach a capacity of 20 GW by 2020. In comparison, it is assumed that global PV output currently stands at around 15 GWp. At the present time, the country generates a negligent amount of solar electricity. Yet the subcontinent offers more than 300 days of sunshine a year and sufficient space with excellent conditions, like in the state of Gujarat, where projects with a total output of 500 MW will be subsidized by 2014 alone.

SARASIN'S LONG-TERM FORECAST FOR THE GLOBAL PV MARKET



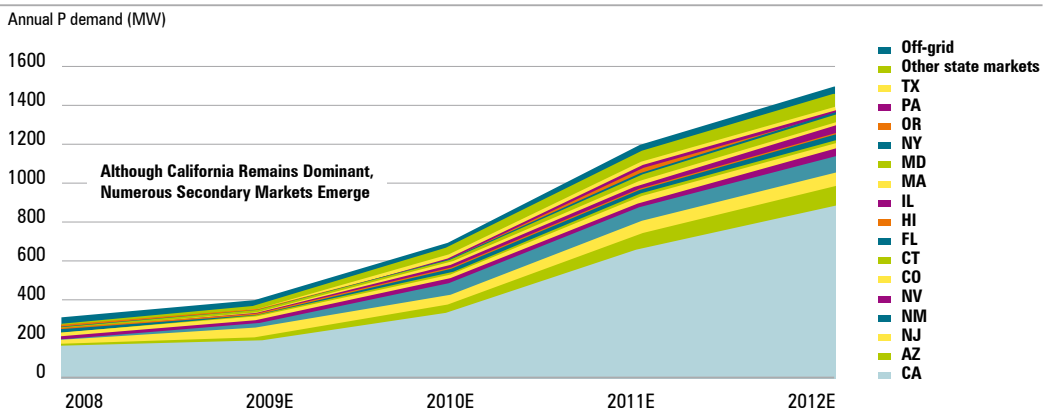
source: Sarasin Bank, November 2009

Currently eight states in India have subsidy programs in the form of feed-in tariffs for electricity from photovoltaic and solar thermal equipment. The Indian authorities have chosen to base their legislation on the German Renewable Energy Law. The projects are being guided by the Ministry of New and Renewable Energy. The local organizations are being supported from Germany by the Gesellschaft für Technische Zusammenarbeit (GTZ).[9] As a result of these subsidy programs, which will increasingly take effect, an enormous growth spurt can be expected in the coming years. The plan is to finance the subsidies through higher taxes on gasoline and diesel fuel. Currently these fuels are still highly subsidized. // 9 Solarmedia – India's Billion-dollar Program – September 10, 2009

India pushes independence from fossil fuels

With its dedication to solar energy, India is pursuing its goal of reducing its dependance on fossil fuels. Furthermore, it is important to note that more than half of the population (more than 450 million Indians) still have no access to electricity. For this reason, the subcontinent is primarily interested in the ability to supply energy through a decentralized system, which is made possible using solar equipment. Around 80,000 villages are not connected to the national power grid. Based on current information, in the meantime close to 55,000 street lighting systems, 450,000 private homes, 700,000 street lamps, and 7,000 water pumps are supplied with solar energy. This is exactly where significant potential for further solar growth exists, since 21 million water pumps are still powered by around nine million diesel generators. In the coming years the country plans to replace these generators with solar-powered equipment. In addition, another area of application is the field of cellular communications. About 90,000 additional cell towers were built in 2009. Diesel generators are also used to power these towers, but the plan is to use solar equipment as backup systems to provide them with additional electricity.

TREND OF DEMAND DUE TO ADMINISTRATIVE TARGETS BY STATE (REGULATORY CASE).



source : Greentech Media (GTM) – „The United States PV Market Through 2013: Project Economics, Policy, Demand and Strategy"

The move toward cellular phones in India continues unabated, as a result more than 11 million handsets are sold every month, which means that there is a growing demand to expand local cellular networks.[10] // 10 GTAI – A Feeling of Optimism in the Indian Solar Industry – July 24, 2009

India needs modern, high-performance equipment

Manz Automation can also benefit from these trends. In order to establish a local solar industry, the first thing needed is state-of-the-art and powerful equipment, equipment such as the products our company offers. Recently, suppliers and manufacturers in India have begun ramping up operations along the entire value chain. This is the reason Manz has been represented by a subsidiary in India since October 2008. The Manz Group holds a 75% interest in the company, the rest being held by the Indian company Technicom Chemie Ltd. As a result of this joint venture, our company now has direct access to local customers in India, which is an extremely important advantage when competing internationally.

A Solar Equipment Engineering degree program has also been established together with Amity University. Manz Automation will support this program with regards to both content and personnel in order to train an adequate number of qualified young employees to operate local manufacturing facilities.

Experts see the USA as the growth market of the future

USA _ According to a study by Greentech Media (GTM)[11], by 2012 the United States could become the world's second-largest and at the same time fastest-growing market. This optimistic scenario assumes a demand of up to 2.0 GW. It is estimated that more than six billion US dollars will be invested during this period of time. The demand for PV equipment on buildings and as power plants already increased significantly in 2009. Future growth will primarily

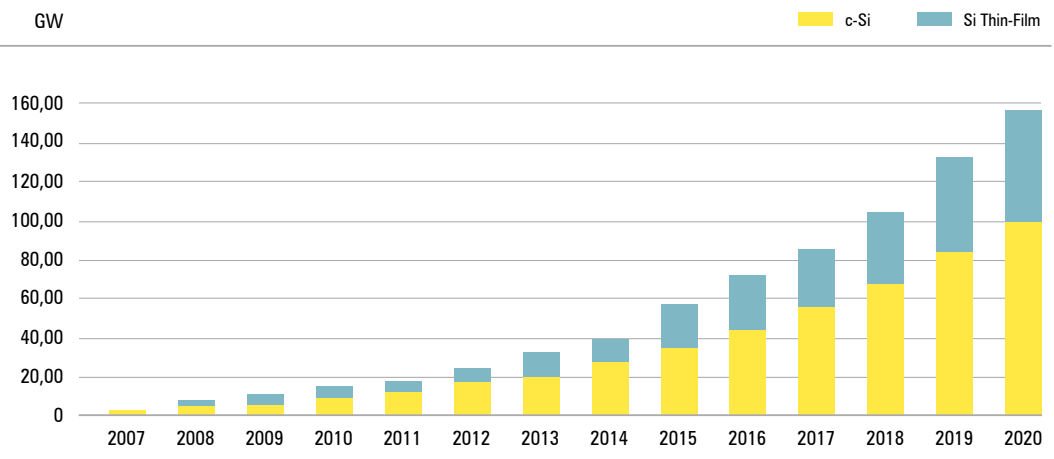
be driven by large projects that will have a total investment volume of 1.5 billion US dollars alone. The decisive point upon which these positive assumptions are based is grid parity being reached in the states of California, Arizona, New Mexico, or also New Jersey. Experts predict that this will be the case in eleven states by 2012. In this context, the ambitious goals of Governer Schwarzenegger are by all means realistic. He plans to increase the percentage of electricity generated from renewable energy in California to 33% by 2020. This will be possible since the price of generating electricity from photovoltaics will continue to decline, closing the gap between solar power and conventional means of generating electricity. // 11 Greentech Media (GTM) – "The United States PV Market Through 2013: Project Economics, Policy, Demand and Strategy"

Over the medium term, the US plans to increase the percentage of energy used from renewable sources from its current level of 9% to 25%. To achieve this goal, 150 billion dollars will be invested over the next ten years in new technologies with increased energy efficiency. For instance, the power supply system in the USA must be improved and expanded. The solar industry can also benefit from these planned investments in infrastructure. In Florida, a multi-megawatt photovoltaic plant with a nominal output of 25 MW was already powered up in October. More than 90,000 PV modules generate electricity for over 3,000 households. An example of this growth is the 48-MW solar power plant being built outside of Las Vegas to be completed by 2010, making it the largest of its kind in North America.

China strives for an independent and self-supporting solar industry

China _ The goal in China is to establish an independent and self-supporting solar industry. In this context, the entire manufacturing value chain needs to be covered, and solar power plants must be operated to cover the country's own energy demand. With the China Renewable Energy Scale-up Program (CRESP), which will be effective for ten to twelve years and was launched jointly with the World Bank, China will also play an increasingly important role in the field of renewable energies. For instance, solar plants with a capacity of more than 50 KW will be subsidized with USD 2.93 per watt. This plan will primarily benefit the Chinese solar industry, however. Manz Automation will be able to participate in this subsidy program indirectly, since the important Chinese solar manufacturers, Yingli Green Energy and Suntech, are both clients of our company. The latter handles large projects for various Chinese provinces such as in Hainan. However, analysts believe that delays in receiving approval for projects and a lack of project development experience will mean the government's goal of 1 GW of installed power by 2011 will probably not be achieved. According to the market research institute, GTM Research, an increase of 50% is much more likely. In addition, the Chinese government has set the goal of installing solar equipment on the rooftops of schools, hospitals, and government buildings. Furthermore, the Chinese authorities plan to expand the percentage of energy used in the country that comes from renewable sources to 23% by 2020. This corresponds to an average annual increase of 6% to 7%. With our own manufacturing and sales facilities in China and Taiwan, Manz Automation is extremely well positioned in the Asian market – and, for this reason, we will be able to benefit greatly from these trends over the medium term.

HISTORY OF ELECTRICITY GENERATION FROM VARIOUS PV TECHNOLOGIES



In its study entitled "Set for 2020," the EPIA predicts that thin-film technology will play an important role in generating electricity with photovoltaics.

Solar industry is becoming increasingly independent

Long-term outlook _ When viewing the solar industry over the long term, one can assume that initially various individual markets will reach sizes of over 500 MW of newly installed PV output in 2010 and 2011. As a result, the industry will become increasingly less dependent on trends in individual key markets, as is still currently the case in Germany. That's why the experts at Sarasin Bank have an optimistic view of the future and expect annual growth of approximately 30% between 2012 and 2020. As result of this growth, they are forecasting newly installed PV output of 155 GW in 2020. Significantly higher dynamic growth will be seen particularly in the markets outside of Europe.

Thin-film solar module segment _ Up until now, analysts indicated that thin-film technology would command a market share of up to 23% by 2012. This segment was hit especially hard by the global economic crisis, since the equipment used to manufacture this technology requires significantly higher initial investments. At the same time, the spot price for silicon has dropped so dramatically that the cost benefit per watt compared to crystalline modules has also shrunk dramatically, almost to the point of nonexistence. But aside from these points, thin-film solar modules are still attractive from a technical standpoint. Due to low temperature coefficients, this technology is superior precisely in regions with hot ambient temperatures. The energy output of modules made with thin-film technology is also higher than those with crystalline technology in areas with diffuse lighting conditions. Finally, the amount of space available also determines which technology is better suited for the individual application.

For 2009, experts expect a production volume of approximately 2 GW, which corresponds to a market share of 20%. New forecasts for 2010 are more cautious than the previous ones and

expect production of approximately 3.1 GW and 4.1 GW for 2011. At the same time, the average growth rates (CAGR) from 2008 to 2012 still exceed those of the entire solar market at 50%. Thus, the expansion of production capacities will mainly be postponed until the year 2011.[12]

// 12 Bank Sarasin – Study: "Solar Industry – A Green Recovery in Sight", 2009

By successfully combining long-term experience in system solutions for wet chemistry, in the field of LCD production, and with applications for the production of thin-film solar modules, the Manz Group has expanded its position as an equipment supplier respected throughout the world. The company is the only supplier outside of Asia with long-term experience in safely handling large glass substrates in cleanroom conditions.

systems.lcd division

Main topic in the LCD field: Enough of scale effects

LCD market trends are primarily driven by the sale of modern LCD flat screens. This means declining prices boost the sale of products.[13] At the same time, the old standard CRT television has for the most part been completely pushed off the market by the new technology, which has a much more favorable price to performance ratio. LCD technology is also increasingly being chosen over plasma technology for business applications that require a screen size of more than 26 inches. This year, an increase in year-over-year growth of 25% is already expected for large-size LCD televisions with screen sizes above 40 inches.[14] The LCD market is continuing to grow despite the global recession but, at the same time, it is still affected by economic trends.[15] In the future, the size of LCD panels will not increase as greatly as they had before. Nevertheless, there is still a high demand for machines that can move the largest size of glass substrates possible, since they open up important economies of scale.

// 13 DisplaySearch – TV Demand Outlook Improves; Revenues to Resume Growth in 2010 – December 29, 2009 // 14 Twice.com – DisplaySearch Hikes LCD TV Unit Forecasts – September 29, 2009 // 15 Channel Partner – LCD-TVs trotzen der Krise – May 16, 2009

Significant increase expected for the technology – sales volumes in 2010 of up to 180 million units

Analysts assume that sales figures will continue to grow, particularly those of large-size LCD displays. For example, the previous forecast of 124 million units, which itself had just recently been corrected, has once again been increased to 140.5 million units.[16] Experts are already expecting sales of 170 to 180 million LCD units in 2010. In 2009, China was the strongest market driving industry growth.[17] Since the beginning of 2009, the People's Republic has subsidized the purchase of LCD televisions.[18] As a result, a 77% increase is being forecast for the Chinese market alone, equal to 22.6 million television units sold.[19] But sales increased in North America and Western Europe in 2009 as well. While digitization via HDTV boosted revenues in Europe, in the US substantial discounts led to an increased demand for state-of-the-art units.[20]

// 16 DisplaySearch – TV Demand Outlook Improves; Revenues to Resume Growth in 2010 – December 29, 2009 // 17 IT Times – Sales of LCD Displays will Climb to 180 Million Units Next Year – December 30, 2009 // 18 Channel Partner – China Considers Even Larger "Sheet Anchor" for the LCD-TV Industry – October 21, 2009 // 19 Channel Partner – Manufacturers of LCD Panels Rush to China – September 04, 2009 // 20 ZDnet.de – LCD TVs will Overcome the Crisis in 2010 – December 31, 2009

In the future the market will be driven primarily by more efficient LCD TVs (green technology), touch panels for mobile units, and above all the use of innovative LED backlights. In 2009, 2.5 million LED-LCD units were sold, and analysts forecast that in 2010, eight times as many will be sold, with sales reaching 18.8 million units. [21] In addition to being more efficient and having a thinner form factor, the benefits of "backlit technology" lie in its higher frame rate, higher color contrast ratio, and improved black levels.[22] As a result, investments in the newest generation of manufacturing equipment are essential to further market growth as well as an efficient and cost-effective manufacturing process. As a leading global supplier of equipment for the handling of glass substrates and wet chemical cleaning, Manz Automation will benefit from the current trends in the LCD market. // 21 Isuppli – LED-Backlit LCD TV Shipments to Rise by Factor of Eight in 2010 – December 28, 2009 // 22 allesdigital.at - LED-LCD TVs on the Advance – May 10, 2009

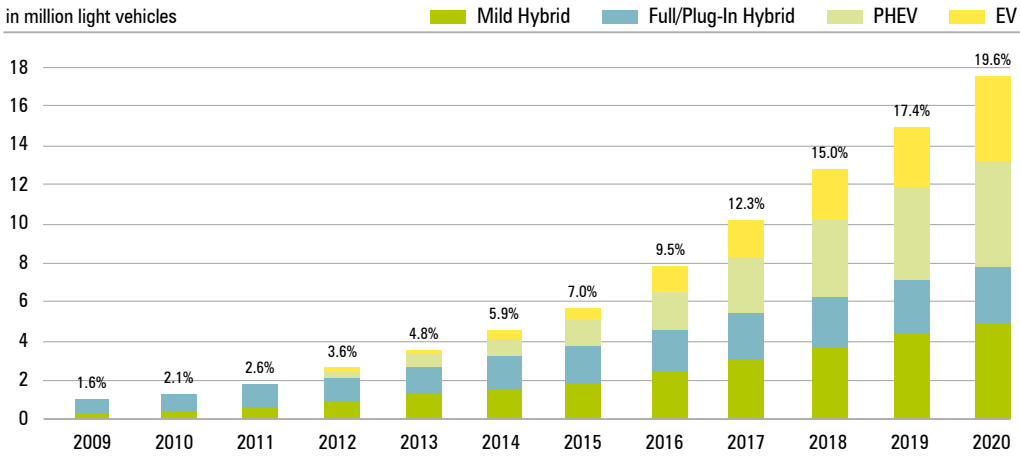
systems.aico/Others division

In the systems.aico division, our focus is on the use of synergies and economies of scale. Its business objective is the sale of components and systems that have either been developed for the LCD and solar divisions or purchased additionally as components. Using higher purchasing volumes, the company achieves purchasing benefits while simultaneously increasing the return on proprietary developments. In doing so, we serve a number of different sub-segments such as the packaging industry or tool manufacturers. Our relationships with clients that have grown over the course of many years are characterized by their stable and continuous revenue streams.

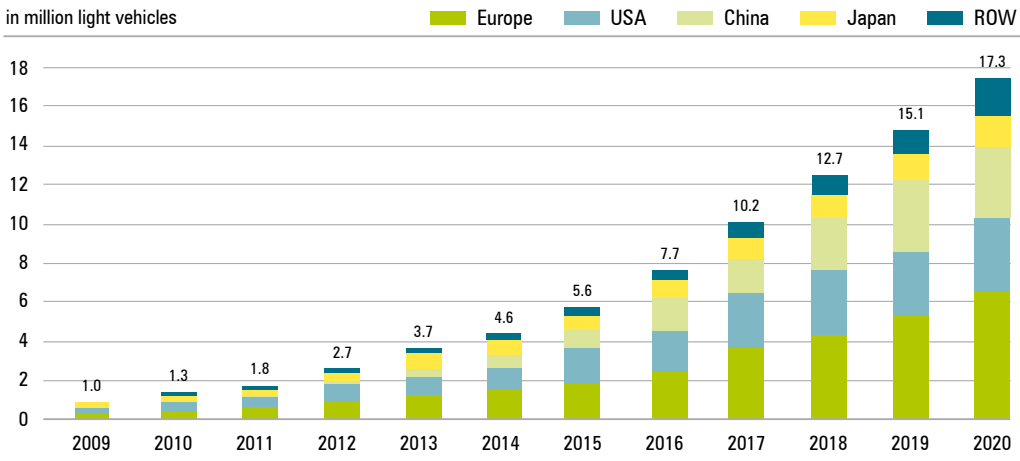
Lithium-ion technology as a driving force for the future

In addition to the aforementioned objectives, the systems.aico division serves as a breeding ground for new technologies, which can ultimately lead to the development of new areas of business. That's why our new area of research, li-ion batteries for electric-powered transportation, was initially assigned to this division. Since July 2009, Manz has participated in an industrial partnership within an innovation alliance to carry out "manufacturing research on high-performance lithium-ion batteries for electric-powered transportation." The goal of this research project is to explore new manufacturing technologies and apply them to the demands of mass producing lithium-ion battery systems. In order for the market for electric vehicles to succeed, high-quality lithium-ion cells, batteries, and battery components must be mass-produced consistently and a sustainable supply chain must be created. Within the scope of this project, both new industrial manufacturing technologies and automation solutions will be pursued, and solutions for system integration and production process planning for battery-cell manufacturers will be developed. A study conducted by HSBC forecasts that in the market for electric vehicles, cars powered by lithium-ion technology will command a market share of 87% by 2020.[23] Through our participation in this industrial partnership, Manz Automation has created an outstanding initial position from which we can establish ourselves as a long-term leading system supplier in this additional dynamic growth market. That's why our company has decided to attach even greater importance to our activities in this area, and we are combining these activities with systems.aico to form our new "New Business" division. // 23 HSBC – Hybrids and Electric Vehicles – November 2009

GLOBAL XEV MARKET FORECAST MARKET FCST TYPE (XEV PENETRATION %'S)



MARKET FCST BY REGION

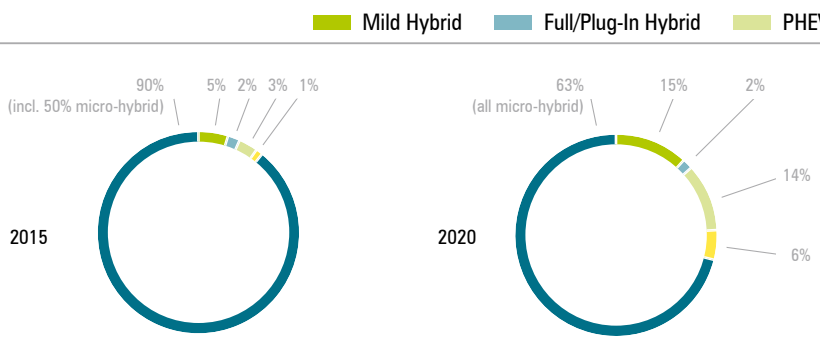


source: Deutsche Bank, Electric Vehicles: Plugged In 2, November 2009

Germany to become leading market for electric-powered transportation

With the help of the "National Electric-Powered Vehicle Development Plan," the German federal government aims to have at least one million electric and plug-in hybrid vehicles, which can be recharged by connecting them to an external electric power source, on German streets by 2020 at the latest. Within the scope of the second economic recovery package, the German goverment has set aside a total of 500 million euros for various projects to be carried out from 2009 to 2011 alone. The German Federal Ministry of Transport and the Federal Ministry of Economics and Technology have founded a joint Electric Vehicle Branch whose job it is to ensure that Germany reaches its goal of positioning the country as the leading market for

EUROPEAN XEV PENETRATION BY TYPE (2015 AND 2020)



Source: Deutsche Bank, Electric Vehicles: Plugged In 2, November 2009

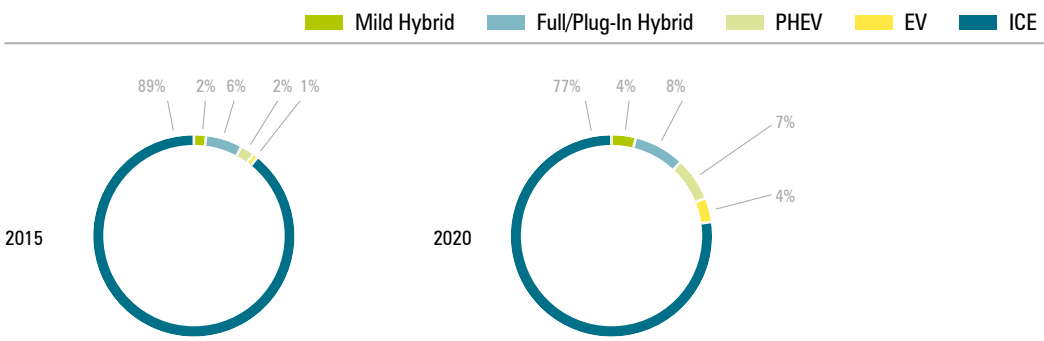
electric vehicles.[24] In addition, in January 2010 the German government published its preliminary budget plans for 2010. In it, the budget of the Federal Ministry of Transport, Building, and Urban Affairs (BMVBS) has the largest investment budget of all federal ministeries, totaling 26.3 billion euros. One of the Ministry's main focal points for investments will be the field of electric vehicles.[25] // 24 Federal Government – Moving Toward the Future with New Technologies – January 21, 2010 // 25 Federal Government – More Mobility and an Improved Infrastructure in Germany – January 22, 2010

Numerous different policies and subsidies now exist in various countries regarding the purchase of electric-powered vehicles. For instance, Spain subsidizes the purchase of an electric-powered vehicle with up to 6,000 euros. In addition, there are other European countries that encourage environmentally conscious buyers to purchase electric-powered vehicles by providing tax breaks or direct subsidies. For example, Great Britain grants tax rebates up to 5,825 euros and Portugal up to 4,500 euros. In Germany, discussions are currently being held regarding assistance totaling 5,000 euros, but up until now nothing has been finalized.[26] On the other hand, the German Academy of Science and Engineering, acatech, suggested in January 2010 that instead of subsidizing the purchase of electric cars, investments in the fields of battery and drive technology should be combined. As a result, Germany should be positioned as the leading market for "mass-producible electric vehicles."[27] // 26 Focus – Minister of Transport Against Subsidies – January 21, 2010 // 27 acatech – Leading Supplier of Electric Vehicles – Januar 2010

Studies forecast particularly strong growth for the hybrid vehicles market

Studies conducted by Deutsche Bank and HSBC already forecast sales of over four million completely electric cars worldwide in 2020. At the same time, the market for hybrid vehicles, as a first step for automobile manufacturers on the way to an electric future, will grow significantly faster, and based on forecasts will consist of 13 million units by 2020.

U.S. XEV PENETRATION BY TYPE (2015 AND 2020)



Source: Deutsche Bank, Electric Vehicles: Plugged In 2, November 2009

In the future, other drive technologies will be available in addition to the internal combustion engine such as mild and full hybrid, plug-in solutions (for the charging socket), and also battery-powered vehicles with range extenders[28]. Based on plans by automobile manufacturers, from 2050 onward only hybrid models, electric cars which are 100% battery-powered, and electric cars with hydrogen fuel cells will be built. // 28 Range Extender: A small internal combustion engine that charges the battery in the vehicle. This motor runs in the optimal speed range and is, therefore, significantly more efficient than when used conventionally.

Efficiency of electro-technology clearly superior to that of combustion motors

Based on the current state of technology, about 100 battery cells are currently used in completely electric vehicles (those powered only by an electric motor). These have an extremely small and flat design, which allow them to be built into the vehicles in various ways. With an engine efficiency of up to 90%, electric motors are significantly more efficient than their gas- and diesel-powered equivalents (30% and 40%, respectively). Furthermore, pollution is reduced when the electricity is generated from renewable energy sources such as solar, wind, or water power. This demonstrates the enormous significance of the relationship between alternative engines and renewable energies. Expanding these two areas is also an important step in reaching the climate goals set by the European Union in 2010, which aim to reduce carbon dioxide emissions by 20%–30% by the year 2020. Based on estimates by Deutsche Bank, electric vehicles will also be a better solution from a financial standpoint than internal combustion engines. The costs of battery systems and vehicle components will drop sharply over the medium term – until that time, governments will subsidize innovative technologies.[29] For example, a study by Oliver Wyman conducted in July 2009 states that the additional costs of an electric car (based on total cost accounting principles) over the entire lifetime of the vehicle, are in 2010 still significantly higher than those of a comparable vehicle with an internal combustion engine. This difference will already be reversed by 2025 – based on estimates from Oliver Wyman, electric cars will at that point be many thousand euros less expensive when examining total cost of ownership.[30] // 29 Deutsche Bank, Electric Vehicles: Plugged In 2 – November 2009 // 30 Oliver Wyman, E-Mobility 2025 – The New Power Play to Win (or Lose) – July 2009

Based on this information, one can see that the use of electric vehicles will not only become accepted as a result of environmental and climate-related considerations, but also for financial reasons. The result for Manz is a significant market potential. From today's perspective, the market volume for the equipment sector over the next five years will total in the upper hundreds of million euros. Manz wants to achieve a share of this market in the high double digits. Beyond that, high-performance batteries can be used as a storage medium in areas outside the automobile industry. In the future, this means of storing energy will also be used in fields such as shipping, aerospace, commercial vehicles, as well as industrial and private applications. For example, this technology can be used in motorboats, avionics, satellites, agriculture, or in decentralized photovoltaic plants, particularly in countries without a nationwide power grid.

In summary, our company views the li-ion battery segment as a highly attractive area of growth which Manz can participate in over the long term as a result of our extensive research and development expertise.

Overall View of the Business Environment //

The 2009 fiscal year was a particularly eventful year for Manz Automation. Our company could not avoid the effects of the financial and economic crisis. This is clearly reflected in both our revenues and earnings. At the same time management implemented measures to cut costs, and since we reacted quickly, these measures had a positive effect on our business. The number of new orders received declined sharply, particularly in the first half of the year, and existing orders were also postponed. We saw the first positive signs of recovery at the Photovoltaics Exhibition in Hamburg in the fall of 2009. By the end of the year, these signs had already led to a turnaround and as a result, a recovery in the solar and LCD markets. Both our company and industry experts expect to see a boom in the solar market in 2010. At the same time, we see significant potential opening up for Manz Automation through our dedication to growth industries, such as li-ion batteries for electric vehicles.

Company Goals and Strategy //

Development of the leading market position in future-oriented industries

Manz Automation AG pursues the strategic goal of strengthening and further expanding its leading global position as a provider of system solutions in the fields of automation, wet chemisty, quality assurance, and laser processing technology. We want to position our company as an essential partner in the manufacture of solar cells and modules. By concentrating on sunrise industries, Manz Automation AG can participate in the dynamic international growth of both clients and markets. As a result, the company has considerable

revenue and earnings potential. Regardless of industry, Manz Automation AG also pursues the goal of continually optimizing our sales and services in order to both maintain and increase our market share.

Advancement through dedication

We strive to systematically advance innovative technologies, both through our own research and development activities as well as through alliances with strategic partners. In addition, we want to offer new solutions based on the market's needs with improved efficiency and, as a result, lower production costs for manufacturers.

Position as a company driving innovation in the industry

Our goal here is to obtain a strong position for Manz Automation as a "preferred supplier" in the photovoltaics market. In this context, new product innovations and continously advancing our existing range of products both play a particularly signifcant role. Driving innovation, Manz strives to push the industry forward and develop groundbreaking technologies.

Investments in technologies

In addition to the acquisition of new technologies to expand our existing range of products, the development of new high-tech products in all our divisions should lead to an increase in our proportion of the value chain with regard to production lines. This is one way our company wants to expand its leading global position.

Strengthening our leading technological position in the market

In order to maintain and expand our existing competitive advantages, and as a result, our leading position in the market, we need to continue expanding our technological lead over the competition. By purchasing technologies and making targeted acquisitions, we particularly gain technical expertise. This will create an even wider foundation for our business operations and strengthen our company's competitive advantage.

Expanding our international facilities

One of Manz Automation's key advantages are our international facilities, particularly those in Asia. In the future, we plan to more intensively make use of this competitive lead over our competition in order to realize cost benefits.

NOTES TO THE RESULTS AND ANALYSIS OF THE FINANCIAL SITUATION

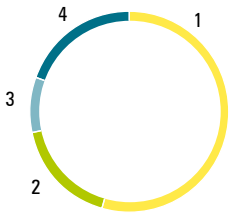
Earnings Position //

Manz Automation AG's profit and loss statement is organized according to the total cost method. In the 2009 fiscal year, revenues decreased significantly from 236.5 million euros last year to 85.9 million euros. The significant decline in revenues in the current reporting period can be traced back to numerous orders having been postponed as well as the reluctance of many clients to place new orders. As a result of the recession in the entire market, solar cell and solar module manufacturers felt a reduction in demand for their products. At the same time, due to the market environment and the financial crisis, banks significantly reduced their willingness to provide loans for new solar projects, and as a result manufacturers barely made any new investments. This led to manufacturers having considerable excess capacities during the previous fiscal year, which will likely be reduced quite rapidly, however, thanks to rapid technological advancements and the market recovery which is already beginning to take root. We already began to see an increase in new orders and a growing number of inquiries from potential clients in the fourth quarter of 2009.

With 54.6% of revenues, the systems.solar division generated the largest share, equal to 46.9 million euros (previous year: 141.5 million euros). The new Others division, which was created as a result of the acquisitions we carried out, also accounted for a significant portion of total revenues, contributing 16.6 million euros or approx. 19.3% of the total. Last year, this division generated 35.5 million euros. Products from Intech Machines Co., Ltd. in Taiwan were responsible for the lion's share of revenues in this division, among them wet chemical processing equipment for the PCB industry. The systems.lcd division posted a similar level of revenues, generating 14.9 million euros. This division generated revenues of 46.5 million euros last year. In contrast, the systems.aico division generated revenues of 7.5 million euros, which is equal to 8.8% of total revenues (previous year: 12.9 million euros). Revenues in this division remained fairly stable as compared to the other divisions.

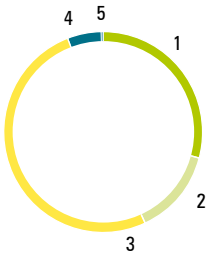
The global economic and financial crisis affected all regions across the board. Revenues generated at home in Germany totaled 25.1 million euros, after totaling 57.1 million euros last year. This region's share of total revenue increased from 24.1% last year to 29.2%. In the rest of Europe, Manz generated revenues of 12.0 million euros, equal to 13.9% of total revenues (previous year: 20.4 million euros). In Asia, Manz generated revenues of 44.0 million euros, equal to a 51.2% share of the total (previous year: 144.3 million euros). In the USA, revenues of approximately 4.7 million euros were recorded (previous year: 12.3 million euros). In all other regions, Manz generated revenues of approximately 0.2 million euros after generating 2.3 million euros last year.

REVENUES BY BUSINESS UNIT 2009



1	systems.solar	**54.6%**
2	systems.lcd	**17.3%**
3	systems.aico	**8.8%**
4	others	**19.3%**

REVENUES BY REGION 2009



1	Germany	**29.2%**
2	Rest of Europe	**13.9%**
3	Asia	**51.2%**
4	USA	**5.5%**
5	Other regions	**0.2%**

Taking changes to our inventory of finished goods totaling 9.0 million euros as well as internally produced and capitalized assets within the scope of increased R&D investments into account, Manz Automation AG's total operating revenues increased to 101.1 million euros. This is equal to a decline of 56.9% compared to the same period last year (234.8 million euros).

As a result of our decline in revenues, material expenditures decreased to 60.4 million euros after totaling 130.4 million euros in the same period last year. At the same time, our cost of materials ratio decreased slightly to 59.7% (previous year: 55.5%). Our gross profit decreased in the reporting period from 109.2 million euros to 50.2 million euros. This figure also contains other operating income totaling 9.5 million euros (previous year: 4.8 million euros), which primarily resulted from hedging transactions on the US dollar and the dissolution of provisions and changes of allowances for accounts receivables.

At the end of the reporting period (December 31, 2009), Manz had a total of 1,377 employees. In the course of reducing costs, we have already adjusted capacities at our international locations (December 31, 2008: 1,513 employees). This allowed us to reduce personnel costs from 41.7 million euros in the same period last year to 37.3 million euros. This was primarily the

result of the reduced working hours schedule which we instituted at our German locations in May 2009 and which remained in place until the end of that fiscal year. Our strategy sees us retaining our current level of personnel so that in the future we will be able to fully satisfy the coming increase in demand. In conjunction with our decline in revenues, the ratio of personnel costs to revenues increased from 17.8% in the same period last year to 36.9%.

Amortization, depreciation, and impairments increased as scheduled in the 2009 fiscal year to 6.9 million euros (previous year: 5.5 million euros), and were carried out primarily on property, plant, and equipment, as well as internally produced and capitalized assets (development costs). The first effects of our cost-cutting measures were reflected in other operating expenses. These costs consist of marketing and sales costs, logistics costs, administrative costs, as well as consulting costs, among other things. As a result, other operating expenses in the first half of the year decreased from 33.4 million euros last year to 21.9 million euros.

As a result of existing cost structures and current overcapacities, earnings before interest and taxes (EBIT) was negative for the fiscal year, totaling –15.9 million euros (previous year: 28.6 million euros). In this context, it must be noted that our company had already generated positive earnings in the fourth quarter of 2009, after generating an EBIT of –16.1 million euros in the first nine months of the year. This shows that Manz Automation was able to achieve significant cost-cutting effects as a result of the measures our company implemented.

Upon examination of the individual divisions, the EBIT of the systems.solar division declined from 24.2 million euros to –12.2 million euros. The systems.lcd division recorded an EBIT of –1.3 million euros after generating 3.6 million euros in the same period last year. Earnings before interest and taxes in the systems.aico division totaled –1.1 million euros after 0.7 million euros last year. The new miscellaneous division posted an EBIT of –1.4 million euros (previous year: 157,000 euros).

Interest-bearing financial liabilities, some of which are non-current, are held by our subsidiaries. These interest expenditures are offset by interest earnings and current investments, however. In the reporting period, income from financial assets totaled 2.9 million euros. This positive result can be attributed to gains achieved from the disposal of short-term investments. Thus, earnings before taxes (EBT) decreased as a result of our operating loss from 28.5 million euros in the same period last year to –13.0 million euros.

After taxes and before minority shares, the Group posted a consolidated loss of –9.7 million euros for the reporting period (previous year: profit of 21.2 million euros). Based on an average of 4,480,054 shares outstanding, this corresponds to earnings per share of –2.15 euros (previous year: 5.04 euros).

Asset Position //

At the end of the reporting period, total assets declined from a value of 266.5 million euros to 226.7 million euros. At the same time, shareholders' equity on the balance sheet decreased as a result of the loss in the period from 191.2 million euros to 179.0 million euros. As a result, our equity ratio is 79.0%, up from 71.8% on December 31, 2008.

Long-term liabilities declined from 18.3 million euros to 11.8 million euros. In addition to a reduction in deferred taxes, a reduction in long-term financial liabilities of the subsidiaries Manz Automation Slovakia s.r.o and Intech Machines Co., Ltd. also played a significant role in this decrease. These liabilities were down to 0.7 million euros from 4.8 million euros on December 31, 2008. In addition, the pension reserves for employees of Manz Automation Tübingen GmbH increased slightly as a result of a remeasurement. However, over the long term, these should decline each year as scheduled. Other long-term provisions valued at 2.5 million euros on the reporting date are comprised predominantly of provisions for warranty costs.

Our current liabilities also declined significantly, dropping from 57.0 million euros to 35.9 million euros at the end of the reporting period. This figure includes interest-bearing current financial liabilities valued at 8.7 million euros, down from 13.0 million euros at the end of the reporting period last year. Current bank lines also declined significantly, and are held exclusively by our subsidiaries. As a result of our significant reduction revenues, accounts payable also declined to 14.2 million euros (at the end of the reporting period last year: 24.6 million euros). Advance payments received totaled 1.0 million euros at the end of the reporting period, a slight decrease compared to last year (3.3 million euros). In addition, by using the percentage-of-cost method when accounting for revenue, advance payments are offset, which has prevented their value at the end of the reporting period from being even higher despite the new orders received. The value of other current provisions declined to 3.1 million euros after totaling 2.5 million euros at the end of the reporting period last year, and primarily contain provisions for vacation time and overtime hours which were significantly reduced during the 2009 fiscal year. Other liabilities totaling 8.4 million euros include taxes (payroll and church taxes as well as VAT) and social security contributions.

On the asset side, the value of non-current fixed assets increased from 60.6 million euros to 66.7 million euros. In this context, the value of intangible assets in particular increased, from 42.9 million euros to 47.0 million euros. Within the scope of impairment tests carried out at the end of the year, we have determined that our intangible assets have retained their value, which means we did not have to carry out any write-downs.

Current assets decreased as a result of the reduction in operations from 205.9 million euros at the end of the 2008 fiscal year to 160.0 million euros. At the same time, due to the assembly of

semi-finished goods and standard components, inventories decreased from 33.0 million euros in the previous year to 29.8 million euros. This comparably high level of inventory should enable Manz to deliver goods quickly once the economic environment improves. Because of the slump in operations in the 2009 fiscal year, the value of accounts receivable at the end of the reporting period also decreased from 101.4 million euros to 39.6 million euros. Due to a slight recovery in the market in the fourth quarter as well as a reduction in receivables, our liquid assets increased from 33.9 million euros to 59.3 million euros. At the same time, despite disposing of a number of securities, our company still holds a large number of them with a total value of 28.8 million euros, down from 32.0 million euros last year. They are predominantly comprised of financial investments with a holding period of more than three months (primarily safe investments in money market funds), and for this reason they can be counted as liquid assets. As such, the value of our liquid assets totals 88.2 million euros. Under consideration of the increased number of current securities held, the Manz Group's net debt totaled –78.8 million euros at the end of the period on December 31, 2009. Thus, Manz Automation effectively has no debt and also has a sufficient amount of capital to carry out the investments planned for the future.

Liquidity Position //

Our company's cash flow in the narrower sense (annual net profit plus write-downs on fixed assets as well as an increase/decrease in long-term pension provisions) in the previous fiscal year totaled –2.2 million euros (previous year: 28.3 million euros), primarily caused by the losses in the year. Operating cash flow increased significantly compared to last year, from –16.8 million euros to 39.8 million euros. This primarily resulted from the decline in our high level of outstanding receivables and the amount of new business gained toward the end of the 2009 fiscal year, which was still low.

In the reporting period, cash flow from investment activities increased from –73.7 million euros last year to –5.8 million euros. This considerable change resulted from a payment of 34.5 million euros for the purchase of a 70% majority interest in Intech Machines Co. Ltd. in Taiwan, which was made in the previous reporting period. At the same time, in the reporting year Manz purchased almost all of the company's outstanding shares for a total of 4.9 million euros. Our increased research and development activities during the 2009 fiscal year are reflected in the payments made for investments in intangible assets and property, plant and equipment: These totaled 11.3 million euros after totaling 12.1 million euros last year. Last year, the portion of this figure going to investments in property, plant, and equipment was significantly higher.

Cash flow from financing activities decreased at the end of the reporting period to –8.6 million euros from 105.4 million euros in the same period last year. This primarily included unscheduled repayments on long-term loans totaling 5.5 million euros, and the reduction of overdraft credit lines totaling 2.9 million euros. As a result, cash and cash equivalents held at the end of the period on December 31, 2009, totaled 59.3 million euros (previous year: 33.9 million euros).

Overall View of Our Company's Economic Situation //

The 2009 fiscal year posed one particular challenge to Manz Automation. In light of the market environment, our goal was to significantly improve our cost structure without simultaneously reducing our ability to continue growing over the medium term. To do so, we instituted a reduced working hours schedule at our German companies in May 2009 which meant that the majority of our employees remained employed during the crisis. At the same time, this secured our manufacturing capacities, so that we would be prepared for an increase in demand. In addition, we used the previous fiscal year to further train our employees.

Due to the significantly changed market environment, our company generated a consolidated loss of approximately 10 million euros in the reporting period. However, with liquid assets valued at close to 90 million euros and a solid equity ratio of 79%, our company has a strong position and is financed for the long term. We have sufficient capital on hand and an outstanding foundation from which to once again grow dynamically once the solar and LCD markets improve. In the fourth quarter of the previous year, Manz already noted growing interest and the first new orders in these markets. Furthermore, our activities in the New Business division can also make an additional contribution to our company's positive performance. Further details regarding our future performance can be found in the Outlook section on pages 85 to 87.

Compensation Report //

Compensation structure – Managing Board

The compensation paid to members of the Managing Board is disclosed individually in the notes to the Group's consolidated financial statements in accordance with the applicable legal provisions. It is divided into both performance-based components and components which are not performance-based, as well as components with long-term incentives.

The Managing Board's compensation system has the goal of adequately compensating the members of the Managing Board based on their scope of functions and sphere of responsibility, taking not only the personal performance of the respective member of the Managing Board, but also the success of the company as a whole into account.

Compensation paid to members of the Managing Board comprises fixed and variable components. The fixed components consist of a monthly salary and other perks. The variable, performance-based components contain components which repeat each year and are tied to the company's success, as well as components which have long-term incentive effects and a measure of risk involved. The fixed salary is paid in twelve fixed partial payments every month. The perks for Managing Board members primarily consist of being able to use a company car.

The variable component is granted in relation to the Group's earnings before taxes. With regard to Dieter Manz, Chief Executive Officer, his variable, performance-based bonus is equal to 2.5% of the Group's earnings before taxes, limited to a maximum of 25% of his respective total yearly compensation. For Martin Hipp and Volker Renz, their bonus is equal to 1.5% of the Group's earnings before taxes [EBT], limited to a maximum of 15% [plus a variable portion of at the most 5%] of their respective total yearly compensation after calculation of the bonus. The amount of the variable portion is determined by the Supervisory Board.

Furthermore, our company has taken out Directors and Officers Liability Insurance policies covering the members of the Managing Board, which is paid for by the company. Should Dieter Manz's or Otto Angerhofer's (who went into retirement on August 1, 2009) duties as a member of the Managing Board come to an end, pension benefits exist which grant them a lifetime retirement benefit after their 65th birthday or as a result of occupational disability. Reinsurance policies have been taken out covering both pension commitments.

Since fiscal year 2009, a contribution-based pension plan in the form of a reinsured pension fund with annual payments amounting to 6,000 euros exists for the member of the Managing Board Martin Hipp.

In fiscal year 2008, Manz Automation AG established the Manz Performance Share Plan 2008 for members of the Managing Board and other eligible employees. Within its scope, share options are granted with a vesting period of 3 years and a maximum total duration of 6 years. After the vesting period has expired, the recipient has the right to purchase a Manz share at a price of 1.00 euro. The share options are forfeited when the employee resigns or is terminated. The number of total shares to be issued is based on the number of employees entitled to shares per tranche, on the level that the performance targets have been reached [success factor], and on the holding period of the options [loyalty factor]. The success factor is based on the company's respective EBIT margin in the annual report for the individual tranches. The loyalty factor is determined by the holding period of the options and can increase to a maximum factor of 2.00 if the options are first exercised in the 6th calendar year after receiving the share options. The total number of share options available is currently equal to 24,000 shares.

Due to the authorization through the Annual General Meeting, the Supervisory Board has granted the members of the Managing Board 3,320 (previous year: 1,092) share options. The fair value of these share options at the time they were granted totaled EUR 540,000 (previous year: EUR 221,000).

Compensation structure – Supervisory Board

The compensation paid to members of the Supervisory Board is defined in Article 12 of the Articles of Incorporation. This compensation takes both the responsibility and scope of activities carried out by members of the Supervisory Board as well as the economic situation and the success of the company into account. In addition to a fixed salary, the members of the Supervisory Board also receive a performance-based payment which is oriented on the Group's earnings per share. The Chairman and the Deputy Chairman of the Supervisory Board are taken into account in the compensation paid to the Supervisory Board.

Each member of the Supervisory Board receives a fixed salary paid at the end of the fiscal year totaling 8,000 euros, and a bonus based on the IFRS-consolidated annual reports amounting to 25.00 euros per 0.01 euros of Group earnings per share [undiluted], which extends over a Group earnings per share [undiluted] of 0.04 euros, not to exceed 8,000 euros. The Chairman of the Supervisory Board receives double, the Deputy Chairman 1.5 times the regular compensation. The members of the Supervisory Board also receive compensation for expenses resulting from the execution of their duties.

In fiscal year 2009, total compensation paid to members of the Supervisory Board amounted to 36,000 euros [previous year: 72,000 euros]. In accordance with the applicable legal provisions, compensation paid to members of the Supervisory Board is disclosed in the notes to the Group's consolidated financial statements divided into individual components.

Furthermore, our company has taken out Directors and Officers Liability Insurance policies covering the members of the Supervisory Board, which is paid for by the company.

Information in accordance with Article 315 Section 4 of the German Commercial Code and Explanations

Composition of subscribed capital: _ The subscribed capital of the company totaled unchanged 4,480,054.00 euros on December 31, 2009. It is divided into 4,480,054 shares without par value issued to the holder. All shares are associated with the same rights and duties.

Restriction regarding voting rights and the transfer of shares: _ In cases where Manz Automation AG issues Manz shares instead of payment of the voluntary annual profit-share to its employees or employees of consolidated companies, they are required to hold the shares they received for a period of 6 months. In fiscal year 2009, 4,775 (previous year: 1,143) were governed by this rule. As of December 31, 2009, no restrictions on divesting shares exist. The Managing Board of Manz Automation AG is not aware of the existence of any agreements regarding restrictions pertaining to the use of voting rights or the transfer of shares.

	NUMBER OF VOTING RIGHTS	PERCENTAGE OF VOTING RIGHTS
Dieter Manz	1,993,248	44.49%

Shareholders with more than 10% of all voting rights: _ The following list contains all direct and indirect interests in the assets of the company with more than 10% of all voting rights [this includes all notices received by the company in accordance with Article 21 WpHG and Article 15a WpHG of the German Securities Trade Act until completion of the financial reports]: see table above.

Shares with special rights that confer to the holder controlling power: _ There are no shares with special rights that confer to the holder controlling power.

Type of voting rights control, when employees hold an interest in share capital and do not make use of their control rights: _ In cases where Manz Automation AG issues Manz shares instead of payment of the voluntary annual profit-share to its employees or employees of consolidated companies, these employees can exercise all control rights granted to them as holder of said shares in accordance with the articles of incorporation and applicable legal provisions.

Should Manz Automation AG issue shares to members of the Managing Board at partner companies, or nonexecutive members of management within the company or at partner companies within the scope of the Manz Performance Share Plan 2008 which was passed by General Meeting resolution on June 10, 2008, the shares will be immediately transferred to the beneficiaries. They can exercise all control rights granted to them as holder of said shares in accordance with the Articles of Incorporation and applicable legal provisions.

Legal provisions governing the appointment and replacement of members of the Managing Board and changes to the Articles of Incorporation: _ The appointment and dismissal of members of the Managing Board is governed by Article 84 and 85 of the German Companies Act. In accordance with Article 5 of the company's Articles of Incorporation, the Managing Board can comprise of one or more persons. The Supervisory Board appoints members of the Managing Board in accordance with the Companies Act, and determines their number.

The Articles of Incorporation can only be changed via resolution of the General Meeting in accordance with Article 119 of the Companies Act. However, the Supervisory Board is authorized, in accordance with Article 7, Section 2 of the Articles of Incorporation, to make changes to the Articles of Incorporation that only affect its framework. Further legal provisions regarding

changes to the Articles of Incorporation, particularly regarding the required majorities, can be found in Articles 133 and 179 of the German Companies Act. In accordance with Article 16, Section 1 of the company's Articles of Incorporation, resolutions by the General Meeting are passed with a simple majority, as long as the provisions of the Companies Act do not specifically stipulate otherwise. In cases where the Companies Act further stipulates that a majority of the capital stock represented is required to pass resolutions, then a simple majority of represented capital stock is sufficient insofar as legally allowable.

Authority of the Managing Board to issue or repurchase shares: _ The Managing Board is required to manage the company on its own authority pursuant to Article 76, Section 1 of the Companies Act. It is responsible for managing the company in accordance with the law, the provisions of the Articles of Incorporation and the internal rules of procedure for the Managing Board, and under consideration of resolutions passed by the General Meeting and the Supervisory Board. The Managing Board can only issue shares on the basis of resolutions passed by the General Meeting regarding increasing share capital or using authorized and contingent capital. The repurchases of own shares in governed by Articles 71 ff. of the Companies Act, and is allowed in particular cases by virtue of law or authorization by the General Meeting.

Authorized capital: _ The Managing Board, in accordance with Article 3, Section 3 of the Articles of Incorporation, with approval of the Supervisory Board, is authorized to increase capital stock until June 15, 2014, one or more times by up to a total of EUR 2,240,027.00 through the issue of new shares in return for cash or assets in kind [authorized capital]. In doing so, current shareholders will be given pre-emptive rights. However, the Managing Board, with approval of the Supervisory Board, is authorized to exempt shareholders from using their pre-emptive rights in certain cases.

Contingent capital I: _ Via General Meeting resolution from June 10, 2008, the Managing Board, with Supervisory Board approval, is authorized to issue from the capital stock of the company convertible bonds and/or bond options, profit-sharing rights and/or profitparticipating bonds [or combinations of these instruments] [together: "bonds"] to bearers or registered holders with or without term restrictions, with a total nominal value up to 300 million euros, once or multiple times, until June 09, 2013. In addition, the Managing Board is authorized to grant owners or creditors of bonds convertible or options rights to company shares with a proportional amount of the company's capital stock of up to 1,433,160.00 euros, in accordance with the terms and conditions of the bonds. As a matter of principle, shareholders have pre-emptive rights to purchase these bonds. However, the Managing Board, with approval of the Supervisory Board, is authorized to exempt shareholders from using their pre-emptive rights in certain cases. In accordance with Article 3, Section 4 of the company's Articles of Incorporation, share capital was increased contingently by up to 1,433,160.00 euros through the issue

of up to 1,433,160 new shares [contingent capital I]. The contingent capital increase serves to grant shares that will be issued as a result of the aforementioned authorization to owners and holders of convertible bonds which grant convertible and/or options rights to company shares and/or set forth a requirement to convert.

Contingent capital II: _ The Managing Board is also authorized until May 31, 2013, with Supervisory Board approval, to grant pre-emptive rights to 50,400 company shares without par value issued in the name of the holder one or more times to members of the Managing Board at partner companies as well as non-executive members of management within the company and at partner companies, both in Germany and abroad. The Supervisory Board is authorized until May 31, 2013, to grant pre-emptive rights to 21,600 company shares without par value issued in the name of the holder to members of the Managing Board one or more times. In total, 24,000 pre-emptive rights can be issued. The pre-emptive rights will be granted, designed, and exercized according to the provisions set forth in the resolution of the General Meeting passed on June 10, 2008. In accordance with Article 3, Section 5 of the company's Articles of Incorporation, share capital was increased contingently by up to 72,000.00 euros through the issue of up to 72,000 new shares [contingent capital II]. The contingent capital increase serves to secure the rights granted to holders of pre-emptive rights as a result of the aforementioned authorization.

Authorization to purchase the Manz stock: _ At the Annual General Meeting on June 16, 2009, the Managing Board was given authorization, with Supervisory Board approval, and un accordance with Article 71, Section 1, Number 8 of the German Companies Act, to purchase Manz stock until December 15, 2010, with a total value of up to 10% of the value of the company's current capital stock. This purchase can be carried out on the stock exchange or through a publicly issued purchase offer sent to shareholders. The Managing Board was authorized, with approval of the Supervisory Board, to divest the own shares it purchased in specific cases in ways other than on the stock exchange or through an offer to all shareholders, while excluding the pre-emptive rights of shareholders.

Significant agreements which take effect upon a change of control of the company following a takeover bid: _ The employment contracts signed in February 2010 with the two members of the Managing Board, Martin Hipp and Volker Renz, stipulate that in the case of a change of control both members of the Managing Board are entitled to resign from the Board within six months of the change of control becoming effective, subject to a term of six months to the end of the month. Both members of the Managing Board are also entitled to resign from service on the day that their resignation from office comes into effect. At the point of resignation, the relevant earnings which the members of the Managing Board would receive should they have fulfilled their employment contracts will be remunerated; at least one year's salary.

Agreements the company has entered into with the members of the Managing Board or employees with regard to compensation in case of a takeover bid: _ The company has not entered into any agreements with the members of the Managing Board or employees which provide compensation in case of a takeover bid.

SUSTAINABILITY REPORT

ENVIRONMENT

As a company that makes a significant contribution to the development of technologies for the use of renewable energies and their cost-effectiveness, Manz Automation sees it as virtually our duty to also use electricity generated from photovoltaics. We believe the sustainable use of the Earth's resources is not only a business model, but also something we practice every day at our company.

As a result, Manz has already had photovoltaic equipment (100 KW) installed on the roofs of our assembly halls in Reutlingen since November 2004. With the expansion of this system in December 2009 (237 KW), we were able to shift a portion of our energy supply over to renewable energies. With two large systems we generate more than 340,000 KWh of electricity annually, and cover a large part of our company's energy use. This has allowed us to cut carbon dioxide emissions by 230 tons annually. The rest of our energy comes from a supplier who offers carbon-neutral green electricity.

It should also be mentioned that this solar equipment isn't owned by Manz Automation, but rather employees of our company. This group of employees joined together and acquired the financing necessary for the system, demonstrating both their bond with our company and their belief in the effectiveness of photovoltaics. As a result, they profit from feeding the electricity back into the grid and the resulting compensation. The two smaller systems attached to the facades that generate 8 KW and 16 KW, respectively, are owned by our company.

SOCIAL RESPONSIBILITY

For Manz Automation, it is a matter of course to pass along our success and make sustained efforts in social areas. In addition to supporting local associations, the University of Tübingen, and public facilities in the municipality of Kirchentellinsfurt, Manz also regularly donates money to charity. In addtition, Manz Automation also works together with the Evangelical Youth Foundation in CVJM Stuttgart as their main sponsor. At the same time, our company also offers vocational training, and we take this responsibility very seriously. Our company current has more than 20 trainees, and we will offer each of them a full-time position after successfully completing their vocational training.

Manz helps others to help themselves with the "metal workshop" project in Ethiopia

Manz Automation AG had already begun working together with the Evangelic Youth Foundation and the YMCA Ethiopia on the "metal workshop" project in Ethiopia back in 2008. In 2009, the slogan "Give the Gift of A Future" still applied. This project gives 15 dedicated and motivated young people between the ages of 15 and 19 from disadvantaged ethnic groups the chance to become trained as a "General Metal Worker". Our company founded its own metal training workshop in Addis Ababa, Ethiopia, specifically for this purpose. The goal of the project is to help residents of one of the poorest countries in the world help themselves. The training program launched successfully in March 2009. The first class successfully completed their training in November 2009. They graduates now have the necessary foundation to enter the working world. The goal of the metal workshop is to teach the trainees the skills they need to support themselves financially in future, as well as enable them to help others. Manz will also continue to support this project in the future. In addition to gaining new trainees, we will focus our attention on the trainers' skills and further improving the program as a whole. Our metal-working shop is already regarded as a model project for all of Ethiopia.

EVENTS AFTER THE BALANCE SHEET DATE

On March 06, 2010, the Chairman of the Supervisory Board, Dr. Jan Wittig, passed away suddenly and unexpectedly. For this reason, the Deputy Chairman, Prof. Heiko Aurenz, PhD, will initially assume the position of Chairman of the Supervisory Board. In addition, to secure the Supervisory Board's ability to pass resolutions, a temporary third member of the Supervisory Board will be appointed by the court for the interim period until a new Supervisory Board member can be elected at the Annual General Meeting on June 22, 2010. An application was already submitted to the Stuttgart municipal court for this purpose. The interim position will be filled by Dr. Guido Quass, attorney-at-law.

Further events which would have a significant impact on our net assets, financial position, and results of operations have not occurred after December 31, 2009, the end of the reporting period.

RISK ANALYSIS AND FORECAST

INTERNAL MONITORING AND RISK MANAGEMENT SYSTEM

Manz Automation AG consciously takes corporate risks in order to profit accordingly from the market's opportunities. By establishing a comprehensive risk management system, the company has the ability to recognize, control, and minimize risks at an early stage. This is documented extensively in the risk management handbook and is optimized on an ongoing basis. Each risk is allocated to one person, who is then responsible for evaluating the risk at least once per year, monitoring the risk, and developing potential countermeasures to minimize the risk. The implementation of these measures is jointly reviewed and adopted on a regular basis by members of management. This risk evaluation also analyzes new potential risks and these are then included in the catalog of risks for further control and monitoring. Overall, there currently aren't any risks which could jeopardize our company's business.

Risk management system for the accounting process (Article 289, Section 5, and Article 315, Section 2, Number 5 of the German Commercial Code) //

The goal of Manz Automation AG's risk management system with regard to the accounting process is to identify and measure risks which could conflict with our consolidated financial statements' conformity with regulations.

To fulfill this duty, Manz Automation AG has developed corporate policies covering the following topics:

- General accounting principles and methods
- Policies covering the balance sheet, statement of income, statement of comprehensive income, notes, management report, statement of cash flows, and segment report
- Requirements that result from the current legal situation in the European Union
- Concrete, formal requirements for the consolidated financial statements
- Basis of consolidation

Further significant elements of our strategy to control risks in the accounting process are the separation of the functions entry, verification, and approval, as well as clearly defined responsibilities in the departments involved. The use of SAP as our IT financial system is another important part of systematically preventing errors. Furthermore, we use a dual control system to complete all processes. In case of special questions of a particularly technical or complex nature, we also involve external experts. After internally auditing our accounting processes and structures, an external auditor also evaluates our financial statements within the scope of their auditing process.

The Managing Board views the systems which have been put in place as adequate and fully functional, and they are regularly inspected with regard to their ability to be optimized and upgraded. Any potential improvements which may be identified are implemented by the Managing Board working in conjunction with Manz Automation AG's employees.

Corporate Governance Statement //

Corporate Governance Code (Article 289a, Section 2, Number 1)

The activities of the Managing Board and Supervisory Board of Manz Automation AG are guided by the recommendations set forth in the German Corporate Governance Code. This contains important statutory provisions as well as nationally and internationally recognized standards for corporate governance, which were drawn up and developed further by the appropriate government committee. This is to ensure that a corporation is managed and controlled satisfactorily. Another goal is to also satisfy the ever-increasing demand for information made by various interest groups, which in turn creates transparency and strengthens the confidence placed in our company's Managing Board.

March 2010 Compliance Statement from the Managing Board and the Supervisory Board regarding the recommendations by the "German Corporate Governance Code Committee" pursuant to Article 161 of the German Companies Act _ The Managing Board and the Supervisory Board of Manz Automation AG, pursuant to Article 161 of the German Stock Corporation Act, hereby declare that Manz Automation AG has complied with the recommendations made by the "German Corporate Governance Code Committee" issued by the German Ministry of Justice in the official section of the online German Federal Gazette as amended on June 6, 2008. In addition, we hereby declare that since August 5, 2009, Manz

Automation AG has, with the following exceptions, complied with the recommendations as amended on June 18, 2009. In addition, we hereby declare that Manz Automation AG will, in the future, comply with the committee's recommendations as amended on June 18, 2009, also with the following exceptions:

Number 3.8, Section 2 of the Code _ Our company has taken out an insurance policy covering the members of the Managing and Supervisory Boards against financial loss for company directors (known as a "Directors and Officers Liability Insurance"). Our company did not comply with the recommendation in Number 3.8, Section 2 of the Code as amended on June 6, 2008, which sets forth that an appropriate deductible should be stipulated when a company takes out a D&O insurance policy for members of the Managing and Supervisory Boards. Since in the case that the applicable insurance coverage offered by our company's D&O insurance policies is restricted by a deductible, the deductibles are lower than those commonly accepted as "appropriate" as set forth in Number 3.8 Section 2 of the Code as amended on June 6, 2008. The Managing Board and the Supervisory Board believe that a deductible is not an appropriate means of increasing the quality of our company's governance and control, and as such will not bring about any positive behavioral effects. The members of the Managing Board and Supervisory Board will perform their duties in a responsible way even without the recommended deductibles.

Based on the aforementioned reasons, until this time our company also did not comply with the recommendation in Number 3.8, Section 2 of the Code as amended on June 18, 2009, which sets forth that an appropriate deductible should be stipulated when a company takes out a D&O insurance policy for members of the Supervisory Board, as is prescribed by law for the Managing Board. Should our company take out D&O insurance policies covering members of the Managing Board, statutory regulations set forth a deductible of at least 10% of the damage up to at least one and a half times the amount of the member of the Managing Board's fixed annual compensation. Effective March 2010, our company has stipulated a deductible in the D&O insurance policies covering the members of our Managing and Supervisory Boards which complies with the aforementioned legal requirements.

Number 4.2.3, Section 4 and 5 of the Code _ Our company has not and does not comply with the recommendation set forth in Number 4.2.3, Sections 4 and 5 of the Code, which stipulates that when concluding contracts with members of the Managing Board, care should be taken to ensure that payments made to a member as a result of premature termination without cause do not exceed the value of two years' compensation (severance payment cap), and compensate no more than the remaining term of the contract. In addition, the Code recommends that any payments promised in the event of premature termination of management duties as a result of a change of control should not exceed 150% of the severance payment cap. The employment contracts recently signed with two members of our company's

Managing Board do not contain a severance cap and contain clauses which stipulate that in case of a change of control and a resulting termination, a severance package will be paid to the Managing Board member with a value of at least one times that member's annual salary. We were not able to include a severance payment cap within the scope of negotiating Managing Board contracts. Furthermore, the Managing Board and the Supervisory Board believe that in the event of a change of control, a severance package of least one years' pay meets the security of needs of the Managing Board members and is in our company's best interest.

Information on corporate governance practices (Article 289a, Section 2, Number 2)

Manz Automation AG's aspiration is to conduct all business operations in an ethical and legally sound fashion. The Managing Board developed a mission statement for this purpose, which will help Manz employees act responsibly and make the right decisions when carrying out their daily activities. This mission statement describes our principles of sustainable and socially responsible economic activity.

Managing Board and Supervisory Board (Article 289a, Section 2, Number 3)

In accordance with German stock corporation law, Manz Automation AG has a dual structure with a Managing Board and a Supervisory Board. Both groups work together closely in the best interests of the company, and strive to continuously increase the value of the company for its shareholders.

The Managing Board, currently comprised of three members, is responsible for the managing the company and its daily operations. All important decisions and measures are agreed upon by the entire Managing Board; the decisions and measures reserved for the entire Managing Board result from stipulations set forth in the Managing Board's internal rules of procedure. The entire Managing Board usually meets once a week. The Managing Board reports to the Supervisory Board involves its members in all important decision-making processes.

The Supervisory Board's function is to monitor and advise the Managing Board. In significant business matters, Supervisory Board approval is required. As the Supervisory Board only consists of three members, no board committees were formed. Separate rules of procedure have been set forth which govern both the Managing Board and Supervisory Board's activities, and in addition, a schedule of responsibilities also exists for the Managing Board.

Risks to the Company //

Risks from increasing competition

The uncertain growth forecasts for the photovoltaic market and the market for LCD flat screens notwithstanding, in the future, competition in the market for automation and quality assurance systems could become more intense. In addition, existing competitors could expand their production capacity or engage in aggressive pricing, thus offering our clients better terms than our company does. There is a particular risk from the manufacture of knock-offs in the Asian region. This could have a direct impact on Manz Automation's margins and the company's market shares. In order to minimize these risks, Manz Automation AG continually invests in research and development projects in order to maintain and expand its position as a technological market leader.

Risks from the consolidation of the solar industry

Important clients could cease to exist as a result of the consolidation of the solar industry. In addition, increasing cost pressure and the resulting impact on margins can have an effect on Manz Automation AG's earnings situation. Furthermore, a possible postponement of reinvestments as well as a longer period of consolidation would also negatively impact the company's earnings situation.

Risks from rapid technological advancements and from launching new products

Further research and development is of key importance to our company's range of products. This is because of constant technological advancements being made particularly in the photovoltaic and LCD sectors. 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 our company may suffer losses due to individual development projects. There is also no guarantee that new products that we launch will be successful on the market, which could put our company's revenues and earnings at further risk. In order to control these risks, Manz Automation AG interacts closely with its clients in order to recognize new trends at an early stage. In addition, our company carefully examines possible market potential beforehand in order to estimate the returns on our development projects and thus utilize our resources in an optimal fashion.

Currency and interest rate change risks

Manz AG's currency risks result from operational activities. Risks from foreign currencies are protected against insofar as they influence the company's cash flow. In the fiscal years 2008 and 2009, Manz AG was exposed to foreign currency risks due to already fixed and planned transactions in foreign currency. These only affected transactions in US dollars in connection with the sale of products. Derivative financial instruments (primarily forward

exchange transactions and, to a lesser extent, currency option and currency swap transactions) helped protect against the associated risks. The conditions for hedge accounting (cash flow hedge) existed for the planned transactions. However, the risk exists because the delivery dates change, and, as a result, losses or gains could result from the extension of the derivative financial instruments. As of the reporting date, there are no significant open foreign currency positions, and no foreign currency transactions are planned. As a result, there are also no open derivative financial instruments at the end of the year.

Dependency on qualified employees in key positions

Being listed on the stock exchange offers advantages in terms of personnel and as an employer

Our company's success depends on qualified managers and employees, in particular the members of its Managing Board and its second tier managers. The loss of executives or employees in key positions could have a negative impact on our company's development, and thus impact our financial position and the results of operations. At the same time, there is no guarantee that the company will be able to hire a sufficient number of new, suitable executives or additional employees. However, as a listed company, Manz Automation AG enjoys greater attention from potential employees and can thus enhance its attractiveness as an employer. In addition, being listed also enables our company to increase employee loyalty over the medium term by issuing stock options, thus allowing our employees to share in the company's profits.

Risks from contractual penalties

Risks for Manz Automation can also result from contractual penalties. A fixed delivery date is agreed upon in all order contracts, and both parties must regard this date as binding. If Manz is not able to deliver the stipulated quantity on the contractually stipulated date as a result of delivery problems or supply shortages, for example, this could reduce income from the project. This would have a direct impact on the company's earnings situation. 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 allows our company to limit earnings risks to a maximum of 1% of total sales volume.

Risks related to product innovations

Risks can develop as a result of launching numerous products with innovative characteristics. Technical difficulities can result in long developmental periods and delayed deliveries. In addition, complications or compatibility problems at a later date cannot always be prevented.

Risks due to the financial market crisis

The financial market crisis is having a negative impact on the real economy and therefore also on the solar industry. As a result of financing shortfalls, investments in solar technology could be postponed, resulting in a reduction in solar module sales. In addition, listed companies may have significantly more difficulty refinancing on the capital market going forward. In particular, companies active in the solar industry run the risk of not having the capital necessary to invest in new equipment. This would noticeably slow down growth in the solar market. In such a case, our company may not be able to achieve growth targets as planned.

Risks due to client insolvency

The crisis in the financial markets has had negative effects on the real economy. Due to financing problems experienced by our company's clients and the unavailability of refinancing options for listed companies on the capital markets, the risk for companies to declare bankruptcy has increased. In such a case, our company could possibly be confronted with a loss of receivables which could have a negative impact on the company's revenues and earnings position. Furthermore, a client declaring bankruptcy would also mean the loss of possible follow-up orders from that client.

Risks from the cancellation of orders

The postponement or cancellation of planned client projects may occur as a result of the insecurity of the market's participants. Similarly, financing problems experienced by the company's clients are also possible. Both can contribute to a cancellation of orders, since investments in new equipment is no longer being made. This would have a negative impact on our order volume and therefore our company's revenues and earnings position.

Risks from contracts with suppliers

Long-term contracts with suppliers and sub-contractors lead to the requirement to purchase components that we have already ordered, even in this difficult market situation. This can lead to an increase in the company's inventory and, as a result, ties up more of the company's capital. This can have an impact on our company's revenues as well as our earnings and liquidity position.

Opportunities for Future Growth //

Significant market growth in the photovoltaic industry

The photovoltaic industry has enjoyed dynamic growth over the past few years. For the time being, Germany will remain Europe's largest market in terms of demand. Experts expect to see the most significant growth in the USA, which over the medium term could become the world's second-largest market. In addition, other markets outside of Europe, such as India, China, or the Middle East and Africa (the MENA region), are becoming more interesting. Analysts see the basis for future growth primarily in the greatly reduced prices of PV technology. At the same time, the first countries will reach grid parity in 2010. As a result, market experts are forecasting an enormous increase in demand for PV equipment.

Experts predict strong growth for the photovoltaic industry

Market researchers at Sarasin Bank anticipate growth in the global PV market of 45% in 2010. This means the output of newly installed equipment will reach approximately 8.5 GW by the end of the year. Based on current estimates, growth of this magnitude is also possible for the next two years. In this period, experts predict that at least ten new PV markets will be created with an annual volume of 500 MW. Growth of 15% to 20% is expected in Germany alone. These ambitious forecasts are based on the assumption that engineering firms will continue to actively pursue rapid technological advancements, reduce manufacturing costs, increase the efficiency of solar cells, and that manufacturers will advance into new growth markets.

Synergies in the systems.solar and systems.lcd divisions bring competitive advantages

Particular synergies exist between the systems.solar and systems.lcd divisions, and they will make a growing contribution to the company's growth while at the same time boosting its profitability. Synergies result particularly from the similar technological requirements for both automating LCD production lines and for automating production lines for thin-film solar modules. This particularly applies to the handling of large-area glass substrates, an area in which Manz Automation has been building up a high level of expertise for many years, giving our company clear competitive advantages in the high-growth market for thin-film technology. As a result, it is possible to utilize technologies that have already been fully developed in new high-growth sectors (thin-film solar modules). For example, the tact time of LCD machines in their established area of application is only 35 seconds, yet close to three minutes for the automation of thin-film solar modules. This is an example of an area where synergy effects can still be realized. By acquiring Intech Machines Co. Ltd, Manz Automation gained access to technology for the wet chemical cleaning of glass substrates. This technology represents a key stage of production during the manufacture of both LCD displays and thin-film solar modules. This will allow our company to reinforce its competitive position in both segments, and develop additional revenue and earnings potential.

Increasing our real net output ratio through research and development projects

Success in research and development will be decisive for market position

With regard to the installation of production lines for the manufacture of crystalline solar cells, at the current time Manz Automation AG can deliver around 60% of the total order volume (this share will be expanded to 70% over the medium term). With regard to production lines for thin-film solar modules, our share is currently around 25%. To further optimize our real net output ratio, our company is working on various R & D projects so that in the future, we can offer machines for other necessary stages of production. But increasing our machines' speed, their safety, and achieving lower breakage rates are also important attributes that are taken into consideration during the further development of our equipment. In the future, the central focus of our research will be increasing the efficiency of solar cells. By increasing our real net output ratio, we will be able to further improve our market position and also our position working with strategic partners. Both can have a positive impact on our company's revenues and earnings.

Significant opportunities for growth through further internationalization

The systems.solar division in particular has the opportunity to expand into growth markets over the medium term. In addition to the Asian market, primarily the US market should be noted as presumably one of the largest growth markets of the future. The US government plans to increase the country's percentage of renewable energy from 9% to 25%. As a result, 150 billion dollars will be invested over the next ten years in new energy technologies in order to increase their efficiency. In addition, the Middle East is currently going through a period of reorientation in order to cover increasing energy demand once the era of fossil fuels has drawn to a close. As a result, successfully developing these markets can have a positive impact on the company's revenues and earnings.

Market opportunities from making acquisitions

Targeted acquisitions will give our company additional competitive advantages, allowing us to more consistently use opportunities on the market that may present themselves. In particular, acquiring companies gives us access to new technologies, expertise, and qualified staff (and at the same time access to lean factors as well as factors that are key to our competitive edge). Furthermore, through sensible acquisitions, our company plans to open up new client and product groups and further diversify our product range. This will give our company a broader foundation, which will have a stabilizing effect on our revenues and earnings.

Market opportunities from reaching grid parity

Solar industry experts see solar electricity reaching grid parity faster than previously forecast. Grid parity may be reached as soon as 2010 in countries like the USA, which have many hours of sunlight, high electricity prices, and high demand for electricity (as a result of air conditioning units, for example). Continuous advancements in efficiency can be

achieved through new technologies. The result is a pressure to innovative which solar companies can only overcome by investing in new equipment. As a supplier of highly efficient system solutions for the solar industry, Manz Automation can profit from this investment behavior.

Market opportunities from entering new markets

Manz Automation gains further potential for growth by entering an additional, highly attractive "clean tech" market. Currently, our range of products is being expanded to include equipment for the industrial manufacture of lithium-ion batteries. The main use of these batteries will be electrical and hybrid vehicles, which are predicted to have significantly increased growth rates in the coming years due to increased energy prices and climate goals which have been called for politically. Potential clients are large suppliers in the automotive industry who have already begun mass producing this new, powerful drive technology. With the help of the "National Electric-Powered Vehicle Development Plan," the German federal government aims to have at least one million electric and plug-in hybrid vehicles, which can be recharged by connecting them to an external power source, on German streets by 2020 at the latest. Within the scope of the second economic recovery package, the German government has set aside a total of 500 million euros for various projects to be carried out from 2009 to 2011 alone. As an equipment supplier, Manz Automation can profit significantly from these investments.

Outlook //

Almost two years after its onset, every industry is still feeling the effects of the financial market crisis, and the solar and LCD industries are no different. There are reasons to look toward the future optimistically, however. In January and February we had already received new orders in both the LCD and solar divisions with a total value of 25 million euros. The economic recovery packages enacted by governments around the world are increasingly taking effect, and Manz can profit from them. At the same time, the increased cost pressure in the solar industry has led to increased demand for state-of-the-art production lines, since it is no longer possible to manufacture efficiently using existing equipment. This situation has also gotten a boost from the planned reduction of feed-in tariffs in Germany, which has been the largest single market in world up until now. As a result, manufacturers are challenged to further reduce manufacturing costs now more than ever. Manz supplies the innovative solutions required to successfully conduct business in a highly competitive environment. As a result, we expect to see a continued increase in demand for our seamlessly integrated and highly efficient products.

Reaching grid parity is one of 2010's hot topics

Reaching grid parity is one of 2010's hot topics. This will already take place this year in California, Arizona, New Mexico, and New Jersey. From an international standpoint, photovoltaics may also achieve its breakthrough earlier than had previously been assumed. As a result of

the enormous overcapacities and the resulting decline in prices, experts predict grid parity will already be reached in 2012. The result of this could be a downright boom in demand for solar modules as well as manufacturing equipment over the medium and long term. The large electricity providers in the USA as well as in other countries are becoming increasingly interested in PV power plants, which is why analysts see significant growth particularly as a result of large projects. The PV industry will see a renewed upswing, especially in countries with many hours of sunlight and high electricity prices.

Emergence of new growth markets due to reduced prices in PV technology

The significant decline in prices for PV technology has resulted in a number of new growth markets emerging. In addition to the USA, India and China are also playing an increasingly important role. These regions will be the driving force behind future dynamic growth in the solar industry. In addition to numerous subsidy programs to upgrade infrastructures and guarantee the supply of electricity, an important step will be providing remote areas with electricity in the first place. Photovoltaics will play a key role in emerging markets in this context. Many of these regions, such as in the Middle East or Southern Africa, do not have a closed power supply system. Instead, local power plants, such as solar plants, will guarantee the supply of electricity in the future. The increased demand for solar modules offers Manz Automation significant opportunities for further international growth.

Our new area of activity, li-ion batteries, also expands Manz Automation's business model considerably, and as a result our company is much more diversified and less dependant on specific industries. At the same time, synergies are also created between our individual divisions. In conjunction with renewable energies, electric power represents the propulsion system of the future. Plans have been made to have one million electric and plug-in hybrid vehicles (which can be connected to the national power grid to be recharged) on German streets as early as 2020. We have been active in this field since early 2009, and we will continue to expand our efforts so that Manz will offer leading technologies for the growing li-ion battery market in its range of products. Another area these high-performance batteries can be used in is for storing electricity generated using photovoltaics. This is a conceivable alternative with potential for growth, particularly in developing countries which use distributed energy systems.

An overall examination reveals that a number of companies in the solar industry are still struggling with the effects of the financial market crisis. This will inevitably lead to a shakeout in the market. Only financially strong and technologically advanced market participants will be able to survive over the medium to long term. As a result, Manz is keeping an eye out for companies which would make good targets for acquisition in order to optimize our own range of products and technologies. There are number of attractive investment opportunities available, particularly in light of the significant decline in the value of many companies. As a result, we are optimistic that we will be able to actively participate in the consolidation of the market.

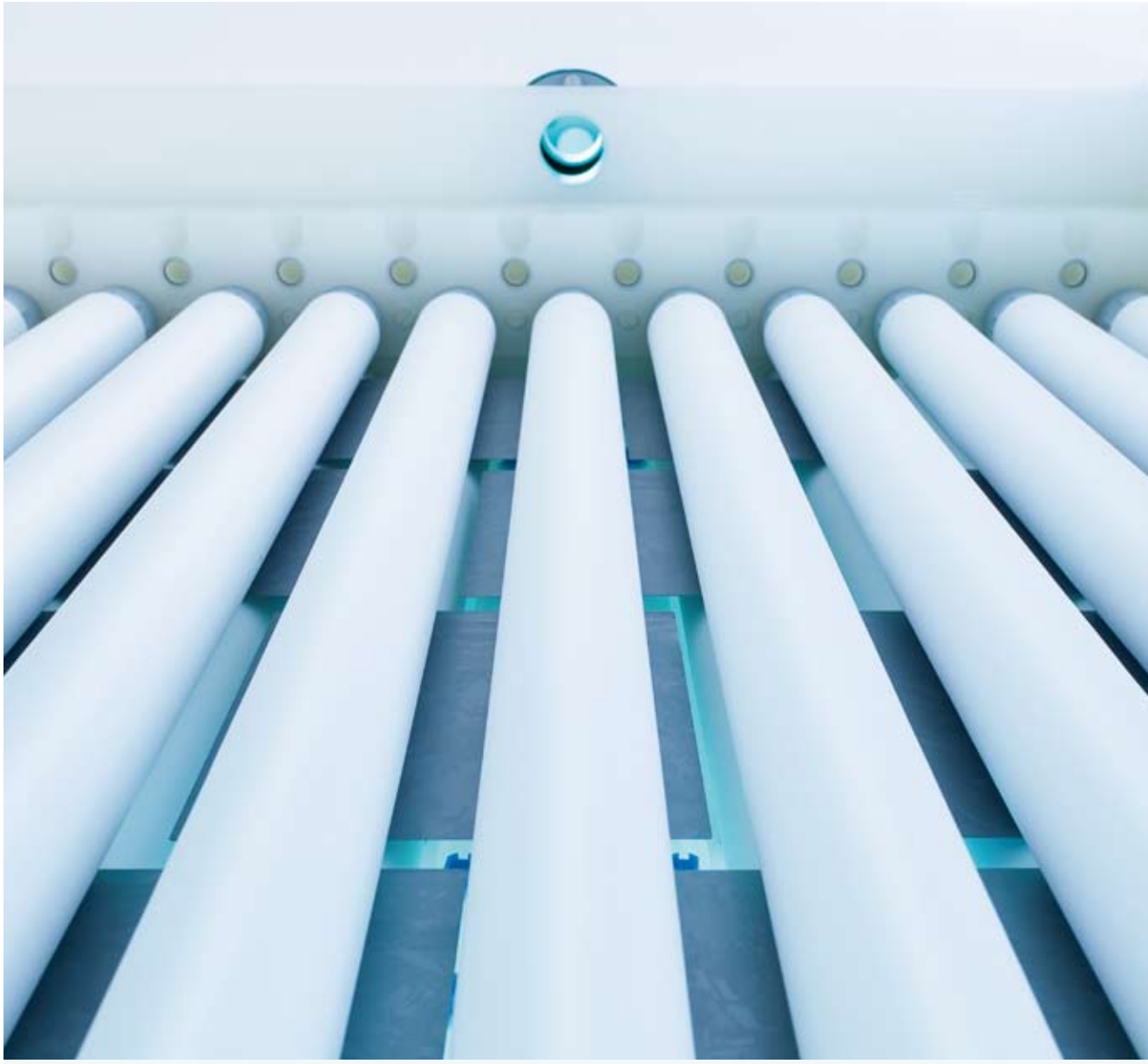
Manz drives innovation in the PV industry

On February 28, 2010, Manz Automation had a solid number of orders on hand valued at 70 million euros. We have recorded an increasing number of new orders since December, and this forms the basis of our optimistic outlook for 2010 and following years. Nevertheless, our performance in the current fiscal year will also be dependent on how quickly the thin-film market will recover and consequently how quickly it will contribute to our revenues and earnings once again. Based on our intensive research and development activities, we view the position of our company as one of a technological leader which can solve the challenges of the PV industry. This puts us in a position not only as a problem solver but moreover as a company driving innovation in this sector. Through the solutions we offer, our clients have the ability to recover more quickly in the improving solar economy and dominate their competition. Due to the aforementioned outstanding prospects over the medium and long term and our strong position in the market, we are confident that we will be able to replicate our growth rates of the past. We anticipate sales growth for the current fiscal year (expressed in percent) to be in the high double digits, with a positive EBIT. In view of the influencing factors outlined above, a more precise determination or even a quantification of the operating result is not yet possible at the present time. A medium-term forecast is also risky given the current environment. In case of the improvement of the world economic situation as outlined above, we expect additional sales growth for the year 2011, connected with a further improvement in EBIT.

We would like to thank you for the trust and confidence you have placed in us, particularly in these economically challenging times!

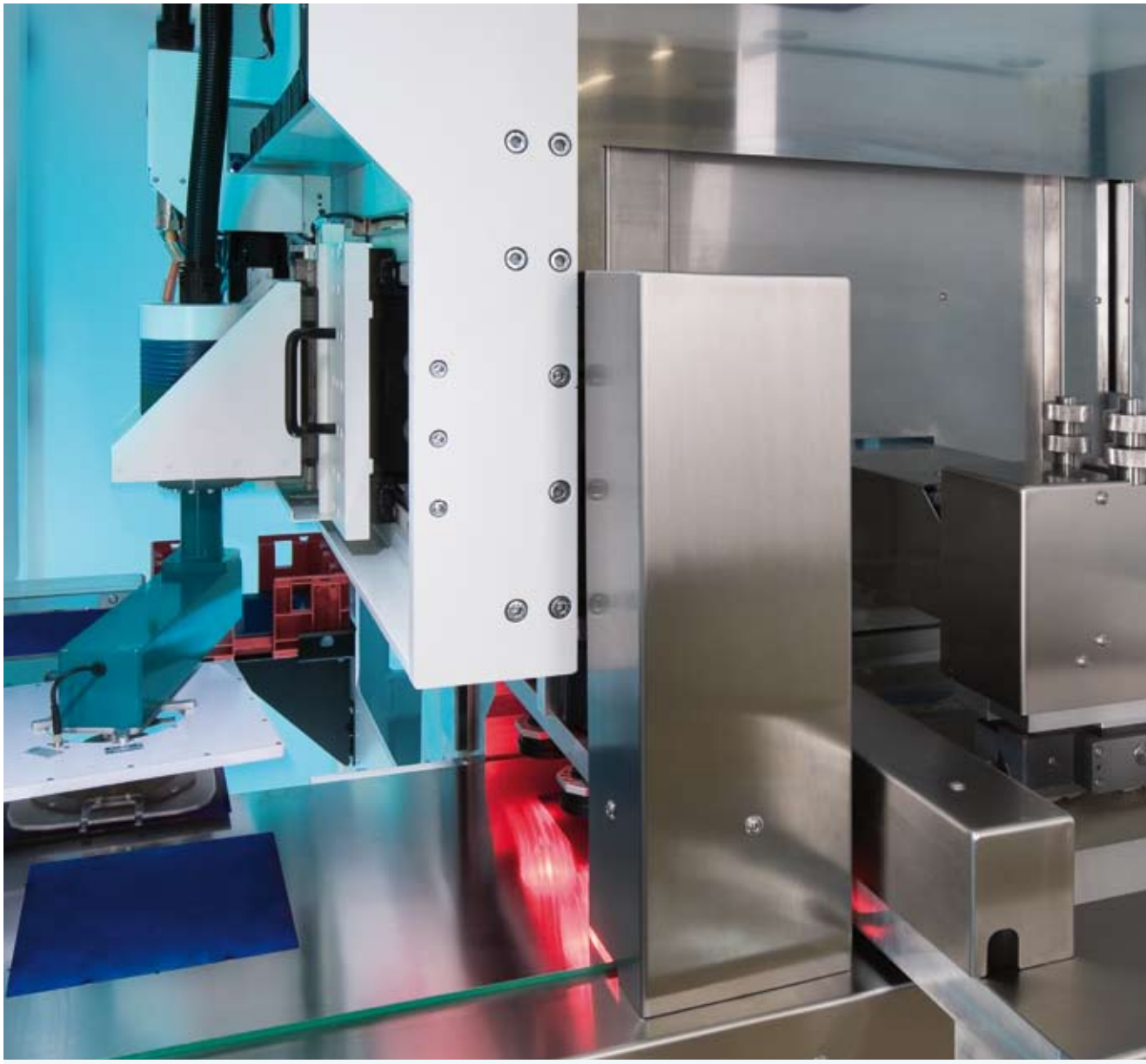
Reutlingen, March 12, 2010

The Managing Board



SOMETIMES A TINY HEAD START CREATES THE DECISIVE DISTANCE

Nadja Rödl began her apprenticeship as an industrial clerk at Manz in September 2008. She loves taking on responsibility and enjoys being given the opportunity to do so during her apprenticeship at Manz. Within the scope of an apprenticeship project, she and her colleagues just took over the complete and independent purchasing of all office supplies. From toner to pens and paper, Nadja has everything under control. By now, she is even familiar with the term “wet chemistry.” In this manufacturing process, the newly-developed sponge roller concept is used – a pretty clever way to increase efficiency. because the solar cells are exposed to much less mechanical strain than they would be in the case of a conventional system. This significantly minimizes the breakage rate and facilitates a particularly homogenous etching of the material. The entire production line becomes more efficient – and even the cell itself functions with a measurably higher level of efficiency.



THE PRESENT OF AN INDIVIDUAL HAS AN IMPACT ON THE FUTURE OF MANY OTHERS

Mark Strecker is completing an apprenticeship as an IT specialist at Manz. He has always had an interest in the technical area. In his free time, he has designed many Web sites and "speaks" the programming language C++ fluently by now. Perhaps, says the young computer scientist, he will do a university degree after completing his apprenticeship. The fact that he is already given the opportunity to help program individual control systems within the existing framework motivates him. And the many different areas at Manz make the training so diverse. With regard to the high-accuracy printer for printing solar cells, for example, ultimate precision is what counts. Preprocessed patterns on a solar cell are automatically recognized. Precisely these structures are now printed on, which results in a greater efficiency of the cells. Thus, Manz provides manufacturers with technologies today that will impact the future of an entire sector.

CONSOLIDATED FINANCIAL STATEMENT AND NOTES

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT IN EUR TSD

	Notes	2009 EUR tsd	2008 EUR tsd
Revenues	01	85,915	236,513
Change in finished goods		8,951	–5,559
Own work capitalized	02	6,204	3,872
Total operating revenues		**101,070**	**234,826**
Other operating income	03	9,513	4,755
Cost of materials	04	– 60,359	–130,387
Gross margin		**50,224**	**109,194**
Personnel expenses	05	–37,310	–41,731
Amortization/depreciation		–6,887	–5,493
Other operating expenses	06	–21,940	–33,369
Operating result (EBIT)		**–15,913**	**28,601**
Income from financial investments accounted for at equity	14	–12	24
Financial income	07	3,601	1,957
Financial expenses	08	–660	–2,093
Pre-tax earnings (EBT)		**–12,984**	**28,489**
Income tax expense	10	3,276	–7,315
Net income		**–9,708**	**21,174**
Share of profits – minority interests	11	–67	794
Share of profits – shareholders			
Manz Automation AG		–9,641	20,380
Earnings per share in EUR			
Earnings per share (diluted = undiluted) in EUR	12	–2,15	5,04

STATEMENT OF COMPREHENSIVE INCOME IN EUR TSD

	2009	2008
Net income	**– 9,708**	**21,174**
Other comprehensive income		
Difference as a result of currency conversion	1,456	651
Changes to the fair value of securities	2,726	– 2,761
Changes to the fair value of cash flow hedges	– 2,504	2,055
Deferred financing costs	0	– 4,020
Changes to the valuation of share-based compensation	104	63
Tax effects from other comprehensive income	727	563
Other comprehensive income	2,509	– 3,449
Comprehensive income after taxes	**– 7,199**	**17,725**
Attributed to minority interests	2	844
Attributed to Manz Automation AG	– 7,201	16,881

CONSOLIDATED BALANCE SHEET [IFRS] IN EUR TSD

	Notes	Dec. 31, 2009	Dec. 31, 2008
Assets			
Non-current assets		**66,698**	**60,562**
Intangible assets	14	47,012	42,858
Property, plant, and equipment	15	16,608	16,147
Financial assets, at equity	16	301	313
Deferred taxes	10	2,461	1,055
Other non-current assets		316	189
Current assets		**160,012**	**205,941**
Inventories	17	29,819	33,034
Trade receivables	18	39,566	101,352
Income tax receivables		524	53
Derivative financial instruments	19	0	2,685
Other current receivables	20	1,934	2,934
Securities	21	28,838	31,945
Cash and cash equivalents	22	59,331	33,938
Total assets		**226,710**	**266,503**
Liabilities and shareholder's equity			
Equity	23	**179,030**	**191,228**
Subscribed capital		4,480	4,480
Share premium		144,226	144,122
Own shares		0	-203
Retained earnings		26,497	32,634
Currency translation		2,001	614
Manz Automation AG shareholders		177,204	181,647
Minority Interests		1,826	9,581
Non-currents liabilities		**11,818**	**18,261**
Non-current financial debt	24	666	4,820
Non-current deferred investment subsidies	25	248	68
Financial liabilities from leases	26	24	29
Provisions for pensions	27	3,825	3,720
Other non-current provisions	28	2,534	2,105
Deferred tax liability	10	4,521	7,519
Current liabilities		**35,862**	**57,014**
Current financial liabilities	29	8,686	13,002
Trade payables	30	14,222	24,568
Advance payments received		1,045	3,320
Tax liabilities		474	3,529
Other current provisions	31	3,055	2,536
Derivative financial instruments	19	0	188
Other liabilities	32	8,367	9,825
Financial liabilities from leases	26	13	46
Total shareholders' equity and liabilities		**226,710**	**266,503**

CONSOLIDATED CASH FLOW STATEMENT IN EUR TSD

	2009	2008
Cash flow from operating activities		
Net income	– 9,708	21,174
Amortization/depreciation of non-current assets	6,887	5,493
Losses [+] / gains [–] from equity-accounted investment	12	– 24
Increase [+] / decrease [–] in provisions in pensions and other non-current provisions	533	1,580
Other non-cash income [–] and expenses [+]	104	63
Cash flow	**–2,172**	**28,286**
Gains [–] / losses [+] from disposal of assets	– 34	– 78
Increase [–] / decrease [+] in invetories, account receivable and other assets	63,800	– 41,660
Increase [+] / decrease [–] in trade payables and other liabilities	– 21,849	– 3,303
Cashflow from operating activities	**39,745**	**–16,755**
Cash flow from investing activities		
Proceed from the disposal of assets	36	579
Payments to acquire intangible assets and property, plant, and equipment	– 11,296	– 12,131
Payments for the acquisition of consolidated companies minus liquid assets acquired	– 4,895	– 43,357
Inflows from the disposal of securities	32,877	50,336
Outflows from the purchase of securities	– 22,477	– 69,092
Cash flow from investing activities	**–5,755**	**–73,665**
Cash flow from financing activities		
Proceeds from additions to equity	0	112,322
Purchase of own shares	– 84	– 203
Capital procurement costs [pre-tax]	0	– 4,061
Payments for the redemption of finance leases	– 33	– 20
Payments for the repayment of non-current loans	– 5,531	– 2,266
Change in overdraft facilities	– 2,939	– 337
Cash flow from financing activities	**–8,587**	**105,435**
Cash and cash equivalents – end of period	25,403	15,015
Cash change in cash and cash equivalents [subtotal 1– 3]		
Net change in cash and cash equivalents due to currency translation	– 10	35
Cash and cash equivalents on Jan. 1	33,938	18,888
Cash and cash equivalents on Dec. 31	**59,331**	**33,938**
Composition of cash and cash equivalents		
Cash and cash equivalents	59,331	33,938
Cash and cash equivalents on Dec. 31	**59,331**	**33,938**

The cash flow statement is explained in the notes (13)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEAR 2009 IN EUR TSD

	Subscribed capital	Share premium	Own shares	Revenue reserves			Currency translation	Shareholders of Manz Automation AG	Minority interests	Total equity
				Retained profits	Market valuation	Cashflow Hedges				
As of Jan. 1, 2009	**4,480**	**144,122**	**– 203**	**33,483**	**– 2,650**	**1,801**	**614**	**181,647**	**9,581**	**191,228**
Total comprehensive income for the period		104		– 9,641	2,750	– 1,801	1,387	– 7,201	2	– 7,199
Purchase of own shares			– 84					– 84		– 84
Usage of own shares			287					287		287
Change in non-controlling interests as a result of increased interests				2,555				2,555	– 7,757	– 5,202
As of Dec. 31, 2009	**4,480**	**144,226**	**0**	**26,397**	**100**	**0**	**2,001**	**177,204**	**1,826**	**179,030**
As of Jan. 1, 2008	**3,583**	**35,555**	**0**	**13,103**	**70**	**323**	**13**	**52,647**	**0**	**52,647**
Total comprehensive income for the period		– 2,858		20,380	– 2,720	1,478	601	16,881	844	17,725
Issue of subscribed capital	897	111,425						112,322		112,322
Purchase of own shares			**– 203**					**– 203**		**– 203**
Minority interests from business combinations								0	8,737	8,737
As of Dec. 31, 2008	**4,480**	**144,122**	**– 203**	**33,483**	**– 2,650**	**1,801**	**614**	**181,647**	**9,581**	**191,228**

Other information concerning the statement of changes in equity can be found in the notes (23)

SEGMENT REPORTING FOR DIVISIONS [PRIMARY REPORTING FORMAT] AS OF DEC. 31, 2009 IN EUR TSD

	systems.solar		systems.lcd		systems.aico		Others		Central functions/ other		Consolidation		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues with third parties	46,921	141,526	14,893	46,545	7,513	12,904	16,588	35,538	0	0			85,915	236,513
Revenues with other segments							11,825	15,756			–11,825	–15,756		
EBIT	– 12,164	24,173	– 1,266	3,602	– 1,105	669	– 1,378	157					– 15,913	28,601
Segment assets	69,690	108,371	31,751	45,133	8,881	9,570	17,189	24,323	99,199	79,106			226,710	266,503
Segment liabilities	5,125	11,411	6,431	4,660	470	1,592	3,652	4,896	32,002	52,716			47,680	75,275
Net assets	64,565	96,960	25,320	40,473	8,411	7,978	13,537	19,427	67,197	26,390			179,030	191,228
Additions to assets	8,515	21,902	462	13,448	808	3,992	227	4,280	1,284	1,672			11,296	45,294
Amortization/ depreciation	3,539	2,196	949	835	806	1,398	730	552	863	512			6,887	5,493
Non-cash expenses (–) / income (+)	0	– 197	1,879	– 2,863	0	– 3	102	– 431	0	0			1,981	– 3,494
Employees (annual average)	273	213	263	317	102	76	455	458	253	322			1,346	1,386

SEGMENT REPORTING FOR REGIONS [SECONDARY REPORTING FORMAT] AS OF DEC. 31, 2009 IN EUR TSD

	Germany		Rest of Europe		Asia		America		Other Regions		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Third-party revenues by customer location	25,085	57,093	11,963	20,434	43,985	144,329	4,698	12,348	184	2,309	85,915	236,513
Non-current assets (without deferred taxes)	22,520	16,571	7,589	7,796	33,735	34,706	92	120	301	313	64,237	59,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009

I. General notes //

Manz Automation AG's ("Manz AG") headquarters are located on Steigäckerstrasse 5 in 72768 Reutlingen, Germany. The business activities of Manz Automation AG and its subsidiaries ("the Manz Group" or simply "Manz") are comprised of developing and manufacturing systems and components for automation and quality assurance. The systems are primarily used in the manufacture of solar cells and LCD flat-panel displays. Manz Automation AG's stock is traded on the Frankfurt Stock Exchange's regulated market (Prime Standard segment).

These annual consolidated financial statements dated December 31, 2009, were prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the EU, as well as the additional commercial legal regulations set forth in Article 315a, Section 1 of the German Commercial Code. All compulsory standards and interpretations were taken into consideration. International Financial Reporting Standards which are not yet compulsory were not applied. On March 24, 2010, the Managing Board passed a resolution approving the presentation of these annual consolidated financial statements to the Supervisory Board.

For purposes of clarity, individual items are compounded in the balance sheet and income statement. These items are listed and explained individually in the notes. The Manz Group's fiscal year runs from January 1 to December 31 of each year. The values listed in the consolidated financial statements are in euros. The values listed in the notes are in thousands of euros [EUR tsd] if not otherwise stated. The income statement has been prepared using the total cost method of accounting.

II. Accounting Principles //

Basis of Consolidation

Manz Automation AG's consolidated financial statements include all of the companies for which Manz AG can either directly or indirectly determine the financial and operational policy ["controlling" relationship].

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

FULLY CONSOLIDATED COMPANIES		**Interest in %**
Manz Automation Tübingen GmbH	Tübingen/Germany	100.0%
Helmut Majer Verwaltungsgesellschaft mbH i.L.	Tübingen/Germany	100.0%
Manz Dünnschichttechnologie GmbH	Reutlingen/Germany	100.0%
Manz Automation Inc.	North Kingstown/USA	100.0%
Manz Automation Hungary Kft.	Debrecen/Hungary	100.0%
MVG Hungary Kft.	Debrecen/Hungary	100.0%
Manz Automation Slovakia s.r.o.	Nove Mesto nad Vahom/Slovakia	90.0%
Manz Automation Spain S.L.	Madrid/Spain	100.0%
Manz Automation Asia Ltd.	Hong-Kong	100.0%
Manz Automation Taiwan Ltd. (2)	Hsinchu/Taiwan	100.0%
Manz Automation (Shanghai) Co., Ltd. (2)	Shanghai/China	100.0%
Manz Automation India Private Limited (2)	New Delhi, India	75.0%
Manz Intech Machines Co. Ltd. (2)	Chungli/Taiwan	95.5%
Intech Enterprises [B.V.I.] Co. Ltd. (3)	Road Town/British Virgin Island	95.5%
Intech Machines [B.V.I.] Co. Ltd. (3)	Road Town/British Virgin Island	95.5%
Intech Machines (Suzhou) Co. Ltd. (4)	Suzhou/China	95.5%
Intech Technical (Shenzhen) Co. Ltd (4)	Shenzhen/China	95.5%
CONSOLIDATION AT EQUITY		
Axystems Ltd.	Petach-Tikva/Israel	24.0%

(1) via Manz Automation Hungary Kft.
(2) via Manz Automation Asia Ltd.
(3) via Manz Intech Machines Co. Ltd.
(4) via Intech Machines [B.V.I.] Co. Ltd.

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

Changes to the Basis of Consolidation during Fiscal Year 2009

Increased Interest in Manz Intech Machines Co. Ltd., Chungli, Taiwan _ In December 2009, we increased our interest in Manz Intech Machines Co. Ltd., Chungli, Taiwan, by 19.9% – from 75.6% to the present level of 95.5%. The purchase price totaled 4,895,000 euros. The additional interest we acquired is accounted for using the equity method. In this case, the additional interest acquired is only recorded in equity as a shift between majority and minority shareholders. The values of assets and debt on the balance sheet remain unchanged.

Founding of Manz Dünnschichttechnologie GmbH, Reutlingen, Germany _ In December 2009, we founded the 100% subsidiary Manz Dünnschichttechnologie GmbH, headquartered in Reutlingen. The founding capital totaled 25,000 euros and was paid in the form of a cash deposit. The company's primary objective is pursuing advancements in the field of thin-film technology within the systems.solar segment.

Merger of Manz Immo Hungary Kft. with MVG Hungary Kft. _ During the 2009 fiscal year, Manz Immo Hungary Kft. merged with its affiliate MVG Hungary Kft., both located in Hungary. The sole purpose of Manz Immo Hungary was holding and administrating our company's building in Hungary.

Dissolution of Qinhuangdao Intech Machines Ltd. _ In the fourth quarter of 2009, our Chinese subsidiary Qinhuangdao Intech Machines Ltd. was closed as scheduled, and its operations were transferred to the other subsidiaries of Manz Intech Machines.

Changes to the Basis of Consolidation during Fiscal Year 2008

Acquisition of Christian Majer GmbH & Co. KG, Tübingen, Germany (now: Manz Automation Tübingen GmbH) _ On January 1, 2008, we acquired a 100% interest in Christian Majer GmbH & Co. KG, located in Tübingen, Germany. This company's operations are focused on the construction of machines for processing paper, film, and packaging materials. Our systems.aico division has also been incorporated into Manz Automation Tübingen since the 2009 fiscal year.

Acquisition of Böhm Electronic Systems Slowakei s.r.o., nove Mesto nad Vahom, Slovakia (now: Manz Automation Slovakia s.r.o.) _ Effective February 1, 2008, our company acquired a 90% interest in Böhm Electronic Systems Slowakei s.r.o. The former manufacturing plant belonging to Steag Hamatech AG has 11,400 square meters of assembly and storage space, 1,300 square meters of which is used for cleanroom assembly.

Acquisition of Intech Machines Co. Ltd., Chungli, Taiwan (now: Manz Intech Machines Co. Ltd.) _ In April 2008, our subsidiary Manz Automation Asia Ltd. successfully completed a takeover bid for Intech Machines Co., Ltd., a listed company located in Taiwan, by purchasing a 70.92% interest in the company. Intech Machines Co., Ltd.'s core business is the manufacture of wet chemical processing equipment for the LCD and PCB industries. With the acquisition of Intech Machines Co. Ltd, Manz Automation secured access to technology and production capacities needed to manufacture wet chemical processing equipment, which covers a manufacturing stage integral to both the LCD industry and the manufacture of thin-film solar equipment. Our systems.lcd division has been part of Manz Intech Machines since the 2009 fiscal year.

The annual reports of the subsidiary companies are posted on the Group's reporting date, which is the reporting date of Manz AG.

Principles of consolidation

Capital is consolidated according to the purchase method. This method stipulates that the valuation of acquired assets and liabilities is set at their fair value as of the date of their acquisition. The acquisition costs stemming from the acquired shares are then offset against the proportionate amount of equity of the subsidiary at its newly determined value. Any remaining positive difference from offsetting the purchase price with the identified assets and liabilities is listed as goodwill in the intangible assets.

Inter-company expenditures and earnings as well as receivables, liabilities, and reserves are off-set and eliminated. The required tax deferrals will be carried out on the consolidation transactions.

Minority interests represent the portion of earnings and equity that is not owned by the Group. Minority interests are listed separately in the Group's consolidated financial reports. It is listed under equity in the balance sheet, separate from the equity attributed to the shareholders of the parent company.

Currency conversion

The financial statements of Manz Group subsidiaries that are prepared in foreign currencies have been converted into euros according to IAS 21. The currency used by the included companies is almost always the respective national currency, as these subsidiaries conduct their business activities independently in financial, economic, and organizational respects. Subsidiaries use euros when not conducting business in the national currency. Assets, liabilities, and contingent liabilities are converted using the average rate of exchange

on the balance sheet date; equity is converted at historical rates. The income statement is converted at the annual average rate. Exchange rate differences resulting from the conversion of the annual financial statements are posted under equity as a separate item until the subsidiary is no longer part of the Group.

Items denominated in foreign currency in the financial statements of the companies included in the consolidated financial statements are valued at the exchange rate on their date of acquisition. Monetary items are valued at the average exchange rate on the balance sheet date. Currency gains and losses up to the balance sheet date are included in the income statement.

EXCHANGE RATES OF THE MOST IMPORTANT CURRENCIES IN EUR

		Rate on balance sheet date		Average rate	
		Dec. 31, 2009	Dec. 31, 2008	2009	2008
USA	USD	1.4406	1.4097	1.3946	1.4713
Taiwan	TWD	46.2077	46.2668	46.0681	46.3252
Hongkong	HKD	11.1170	10.9458	10.8197	11.4624
China	CNY	9.8000	9.6626	9.5403	10.2480
Ungarn	HUF	270.4200	267.5910	281.1513	252.4326

Accounting and valuation principles

The assets and liabilities of Manz AG and the subsidiary companies included as a result of full consolidation are uniformly determined and valued according to the Manz Group's accounting and valuation methods effective as of December 31, 2009.

Comparable information for fiscal year 2008 is based on the same accounting and valuation methods that were applied in fiscal year 2009.

Fixed assets

Intangible assets that are not purchased within the course of an acquisition are recorded for the first time as purchase or manufacturing costs. The acquisition costs of intangible assets acquired within the scope of a company takeover are recorded at their fair value on the acquisition date. In subsequent reporting periods, the intangible assets are recorded with their purchase or manufacturing costs minus cumulative amortizations and cumulative depreciations. Costs for intangible assets produced internally are not capitalized and included in the income statement in the period they accrue, with the exception of capitalizable development costs.

Intangible assets with a limited useful life and those with an unlimited useful life are differentiated from one another.

Intangible assets with a limited useful life are amortized over the course of their useful life and evaluated for possible depreciation if there is evidence that the value of the intangible asset could have depreciated. In case of intangible assets with a limited useful life, both the amortization period and amortization method are evaluated at least once at the end of each fiscal year. Any changes to the amortization method or amortization period which may be necessary as a result of changes to the expected useful life or expected consumption of future economic benefit of an asset are treated as changes to estimates.

In case of intangible assets with unlimited useful life, an impairment test will be carried out at least once a year for the individual asset or for the entire cash-generating unit [CGU] to which that asset belongs. These intangible assets are not amortized according to a regular schedule. An intangible asset with unlimited useful life will be evaluated once a year as to whether the assessment of said asset having an unlimited useful life is still applicable. If this is not the case, a prospective change to the assessment of the useful life of the asset from unlimited to limited useful life will be carried out.

The development costs for equipment and equipment components are capitalized if the conditions of IAS 38 have been met. Acquisition and manufacturing costs comprise all costs that can be directly attributed to the development process as well as a reasonable portion of the development-related fixed costs. Capitalized development costs are amortized on schedule according to the straight line method beginning at the start of production over the anticipated product life cycle, usually between 3 and 7 years. Research costs and development costs that cannot be capitalized are recorded as expenses when they are incurred.

Goodwill is tested for recoverability within the scope of an annual impairment test in accordance with IAS 36 and IFRS 3. There were no write-downs in fiscal year 2009.

Property, plant and equipment is initially valued at its acquisition or manufacturing cost and subsequently reduced by scheduled amortization amounts based on the asset's useful life as well as by unscheduled amortization amounts as a result of write-downs. Costs for repairs and maintenance are recorded as ongoing expenses. The straight line amortization method is carried out based on the anticipated consumption of the asset's future economic benefit. Scheduled amortization is based on the following economic life spans in most cases:

	YEARS
Buildings	25 to 50
Technical equipment and machines	6 to 10
Other factory and office equipment	4 to 13

An asset's residual value, remaining useful life, and method of amortization will be evaluated at the end of each fiscal year and adjustments will be made, if necessary.

Within the scope of finance leasing contracts, economic ownership is assigned to the lessee in the event that the lessee bears all of the opportunities and risks associated with ownership [IAS 17]. If economic ownership can be attributed to the Manz Group, the assets are capitalized at their fair value or, if lower, at the cash value of the minimum lease payments as of the date the lease was concluded. Amortization is carried out using the straight line method based on the asset's useful life, or if shorter, the term of the lease. The financial obligations stemming from future lease installments are recorded as financial liabilities under "leasing liabilities."

In case of investments recorded using the equity method, the acquisition costs are initially recorded, and in subsequent years they are adjusted for the proportionate earnings, distributed dividends, and other changes to equity as well as for the hidden reserves and liabilities discovered upon acquisition. Balance sheet goodwill is included in the valuation of the investment; it is not subject to scheduled amortization. An impairment test will be performed if there are any indications that the investment should be written down. Any necessary devaluation is initially deducted from the goodwill on the balance sheet.

Impairment test

With regard to goodwill and intangible assets with an unlimited useful life, an impairment test will be carried out at least once a year. With regard to capitalized development costs and other intangible assets with a limited useful life as well as fixed assets and investments, an impairment test will only be carried out on the basis of concrete indications.

Depreciations will be recognized on the balance sheet insofar as the recoverable amount of the asset falls below the carrying amount. The recoverable amount will be estimated for each and every asset. If this is not possible, the amount will be estimated based on a Group of assets that form a cash-generating unit [CGU]. The recoverable amount is the higher amount from fair value minus disposal costs and value in use.

The fair value minus disposal costs is equal to the selling price of an asset under normal market conditions minus disposal costs. Value in use is determined based on the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life using the discounted cash flow method. An interest rate before taxes which corresponds to market conditions will be used as the discount rate.

As a matter of principle, the value in use of the cash-generating unit in question is used to determine the recoverability of goodwill and intangible assets with unlimited useful life. The basis for this are the current projections created by the management team. The detailed projection period covers a period of three years.

For subsequent years, plausible assumptions will be made regarding future development. These assumptions will be continuously adjusted to reflect the current level of knowledge. In doing so, suitable assumptions regarding macroeconomic trends as well as historical developments will be taken into account.

Should there be any indication that an impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the carrying amount should be increased, except in cases of goodwill. The increased carrying amount of an asset due to a reversal of an impairment loss should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Inventories

In accordance with IAS 2 [Inventories], inventories should be measured at the lower of purchase of manufacturing cost and net realizable value. In addition to unit costs, manufacturing costs include reasonable portions of the necessary material and production overheads as well as production-related write-downs and proportionate administrative overheads that can be directly attributed to the production process. If necessary, averages can be used to simplify valuations.

Construction contracts

Manz generates a predominant share of its revenues through construction contracts which are accounted for using the percentage-of-completion method (PoC Method) pursuant to IAS 11. In this case, revenue and expected margins are recognized in proportion to the stage of completion of the contract. Total contract revenue as agreed upon with the client and the expected costs to complete the contract form the basis for this calculation. The stage of completion of a contract, which determines what portion of revenue is recognized, is calculated based on the ratio of costs incurred as of the accounting date divided by the calculated total costs (cost-to-cost method). As a result of this accounting method, both revenues and the related costs are recorded in the period they were generated/incurred.

If the total of incurred contract costs and recorded profits exceeds partial payments received, the construction contracts are recorded on the assets side under future receivables from construction contracts as a component of accounts receivable. A negative balance is recorded under accounts payable. There were no negative balances which need to be disclosed for the reporting year and the previous year. Expected losses from custom construction contracts are accounted for as an expense in the full amount, this is carried out by correcting the value of capitalized assets and, in addition, provisions are also created.

As set forth in IAS 18 “Revenue,” other revenue is recorded on the date to which the related opportunities and risks were assigned. This is usually the date when the finished goods or products were delivered or, if applicable, the services were provided.

Financial instruments

As set forth in IAS 39, financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Provided that the trading date and settlement date of financial assets do not fall on the same date, the settlement date is significant for initial accounting. All financial assets are initially measured at fair value. Transaction costs are included. Within the scope of subsequent measurements, financial instruments are either carried at fair value or at amortized cost determined using the continuing involvement method.

For the purpose of measuring a financial asset after initial recognition, IAS 39 sets for the following categories:

- financial assets at fair value through profit or loss and financial assets held for trading purposes
- held-to-maturity investments
- available-for-sale financial assets and
- loans and receivables

Financial liabilities are organized into the following categories:

- financial liabilities at fair value through profit and loss and financial liabilities held for trading purposes
- financial liabilities measured at amortized cost using the continuing-involvement method

Depending on the categorization of the financial instrument, the measurement is carried out at fair value or at amortized cost using the continuing involvement method.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices in an active market are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. If a market for a financial instrument is not active, an entity establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. The amortized costs are equal to the acquisition costs minus amortization, write-downs, and a difference between the acquisition costs and the amount due on the settlement which is accounted for using the effective interest method. Financial instruments are recorded as soon as Manz becomes a party to the contractual provisions of the instrument. As a matter of principle, derecognition only occurs when the contractual right to cash flows expires or this right is transferred to a third party.

Non-derivative financial instruments

Non-derivative financial instruments include accounts receivable, securities, and liquid assets as well as financial debts and accounts payable. Non-derivative financial instruments are initially recorded at fair value. In the initial measurement, fair value is equal to the transaction price, i.e. the consideration paid or received.

After the initial approach, non-derivative financial instruments are valued at their fair value or at amortized cost using the continuing involvement method, depending on the category to which they belong.

As a matter of principle, loans and receivables that are not held for trading purposes are carried at amortized cost minus write-downs. Write-downs are carried out when objective indications for doing so arise. Indications for write-downs can exist when there is evidence that a debtor or a group of debtors are experiencing significant financial difficulties, when interest payments or loan repayments are either not forthcoming or are late, when bankruptcy is probable, and when observed data points to a measurable reduction in expected future cash flows, such as changes to provisions and economic conditions which are correlated to shortages. With respect to the Manz Group, this category primarily covers all accounts receivable and other receivables.

Available-for-sale financial assets are measured at fair value. With respect to the Manz Group, this category primarily covers securities. The difference between acquisition costs and fair value is charged directly to equity under consideration of deferred taxes and is recorded as a transfer to the valuation reserves from the market appraisal of securities. If fair value is continuously or significantly lower than the carrying value, the write-down is reported in the income statement. With regard to securities, the fair value is usually a market price.

Assets held for trading purposes are measured at fair value. The Manz Group does not hold any of these non-derivative financial instruments. Held-to-maturity investments are measured at amortized cost using the continuing involvement method. Profit or loss resulting from subsequent measurements are included in the income statement. The Manz Group does not hold any of these non-derivative financial instruments.

In subsequent measurements, financial liabilities are valued at their continuing involvement costs under application of the effective interest method.

Derivative financial instruments

Manz AG only uses derivative financial instruments to hedge against the currency risks resulting from its operations.

According to IAS 39, derivative financial instruments are carried at fair value upon initial recognition as well as in subsequent measurements. The fair values of traded derivative financial instruments correspond to their market prices. Non-traded derivative financial instruments are calculated using recognized valuation models based on discounted cash flow analyses and using current market parameters.

The decisive factor in recording changes in fair values – both those included in the income statement and those recorded directly to equity – is whether the derivative financial instrument is included in an effective hedging relationship as set forth in IAS 39. If hedge accounting is not applicable, the changes in fair value of the derivative financial instruments are immediately included in the income statement. If an effective hedging relationship does exist in accordance with IAS 39, the hedging relationship is recorded as such.

Manz complies with the provisions of hedge accounting as set forth in IAS 39 to secure future cash flows [cash flow hedges]. In this regard, at the start of the hedging relationship the relationship between the underlying transaction and the hedge are documented, including the risk management objectives. In addition, the effectiveness of the designated hedging instrument in the hedging relationship is documented with regard to compensation for changes in the cash flows of the hedged item, both at the inception of a hedge and over the course of the relationship.

The effective portion of the change in fair value of a derivative or non-derivative financial instrument which has been designated as a hedge is recorded to equity as valuation reserves from cash flow hedges, after deduction of deferred taxes. The gains or losses as a result of the ineffective portion is immediately included in the income statement under “other operating income” or “other operating expenses.”

Any gain or loss on the hedging instrument that was previously recognized directly in equity is “recycled” into profit or loss in the same period[s] in which the financial asset or liability affects profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gains and losses deferred in equity up until that point must be taken to the income statement immediately.

On the reporting date December 31, 2009, there are no derivative financial instruments, since the company does not have any significant outstanding foreign currency positions, and no transactions in foreign currency are planned.

Securities

Shares in exchange-traded, primarily short-term investment funds, fixed-interest securities and stocks that have a remaining life of more than three months but less than a year are recorded as current securities. The securities are all, without exception, in the available-for-sale category, and are carried at their fair values. In the initial valuation, transaction costs are taken into account that can be directly attributed to the acquisition of the financial asset; the initial valuation is carried out on the date of fulfillment. Unrealized gains and losses are recorded under revenue reserves under consideration of deferred taxes. The gains or losses are included in the income statement when they are sold. If there are major objective indicators suggesting that an asset should be written-down, it is amortized and recognized on the income statement.

Liquid assets

Liquid assets comprise cash and cash equivalents in the form of cash accounts and current investments held at banking institutions which have a remaining term under three months when they are received. They are measured at amortized cost using the continuing involvement method.

Share-based compensation

As a payment for the services they have performed, 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 implemented in the 2008 fiscal year. The costs incurred from granting shares are determined based on the fair value of these equity instruments on the date they are granted. Fair value is determined by applying an appropriate valuation model (for more details see Section 9)

The expenditures and the corresponding increase in equity resulting from granting equity instruments are recorded over the period of time in which the performance targets must be met [vesting period]. This period ends on the day of the first opportunity to exercise these options, i.e. the point in time when the respective employee has an irrevocable right to the options. The cumulative expenditures resulting from granting equity instruments which are recorded on each reporting date until the first opportunity to exercise these options reflect the portion of the vesting period which has already lapsed as well as the number of equity instruments which are actually exercisable after the vesting period ends based on the best possible estimates by the company. The gains or losses recorded on the balance sheet for that period correspond to the cumulative expenditures at the beginning and at the end of the reporting period.

No expenditures are recorded for options that are not yet exercisable. This excludes payment options that can only be exercised if certain market conditions are fulfilled. These options are regarded as exercisable regardless of whether the market conditions are fulfilled as long as all other performance targets have been met.

If the terms of a salary agreement are changed so that compensation is offset with equity instruments, expenditures are recorded at least at the level they would have been had the contractual terms not been changed. Furthermore, our company records the effect of changes that increase the total fair value of sharebased salary agreements or are those that have another benefit for the employee, measured at the time the change occurs.

If a salary agreement in which payment is offset by equity instruments is rescinded, they will be treated as though they were exercised on the day the agreement was rescinded. The expenditures not recorded up until that point are immediately recorded. This applies to all compensation agreements when non-exercising conditions are not fulfilled over which neither the company nor the other party have control. However, if the rescinded compensation agreement is replaced with a new compensation agreement and the new compensation agreement is declared as a replacement for the rescinded compensation agreement on the day it is granted, the rescinded and new compensation agreement will be recorded like a change to the original compensation agreement [compare to the section above].

The diluting effect of outstanding share options is taken into account as an additional dilution when calculating diluted earnings per share [for more information see note 12].

Own shares

If the company purchases its own shares, these are carried at their acquisition cost and deducted from equity. The purchase, sale, and issue or redemption of own shares are not recognized as income or expenses.

Deferred investment subsidies

Investment subsidies received are deferred according to IAS 20 [Accounting for Government Grants and Disclosure of Government Assistance] and are written-off over the useful life of the respective assets. As a result, this item is distributed over the useful lives of the subsidized assets, which successively increases earnings in future fiscal years. This earnings increase is offset by a corresponding amortization expenditure which cancels each other out in the balance.

Deferred taxes

Deferred taxes are formed on all temporary differences between the valuations in the tax balance sheet and the consolidated balance sheet. Deferred taxes are capitalized for losses carried forward if it is assumed that it will be possible to use these.

When measuring deferred taxes, the tax rates on the date of realization are used that apply or are expected based on the current legal situation in the individual countries. Deferred taxes that correspond with items listed directly under equity are recorded in equity. Active and passive deferred taxes are offset against each other when the company would have an enforceable claim to offsetting actual claims to tax refunds against actual tax debt and these claims apply to taxes on earnings from the same taxable entity and levied by the same tax authority.

Provisions for pensions

Provisions for pensions are calculated based on the projected unit credit method according to IAS 19. In this process, future increases in salaries and pensions are taken into account as well as pensions and entitlement benefits known on the balance sheet date. If pension obligations are covered by plan assets, the balanced amount is disclosed.

Calculations are based on actuarial surveys under consideration of biometric information. Actuarial gains and losses are included in the income statement when the actuarial gains and losses not recognized at the start of the year exceed ten percent of the higher projected unit credit and the plan assets [corridor method]. Past service cost is carried under personnel expenses, interest on the addition to provisions is carried under the financial result. The interest rate used for the discount of reserves is set according to the rate of return of longterm, first-class corporate bonds on the reporting date.

Other provisions

Other provisions are set aside if there is a current legal or de facto obligation to third parties that will presumably lead to a future outflow of resources and if these resources can be estimated reliably. Provisions for warranties are set aside under consideration of the previous or estimated future claim history.

Income and expenses

As a matter of principle, revenues are recorded on the date on which the products or merchandise are delivered or the service was performed and the risk is passed to the customer. Revenues are reduced by discounts, customer bonuses, and rebates. In the case of long-term construction contracts, revenues are recorded according to the percentage of completion.

Production-related expenses are recorded upon receipt or when the service is used; all other expenses are recorded as expenses when they are incurred. This also applies to non-capitalizable development costs. Provisions for warranties are set aside when the products are sold. Interest and other borrowing costs are booked as expenses for the period.

Expenses for capital increases

Expenses incurred within the scope of capital increases are carried directly to equity in accordance with IAS 32, less all associated income tax benefits.

Contingent liabilities

Contingent liabilities represent possible obligations to third parties that result from past events and whose existence still has to be confirmed by the occurrence or non-occurrence of one or several uncertain future events that are not fully within the Manz Group's control. Furthermore, contingent liabilities can result from a current obligation that was caused by past events but are not accounted for since an outflow of resources is not probable or the amount of the obligation cannot be reliably estimated.

Data from the previous year

In order for the data to be compared more easily, some data from the previous year has been changed to match the current method of presentation. This pertains to reclassifications of current provisions. In this context, as of this reporting year personnel-related provisions such as those for remaining vacation time, overtime hours, profit participation, and bonuses are now disclosed under other liabilities, and open invoices and compensation paid to the Supervisory Board under accounts payable. For more information, also see Section 31.

Management estimations and assessments

In order to prepare the company's annual reports, assumptions and estimates must made that have an effect on the inclusion, measurement, and accounting of assets, debts, revenues, expenditures, contingent assets, and contingent liabilities. The essential issues affected by these types of discretionary decisions and estimates are related to the liquidability of receivables, the assessment of the level of completion of long-term production contracts, assumptions regarding future cash flows of cash-generating units and development projects, and the accounting and measuring of provisions. The values which actually occur can differ from the estimates in individual cases. The carrying values of the assets and debts affected by the estimates are listed in the breakdown of the individual balance sheet items.

The assumptions and estimates are based on all the information available at the time they were made. In particular, both the current situation at the time the annual reports are drawn up as well as realistic presumptions regarding future global and industry-wide trends are used as the basis for estimating future company performance. Due to the current crisis in both the financial and business markets, the assumptions and estimates are currently exposed to a high level of uncertainty. Due to trends in the general business environment which cannot be controlled by the Managing Board and may differ from the assumptions made, the company's actual performance can differ from the estimate values originally expected. If actual performance does differ from that which is expected, the assumptions and, if necessary, the carrying values of the assets and debts in question will be adjusted accordingly.

The Managing Board's estimates and assessments were based on assumptions that are explained in the outlook report.

Changes to accounting regulations

a) Regulations applied for the first time

„IAS 1 "Presentation of Financial Statements" _ In September 2007, the IASB issued IAS Standard 1, "Presentation of Financial Statements." The revised standard calls for separate disclosure of changes in equity which result from transactions with owners in their capacity as owners, and other changes in equity. Thus, the Statement of Changes in Equity covers details of business transactions with owners, while other changes in equity are disclosed in the form of a reconciliation statement for individual equity components. In addition, the standard has introduced a Statement of Comprehensive Income which includes all income and expense items not included in the profit and loss statement, as well as all items recognized outside profit or loss recorded in equity. Companies have the option of disclosing one Statement of Comprehensive Income, or a Statement of Comprehensive Income and a separate Income Statement. The Manz Group has decided to use the two-statement approach.

„IFRS 8 "Operating Segments" _ In November 2006, the IASB published IAS Standard 8, "Operating Segments," which supersedes the previously existing IAS 14, "Segment Reporting." Manz began applying IFRS 8 at the start of the 2009 fiscal year. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. In general, financial information must be reported which is used by an entity's decision makers to assess each operating segment's performance and decide how the company's resources are to be allocated among the operating segments. Based on our assessment, the segments we have identified pursuant to IFRS 8 correspond to the same segments previously identified pursuant to IAS 14.

„IFRS 7 "Financial Instruments: Disclosures" _ In March 2009, the IASB issued an amendment to IFRS 7. The amended standard requires additional disclosures regarding fair value measurements and liquidity risks. The amendment calls for a quantitative analysis of fair value measurements on the basis of a three-level hierarchy for each class of financial instrument that is recorded at fair value. In addition, in case of valuations of fair value using level 3 inputs, a reconciliation is required between the opening and closing balance as well as disclosure of significant reclassifications between level 1 and level 2 of the fair value hierarchy. The amendment also clarifies the disclosure requirements for liquidity risks from transactions that apply to derivates, and those that apply to assets used for the purposes of liquidity management. Manz began applying the changes at the start of the 2009 fiscal year. They did not have any significant effect on Manz's consolidated financial statements.

The IASB also issued further statements outlining changes that Manz was required to comply with beginning in the 2009 fiscal year. The implemented changes did not have any significant effect on Manz's consolidated financial statements.

b) Newly issued and EU-accepted regulations that were not applied ahead of schedule

The following amendments to accounting standards were issued by the IASB and must be applied to fiscal years beginning on or after January 1, 2010.

IFRS 3 "Business Combinations (IFRS 3 (2008))" _ In IFRS 3 (2008), the application of the acquisition method when accounting for business combinations was revised. The most important revisions affect the measurement of non-controlling interests (NCI), accounting for step acquisitions, and the treatment of contingent consideration and acquisition costs. According to the revision, NCI can either be measured at fair value (called the full goodwill method) or at the NCI's proportionate share of net assets of the acquiree. In step acquisitions, the fair values of the acquired entity's assets and liabilities, including goodwill, are remeasured on the date that control is obtained. In the future, any changes to contingent consideration which were declared as liabilities on the date of acquisition must be recognized in profit and loss. Acquisition costs are recorded as expenses on the date they occur. Manz will apply IFRS 3 (2008) beginning in the 2010 fiscal year.

IAS 27 "Consolidated and Separate Financial Statements according to IFRS (IAS 27 (2008))" _ The most important changes to IAS 27 (2008) affect accounting for partial disposals of an investment in a subsidiary while control is retained as well as similar transactions that result in a loss of control. Transactions which do not lead to a loss of control are accounted for as an equity transaction with owners, and gain or loss is not recognized. Loss of control triggers remeasurement of the residual holding to fair value. In case of non-controlling interests, recording negative balances is allowed, i.e. in the future, losses will be attributed in the full amount proportional to the interest held. Manz will apply IFRS 27 (2008) beginning in the 2010 fiscal year.

c) Issued standards which have not yet been adopted by the EU and have not yet been applied

IFRS 9 "Financial Instruments" _ In November 2009, the IASB issued IFRS 9, "Financial Instruments," within the scope of a project to revise the accounting standards applied to financial instruments. The new standard introduces new requirements for classifying and measuring financial assets. The requirements will take effect retrospectively for fiscal years that begin on or after January 1, 2013. Early adoption is permitted. The Manz Group will not apply IFRS 9 early for the 2010 fiscal year. We will study its effects on our consolidated financial statements.

The IASB also issued several other statements. The Manz Group is still evaluating the possible effects of these statements and amendments on our consolidated financial statements. We do not anticipate these standards having a significant effect on the Group's net assets, financial position, results of operations, or cash flow.

III. Notes to the consolidated income statement //

(1) Revenues

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

Our total revenue includes revenue from construction contracts totaling 74,367,000 euros (previous year: 214,409,000 euros).

(2) Internally produced and capitalized assets

In fiscal year 2009, development costs were capitalized particularly from the following projects :

systems.solar _
- > Development activities related to the metallization process
- > Development and optimization of laser-edge deletion and laser-edge isolation
- > Development of an IPE 300 wet bench prototype
- > Advancements to the laser-scribing process in the field of thin-film technology (tfs)
- > Developments in the field of TCO texturing for glass substrates
- > Development of a cassette robot for the tfs segment
- > Advancements to our cell tester and loading module

systems.lcd _
- > Advancements in the area of LCD handling

systems.aico _
- > Development activities related to our new area of operations, lithium-ion batteries

(3) Other operating income

	2009 EUR tsd	2008 EUR tsd
Exchange gains	4,647	3,443
Income from changes of provisions	1,779	371
Profit on asset disposal	34	78
Subsidies	232	122
Changes to provisions on accounts receivable	1,981	0
Investment grants	98	0
Other	742	741
	9,513	**4,755**

(4) Purchases

	2009 EUR tsd	2008 EUR tsd
Cost of raw materials and supplies and for purchased goods	55,254	84,380
Cost of third-party services	5,105	46,007
	60,359	**130,387**

(5) Personnel costs

	2009 EUR tsd	2008 EUR tsd
Wages and salaries	30,659	35,350
Social security contributions and benefits	6,651	6,381
	37,310	**41,731**
Average annual number of employees		
Manufacturing	755	782
Business/technical areas	591	604
Trainees	20	13
	1,366	**1,399**

(6) Other operating expenses

	2009 EUR tsd	2008 EUR tsd
Outgoing freights, packaging	1,184	3,781
Advertising and travel expenses	2,267	3,563
Commissions	1,462	911
Rent and leasing	4,524	3,341
Legal and consulting costs	964	1,158
Insurance	528	469
Exchange rate losses	1,640	8,134
Appropriation to other reserves [primarily reworking, warranty, and loss-making contracts]	2,143	2,020
Repairs and maintenance	275	416
Changes to the value of receivables	16	3,460
Miscellaneous	6,937	6,116
	21,940	**33,369**

(7) Financial income

	2009 EUR tsd	2008 EUR tsd
Interest and similar income		
Interest on deposits [restricted cash and the like]	414	786
Income from securities	467	774
Earnings from the disposal of securities	2,720	397
	3,601	**1,957**

(8) Financial expenses

	2009 EUR tsd	2008 EUR tsd
Interest and similar expenses		
Non-current liabilities	163	294
Current liabilities	271	1,299
Interest component of pension provisions	217	212
Other interest expenses	9	30
Losses from the disposal of securities	0	258
	660	**2,093**

(9) Share-based payments

Performance share plan _ Our company established a performance share plan for members of the Managing Board and other eligible employees in fiscal year 2008. Share options are granted with a vesting period of three years and a maximum total duration of six years. After the vesting period has expired, the recipient has the right to purchase a Manz share at a price of 1.00 euro. Share options are forfeited when the employee resigns or is terminated. The owner of the share options does not have a right to dividends during the vesting period. Manz AG can use newly issued shares, shares it already owns, or a cash payment to satisfy its obligation stemming from the share options. The type of compensation used is determined by the Managing and Supervisory Boards.

The share options will be issued at the discretion of the Managing Board with the approval of the Supervisory Board, or in cases of members of the Managing Board, at the discretion of the Supervisory Board, in yearly tranches within a period of three months after the company's General Meeting.

The number of total shares to be issued is based on the number of employees entitled to shares per tranche, on the level that the performance targets have been reached [success factor], and on the holding period of the options [loyalty factor]. The success factor is based on the company's respective EBIT margin in the annual report for the individual tranches. The loyalty factor is determined by the holding period of the options and can increase to a maximum factor of 2.00 if the options are first exercised in the 6th calendar year after receiving the share options.

In the 2009 fiscal year, our company granted 14 (previous year: 16) employees and members of the Managing Board 6,665 (previous year: 2,388) shares/rights to shares. 3,320 of these were granted to the Managing Board (previous year: 1,092).

The following chart shows the changes to the share options with the respective weighted average fair values for each share promised on the date of issue:

	Number of share options	Weighted average fair value on the date of issue EUR
Balance at the beginning of the year [not vested]	2,388	212.69
Issued in the reporting period	6,665	92.35
Balance at the end of the year [not vested]	**9,053**	

Awarded shares are accounted for pursuant to IFRS 2 using the shares' fair value on the date they are granted, and are recorded under personnel expenses as well as a corresponding equity increase (capital reserve). In the 2009 fiscal year, fair value measurement was carried out using the Black-Scholes model. In the 2008 fiscal year, fair value was calculated as the difference between the market price of Manz's stock and the cash value of the expected dividend during the vesting period. Using the Black-Scholes model in fiscal year 2008 would not have led to any significant changes in fair value.

Fair value measurement in 2009 was carried out using the following underlying parameters:

Exercise price	EUR 1.00
Risk-free annual interest rate	1.88%
Volatility	84.75%
Expected dividend	EUR 0.00
Fair value of each awarded share	EUR 92.35

The fair value of all shares awarded in the reporting period totals 598,000 euros (previous year: 508,000 euros). Expenses totaling 104,000 euros (previous year: 63,000 euros) were incurred in the reporting period as a result of the Performance Share Plan, and are disclosed under personnel expenditures.

(10) Income taxes

Income taxes include both actual and deferred income taxes from temporary differences and existing tax loss carry-forward.

Income taxes comprise the following:

	2009 EUR tsd	2008 EUR tsd
Actual tax expense		
Current period	125	3,863
Previous period	52	169
Deferred tax expense/revenue [–] from temporary differences	–1,933	3,275
Deferred tax expense/revenue [–] from tax loss carry-forward	–1,520	8
	–3,276	**7,315**

The current income tax expense is calculated using the tax rates effective at the end of the reporting period. When calculating deferred taxes, a domestic tax rate of 28.08% is applied.

Income tax income in the reporting period totaling 3,276,000 euros (previous year: expense of 7,315,000 euros) is derived as follows from an "expected" income tax expense which would have resulted when applying the statutory income tax rate of the parent company to earnings before income taxes:

	2009 EUR tsd	2008 EUR tsd
Earnings before income taxes	−12,984	28,489
Manz Automation AG's income tax rate	28.08%	28.08%
Expected income tax expense	**−3,646**	**8,000**
International tax rate differences	186	−518
Differing tax assessment basis	141	36
Taxes for previous years	52	169
Tax credits	0	−310
Effects of changes to the tax rate [corporate tax reform 2008]	−81	0
Other	72	−62
Declared income tax expense	**−3,276**	**7,315**
Effective tax charge	**25.23%**	**25.68%**

The following table shows deferred taxes on the assets and liabilities side as they apply to individual balance sheet items:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Intangible assets	0	0	2,866	1,975
Tangible assets	8	0	96	0
Inventories	1,033	4,007	192	0
Receivables	453	671	2,244	8,541
Derivative financial instruments	0	53	0	754
Securities	13	11	53	52
Provisions for pensions	194	183	0	0
Accounts payable	130	201	0	295
Provisions	13	0	0	0
Tax loss carry-forward	1,547	27	0	0
Gross value	**3,391**	**5,153**	**5,451**	**11,617**
Net balance	−930	−4,098	−930	−4,098
Total [consolidated balance sheet]	**2,461**	**1,055**	**4,521**	**7,519**

Deferred taxes from derivative financial instruments (cash flow hedges) and the market valuation of securities totaling 40,000 euros (previous year: 742,000 euros) was offset against revenue reserves. In the 2008 fiscal year, the share of income taxes from expenditures related to the stock offering totaling 1,140,000 euros in equity was offset against capital reserves.

Deferred taxes are only carried for tax loss carry-forwards if it is sufficiently certain that these will be realized. The Managing Board believes that this is permanently the case, as the business plans, which are updated on an ongoing basis, and the Group's underlying strategic orientation mean that sufficient positive future earnings can be expected. As a result, the value of the deferred tax assets has not been adjusted.

Tax loss carry-forwards totaled 1,547,000 euros (previous year: 167,000 euros) at the end of the reporting period, and can be carried forward indefinitely. Of this total, Germany accounts for 1,289,000 euros (previous year: 0 euros) and Hungary for 249,000 euros (previous year: 27,000 euros). In addition, other countries account for tax loss carry-forwards totaling 9,000 euros.

(11) Share of profits from minority interests

The minority shareholders' share of earnings is comprised of earnings attributed to non-controlling interests totaling – 67,000 euros (previous year: 794,000 euros) These are from non-controlling interests held by Manz Intech Machines, Manz Slovakia, and Manz India.

(12) Earnings per share

The undiluted earnings per share is calculated by dividing the Manz Automation AG shareholders' share of earnings and the weighted average number of shares outstanding during the fiscal year. Earnings per share can become diluted as a result of potential shares outstanding. These include share options, when these options cause shares to be issued at a value under the average market price of the share. Earnings per share became diluted as a result of share options granted within the scope of the performance plan [see section 9].

Earnings per share were calculated according to IAS 33.

		2009	2008
The portion of Group earnings assigned to shareholders	EUR	–9,641,290	20,380,974
Weighted average number of shares outstanding	Number	4,479,100	4,041,079
Effect of share-based payments	Number	9,154	2,511
Weighted average number of shares outstanding [diluted]	Number	**4,488,254**	**4,043,590**
Earnings per share [diluted = undiluted]	EUR	-2.15	5.04

IV. Notes to the segment reporting //

The introduction of IFRS 8 did not lead to any changes in structure for the purposes of segment reporting. The Manz Group's operations remain divided into the four divisions systems.solar, systems.lcd, systems.aico und Others.

Activities in the systems.solar division range from automation solutions for the production of solar cells to system solutions for quality control and sorting of solar cells.

The systems.lcd segment manufactures end-to-end lines for handling sensitive products in cleanroom conditions. The main focus here is on substrate handling for the production of LCD flat-screen displays.

The systems.aico segment deals with handling small parts during the manufacture of carbide parts as well as the sales of robotics and control systems. Our new area of activity, lithium-ion batteries, has also been a part of this division since the 2009 fiscal year.

The "Other" division was created in the 2008 fiscal year as a result of the acquisitions we carried out. This division is primarily comprised of Manz Intech Machines Co. Ltd's business of wet chemical processing equipment for the PCB industry, as well as the acquired Christian Majer GmbH & Co. KG's (now: Manz Automation Tübingen GmbH) business of manufacturing machines for processing paper, film, and packaging materials.

The primary factor used to evaluate and control a segment's operations and earning position is its EBIT.

The segment reports present the income, earnings, assets, and liabilities of the Group's individual segments. With the exception of the Administrative/Other segment, there are only marginal delivery and service relationships between the individual segments. The delivery and service relationships within segments are consolidated. The exchange of services between the segments is carried out at prices as they would have been determined in arm's length transactions.

Of our total revenues in the 2009 fiscal year, one client was responsible for 21,631,000 euros in revenue, which is allocated to the systems.solar division.

V. Notes to the consolidated statement of cash flows //

(13) Notes to the statement of cash flows

The statement of cash flows shows how the Manz Group's cash and cash equivalents have changed over the course of the year in review as a result of cash inflows and outflows. In accordance with IAS 7 [Statement of Cash Flows], cash flows are broken down into operating activities, investing activities, and financing activities. The effects of changes to the basis of consolidation and exchange rates are eliminated in the individual items. Changes to liquid assets as a result of exchange rate changes are listed separately.

The cash and cash equivalents in the statement of cash flows include all of the cash and cash equivalents carried on the balance sheet, which comprises cash balances, bank balances, and securities that can be liquidated rapidly with a term of up to three months, and whose value fluctuates minimally.

Cash flows from investing and financing activities are shown using the direct method. The inflows and outflows from investing activities from ongoing business include additions to intangible assets as well as additions to property, plant, and equipment as well as changes to the amount of funds in securities. Payments made for the purchase of subsidiary companies are reduced by the amount of liquid assets acquired. Financing activities include cash outflows from the repayment of loans as well as cash inflows from increases to equity capital and the issue of other financial liabilities.

In contrast, the cash inflows and outflows from operations are indirectly derived from earnings after taxes. In this regard, earnings after taxes are adjusted for non-cash expenses, primarily comprising amortizations and changes in provisions, as well as non-cash expenses and income, and amended to include the change in operating assets and liabilities.

The cash inflows and outflows from operations include:

	2009 EUR tsd	2008 EUR tsd
Interest paid	– 443	– 1,609
Interest received	881	1,458
Income tax paid	– 195	– 703
Income tax refunded	0	1,061

Investing and financing activities which did not cause a change in cash and cash equivalents are not included in the cash flow statement.

VI. Notes to the consolidated balance sheet //

(14) Intangible assets

	Licences, software and similar rights	Capitalized development costs	Goodwill	Advance payments made	Total
	EUR tsd	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Acquisition costs					
Status Jan. 1, 2008	1,068	6,766	30	0	7,864
Currency adjustments	39	0	0	0	39
Changes to the basis of consolidation	11,548	64	21,883	0	33,495
Inflows	628	3,872	0	2,841	7,341
Status Dec. 31, 2008	**13,283**	**10,702**	**21,913**	**2,841**	**48,739**
Amortizations					
Status Jan. 1, 2008	635	1,399	0	0	2,034
Currency adjustments	15	0	0	0	15
Inflows	1,102	2,730	0	0	3,832
Status Dec. 31, 2008	**1,752**	**4,129**	**0**	**0**	**5,881**
Acquisition costs					
Status Jan. 1, 2009	13,283	10,702	21,913	2,841	48,739
Currency adjustments	442	3	19	0	464
Inflows	2,304	6,204	0	323	8,831
Disposals	–12	0	0	0	-12
Reclassifications	2,356	0	0	-2,840	-484
Status Dec. 31, 2009	**18,373**	**16,909**	**21,932**	**324**	**57,538**
Amortizations					
Status Jan. 1, 2009	1,752	4,129	0	0	5,881
Currency adjustments	28	0	0	0	28
Inflows	2,322	2,307	0	0	4,629
Disposals	-12	0	0	0	-12
Status Dec. 31, 2009	**4,090**	**6,436**	**0**	**0**	**10,526**
Residual value Dec. 31, 2008	11,531	6,573	21,913	2,841	42,858
Residual value Dec. 31, 2009	**14,283**	**10,473**	**21,932**	**324**	**47,012**

Goodwill

The goodwill values as well as intangible assets with an undetermined useful life (trademark rights) stem from the individual segments as follows:

	Goodwill		Trademark rights	
	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
systems.solar	11,197	11,187	1,320	1,317
systems.lcd	6,060	6,050	1,320	1,317
systems.aico	2,488	2,488	0	0
Other	2,188	2,188	660	659
	21,932	**21,913**	**3,300**	**3,293**

A cash-generating unit to which goodwill has been allocated shall be tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the value in use of the unit. The value in use is determined using the discounted cash flow method. The current three-year plans for the respective division will be used as the source of information.

Expected market trends in relation to trends within the Manz Group, changes to crucial manufacturing and miscellaneous costs, as well the discount factor are the primary factors which form the basis for planning. General market forecasts, current trends, and historic experience are all used to form assumptions.

Cash flows are predicted individually based on revenue and cost planning for each division that has goodwill attributed to it. Growth rates were fixed at values between 1.0% and 2.0%. The pre-tax discount rate used for discounting purposes (weighted average cost of capital (WACC)) totaled 17.6% (previous year: 11.3%). In this context, the cost of equity in the reporting year was calculated on the basis of a comparable group (peer group). The cost of debt was derived from Manz AG's refinancing costs.

The cost of equity and debt figures calculated in this way were weighted on the basis of the peer group's average capital structure. A tax rate of 30% was selected, which corresponds to the peer group's expected average tax rate.

Goodwill is considered impaired when the carrying amount of a division exceeds its value in use. For the 2008 and 2009 fiscal years, we did not need to write-down balance sheet goodwill or intangible assets with an indefinite useful life as a result of impairment.

A WACC that is higher by 1% and a calculation without assumed growth in perpetuity does not influence the intrinsic value of the goodwill. A subsequent additional reduction of the EBIT margin of 10% over the entire planning period would have led to a value reduction in the amount of 1.0 million euros in goodwill in the segment Others.

Of total research and development costs incurred in the 2009 fiscal year, 6,204,000 euros (previous year: 3,871,000 euros) fulfilled the criteria for capitalization based on IFRS.

The following amounts were balanced in the income statement:

	2009 EUR tsd	2008 EUR tsd
Research costs and development costs	– 12,136	– 10,335
Write-offs on development costs	– 2,307	– 2,730
Capitalized development costs	6,204	3,871
Research and development costs balanced in the income statement	**– 8,239**	**– 9,194**

(15) Property, plant, and equipment

	Properties and buildings	Technical equipment and machines	Other equipment factory, and office equipment	Advance payments made	Total
	EUR tsd	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Acquisition costs					
Status Jan. 1, 2008	711	1,642	2,494	290	5,137
Currency adjustments	– 5	1	134	– 1	129
Changes to the basis of consolidation	7,328	1,721	1,578	85	10,712
Inflows	131	2,576	1,943	147	4,797
Outflows	– 183	– 891	– 168	– 278	– 1,520
Status Dec. 31, 2008	**7,982**	**5,049**	**5,981**	**243**	**19,255**
Amortizations					
Status Jan. 1, 2008	43	569	1,538	0	2,150
Currency adjustments	4	– 7	61	0	58
Inflows	177	615	870	0	1,662
Outflows	– 27	– 627	-108	0	– 762
Status Dec. 31, 2008	**197**	**550**	**2,361**	**0**	**3,108**
Acquisition costs					
Status Jan. 1, 2009	7,982	5,049	5,981	243	19,255
Currency adjustments	14	– 94	– 75	– 55	– 210
Inflows	688	510	1,141	126	2,465
Outflows	0	– 280	-660	– 2	– 942
Reclassifications	47	– 136	620	– 47	484
Status Dec. 31, 2009	**8,731**	**5,049**	**7,007**	**265**	**21,052**
Amortizations					
Status Jan. 1, 2009	197	550	2,361	0	3,108
Currency adjustments	– 3	8	– 5	0	0
Inflows	264	789	1,206	0	2,259
Outflows	0	– 277	-646	0	– 923
Reclassifications	**– 4**	**– 25**	**29**		
Status Dec. 31, 2009	**454**	**1,045**	**2,945**	**0**	**4,444**
Residual value Dec. 31, 2008	7,785	4,499	3,620	243	16,147
Residual value Dec. 31, 2009	**8,277**	**4,004**	**4,062**	**265**	**16,608**

Properties and buildings belonging to Manz Intech Machines Taiwan with a carrying value of 6,874,000 euros (previous year: 7,023,000 euros) serve as collateral for bank loans.

(16) Equity-accounted financial investments

Manz Automation AG holds a 24.0% interest in Axystems Ltd., Israel. This company's business activities are comprised of developing and manufacturing control systems. In the consolidated financial statements, Axystems was accounted for as an associate using the equity method pursuant to IAS 28, since our company has the ability to exert significant influence. The share of losses attributed to Manz AG in the reporting year totaled 12,000 euros (in the previous year Manz's share of profits totaled 24,000 euros).

The following table contains an overview of financial information on our financial investments accounted for using the equity method:

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Proportionate assets	181	249
Proportionate liabilities	82	94
Proportionate revenues	343	484
Proportionate annual profit	– 12	24
Carrying value of the interest	**301**	**313**

(17) Inventories

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Raw materials and supplies	12,570	13,602
Work in progress, unfinished services	15,776	12,165
Finished goods, merchandise	879	4,518
Advance payments made	594	2,749
	29,819	**33,034**

We carried out write-downs on inventories as a result of market and mobility risks totaling 4,369,000 euros (previous year: 3,319,000 euros). The allocation to write-downs in the reporting year totaling 1,050,000 euros (previous year: 1,678,000 euros) were recognized in profit and loss under material expenditures.

(18) Accounts receivable

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Future receivables from construction contracts	13,469	29,658
Accounts receivable	26,097	71,694
	39,566	101,352

Future receivables from non-current construction orders, accounted for according to their percentage of completion, are determined as follows:

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Manufacturing costs including profit/loss on construction contracts	32,921	50,462
minus advance payments received	–19,452	–20,804
	13,469	**29,658**
Provisions for specific doubtful debts	2,223	4,155
General provisions for doubtful debts	722	918
	2,945	**5,073**

The provisions changed as follows:

	2009 EUR tsd	2008 EUR tsd
Status Jan. 1	5,073	82
Changes to the basis of consolidation	0	1,714
Currency Conversion	4	0
Consumption	65	181
Dissolution	2,148	2
Inflows	81	3,460
Status Dec. 31	**2,945**	**5,073**

In the 2009 fiscal year, receivables totaling 65,000 euros (previous year: 0 euros) were deleted from the accounts. In the previous year, write-downs had already been carried out totaling 65,000 euros (previous year: 0 euros).

Write-downs are not required for future receivables from construction contracts. The write-downs are deducted directly from the receivables.

(19) Derivative financial instruments

At the end of the reporting period, the following currency futures, currency options, and currency swaps were used within the scope of hedge accounting to hedge against risk from expected income in US dollars during the following fiscal year:

		Dec, 31, 2009		Dec, 31, 2008
Assets	**Nominal values EUR tsd**	**Market values EUR tsd**	**Nominal values EUR tsd**	**Market values EUR tsd**
Cashflow hedges				
Forward exchange contracts	0	0	33,231	1,927
Currency options	0	0	11,387	87
Currency swaps	0	0	8,809	671
	0	**0**	**53,427**	**2,685**

		Dec, 31, 2009		Dec, 31, 2008
Liabilities	**Nominal values EUR tsd**	**Market values EUR tsd**	**Nominal values EUR tsd**	**Market values EUR tsd**
Cashflow hedges				
Forward exchange contracts	0	0	14,757	155
Foreign exchange options	0	0	1,957	33
	0	**0**	**16,714**	**188**

Total volume is equal to the sum of all purchase and sale amounts of derivative financial transactions. The market values result from measuring the outstanding positions at market prices without taking opposing performance in the underlying transactions into account.

No gains or losses were allocated to revenue reserves during the fiscal year. In the previous year, 2,497,000 euros from ongoing cash flow hedges, minus deferred taxes totaling 696,000 euros, was allocated to revenue reserves and not recognized in profit and loss. In the 2009 fiscal year, net profits totaling 1,801,000 euros (2008: 323,000 euros) were reclassified from equity to revenues.

As a consequence of scheduling postponements or order cancellations in the underlying transactions, in the cash flow hedges profits (+)/losses (–) amounted to 2,586,000 euros (previous year: –7,498,000 euros) due to ineffectiveness in the fiscal year 2009. Capital gains are recorded in other operating income, and capital losses are recorded in other operating expenses.

(20) Other current receivables

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Tax receivables [not taxes on income or earnings]	321	854
Receivables – personnel	75	119
Accrued interest	180	483
Other miscellaneous deferred expense [mainly insurances]	566	458
Miscellaneous	792	1,020
	1,934	**2,934**

Other current receivables are neither past due nor written down.

(21) Securities

The securities we hold are exchange-traded, predominantly short-term shares in investment funds as well as investment bonds, and they are classified under "available-for-sale financial assets."

(22) Liquid assets

Our liquid assets are cash and cash equivalents in the form of bank and cash accounts and short-term financial investments at credit institutes whose maturity is up to three months from the date of entry. They are accounted for using the historic cost method.

(23) Equity

Changes to the Group's individual equity items are detailed separately in the "Consolidated Statement of Changes to Equity" (Appendix 5).

Subscribed share capital _ The share capital of the parent company Manz Automation AG is disclosed as subscribed share capital.

Remaining unchanged from last year, share capital is still valued at 4,480,054.00 euros and still comprised of 4,480,054 registered, common, no-par shares. The face value of a no-par share is equal to 1.00 euro.

Authorized capital _ In a resolution passed at the annual general meeting, the Managing Board was authorized, with Supervisory Board approval, to increase the company's share capital by 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 registered, common, no-par shares. Authorized capital will

be made available for the purpose of raising capital in return for cash or assets, and will replace the existing authorized capital, the bulk of which was used by the Managing Board in the 2007 and 2008 fiscal years.

Contingent capital I _ In the General Meeting on June 10, 2008, a resolution was passed authorizing a contingent increase in share capital by up to 1,433,160.00 euros through the issue of up to 1,433,160 new shares without par value issued in the name of the holder [contingent capital I].

The contingent capital increase will serve to grant shares without par value issued in the name of the holder to owners and holders of convertible bonds and/or share options, profit-sharing rights and/or profit-sharing bonds [or a combination of these instruments].

Via a General Meeting resolution from June 10, 2008, the Managing Board, with Supervisory Board approval, is authorized to issue from the capital stock of the company convertible bonds and/or bond options, profit-sharing rights and/or profit-sharing bonds [or combinations of these instruments] to bearers or registered holders with or without term restrictions, and with a total nominal value up to 300 million euros, once or multiple times, until June 09, 2013. In addition, the Managing Board is authorized to grant owners or creditors of these instruments company shares without par value issued in the name of the holder equal to a proportional amount of the company's capital stock, up to 1,433,160.00 euros, in accordance with the terms and conditions of the bonds.

Contingent capital II _ In the General Meeting on June 10, 2008, a resolution was passed authorizing a contingent increase in share capital of up to 72,000.00 euros through the issue of up to 72,000 new shares without par value issued in the name of the holder [contingent capital II, Manz Performance Share Plan 2008].

This contingent capital increase serves the exclusive purpose of granting pre-emptive rights [share options] to members of the Managing Board of the company, to members of the Managing Board at partner companies, as well as non-executive level members of management within the company and at partner companies, both in Germany and abroad.

The Managing Board is also authorized until May 31, 2013, with Supervisory Board approval, to grant preemptive rights to 50,400 company shares without par value issued in the name of the holder one or more times to members of the Managing Board at partner companies as well as non-executive level members of management within the company and at partner companies, both in Germany and abroad.

The Supervisory Board is authorized until May 31, 2013, to grant pre-emptive rights to 21,600 company shares without par value issued in the name of the holder to members of the Managing Board on one or more occasions.

In total, 24,000 pre-emptive rights can be issued.

The number of granted share options totals 9,053 at the end of the reporting period (see Section 9).

Capital reserves _ The capital reserves primarily contain payments from shareholders pursuant to Article 272, Paragraph 2, No. 1 of the German Commercial Code, minus financing costs after taxes. Furthermore, this also includes the value of share-based compensation granted to management (included the Managing Board) as a salary component in the form of equity instruments.

Treasury shares _ In a resolution passed by the Annual General Meeting on June 16, 2009, the company was given authorization until December 15, 2010, to purchase its own shares valued at up to 10% of the value of capital stock on the date of the general meeting. Such a purchase can also be carried out by the company's subsidiaries or by third parties on its or their behalf.

Such a purchase can 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 the company's own shares, to retire these shares, as well as 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 these shares are exempted insofar as these shares are to be used in accordance with the aforementioned authorizations.

In the 2009 fiscal year, our company purchased 2,348 of its own shares (previous year: 2,500) at an average price of 35.57 euros (previous year: 81.03 euros) per share (market value: 84,000 euros). The treasury shares were used within the scope of the Manz Performance Plan 2008. The company does not hold any treasury shares as of December 31, 2009.

Revenue reserves _ Our revenue reserves consist of reserves for accumulated profits, reserves for the market valuation of available-for-sale securities, 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 the reporting year, our interest in Manz Intech Machines increased. This was accounted for as an equity transaction between majority and minority shareholders, and was not recognized in profit and loss. In this context, a positive difference of 2,555,000 euros resulted, which is recognized in reserves for accumulated profits.

Changes to the fair value of available-for-sale securities are recognized in the reserves for the market valuation of available-for-sale securities.

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 conversion _ The reserves for currency conversion serve to record the differences from the conversion of annual reports of international subsidiaries.

Minority interests _ Non-controlling interests are related to Manz Automation Slovakia s.r.o., in which Manz Automation AG holds a 90% interest, and Manz Intech Machines Co., Ltd., in which Manz Automation Asia Ltd. holds a 90% interest. Furthermore, a 25% non-controlling interest is held in Manz Automation India Private Limited, which was founded in the 2008 fiscal year. The share of equity and annual profit/loss which is attributed to the minority shareholders is disclosed separately in the balance sheet and/or income statement. The decline when compared to the previous year is primarily the result of an increase in our interest in Manz Intech Machines from 75.6% to 95.5%.

Proposed appropriation of profits _ Pursuant to Article 58, Section 2 of the German Stock Corporation Act, the distribution of dividends by Manz Automation AG is based on the balance sheet profit disclosed in the annual financial statements (individual financial statement) dated December 31, 2009. A proposal will be made at the annual general meeting to carry forward Manz Automation AG's balance sheet profit of 4,384,630.22 euros from December 31, 2009, to new account.

Additional information on capital management _ The primary goal of capital management within 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 an adequate level of equity are both important factors in achieving this goal. The Group controls its capital structure and makes adjustments under consideration of changes to the overall economic environment.

The Manz Group monitors its capital regularly using a wide variety of data. Within this scope, both the gearing ratio [debt to equity ratio] and the equity ratio are two important figures. Net liabilities are calculated as the sum of all financial and leasing liabilities minus liquid assets and securities.

The Supervisory Board and the Managing Board have set goals of a minimum equity ratio of 40% and a gearing ratio of less than 50%.

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Liquid assets and securities	88,169	65,883
Financial liabilities	9,613	17,936
Net financial liabilities	– 78,556	– 47,947
Total shareholder's equity – Manz Automation AG	177,204	181,647
Equity ratio	78.2%	68.7%
Gearing ratio	– 44.3%	– 26.4%

Despite the Group's net loss for the year, equity and gearing have continued to improve. Our equity ratio increased to 78.2% (previous year: 68.7%) due to a reduction in tied up capital on the assets side. Our gearing improved to –44.3% (previous year: –26.4%) as a result of the significant increase in liquid assets and securities and a reduction in financial liabilities.

1,500,000.00 euros of financial liabilities are subject to covenant agreements which stipulate an equity ratio of 25% in the individual annual report of Manz Automation AG, among other things. These financial requirements are fulfilled.

(24) Long-term financial liabilities

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Promissory notes	0	1,500
Long-term liabilities – credit institutions	666	3,320
	666	4,820

The promissory note loan with a bullet repayment on June 15, 2010, accrues interest at 5.4% annually. It is governed by a covenant agreement. Disclosure in the reporting year is carried out under current financial liabilities.

The long-term liabilities to credit institutions pertain to Manz Intech Machines Taiwan. In this context, unscheduled repayments were made in the reporting year. The remaining loan accrues interest at 1.0% annually. Properties in Taiwan with buildings on them have been registered as collateral for this loan.

(25) Deferred investment subsidies

This item includes deferred investment subsidies as far as they are required to be used in the following year, as they exclusively pertain to property, plant, and equipment. They pertain exclusively to Manz Automation Hungary.

Investment subsidies are associated with many conditions. As far as the company is currently aware, these conditions are all fully met, meaning that we do not expect to have to pay back any of the subsidies received.

(26) Financial liabilities from leasing

Leasing liabilities result from assets which must be capitalized in accordance with IAS 17. These pertain to automobile finance lease agreements with a carrying value of 38,000 euros (previous year: 73,000 euros) which are disclosed under “other equipment, fixtures, and furnishings.”

The leasing payments due in the future and their cash values result from the following table:

	minimum leasing payments 2009	Cash value of minimum leasing payments 2009	minimum leasing payments 2008	Cash value of minimum leasing payments 2008
	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Up to 1 year	13	13	46	46
1 to 5 years	24	22	29	23
Total – minimum leasing payments	37		75	
Minus the interest component	– 2		– 6	
Cash value of the minimum leasing payments	**35**	**35**	**69**	**69**

(27) Pension reserves

The components of expenses for pension benefits recorded in the Group's income statement as well as the values carried to the balance sheet are presented in the following tables.

The plan assets of domestic pension commitments are comprised exclusively of pension plan reinsurance. The plan assets of Manz Intech Machines are comprised of legally stipulated allocations by the employer to an external, central trust.

The cash value of the performance-based obligations at the end of the year is balanced against the plan assets at fair value (financing status). Pension reserves result after deducting the actuarial gains and losses not yet taken into account.

	2009 EUR tsd	2008 EUR tsd
Changes to the benefit obligations		
Value of performance-based obligations on Jan. 1	4,736	224
Changes to the basis of consolidation	0	4,445
Service cost	50	63
Interest cost	238	253
Benefits paid-out	–259	–268
Actuarial losses/gains [–]	366	10
Currency differences from international plans	2	9
Value of performance-based obligations on Dec. 31	**5,133**	**4,736**
Changes to plan assets		
Plan assets at fair value on Jan. 1	1,495	149
Changes to the basis of consolidation	0	1,249
Expected income from plan assets	21	41
Company contributions	60	127
Benefits paid-out	–58	–96
Actuarial losses/gains [–]	1	13
Currency differences from international plans	1	12
Plan assets at fair value on Dec. 1	**1,520**	**1,495**
Financing status	**3,613**	**3,241**
Actuarial gains [+] / losses [–] not yet taken into account	212	479
Pension reserves	**3,825**	**3,720**
of which appliy to:		
Manz Automation Tübingen GmbH, Tübingen	3,371	3,191
Manz Intech Machines Ltd., Taiwan	369	457
Manz Automation AG, Reutlingen	85	72

Manz Automation Tübingen GmbH's pension obligations are comprised of a company pension plan which was closed for new employees hired after July 15, 1997.

Manz Intech Machines 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 that were employed before July 1, 2005, had the choice between both pension plans.

Manz Automation AG has pension obligations to two members of the Managing Board, Dieter Manz and Otto Angerhofer (who went into retirement on August 1, 2009).

The following amounts are included in the income statement:

	2009 EUR tsd	2008 EUR tsd
Service cost	– 50	– 63
Interest cost	– 238	– 253
Expected income from plan assets	21	41

The service cost is disclosed under personnel expenses; the interest cost and expected income from plan assets, on the other hand, are disclosed under financial expenses.

Expected income from plan assets is calculated on the basis of current market prices for the period within which the obligation will be fulfilled. Actual income from plan assets totaled 21,000 euros in the reporting year (previous year: 54,000 euros).

In the coming fiscal year, employer contributions to the fund's assets will prospectively total 63,000 euros. The fund's assets are comprised of reinsurance policies (Germany) and trust assets (Taiwan), which make up 25% and 75% of the fund's total assets, respectively.

With regard to contribution-based pension plans, payments were made totaling 238,000 euros (previous year: 226,000 euros). Furthermore, due to legal requirements, our companies based in Germany made contributions to the federal pension fund totaling 2,116,000 euros (previous year: 1,993,000 euros).

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

	Germany		Taiwan	
	2009	2008	2009	2008
Discount factor	5.50%	6.20%	2.00%	2.25%
Salary and wage increases	2.50%	3.00%	1.00%	1.00%
Pension increases	2.00%	2.00%	1.00%	1.00%
Expected returns on plan assets	3.00%	3.00%	2.00%	2.25%

In the past five years, the financing status, which comprises the cash value of all benefit obligations and the present value of the plan assets, has changed as follows:

	2009 EUR tsd	2008 EUR tsd	2007 EUR tsd	2006 EUR tsd	2005 EUR tsd
Value of all benefit obligations	– 5.133	– 4.736	– 224	– 184	– 175
Plan assets	1.520	1.495	149	136	123
Financing status	**– 3.613**	**– 3.241**	**– 75**	**– 48**	**– 52**
Adjustments to plan debts based on experience	296	– 23	– 18	12	– 4
Adjustments to plan assets based on experience	– 14	26	1	2	1

The adjustments based on experience represent the differences between the expected changes to obligations and asset values based on actuarial assumptions and the actual changes that will occur.

(28) Other long-term provisions

Other long-term provisions pertain to provisions for warranties and long-term personnel obligations from parttime employment prior to retirement. They have changed as follows over the course of the year in review:

	Jan. 1, 2009 EUR tsd	Currency adjustments EUR tsd	Consumption EUR tsd	Allocations EUR tsd	Dec. 31, 2009 EUR tsd
Personnel	104	0	0	194	298
Warranties	2,001	1	2,002	2,236	2,236
	2,105	**1**	**2,002**	**2,430**	**2,534**

The provisions for warranties are formed on the basis of past empirical values. It is to be expected that these costs will be incurred over the next two fiscal years.

(29) Current financial liabilities

Current financial liabilities pertain to various short-term lines of credit and overdraft credit accounts for financing operations. In addition, a promissory note loan with a bullet repayment totaling 1.5 million euros will be disclosed in 2010. Current liabilities are charged interest at standard interest rates.

(30) Accounts payable

Accounts payable are accounted for using the historic cost method. Their carrying values usually correspond to their current market values. They are due within one year.

(31) Other current provisions

Other current provisions have developed as follows:

	Jan. 1, 2009 EUR tsd	Currency adjustments EUR tsd	Consumption EUR tsd	Dissolution EUR tsd	Inflow EUR tsd	Dec. 31, 2009 EUR tsd
Reworking	1,058	0	519	19	828	1,348
Other provisions	1,478	1	984	457	1,669	1,707
	2,536	**1**	**1,503**	**476**	**2,497**	**3,055**

In last year's financial statements, personnel-based obligations (vacation entitlement, overtime hours, bonuses, employee profit sharing) totaling 3,312,000 euros were disclosed under current provisions. Disclosure in this reporting year is carried out under other liabilities. Furthermore, in the previous year 530,000 euros for outstanding invoices and compensation paid to the Supervisory Board was disclosed under other provisions. Beginning in this reporting year, these items are disclosed under accounts payable. For the purposes of comparison, the disclosures made last year have been changed accordingly.

Other provisions primarily include provisions for impending losses from client orders, commissions, and the cost of preparing the annual financial statements.

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

(32) Other liabilities

On the reporting date, other liabilities were comprised of the following:

	Dec. 31, 2009 EUR tsd	Dec. 31, 2008 EUR tsd
Tax liabilities [not taxes on income or earnings]	6,232	4,041
Liabilities stemming from social security as well as wages and salaries	1,647	5,263
Miscellaneous	488	521
	8,367	**9,825**

The tax liabilities (not taxes on income or earnings) are primarily comprised of VAT liabilities and liabilities from payroll and church taxes.

VII. Report on financial instruments //

The following table shows the connection between balance sheet items and financial instruments, grouped by the carrying values and fair values of the financial instruments.

Accounts receivable, other current receivables, liquid assets, accounts payable, and the bulk of other liabilities covered in the scope of IFRS 7 usually have short remaining terms. It is therefore assumed that the carrying values of these financial instruments approximately equal their present values.

CARRYING VALUES ACCORDING TO MEASUREMENT CATEGORIES

	Fair value	Available for sale	Loans and receivables	Not in the scope of IFRS 7, IAS 39	Carrying value Dec. 31, 2009
	EUR tsd	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Assets as of Dec. 31, 2009					
Accounts receivable	39,566	-	26,097	13,469	39,566
Other current receivables	1,934	-	1,613	321	1,934
Securities	28,838	28,838	-	-	28,838
Liquid assets	59,331	-	59,331	-	59,331
	129,669	**28,838**	**87,041**	**13,790**	**129,669**

CARRYING VALUES

	Fair value	Measured at amortized cost	Not in the scope of IFRS 7, IAS 39	Carrying value Dec. 31, 2009
	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Liabilities as of Dec. 31, 2009				
Financial liabilities	9,347	9,352	-	9,352
Financial liabilities – leasing	37	37	-	37
Accounts payable	14,222	14,222	-	14,222
Other liabilities	8,367	2,135	6,232	8,367
	31,973	**25,746**	**6,232**	**31,978**

The securities are balanced at fair value, so that there can be no differences between carrying value and fair value as a result. In this case, the fair value is based on the market price listed on an active market.

The carrying values of derivative financial instruments pertain exclusively to transactions included in hedge accounting, and are therefore not classified using the categories set forth in IAS 39.

CARRYING VALUES ACCORDING TO MEASUREMENT CATEGORIES

	Fair value	Available for sale	Loans and receivables	Not in the scope of IFRS 7, IAS 39	Carrying value Dec. 31, 2008
	EUR tsd	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Assets as of Dec. 31, 2008					
Accounts receivable	**101,352**	**-**	**71,694**	**29,658**	**101,352**
Other current receivables	2,934	-	2,934	0	2,934
Securities	31,945	31,945	-	-	31,945
Liquid assets	33,938	-	33,938	-	33,938
	170,169	**31,945**	**108,566**	**29,658**	**170,169**

CARRYING VALUES

	Fair value	Measured at amortized cost	Not in the scope of IFRS 7, IAS 39	Carrying value Dec. 31, 2008
	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Liabilities as of Dec. 31, 2008				
Financial liabilities	17,806	17,822	-	17,822
Financial liabilities – leasing	75	75	-	75
Accounts payable	24,568	24,568	-	24,568
Other liabilities	9,825	5,784	4,041	9,825
	52,274	**48,249**	**4,041**	**52,290**

Evaluation classes according to IFRS 7.27

The Group uses the following hierarchy to determine and to record the fair value of financial instruments depending on evaluation method:

Level 1: On (unmodified) prices listed on active markets for identical current assets and liabilities
Level 2: Either directly (as price) or indirectly (derived from prices) observed input data for the asset or liability that does not represent any listed price according to level 1
Level 3: Collected input data that are not based on observable market data for the evaluation of the asset or liability (non-observable input data)

On December 31, 2009, securities in the amount of 31,945,000 euros fall under level 1 in the fair-value hierarchy in the application range of IFRS 7.27.

Net results according to the categories set forth in IAS 39

	Net earnings/ losses	Total Interest earninngs/ expenses
	EUR tsd	EUR tsd
Fiscal year 2009		
Loans and receivables	4,220	405
Available-for-sale financial assets	2,720	476
Financial liabilities measured at amortized costs	24	– 434
	6,964	**447**
Fiscal year 2008		
Loans and receivables	– 2,976	648
Available-for-sale financial assets	139	809
Financial liabilities measured at amortized costs	1,783	– 1,582
	– 1,054	**– 125**

The net gains and losses from loans and receivables primarily include gains and losses from currency conversions and value adjustments on receivables.

The net gains and losses from financial assets available for sale essentially primarily include gains and losses from the disposal of securities. In the fiscal year 2009, –2,605,000 euros (previous year: 103,000 euros) was transferred from the reserve for the market valuation of securities into the financial income and offset against the gain from the disposal of securities.

The interest result for financial instruments in the category “available-for-sale financial assets” pertains to interest earnings on securities.

Interest earnings on financial instruments in the category "loans and receivables" stem from the investment of liquid assets. The interest result in the category "financial liabilities measured at cost" primarily pertains to interest expenses from long-term financial liabilities and financial liabilities to banks.

Financial risk management and financial derivatives

As a company that operates internationally, the Manz Group is subject to credit, liquidity, and market risks as part of its normal business activities. Market risks result particularly from changes in exchange rates and interest rates. The goal of financial risk management is to control and limit these market risks via ongoing operational and financial activities. Depending on the assessment of risks, derivative hedges are used, whereby, as a matter of principle, only cash flow risks are hedged. Derivative financial instruments are used exclusively for hedging purposes and, for this reason, are not held for trading or speculation. In order to reduce the risk of default, hedges are only entered into with leading banks that have perfect credit ratings.

The fundamentals of the company's financial policies are regularly fine-tuned by the Managing Board and monitored by the Supervisory Board.

The sensitivity analyses in the following sections pertain to either the status on December 31, 2009, or December 31, 2008. The sensitivity analyses were carried out based on the hedging relationships which existed on December 31, 2009, and under the premise that net debt, the relationship between the fixed and variable interest rates of debts 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 total relates to derivates and debt instruments held for sale.

> The sensitivity of the relevant items on the statement of income reflects the effect of assumed changes to the corresponding market risks. This is based on financial assets and financial liabilities held on December 31, 2009, and December 31, 2008, including the effect of the hedging relationship.

> The sensitivity of equity is calculated by considering the effect of related cash flow hedging relationships as of December 31, 2009, and December 31, 2008, on the assumed changes to the underlying transaction being hedged.

Credit risks

A credit risk is the risk that business partners will not fulfill their contractual obligations, thus resulting in a financial loss for the Manz Group. Within the scope of its operations, the Group is subject to nonpayment risks especially with regard to accounts receivable, as well as risks within the scope of its financing activities, including funds in banks and derivative financial instruments.

The credit risk from accounts receivable is controlled on a company level [locally] and is monitored continuously. The risk of nonpayment is reduced when working on specific projects thanks to advance payments. As soon as nonpayment risks are identifiable with regard to financial assets, the risks are recorded using value adjustments. The risk of nonpayment with regard to funds in banks and derivative instruments is reduced by spreading the investments over a number of banking institutions.

The maximum credit risk on the reporting date is equal to the carrying value of all financial assets.

The age of accounts receivable is listed in the following table:

	2009 EUR tsd	2008 EUR tsd
Not overdue and not value-adjusted	9,178	24,213
Overdue and not value-adjusted		
up to 30 days	5,359	246
between 31 and 60 days	1,014	18,883
between 61 and 90 days	193	7,194
between 91 and 180 days	955	2,808
more than 180 days	108	888
Value-adjusted	9,290	17,462
	26,097	**71,694**

There is no evidence that the accounts receivable that are not value-adjusted need to be value-adjusted. The ability of the accounts receivable that are neither overdue nor value-adjusted to retain their value is viewed as quite high. This assessment is based primarily on the long-term business relationships with most of our clients as well as their reliability. The historic level of nonpayment in the Group is extremely low.

The Group is subject to an increased concentration of risk due to the purchase of Taiwan-based Manz Intech Machines, since a sizable portion of its revenues are earned from only a few key clients.

In light of the financial market crisis and its effects on the real economy, the Manz Group took early steps to keep the risks from potential loan defaults as remote as possible. For this purpose, our accounts receivable management was intensified, and we will continue to match the steps taken to diversify credit risks to the changing market situation.

Liquidity risks

Liquidity risks – namely, the risk that Manz will not be able to fulfill its financial obligations – are reduced by creating the necessary financial flexibility as well as through effective cash management. Manz uses suitable financial planning instruments to control its future liquidity situation. Based on our current forecasts, we do not foresee any liquidity issues.

On the reporting date unused current account and surety lines of credit at banks amounted to 36,350,000 euros (previous year: 39,432,000 euros); electively usable as current account credit and/or surety line of credit (use of lines of credit as of Dec. 31, 2009: 5,822,000 euros [previous year: 8,618,000 euros]). In addition, there were unused lines of credit in credit insurance in the amount of 10,624,000 euros (previous year: 11,326,000 euros); their use amounts to 4,376,000 euros (previous year: 3,674,000 euros).

The following list shows the contractually stipulated, undiscounted interest and principal repayments for all non-derivative financial liabilities as set forth by IFRS 7. If the maturity date is not fixed, the liability is recorded at the earliest maturity date. Interest payments with variable interest rates are recorded according to the terms applicable on the reporting date. Essentially, we assume that the payments will not be made earlier than presented.

	Total	2010	2011	>2012
	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Dec. 31, 2009				
Financial liabilities	9,713	9,038	125	550
Financial liabilities – leasing	37	13	19	5
Accounts payable	14,222	14,222		
Other liabilities	2,135	2,135		
	26,107	**25,408**	**144**	**555**

	Total	2009	2010	2011
	EUR tsd	EUR tsd	EUR tsd	EUR tsd
Dec. 31, 2008				
Financial liabilities	18,644	13,661	3,739	1,244
Financial liabilities – leasing	75	31	31	13
Accounts payable	24,568	24,568		
Derivative financial instruments	188	188		
Other liabilities	5,784	5,784		
	49,259	**44,232**	**3,770**	**1,257**

The factory building belonging to Manz Intech Machines in Taiwan has been provided as collateral for the loans and lines of credit extended by credit institutions to the Manz Group which exist at the end of the reporting period. No other collateral has been provided. The promissory note loan with a bullet repayment is governed by covenant agreements.

Currency risks

A currency risk is the risk stemming from the fact that the fair value or future cash flow of a financial instrument fluctuates due to changes in exchange rates. The Manz Group is primarily subject to this risk as a result of normal operations [when revenues and/or expenses are payable in a currency other than those normally used within the Group]. This risk is reduced using foreign exchange contracts, foreign exchange options, and currency swaps, when it is economically sound to do so. The hedging of value fluctuations of future cash from expected transactions pertains to revenues planned to be received in a foreign currency. Differences stemming from exchange rates when converting annual reports to the Group's currency are not taken into consideration.

Our company did hot have any currency hedges in place at the end of the reporting period, since we do not have any significant positions in foreign currencies, and have no transactions in foreign currencies planned.

IFRS 7 requires sensitivity analyses be carried out to show market risks, which illustrate the possible effects of changes to relevant risk variables [i.e. exchange rates, interest rates] on earnings and equity. In order to determine the effects for the period, possible changes to risk variables are analyzed with regard to financial instruments held on the reporting date. In doing so, it is assumed that the holdings at the end of the year are representative of the entire fiscal year. Foreign exchange derivatives are always attached to non-derivative underlying transactions so that no currency risks develop for these instruments.

The following currency scenario arises for the Manz Group with regard to the US dollar as an important foreign currency.

If the euro had been 10% higher in value against the US dollar as of December 31, 2009 (2008), the consolidated result would have been 312,000 euros (601,000 euros) lower. If the euro had been 10% lower in value against the US dollar as of December 31, 2009 (2008), the consolidated result would have been 382,000 euros (735,000 euros) higher.

If the euro was worth 10% more compared to the US dollar on December 31, 2009 (2008), provisions for cash flow hedges would have been 0 euros (4,277,000 euros) larger. If the euro was worth 10% less compared to the US dollar on December 31, 2009 (2008), provisions for cash flow hedges would have been 0 euros (5,032,000 euros) smaller.

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 of market interest rates that the Group is exposed to results primarily from loans with variable interest rates.

The Group manages its interest rate risk in financial liabilities with a balanced portfolio of loans with fixed and variable interest rates. Derivative financial instruments are not used.

In accordance with IFRS 7, interest rate risks are determined using a sensitivity analysis. This analysis shows the effects of risk variables associated with market interest rates on the Group's financial result.

If the market interest rate level on December 31, 2009 (2008), had been 100 basis points higher (lower), the consolidated result would have been 26,000 euros (previous year: 123,000 euros) lower (higher).

VIII. Contingent liabilities and other financial obligations //

Our company did not have any contingencies and commitments at the end of the reporting period.

The Manz Group has entered into various rental agreements for premises as well as lease agreements for operating and office equipment and cars. The settlement dates of the minimum lease payments from operating leases and rental agreements that cannot be terminated are as follows:

	2009 EUR tsd	2008 EUR tsd
Minimum lease payment		
Remaining term up to 1 year	3,521	3,380
Remaining term 1–5 years	11,766	11,525
Remaining term more than 5 years	32,456	34,125

In the fiscal year 2009, rent and leasing payments in the amount of 3,836,000 euros (previous year: 2,514,000 euros) were recorded under other operating expenses.

IX. Events after the balance sheet date //

On March 6, 2010, Chairman Dr. Jan Wittig passed away suddenly and unexpectedly. For the time being, the function of chairman will be performed by Deputy Chairman Professor Heiko Aurenz.

Further events which would have a significant impact on our financial situation have not occurred after December 31, 2009, the end of the reporting period.

X. Related party disclosures //

As set forth in IAS 24, persons and companies must be disclosed that can be significantly influenced by the company reporting or that can significantly influence the company reporting, insofar as they are not already included in the Group's consolidated financial statements as a consolidated company.

Manz Automation AG's related parties are: the members of the Managing and Supervisory Boards including their family members, and companies over which Manz AG, the members of the Managing and Supervisory Boards, and their close family members can exercise a significant influence.

Supply and service relationships exist between Manz Automation AG and Axystems Ltd., based in Israel, which is accounted for using the equity method. In the 2009 fiscal year, Manz Automation AG received goods and services valued at 705,000 euros (previous year: 1,392,000 euros). As of December 31, 2009, the end of the reporting period, Manz owes Axystems Ltd. 23,000 euros (previous year: 95,000 euros).

Managing board remuneration in 2009

	Fixed salary EUR tsd	Variable cash bonuses EUR tsd	Shares [expenses 2009] EUR tsd	Total EUR tsd	Granted shares quantity [number]	Fair Value EUR tsd
Dieter Manz, Dipl.-Ing. [FH], Graduate Engineer [UAS], CEO	284	0	38	322	2.206	270
Martin Hipp, Dipl.-Kaufmann, Graduate Businessman, CFO	170	0	19	189	1.103	135
Volker Renz, Dipl.-Ing. [FH], Graduate Engineer [UAS], COO	163	0	19	182	1.103	135
Otto Angerhofer, Dipl.-Ing. [FH] - until July 31, 2009-	95	0	0	95	0	0

Managing board remuneration in 2008

	Fixed salary EUR tsd	Variable cash bonuses EUR tsd	Shares [expenses 2008] EUR tsd	Total EUR tsd	Granted shares quantity [Number]	Fair Value EUR tsd
Dieter Manz, Dipl.-Ing. [FH], Graduate Engineer [UAS], CEO	283	94	13	390	546	111
Martin Hipp, Dipl.-Kaufmann, Graduate Businessman, CFO	170	42	6	218	273	55
Volker Renz, Dipl.-Ing. [FH], Graduate Engineer [UAS], COO	163	41	6	210	273	55
Otto Angerhofer, Dipl.-Ing. [FH], Member of the Executive Board	153	51	0	204	0	0

At the end of the reporting period, CEO Dieter Manz held 44.49% of Manz Automation AG's stock (previous year: 42.90%).

Manz Automation AG has pension obligations to two members of the Managing Board, Dieter Manz and Otto Angerhofer (who went into retirement on August 1, 2009). These benefits have a cash value at the end of the reporting period totaling 277,000 euros (previous year: 249,000 euros). Expenses resulting from the allocation to reserves totaled 12,000 euros, of which –4,000 euros (previous year: 11,000 euros) are from the portion based on length of service in the company, and 16,000 euros (previous year: 13,000 euros) from the interest portion. Pension plan reinsurance policies have been taken out covering both pension plans.

As of the 2009 fiscal year, a contribution-based pension plan exists for the member of the Managing Board Martin Hipp. In the reporting period a total of 6,000 euros was paid into an external, reinsured pension fund.

Supervisory board

Dr. Jan Wittig (Chairman), Attorney-at-law, Partner at Dr. Schaudt und Kollegen, Stuttgart

Prof. Dr. Heiko Aurenz, Dipl. oec. (Deputy Chairman), Partner at Ebner Stolz Mönning Bachem Unternehmensberatung GmbH, Stuttgart

Prof. Dr.-Ing. Dr. h.c. mult. Rolf D. Schraft

Chairman Dr. Jan Wittig passed away suddenly on March 6, 2010. Since that time, the function of chairman has been performed by Deputy Chairman Professor Heiko Aurenz. A third Supervisory Board member has already been judicially appointed in order to ensure that the Supervisory Board maintains a quorum until the General Meeting can elect a new Supervisory Board member on June 22, 2010. For this purpose, a proposal has already been submitted to Reutlingen Municipal Court. The interim mandate will be performed by Dr. Guido Quass, Attorney and holder of a degree in business studies (BA).

Dr. Wittig was also a member of the Supervisory Boards or Advisory Boards of Euwax AG, Börse Stuttgart AG, Börse Stuttgart Holding GmbH, Otto Ficker GmbH, Diakonie Stetten e.V., Zieglersche Anstalten e.V., and Anna-Haag-Haus Stuttgart e.V.

Member of the Supervisory Board Prof. Heiko Aurenz, PhD, is also a member of the Supervisory Board of IBS AG, Know-How AG, Anna-Haag-Haus e.V., ASB Grünland GmbH and Monument Vermögensverwaltung GmbH.

In fiscal year 2009, Ebner Stolz Mönning Bachem Unternehmensberatung GmbH provided support services for the management information system valued at 4,000 euros (previous year: 5,000 euros). As of December 31, 2009, Manz AG owes Ebner Stolz Mönning Bachem Unternehmensberatung GmbH the amount of 12,000 euros stemming from Supervisory Board compensation.

Member of the Supervisory Board Prof. Rolf D. Schraft is also a member of the Executive Board of the International Federation of Robotics (IFR) as well as a member of the Research Board of Trustees of Alfred Kärcher GmbH and Hock Holding GmbH & Co. KG.

Supervisory board remuneration

	2009 Fixed salary EUR tsd	2008 Fixed salary EUR tsd	Variable salary EUR tsd	Total EUR tsd
Dr. Jan Wittig, Attorney-at-law – Chairman of the Supervisory Board	16	16	16	32
Prof. Dr. Heiko Aurenz, Dipl. oec.	12	12	12	24
Prof. Dr.-Ing. Dr. h.c. mult. Rolf D. Schraft, Engineer	8	8	8	16

Auditor's fee

The fees assessed by the company responsible for auditing the annual reports, alltax gmbh Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, are calculated as follows:

	2009 EUR tsd	2008 EUR tsd
Auditing the annual financial statements	106	110
Miscellaneous certifications	20	114
Tax consultation services	19	7
Other services	40	32

The miscellaneous confirmations carried out in the 2008 fiscal year primarily stem from services performed within the scope of our stock offering and switching exchange segments.

Corporate Government Code

Manz Automation AG's Managing Board and Supervisory Board have both submitted a compliance statement pursuant to Article 181 of the German Stock Corporation Act, and both statements are available to shareholders and can be viewed at any time by visiting Manz Automation AG's website, www.manz-automation.com.

Publications in accordance with Article 160, Paragraph 1 of the German Securities Trading Act

The following information was published during the 2009 fiscal year pursuant to the German Securities Trading Act:

Jan. 22, 2009 _ In accordance with Article 21, Paragraph 1 of the German Securities Trading Act (WpHG), William Blair & Company, LLC, Chicago, USA, informed us on January 22, 2009, that on January 20, 2009, their voting rights fell below the threshold of 3% and are now at 1.48% (corresponding to 66,492 voting rights). 1.48% of the voting rights (corresponding to 66,492 voting rights) are to be attributed to the company according to Article 22, Paragraph 1, Section 1, No. 6 of the German Securities Trading Act.

Mar. 31, 2009 _ Swisscanto Fondsleitung AG, headquartered in Bern, Switzerland, informed us on March 31, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, fell under 3% of total voting rights on March 27, 2009, and now totals 2.83% (which equals 126,998 voting rights).

July 13, 2009 _ Fidelity Advisor Series I, headquartered in Boston, MA, USA, informed us on July 10, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, fell under 3% of total voting rights on July 07, 2009, and now totals 3.06% (which equals 137,136 voting rights).

July 13, 2009 _ FMR LLC, headquartered in Boston, MA, USA, informed us on July 10, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, exceeded 3% of total voting rights on July 07, 2009, and now totals 3.06% (which equals 137,136 voting rights).

July 13, 2009 _ The Fidelity Management & Research Company, headquartered in Boston, MA, USA, informed us on July 10, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, exceeded 3% of total voting rights on July 07, 2009, and now totals 3.06% (which equals 137,136 voting rights).

Nov. 23, 2009 _ FMR LLC, headquartered in Boston, Massachusetts, USA, informed us on March 31, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, fell under 3% of total voting rights on November 16, 2009, and now totals 2.97% (which equals 133,241 voting rights). All of these voting rights are attributed to it pursuant to Article 22, Section 1, Clause 2 of the German Securities Trading Act.

Nov. 25, 2009 _ Fidelity Advisor Series I, headquartered in Boston, MA, USA, informed us on November 18, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, fell under 3% of total voting rights on November 16, 2009, and now totals 2.97% (which equals 133,241 voting rights).

Nov. 25, 2009 _ Fidelity Management & Research Company, headquartered in Boston, Massachusetts, USA, informed us on November 18, 2009, pursuant to Article 21, Section 1 of the German Securities Trading Act, that its share of voting rights in Manz Automation AG, headquartered in Reutlingen, Germany, fell under 3% of total voting rights on November 16, 2009, and now totals 2.97% (which equals 133,241 voting rights).

Declaration by the legal representatives //

We hereby affirm that to the best of our knowledge, and in accordance with the applicable accounting standards and principles, these consolidated financial statements give a true and fair view of the Group's net assets, financial position, and results of operations, and the Group management report includes a fair review of the course and performance of the business and the position of the Group, as well as a description of the most important opportunities and risks associated with the expected development of the Group.

Reutlingen, March 12, 2010

The Managing Board of Manz Automation AG



Dieter Manz
Chairman of the Board

Martin Hipp

Volker Renz

Auditor's opinion //

We have issued the following auditor's opinion regarding the Consolidated Financial Statements and Management Report:

We have audited the consolidated financial statements of Manz Automation AG, headquartered in Reutlingen, Germany – which consist of an income statement, 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, 2009. Preparing these consolidated financial statements and group management 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.

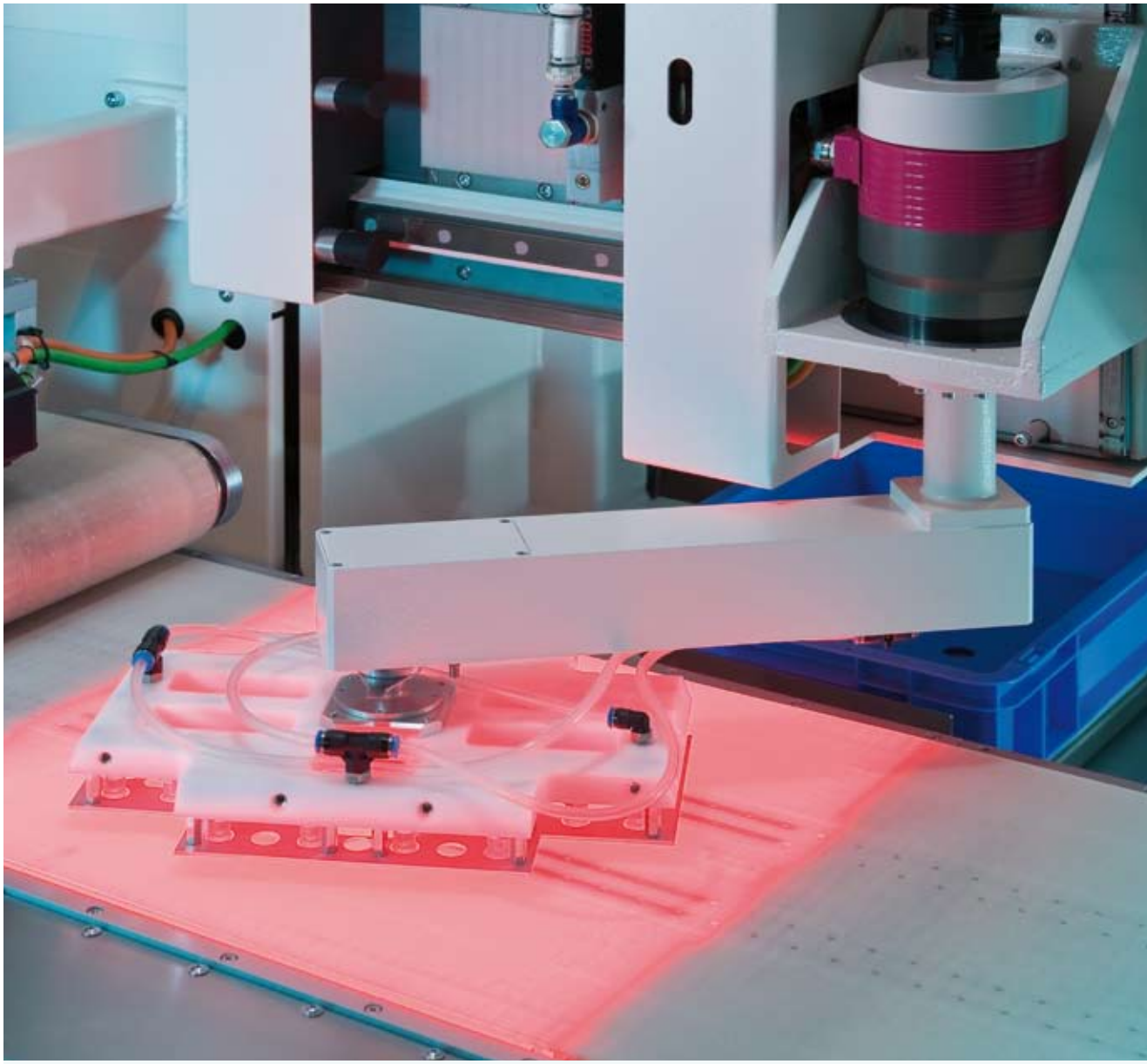
In our opinion, based on the knowledge we gained from our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU as well as the provisions of the German Commercial Code as stipulated in Paragraph 315a, Section 1, and convey a true and fair view of the group's 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 19, 2010

alltax gmbh
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaiber
Certified Public Accountant

Aigner
Certified Public Accountant



A SINGLE NEW THOUGHT CAN CAUSE MANY TO CHANGE THEIR VIEW

Nadine Aulich started her apprenticeship as an industrial clerk in September 2009. Each day brings something new to her. Moreover, the fact that she extensively gets to know all relevant departments at Manz during her training also ensures ample variety. Nadine likes to spend her spare time riding her horse, especially with the three Dalmatians in tow. She can then let her mind wander and imagine what the future will bring – particularly in terms of her career. Nadine has an optimistic outlook, and rightly so, considering Manz's dedication in the area of lithium-ion batteries. Here, machines for the industrial manufacture of batteries are being developed within an innovation alliance for electric mobility. The goal of this research project is to explore new manufacturing technologies and to apply them to the requirements of large batch production.

A SINGLE MOMENT CAN BE ENOUGH TO THEN SEE THE WORLD THROUGH DIFFERENT EYES

Florian Kimmerle has been an apprentice mechatronics technician at Manz since 2008. When he plays his electric guitar on stage with his rock band, no one would suspect he has been enthusiastic about robotics ever since he was a little boy. He thrives in his training as he does in his music. When Florian comes up with a clever cable routing which is then actually used in the system, he is even more motivated. He can envision obtaining an additional qualification as an engineer after his apprenticeship. "Thinking up solutions" also fascinates him in connection with laser glass cutting of thin-film solar modules. In addition to ultimate precision, increase in process speed, and minimal breakage rates, the laser-cut substrates are significantly sturdier than their mechanically manufactured counterparts. The increased stability considerably contributes to a reduction of failure rates due to breakage in production and the installed solar modules.

GLOSSARY

SOLAR AND TECHNICAL TERMS

A

Absorber //

The absorber is the semiconducting material that generates electricity in a thin-film solar module.

AirCushion Technology //

Within the context of handling large as well as extremely thin glass substrates, AirCushion technology serves as a means of transporting the substrates in an almost contact-free manner, which reduces contamination.

Alternative Energies //

Alternative energy is any source of energy that exists as an alternative to conventional sources of energy such as oil, coal, and gas, and usually is the term used to describe energy from renewable sources such as wind or water power, as well as solar radiation.

Antireflective Coating //

Antireflective coating describes a thin layer on solar cells which minimizes the reflection of sunlight and therefore maximizes the amount of light which is absorbed in order to increase the efficiency of the solar cell.

Automation Systems //

Manz Automation AG's automation systems serve to link individual stages of production, and as a result of their precision and high throughput rates, play a significant role in cutting the costs of photovoltaic systems.

Availability //

Availability refers to what percent of a production line is available for manufacturing. It is primarily influenced by the quality and reliability of the machines, but also how well they are maintained.

B

Back Contact //

The contact on the reverse side of a solar cell which the electricity generated flows through.

Back End //

The last stages of a production line for crystalline solar cells, which Manz can offer all from one source.

Bernoulli Grippers //

Bernoulli grippers are a gripper system for the gentle handling of solar cells which Manz uses to reduce breakage rates to a bare minimum.

Breakage Rate //

The breakage rate depicts the percentage of products that can no longer be processed as a result of damage. Minimizing wafer and solar cell breakage rates cuts manufacturing costs and contributes to faster amortization of the equipment.

C

Cell Testing and Sorting System //

Cell testing and sorting systems are inspection systems that automatically test the cells for such things as chipped edges, the quality of the screen printing process, their electrical output, or their color, and then sort them accordingly.

Cleanroom Conditions //

In cleanrooms, the concentration of airborne particles is reduced to a minimum. Cleanrooms are necessary for special manufacturing processes (for instance in solar and LCD manufacturing) in order to produce the most sterile and, as a result, the most high-quality products possible.

Clean Tech //

Clean tech describes products and/or services that increase efficiency and productivity, for example, while at the same time conserving resources.

Cleaning //

In our context, this term is used to describe cleaning glass substrates, for instance in the case of LCD displays. The substrates must be thoroughly cleaned to avoid contamination, which would lead to a reduction in performance.

Consumption of Electricity //

A typical, German, four-person household uses around 5,000 kWh of electricity annually. This amount of power can be generated by solar modules approximately 40 m^2 in size.

Contact-Free Metallization Process //

Describes a metallization process (see Metallization) in which contacts are sprayed on, or in other words, applied to the material in a non-contact process.

Control and Drive Engineering //

Control engineering is the term used to describe the design and implementation of control systems. It is a branch of automation engineering. On the other hand, drive engineering is a technical discipline which, in general, deals with technical systems to create movement through the transmission of power.

Crystalline Silicon Solar Cells //

There are two types of silicon solar cells, those made from a single crystal (monocrystalline), and those made from several crystals (polycrystalline). Monocrystalline solar cells are up to 20% more efficient than polycrystalline solar cells of the same size. Manufacturing thin-film cells offers the best price-performance ratio, however, and will continue to do so for the foreseeable future.

D

Deburring //

Deburring describes the removal of rough edges (burrs) which occur during manufacture.

Delta Robots //

Delta robots are a form of flexible robot kinematics with Bernoulli grippers that allow for rapid and gentle handling of solar cells.

Diffusion Furnace //

In a diffusion furnance, phosphorus atoms are diffused into the surface of the silicon wafer using a high-temperature process, the silicon is "doped" (see Doping). As a result, p-n junctions are created in the solar cell (see P-N Junction).

Doping //

The term doping refers to the insertion of a limited number of foreign atoms such as boron or phosphorus into the silicon to create a barrier with a different electrical charge (see P-N Junction).

Drying Chamber //

The metal paste applied during screen printing must be dried before the cell can undergo further processing. The solvent in the paste evaporates in a drying chamber. What remains is the metal, which is later burned into the cell.

E

EEG //

EEG is the abbreviation for "Erneuerbare Energien Gesetz." This is the German Renewable Energy Law which was adopted on April 1, 2000, and promotes the use of renewable energy sources and climate protection.

Efficiency //

The term efficiency, or in this context, energy conversion efficiency, describes the ratio of the electric power produced by a photovoltaic device to the power of the sunlight incident on the device. For example, a photovoltaic module with an efficiency of 20% can convert one-fifth of the incident sunlight into electrical energy.

Electricity //

Electricity is created through the movement of ions and electrons within a fixed body. This current is measured in amperes (A).

Electroluminescence Measuring Process //

When inspecting solar cells, for example, the cells are place under an electrical current and the individual cells are then made to light up. A camera takes pictures which can be used to determine whether the cell has errors or fractures.

Emitter //

The term emitter describes the top layer of the solar cell which is doped with phosphorus. It has a strong negative charge.

Energy Mix //

The energy mix describes the composition of the various sources of energy used to supply power. Due to the scarcity of fossil fuels, the energy mix will increasingly be defined by alternative energy sources.

F

Feed-In Tariff //

The term feed-in tariff refers to a form of subsidizing or paying compensation for the use of renewable energies. The feed-in tariff stipulates the amount an electric utility must pay the owner of a private installation per kilowatt-hour of electricity fed back into the grid for a period of 20 years.

Firing Furnace //

The contacts in solar cells are fired in a firing furnace at temperatures of up to 900°C.

Fossil Fuels //

Brown coal, bituminous coal, natural gas, and petroleum are examples of fossil fuels. Up until now, fossil fuels have covered a large portion of global energy demand. In contrast to renewable energies such as photovoltaics, there is a limit to the amount of fossil fuels available.

Future Energy Demand //

Global energy consumption in 2010 is estimated to be approximately 580 exajoules, which is equal to 580 times 34.12 million tons of coal. Global demand will grow to an estimated 900 to 1,000 exajoules by 2050.

G

Glass Cleaning Equipment //

In order to achieve a strong level of adhesion in the solar layers as well as high level of efficiency, glass cleaning equipment is essential to thin-film technology to ensure that the glass substrates are uncontaminated.

Glass Substrate //

In semiconductor technology, the wafer used as raw material in the electronics industry for the mass production of chips is also called a substrate.

Grid Parity //

Grid parity describes the moment when electricity generated by photovoltaic equipment costs the consumer just as much as "conventional" electricity which is not generated from renewable energy sources.

GW //

The abbreviation GW stands for gigawatt. A watt-hour more precisely describes the amount of energy a technical system uses or supplies in one hour. The prefix giga means one billion.

H

HDTV //

The abbreviation HDTV stands for high-definition television and describes a form of television which, through higher vertical and horizontal resolutions, allows for sharper and more realistic video. HDTV can be broadcast over satellite, cable, and antenna.

I

Image Processing //

As a component of Manz' automation and inspection systems, pictures of the solar cells are taken using a camera. The position of the gripper can be defined exactly, allowing cells to be inspected for damage.

In-Line Inspection Systems //

These are inspection systems that are integrated directly into a production line, allowing for continuous inspection and testing.

In-Line Production //

The term in-line production refers to a continuous manufacturing process, traditionally using an assembly line. This is in contrast to batch production, which is the manufacturing technique of creating individual batches at a workstation before moving to the next step in production.

In-Line Sputter Systems //

The sputter process is a well-known method of coating in the industry, used to cover a material with a thin layer. Sputter systems are a type of vacuum coating system for laboratories and industrial applications, such as for silicon wafers, displays, CDs, etc.

Inverter Module //

An inverter module is an electronic component which transforms direct current voltage into alternating current, which is compatible with the electricity grid. Inverter modules are used in photovoltaic systems and are important in determing the efficiency of the system.

L

LCD //

The abbreviation LCD stands for liquid crystal display and describes a flat panel used to display information using liquid crystals.

Laboratory Automation //

Laboratory automation, as a specific area of automation technology, is comprised of the automation of laboratory processes in the fields of chemistry, biology, pharmaceuticals, and food technology.

Laser-Edge Deletion Systems //

These systems ensure that the module is electrically isolated from the edge area. Dynamic linear motors, powerful lasers, efficient extraction, and seamless integration in the process chain as well as processing large substrate sizes allow for the maximum precision and throughput possible.

Laser-Edge Isolation //

The back and front sides of a silicon solar cell must be separated electrically in order for the solar cell to work and to utilize the entire range of performance. This is carried out by scribing a small groove along the edge of the cell using a laser.

Laser Scribing System //

Through the structuring of thin-film solar modules, they become electrically connected.

Line Integration //

This term is used to describe the integration of processing equipment into a production line. An important aspect in this case is that the integrated equipment matches the defined performance parameters (such as speed, breakage rates, etc.) of the rest of the equipment in the line.

Lithium-Ion Batteries //

A lithium-ion battery is sometimes referred to as a lithium-ion accumulator battery (or lithium-ion rechargeable battery, li-ion rechargeable battery, li-ion storage battery, lithium rechargeable battery, or simply li-ion for short), and is a rechargeable battery which uses lithium.

M

M^3D Aerosol Deposition Process //

A process patented by Optomec for the non-contact metallization of solar cells.

Mechanical Scribing //

In this process, structures required for the module to function properly are scribed using an engraver. Linear motors, image processing, various engraving heads, efficient extraction, and high-precision assembly, etc. allow for maximum throughput and the processing of extremely large substrates.

MES – Manufacturing Execution System //

MES is software used to control an entire production line. This software acts as the interface between each individual machine's controls and the company's underlying ERP system.

Metallization //

Contacts made of metal are required on both sides of the solar cell. In addition, a layer of metal covering the entire reverse side is required. These contacts are applied to the solar cell using three sequential screen printing machines (see Screen Printing Process).

Microtears //

Tiny tears can form within solar cells as a result of mechanical stress. This causes the cell to break along these microtears later in the production line. Sorting out predamaged cells significantly reduces breakage rates and the machine's downtime.

Module Manufacturer //

After preparing the wafer and processing the solar cells, the module manufacturer completes the series connection between the individual solar cells.

MW //

The abbreviation MW stands for megawatt. A watt-hour more precisely describes the amount of energy a technical system uses or supplies in one hour. The prefix mega means one million.

O

OEM Systems //

The abbreviation OEM stands for original equipment manufacturer, and refers to a company that manufactures products or components that are purchased by a company and retailed under that purchasing company's brand name.

P

PCB //

PCB is the abbreviation for printed circuit board, and they are found in almost every technical device to mechanically support and electrically connect electronic components.

Photovoltaics //

Photovoltaics is a term generally used to describe the utilization of light by converting it into electrical energy. The photovoltaic effect was first used to generate electricity in 1954. The efficiency of solar cells ranges from 6% (thin-film solar modules) to 35% (laboratory tests).

P-N Junction //

The p-n junction is located between the positively charged wafer base material (see Wafer) and the surface layer which has a negative charge as a result of phosphorus diffusion (see Emitter). It is responsible for ensuring that the electrons generated from incoming light gather in the emitter. The result is a voltage, which the solar cell then emits.

Printed Circuit Boards //

See PCB.

PSG Etching //

A layer of phosphosilicate glass (PSG) is created through the diffusion of phosphorus atoms. This layer is removed by wet chemical equipment using hydrofluoric acid since it is not conductive and makes it harder to apply the contacts to the cell.

Powder Press //

A powder press is a machine that is used to form or rather press carbide tools from powdered metal. These pressed tools only maintain their final strength after undergoing a special process, such as sintering.

R

Renewable Energies //

As opposed to oil or coal, which cannot be replenished, wind, water, solar, and geothermal energy are "renewable."

Rework Processing //

Rework processing is the term used to describe the process of recycling damaged or defective glass substrates.

Robotics //

Robotics is the general term used to describe the development and control of robots. Robots in this case are either stationary or mobile machines. In this context, importance is placed on the ideal interaction between the robots' electronics and mechanics.

S

Scarcity of Fossil Fuels //

This term refers to the increasing reduction of the world's supply of fossil fuels.

Screen Printing Process //

Screen printing is a part of the metallization process (see Metallization) which is used to apply conductive pathways onto the cells. Using a screen and a scraper, conductive silver-aluminum paste is both printed and dried separately on the front and reverse sides of the solar cell. Afterwards, the paste is fired in the solar cell.

Scribing //

Thin-film modules can be scribed both mechanically or using a laser. In this context, lasers or engravers carve thin lines in the various layers which were previously applied. Scribing produces an integrated series connection between adjacent cells. The result is a higher voltage, which makes the module useful.

Semiconductor //

A semiconductor is a solid compound that has a particular electrical conductivity between that of a conductor and an insulator. They are divided in semiconductors that are comprised of one element and compound semiconductors that are comprised of more than one element. Solar cells are an example of a semiconductor.

Series Connection //

This term refers to connecting individual solar modules together to form a solar power generator.

Silane //

Silane refers to a gaseous silicon hydrogen bond. It is used as a process gas in the manufacture of silicon thin-film modules.

Silicon – Solar Technology //

To generate electricity from solar radiation, a semiconductor is needed. Silicon, a metalloid and after oxygen the most abundant element on Earth, is the primary choice for this purpose, particularly because it is relatively inexpensive. For use in solar technology, it must be extensively purified, however [99.99% pure].

SIN Coating //

SIN coating is short for silicon nitride coating. Silicon nitride is the most common material used for antireflective coating and gives solar cells their blue color.

Solar Cell //

A solar cell, or rather photovoltaic cell, is an electrical component. It directly converts incident radiant energy from the sun into electrical energy.

Solar Module //

A solar module is a packaged, interconnected assembly of solar cells. The number of solar cells determines the module's output.

Solar Power Plant //

Solar power plants also are referred to as solar thermal power stations. They use solar energy to generate heat and subsequently create electrical energy. A steam turbine is used to extract electricity from the generated heat.

Solar Technology //

This term is used to refer to all the technologies that use solar radiation as a source of energy.

Stripping //

Stripping refers to removing insulation from a given object.

Suspended Particles //

Also called particulate matter, these are mineral or organic materials that are found in the air or in water. Suspended particules can cause products to become contaminated.

T

TCO Etching //

TCO stands for transparent conductive oxide; TCO etching is a manufacturing process for TCO layers.

Texturing //

Texturing describes a wet chemical process in which the surface of the solar cell is roughened. Because of the rough surface, less light is reflected. As a result, more light is used to generate electricity, which increases the cell's efficiency.

Thin-Film Solar Module //

In this technology, a thin film of material such as amorphous silicon or cadmium telluride is applied to a glass substrate. Depending on the technology used, the efficiency of these modules is somewhere between 6% and 12%. Since the layer's thickness is only one-hundredth that of crystalline silicon, the use of thin-film technology is interesting for the solar industry. Through a coating of micro-crystalline silicon, it is also possible to further increase the efficiency of these modules.

Throughput //

Throughput describes the amount of material which is processed or transferred through a previously defined barrier within a certain period of time. In our context we refer to the throughput of glass substrates in one manufacturing stage.

Turnkey Manufacturing Equipment //

The term turnkey is used to describe anything that is sold fully equipped and and ready to be put into operation. Therfore, turnkey manufacturing equipment is equipment that comes from one source and can be used immediately, the buyer only needs to "turn the key."

U

Uptime //

Uptime refers to the time during which a machine or piece of equipment is operating or can be operated.

V

Vacuum Coating Systems //

Vacuum coating systems are used to deposit layers atom-by-atom or molecule-by-molecule at sub-atmospheric pressure (vacuum) on a solid surface. They can be used for decorative or functional reasons.

VDMA //

VDMA is the abbreviation for Verband Deutscher Maschinen- und Anlagenbau e.V. (German Engineering Federation). The VDMA is an industry network for the European investment goods industry.

W

Wafer //

The wafer is the raw material used to make a silicon solar cell. They are made from highly pure monocrystalline or polycrystalline silicon which is cast into ingots and then sliced into 0.2-mm-thick wafers, which are then used to manufacture solar cells.

Wafer Inspection System //

The wafer inspection system automatically checks wafers for defects and divides them into various categories. A precise and comprehensive optical and electrical inspection of the wafers is required to manufacture wafers of the highest quality.

Watt-peak //

Watt-peak is a measure of a solar module's power output. It indicates how high the electrical output of the module is given maximum light input. The amount of energy produced is primarily dependant on the intensity of the radiation and the annual amount of incident solar radiation at a particular location.

Wet Chemical Cleaning Equipment //

This equipment uses wet chemical cleaning processes to texture, clean, as well as remove dielectric layers. These systems are an important part of manufacturing crystalline solar cells.

FINANCIAL TERMS

A

AktG //

AktG is the German abbreviation for Aktiengesetz, which is the German Stock Corporation Act. It came into force on September 06, 1965, and forms the legal basis for the German Aktiengesellschaft (AG), which is a public corporation limited by shares and owned by shareholders, and the German Kommanditgesellschaft auf Aktien (KGaA), which is a partnership limited by shares. Above all else, it regulates the founding of such a corporation, the legal relationships between the corporation and its shareholders, corporate actions, the dissolution of the company, and the responsibilities of both the Supervisory Board and Managing Board.

B

Bond Options //

Bond options are bonds that in addition to giving the owner the same rights as creditors, also give the owner the option to purchase stock.

C

Capital Stock //

Capital stock is the amount of equity a corporation has obtained by issuing stock. In Germany, it must total a minimum of 50,000 euros.

Capitalized Value //

The capitalized value of a company reflects its expected future income. It is calculated using a special valuation method common in Germany and aims to determine the total value of company. This value is dependent of the level of net income expected, the time period in question, the interest level used in the calculations, and the expectation of incoming proceeds from liquidation.

Cash Flow //

This term describes the changes to a company's liquid assets. Cash flow is a figure used during the analysis of a company, and provides information regarding a company's liquidity. It is calculated from the company's annual net income plus write-downs and changes to long-term provisions and taxes on income.

Cash Flow Hedge //

A cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss.

Compliance Statement //

In accordance with Article 161 of the German Stock Corporation Act, the Managing Board and Supervisory Board of public German companies are required to submit a compliance statement each year. In this statement, the Managing Board and Supervisory Board announce whether they have complied with the guidelines set forth in the German Corporate Governance Code issued by the German Federal Ministry of Justice.

Conditional Capital //

Shares which have been approved for issue, but have not yet been issued, are part of conditional capital. They are then authorized for use in stock options or convertible bonds programs.

Consolidated Statement of Income //

The consolidated statement of income is a statement which contrasts all items of income and expense in order to calculate the profit or loss for a period.

Contract Manufacturing //

This term refers to the manufacture of goods by a third party in return for compensation.

Convertible Bonds //

A convertible bond is a security with a fixed interest rate that gives its owner the right to convert the security into a certain number of shares of company stock within a fixed period of time.

Corporate Governance Code //

The German Corporate Governance Code refers to an agreement signed by companies regarding the scope of freedom in organizational and content-related questions about the direction and control of a company.

Cost of Sales Accounting //

Cost of sales accounting is a method of calculating the results of period on the consolidated statement of income.

Cost-To-Cost Method //

A method to estimate the completion of a long-term construction contract in which the state of completion is the ratio of costs incurred as of a given date divided by the estimated total project cost.

Coverage (Analysts) //

Coverage refers to the evaluation of a company by analysts at regular intervals.

Credit Rating //

A credit rating is used to estimate the creditworthiness of a company.

Currency Swaps //

Currency swaps, also known simply as swaps, are a way to trade currencies. In this transaction, two currencies are traded for one another, and then traded back at a later date.

D

D&O Liability Insurance //

Directors and officers liability insurance is a type of insurance used to protect the members of a company's management from company-internal or external claims for damages.

Debt to Equity Ratio //

The ratio of a company's debt to its total equity.

Deferred Taxes //

Deferred taxes refer to tax liabilities which result from timing differences between the recognition of gains and losses in financial statements and their recognition in a tax computation which can occur based on different methods of recording assets and liabilities recognized in the balance sheet.

Derivative Financial Instruments //

Derivative financial instruments, also known simply as derivatives, are a broad class of financial instruments that derive their value from other financial instruments (known as the underlying instrument). Derivatives are extremely liquid and standardized financial instruments. They are traded either off-market or on a derivatives exchange. Options and futures are two examples of derivatives.

Discounted Cash Flow Method //

The discounted cash flow method is a method of determining the value of a company. In this method, all future cash flows are estimated and discounted to give their values at the present time.

E

Earnings Per Share //

This figure is calculated in accordance with IAS guidelines by dividing annual earnings after taxes by the average number of shares outstanding. In addition to the basic EPS, companies are also required to publish an adjusted EPS, known as a diluted EPS.

EBIT //

EBIT stands for "earnings before interest and taxes" and is a measure of a company's profitability that excludes interest and income tax expenses. EBIT shows the company's operational earning power independent of its capital structure.

EBITDA //

The abbreviation EBITDA stands for "earnings before interest, taxes, depreciation, and amortization." Similar to EBIT, but goes a step further by removing two non-cash items from the equation (depreciation and amortization).

EBIT Margin //

The EBIT margin is equal to a company's EBIT divided by its net revenue. It is a figure used to determine the profitability of a company within a certain period of time.

EBT //

The abbreviation EBT stands for "earnings before taxes," and is a further measure of a company's performance.

Economies of Scale //

This term refers to the reduction in cost per unit as the quantity produced increases, for example as a result of mass production.

Equity Accounting //

A method of accounting for investments in companies where the investor can exercise significant influence on its corporate policies (such a company is referred to as an associate). Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate. Distributions received from the investee reduce the carrying amount of the investment.

Equity Ratio //

The equity ratio, also called asset/equity ratio, indicates the relative proportion of equity to all of a company's assets. The higher a company's equity ratio, the lower amount of debt the company has.

F

Fair Value //

The fair value of an asset is the amount for which said asset could be exchanged between knowledgeable, willing parties in an arm's length transaction on the date in question.

Finance Lease Agreements //

In Germany, this term describes medium- or long-term agreements, similar to operating lease agreements, whose fixed lease term is less than the ordinary useful life of the leased object yet are designed for the lessee to fully pay off the leased object. Finance lease agreements which fulfill the German legal regulations governing leases cause the leased object to be reported in the lessor's balance sheet.

Free Float //

This term refers to shares of a public company that are not held by controlling stockholders. A high free float ensures that the stock remains liquid and can be traded easily.

G

Goodwill //

This term is used to reflect the portion of the book value of a business entity not directly attributable to its assets and liabilities.

Gross Profit/Loss //

An accounting term, this is used as a intermediate result in the consolidated statement of income.

H

Hedge Accounting //

A method of accounting where entries for the ownership of a security and the opposing hedge (derivative financial instruments) are treated as one.

I

IAS //

Abbreviation for International Accounting Standards. They are issued by the International Accounting Standards Committee and form the body and rules and regulations governing the accounting practices used by corporations. The methods of valuation set forth in the IAS vary significantly from those in the German Commercial Code. The primary goal of these standards is to supply all of a company's stakeholders with accurate information.

IFRIC //

The abbreviation IFRIC stands for "International Financial Reporting Interpretations Committee."

IFRS //

The abbreviation IFRS stands for "International Financial Reporting Standards."

Impairment Test //

The impairment test is a test which corporations are legally required to carry out annually that indicates the value of goodwill as well as intangible assets whose useful life cannot be exactly determined, based on the lowest value principle.

ISIN //

The abbreviation for International Security Identification Number. The ISIN is used to clearly identify securities which can be traded internationally. It is determined by the respective national agency.

L

Liquid Assets //

Liquid assets refer to a company's assets that can be converted into cash in a short time, with little or no loss in value, such as the balances of money market and checking accounts and cash on hand.

M

Market Capitalization //

The market capitalization is a figure which specifies the current market value of a company. It is calculated by multiplying the number of outstanding shares with the current per share market price.

Market Consolidation //

The process in which companies consolidate or withdraw from a market segment with overcapacities, also known as a shake-out.

N

Net Cash //

Liquid assets under consideration of interest-bearing liabilities.

O

Orders on Hand //

Orders on hand refers to the value of all orders that a company has in its order books on a specified date.

Organic Growth //

Organic growth refers to the growth of company as a result of its daily operations.

P

Pension Provisions //

Pension provisions are created to cover undetermined liabilities that result from employees' future pension payments. Each company must keep provisions for pensions.

PoC Method //

PoC stands for percentage of completion. This term refers to a method in which revenues can be determined and recorded in the statement of income on a pro-rata basis.

Primary Financial Instruments //

Primary financial instruments are financial receivables and financial debts which are created as the result of trade receivables and trade payables.

Prime Standard //

A listing segment of the Deutsche Börse (German stock exchange) for companies that target international investors. Companies listed in this segment must comply with particularly high standards of transparency which go above and beyond those of the General Standard segment. This level of transparency also forms the prerequisite for a company's inclusion in one of the Deutsche Börse's stock market indices.

Profit Participating Bond //

A profit participating bond is a type of bond that in addition to a fixed interest rate also offers additional interest based on the amount of profit generated by the issuing company.

Profit Participation Certificate //

A hybrid form of investment combining elements of both stocks and bonds.

Proportion of Value Added //

If one were to add all the costs resulting from manufacturing a product, the total would equal 100%. By quantifying the contributions made by all involved in this process, one can determine the relative level of value added by each.

Provisions for Warranty Claims //

This term refers to provisions formed as a result of impending warranty claims.

S

Share Capital //

According to Article 272, book one of the German Commercial Code, the shareholders of a corporation are liable to its creditors up to the amount of the company's share capital. In the case of corporations, share capital is determined by multiplying the nominal value of each share by the total number of shares.

Subsidiary Company //

A subsidiary company is a legally independent, yet financially dependent company controlled by a parent company which is fully consolidated within the scope of group accounting.

T

Tangible Fixed Assets //

Fixed assets, also known as property, plant, and equipment, is a term used in accounting for assets and property which cannot easily be converted into cash. They can either be movable or immovable.

TecDAX //

The TecDAX is a German stock market index which lists the 30 largest technology companies based on market capitalization and trading volume.

Total Cost Accounting //

A method of determing operating profit or loss within an ad-hoc statement of earnings. A company's total operating performance is contrasted with total costs organized by type.

Total Operating Performance //

Total operating performance is used to describe the revenues in a particular period, internally produced additions to property, plant, and equipment, added to the changes in inventory.

Transparency Requirements //

Transparency requirements indicate what a publicly traded company's duties are with regard to the publication of documents.

U

Unternehmenssteuerreformgesetz //

The Unternehmenssteuerreformgesetz (corporate tax reform act) is a German law which was adopted in 2008 to reduce taxes on corporations.

V

Volatility //

Volatility or standard deviation indicates how much a security deviates from an index or its average price.

W

Working Capital //

Working capital is calculated by subtracting a company's current liabilities from its current assets. This figure represents the operating liquidity available to a company.

WpHG //

This is the abbreviation for Wertpapierhandelsgesetz, the German Securities Trading Act.

Write-Downs //

The pro-rated reduction in value of a fixed asset which is recorded in a company's financial statement. Also referred to as write-down for wear and tear. Write-downs are recognized as expenses in the statement of comprehensive income and reduce the company's taxable profit.

X

XETRA //

This is an electronic securities trading system, the abbreviation XETRA stands for "Exchange Electronic Trading." This system is used to trade stocks and options that are listed on the Frankfurt Stock Exchange.

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Forward-looking Statements //

This report contains forward-looking statements. These statements are based on the Managing Board's current experiences, assumptions, and forecasts, as well as the information currently available. These future-looking statements should not be understood as a guarantee that the future trends and results contained therein will occur. In fact, future trends and results are dependent on a wide variety of factors. They are comprised of various risks and unknowns, and are based on assumptions that may prove to be incorrect. These risk factors primarily include the factors outlined in the risk report on pages 76 ff. We assume no responsibility for updating the future-looking statements made in this report.

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