



Impulses

THE FISCAL YEAR 2014

Manz AG at a glance

2015 Financial Calendar

May 12, 2015	Publication of 2015 Q1 financial report
July 7, 2015	2015 Annual Meeting of Shareholders
August 11, 2015	Publication of 2015 Q2 financial report
November 9, 2015	Publication of 2015 Q3 financial report
November 23–25, 2015	2015 German Equity Forum

Overview of Group Results

(in EUR million)	2014	2013
Revenues	305.9	266.2
Total operating revenues	308.8	278.4
EBITDA	13.9	27.0
EBITDA margin (in %)	4.5	9.7
EBIT	–32.8	3.1
EBIT margin (in %)	n/a	1.1
EBT	–34.6	0.1
Consolidated net profit (loss)	–38.2	–2.7
Earnings per share (in euros)	–7.75	–0.69
Operating cash flow	10.8	22.5
Cash flow from investing activities	–21.1	–11.7
Cash flow from investing activities	–32.9	23.9

	Dec. 31. 2014	Dec. 31. 2013
Total assets	253.6	319.2
Equity	140.0	175.0
Equity ratio (in %)	55.2	54.8
Financial liabilities	32.3	65.0
Liquid assets	23.2	64.7
Net debt	9.2	0.4

THE YEAR 2014

Manz AG impressively demonstrates its positioning as an established industry partner in the manufacture of smartphones and tablet PCs



March 28

Successful opening up of the market segment lithium-ion batteries for consumer electronics: largest single order in the Battery segment

With the acquisition of the mechanical engineering division of Kemet (formerly Arcotronics) Manz AG gears itself up in the Battery segment for the future



April 3

Manz AG returns to the TecDAX

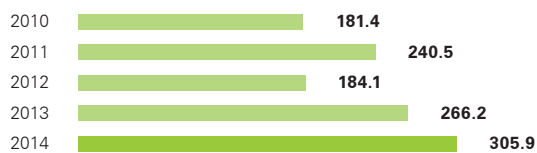


March 6

Federal Education Minister Wanke inaugurates the ZSW research platform for the industrial production of lithium-ion batteries – cell production technology will come from Manz

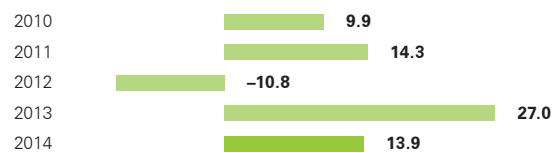
Revenues

(in EUR million)



EBITDA

(in EUR million)



EBIT

(in EUR million)



EBIT by Business Segments 2014

(in EUR million)



Strongest quarterly revenue in the company's history provides impressive confirmation of successful diversification

→  **August 14**

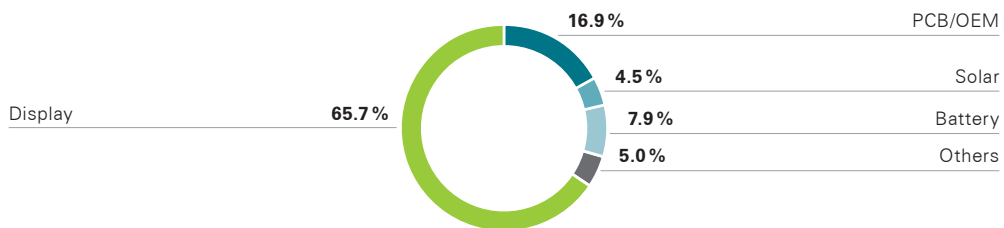
→  **June 10**

Manz AG benefits from trend toward automation in Asia with an order worth millions

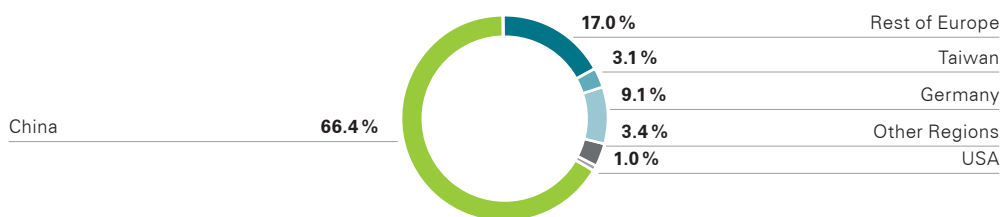
→  **August 19**

→  **September 29**

Revenues by Business Segment 2014



Revenue Distribution by Region 2014



MANZ AG MISSION STATEMENT

As a high-tech equipment manufacturer, our goal is to develop equipment and systems for fast-growing industries around the world. With our claim „passion for efficiency“, we are making a service promise to offer our customers – companies in fast-growing future markets – increasingly efficient production equipment. Global proximity to customers and extensive technological expertise are the foundation of our company, and they enable us to continually optimize our range of products in line with industry requirements. This makes the Manz Group an important innovation leader – for breakthroughs in key technologies, such as the production of sustainable energy and stationary power storage, displays and devices for global communication needs, and e-mobility. On the basis of our extensive expertise in the technology sectors automation, laser processing, vacuum coating, printing and coating, metrology, wet chemistry, and roll-to-roll, there are application opportunities for our solutions in numerous industries. Currently we are concentrating on research and development on production systems for our strategic business with Electronics, Solar and Energy Storage. The spirit of invention spurs us on each and every day – it is what makes our company’s dynamic growth possible.

WE SET THE PACE FOR BRINGING NEW TECHNOLOGIES FORWARD

Higher-performance displays, printed circuit boards and other core components for smart-phones, laptops and tablet computers, more efficient lithium-ion batteries for stationary energy storage, e-mobility and consumer electronics, solar modules with the utmost efficiency: With our solutions, we set the pace for quickly establishing new technologies and products and producing them cost-effectively.

We focus on fast-growing markets where product life cycles are short and continuous innovation is a must. Our fast deployment and successful cross-industry knowledge transfer let us react immediately to changing conditions and to create competitive advantages for our customers.

In this annual report, we will discuss the markets in which we play a key role in terms of growth and future viability: electronic devices and consumer electronics, energy storage and solar technology – and completely new areas that are still on the starting block today but will be indispensable to everyday life tomorrow.



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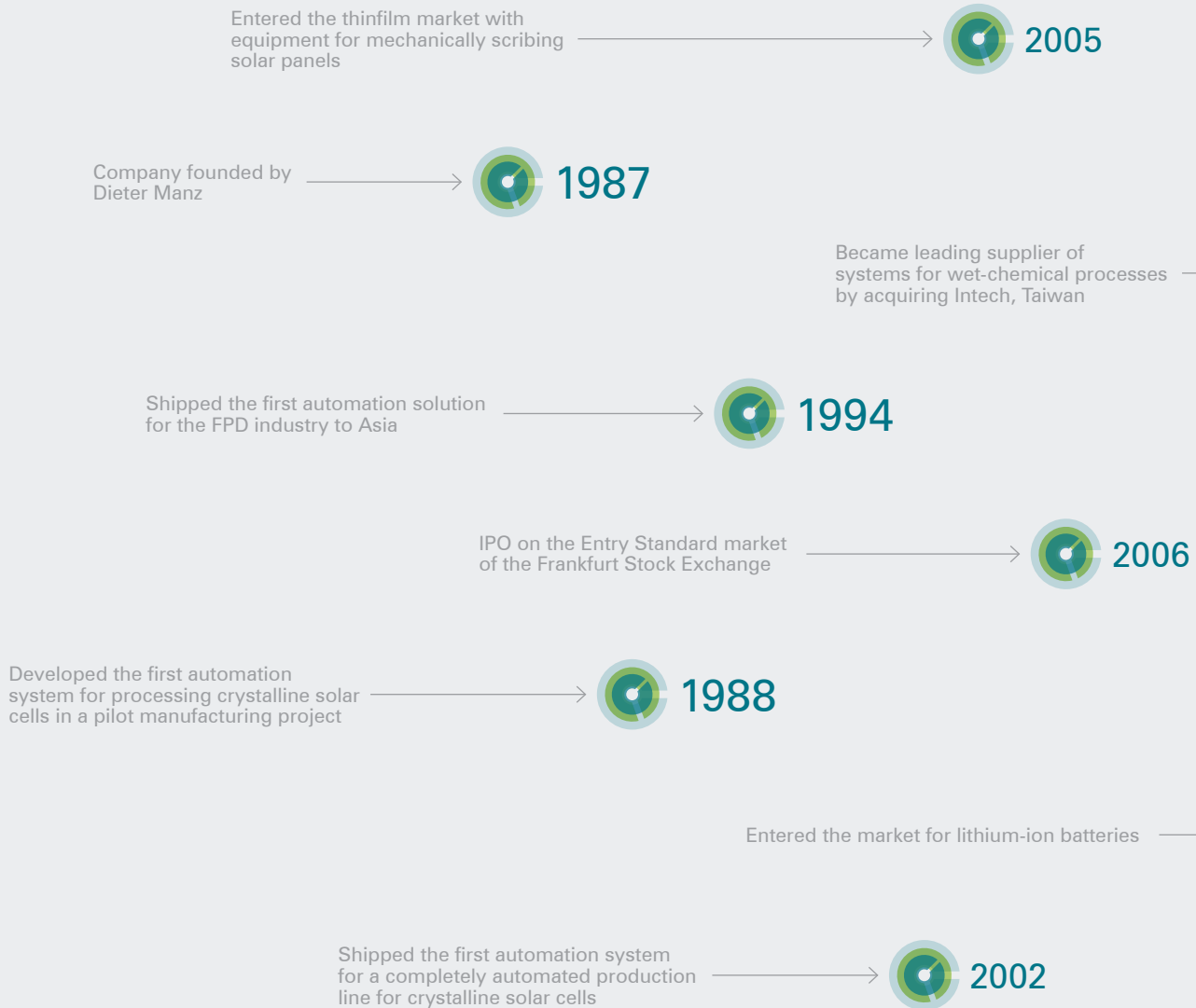
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THE HISTORY OF MANZ AG



1987

Acquisition of mechanical engineering division of Kemet Electronics Italy (formerly Arcotronics) for enlargement of technology portfolio in Battery division

2014

2008

Manz Coating GmbH founded – development center for vacuum-coating technology

2010

Acquired the CIGS innovation line from Würth Solar
Opened facility for solar and display production systems in Suzhou, China

2012

2009

Manz becomes global leading equipment supplier for the touch panel production
First order from AMOLED display industry

2013

2014

A large, white, stylized lowercase letter 'a' is centered on a dark teal circular background. The 'a' has a thick, rounded stroke and a small tail at the bottom right. The background consists of several overlapping circles of varying shades of teal, creating a layered effect.

a

TO OUR SHAREHOLDERS

LETTER FROM THE MANAGING BOARD

Dear Shareholders,

Record revenues of

306 million euros:
+15%

in comparison with
the preceding year

During fiscal year 2014, we were able to increase our revenues to a new record level of around 306 million euros. Against the background of a share of the solar sector of only 4.5%, this increase of more than 15% is impressive evidence of the success of our diversification in industries, technologies and regions. With earnings before interest and taxes (EBIT), adjusted for non-recurring negative special effects in the amount of around 0.4 million euros, we were able (on an adjusted basis) to achieve the operational goals we had set for the fiscal year 2014. At the same time, non-recurring negative special effects burdened our result in 2014. Our strong equity position and low net debt with a positive cash flow offer us sufficient leeway for this, in order to grow dynamically and profitably from a stable basis.

The successful diversification of our business model allows us to use the varying dynamics in the individual growth industries to the best effect and to utilize available capacities effectively. This resulted in a significant increase in group revenues from 266.2 million euros in the previous year to 305.9 million euros in the 2014 fiscal year, an increase of 14.9%.

While the sales level in the Solar segment continues to be low, the fast-growing business segments Display and Battery have in the meanwhile proven to be responsible for the majority of revenues.

In the Display segment, we are positioned as the established development partner of industry. Our customers include leading manufacturers of smartphones and tablet computers as well as their suppliers. Through technological novelties and innovations, and together with our customers, we are implementing the ideas of tomorrow and in the process are setting standards in the industry. Our outstanding market position is reflected in particular in the increased segment revenues for 2014.

In addition, today's rapidly growing Battery segment offers us enormous growth potential. In this area, we are benefiting from the very successful integration of Manz Italy – the mechanical engineering division of Kemet Electronics Italy which was purchased in April 2014. With this acquisition, we added winding and laminating technology to our range of services for the production of lithium-ion batteries and now with our technology portfolio unmatched the world over, we offer our customers production equipment for the manufacture of all current cell concepts – from the wound button cell for headsets to the stacked pouch cell for electric cars. Alongside e-mobility and the market for stationary power storage, we have successfully developed the market for consumer electronics within a very short time period. Orders of more than 50 million euros in this sector led to further dynamic growth of segment revenues compared with the previous year.



EBITDA adjusted for non-recurring special effects:

24.6 million euros:

Positive cash flow:

12.7 million euros:

The development of earnings in the year 2014 was significantly influenced by non-recurring negative special effects coming to a total of 33.2 million euros. Earnings include valuation allowances on receivables from an insolvent customer as well as expenses resulting from the rescission of a battery order. Adjusted for these non-recurring negative special effects, earnings before interest, taxes, depreciation and amortization (EBITDA) were 24.6 million euros (previous year: 27.0 million euros). In addition there were unscheduled write-offs on development costs in the Solar segment, primarily relating to crystalline PV technology as well as in some cases relatively old developments of the CIGS technology. These write-offs came to 22.5 million euros. At an adjusted EBIT of around 0.4 million euros, essentially these unscheduled write-offs as well as devaluations in the Solar segment resulted in an EBIT of –32.8 million euros. With a positive cash flow of 12.7 million euros (previous year: 26.9 million euros) and a lower net debt of 9.2 million euros, our liquidity position is extremely sound and we continue to have a high equity ratio of 55.2% (previous year: 54.8%).

We are convinced that we can continue the positive operating trend in 2015 and beyond. The general conditions for sustained growth are present in all three industries. A constant stream of new functions and technical innovations in consumer electronics are continuing to drive forward our business in this segment. In addition, manufacturers are increasingly addressing the themes of battery service life and shelf life for mobile end-user devices. In addition, we are seeing a rise in investments in the production capacities for batteries in the field of e-mobility. And in view of constantly growing end-customer demand for solar modules, new investments in modern equipment are indispensable in order to implement profitable manufacture. We are assuming a strong concentration in China for crystalline technology. We are well positioned with R&D and production here. In the field of thin-film solar technology, we are more convinced than ever of the technological superiority of the Manz CIGS*fab*, our turnkey production line for the manufacture of CIGS thin-film solar modules.

We consider the industry outlook in all three strategic business segments to be thoroughly positive. At the same time, the unscheduled write-offs in the past year will relieve the operating result already in fiscal year 2015 in the amount of about 10 million euros. Specifically, Manz is expecting revenues between 320 million euros and 340 million euros for the current 2015 fiscal year with a very positive EBIT.

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

The Managing Board



Dieter Manz



Martin Hipp

Our forecast:

Revenues of

320 – 340

million euros

in 2015



INTERVIEW

» We are expecting that our business in the consumer electronics segment will also grow further in the future and will be a significant revenue driver for us. «

Dieter Manz, CEO

MANAGING BOARD INTERVIEW

INTERVIEW WITH DIETER MANZ AND MARTIN HIPPEL

Mr. Manz, Mr. Hippel, 2014 was an eventful year for Manz AG. Operationally, things are running well for your company, and you have generated record revenues. But at the same time, you are showing negative earnings as a result of non-recurring special effects. How will things go from here?

DIETER MANZ:

Our business has in fact developed very well despite the solar crisis – not only in 2014, but also in the years before. With our diversification strategy, we have been able to open up the vibrant future-oriented markets with very good growth prospects with the Display and Battery divisions. Thus since 2012 we have been able to increase total revenues from around 180 million euros to more than 300 million euros in the year 2014 despite the drop in sales in the solar sector. This represents almost 70%! But at the same time we have also invested in the further development of PV technology in order to hold open the opportunities of the solar market for ourselves. We have been able to do this only thanks to our operational strength that is also a very sound basis for the future growth of the company.

MARTIN HIPPEL:

Due to the insolvency of GT Advanced Technology, net receivables in the amount of 2.5 million euros were written off in 2014 as a precautionary measure. In addi-

tion, we consciously decided to break off and back out of a battery project due to a fundamental change of strategy by a German car manufacturer in order to be able to employ the capacities thus released directly in new, lucrative projects. The non-recurring negative special effect came to 4.0 million euros. But on the other hand there are the new orders resulting from this decision of around 40 million euros as of the beginning of the current fiscal year. But the major part of the negative special effects results from the special write-offs in the Solar segment.

What caused you to take this step?

MARTIN HIPPEL:

Our first priority of course is the profitability of our company. Therefore we have made a clean sweep with this step already at this point and are relieving our earnings already in 2015 by around 10 million euros. Adjusted for these non-cash write-off effects, our result will reflect much better the operational strength of Manz AG. In 2015, with revenues between 320 and 340 million euros, we expect a clearly positive EBIT.

70%

Growth in revenues
in 3 years



» Our first priority of course is the profitability of our company. Already this year, our result will reflect much better the operational strength of Manz AG. «

Martin Hipp, CFO

Don't these special write-offs in the Solar segment rather mean that you do not see any future for the solar industry?

DIETER MANZ:

Quite the contrary! We continue to be convinced that solar technology will have a key role worldwide in the solution for future energy supplies. The retail market in the meantime has reached the level of the existing production capacities, which for the most part are outdated. Therefore new investments will be unavoidable for the industry in order to cover rising demand with profitable production. Nevertheless we are assuming that in the area of crystalline solar technology, there will be a strong concentration of capacities in China. The situation looks different in the area of CIGS thin-film technology. While up to the time of the sale of our first CIGS-*fab* we will significantly lower the operating costs at our Schwäbisch Hall location, we continue to be convinced of the superiority of the CIGS*fab* and are staying, without reservation, with our goal of the sale of turnkey production lines.

MARTIN HIPPE:

But at the same time we are taking the continuing investment restraint of the past four years into account by reducing our ongoing cost basis. Regardless of when the next investment cycle comes, this step, together with the early write-offs, will lead to an improvement in earnings. The Solar segment at the moment therefore offers primarily upside potential for us.

But the Display business segment will continue to be the largest business segment, will it not?

DIETER MANZ:

Continuous technology innovations, in particular in the case of smartphones, tablet computers and touchscreen laptops, will continue to push this market forward. Topics of the future will be, for example, flexible and foldable devices, OLED displays and „wearables“ such as watches. As a high-tech equipment manufacturer and innovation driver of the industry, that plays into our hand. In the meantime, we are very close to the leading producers and their suppliers, and in close cooperation with our customers we are already developing the device generation of tomorrow. We are expecting that our business in the consumer electronics segment will also grow further in the future and will be a significant revenue driver for us. But on balance our goal is to establish three equally strong business segments.

On balance three equally strong business segments means that the Battery segment will also grow significantly. What makes you so sure of this?

DIETER MANZ:

With the acquisition of the mechanical engineering division of KEMET Electronics Italy in the past year and the subsequent integration of Manz Italy, we have taken a giant step and within a very short time have successfully developed the market for consumer electronics. In 2014 we were already able to record significant growth. We are expecting that in the current year of 2015, we will be able to at least double revenues again. In the short term, the growth momentum will come from the consumer electronics segment since the issues of battery service and shelf life are coming increasingly into the focus of the

manufacturers. But we also supply equipment for the manufacture of automobile batteries. In the e-mobility segment, we have been observing increased activity especially in the past few months. Companies such as Tesla, Google and Apple are currently providing movement in the market. Electric cars as a mass product and autonomous driving – these are quite exciting topics that are being discussed. We of course want to be part of the action. Accordingly I am convinced that we will see sales in the triple-digit million range in the battery segment in the coming years.

You once put forward the medium-term goal of double-digit EBIT margins. How far along toward that goal do you see Manz AG today?

MARTIN HIPPE:

With a share of sales of the Solar segment of less than 5% in the past year, the fast-growing business segments Display and Battery in the meanwhile are responsible for the majority of revenues. Both business segments offer attractive operating margins. Our goal is to reach this quality of margin on the Group level as well while maintaining the high rate of growth. With the relief from the Solar segment of approximately 10 million euros annually, we are making a huge step toward this goal.

Mr. Manz, Mr. Hipp – you still have a number of exciting tasks in front of you. What motivates you each day anew to give your all to your job?

DIETER MANZ:

I am an engineer and an entrepreneur with my heart and soul. With Manz AG we are active in dynamic growth markets that

are continually changing. That demands great flexibility and entrepreneurial innovative spirit from me as CEO and from all employees. At the same time, we have the unique opportunity each day to participate in the development of new technologies and products that can change our society and the world. I can't imagine anything more exciting.

MARTIN HIPPE:

The possibilities at Manz AG are unlimited. I have already been here twelve years – the development that the company has experienced during that time is incredible. Back then we had just over 100 employees, and today almost 2,000 highly qualified colleagues are working in the key technologies of our time such as sustainable energy generation, mobile communication and e-mobility. Working as a CFO in such an innovative company simply is a lot of fun and motivates me to take on the challenge again day after day.

Mr. Manz, Mr. Hipp, thank you very much for the interview.

Revenues in the Battery segment soon to be in the

3-digit million range

Less than

5%

of revenues in the Solar segment

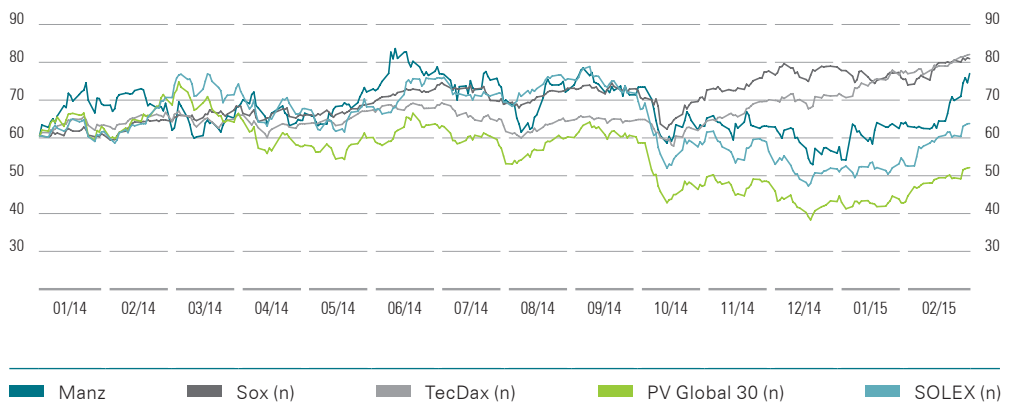
MANZ AG STOCK

PRICE PERFORMANCE (JANUARY 2, 2014 – FEBRUARY 27, 2015)

Rise in share price of
27%

The Manz AG stock began the 2014 fiscal year on January 2, 2014, at a price of 60.52 euros. Its further development in January 2014 was characterized by a significant upward movement. The share price achieved its highest level in the first quarter 2014 on January 23, 2014, when it stood at 74.53 euros. Following a sideways movement, the value of the stock fell until mid-March, recording what was at that time a low for the 2014 fiscal year on March 13, 2014, at 59.90 euros. After a slight upward trend followed by a sideways movement, Manz stock recorded significant price gains from the beginning of May 2014 onwards, closing on June 12, 2014, at 83.60 euros, which was also the high for the 2014 fiscal year. Following a consolidation phase up to the beginning of August, there was another rise in prices up to 78.45 euros on September 5, 2014. From that point to mid-December 2014, the stock was characterized by falling prices: On December 17, 2014, Manz stock reached its low for the year at 52.93 euros. Manz AG stock ended the year 2014 at 55.98 euros on December 30, 2014. Since the beginning of January 2015, the stock price has again made significant gains and closed on February 27, 2015, at 77.00 euros.

Chart Showing Manz AG Stock 2014 (XETRA, in EUR)



Manz AG stock left the TecDAX of Deutsche Börse – the index of Germany’s largest technology companies in terms of market capitalization and trading volume listed in the Prime Standard – in its wake through the end of the third quarter of 2014. From that point up to the end of 2014, the TecDAX initially outstripped the Manz stock. Since the beginning of 2015, this difference was largely equalized. The Semiconductor Sector Index (SOX) of the Philadelphia Stock Exchange in the first nine months of 2014 developed parallel with the Manz stock, but in the months thereafter it registered a significantly better performance and closed the year 2014 above the Manz stock. Since the beginning of 2015, however, this

lead has been largely overcome. In comparison with the solar industry indices World Solar Energy Index (SOLEX) of the Société Générale and the Photovoltaik Global 30 Index (PV Global 30) of Deutsche Börse AG, the Manz stock reflected a positive price development and also was able once again to move significantly ahead of the solar indices since the beginning of 2015.

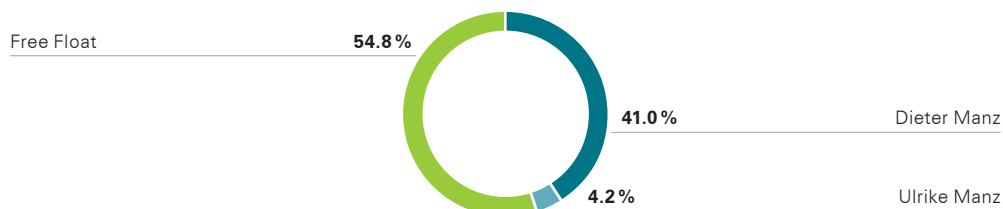
Stock Key Data and Performance Indicators

German Securities Identification Number	A0JQ5U
International Securities Identification Number	DE000A0JQ5U3
Ticker Symbol	M5Z
Stock Market Segment	Regulated market (Prime Standard)
Type of Stock	Registered, common, no-par value bearer shares, each with a proportionate value of 1.00 EUR of capital stock
Capital Stock	4.928.059 EUR
IPO	September 22, 2006
Opening Price	19.00 EUR
Stock Price at the Beginning of the Fiscal Year*	60.52 EUR
Stock Price as to February 27, 2015*	77.00 EUR
Change (in percent)	27.23 %
Annual High	83.60 EUR
Annual Low	52.93 EUR

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

Currently at 54.8%, Manz AG has a large number of shares in free float and has a wide shareholder base. As of December 31, 2014, company founder and chairman of the Managing Board, Dieter Manz, holds a total of 41.0% of Manz's stock. In addition, Ulrike Manz holds 4.2% of the company's shares.

Shareholder Structure



INVESTOR RELATIONS

Manz AG places a high value on maintaining an active dialog with investors, analysts and financial journalists and in the 2014 fiscal year maintained an constant exchange of information with its shareholders and stakeholders. The regular and prompt publication of reports relevant to the company underscores its goal of providing comprehensive information on the company's developments. In so doing, Manz AG, with its listing in the Prime Standard of the Frankfurt Stock Exchange, fully complies with highest requirements for transparency. Manz AG strives to exceed this standard.

24

capital market
conferences and
roadshows

- Participation in 13 capital market conferences
- Eleven roadshows in Germany and abroad
- Analyst Day on November 18, 2014, in Reutlingen
- Regular offers of conference calls with a webcast when publishing the financial reports and providing an audio replay as an online offering on the company's Web site
- Publishing 15 editions of Corporate News

In the course of fiscal year 2014, Manz AG was covered by the following institutions:

- Bankhaus Lampe
- Warburg Research
- Oddo Seydler (formerly Close Brothers Seydler)
- Equinet Bank
- montega AG
- Landesbank Baden-Württemberg

ANNUAL GENERAL MEETING

The FILharmonie in Filderstadt, Germany, hosted Manz AG's 2014 Annual General Meeting on Wednesday, July 9, 2014. A total of 276 shareholders attended and heard the report of the Managing Board on the development of business in the year 2013 and the outlook for the 2014 fiscal year.

Almost all the shareholders represented in the Annual General Meeting approved the meetings agenda. A total of 61.99% of capital stock with voting rights was represented (previous year: 62.34%). Detailed voting outcomes can be viewed on the company website at www.manz.com in the „Investor Relations/Annual General Meeting“ section at any time.

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May 12, 2015	Publication of 2015 Q1 financial report
July 7, 2015	2015 Annual Meeting of Shareholders
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November 23–25, 2015	2015 German Equity Forum

REPORT FROM THE SUPERVISORY BOARD

Dear Shareholders,

In the 2014 reporting year as in the past, the Supervisory Board advised the Managing Board on a regular basis with regard to the company's strategic orientation and governance and continuously monitored its management activities. In so doing, we meticulously carried out the duties incumbent upon us by law, the company's Articles of Incorporation and our rules of procedure, satisfying ourselves that the Managing Board's work was legally compliant and appropriate. The Supervisory Board was involved in all decisions of fundamental importance to the company and the Group.

The Managing Board and Supervisory Board remained in close and intensive contact throughout the 2014 fiscal year. In this context, the Managing Board complied with its duty to provide information as set out in the law and the rules of procedure, notifying us in a regular, detailed and timely manner in both written and oral form, about all measures and events relevant to the company. The Managing Board also discussed deviations of the business performance from the plans and goals that had been set up and gave reasons for the deviations. As a result, the Supervisory Board was always kept informed with respect to the company's business situation and performance, the company's intended business policy, short-term, medium-term and long-term planning including investment, financial, and human resources planning as well as the company's profitability, organizational measures, and the Group's overall situation. In addition, information regarding the company's risks and risk management activities was regularly provided. The members of the Supervisory Board always had sufficient opportunity to critically discuss the reports presented and the resolution proposals of the Managing Board and to present its own suggestions. In particular we intensively discussed all transactions significant to the company on the basis of the Managing Board's reports and examined them for plausibility. The Supervisory Board gave its approval of individual transactions to the extent that this was necessary for the Managing Board under the law, the Articles of Incorporation or the rules of procedure for the Managing Board.

The chairman of the Supervisory Board was in regular contact with the Managing Board above and beyond the Supervisory Board meetings and always obtained information concerning the current development of the business situation and significant business transactions.

Focus of Deliberations in the Supervisory Board

In all there were four face-to-face meetings during the 2014 fiscal year. All members of the Supervisory Board took part in all of the meetings. The members of the Managing Board participated in the meetings of the Supervisory Board to the extent their own personal matters were not to be discussed.


4
face-to-face meetings
in fiscal year 2014

The focus areas of the first meeting in the reporting year on March 27, 2014, were the annual financial statements and the consolidated financial statements of Manz AG as of December 31, 2013, including the management report and the Group management report as well as the audit report of the auditor. Following a discussion with the auditor, we approved the annual and the consolidated financial statements for the fiscal year 2013. In addition, the Managing Board reported on the current business developments in the first quarter of 2014 and the medium-term prospects. Additional topics were the current financing situation as well as financial planning and the business prospects for the year 2014. Over and above this, we discussed in detail the takeover of the mechanical engineering division of KEMET Electronics Italy as an addition to the technology portfolio in the Battery segment with the Managing Board and approved the acquisition. Furthermore, the Supervisory Board worked with and adopted the report of the Supervisory Board to the Annual General Meeting, the Corporate Governance Report and the resolution proposals for the Annual General Meeting on July 9, 2014. Finally, the members of the Supervisory Board discussed the results of the review of the organizational flow of the meetings of the Supervisory Board within the framework of the annual efficiency review.

In the meeting on May 27, 2014, the Managing Board reported on the current business developments and the business performance in the first quarter of 2014. Furthermore, we discussed the current financing situation, the integration of Manz Italy S.r.l. and the assessment of the work performance of the candidate for the position of chief operating officer (COO).

The subject of the Managing Board's report at the meeting of July 31, 2014, was the current business and financial position as well as further prospects following the close of the first half of the year 2014. At this meeting we also discussed the current status of bank financing, compliance with the provisions concerning one-third employee representation at Manz AG and other measures for filling the COO position. Other topics were the issue of subscription rights to the members of the Managing Board from the Performance Share Plan 2012, concerning which we passed a resolution in September 2014 by means of the written procedure.

At the meeting of December 9, 2014, the Managing Board reported on the current business and financial situation. In addition, the figures after the close of the third quarter of 2014 as well as special influences and risks for the 2014 annual financial statements were discussed, and the sales forecast for the 2015 fiscal year was adopted. Another focus area in this context concerned the further planned measures for strategic development in the 2015 fiscal year. In addition, we discussed the risk report in detail with the Managing Board. As in previous years, the Supervisory Board considered current developments in corporate governance and jointly with the Managing Board adopted the issue of an unqualified statement of compliance. Furthermore, the filling of the COO position was again the subject matter of discussions in the Supervisory Board.

A man with short brown hair, wearing a dark grey suit, a white shirt, and an orange patterned tie, stands on a staircase. He has his hands clasped in front of him and is leaning against a dark metal railing. The background is a plain, light-colored wall.

» The Managing Board and Supervisory Board remained in close and intensive contact throughout the 2014 fiscal year. «

Heiko Aurenz,
Chairman of the Supervisory Board

Conflicts of Interest

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

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

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

German Corporate Governance Code

In the 2014 fiscal year, the Managing Board and Supervisory Board once again gave careful consideration to the further development of the company's corporate governance policies. At the meeting on December 9, 2014, we discussed the recommendations of the German Corporate Governance Code, and in particular those recommendations that have been amended by the new version of the Code. The Managing Board and Supervisory Board issued a joint statement of compliance pursuant to Section 161 of the German Stock Corporation Act in December 2014, according to which the company complies with and will comply with the recommendations in the code without exception. The statement of compliance was made permanently available to the public on the Manz AG website.

The Supervisory Board of Manz AG consists of three members, the minimum number of members laid down by law. Due to the number of Supervisory Board members, forming committees does not serve any purpose and would unnecessarily hamper the Board's work. Therefore committees were also not formed during the 2014 fiscal year.

Annual Financial Statements and Consolidated Financial Statements for 2014

The annual financial statements and consolidated financial statements as of December 31, 2014, prepared by the Managing Board, and the management report and Group management report for the 2014 fiscal year were audited by the company's and Group's auditor, BEST AUDIT GmbH Wirtschaftsprüfungsgesellschaft, and given an unqualified audit opinion. The auditor conducted the audit in accordance with Section 317 of the HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

The Supervisory Board reviewed the annual financial statements and the consolidated financial statements as of December 31, 2014, as well as the management reports for Manz AG and the Group for the 2014 fiscal year including the audit reports of the auditor

submitted to members of the Supervisory Board prior to the meeting. At the Supervisory Board meeting held for the purpose of reviewing the annual financial statements on March 26, 2015, the Managing Board commented on the financial statements for Manz AG and the Group, and the risk management system. At this meeting, the auditor reported on the scope and focus areas as well as the principles and major results of his audit and made himself available for further information. He also provided information about his findings regarding internal control and risk management in relation to the accounting process.

After examining and discussing the annual financial statements and the consolidated financial statements as well as the management reports for Manz AG and for the Group, the Supervisory Board approved the result of the audit by the auditor. No objections are raised based on the definitive finding of the Supervisory Board's review. In a resolution dated March 26, 2015, the Supervisory Board approved the annual financial statements and consolidated financial statements as of December 31, 2014. Manz AG's annual financial statements as of December 31, 2014, are thereby adopted.

Thanks and Acknowledgment

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

Reutlingen, March 26, 2015



Prof. Dr. Heiko Aurenz
Chairman of the Supervisory Board

Markets

KNOW-HOW · INNOVATION · VISION



With our trend-setting ideas,
we help bring our era's key technologies
to light. We are trailblazers for
innovative products in the fast-growing
markets of the future.

Due to rapidly
growing demand for
end products,
market growth of up to

+15%

is expected by
2017.



ELECTRONIC COMPONENTS

Our production technologies for manufacturing displays, touch sensors and printed circuit boards are indispensable for many customers worldwide.



» We are making it possible to continuously increase the performance parameters of the end products. «

Displays and touch panels

Higher resolution, better color saturation, a wider viewing angle – the properties of displays are largely determined by the equipment on which they are produced. As a leading high-tech equipment manufacturer for displays and touch sensors, Manz never stops bringing new technologies to the fore. Together with our customers we are already working on tomorrow’s standards, and we ensure that complex production processes work more efficiently, manufacturing costs are reduced and end products become more cost-effective.

Printed circuit boards

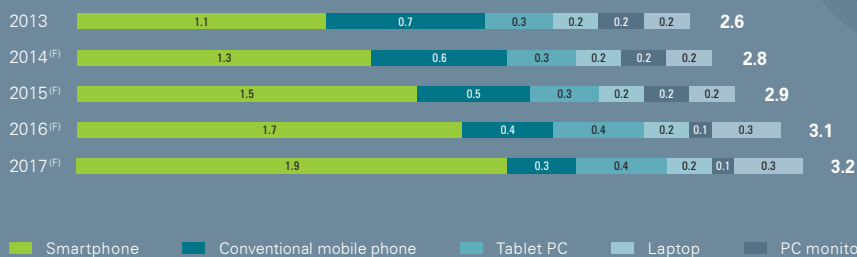
From PCs to mobile phones – from cars to planes. There is barely an application in our daily life that does not involve a printed circuit board or PCB for short. With more than 25 years of experience in developing high-tech equipment for producing high-efficiency printed circuit boards, we have earned an outstanding reputation as a provider of wet chemical process equipment.

Our production technology provides customers with ultimate precision while ensuring significantly shorter production cycles and greatly improved flexibility.

Forecast for flat panel displays:

Delivery by application (in billions of units)

Source: Display Search 2014/E



CAGR '14–17

- Smartphone: **10%**
- Mobile phone: **-16%**
- Tablet PC: **10%**
- Laptop: **-1%**
- PC monitor: **-1%**
- FPD TV: **4%**





ELECTRONIC DEVICES

With our high-tech equipment, our customers meet the existential challenges of their market.



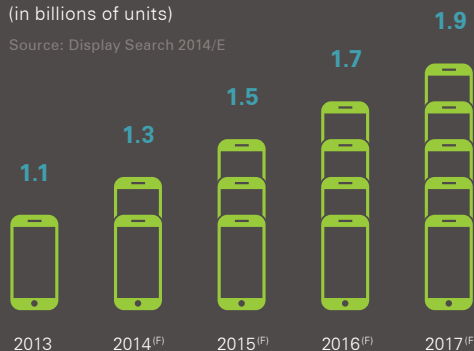
» With *simultaneous engineering*, we detect and remove possible error sources early on. That saves money! «

Smartphones and tablet computers

With our comprehensive technological expertise, we can help in a variety of ways to ensure that the smartphones and tablet computers made on our equipment meet the highest quality standards.

Market trend for smartphones: (in billions of units)

Source: Display Search 2014/E



As an established partner of industry, we use our fully integrated and automated production systems to decrease the “human risks”, thus increasing the quality of the end products and contributing to improved work conditions. Moreover, the consistent use of new processes significantly extends the life of the end product.

Laptops and consumer electronics

With our modular assembly systems, which are optimally tailored to industry requirements, we address the growing trend toward automated assembly brought on by rising wage costs in countries like China, demand for consistent product quality or issues such as the protection of intellectual property.

Whether they manufacture laptops, smart watches, navigation devices or digital cameras, our customers place their trust in our comprehensive technological expertise, our long-standing experience, our ideas, and our implementation of their concepts and requests.

CAGR '14–17
Smartphone
10%



Smartphones and tablet computers are firmly established in our everyday life. It is expected that

more than 6 billion new devices

will be sold over the next three years alone.



SOLAR

Even without
subsidies,
photovoltaics are
becoming more
attractive in many
countries.

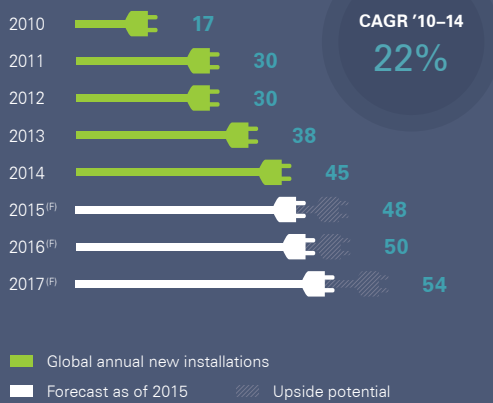
As a pioneer in
photovoltaic
engineering, we are
making a crucial
contribution.

» Today, solar companies are producing their products at a fraction of their original costs. And we are playing a part. «

Market forecast for photovoltaics:

Global annual new installations (in megawatts)

Internal representation based on: Global Market Outlook for Photovoltaics until 2018, June 2014 by EPIA (European Photovoltaic Industry Association); Photon International, enfsolar.com, Solarbuzz



efficiency and lower production costs. Under the concept of "Total Fab Solution", we bring together our entire range of services, from automation, laser equipment and wet chemical processes to vacuum coating.

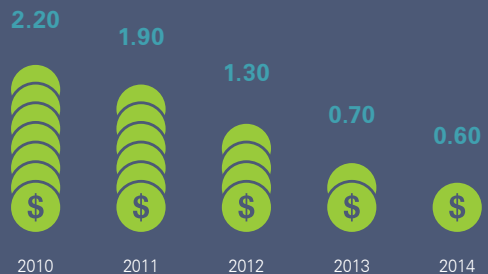
CIGSfab

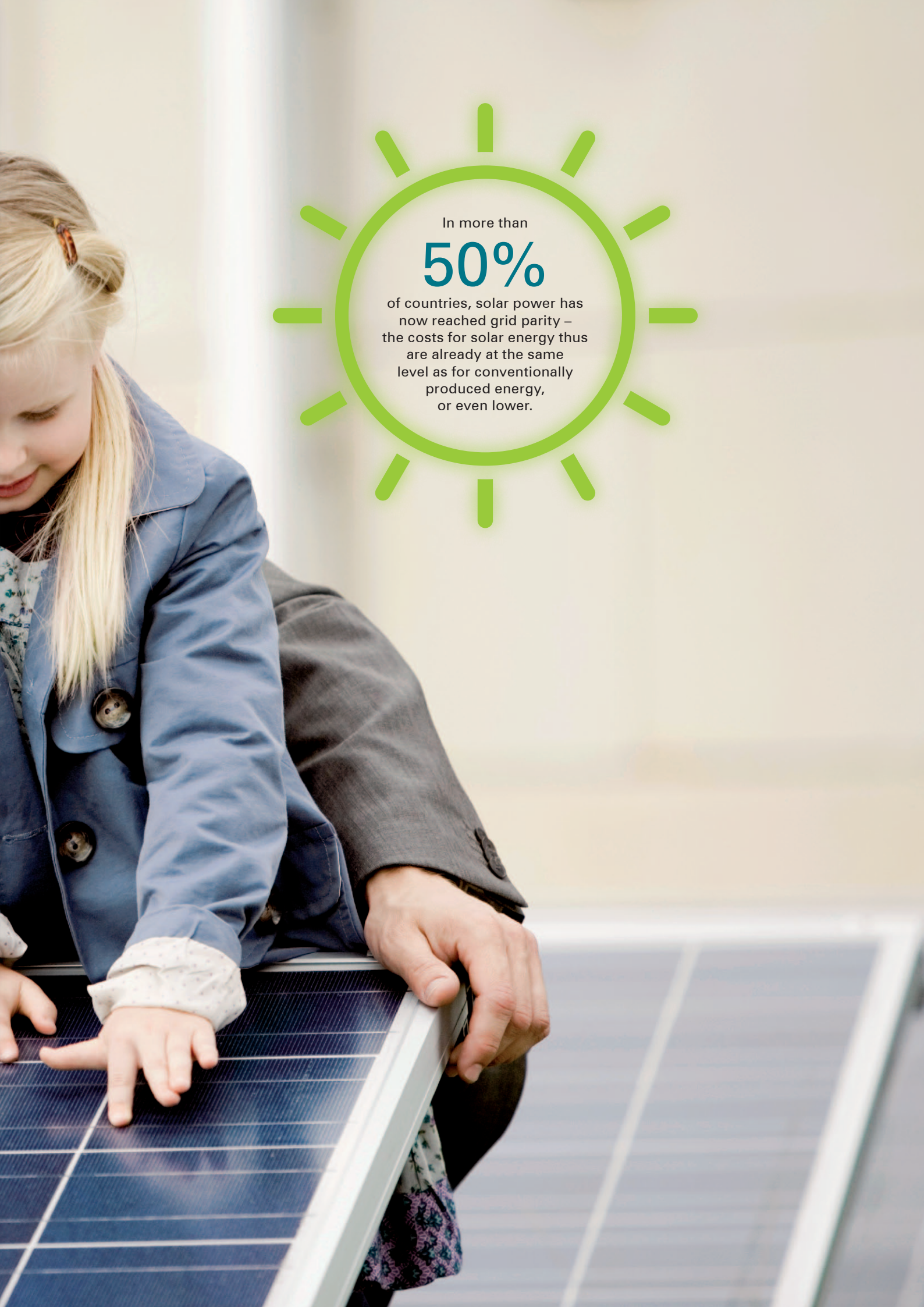
With CIGSfab, Manz is the world's only provider of a fully integrated, turnkey production line for manufacturing CIGS thin-film solar modules. This represents an outstanding investment opportunity in today's most profitable and most efficient solar technology.

Crystalline solar cells and thin-film solar modules

Solar producers can beat the constant cost pressure in their industry only by increasing solar cell efficiency while lowering manufacturing costs. That is why more and more customers put their trust in our fully integrated, perfectly coordinated production technologies when manufacturing high-efficiency PERC solar cells. And even in manufacturing thin-film solar modules, our comprehensive product portfolio sets international standards for increased

Trend in module prices ex works (in US dollars per watt)

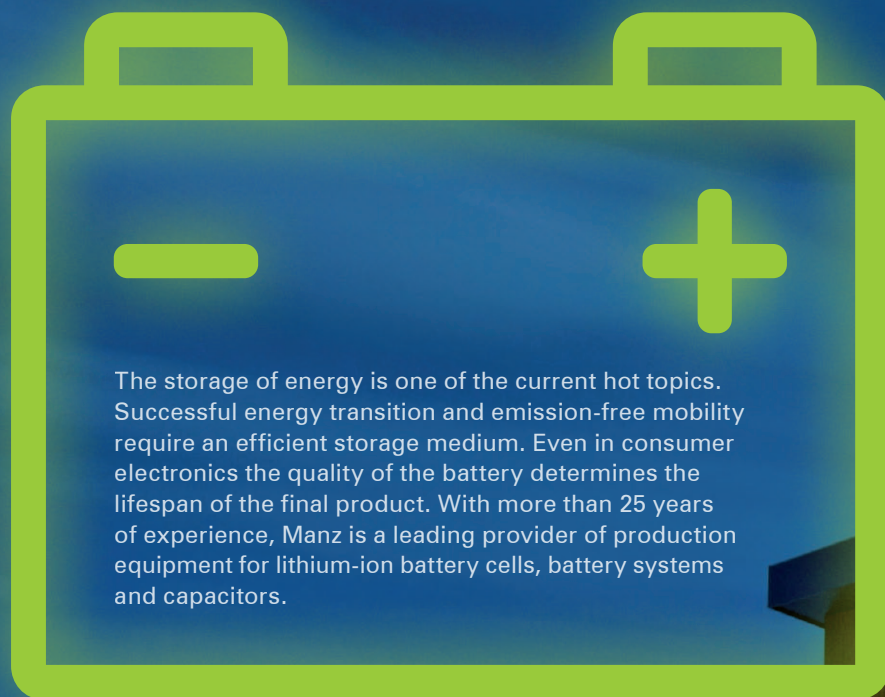




In more than

50%

of countries, solar power has now reached grid parity – the costs for solar energy thus are already at the same level as for conventionally produced energy, or even lower.



The storage of energy is one of the current hot topics. Successful energy transition and emission-free mobility require an efficient storage medium. Even in consumer electronics the quality of the battery determines the lifespan of the final product. With more than 25 years of experience, Manz is a leading provider of production equipment for lithium-ion battery cells, battery systems and capacitors.



ENERGY STORAGE

Our
unique technology
portfolio for
today's cell con-
cepts is crucial to
the further
development of
lithium-ion battery
technology.



» Our system concepts stand out for their high production speed and optimal precision and reliability. «

E-mobility

Using efficient production processes for stacked and wound battery cells, Manz is creating cell structures that are increasingly stable and precise, with the corresponding positive effects on the performance parameters of the battery. In this way, we are making an important contribution to breakthroughs in alternative drive systems.

Market growth forecast:

E-vehicles (in GWh)

Source: Roland Berger 2014



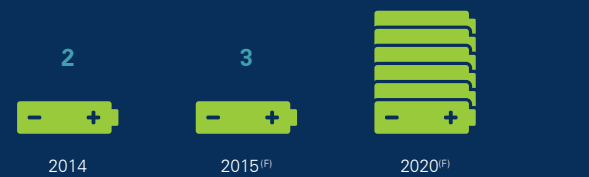
Stationary energy storage

Storage technologies ensure power supply independence and flexibility. When developing and producing high-precision production systems for capacitors and battery cells, we employ our comprehensive expertise in process control, automation and laser technology. In this way, we

ensure that ever higher-performing storage systems can be produced at a lower cost.

Stationary storage (in GWh)

Source: Roland Berger 2014

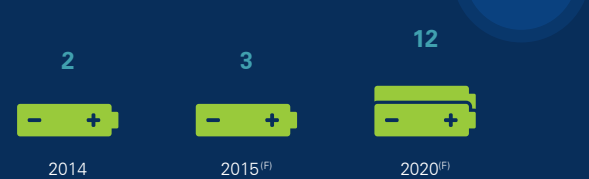


Consumer electronics

A battery's life, size and weight are crucial factors for the lifespan and acceptance of products in the consumer electronics segment. With its innovative production equipment, Manz now gives the industry advancement possibilities previously unheard of.

Consumer electronics (in GWh)

Source: Roland Berger 2014







NEW BUSINESS

Unimaginable
today, on the
market tomorrow.

We identify
the trends of the
future and
rigorously imple-
ment technologies
that set new
standards.

» Diversifying our customer and product portfolio strengthens the company. We therefore pursue a business idea only if it is 100 percent suited to us technologically and commercially. «

Lightweight design

Lightweight design with fiber-reinforced plastics saves raw materials and energy and is advancing in many industries. It allows faster acceleration in Formula 1 cars, longer ranges for airplanes and electric vehicles, and greater load capacities in trucks and trains.

At this time, the only factor stopping the success of lightweight design are the production costs, which are still very high. We are addressing this with our production technologies, applying our expertise in materials processing, automation and process technology to sustainably lower manufacturing costs in this important future segment.

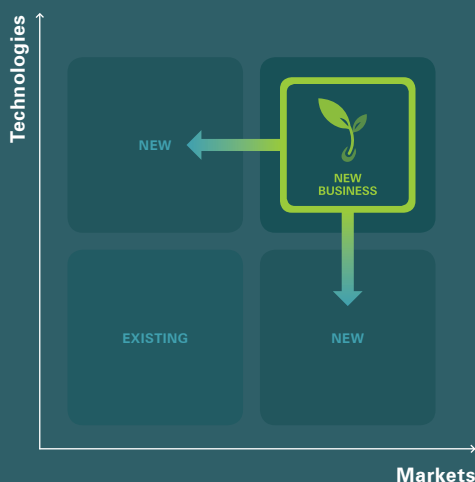
Fuel cells

Fuel cells are taking on a key role in emission-free energy designs. High-tech equipment manufacturing plays a crucial role in the industrialization of mobile, stationary and portable fuel cell applications. As leading experts in handling and processing flexible and stiff substrates, we greatly simplify the manufacturing process and reduce production costs while significantly increasing fuel cell efficiency. With our industrial partners, we have already reached important milestones in this field.

Functional glass

Glass is one of the oldest materials and even today offers many possibilities for functional applications. For processing and refining glass, we develop innovative, customer-specific production equipment that covers the full spectrum of processes: Wet chemical/vacuum coating, laser annealing/cutting, cleaning, and much more.

The manufacture of architectural and automotive glass represents just a few of the possible applications.





The objective of our New Business unit is

**to identify new
growth markets**

that have the size and potential to form
a new Manz business segment in
the future.



1b

*GROUP MANAGEMENT
REPORT*

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BASIC INFORMATION ON THE GROUP

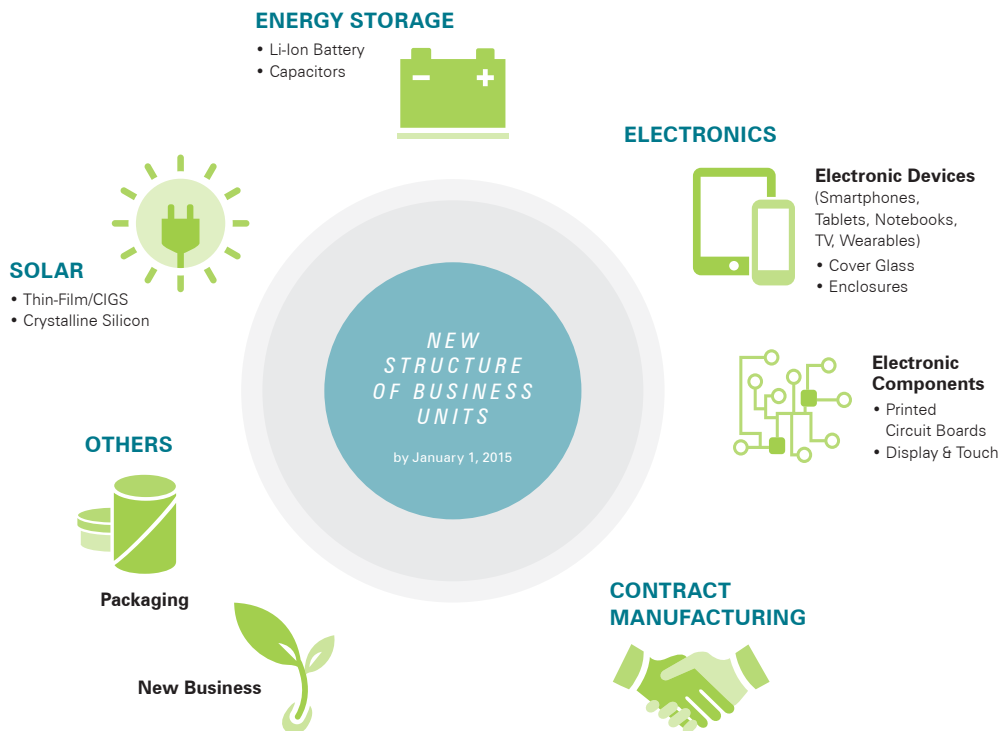
BUSINESS MODEL

Manz AG, founded in 1987, is an internationally leading high-tech equipment manufacturer with a global presence. The company offers its customers in growth and sunrise industries highly efficient production processes and in recent years has successfully established itself as a sought-after development partner of industry. With innovative production solutions, Manz AG is a pioneer for the further development and breakthrough of key technologies of today's world. With extensive expertise in automation, laser processing, vacuum coating, metrology, wet chemistry, printing and coating and roll-to-roll processes, Manz AG focuses on the three strategic business segments Display, Solar and Battery.

To secure medium-term and long-term success, Manz AG will also continue to be rigorous in future in its pursuit of cross-industry technology transfer, the diversification of its business model and the internationalization of the company. The technology portfolio as well as the markets served are continuously developing. Manz AG is now taking this dynamic process into account and with the close of the first quarter of 2015 will rename the strategic business segments. The largest change is that the segments Display and Battery will be replaced by Electronic Components & Devices and Energy Storage.

7
core competences

3
strategic business segments



Cross-industry technology transfer

As a high-tech equipment manufacturer, Manz AG is continuously pushing forward development work in its base technologies and is thereby laying the foundation for successful cross-industry technology transfer. This approach makes internal synergies and innovative production solutions for diverse industries possible. At the same time, Manz AG gives the business model the necessary flexibility to react to new growth trends and to be able to quickly open up promising industries as additional sales markets.

Diversification strategy

As a result of the successful cross-industry technology transfer, the diversification strategy is now an integral component of the successful business model of Manz AG. With the diversification in technologies, industries and regions, Manz is in a position to compensate for the natural volatility in various growth markets in the best way possible and, at the same time, to benefit from their vibrancy. The production capacities can be adapted according to the investment cycles of individual industries and can be used efficiently by other business segments within the Group. In this way, Manz lends its entire business model additional sustainable stability and continuously opens up opportunities for growth.

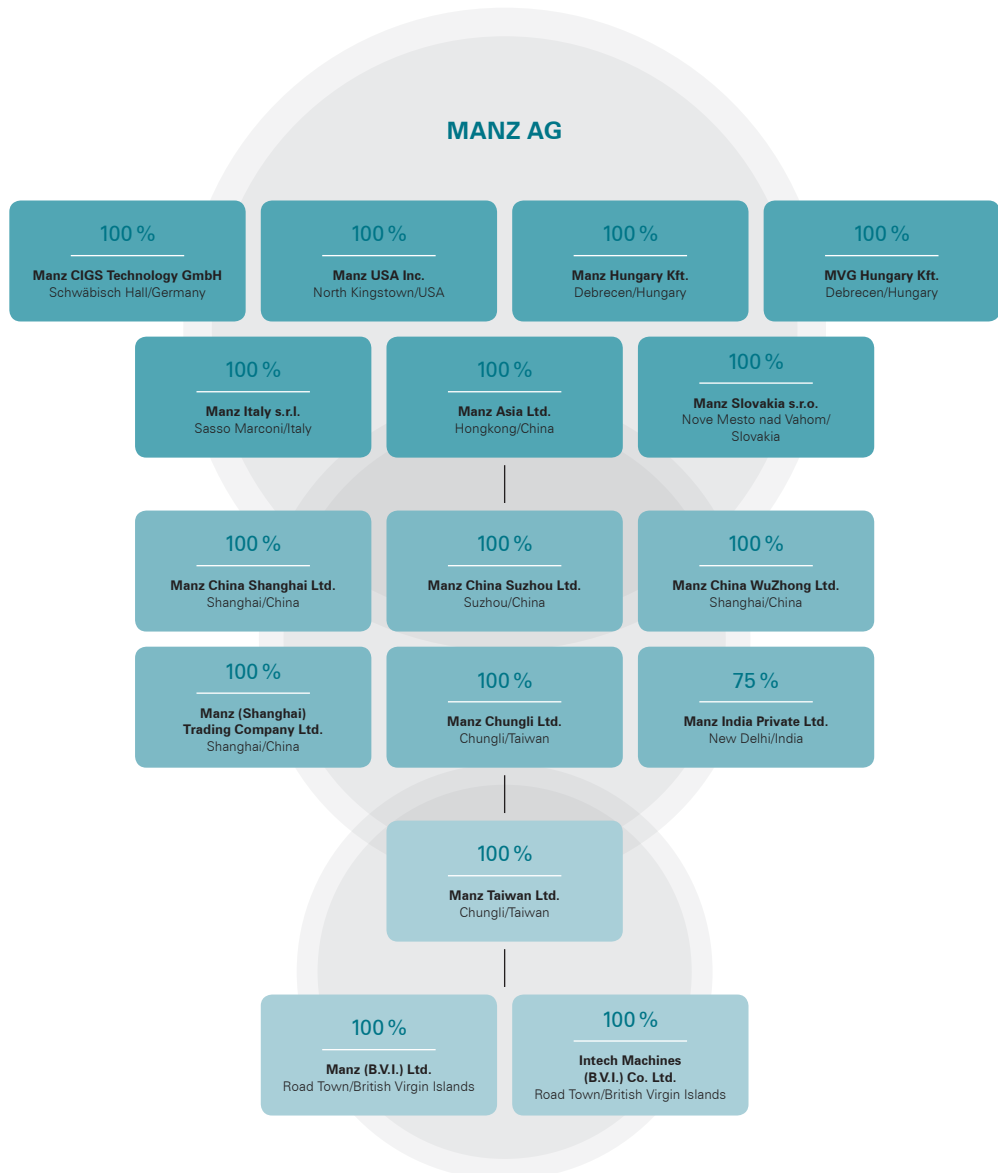
Internationalization and „Follow the Market“

As an internationally active high-tech equipment manufacturer, Manz AG has an extensive worldwide production, sales and service network through close customer relationships and a strong market position in the target industries in China, India, the USA, Europe and Arab countries. As a result of its „Follow the market“ strategy, the company, with a total of around 900 employees at production and research & development locations in Taiwan and China, has at its disposal an outstanding market access in the largest growth market in Asia. This makes it possible for the company to offer German engineering at locally competitive conditions. Thanks to this strategy, Manz enjoys a clear technological head start over the Asian competition and unbeatable cost advantages compared with other European machinery and plant engineering companies. At the same time, Manz AG's customers benefit from the shortest development and delivery times – and that is a crucial advantage in international competition.

GROUP STRUCTURE AND HOLDINGS

Altogether, 17 companies are included in Manz AG’s consolidated financial statements as of December 31, 2014, and are therefore fully consolidated. On the reporting date, Manz AG, as the Group’s parent company, held a 100% interest in six international subsidiaries and one domestic subsidiary located in Schwäbisch Hall. Two of the foreign subsidiaries are based in Hungary. One subsidiary each is located in Italy, the USA, Slovakia, and Hong Kong. In addition, the company has a 100% stake in four second-tier subsidiaries in China and one in Taiwan. A 75% second-tier subsidiary exists in India. Manz AG also has a 100% stake in one third-tier subsidiary in Taiwan with two fourth-tier subsidiaries in the British Virgin Islands.

17
companies included
in consolidated
financial statements



In April 2014, Manz acquired 100% of the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation. This gives Manz access to patents and property rights, as well as the expertise, of Arcotronics, which was acquired by KEMET in 2007 and is a mechanical engineering pioneer in battery manufacture with long-standing business relationships with the leading battery producers worldwide.

LOCATIONS AND EMPLOYEES

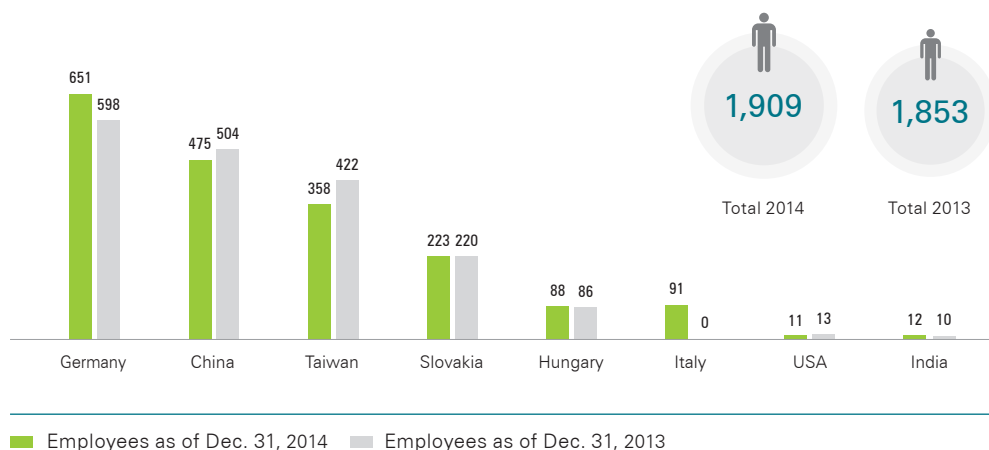
Qualified and motivated employees provide the basis of Manz AG's long-term success. As of December 31, 2014, the company employed a total workforce of 1,909 employees (previous year: 1,853) both in Germany and abroad, of which 651 employees worked at the German locations. Based on the number of employees, the largest subsidiary in the Group is Manz China Suzhou Ltd. in China, with 462 employees, followed by Manz Taiwan Ltd. in Taiwan, with 358 employees, and Manz Slovakia s.r.o., with 223 employees.

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

Rise in number of employees:

56

Employees by country



Locations and Employees



LOCATIONS

- | | | |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1 Germany
Reutlingen, Tübingen, Karlstein, Schwäbisch Hall, Leipzig
Production, Sales & Service</p> | <p>4 Italy
Sasso Marconi
Production, Sales & Service</p> | <p>8 China
Shanghai, Suzhou, Wuxi, Yingkuo, Huaian, Jiangyin, Ningbo, Longhua, Xiamen
Production, Sales & Service</p> |
| <p>2 Hungary
Debrecen
Production & Service</p> | <p>5 USA
North Kingstown, Cupertino
Sales & Service</p> | <p>9 India
New Delhi, Calcutta, Bangalore, Hyderabad
Sales & Service</p> |
| <p>3 Slovakia
Nove Mesto nad Vahom
Production, Sales & Service</p> | <p>6 Taiwan
Taoyuan, Taichung, Tainan
Production, Sales & Service</p> | |
| | <p>7 South Korea
Seoul, Incheon, Daegu
Sales & Service</p> | |

CONTROL SYSTEMS AND PERFORMANCE INDICATORS

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

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

In comparison with the preceding year, the control system of Manz AG remained unchanged. The following overview contains information about the relevant Group-internal indicators:

Revenues – indicator of successful company performance

The revenue trend serves as a yardstick for the success of the corporate activities and growth. Over the long term, the goal is growth of revenue averaging between 10% and 20%.

EBITDA and EBITDA margin – indicator of operating activities

As a high-tech equipment manufacturer, we invest significant portions of our revenues in research and development and over the years we have successfully expanded our extensive technology portfolio. In order to provide a realistic impression of the operating business in view of the correspondingly high cumulative scheduled depreciation, Manz AG has additionally disclosed earnings before interest, taxes and amortization and depreciation since the 2013 fiscal year. EBITDA as well as the EBITDA margin serve as essential yardsticks for the operating earning power of the company. Manz AG has set an EBITDA margin larger than 15% as the medium- to long-term target value.

Goal for annual
revenue growth
between

10 – 20%

EBIT margin target

>10%**EBIT and EBIT margin – additional indicator of operating earning power**

Operating earnings before interest and taxes (EBIT) is one of the central success indicators of Manz AG. EBIT as well as the EBIT margin serve as additional yardsticks alongside EBITDA for the operating earning power of the company. Manz AG has set an EBIT margin larger than 10% as the medium- to long-term target value. This value is also used in assessing the feasibility of possible new strategic business segments and serves as a critical criterion in making decisions in this regard.

Equity Ratio – a stable capital and financial structure

Manz AG monitors the internal capital and financial structure of the company through the equity ratio, among other things. The medium-term target corridor for shareholders' equity as a percentage of total equity and liability is between 40% and 60%.

Gearing – monitoring of capital and liquidity assurance

Alongside the equity ratio, gearing, as the ratio of net financial liabilities to equity on the balance sheet before minority interests, is one of the central key figures for controlling and monitoring capital as well as ensuring liquidity. Net financial liabilities are defined here as the sum of the financial liabilities and leasing liabilities, less liquid assets. Manz AG defined a gearing ratio below 50% as the target.

In fiscal year 2014, the control indicators and performance indicators have in some cases developed positively with respect to the defined target values. Thus, for example, revenue increased by 14.9% in comparison with the previous year. The precise development of the key figures revenue, EBITDA margin, EBIT margin, equity ratio and liquidity are explained under „Financial Position, Financial Performance and Cash Flows.“ The following table gives an overview of the changes:

Control indicators

in %	2014	2013	2012	2011	2010
Revenues (in million EUR)	305.9	266.2	184.1	240.5	181.4
EBITDA margin	4.5	9.7	–	5.4	4.8
EBIT margin	–	1.1	–	1.2	0.3
Equity ratio	55.2	54.8	52.1	59.5	66.4
Gearing	6.6	0.3	22.9	9.3	–13.1

RESEARCH AND DEVELOPMENT

Research and development is a key component for the successful expansion of Manz AG's cross-industry technology and product portfolio. In order to further strengthen Manz's position as a company driving innovation in growth industries, research and development (R&D) activities will also play an important role for the company in the 2015 fiscal year. With over 500 engineers, technicians and scientists at its development facilities in Germany, Italy, Slovakia, Taiwan and China, Manz AG will focus on the main technologies in its Display, Solar and Battery business segments and accelerate the cross-industry integration of these core competencies in order to achieve synergy effects and economies of scale.

The Centre for Solar Energy and Hydrogen Research at Baden-Württemberg (ZSW) is Manz AG's cooperation and development partner of many years. In Stuttgart, the ZSW operates among other things photovoltaic material research and development for thin-film technologies and supports Manz development teams in the Solar segment in the further development of CIGS technology.

There is also a collaboration with the ZSW in Ulm. The goal is the further development of close-to-series production of lithium-ion batteries under industrial conditions through the development of new active materials and the evaluation of components.

Manz AG had a total ratio of research costs to sales of 6.8% in the reporting period (previous year: 7.3%). If only capitalized development costs are considered, the ratio of research costs to sales comes to 3.0% (previous year: 3.0%). Investment in research and development of 20.8 million euros is slightly above the forecast level of 20 million euros. In the 2014 reporting period, scheduled depreciation was taken on own work capitalized in the amount of 10.7 million euros (2013: 10.4 million euros) as well as unscheduled write-offs of 19.7 million euros (2013: 0 million euros), with most of the depreciation and write-offs relating to the crystalline PV technology and in some cases to CIGS technology. The company will also continue to place a clear emphasis on R&D activities in the future. In order to provide sustained and long-term consolidation of its excellent technological positioning in the relevant target markets and its innovativeness, Manz AG is striving for an annual ratio of research costs to sales of 6.5% on average.

6.8%
F&E ratio

BUSINESS REPORT

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED CONDITIONS

Economic Market Environment

According to the Kiel Institute for the World Economy (IfW), vibrancy in the global economy strengthened increasingly in the course of 2014. Following the only very restrained increase in global gross domestic product (GDP) in the first half of 2014 (GDP growth: 2.6%), the third quarter of 2014 gathered speed significantly. For the fourth quarter of 2014, the IfW indicator, which is calculated on the sentiment indicators for 42 countries and reflects world economic activities, signals a similarly strong increase in production. For the full year of 2014, the institute accordingly is expecting a GDP growth of 3.4% (2013: 3.3%). In the advanced economies, economic growth of the individual countries and regions has varied widely. Due to the low oil price and the expansive monetary policy, however, the IfW sees an overall improvement in general conditions for the further economic development in these countries. In the emerging countries, the economy recently expanded somewhat more rapidly, but the basic economic trend continues to be restrained. Thus for the year 2015, the IfW expects that the world economy will stabilize and that growth with an assumed 3.7% global growth rate will initially be moderate. For the euro zone, the economists of the IfW expect an increase in the GDP of 1.2% for the year 2015. GDP in Germany will increase by 1.9% in 2015.

Economic development in Asia and in the People's Republic of China, in particular, is of major importance to Manz AG as this is its principal sales region. According to preliminary information from the Chinese statistical office, economic growth in 2014 (7.4%) was slightly below the Chinese government's target of 7.5%. According to the economists of the IfW, a slightly lower growth of 7.0% is expected in the year 2015. The experts forecast that GDP in the United States, as the world's largest economy, will grow by 2.2% in the year 2014, while growth of 3.2% is expected in 2015.

Display Business Segment

As an established provider of innovative production solutions for the manufacture of displays and devices for global communications needs, Manz AG is one of the world's leading high-tech equipment manufacturers in this industry. Overall, the revenue volume of the global FPD market is estimated at USD 131 billion in 2014, which means that year-on-year growth will be in the one-digit percentage range. With modest growth, the market research institute NDP DisplaySearch expects a shift within the FDP market. According to this institute, revenue from mobile computing and smartphones will continue to grow in 2014 and account for around 42% of the overall volume of the global FPD market, thereby exceeding the market share of LCD televisions for the first time. The market research institute identifies the continually rising demand for terminals with larger screens and higher

resolution as well as further developments in touch panel displays for smartphones and tablet computers as the decisive factors in this development. At the same time, NDP DisplaySearch sees a growing share for laptops. This development essentially is supported by attractive laptops with Windows operating systems and the Chromebook. The acceptance among consumers of the new Windows 9 operating system will have great influence on the future demand, according to NPD experts.

In terms of technologies, NPD DisplaySearch expects AMOLED technology to increase its market share in the medium term. Within the next two years, the costs of AMOLED displays will thus fall below those of LCD displays, due to improvements in production processes, and make a corresponding contribution to the spread of this technology. In regional terms, Taiwan will remain the world's leading region for the manufacture of touch-sensitive displays in the medium term. At the same time, China will climb to number two by 2016, owing to the high local demand for smartphones and tablet computers. Accordingly, the market research institute NPD DisplaySearch expects to see significant capacity expansion investment in China over the next two years, which will be responsible for around 70% of global investment.

With its established production locations in Taiwan and China, Manz AG is active in these very hot spots of the industry. Cross-industry technology transfer and target-oriented research and development activities enable Manz to provide innovative and customer-specific production solutions in both tried-and-tested and new industry technologies. With this strategy, Manz AG sees itself extremely well positioned to be able to further expand its strong market position and to benefit from future opportunities.

Solar Business Segment

As a high-tech equipment manufacturer, Manz AG offers the industry innovative production solutions for crystalline solar cells and thin-film solar modules. Following the achievement of a further record level in the 2013 fiscal year with 36 gigawatts (GW) of new photovoltaic installations, profitable growth for manufacturers in the PV market was greatly impaired by overcapacities and the low price level for solar modules. In the course of 2014, global PV demand continued to increase significantly. According to information from the market research institute NPD Solarbuzz, the new installations of around 20 GW in the fourth quarter of 2014 alone, which to a significant extent were in China, exceeded the total newly installed capacity from the pre-crisis year of 2010. In view of this dynamic development of the market, the experts of the institute as well as the 20 leading PV module manufacturers of the world thus expect that new installations in 2014 will exceed the total capacity of 50 GW. The equilibrium between existing production capacities and end customer demand will again strengthen the trust of investors in the PV industry. The market researchers accordingly also expect investments in the near term in new and efficient production systems. NPD Solarbuzz puts the potential revenue for mechanical engineering in the solar industry at USD 10 billion through the year 2017. It is expected that there will continue to be a variety

of different technologies. With a predicted doubling of the worldwide PV demand every four years, the experts continue to see crystalline solar cells as the leading technology. But the CIGS thin-film solar technology will also have increasing significance.

With its products, Manz AG offers the industry both efficiency gains and significant cost savings. With its unique know-how provided by the largest team of experts in the world, Manz AG focuses on CIGS thin-film technology. With the innovation line, which is unique throughout the industry, at the Schwäbisch-Hall location and an exclusive collaboration with the Center for Solar Energy and Hydrogen Research at Baden-Württemberg (ZSW), Manz AG is intensively driving research and development in the area of CIGS. The goal is to use the exclusive access to the research results of Manz AG's development partner ZSW to transfer the world-record technology from the lab to mass production: At an efficiency of 21.7 %, ZSW holds the current world record for effectiveness over all other thin-film solar technologies.

With the Manz CIGS*fab*, the company offers its customers at turn-key, fully integrated production line for the manufacture of CIGS thin-film solar modules. Already today the production costs of CIGS thin-film technology in a Manz CIGS*fab* are, depending on the location and size of the factory, significantly below the costs of crystalline silicon solar technology which is still prevalent today. With the CIGS*fab*, Manz thus offers the currently most profitable and efficient solar technology. The current efficiency of 14.6% in mass production (15.9% aperture efficiency) and a reliable technology roadmap for future increases of efficiency, guarantee maximum investment security. Accordingly, Manz AG sees itself excellently positioned to be able to benefit from the next investment cycle in the solar industry.

Battery Business Segment

In its Battery business segment, Manz AG focuses on manufacturing technologies and production processes for lithium-ion batteries, which are used in the fields of consumer electronics, e-mobility and stationary power storage. Experts from the market research institute Lux Research expect a quadrupling of the total global market for lithium-ion batteries from USD 17.6 billion in 2013 to around USD 70 billion by 2020. According to Lux Research, lithium-ion batteries are currently mainly being sold in the form of consumer electronics like smartphones and tablet computers. For this segment alone, Lux Research is expecting lithium-ion batteries to achieve a sales volume of USD 25 billion in consumer electronics in 2018. This is also confirmed by the market research and analysis company Frost & Sullivan, which considers that the fields of „mobile communication“ and „computing devices“ will be the main drivers of growth over the next three to four years. Frost & Sullivan are expecting further medium- to long-term growth momentum for the market for lithium-ion batteries from e-mobility and stationary power storage. According to them, both in the automotive industry and in the sector for energy networks and the storage of renewable energies, statutory incentives will impact sales figures for lithium-ion batteries. The market research institute Navigant Research forecasts that the e-mobility sector will experience worldwide growth of 86% in 2014, which is equivalent to around 346,000

new electric vehicles. This development is primarily being driven by brands such as Tesla, Mercedes, Audi and BMW, which marketed electrically powered vehicles for the first time in 2014. Furthermore, governments in the automotive industry's key sales markets of Germany and China are providing incentives for end consumers to purchase electric vehicles. Numerous projects in the field of stationary power storage are currently being promoted in the USA and Europe. As far as Asia is concerned, the US Department of Energy identifies China, South Korea and Japan as the market drivers of stationary power storage.

In the Battery business segment, Manz AG has proven expertise in winding, stacking and laminating technologies, the leading technologies in the manufacture of lithium-ion batteries for consumer electronics, e-mobility and stationary energy storage. This provides an excellent basis for systematic use of the revenue and earnings potential in these industries, both now and in the future.

Printed Circuit Boards/OEM Reporting Segment

Since the beginning of 2014, there has been a positive development in the printed circuit board market as far as the German industry is concerned. According to estimates of the German Electrical and Electronic Manufacturers' Association (Zentralverband Elektrotechnik- und Elektronikindustrie e.V. – ZVEI), industry revenues in 2014 were above those of the previous year by 3.3% in Germany, with printed circuit boards achieving a market of 1.42 billion euros. The segments industrial and automotive electronics accounted for the largest part of revenues at 527 million euros and 507 million euros, respectively. For 2015, the ZVEI forecasts growth for the German market of 2.3% to 1.46 billion euros. The ZVEI puts the global market at USD 61.5 billion (2013: USD 59.8 billion), which is equivalent to growth of 2.8%. The lion's share can be found in the Asia and Pacific region, which has a 65.2% share of the global market for printed circuit boards (equivalent to USD 40.1 billion). The ZVEI forecasts market growth for the year 2015 of 3.3% to 63.5 billion euros.

Overall Assertion

Again in 2014, Manz AG successfully continued the implementation of its diversification strategy and technology transfer between the Display, Solar and Battery business segments. The company sees itself as being accordingly well positioned strategically for the current 2015 fiscal year. Despite the lower growth trend in the display industry in comparison with the previous year, the company continues to see additional revenue and earnings potential in the intermediate term as a result of an increase in touch-capable mobile end-user devices as well as technological innovations such as the OLED technology. In this regard, Manz AG will benefit from its position as the market leader for innovative production solutions and its decades-long technological expertise in the fields of automation, laser processing, vacuum coating, printing and coating, metrology, wet chemistry and roll-to-roll. In view of the equilibrium between existing production capacities and end customer demand, an increasing willingness to invest is emerging in the solar industry. With its innovative production solutions, particularly in relation to the cost-efficient CIGS thin-film

technology, Manz AG is extremely well placed to benefit from future investments. Due to the further intensified research and development activities for battery technologies for consumer electronics, e-mobility and stationary power storage as well as the assumption and successful integration of the mechanical engineering division of KEMET Electronics Italy (formerly Arcotronics), Manz AG additionally sees significant growth opportunities in the Battery business segment. Manz AG expects market development in the PCB/OEM reporting segment to be stable.

PERFORMANCE OF THE BUSINESS

Already in the first three months of 2014, Manz AG received significant major orders and follow-on orders in the Display segment. They comprised, among other things, a demonstration system in the promising OLED segment. In this regard, Manz AG, as part of a strategic cooperation with AIXTRON SE, contributed its extensive and long-standing expertise in the cleaning and handling of large-format glass substrates and in the development and manufacture of large vacuum systems. Following a very successful performance at the beginning of the year, the Manz stock with its listing in the TecDAX returns to the league of Germany's 30 largest, Prime Standard-listed technology companies in terms of market capitalization and trading volume. At the beginning of April, the company acquired the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation. With this acquisition, Manz added winding and laminating technology to its range of services for the production of lithium-ion batteries and now with its technology portfolio unmatched the world over, it offers customers production equipment for the manufacture of all current cell concepts – from the wound button cell to the stacked pouch cell.

Record: Revenues of

109 million euros
in Q2

As a result of the outstanding order situation with orders on hand of around 133 million euros at the end of the first quarter of 2014, Manz AG posted the highest revenue quarter in the history of the company, at more than 109 million euros, in the second quarter of 2014. In addition, in June 2014, Manz won the largest individual order to date in the Battery segment. With this order in the low double-digit million range, Manz AG made a successful entry into the rapidly growing Battery market segment for consumer electronics such as smartphones, tablet computers and laptops. Manz was also able to continue the overall very positive business performance in the third quarter: after the first nine months of 2014, revenues at more than 250 million euros were around 18 % above the previous year. By the close of the 2014 fiscal year, the company was able to increase its revenues from 266.2 million euros by around 15 % to a new record level of 305.9 million euros.

In operating business, Manz achieved earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for non-recurring negative special effects, of 24.6 million euros (previous year: 27.0 million euros) and positive adjusted earnings before interest and taxes (EBIT) of around 0.4 million euros. Taking into consideration the negative special effects, operating earnings came to –32.8 million euros (previous year: 3.1 million euros).

ANALYSIS OF FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

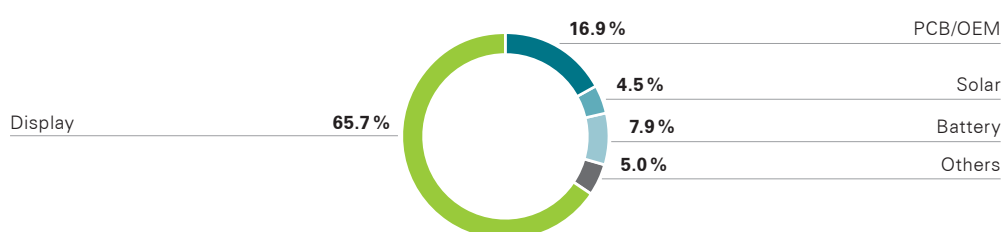
Financial Performance

Manz AG continued the positive revenue trend of the first nine months in the fourth quarter of 2014 as well and for the full year achieved an increase in revenues of 14.9% compared with the same period of the previous year. In absolute terms, revenue amounted to 305.9 million euros, compared with 266.2 million euros in the previous year.

The Display segment accounted for the largest share of revenues in the reporting period, at 200.9 million euros or 65.7% (previous year: 172.5 million euros or 64.8%). This was due, in particular, to the continuing high demand for touch panel displays and other components for mobile end devices such as smartphones and tablet PCs. The Solar segment generated around 13.7 million euros or 4.5% of Manz AG's total revenues in the 2014 fiscal year (previous year: 10.4 million euros or 3.9%). Battery, the third segment, contributed 24.1 million euros or 7.9% to Group revenues in the form of equipment for producing lithium-ion batteries (previous year: 9.1 million euros or 3.4%). The PCB/OEM reporting segment was responsible for relevant revenue contributions of 51.6 million euros or 16.9% (previous year: 56.4 million euros or 21.2%). Revenues in the Others reporting segment totaled 15.7 million euros in fiscal year 2014, following 17.8 million euros in the prior-year period; that corresponds to a revenue share of 5.0% (previous year: 6.7%).

Display: More than
200 million euros
in revenue

Revenues by Business Units 2014



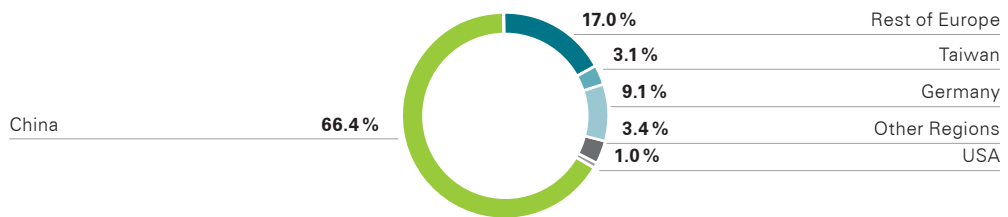
Manz AG revenues by region had the following distribution in fiscal year 2014: Taiwan and China accounted for the largest share of Manz AG's revenues, at 212.7 million euros or 69.5% (previous year: 191.1 million euros or 71.8%). In Germany, the company generated 27.8 million euros or 9.1% of total revenues (previous year: 13.7 million euros or 5.1%). Manz AG generated around 51.9 million euros or 17.0% of its revenues in the rest of Europe in the reporting period, following 43.9 million euros or 16.5% in the prior-year period. This includes revenues of 14.5 million euros from the battery segment of the Italian Kemet, which has been consolidated as Manz Italy in the Group since April 30, 2014. In the USA, the

Around
70%
of sales in Taiwan
and China

company achieved revenues of 3.1 million euros; this corresponds to a 1.0% share of total revenues (previous year: 7.9 million euros or 3.0%). Revenues in other regions worldwide amounted to 10.4 million euros or 3.4% (previous year: 9.8 million euros or 3.7%).

A comparison of revenue expectations from the forecast report of the 2013 Group management report with the actual values of fiscal year 2014 reveals that the revenues expectation of an unchanged level in the Display segment was significantly exceeded and also in the Battery segment the anticipated significant rise in revenues did take place. A significant increase in revenues was expected for the Solar segment in 2014. Despite the absence of a first CIGS order, revenues in this segment increased by more than 30%. Only in the PCB/OEM segment was the forecasted significant increase in revenues not met, and also in the segment Others the prior-period level of revenues was not achieved.

Revenues Distribution by Region 2014



Based on revenues of 305.9 million euros, there was an overall decline of 6.5 million euros in inventories of finished goods and work in progress due to the reduction in storage capacities (previous year: +4.2 million euros). Own work capitalized, at 9.3 million euros, was above the prior-year level (previous year: 7.9 million euros). This increase is due to the positive market development and corresponding more intensive development activities in the Battery segment as well as for the further development of CIGS technology. This gives rise to gross revenue of 308.8 million euros for the fiscal year 2014 (previous year: 278.4 million euros). Other operating income was 12.5 million euros (previous year: 13.9 million) euros and was composed primarily of subsidies for technology development as well as income from the reversal of provisions and liabilities in connection with the earn-out obligation with respect to Würth Solar. Material costs amounted to 180.2 million euros (previous year: 160.5 million euros) with the material cost ratio, at 58.4%, being slightly above the level of the previous year of 57.7%. Gross profit increased to 141.4 million euros, compared with 131.8 million euros in the previous year. Personnel expenses in fiscal year 2014, at 72.4 million euros, were slightly above the reference period in 2013 (previous year: 65.2 million euros), which was due to a slight expansion in personnel in the German locations and the 83 additional employees resulting from the acquisition of Manz Italy. The personnel expenses ratio, at 23.4%, was at the level of the previous year.

Other operating expenses increased to 54.8 million euros (previous year: 39.6 million euros) as a result of several factors. First, there was the effect of non-capitalizable transaction costs in relation to the acquisition of Manz Italy and higher sales expenditure on opening up new markets and regions. In addition, these expenses were influenced by non-recurring negative special effects. Included in these special effects are, among other things, valuation allowances on receivables from the insolvent GT Advanced Technologies Ltd. (2.5 million euros) and expenses resulting from the rescission of a battery order, where a fundamental change of strategy of a German automobile manufacturer resulted in it not being possible to conclude a contract and the order having to be reversed with a non-recurring negative special effect of 4.0 million euros. For strategic purposes, Manz decided, rather than entering into a court dispute with the customer, to break off the project and shift the unused capacities to new projects in the Consumer Electronics segment. This decision resulted directly from new orders of around 40 million euros in this segment. As a result, earnings before interest and taxes (EBITDA) amounted to 13.9 million euros (previous year: 27.0 million euros); adjusted by these non-recurring negative special effects in the amount of around 6.5 million euros and inventory write-offs and bad debts in the Solar segment in the amount of 4.2 million euros, earnings before interest, taxes, depreciation and amortization (EBITDA) was 24.6 million euros.

Depreciation and amortization in the 2014 reporting period, at 46.7 million euros, was above the previous-year level (previous year: 23.9 million euros) and was significantly characterized by unscheduled write-offs of development costs in the Solar segment. These costs relate, for the most part, to the crystalline PV technology as well as, in some cases, to the CIGS technology and came to a total of 22.5 million euros. After the Solar segment contributed less than 5% to revenues in 2014 as well, the continuing investment restraint in the solar industry is being taken into consideration. Overall, this results in operating earnings (EBIT) of –32.8 million euros (previous year: 3.1 million euros). Adjusted by the non-recurring negative special effects and the unscheduled write-offs, there was a positive EBIT of 0.4 million euros.

An analysis of the individual business segments shows that EBIT in the Display segment was 15.3 million euros (previous year: 20.1 million euros). The Solar segment, however, posted negative EBIT of –43.9 million euros, following –22.6 million euros in the previous year. Operating earnings in the Battery segment amounted to –8.5 million euros, following 0.1 million euros in the reference period of the previous year. The PCB/OEM reporting segment recorded an operating profit of 3.0 million euros (previous year: 3.7 million euros) and the Others segment also recorded an operating profit of 1.3 million euros, following 1.8 million euros in the previous year.

A comparison of the forecasts of expected EBITs in fiscal year 2014 shows that here expectations were not met. For the Display segment, an improvement in EBIT was anticipated. In actuality, this segment, with an EBIT margin of 7.9%, was not able to achieve the prior year's level of 11.7%. Here losses on receivables in the amount of 2.5 million euros in particular had a negative effect. The Solar segment, due to the absence of revenues in the area

Unscheduled
write-offs of

22.5 million euros
hold down earnings

of CIGS, was not able to achieve the forecasted significant improvement of earnings. In the Battery segment, the planned significant increase in earnings could not be realized due to, amongst others, the rescission of an order with a negative effect of 4.0 million euros. Also in the PCB/OEM segment the planned significant increase in earnings could not be achieved due to the reduced revenues. The segment Other also was not able to reach the prior year's level in earnings as a result of lower revenues.

After deduction of taxes on income, Manz AG's consolidated net loss for the 2014 fiscal year was –38.2 million euros (previous year: –2.7 million euros). Given a weighted average of 4,928,059 shares, that translates into earnings per share of –7.75 euros (previous year: –0.69 euros).

Financial Position

Total assets as of December 31, 2014, dropped to 253.6 million euros compared with the previous year reporting date (December 31, 2013: 319.2 million euros). On the liabilities side, the company's equity came to 140.013 million euros. This decrease in comparison with the 2013 reference date (December 31, 2013: 175.0 million euros) came as a result of the significant decrease in retained earnings resulting from the net loss for 2014. At the same time, the amount from currency translation in the foreign subsidiaries increased by 5.1 million euros to 12.1 million euros (December 31, 2013: 7.1 million euros). This is due primarily to the strength of the Taiwanese dollar against the euro. As of the balance sheet date of the reporting period, the equity ratio amounts to 55.2%, following 54.8% as of December 31, 2013.

Non-current liabilities increased from 33.1 million euros as of December 31, 2013, to 36.4 million euros as of the balance sheet date of December 31, 2014. This development was due to a rise in non-current financial liabilities to 22.1 million euros (December 31, 2013: 18.6 million euros), resulting from taking out a loan from the European Investment Bank (10 million euros) with simultaneous principal payments on a KfW loan. While pension provisions increased to 8.4 million euros, mainly due to the acquisition of Manz Italy (December 31, 2013: 5.6 million euros), other non-current liabilities declined due to adjustment of the earn-out liability to Würth Solar. In the reporting year, a portion in the amount of 3.6 million euros of the earn-out components of a total of 6.6 million euros lapsed. The remaining amount of 3.0 million euros has no time limit and depends on the sale of a CIGSfab. This item is reported in other current liabilities.

In addition, current liabilities declined, in comparison with the end of the 2013 fiscal year, to 77.2 million euros (December 31, 2013: 111.0 million euros). This was due to the significant reduction in credit lines; current financial liabilities amounted to 10.2 million euros as of December 31, 2014 (December 31, 2013: 46.4 million euros). Trade payables as of the end of the 2014 reporting period, at 42.3 million euros, were at the level of the previous year (December 31, 2013: 42.7 million euros). Prepayments received rose to 10.6 million euros (December 31, 2013: 8.7 million euros). Other current provisions totaled 3.5 million euros

as of December 31, 2014, following 4.6 million euros as of the 2013 balance sheet date. Other liabilities of 8.3 million euros (December 31, 2013: 6.3 million euros) contain personnel-related liabilities as well as earn-out liabilities to Würth-Solar at 3.0 million euros.

On the asset side, the decrease in non-current assets from 138.2 million euros as of the end of the 2013 fiscal year to 117.4 million euros as of December 31, 2014 is due to decreased intangible assets. As of the end of the reporting period in 2014, intangible assets stood at 74.7 million euros (December 31, 2013: 91.7 million euros). This development is attributable to the unscheduled write-offs in the Solar segment. At the same time, property, plant and equipment were slightly down: As of December 31, 2014, property, plant and equipment totaled 40.3 million euros, compared with 45.0 million euros at the end of the fiscal year 2013. In addition to scheduled depreciation and amortization, unscheduled write-offs were taken in the amount of 2.8 million euros.

As of December 31, 2014, current assets at 136.2 million euros were down from the 2013 balance sheet date of 181.0 million euros. While inventories dropped as a result of inventory write-offs to 48.3 million euros (December 31, 2013: 56.0 million euros), trade receivables increased as a result of the positive business performance to 58.7 million euros (December 31, 2013: 55.7 million euros). Other current receivables increased through the acquisition of Manz Italy to 5.9 million euros as of December 31, 2014 (December 31, 2013: 4.3 million euros). At the same time, liquid funds declined significantly to 23.2 million euros (December 31, 2013: 64.7 million euros); this was due to an increase in working capital in connection with the significantly improved order situation, the repayment of liabilities to banks and the acquisition of Manz Italy.

Liquidity Position

Taking cash flow in the strict sense (operating profit plus depreciation/amortization of fixed assets and increase/decrease in other non-current provisions and pension provisions), a positive cash flow totaling 12.7 million euros resulted in the 2014 fiscal year (previous year: 27.0 million euros). With negative operating earnings (EBIT) of –32.8 million euros, adding back the depreciation, amortization and write-offs on fixed assets results in a positive cash flow. Cash flow from operating activities for the 2014 fiscal year amounted to 10.8 million euros (previous year: 22.5 million euros). This development was mainly attributable to the decrease in inventory items, trade receivables and other assets, and a corresponding cash inflow of +3.2 million euros (previous year: +3.7 million euros). The decrease in trade payables and other liabilities, with cash outflows of –3.6 million euros (previous year: –4.9 million euros), also had an impact here. Cash outflows from interest paid fell to –2.0 million euros (previous year: –3.1 million euros).

Following a cash flow from investing activities of –11.7 million euros in the same period in the previous year (2013), there was a cash outflow of –21.1 million euros for fiscal year 2014.

This is the result of investments in the amount of 7.0 million euros in connection with the

» With a positive cash flow from operating activities amounting to 10.8 million euros and liquid funds of 23.2 million euros with a low net debt of 9.2 million euros, the company has an extremely solid liquidity position and continues to report a high equity ratio of 55.2 % «

acquisition of Manz Italy as well as 14.6 million euros in intangible assets and property, plant and equipment, primarily development activities. In terms of segments, the Solar segment accounted for investment of 4.1 million euros (previous year: 3.6 million euros); the Display segment, 2.2 million euros (previous year: 2.8 million euros); and the Battery segment, 1.6 million euros (previous year: 3.7 million). A figure of 0.9 million euros (previous year: 1.6 million euros) was invested in fiscal year 2014 in the other segments.

Cash flow from financing activities in fiscal year 2014 amounted to –32.9 million euros, following a cash inflow of 23.9 million euros in the previous year of 2013. The reason for this was the systematic reduction, in the reporting period, of bank overdrafts amounting to 36.2 million euros. At the same time, the company recorded an inflow of funds amounting to 10.0 million euros, due to taking out an EIB loan. Taking changes in foreign exchange rates into account, Manz AG therefore has liquid funds of 23.2 million euros as of December 31, 2014 (December 31, 2013: 64.7 million euros). Unused credit lines with banks as of the balance sheet date of December 31, 2014, come to 115.7 million euros (previous year: 76.1 million euros).

Principles and Goals of the Financial Management

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

Overall Assertion

In the 2014 fiscal year, Group revenues increased significantly by 14.9% to 305.9 million euros, following 266.2 million euros in the previous year. Manz AG thus realized record revenues for the second year in a row. Manz AG also reached its operating goals with respect to profitability. In operating business, Manz achieved earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for non-recurring negative special effects, of 24.6 million euros (previous year: 27.0 million euros) and positive adjusted earnings before interest and taxes (EBIT) of 0.4 million euros (previous year: 3.1 million euros). Non-recurring negative special effects – mainly unscheduled write-offs and devaluations in the Solar segment – led to an EBIT of –32.8 million euros. With a positive cash flow from operating activity in the amount of 10.8 million euros (previous year: 22.5 million euros) and liquid funds of 23.2 million euros with a low net indebtedness of 9.2 million euros (previous year: 0.4 million euros), the company enjoys an extremely sound liquidity situation and continues to reflect a high equity capital ratio of 55.2% (previous year 54.8%). Overall, this

Positive operating
cash flow:

10.8 million euros

offers Manz AG sufficient leeway as the prerequisite for being able to systematically take advantage of growth opportunities for the company.

Non-financial Performance Indicators

The company believes that economic success and responsible behavior must not be in conflict with each other. In the opinion of the company, being responsible for its employees and for the environment is the essential foundation for the long-term economic success of a highly innovative high-tech equipment manufacturer.

Thus the company offers a broad array of training and continuing education programs in Manz Academy which are directed both to employees and to customers of Manz AG. In the past fiscal year, 448 seminar dates were offered in which we made a total of 3,253 free slots available for our employees. All of these were taken. In addition we offered language courses on 147 dates. Again all 931 slots offered were used. Training programs of Manz Academy for German managers and executives of European subsidiaries create a common understanding of leadership. In addition, seminars are offered for earning additional qualifications which comprise discipline- and product-specific advanced training opportunities. This not only creates optimal conditions for achieving the corporate goals that have been set, but also makes possible the further development of each employee as an individual.

Resource-conserving production and management is no abstract concept for Manz AG and its employees, but rather an essential component of its corporate philosophy. Accordingly, for the Group it is only natural for electricity generated by photovoltaics to be produced for its own use. Thus, solar modules were installed on the roofs and facades of the assembly halls in the headquarters in Reutlingen which serve to generate the electricity. There more than 340,000 KWh of electricity are generated per annum with two large plants. The owners of these solar plants are the Manz AG's employees, who financed the plants. This is an expression of their commitment to Manz AG as well as their confidence in the future viability of photovoltaics. At the same time, they profit from the feed-in compensation for the electricity produced. The energy concept is supplemented by two smaller facade plants with outputs of 8 KW and 16 KW, respectively, which are owned by the company.

Again in the past fiscal year, the project „Metalworking Shop – Give the Gift of a Future“, which has been in operation since 2008, was successfully continued in close cooperation with the Evangelical Youth Foundation and the YMCA Ethiopia. The goal is to provide help for self-help by making basic training as a general metal worker possible for interested, motivated youths from disadvantaged ethnic groups. To this end, Manz AG developed its own instruction workshop for metal working in Ethiopia's capital city Addis Ababa. In 2014, the sixth class graduated and thus has the necessary expertise to get a start in working life.

EVENTS AFTER THE BALANCE SHEET DATE

No events that would have had a significant impact on our financial position, financial performance and cash flows took place after the end of the reporting period.

CORPORATE GOVERNANCE

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

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

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

Composition of subscribed capital

Manz AG's subscribed capital is valued at 4.928.059,00 euros and is divided into 4.928.059 registered, no-par value bearer shares. Each share of stock grants its owner one vote at the Annual General Meeting. Each share of stock offers the same share of profits. This excludes treasury shares held by Manz AG, which do not entitle the company to any rights. At the present time, the company does not hold any treasury shares. In other respects, shareholders' individual rights and duties result from the provisions of the German Stock Corporation Act, particularly Sections 12, 53a et seqq., 118 et seqq., and 186.

Restrictions that apply to voting rights or the transfer of shares

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

Shareholdings that exceed 10 % of voting rights

As a result of notifications received regarding major holdings of voting rights pursuant to Section 21 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

and transactions involving company shares executed by persons performing managerial responsibilities pursuant to Section 15a of the WpHG, the Managing Board is aware of the following direct and indirect holdings in the company's capital that exceed 10% of all voting rights:

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

Shares with special rights that confer an authority to exercise control

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

Type of voting right controls when employees are issued shares of company stock and do not immediately exercise their control rights

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

Legal requirements and provisions of the Articles of Incorporation regarding the appointment and dismissal of members of the Managing Board and regarding amendments to the Articles of Incorporation

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

Amendments to the Articles of Incorporation are governed by Sections 133 et seqq. and 179 et seqq. of the German Stock Corporation Act. In general, amendments require a resolution passed by the Annual General Meeting. The resolution passed at the Annual General Meeting requires a majority of at least three-quarters of the capital stock represented at

the time the resolution is adopted. The Articles of Incorporation may determine a different capital majority, but only a greater capital majority, for any amendment to the purpose of the company.

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

Authority of the Managing Board to issue or repurchase company shares

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

Authorized capital

Pursuant to Article 3(3) of the Articles of Incorporation, the Managing Board is authorized to increase the company's capital stock, with Supervisory Board approval, in the period until July 8, 2019, on a once-only basis or in partial contributions, up to a total of 2,464,029.00 euros through the issuance of a total of 2,464,029 new bearer shares (no-par value shares) by means of cash contributions or contributions in kind (Authorized Capital 2014).

In principle, the new shares must be offered for subscription to shareholders. The new shares can also be acquired by financial institutions specified by the Managing Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Managing Board is authorized, with Supervisory Board approval, to exclude shareholders' subscription rights

- in the event of a capital increase for cash consideration, if the issue amount of the new shares is not significantly less, within the meaning of Section 203(1) and (2) and Section 186(3) sentence 4 of the German Stock Corporation Act, than the stock exchange price of shares of the company of the same type at the time of establishment of the issue price, which is to be as close in time as possible to the time of issue of new shares. This authorization for the exclusion of the subscription right applies only to the extent that shares to be issued in the capital increase do not in total represent a proportionate amount of the capital stock of more than 492,805.00 euros and overall do not comprise more than 10% of the capital stock at the time the authorization is exercised. The proportionate amount of capital stock of shares which are issued or sold during the period of this authorization, in direct or corresponding application of Section 186(3) sentence

- 4 of the German Stock Corporation Act, with exclusion of subscription rights and on the basis of other authorizations will be offset against this maximum amount for an exclusion of subscription rights;
- in the event of a capital increase by means of contributions in kind in order to purchase companies, parts of a company or holdings in companies;
 - insofar as it is necessary in order to give owners of warrant or convertible bonds, profit-sharing rights or profit-sharing bonds issued by the company or indirect or direct affiliates of the company a subscription right to new shares to the same extent as they would have upon exercising their option or conversion right or after fulfilling their conversion obligation;
 - to exclude fractional amounts from the subscription right.

Authorization to issue partial debentures with option or conversion rights or conversion obligations, profit-sharing rights and profit-sharing bonds (or combinations of these instruments) as well as Conditional Capital I

At the Annual General Meeting on July 9, 2014, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue bearer warrant or convertible bonds, profit-sharing rights and/or profit-sharing bonds or a combination of these instruments (collectively referred to as „bonds“), up to a total nominal value of 150 million euros, on one or more occasions until July 8, 2019. In addition, the Managing Board was also authorized to grant option rights to owners of warrant bonds and conversion rights to owners of convertible bonds for bearer shares of the company with a proportionate amount of capital stock totaling up to 1,971,223.00 euros, in accordance with the detailed terms and conditions of the warrant/convertible bonds.

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

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

Furthermore, the Managing Board is authorized, with Supervisory Board approval, to completely exclude shareholders' subscription rights to bonds issued with an option and/or conversion right or conversion obligation, provided the Managing Board, after dutiful examination, arrives at the view that the issue price of the bonds is not significantly below their hypothetical market value calculated according to accepted and, in particular, actua-

rial methods. This authorization to exclude the subscription right applies to bonds issued with an option and/or conversion right or a conversion obligation, carrying an option and/or conversion right or a conversion obligation for shares with a total proportionate amount of the capital stock which may not exceed 10% of the capital stock, either at the time the authorization becomes effective or – in the event that this amount is lower – at the time this authorization is exercised. The following are offset against the aforementioned ten percent limit:

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

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

Pursuant to Article 3(4) of the Articles of Incorporation, the capital stock of the company has been conditionally increased by up to 1,971,223.00 euros through the issue of up to 1,971,223 no-par value bearer shares (Conditional Capital I). The conditional capital increase shall be carried out only to the extent that holders of option or conversion rights or those obligated to conversion as a result of warrant or convertible bonds, profit-sharing rights or profit-sharing bonds, which are issued or guaranteed by the company or a company of the Group within the meaning of Section 18 of the German Stock Corporation Act on the basis of an authorization resolved by the Annual General Meeting on July 9, 2014 under Agenda Item 6, exercise their option or conversion rights or, to the extent they are obligated to convert, fulfill their obligation, to the extent a cash settlement is not granted or treasury shares or shares of another stock exchange listed company are not utilized in servicing such capital increase. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution.

The new shares shall participate in profit from the beginning of the fiscal year in which they are created on the basis of the exercise of option or conversion rights or of the fulfillment of conversion obligations. The Managing Board is authorized, with Supervisory Board approval, to establish the further details of the execution of the conditional capital increase.

Authorization to issue stock subscription rights within the scope of the Manz Performance Share Plan 2011 as well as Conditional Capital III

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

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

Authorization to issue stock subscription rights within the scope of the Manz Performance Share Plan 2012 as well as Conditional Capital IV

At the Annual General Meeting held on Tuesday, June 19, 2012, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 27,000 subscription rights for subscription of a total of up to 108,000 shares of company stock to executives of affiliates as well as Manz's own managers below the executive level and managers of affiliates, both domestic and foreign, on one or more occasions until Wednesday, May 31, 2017. Furthermore, the Supervisory Board was given authorization to issue a total of up to 37,000 subscription rights for subscription of a total of up to 148,000 shares of company stock to members of Manz's Managing Board, on one or more occasions, until May 31, 2017. The subscription rights will be granted, arranged and exercised in accordance with the provisions defined in the resolution passed at the Annual General Meeting on Tuesday, June 19, 2012.

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

Authorization to purchase and dispose of treasury shares

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

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

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

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

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

Significant company agreements that are conditional on a change of control as a result of a takeover bid

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

Compensation agreements which were concluded by the company with members of the Managing Board or with employees in the event of a takeover bid

Employment contracts with members of the Managing Board, with the exception of the chairman Dieter Manz, provide that, in the event of a change of control (notification by a notifying party in accordance with Section 21(1), sentence 1 of the German Securities Trading Act that the notifying party has reached or exceeded 25% or more of voting rights in the company), the Managing Board member is entitled to terminate his employment contract with three months' notice to the end of a calendar month and to resign from his position as member of the Managing Board with the same notice period. These rights may be exercised only within six months after the change of control has occurred. The Managing Board member receives a severance payment consisting of the full amount of the fixed salary that is owed for the time remaining in the employment contract as well as the full amount of the cash bonus that is owed for the time remaining in the employment contract. The severance payment is limited to the amount that would arise if the remaining employment contract were three years. If the remaining employment term on the date the termination becomes effective amounts to more than two years, the severance payment is reduced, insofar as it is being granted for the exceeding period, by 75% for the purposes of lump-sum offsetting of the Managing Board member's expected income from other sources in the period after cessation of the employment contract. In addition, the amounts used in the calculation of the severance payment must also be discounted at 3% p.a. each to the date on which the severance payment is due.

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

COMPENSATION REPORT

The following compensation report presents the basic principles of the compensation systems for the Managing Board and Supervisory Board of Manz AG, as well as the salaries earned by the members of the Managing Board and Supervisory Board in the 2014 fiscal year.

System of compensation for the Managing Board

The compensation system for the members of the Managing Board of Manz AG applicable for the reporting year was approved by the Annual General Meeting of June 28, 2011, with a majority of 99.24% of the votes cast.

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

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

Fixed elements of compensation

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

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

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

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

Variable elements of compensation

General

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

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

Annual cash bonus

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

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

The annual cash bonus is paid out only if an EBT return of at least 4.1 % is achieved. Given an EBT return of 4.1 %, each member of the Managing Board receives a cash bonus valued at 1 % of their fixed annual salary. For every 0.1 percentage point above an EBT return of 4.1 %, the percentage of fixed salary used to calculate the cash bonus increases by one percentage point. As such, given an EBT return of 5.0 %, each member of the Managing Board would receive a cash bonus equal to 10 % of their fixed annual salary and, given an EBT return of 14 %, the cash bonus would equal 100 % of each Managing Board member's fixed annual salary. The upper limit is set at an EBT return of 20.0 %, in which case each member of the Managing Board would receive a cash bonus valued at 160 % of their fixed annual salary.

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

Manz Performance Share Plan 2011 and Manz Performance Share Plan 2012

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

The Supervisory Board granted a total of 4,279 subscription rights to Manz AG stock to the members of the Managing Board as a variable, performance-based component of compensation with a long-term incentive effect and a risk element in the 2011 fiscal year on the basis of the Manz Performance Share Plan 2011.

A new Manz Performance Share Plan 2012 was adopted at the 2012 Annual General Meeting held on June 19, 2012. The Supervisory Board, with the consent of the Managing Board, did not grant members of the Managing Board any new subscription rights to Manz AG stock in the 2012 fiscal year. The Supervisory Board granted members of the Managing Board a total of 3,347 subscription rights to Manz AG stock in the 2013 fiscal year on the basis of the Manz Performance Share Plan 2012. The Supervisory Board granted members of the Managing Board a total of 2,658 subscription rights to Manz AG stock in the 2014 fiscal year on the basis of the Manz Performance Share Plan 2012.

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

Severance cap in the event of early termination of Managing Board duties

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

Provisions in the event of a change of control

The employment agreement with Managing Board member Martin Hipp provides that, in the event of a change of control, the Managing Board member is entitled to terminate the employment contract with three months' notice to the end of a calendar month and to re-

sign from the position as member of the Managing Board with the same notice period. A change of control is deemed to have taken place if the company receives a statement from an individual legally required to submit such information informing the company that said person has reached or exceeded a 25% or higher share of voting rights in the company.

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

Compensation in the 2014 fiscal year

Compensation of the Managing Board

Compensation of the Managing Board according to IFRS

The members of the Managing Board received total compensation of 829 thousand euros for carrying out their duties in the 2014 fiscal year (previous year: 828 thousand euros).

The following table provides an overview of the compensation paid to individual members of the Managing Board according to IFRS for performing their duties in the 2014 fiscal year:

Compensation of the Managing Board

	Fixed components	Performance-based components (short-term incentive)	Components with long-term incentive		
(in EUR tsd.) (previous year in in parentheses)	Fixed salary	Other benefits*	Cash bonus	Subscripti- on rights to stock (fair value)	Total
Dieter Manz, CEO	288 (288)	20 (21)	0 (0)	181 (207)	489 (516)
Martin Hipp, CFO	179 (174)	22 (22)	32 (0)	107 (116)	340 (312)
Total	467 (462)	42 (43)	32 (0)	288 (323)	829 (828)

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

Subscription rights to Manz AG stock issued on the basis of the Manz Performance Share Plan 2012 (tranches 2013 and 2014) were measured at their fair value on the date of issue using recognized mathematical finance methods. Fair value is equal to the market value of Manz's stock on the issue date minus the issue price of 1.00 euros per share. In making this calculation, it was assumed, with regard to the performance component, that the standard target (factor of 1.0) of an EBIT margin of 10% had been achieved and, with regard to the loyalty component, that the subscription rights will not be exercised until shortly before the end of the vesting period (factor of 2.0) within the eighth calendar year following issuance of the subscription rights.

Compensation of the Managing Board according to the German Corporate Governance Code

For the first time, the compensation of the Managing Board for the fiscal year 2014 is also disclosed on the basis of the presentation recommended by the German Corporate Governance Code in the framework of exemplary tables broken down by the benefits granted and the allocation.

The following table shows the benefits, including fringe benefits granted to the individual members of the Managing Board, for the reporting year and the previous year in accordance with the recommendations of the German Corporate Governance Code. It lists the target values for the variable compensation (payment in the event of 100% attainment of target) as well as for the achievable minimum and maximum compensation for the reporting year.

Benefits granted (in EUR tsd.)	Dieter Manz Chief Executing Officer				Martin Hipp Chief Financial Officer			
	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)
Fixed compensation	288	288	288	288	174	179	179	179
Fringe benefits	21	18	18	18	15	15	15	15
Total	309	306	306	306	189	194	194	194
Single-year variable compensation	173	173	0	461	97	101	0	269
Multiyear variable compensation								
Manz Performance Share Plan 2012 – Tranche 2013 (Term to 2021)	207				116			
Manz Performance Share Plan 2012 – Tranche 2014 (Term to 2022)		181	181	181		107	107	107
Total	689	660	487	948	402	402	301	570
Pension expense ¹	11	12	12	12	7	7	7	7
Total compensation	700	672	499	960	416	409	308	577

¹ For Dieter Manz, service cost in accordance with IFRS; for Martin Hipp, contribution-based payments to the provident fund.

The following table shows the allocation of the compensation granted to the individual members of the Managing Board in or for the reporting year and the previous year in accordance with the recommendations of the German Corporate Governance Code.

Allocation (in EUR tsd.)	Dieter Manz Chief Executing Officer		Martin Hipp Chief Financial Officer	
	2014	2013	2014	2013
Fixed compensation	288	288	179	174
Fringe benefits	18	21	15	15
Total	306	309	194	189
Single-year variable compensation ¹	0	0	0	32
Multiyear variable compensation				
Manz Performance Share Plan 2008 – Tranche 2008 (Term to 2014)	0	0	0	0
Manz Performance Share Plan 2008 – Tranche 2009 (Term to 2015)	0	0	0	0
Manz Performance Share Plan 2008 – Tranche 2010 (Term to 2016)	0	0	0	0
Other	–	–	–	–
Total	306	309	194	221
Pension expense ²	12	11	7	7
Total compensation	318	320	201	228

¹ For Martin Hipp voluntary discretionary bonus for the year 2013.

² For Dieter Manz, service cost in accordance with IFRS; for Martin Hipp, contribution-based payments to the provident fund.

Supervisory Board compensation

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

The following table provides an overview of the compensation paid to individual members of the Supervisory Board for performing their duties in the 2014 fiscal year (previous year's values in parentheses):

Supervisory Board Compensation

(in EUR tsd.)	Fixed salary
Prof. Dr. Heiko Aurenz, Chairperson	24 (24)
Dr.-Ing. E.h. Dipl.-Ing. Peter Leibinger, Deputy chairperson	18 (18)
Prof. Dr.-Ing. Michael Powalla	12 (12)
Total	54 (54)

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

In the reporting year, as in the previous year, members of the Supervisory Board did not receive any further compensation or benefits for services they rendered, in particular advisory and brokerage services. As in the previous years, no loans or advances were granted to members of the Supervisory Board and no contingencies were entered into for their benefit.

REPORT ON OPPORTUNITIES AND RISKS

RISK MANAGEMENT AND INTERNAL MONITORING SYSTEM

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

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

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

- Management
- Natural disasters and pandemics
- Attacks and fraud
- Social and cultural risks
- Politics and the regulatory environment
- Economic environment
- Technology
- Competition
- Company organization and processes

- Buildings and infrastructure
- Products and projects
- Distribution
- Acquisitions and investments
- Procurement
- Human Resources
- Finances

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

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

Risk management system for the accounting process (Section 289(5) and Section 315(2) No. 5 of the German Commercial Code (HGB))

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

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

Group accounting guidelines ensure that recognition and measurement, which are brought into line with current external and internal developments at regular intervals, are carried out

uniformly on the basis of the provisions applicable to the parent company. Furthermore, companies in the Group are prescribed report packages that they are required to prepare.

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

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

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

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

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

RISKS TO THE COMPANY

Industry Risks

Macroeconomic Risks

As the massive economic upheavals resulting from the international economic and financial crisis have shown, macroeconomic and financial trends in Manz AG's main sales markets may involve negative effects on business performance. For example, investments in the

display, solar or battery industry might be postponed as a result of financing bottlenecks. In addition, the refinancing of listed companies via the capital market might become much more difficult. There is a risk that potential customers of Manz AG, in general, do not have the necessary capital available for investment in new equipment. This would noticeably slow down growth in the solar and display markets, as well as in the field of lithium-ion batteries. In this scenario, the company might not be able to achieve its growth targets as planned. The company has diversified these risks by creating an established network, by constantly expanding worldwide production and sales capacities, by maintaining a liquidity buffer to offset slumps in demand and by having a clear focus on various growth markets of various regions worldwide.

Risks from increasing competition

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

Risks from consolidation in the solar industry

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

Risks from rapid technological change and from launching new products

As a technological leader, research and development activities as well as an innovative portfolio of products are of key importance to the company. This is due to the continuous technological changes taking place in the core display, photovoltaic and lithium-ion battery industries. Within this process, there is no guarantee that the company will always be able to provide the technologies that the market demands over the long term. In addition, there is also the risk that the cost of developing new technologies and products may exceed the original budgets, meaning that the company may incur losses as a result of individual

development projects. There is also no guarantee that newly launched products will subsequently be successful in the market, which may put the company's revenues and earnings at further risk. Moreover, because the target sectors are highly dynamic in technological terms, there is a danger of developing machinery and systems for which there is very little demand on the market. In order to control these risks, Manz AG maintains close contact with its customers, which enables the company to identify new trends early on. In addition, the company carefully examines possible market potential in advance in order to be able to estimate the returns on development projects and thus deploy resources in an optimal fashion.

Risks from a lack of demand in relation to CIGS technology and CIGSfab

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

Risks from a lack of demand resulting from the acquisition of Kemet Electronics Italy

As a result of the acquisition of the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation, Manz AG further extended its financial involvement in the battery segment. As a result of the asset deal, 83 employees were acquired by Manz AG. In addition, patents and property rights as well as expertise, in particular, in the winding and laminating technology of Kemet passed to Manz. Along with the technology for stacking electrodes, which is already established at Manz, these are among the leading technologies in the manufacture of lithium-ion batteries for e-mobility, stationary energy storage and consumer electronics. If the target markets in the battery segment, contrary to the current expectations of the Managing Board, should not develop positively or if Manz should not be able to maintain its existing customer relationships or establish new ones, this could result in significant financial burdens in this business segment and negative effects on the financial position, financial performance and cash flows of Manz AG. In order to counter this risk, Manz AG maintains close contact with its existing and potential customers, which enables the company to identify new trends early on. In addition, the integration of Manz Italy into the Group as a whole is being closely monitored, with progress and success being conveyed to the Managing Board in monthly reports.

Financial Risks

Liquidity risk

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

Currency and interest rate risks

Manz AG's currency risks result from operating activities. Any foreign currency risks that affect the company's cash flows are hedged. In the 2014 fiscal year, Manz AG was exposed to foreign currency in connection with transactions in foreign currency that had already been fixed and planned. These transactions were exclusively in US dollars in connection with the sale of products. The risks arising therefrom were hedged using derivative financial instruments (mainly forward exchange transactions and foreign exchange swap transactions). The preconditions for hedge accounting (cash flow hedge) existed for the planned transactions. The risk of delivery dates being postponed still exists, however, which may result in losses or gains from extending the derivative financial instruments. Interest rate risk in the case of variable loans is limited through interest rate hedges.

Risks from insolvency of and dependence on customers

In the future, Manz AG will also face the risk of losses on receivables, which could have a negative impact on the company's revenues and earnings. Furthermore, a customer's insolvency also means the loss of possible follow-up orders from that customer. The company counters potential credit risks by carrying out detailed credit rating checks before entering into a contract, by opening letters of credit and through rigorous receivables management.

In addition, Manz AG is pursuing through diversification of the business model in markets and regions the goal of minimizing risks to Group's revenues and earnings resulting from dependence on individual customers and from the effects of bad debts of individual customers.

Personnel Risks

Qualified and motivated managers and employees are crucially important to the success of a high-tech equipment manufacturer. The loss of executives or employees in key positions could have a negative impact on the company's growth and thus impair its financial

position, financial performance and cash flows. At the same time, there is also a risk that the company will not be able to hire a sufficient number of new, suitable executives or additional employees. Nonetheless, as a listed company, Manz AG enjoys greater attention from potential employees and can use that to enhance its attractiveness as an employer. In addition, being listed on the stock market also allows the company to increase employee loyalty over the medium term by issuing stock options, thus allowing employees to share in the company's profits.

Contract Risks

Risks from contractual penalties

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

Risks from contracts with suppliers

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

OPPORTUNITIES FOR FUTURE DEVELOPMENT

Diversifying the business model for robust growth opportunities in dynamic markets

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

Synergy effects between the business segments open up competitive advantages

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

Significant growth opportunities as a result of internationalization and „Follow the Market“

Manz AG is a high-tech equipment manufacturer that operates internationally, with close customer relationships worldwide. In order to further strengthen its international market position, the company operates an extensive service and sales network in the strategic

target markets for displays, photovoltaics, and lithium-ion batteries in China, Taiwan, India, the United States, and Europe. Thanks to the company's „Follow the market“ strategy, Manz also operates its own production facilities in all key markets, which allows the company to offer German engineering skill at local prices to its customers, particularly those in Asia, which is currently the company's main sales region. Thanks to the company's production and research & development facilities in Taiwan and China, which employ about 900 workers, Manz enjoys outstanding access to Asia's largest growth market. With a total of 2/3 of employees based outside of Germany, Manz offers its customers extremely high availability and, at the same time, guarantees close, trusting customer relationships. This enables the company to identify technological trends at an early stage, anticipate the necessary production technologies on this basis, set new standards and thereby gain additional market share. This closeness to customers and the company's practically oriented production solutions strengthen Manz's competitive advantages in its international target markets in the long term and offer the company opportunities for revenue and earnings growth.

Necessary new investments in the photovoltaics industry

In the previous fiscal year, the situation in the photovoltaics industry was characterized by strong growth in the retail market. The demand for solar modules worldwide was at approximately the level of the existing production capacities, which for the most part are outdated. At the same time, a stabilization of the price level for solar modules can be observed. These factors will lead to an increasing investing and planning certainty in the industry, which gives reason to expect a new investment cycle. In the short and medium term, this could lead to a considerable increase in growth rates in the solar sector, since new investments are essential to cost-efficient production. It is against this background that Manz AG is continuing to be committed to further development of CIGS technology. This technology offers the highest potential for increasing efficiency in the future and, as a result, the lowest costs per watt. With a current efficiency of solar modules produced in a CIGS*fab* of up to 14.6% (15.9% aperture efficiency) and a reliable technology roadmap for future increases of efficiency, Manz offers maximum investment security. This means that today solar power generated with these solar modules already costs about the same as power from fossil fuel sources and significantly less than power generated by offshore wind farms. Competitiveness of solar power (grid parity) thus is just around the corner and has already been achieved in many regions of the world. Thin-film technology can particularly capitalize on its advantages over crystalline technology in sunny countries such as India, China, Arab countries and South Africa, which means that the prospects for this business segment remain positive and continue to provide upside potential in terms of Manz AG's future performance. In the future, China will be the largest market by far for the production of crystalline solar cells. Thanks to its strong market position in China, Manz is thus following the demands of the market for the supply of equipment from local production. Thus Manz is also continuing to preserve for itself the opportunity to be able to participate in investments in this segment.

» Constant technological innovation, especially with smartphones, tablet computers or touch-capable laptops, is driving this market forward. Of course, as a high-tech equipment manufacturer, this plays into our hands. «

Dieter Manz, CEO

Market opportunities from acquisitions

Furthermore, the company can develop additional competitive advantages by making targeted acquisitions. This facilitates access to new technologies and the factors that are also scarce and crucial for competitors, namely expertise and qualified personnel. Furthermore, the company regularly checks for opportunities to open up new customer and product groups and further diversify its product range by making attractive acquisitions. This would give the company an even broader foundation, which would have a stabilizing effect on revenues and earnings. In the Battery business segment, Manz AG was able to significantly expand its range of services for the production of lithium-ion batteries in the 2014 fiscal year by means of the acquisition of the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation. As a result, Manz, with its technology portfolio unmatched the world over, is in a position to offer production equipment for the manufacture of all current cell concepts – from wound button cells to stacked pouch cells. With the associated successful opening up of the market for consumer electronics, Manz is creating excellent opportunities to significantly increase business in this segment.

OVERALL ASSERTION

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

FORECAST REPORT

OUTLOOK

Record revenues of

306 million euros:
+15%

in comparison with
the preceding year

In our forecast report, we address, insofar as possible, Manz AG's expected future growth and the company's business environment in the current fiscal year of 2015.

In the 2014 fiscal year, Manz AG generated revenues of 305.9 million euros. In operating business, Manz achieved earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for non-recurring negative special effects, of 24.6 million euros (previous year: 27.0 million euros) and a positive adjusted earnings before interest and taxes (EBIT) of 0.4 million euros (previous year: 3.1 million euros). Thus Manz AG met the forecast for fiscal year 2014 with respect to revenue with strong growth, in particular against the background of the lack of demand for a CIGSfab. As a result of this lack of demand, the planned significant improvement of the EBIT was also not achieved. Non-recurring negative special effects – mainly unscheduled write-offs and devaluations in the Solar segment – led to an EBIT of –32.8 million euros.

In Asia, the crucial region for us, economic earning power is expected to grow in the current fiscal year to the prior-year level. In the region's largest national economy, the People's Republic of China, GDP growth of 7.0% is expected. At the same time, experts from the Kiel Institute for the World Economy also expect the global economy to perform positively, at 3.7%, in 2015. Given the anticipated economic market forecasts, we see good framework conditions for our company to grow in the current fiscal year. It should be borne in mind that the current economic framework conditions increase uncertainty in respect of statements about future growth, as underlying premises can quickly lose their validity. The framework conditions give rise to opportunities and risks for the Manz Group's continued operating growth.

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

Like the technology portfolio of Manz AG, our target markets are also developing steadily. Manz AG is taking this dynamic process into account and with the close of the first quarter of 2015 will rename the strategic business segments. The largest change is that Electronics and Energy Storage will replace the segments Display, Printed Circuit Boards and Battery (see also Basic Information on the Group: Business Model). For the sake of uniform reporting within this report, the following segment forecasts are still broken down according to the old strategic business segments. In the financial statements for the first quarter of 2015, the segment forecasts will be updated in accordance with the segments that have been redesignated internally since January 1, 2015. The redesignating of the business segments does not affect the overall forecast of the company.

For the current 2015 fiscal year, we expect operating activities in our Display segment to continue to show stable development. This assumption is based on the sustained high demand for end devices with touch panel displays, such as smartphones and tablet computers. It is our view that the increased demand as well as the additional areas of application will lead to new and replacement investments in production systems, from which Manz AG can benefit. The contracts acquired by the Display segment in the first three months of 2015 support this expectation, even though our customers' short ramp-up phases of around four to six months will fundamentally lead to short-notice incoming orders and require flexible order planning. Overall, we expect the Display segment in 2015 to be at the level of the previous year, with the EBIT margin remaining constant. The value of orders on hand in the Display segment was at 14.1 million euros as of December 31, 2014 (previous year: 35.4 million euros).

In view of the steadily growing end-customer demand for solar modules, we feel cautiously positive with respect to our Solar segment. This increasing demand makes new investments in modern equipment unavoidable in order to implement profitable manufacture. In the future, China will be the largest market by far for the production of crystalline solar cells. Thanks to our strong market position in Asia, we are in the comfortable situation of meeting the demands of the market for the supply of equipment from local production. We thus are also continuing to preserve the opportunity of being able to participate in investments in this segment. In the field of thin-film solar technology, we are more convinced than ever of the technological superiority of the Manz CIGS*fab*, our turnkey production line for the manufacture of CIGS thin-film solar modules. This was again underscored by the world record efficiency achieved by the Center for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW) in September 2014. With an efficiency of 21.7%, the ZSW, Manz AG's exclusive research partner, is pushing into new dimensions, breaking the old world record for thin-film solar lab cells by 0.7 percentage points. Thus the advantage over the multicrystalline technology is now 1.3 percentage points, further increasing the attractiveness of CIGS technology. In the future, CIGS thin-film solar modules are thereby not only more powerful than multicrystalline solar cells but also significantly cheaper to produce. CIGS technology, in our opinion, will therefore assume an important role in the next photovoltaic investment cycle. The revenue potential of a CIGS*fab* ranges from 50.0 million euros to 350.0 million euros, depending on the capacity of the line. The sale of fully integrated, turnkey production lines for CIGS solar modules therefore continues to be our primary goal. But at the same time we are taking the continuing investment restraint of the past four years into account by reducing our ongoing cost basis. Overall, the Solar segment thus especially offers upside potential for Manz AG at the moment. Overall, we expect to significantly increase revenues in the Solar segment compared with the previous year. The sale of a CIGS*fab* would once again significantly accelerate revenue growth and, depending on the amount and the timing of the order, would lead to a very positive operating result in the current 2015 fiscal year. The value of orders on hand as of December 31, 2014 was 6.3 million euros (previous year: 4.3 euros).

21.7%
efficiency:
World record

We also expect to see very positive momentum in our third segment, Battery. With our production systems for manufacturing lithium-ion batteries for e-mobility, stationary po-

wer storage and the premium consumer electronics sector, we have opened up further future markets that offer us significant revenue and earnings potential. We are seeing a strongly rising demand in particular from customers in the Consumer Electronics segment but investments in production capacities for e-mobility are also demonstrating a dynamic development. In our estimation, already issued major orders as well as promising customer discussions give cause for expecting a sound first quarter as well as a vibrant second quarter for 2015. For the full year of 2015, we are anticipating significant increases in revenues and earnings. The value of orders on hand as of December 31, 2014 was 46.7 million euros (previous year: 5.8 million euros).

The PCB/OEM reporting segment is also expected to show stable development in the current 2015 fiscal year owing to the increasing use of electronic devices in daily life, the increased penetration rate of communication technologies and the sustained demand for mobile end devices, such as smartphones and tablet PCs. We are expecting revenues and earnings for the year 2015 at the level of the previous year. The value of orders on hand as of December 31, 2014 is 7.6 million euros (previous year: 13.5 million euros). We expect 2015 revenues and earnings in the Others segment to be at the prior-year level. The value of orders on hand as of December 31, 2014 was 3.1 million euros (previous year: 7.0 million euros).

In addition to the systematic continuation of our diversification strategy, cross-industry technology transfer and our own production and service locations in our customers' local markets, investments in R&D activities, in particular, are the foundation for sustainable growth. In this context, we want to strengthen and expand our outstanding market position in our business segments by further developing our extensive technology portfolio. Overall, we are therefore planning investments in the area of research and development in the current fiscal year at the level of the previous year of 20 million euros. The outstanding importance of research at our company is underscored by the ratio of research costs to sales of 6.8% in the 2014 fiscal year.

With respect to our company's financial position, we expect to see a further improved, positive cash flow from operating activities in the current 2015 fiscal year. To secure our liquidity, we will further strengthen the excellent cooperation that we have with our local and international financial institutions, and take advantage of the financing possibilities presented by the capital market, if needed.

Overall Assertion on the Company's Future Development

Owing to the positive prospects in the Display and Battery segments and orders on hand of around 100 million euros as of January 31, 2015, we expect a positive performance for the current fiscal year. We consider the industry outlook in all three strategic business segments to be thoroughly positive. Therefore, Manz is expecting revenues between 320 million euros and 340 million euros for the current 2015 fiscal year with a very positive EBIT. The sale of a CIGSfab, depending on the amount and the timing of the order, would additionally have a very positive effect on earnings.

20 million euros
Investments
in R&D

FORWARD-LOOKING STATEMENTS

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

Reutlingen, March 20, 2015

The Managing Board



C

*CONSOLIDATED
FINANCIAL STATEMENT*

CONSOLIDATED INCOME STATEMENT

(in EUR tsd.)

	Notes	2014	2013
Revenues	1	305,925	266,248
Inventory changes, finished and unfinished goods		-6,461	4,224
Work performed by the entity and capitalized	2	9,305	7,890
Total operating revenues		308,769	278,362
Other operating income	3	12,517	13,917
Cost of materials	4	-180,168	-160,490
Gross profit		141,118	131,789
Personnel expenses	5	-72,358	-65,216
Other operating expenses	6	-54,847	-39,563
EBITDA		13,913	27,010
Amortization/depreciation		-46,700	-23,909
Operating earnings (EBIT)		-32,787	3,101
Finance income	7	413	370
Finance costs	8	-2,193	-3,337
Earnings before taxes (EBT)		-34,567	134
Income taxes	10	-3,611	-2,857
Consolidated profit or loss		-38,178	-2,723
of which attributable to minority interests	11	1	377
of which attributable to shareholders of Manz AG		-38,179	-3,100
Weighted average number of shares		4,928,059	4,521,121
Earnings per share (diluted = undiluted) in EUR per share	12	-7,75	-0,69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR tsd.)

	2014	2013
Consolidated profit or loss	-38,178	-2,723
Difference resulting from currency translation	5,209	-4,873
Cash flow hedges	-43	75
Tax effect resulting from components not recognized in profit/loss	10	-17
Total of expenditures and income recorded directly in equity with future reclassification with tax effect	5,176	-4,815
Revaluation of defined benefit pension plans	-1,019	131
Tax effect resulting from components not recognized in profit/loss	282	-33
Total of expenditures and income recorded directly in equity without future reclassification with tax effect	-737	98
Consolidated comprehensive income	-33,739	-7,440
of which minority interests	132	233
of which shareholders of Manz AG	-33,871	-7,673

CONSOLIDATED BALANCE SHEET

ASSETS (in EUR tsd.)

	Notes	Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Intangible assets	14	74,740	91,677
Property, plant, and equipment	15	40,266	44,975
Deferred taxes	10	1,746	1,124
Other non-current assets		674	440
		117,426	138,216
Current assets			
Inventories	16	48,321	55,949
Trade receivables	17	58,708	55,714
Income tax receivables		82	275
Derivative financial instruments	18	6	20
Other current receivables	19	5,886	4,332
Liquid funds	20	23,153	64,666
		136,156	180,956
Total assets		253,582	319,172

LIABILITIES AND SHAREHOLDERS' EQUITY
(in EUR tsd.)

	Notes	Dec. 31, 2014	Dec. 31, 2013
Equity	21		
Issued capital		4,928	4,928
Retained earnings		103,817	103,822
Revenue reserves		19,101	57,180
Currency translation		12,128	7,050
Shareholders of Manz AG		139,974	172,980
Minority Interests		39	2,058
		140,013	175,038
Non-current liabilities			
Non-current financial liabilities	22	22,118	18,546
Non-current deferred investment grants	23	118	194
Financial liabilities from leases	24	24	58
Pension provisions	25	8,431	5,584
Other non-current provisions	26	3,552	2,116
Other non-current liabilities	27	0	6,600
Deferred taxes	10	2,109	2
		36,352	33,100
Current liabilities			
Current financial liabilities	28	10,179	46,372
Trade payables	29	42,314	42,687
Payments received	17	10,555	8,709
Income tax liabilities		2,150	1,499
Other current provisions	30	3,514	4,628
Derivative financial instruments	18	184	750
Other liabilities	31	8,297	6,341
Financial liabilities from leasing	24	24	48
		77,217	111,034
Total liabilities and shareholders' equity		253,582	319,172

CONSOLIDATED CASH FLOW STATEMENT

(in EUR tsd.)

	2014	2013
Cash flow from operating activities		
Operating earnings (EBIT)	-32,787	3,101
Depreciation / amortization of fixed assets	46,700	23,909
Increase (+) / decrease (-) in pension provisions and other non-current provisions	2,396	-356
Other non-cash income (-) and expenses (+)	-3,605	293
Cash flow	12,704	26,947
Gains (+) / losses (-) from disposals of assets	-6	9
Increase (-) / decrease (+) in inventories, trade receivables and other assets	3,243	3,723
Increase (+) / decrease (-) in trade payables and other liabilities	-3,587	-4,859
Income tax received (+)/paid	12	-653
Interest paid	-1,963	-3,059
Interest received	412	369
Cash flow from operating activities	10,824	22,477
Cash flow from investing activities		
Cash receipts from the sale of fixed assets	461	15
Cash payments for investments in intangible assets and property, plant and equipment	-14,503	-11,717
Cash payments for the acquisition of consolidated entities, less liquid funds received	-6,968	0
Cash flow from investing activities	-21,100	-11,702
Cash flow from financing activities		
Cash receipts from long-term borrowings	10,000	0
Cash payments for repayment of long-term borrowings	-6,543	-4,652
Change in bank overdrafts	-36,192	2,998
Purchase of treasury shares	-184	-2
Cash payments for the repayment of financial leases	-23	-9
Cash receipts from issue of capital	0	26,432
Costs of raising capital (before taxes)	0	-876
Cash flow from financing activities	-32,942	23,891
Cash and cash equivalents at the end of the period		
Net change in cash funds (subtotal 1 – 3)	-43,218	34,666
Effect of exchange rate movements on cash and cash equivalents	1,705	-708
Cash and cash equivalents on January 1	64,666	30,708
Cash and cash equivalents on December 31	23,153	64,666
Composition of cash and cash equivalents		
Liquid funds	23,153	64,666
Cash and cash equivalents on December 31	23,153	64,666

The Cash Flow Statement is discussed in Note 13.

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

(in EUR tsd.)

	Issued capital	Capital reserves	Treasury shares	Revenue reserves			Currency translation	Manz AG shareholders	Minority equity	Total share-holders' equity
				Cumulative profit/loss	Remeasurement of pensions	Cash flow hedges				
As of Dec. 31, 2012	4,480	143,986	0	-4,589	0	-60	11,777	155,594	1,853	157,447
Effect of initial application of IAS 19					-1,227			-1,227	-21	-1,248
As of Jan. 1, 2013	4,480	143,986	0	-4,589	-1,227	-60	11,777	154,367	1,832	156,199
Total comprehensive income				-3,102	98	58	-4,727	-7,673	233	-7,440
Capital increase	448	26,432						26,880		26,880
Costs of raising capital after taxes		-621						-621		-621
Withdrawal from capital reserve		-66,000		66,000				0		0
Purchase of treasury shares			-4					-4		-4
Use of treasury shares			4					4		4
Share-based compensation		25						25		25
Change in minority interests due to increase in shares				2				2	-7	-5
As of Dec. 31, 2013	4,928	103,822	0	58,311	-1,129	-2	7,050	172,980	2,058	175,038
As of Jan. 1, 2014	4,928	103,822	0	58,311	-1,129	-2	7,050	172,980	2,058	175,038
Total comprehensive income				-38,179	-737	-33	5,078	-33,871	132	-33,739
Purchase of treasury shares			-184					-184		-184
Use of treasury shares			184					184		184
Share-based compensation		-5						-5		-5
Change in minority interests due to increase in shares				844	26			870	-2,151	-1,281
As of Dec. 31, 2014	4,928	103,817	0	20,976	-1,840	-35	12,128	139,974	39	140,013

Further information of the Statement of Changes in Equity is provided in the Note 21.

SEGMENT REPORTING FOR DIVISIONS

As of Dec. 31, 2014

(in EUR tsd.)	Revenues with third parties	Revenues with other segments	EBITDA	EBIT	Segment assets	Segment liabilities	Net assets	Additions to assets	Additions Depreciation	Additions Depreciation (scheduled)	Employees (annual average)
Solar											
2013	10,368		-7,313	-22,555	107,104	12,630	94,474	3,589	14,713		319
2014	13,684		-11,708	-43,938	62,920	19,378	43,542	5,324	12,480	19,128	290
Display											
2013	172,540		23,984	20,108	82,204	38,771	43,433	2,838	2,958		554
2014	200,851		21,918	15,346	73,125	31,791	41,334	2,472	2,891	2,406	594
Battery											
2013	9,142		1,197	108	11,613	4,391	7,222	3,711	995		57
2014	24,084		-4,152	-8,462	38,486	14,017	24,469	4,964	3,150	962	92
PCB/OEM											
2013	56,391		6,074	3,684	29,623	19,977	9,646	986	1,734		396
2014	51,607		5,090	3,015	23,494	20,361	3,133	1,078	1,163		425
Others											
2013	17,807	4,273	3,068	1,756	9,976	8,521	1,455	336	1,053		156
2014	15,699	-13,530	2,753	1,252	6,882	5,049	1,833	345	1,276		110
Central functions/ other											
2013	0				78,652	59,844	18,808	257	2,456		317
2014	0				48,675	24,273	24,402	391	3,244		324
Consolidation											
2013		-4,273									
2014		13,530									
Group											
2013	266,248	0	27,010	3,101	319,172	144,134	175,038	11,717	23,909	0	1,799
2014	305,925	0	13,912	-32,787	253,582	114,869	138,713	14,574	24,205	22,495	1,835

SEGMENT REPORTING FOR REGIONS

As of Dec. 31, 2014

(in EUR tsd.)	Third-party revenues by customer location	Non-current assets (without deferred taxes)
Germany		
2013	13,671	78,270
2014	27,770	46,273
Rest of Europe		
2013	43,882	10,959
2014	51,933	18,490
China		
2013	175,950	14,467
2014	203,322	16,267
Taiwan		
2013	15,117	33,338
2014	9,402	34,218
Rest of Asia		
2013	7,516	3
2014	3,749	13
USA		
2013	7,869	55
2014	3,085	58
Other Regions		
2013	2,243	0
2014	6,664	361
Group		
2013	266,248	137,092
2014	305,925	115,680

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NOTES

GENERAL DISCLOSURES

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

Manz AG’s consolidated financial statements as of December 31, 2014 were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions of German commercial law to be applied under Section 315a(1) of the German Commercial Code (HGB). All mandatory standards and interpretations were taken into account. IFRSs that have not yet become mandatory are not applied. On March 20, 2015, the consolidated financial statements were approved, by resolution of the Managing Board, for presentation to the Supervisory Board.

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

ACCOUNTING PRINCIPLES

BASIS OF CONSOLIDATION

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

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

Fully Consolidated Companies

		Anteil in %
Manz CIGS Technology GmbH	Schwäbisch Hall/Germany	100.0 %
Manz USA Inc.	North Kingstown/USA	100.0 %
Manz Hungary Kft.	Debrecen/Hungary	100.0 %
MVG Hungary Kft.	Debrecen/Hungary	100.0 %
Manz Italy s.r.l.	Sasso Marconi/Italy	100.0 %
Manz Slovakia s.r.o.	Nove Mesto nad Vahom/Slovakia	100.0 %
Manz Asia Ltd.	Hong-Kong/China	100.0 %
Manz China Shanghai Ltd. (Shanghai) ¹⁾	Shanghai/China	100.0 %
Manz (Shanghai) Trading Company Ltd. ¹⁾	Shanghai/China	100.0 %
Manz China WuZhong Co. Ltd. ¹⁾	Suzhou/China	100.0 %
Manz China Suzhou Ltd. ¹⁾	Suzhou/China	100.0 %
Manz India Private Ltd. ¹⁾	New Delhi/India	75.0 %
Manz Chungli Ltd. ¹⁾	Chungli/Taiwan	100.0 %
Manz Taiwan Ltd. ²⁾	Chungli/Taiwan	100.0 %
Manz (B.V.I.) Ltd. ³⁾	Road Town/British Virgin Islands	100.0 %
Intech Machines (B.V.I.) Co. Ltd. ³⁾	Road Town/British Virgin Islands	100.0 %

¹⁾ via Manz Asia Ltd. ²⁾ via Manz Chungli Ltd. ³⁾ via Manz Taiwan Ltd.

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

The financial statements of the subsidiary companies are prepared to the reporting date of the consolidated financial statements, which corresponds to the reporting date of Manz AG.

CHANGES TO THE BASIS OF CONSOLIDATION IN THE 2014 FISCAL YEAR

With effect from April 30, 2014, Manz AG acquired the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation. The acquisition of the mechanical engineering division in the Batteries and Capacitors segment was part of an asset deal. The acquisition enabled Manz AG to add winding technology for the manufacture of lithium-ion batteries to its technology portfolio. In addition, Manz AG obtains market access in Europe and Asia

The following overview renders the fair values of the assets and liabilities acquired through the acquisition as of April 30, 2014. Goodwill represents the assets that cannot be separated in terms of purchase price allocation. It mainly involves employee know-how and synergies from the integration of the acquired business. This goodwill is tax-deductible and is assigned in its entirety to the „Battery“ segment.

(in EUR tsd.)	Fair value (restated)
Intangible assets	3.1
Property, plant and equipment	0.3
Inventories	2.6
Receivables	2.9
Cash and cash equivalents	0.0
	8.9
Non-current liabilities	1.9
Deferred tax liabilities	0,1
Current liabilities	4.4
	6.4
Fair value of net assets	2.5
Consideration (in cash)	7.0
Goodwill	4.5

Manz Italy has contributed 14.5 million euros to revenues and 0.6 million euros to Group EBIT since the acquisition date. If the acquisition had already been carried out at the beginning of the reporting year, Group revenues for 2014 would have been higher by around 4.0 million euros and Group EBIT by 0.2 million euros. The transaction costs of 0.8 million euros are presented in other operating expenses.

At year-end 2014, Manz (Shanghai) Trading Company Ltd with headquarters in Shanghai/China was newly established as additional sales company in the Asian region.

In addition, the remaining 2.83% shares in Manz Taiwan Ltd. were acquired in fiscal year 2014. The additional acquisition is accounted for using the entity concept. In this case, the additional shares acquired are presented only in equity as a shift between majority and minority shareholders. The carrying amounts of assets and liabilities remain unchanged.

Of the total earn-out component of 6,600 thousand euros from the acquisition of CIS Technology GmbH in fiscal year 2012, a partial amount of 3,600 thousand euros expired in fiscal year 2014. The remaining earn-out component of 3,000 thousand euros is without time limit and dependent on the sale of CIGS equipment.

CONSOLIDATION PRINCIPLES

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

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

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

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

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

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

CURRENCY TRANSLATION

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

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

Exchange Rates of the Most Important Currencies

(in EUR)		Closing rate		Average rate	
		Dec. 31, 2014	Dec. 31, 2013	2014	2013
USA	USD	1.2156	1.3768	1.3293	1.3283
Taiwan	TWD	38.6350	41.3366	40.3305	39.5175
Hong-Kong	HKD	9.4316	10.6787	10.3169	10.3109
China	CNY	7.4804	8.4177	8.1726	8.2319
Ungarn	HUF	315.0810	296.9470	308.8851	297.1907

ACCOUNTING PRINCIPLES

Manz AG's assets and liabilities and those of the subsidiaries included by way of full consolidation are recognized and measured using uniform accounting policies applicable within the Manz Group as of December 31, 2014.

FIXED ASSETS

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

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

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

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

	Years
Software	3 to 5
Patents	5 to 8
Technologies	6 to 8
Customer relationships	6 to 8

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

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

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

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

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

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

Within the scope of finance leases, economic ownership is attributed to the lessee in those cases in which the lessee essentially bears all the risks and rewards incidental to ownership (IAS 17). If economic ownership is attributable to the Manz Group, capitalization takes place at the inception of the lease at the lower of fair value or the present value of the minimum lease payments. Depreciation is carried out on a straight-line basis over the shorter of economic useful life or the term of the lease. Payment obligations resulting from future lease payments are stated as liabilities under financial liabilities from leases.

Determining whether an agreement contains a lease is based on the economic content of the agreement at the time the agreement was concluded and requires an assessment as to whether the fulfillment of the contractual agreement depends on the use of a particular asset or assets and whether the agreement grants a right to use the asset.

IMPAIRMENT TEST

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

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

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

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

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

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

INVENTORIES

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

CONSTRUCTION CONTRACTS

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

If the total of incurred contract costs and disclosed profits exceeds payments received, the construction contracts are recognized on the asset side under future receivables from construction contracts as a component of „Trade receivables.“ A negative balance is reported under „Payments received.“ Expected losses from custom construction contracts are accounted for as an expense in the full amount by writing off capitalized assets and, in addition, recognizing provisions.

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

FINANCIAL INSTRUMENTS

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

For measurement purposes, IAS 39 divides financial assets into the following categories:

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

Financial liabilities are to be assigned to the following two categories:

- financial liabilities at fair value through profit or loss and financial liabilities held for trading
- financial liabilities measured at amortized cost

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

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

PRIMARY FINANCIAL INSTRUMENTS

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

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

Loans and receivables not held for trading are generally recognized at amortized cost less impairments. Impairments are charged if there is objective evidence for such. Evidence of an impairment may exist if there are signs that the debtor or a group of debtors is in considerable financial difficulties, if interest or principal payments are missed or delayed, if insolvency is likely, and if observable data point to a measurable reduction in expected

future cash flows, such as a change in arrears or economic conditions that correlate with defaults. In the Manz Group, this category primarily covers receivables from customers and other receivables.

Impairment losses are charged using an allowance account.

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

LIQUID ASSETS

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

SHARE-BASED COMPENSATION

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

The expenses resulting from the granting of equity instruments and the corresponding increase in equity are recognized over the period in which the exercise and performance conditions have to be fulfilled (so-called vesting period). This period ends on the vesting date, i.e. the date when the employee in question becomes an irrevocable beneficiary. The accumulated expenses from the granting of equity instruments disclosed on each reporting date up to the vesting date reflect the part of the vesting period that has already expired and the number of equity instruments that can actually be exercised when the

vesting period expires, according to the Group's best estimates. The income or expense recognized in the profit or loss for the period corresponds to the development of the accumulated expenses recognized at the start and end of the reporting period.

No expense is recognized for compensation rights that do not become exercisable. Exceptions to this are compensation rights for which certain market conditions have to be fulfilled before they can be exercised. Irrespective of whether the market conditions are fulfilled, these are seen as exercisable, provided that all other performance conditions are fulfilled.

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

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

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

TREASURY SHARES

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

GOVERNMENT GRANTS

Government grants are recognized if there is adequate assurance that grants will be provided and that the company complies with the attached conditions. Expenditure-related grants are recognized as income on a scheduled basis over the period required to offset them against the corresponding expenses for which the grants are intended to compensa-

te. Grants for the acquisition of property plant and equipment are recognized in the balance sheet as a deferred liability and are released to profit or loss in equal installments over the estimated useful life of the asset. Contributions for capitalized development projects are deducted from the acquisition and production costs of the affected assets.

CURRENT INCOME TAX

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

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

DEFERRED TAXES

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

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

PENSION PROVISIONS

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

The calculation is based on actuarial expert opinions, taking biometric calculation principles into account. Differences between the assumptions made and the trends that actually materialized, or changes in assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses which have a direct impact on the consolidated balance sheet or on the statement of comprehensive income. The service cost is reported in personnel expense, the interest element of the allocation to provisions

in the financial result. The interest rate used to discount provisions is determined based on the return from long-term high-quality corporate bonds at the balance sheet date.

OTHER PROVISIONS

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

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

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

LIABILITIES

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

INCOME AND EXPENSES

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

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

CONTINGENT LIABILITIES

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

MANAGEMENT ESTIMATES AND JUDGEMENTS

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

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

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

Development costs: Development costs are capitalized in accordance with the disclosures in the presented accounting policies. For the purposes of determining the amounts to be

capitalized, management has to make assumptions about the level of anticipated future cash flows from assets, the applicable discount rates and the period of inflow from anticipated future cash flows that generate assets.

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

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

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

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

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

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

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

own discretion regarding the expected point in time and the value of future taxable income as well as the future tax-planning strategies.

CHANGES TO ACCOUNTING PRINCIPLES

First-Time Adoption of Amended Accounting Standards

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

During the fiscal year, the Group adopted the new and revised IFRS standards and interpretations listed below.

IFRS 10 Consolidated Financial Statements creates a uniform definition of the term „control“ and specifies when parent-subsidiary relationships exist. IFRS 10 supersedes the regulations of IAS 27, to the extent they govern the preparation of consolidated financial statements, as well as SIC-12. The application of the new standard did not have any effects on the consolidation base of the Manz Group.

IFRS 11 Joint Arrangements regulates accounting in situations in which a company exercises joint management over a joint venture or a joint operation. It supersedes IAS 31 and SIC-13. The most important change resulting from the new standard is the elimination of the option for proportionate consolidation of joint ventures; in the future it is mandatory that they be accounted for using the equity method. Since the Manz Group is not involved in joint ventures, there were no effects on the consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities brings together the disclosure requirements for interests of a company in subsidiaries, joint arrangements and associated companies which in the past were contained in IAS 27, IAS 31 and IAS 28 and expands the disclosure obligations inter alia in relation to the consolidation base and to subsidiaries with minority shareholders. The standard relates only to disclosure obligations and does not have any effects on the financial position, financial performance and cash flows of the Group.

Change of IFRS 10, IFRS 12, and IAS 27 – Investment Companies

The new rule exempts companies that meet the definition of an investment company according to IFRS 10 from the consolidation requirement. Instead, investment companies will have to value interests in their subsidiaries at fair value, recognizing profit or loss. This change is not relevant for the Group since the Manz Group does not fulfill the definition features of an investment company.

Change of IAS 32 – Offsetting Financial Assets and Financial Liabilities

With the change, existing inconsistencies are to be eliminated through an amendment to the guidelines for use. The existing fundamental provisions for the offsetting of financial instruments, however, are retained. The amendment does not have any effects on the accounting methods used by the Group.

Change of IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

With the changes, the IASB has corrected disclosure requirements that were unintentionally overly broad with respect to the determination of the recoverable amount of impaired non-financial assets. In addition, disclosure obligations are standardized for the case in which an impairment or reversal is recorded with respect to an individual asset or a cash-generating unit and the recoverable amount was determined based on fair value less disposal costs. The amendment only results in supplemental or altered disclosures and does not have any effects on the financial position, financial performance and cash flows of the Group.

Change of IAS 39 – Novation of Derivates and Continuation of Hedge Accounting

The change permits continuation of hedge accounting under certain circumstances in cases in which derivatives designated as hedge instruments are transferred to a central clearing house due to legal or supervisory requirements (Novation). This did not result in any effects on the consolidated financial statements of the Manz Group..

IFRIC 21 Levies

The interpretation clarifies that a company must recognize a liability for a levy imposed by a government as soon as an activity as defined by the relevant legislation occurs that triggers the payment obligation. Moreover, IFRIC 21 makes it clear that liabilities for levy obligations which are linked to the reaching of a threshold amount are not to be recognized until the established threshold is reached. This did not result in any effects on the consolidated financial statements of the Manz Group.

The remaining standards that are required to be applied for the first time in the EU as of January 1, 2014 did not have any ramifications on the consolidated financial statements.

EFFECTS OF NEW, NOT YET APPLICABLE ACCOUNTING STANDARDS

The IASB and the IFRS IC have already published the following standards and interpretations, whose application, however, is not yet mandatory for the 2014 fiscal year. Future adoption is conditional upon their being transposed, by the EU, into European law.

Change of IAS 19 – Employee Benefits

The change of IAS 19 was published in November 2013 and must be applied for the first time in the fiscal year beginning on or after July 1, 2014. The amendment permits contri-

butions from employees or third parties to defined benefit pension plans to be recognized in the period in which the associated service was rendered as a reduction in the current service costs to the extent the contributions are independent of the number of service years. If an employee contribution on the other hand is dependent on the number of service years, the projected unit credit method must be used. The amendment is to be applied retroactively. No effects on the consolidated financial statements of the Manz Group are expected.

Improvements to IFRS (2010–2012)

The improvements to IFRS 2010–2012 relate a collective standard, which was published in December 2013 and involve minor changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38. These amendments are first applicable in the fiscal year beginning on or after July 1, 2014. No effects on the consolidated financial statements of the Manz Group are expected.

Improvements to IFRS (2011–2013)

The improvements to IFRS 2011–2013 relate to a collective standard, which was published in December 2013 and involve small changes to IFRS 1, IFRS 3, IFRS 13, and IAS 40. These amendments are first applicable in the fiscal year beginning on or after July 1, 2014. No effects on the consolidated financial statements of the Manz Group are expected.

IFRS 9 Financial Instruments

With the publication of the final version of IFRS 9, the IASB completed in July 2014 its project for replacement of IAS 39. IFRS 9 introduces a uniform approach for the classification and valuation of financial assets on the basis of their payment stream characteristics and of the business model under which they are controlled and provides a new impairment model based on expected credit losses. The standard also contains new rules for the application of hedge accounting in order to better present the risk management activities of a company, in particular in relation to the control of non-financial risks. These new regulations are first applicable in the fiscal year beginning on or after January 1, 2018. Earlier application is permissible. No material effects on the consolidated financial statements of the Manz Group are expected.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was published by the IASB in May 2014 and had the objective of combining the requirements previously contained in diverse standards and interpretations with respect to the recognition of revenue and of determining uniform basic principles to be applied for all industry sectors and all categories of sales transactions. IFRS 15 establishes when and in what amount revenues are to be recognized. As a basic principle, revenue is recognized upon the transfer of goods in services in the amount of the expected consideration. IFRS 15 contains among other things guidelines on multiple component transactions and new rules for the treatment of service contracts and contract modifications. In addition, the new standard requires the disclosure of a series of quantitative and qualitative information in order to enable the user of the consolidated financial statements to understand the nature,

amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and the associated interpretations. These amendments are first applicable in the fiscal year beginning on or after January 1, 2017. Earlier application is permissible. For the transition to the new standard, companies can select between a completely retrospective approach (with optional practical expedients) and a modified retrospective approach. The latter permits the initial application of the standard beginning with the current reporting period without adjustment of the comparison periods, but requires additional disclosures. The effects on the consolidated financial statements of the Manz Group arising from the application of IFRS 15 are still being investigated.

Change of IAS 1 Presentation of Financial Statements – Disclosure Initiative

The IASB published in December 2014 within the framework of its Disclosure Initiative changes to IAS 1. These amendments comprise in particular clarifications with respect to assessing the materiality of financial statement disclosures; the presentation of supplemental items in the balance sheet and the income statement or statement of comprehensive income; the presentation of other comprehensive income that is attributable to associated companies and joint ventures which are accounted for under the equity method; the structure of disclosures in notes; and the presentation of significant accounting policies. These amendments are applicable to fiscal years beginning on or after January 1, 2016. Earlier application is permissible. No material effects on the consolidated financial statements of the Manz Group are expected.

Change of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization

With these changes, the IASB provides additional guidelines for the determination of an acceptable method of depreciation and amortization. Under these amendments, revenue-based methods of depreciation and amortization are not proper for property, plant and equipment and are proper for intangible assets only in certain exceptional cases. These amendments are applicable to fiscal years beginning on or after January 1, 2016. Earlier application is permissible. No effects on the consolidated financial statements of the Manz Group are expected.

Improvements to IFRS (2012-2014)

The improvements to IFRS 2012-2014 relate to a collective standard, which was published in September 2014 and involves minor changes to IFRS 5, IFRS 7, IAS 19, and IAS 34. These amendments are first applicable in the fiscal year beginning on or after January 1, 2016. No material effects on the consolidated financial statements of the Manz Group are expected.

The remaining published amended standards not yet adopted by the EU are not expected to have any material effects on the financial position, financial performance and cash flows of the Group.

NOTES TO THE INCOME STATEMENT

REVENUES (1)

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

The distribution of revenues by objective and region is reflected in the segment report (Appendix 6a). Please also refer to our notes on the segment report in Section IV.

WORK PERFORMED BY THE ENTITY AND CAPITALIZED (2)

In fiscal year 2014, development costs were capitalized particularly for the areas of CIGS thin-film technology and lithium-ion batteries.

OTHER OPERATING INCOME (3)

(in EUR tsd.)	2014	2013
Exchange rate gains	760	541
Income from the reversal of provisions	468	888
Income from the elimination of earn-out obligation	3,600	543
Subsidies	3,690	96
Income from the elimination of valuation allowances on receivables	1,069	2,883
Income from the sale of investments	60	640
Income from the reduction of provisions	37	122
Third-party allowances	0	6,000
Other	2,833	2,204
	12,517	13,917

COST OF MATERIALS (4)

(in EUR tsd.)	2014	2013
Cost of raw materials, consumables and supplies, and of purchased merchandise	165,433	146,187
Cost of purchased services	14,735	14,303
	180,168	160,490

PERSONNEL EXPENSES (5)

(in EUR tsd.)	2014	2013
Wages and salaries	60,385	55,146
Severance payments	108	160
Social security, post-employment and other employee benefit costs	11,865	9,910
	72,358	65,216
Employees (yearly average)		
Manufacturing	1,022	1,036
Administrative/Technical	813	763
Trainees	31	34
	1,866	1,833

OTHER OPERATING EXPENSES (6)

(in EUR tsd.)	2014	2013
Outgoing freight, packaging	2,753	1,666
Advertising and travel expenses	8,825	6,355
Commissions	3,138	1,500
Rent and leasing	5,760	5,865
Legal and consulting costs	3,826	2,458
IT costs	1,342	1,197
Other personnel expenses	2,069	1,139
Insurance policies	725	645
Exchange rate losses	736	1,125
Appropriation to other provisions	445	549
Repairs and maintenance	1,188	869
Losses on receivables and changes to valuation allowances on receivables	13,533	4,978
Licensing fees	999	989
Other operating costs	2,638	2,523
Other	6,870	7,705
	54,847	39,563

FINANCIAL INCOME (7)

(in EUR tsd.)	2014	2013
Bank interest and similar	413	370
	413	370

FINANCE COST (8)

(in EUR tsd.)	2014	2013
Interest and similar expenses		
Non-current liabilities	695	800
Current liabilities	1,217	2,293
Interest component of non-current provisions	255	231
Other interest expenses	26	13
	2,193	3,337

SHARE-BASED COMPENSATION (9)**Performance Share Plan**

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

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

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

In the 2014 fiscal year, 13 (previous year 19) employees and members of the Managing Board received a total of 5,194 (previous year 10,167) stock awards/subscription rights. Of this total, 2,658 (previous year 3,347) were granted to the Managing Board.

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

	(in pcs.)	(in EUR)
	Stock awards/ subscription rights Number	Weighted average grant date fair value
Balance at the beginning of the year (not vested)	24,423	56,10
Lapsed during the reporting period	0	0,00
Granted during the reporting period	5,194	87,58
Balance at the end of the year (not vested)	29,617	62,32

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

Fair value measurement is based on the following parameters:

	2014	2013
Exercise price (in EUR)	1.00	1.00
Risk-free annual interest rate (in %)	0.62	1.53
Volatility (in %)	64.94	67.31
Expected dividend (in EUR)	0.00	0.00
Fair value of each stock award (in EUR)	87.58	85.35

In the reporting year, income of 6 thousand euros was recognized in personnel expenses as a result of the Performance Share Plan (previous year: 25 thousand euros expense).

INCOME TAXES (10)

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

Income taxes break down as follows:

(in TEUR)	2014	2013
Actual tax expense		
Current period	1,459	497
Previous periods	664	999
Deferred tax expense	1,488	1,361
	3,611	2,857

The current income tax expense is calculated using the tax rates effective as of the balance sheet date. When calculating deferred taxes for domestic subsidiaries, the domestic tax rate of 29.13% (previous year: 29.13%) was applied. For foreign subsidiaries, tax rates of between 13% and 27.5% (previous year: between 13% and 25%) were used, unchanged from the previous year.

The income tax expense in the reporting period totaling 3,611 thousand euros (previous year: 2,857 thousand euros) is derived as follows from an „expected“ income tax expense, which would have resulted if the statutory income tax rate of the parent company had been applied to earnings before income taxes:

(in EUR tsd.)	2014	2013
Earnings before taxes on income	-34,567	134
Manz AG income tax rate	29.13 %	29.13 %
Expected income tax expense	-10,069	39
International tax rate differences	-56	-1,485
Change in tax rate	-102	0
Non-deductible expenses	1,084	252
Prior-period taxes	664	999
Tax-free income	-212	-2,375
Non-recognition of tax loss carryforwards	4,861	5,055
Valuation allowances on deferred tax assets	7,375	0
Use of unrecognized loss carry-forwards	-47	0
Other	113	372
Reported income tax expense	3,611	2,857
Effective tax rate	n. a.	n. a.

The following table shows deferred tax assets and liabilities:

(in TEUR)	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Intangible assets	29	0	3,656	10,122
Property, plant and equipment	0	0	34	26
Percentage-of-completion method	0	0	2,922	2,576
Inventories	466	334	0	0
Receivables	38	29	215	41
Derivative financial instruments	14	1	0	10
Pension provisions	964	793	0	0
Financial liabilities	0	0	114	0
Trade payables	1,038	115	7	2
Provisions	530	75	0	0
Tax loss carry-forward	3,506	12,552	0	0
Gross value	6,585	13,899	6,948	12,777
Offsetting	-4,839	-12,775	-4,839	-12,775
Balance according to consolidated balance sheet	1.746	1.124	2.109	2
Net amount of deferred tax assets		1.122	363	

The decrease in the net amount of deferred taxes in the amount of 1,485 thousand euros (previous year: 1,111 thousand euros) is comprised as follows:

(in EUR tsd.)	2014	2013
Deferred tax expense (-)/income in the income statement	-1,488	-1,361
Change in deferred taxes, recognized in other comprehensive income, on actuarial gains/losses from pensions	282	-33
Derivative financial instruments	10	-17
Currency translation	-289	300
	-1,485	-1,111

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

The tax loss carry-forwards amounted on the reporting date to a total of 121,124 thousand euros (previous year: 99,334 euros) and can be carried forward indefinitely. For loss carryforwards in the amount of 106,968 thousand euros (previous year: 63,614 thousand euros) no deferred tax assets were formed, as according to IAS 12 in the case of losses in the recent past exacting requirements are placed on capitalization, which were not met as of the reporting date.

In accordance with IAS 12, deferred taxes for temporary differences in connection with shares in Group companies must be accounted for (outside basis differences). For Outside Basis Differences in the amount of 42.1 million euros (previous year: 38.8 million euros), no deferred tax liabilities were formed, as a reversal of the temporary differences is not expected in the foreseeable future.

PROFIT/LOSS ATTRIBUTABLE TO MINORITY INTERESTS (11)

The profit/loss attributable to minority shareholders is comprised of earnings allocated to minority interests in the amount of 1 thousand euros (previous year: 377 thousand euros). Involved in this regard are minority interests in Manz India Limited. In the previous year minority interests of 2.83% were still held by Manz Taiwan Ltd.

EARNINGS PER SHARE (12)

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

Earnings per share were calculated in accordance with IAS 33.	2014	2013
Consolidated profit/loss attributable to Manz AG's consolidated net profit	-38,178,905	-3,099,200
Weighted average number of outstanding shares	4,928,059	4,521,121
Effect from share-based compensation	61,444	40,668
Weighted average number of outstanding shares	4,989,503	4,561,789
Earnings per share (diluted = undiluted)	-7.75	-0.69

NOTES TO SEGMENT REPORTING

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

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

Activities in the „Solar“ segment encompass system solutions for the manufacture of crystalline solar cells and thin-film solar modules.

In the „Battery“ segment, Manz develops system solutions for the industrial manufacture of lithium-ion batteries.

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

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

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

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

Of total revenues in fiscal year 2014, one customer was responsible for 121,452 thousand euros (previous year: 72,087 thousand euros), of which 118,681 thousand euros (previous year: 72,087 thousand euros) were derived from the Display segment and 2,772 thousand euros (previous year: (0 thousand euros) from the Battery segment. Furthermore an additional customer accounts for sales in fiscal year 2014 of 31,994 thousand euros) from the segment PCB/OEM and 31,444 thousand euros from the segment Display.

NOTES TO THE CASH FLOW STATEMENT (13)

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

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

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

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

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

NOTES TO THE BALANCE SHEET

INTANGIBLE ASSETS (14)

(in EUR tsd.)	Licenses, trade- mark rights, software, and similar rights	Capitalized development costs	Goodwill	Assets under construction/ prepayments	Total
Acquisition/production costs					
As of January 1, 2013	47,845	56,006	32,267	156	136,274
Currency adjustment	-5	-91	-1,266	0	-1,362
Changes to the basis of consolidation	-733	-69	-211	0	-1,013
Additions	236	7,890	0	0	8,126
Disposals	-231	-144	0	0	-375
Reclassifications	328	0	0	-155	173
As of December 31, 2013	47,440	63,592	30,790	1	141,823
Write-downs and impairments					
As of January 1, 2013	17,928	17,591	0	0	35,519
Currency adjustment	-2	-491	0	0	-493
Changes to the basis of consolidation	-554	-19	0	0	-573
Additions Deprecation (scheduled)	5,517	10,423	0	0	15,940
Disposals	-228	-19	0	0	-247
As of December 31, 2013	22,661	27,485	0	0	50,146
Acquisition/production costs					
As of January 1, 2014	47,440	63,592	30,790	1	141,823
Currency adjustment	61	122	1,233	0	1,416
Changes to the basis of consolidation	3,100	0	4,472	0	7,572
Additions	922	9,305	0	0	10,227
Disposals	-574	-352	0	0	-926
As of December 31, 2014	50,949	72,667	36,495	1	160,112
Write-downs and impairments					
As of January 1, 2014	22,661	27,485	0	0	50,146
Currency adjustment	54	32	0	0	86
Additions Deprecation (scheduled)	5,262	10,693	0	0	15,955
Additions Impairments	0	19,735	0	0	19,735
Disposals	-508	-42	0	0	-550
As of December 31, 2014	27,469	57,903	0	0	85,372
Residual carrying amount as of December 31, 2013	24,779	36,107	30,790	1	91,677
Residual carrying amount as of December 31, 2014	23,480	14,764	36,495	1	74,740

Within the scope of the annual audit of capitalized development costs for projects with remaining book values, unscheduled impairments of 19,735 thousand euros (previous year: 0 thousand euros) were recorded. The impairments are comprised of 16,367 thousand euros in the Solar segment, 2,406 thousand euros in the Display segment, and 962 thousand euros in the Battery segment. The impairments in the Solar segment relate in particular to crystalline PV technology and individual projects of CIGS technology. They are presented under depreciation.

GOODWILL AND TRADEMARK RIGHTS

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

(in EUR tsd.)	Goodwill		Trademark rights	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, .2013
Solar	19,611	19,056	1,637	1,530
Display	7,432	6,877	1,637	1,530
Battery	4,472	0	0	0
PCB/OEM	2,492	2,369	819	765
Others	2,488	2,488	0	0
	36,495	30,790	4,093	3,825

The change in goodwill of 5,705 thousand euros includes 4,472 thousand euros from the initial consolidation of Manz Italy. The remaining changes to the value of goodwill and trademark rights are due solely to currency translations.

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

The planning assumptions include in particular the expected market development in relation to the development of the Manz Group, the development of material production and other costs, the discounting factor and the growth rates. General market forecasts, current developments and past experience are taken into account in establishing the assumptions.

In the Solar segment, it was assumed in the planning that the first contracts in the CIGS field will be realized in fiscal year 2014. Along with the company's own knowledge of the

industry and discussions with potential customers, published industry-related market forecasts are taken into consideration which foretell significant growth of the solar market. Cash flows are predicted individually for each segment that has goodwill and trademark rights attributed to it on the basis of revenue and cost planning. Growth rates were set at 1.0% to 1.5% (previous year: 1.0% to 2.0%). The pre-tax discount rate applied (weighted average cost of capital (WACC)) is 7.6% to 12.5% (previous year: 9.9% to 14.8%). In this context, the cost of equity is calculated on the basis of a comparable group (peer group). A new Peer Group was formed for the Battery segment in 2014. The discount rates and growth rates are listed in the following table:

(in %)	Interest rate before taxes		Growth rate	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Solar	12.4	14.8	1.5	2.0
Display	7.9	9.0	1.5	1.5
Battery	7.6	14.8	1.0	1.0
PCB/OEM	12.5	14.3	1.0	1.0
Others	12.4	14.8	1.0	1.0

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

Goodwill is considered impaired when a segment's carrying amount exceeds its value in use. For the 2014 and 2013 fiscal years, there was no need to recognize impairments of the capitalized goodwill or intangible assets with an indefinite useful life

A WACC that is 1% higher and a calculation without assumed growth in perpetuity does not influence the intrinsic value of goodwill. Even a further reduction of the EBIT margin over the entire planning period of 10% would not have led to any impairment of goodwill or the brand in fiscal year 2014 and 2013.

Of the total research and development costs incurred in 2013, 9,305 thousand euros fulfill the IFRS capitalization criteria (previous year: 7,890 thousand euros).

The following amounts were offset in profit or loss:

(in EUR tsd.)	2014	2013
Research and development costs total	-20,785	-19,498
Scheduled amortization of development costs	-10,693	-10,423
Unscheduled valuation adjustments on development costs	-19,735	0
Capitalized development costs	9,305	7,890
Research and development costs offset as expenses	-41,908	-22,031

PROPERTY, PLANT AND EQUIPMENT (15)

(in EUR tsd.)	Properties and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction/prepayments	Total
Acquisition/production costs					
As of January 1, 2013	28,596	24,159	10,721	72	63,548
Currency adjustment	-234	-862	-861	-3	-1,960
Changes to the basis of consolidation	-19	0	-112	0	-131
Additions	393	509	1,080	1,608	3,590
Disposals	0	-718	-505	-28	-1,251
Reclassifications	39	554	783	-1,550	-174
As of December 31, 2013	28,775	23,642	11,106	99	63,622
Write-downs and impairments					
As of January 1, 2013	1,855	4,741	5,621	0	12,217
Currency adjustment	-48	-190	-556	0	-794
Changes to the basis of consolidation	-7	0	-45	0	-52
Additions Deprecation (scheduled)	1,392	5,085	1,491	0	7,968
Disposals	0	-196	-496	0	-692
Stand 31. Dezember 2013	3,192	9,440	6,015	0	18,647
Acquisition/production costs					
As of January 1, 2014	28,775	23,642	11,106	99	63,622
Currency adjustment	2,227	244	338	11	2,820
Changes to the basis of consolidation	0	40	65	0	105
Additions	564	1,277	2,097	428	4,366
Disposals	0	-649	-844	-101	-1,594
Reclassifications	6	0	0	-6	0
As of December 31, 2014	31,572	24,554	12,762	431	69,319
Write-downs and impairments					
As of January 1, 2014	3,192	9,440	6,015	0	18,647
Currency adjustment	293	133	160	0	586
Changes to the basis of consolidation	1,144	5,348	1,757	0	8,249
Additions Deprecation (scheduled)	0	2,761	0	0	2,761
Additions Impairments	0	0	0	0	0
Disposals	0	-619	-571	0	-1,190
As of December 31, 2014	4,629	17,063	7,361	0	29,053
Residual carrying amount as of December 31, 2013	25,583	14,202	5,091	99	44,975
Residual carrying amount as of December 31, 2014	26,943	7,491	5,401	431	40,266

Land and buildings of Manz Taiwan Ltd. with a remaining book value of 7,234 thousand euros (previous year: 7,202 thousand euros), Manz China Suzhou Ltd. with 13,328 thousand euros (previous year: 12,136 thousand euros), and Manz Slovakia s.r.o with 4,401 thousand euros (previous year: 4,463 thousand euros) serve as security for bank loans.

In the reporting year unscheduled valuation adjustments of 2,761 thousand euros (previous year: 0 thousand euros) were recorded, which were attributable to the Solar segment. They are presented in depreciation.

INVENTORIES (16)

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2014
Raw materials, consumables and supplies	21,284	22,765
Work in progress	24,066	30,739
Finished goods and merchandise	725	1,434
Prepayments	2,246	1,011
	48,321	55,949

With respect to provisions, valuation adjustments due to risks in the market and movement rates in the amount of 27,144 thousand euros (previous year: 17,127 thousand euros) were carried out. The increase in valuation adjustments in the reporting year of 10,017 thousand euros (previous year: increase of 3,677 thousand euros) were recognized in profit or loss in the cost of materials.

TRADE RECEIVABLES (17)

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2014
Future receivables from construction contracts	25,695	26,064
Trade receivables	33,013	29,650
	58,708	55,714

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

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2014
Manufacturing costs, including outcome of the contract, of construction contracts	76,252	97,312
Minus advances received	-50,557	-71,248
	25,695	26,064

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

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2014
Manufacturing costs, including outcome of the contract, of construction contracts	52,475	9,045
Minus advances received	-62,530	-17,754
	-10,055	-8,709

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2014
Specific valuation allowances		
Trade receivables	971	815
Receivables from construction contracts	2,712	0
Global valuation allowances	1,377	1,357
	5,060	2,172

Changes in valuation allowances were as follows:

(in EUR tsd.)	2014	2013
As of January 1	2,172	8,034
Currency conversion	-85	104
Utilization	0	5,380
Reversal	1,069	640
Transfer	4,042	54
As of December 31	5,060	2,172

DERIVATIVE FINANCIAL INSTRUMENTS (18)

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

(in EUR tsd.)	Dec. 31, 2014		Dec. 31, 2014	
	Currency rate hedge	Interest rate derivatives	Exchange rate hedge	Interest rate derivatives
Nominal value	40,244	3,745	17,713	9,745
Positive fair value	6	0	20	0
Negative fair value	-184	0	-750	0
Remaining period	max. 8/2015	max. 12/2015	max. 9/2014	max. 12/2015

In the fiscal year, 33 thousand euros (previous year: 58 thousand euros), less deferred taxes of 10 thousand euros (previous year: 17 thousand euros) were transferred from current year cash flow hedges to retained earnings without impacting income. Owing to postponements in respect of the hedged items, the cash flow hedges produced losses, due to ineffectiveness, of 30 thousand euros (previous year: gains of 46 thousand euros). These amounts were presented in other operating expenses (previous year: other operating income).

OTHER CURRENT RECEIVABLES (19)

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2013
Tax receivables (not income taxes)	3,337	1,367
Personnel receivables	1,001	353
Other accruals (primarily insurance policies)	360	213
Other	1,188	2,399
	5,886	4,332

Other current receivables are neither past due nor impaired.

LIQUID FUNDS (20)

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

EQUITY (21)

Changes in the equity and comprehensive income are presented separately in the „Consolidated Statement of Changes in Equity“ (Appendix 5). The components of comprehensive income are presented in aggregate form in the income statement.

ISSUED CAPITAL

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

Capital stock of Manz AG remains unchanged from the previous year at 4,928,059.00 euros and is divided into 4,928,059 no-par value bearer shares, which are fully paid up. The nominal value of each share is thus 1.00 euro.

AUTHORIZED CAPITAL

The Managing Board was authorized, through a resolution of the Annual General Meeting on July 9, 2014, to increase the company's capital stock in the period until July 8, 2019, with

Supervisory Board approval, one or more times, up to a total of 2,464,029.00 euros by issuing a total of 2,464,029 new no-par value bearer shares in return for cash or contributions in kind (Authorized Capital 2014). In principle, the new shares must be offered for subscription to shareholders. The Managing Board is authorized, however, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases.

CONDITIONAL CAPITAL I

At the Annual General Meeting on July 9, 2014, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue bearer warrant or convertible bonds, profit-sharing rights and/or profit-sharing bonds or a combination of these instruments (collectively referred to as "bonds"), up to a total nominal value of 150 million euros, on one or more occasions until July 8, 2019. In addition, the Managing Board was also authorized to grant owners of warrant bonds option rights and owners of convertible bonds conversion rights for bearer shares of the company with a proportionate amount of capital stock totaling up to 1,971,223.00 euros, in accordance with the detailed terms and conditions of the warrant/convertible bonds.

The Managing Board is, however, authorized, with Supervisory Board approval, to exclude fractional amounts from shareholders' subscription rights and also to disapply shareholders' subscription rights to the extent that is necessary in order to give owners of already issued bonds with option rights or conversion rights and/or conversion obligations a subscription right to the extent to which they would be entitled after exercising their option or conversion rights or upon fulfilling their conversion obligation. The Managing Board is further authorized, with Supervisory Board approval, to completely disapply shareholders' subscription right to bonds carrying option and/or conversion rights or conversion obligations. To the extent that participation rights or profit participation bonds are issued without an option or conversion right/obligation, the Managing Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights altogether if these profit participation bonds or profit participation rights have the characteristics of a debenture.

Pursuant to Article 3(4) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to 1,971,223.00 euros through the issue of 1,971,223 no-par value bearer shares (Conditional Capital I). This conditional increase in capital serves to grant no-par value bearer shares to the owners of warrant or convertible bonds, profit-sharing rights or profit-sharing bonds (or a combination of these instruments), each with option or conversion rights and/or conversion obligations, which are issued as a result of the aforementioned authorization. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution.

CONDITIONAL CAPITAL III

At the Annual General Meeting held on June 28, 2011, authorization to grant stock options as set out in the Manz Performance Share Plan 2011 was approved. The authorizations were revoked by a resolution passed at the Annual General Meeting of June 19, 2012, insofar as no subscription rights had been issued on the basis of the authorization.

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

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

CONDITIONAL CAPITAL IV

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

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

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

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

A total of 15,361 subscription rights from Conditional Capital IV were issued as of the balance sheet date (previous year: 10,167) (see Annotation 9).

CAPITAL RESERVES

Capital reserves comprise primarily contributions from shareholders pursuant to Section 272(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 (including the Managing Board) as a salary component in the form of equity instruments.

TREASURY SHARES

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

Such a purchase can 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, and to resell or utilize these shares in other ways can be exercised once or more than once, individually, or in conjunction with one another as well as only in parts. Shareholders' statutory subscription rights to these shares are exempted insofar as these shares are to be used in accordance with the aforementioned authorizations.

In fiscal year 2014, the company purchased 2,763 treasury shares (previous year: 110 shares) at an average price of 67.47 euros (previous year: 35.00 euros) per share with a market value of 186 thousand euros (previous year: 4 thousand euros). The company purchased its own shares in the reporting period for servicing employee profit sharing and for employee anniversaries. The company did not hold any treasury shares as of the balance sheet dates of December 31, 2014, and December 31, 2013.

RETAINED EARNINGS

Retained earnings consist of reserves for accumulated profits and for the revaluation of pensions and the 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 been distributed.

In each of the 2013 and 2014 fiscal years, our interest in Manz Taiwan Ltd. increased. This was accounted for as an equity transaction between majority and minority shareholders

and was not recognized in profit and loss. This resulted respectively in a positive difference in the amount of 844 thousand euros (previous year: 2 thousand euros), which is shown in the reserves for accumulated profits.

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

CURRENCY TRANSLATION

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

MINORITY INTEREST

The minority interests pertain to Manz India Private Limited, in which Manz Asia Ltd. holds a 75 % stake. In the 2014 reporting year, the remaining minority interests of 2.83 % were acquired at Manz Taiwan Ltd. The share of equity and annual profit/loss attributed to the minority shareholders is disclosed separately in the balance sheet and/or income statement.

PROPOSED APPROPRIATION OF PROFITS

Pursuant to Section 58(2) of the German Stock Corporation Act, the distribution of dividends by Manz AG is based on the net earnings disclosed in the annual financial statements (individual financial statement) dated December 31, 2014. The annual financial statements of Manz AG closed as of December 31, 2014, with a loss of –12,311,458.60 euros (previous year: –5,667,431.75 euros). The Managing Board proposes that this accumulated loss be carried forward to new account.

ADDITIONAL DISCLOSURES REGARDING CAPITAL MANAGEMENT

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

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

net financial liabilities are calculated as the total of financial liabilities and leasing liabilities, less liquid assets.

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

Overview Capital Management

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2013
Liquid funds	23,153	64,666
Financial liabilities	32,465	65,218
Net financial liabilities	9,192	552
Total Manz AG shareholders' equity	139,974	172,980
Equity ratio	55,2%	54,2%
Gearing	6,6%	0,3%

A decrease in debt increased the equity ratio to 55.2% (previous year: 54.2%) and therefore improved slightly in the reporting year. Gearing increased due to the increase in net liabilities to +6.6% (previous year: +0.3%). Both key figures are thus well above the set targets.

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

In October 2014, the Collateral Agency and Contract Amendment Agreement was changed, with one of the house banks being replaced by a new house bank. Furthermore, the lines of credit and covenant agreement were re-established.

In fiscal year 2014, financial liabilities held by Manz Slovakia valued at 2,065 thousand euros (previous year: 2,485 thousand euros) were subject to a covenant agreement pertaining to Manz Slovakia's individual financial statements. The provisions of the agreement stipulate an equity ratio of more than 10% and an EBITDA-to-revenue ratio of more than 5%. Both criteria were fulfilled in fiscal year 2014.

NON-CURRENT FINANCIAL LIABILITIES (22)

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2013
Non-current liabilities to banks	22,118	18,546

Long-term liabilities to credit institutions include a KfW loan (ERP Innovation Program) in the amount of the long-term share of 12.5 million euros and a new loan from the European Investment Bank for 20 million euros, which was taken out on December 31, 2014 in the amount of 9.6 million euros.

NON-CURRENT DEFERRED INVESTMENT GRANTS (23)

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

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

FINANCIAL LIABILITIES FROM LEASES (24)

Leasing liabilities result from assets which must be capitalized in accordance with IAS 17. These consist of finance lease agreements on passenger vehicles, which are shown in other equipment, factory and office equipment with a remaining book value of 52 thousand euros (previous year: 122 thousand euros).

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

(in TEUR)	2014		2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Up to 1 year	24	24	48	48
1 to 5 years	24	21	58	51
Total minimum payments	48		106	
Minus the interest component	-3		-7	
Present value of minimum payments	45	45	99	99

PENSION PROVISIONS (25)

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

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

Pension Provisions

(in EUR tsd.)	2014	2013
Change in the present value of benefits		
Present value of performance-based obligations as of Jan. 1	6,815	7,036
Changes to the basis of consolidation	1,883	0
Service cost	61	62
Interest cost	235	193
Benefits paid	-889	-230
Actuarial losses (+) / gains (-)		
due to changes in demographic assumptions	54	78
due to changes in financial assumptions	853	-161
due to adjustments based on past experience	68	-1
Currency differences from international plans	157	-162
Present value of performance-based obligations at Dec. 31	9,237	6,815
Change in plan assets		
Value of plan assets as of Jan. 1	1,231	1,367
Income from plan assets	29	27
Company contributions	64	56
Benefits paid	-611	-142
Actuarial losses (+) / gains (-)	6	-5
Currency differences from international plans	87	-72
Value of plan assets as of Dec. 31	806	1,231
Financing status (=pension provision)	8,431	5,584
which apply to:		
Manz AG, Reutlingen	4,926	4,251
Manz Italy, Italy	1,999	0
Manz Taiwan Ltd., Taiwan	1,332	1,229
Manz CIGS Technology, Schwäbisch Hall	174	104

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

The obligations at the newly acquired Manz Italy relate to the legally regulated compensation upon termination of employees for each employment relationship.

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

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

The following amounts have been included in the income statement:

(in EUR tsd.)	2014	2013
Service cost	-61	-62
Net interest cost	-206	-166

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

In the next fiscal year, employer contributions to the fund are projected to be 17 thousand euros, and pension payments are projected to be 358 thousand euros.

The plan assets for German pension obligations consist exclusively of reinsurance policies. The plan assets for Manz Taiwan Ltd. are endowments stipulated by law that must be paid into an external central trust (Taiwan's Labor Pension Fund). The fund's assets comprise reinsurance policies (Germany) and trust assets (Taiwan), which make up 30% and 70% of the fund's total assets, respectively.

For defined contribution plans, payments were made of 1,334 thousand euros (previous year: 1,103 thousand euros). Furthermore, due to legal requirements, domestic companies made contribution to the social pension fund in the amount of 3,054 thousand euros (previous year: 2,826 thousand euros).

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

(in %)	Germany		Taiwan	
	2014	2013	2014	2013
Discount rate	2.35	3.48	2.25	2.00
Salary and wage increases	2.50	2.50	2.00	2.00
Pension increases	2.00	2.00	2.00	2.00

Salary, wage and pension increases were calculated for the newly consolidated Manz Italy using an interest rate of 1.49% and 2.5%.

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

(in EUR tsd.)		2014
Sensitivity for discount rate	+0.50%	-604
Sensitivity for discount rate	-0.50%	675
Sensitivity for pension increases	+0.50%	491
Sensitivity for pension increases	-0.50%	-470
Sensitivity for life expectancy	+1 year	247

The weighted average duration of performance-based obligations was 13.3 years at the end of the reporting year (2013: 18.1 years). The reduction is attributable to the shorter terms in Italy.

OTHER NON-CURRENT PROVISIONS (26)

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

(in EUR tsd.)	Jan. 1, 2014	Currency adjustments	Utilization	Reversal	Accrued interest	Transfer	Dec. 31, 2014
Personnel	287	0	92	0	0	997	1,192
Reinstatement obligation	444	0	0	0	26	0	470
Warranties	1,385	9	563	101	23	1,137	1,890
	2,116	9	655	101	49	2,134	3,552

Non-current personnel obligations contain obligations from partial early retirement as well as jubilee obligations. Provisions for partial early retirement have been presented offset against the plan assets in the amount of 124 thousand euros (previous year: 49 thousand euros).

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

OTHER NON-CURRENT LIABILITIES (27)

Other long-term liabilities included in the previous year the earn-out component from the acquisition of CIS Technology GmbH in fiscal year 2012 in the amount of 6,600 thousand euros. In fiscal year 2014, a partial amount of 3,600 thousand euros expired. The remaining earn-out component of 3,000 thousand euros is without time limit and dependent on the sale of CIGS equipment. This item was shown in the reporting year under other short-term liabilities (Note 31).

CURRENT FINANCIAL LIABILITIES (28)

Current financial liabilities relate to various short-term lines of credit and overdrafts for financing operating activities; they are due within a period of one year. Market interest rates were agreed for short-term loans. The current portion of long-term debt (repayable in the following year) is also included.

TRADE PAYABLES (29)

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

OTHER CURRENT PROVISIONS (30)

Die sonstigen kurzfristigen Rückstellungen entwickelten sich wie folgt:

(in EUR tsd.)	Jan. 1, 2014	Currency adjustments	Utilization	Reversal	Transfer	Dec. 31, 2014
Reworking	125	0	125	0	857	857
Other	4,503	215	4,308	367	2,614	2,657
	4,628	215	4,433	367	3,471	3,514

Other provisions primarily include provisions for onerous customer contracts, as well as provisions for commission, profit sharing, and the cost of preparing the annual financial statements

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

OTHER LIABILITIES (31)

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

(in EUR tsd.)	Dec. 31, 2014	Dec. 31, 2013
Tax liabilities (not taxes on income)	1,046	674
Personnel-related liabilities	3,767	5,514
Earn-out obligation	3,000	0
Other	484	153
	8,297	6,341

Tax liabilities (no income taxes) are comprised primarily of VAT liabilities and liabilities from payroll and church taxes. The remaining earn-out component from the acquisition of CIS Technology GmbH in 2012 in the amount of 3,000 thousand euros is without time limit and dependent on the sale of CIGS equipment. In the previous year this was recorded under long-term liabilities (Note 27.) All liabilities are due within one year.

REPORTING ON FINANCIAL INSTRUMENTS

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

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

Carrying Amounts by Measurement Category 2014

(in EUR tsd.)	Fair value	Loans and receivables	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2014
Assets as of Dec. 31, 2014					
Other non-current assets	674	674			674
Trade receivables	58,708	33,013	–	25,695	58,708
Derivative financial instruments	6	–	6	–	6
Other current receivables	5,886	2,549		3,337	5,886
Liquid funds	23,153	23,153	–	–	23,153
	88,427	59,389	6	29,032	88,427

Carrying Amounts by Measurement Category 2014

(in EUR tsd.)	Fair value	Measured at amortized cost	Carrying amount according to IAS 17	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2014
Liabilities as of Dec. 31, 2014						
Financial liabilities	32,157	32,297	–	–	–	32,297
Financial liabilities from leases	52	–	48	–	–	48
Trade payables	42,314	42,314	–	–	–	42,314
Derivative financial instruments	184	–	–	184	–	184
Other liabilities	8,297	4,251	–	–	4,046	8,297
	83,004	78,882	48	184	4,046	83,140

Carrying Amounts by Measurement Category 2013

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

Carrying Amounts by Measurement Category 2013

(in EUR tsd.)	Fair value	Measured at amortized cost	Carrying amount according to IAS 17	Designated hedging instruments (cash flow hedges)	Not within the scope of IFRS 7, IAS 39	Carrying amount Dec. 31, 2013
Liabilities as of Dec. 31, 2013						
Financial liabilities	64,748	64,918	–	–	–	64,918
Financial liabilities from leases	112	–	106	–	–	106
Trade payables	42,687	42,687	–	–	–	42,687
Derivative financial instruments	750	–	–	750	–	750
Other liabilities	12,941	5,667	–	–	7,274	12,941
	121,238	113,272	106	750	7,274	121,402

MEASUREMENT CLASSES PURSUANT TO IFRS 7.27

The Group uses the following hierarchy to determine and present the fair values of financial instruments for each measurement method:

Level 1: (unadjusted) prices for identical assets or liabilities quoted on active markets

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

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

As of December 31, 2014, derivative financial instruments disclosed in current assets with a value of 6 thousand euros (previous year: 20 thousand euros), as well as derivative financial instruments disclosed in current liabilities with a value of 184 thousand euros (previous year: 750 thousand euros) fall within Level 2 of the fair value hierarchy within the scope of IFRS 7.27.

NET EARNINGS BY MEASUREMENT CATEGORIES SET OUT IN IAS 39

(in EUR tsd.)	Net gains/ losses	Total interest income/ expenses
Fiscal Year 2014		
Loans and receivables	-12,930	413
Assets held for trading (derivate financial instruments)	-133	0
Available-for-sale financial liabilities (derivate financial instruments)	-33	0
Financial liabilities measured	-27	2,196
	-13,123	2,609
Fiscal Year 2012		
Loans and receivables	-4,486	370
Assets held for trading (derivate financial instruments)	-1	0
Available-for-sale financial liabilities (derivate financial instruments)	58	0
Financial liabilities measured	-117	-3,106
	-4,546	-2,736

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

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

FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

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

or speculative purposes. To reduce the default risk, hedging transactions are entered into only with leading financial institutions which have excellent credit ratings.

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

The sensitivity analyses in the following sections refer to the situation on December 31, 2014, and December 31, 2013, respectively. The sensitivity analyses were carried out based on the hedging relationships which existed on December 31, 2014, and on the premise that net debt, the relationship between the fixed and variable interest rates of liabilities and derivatives, and the share of financial instruments held in foreign currencies will remain constant.

The sensitivity analyses were prepared based on following assumptions:

- The sensitivity of the balance sheet relates to derivatives and available-for-sale debt instruments.
- The sensitivity of the relevant items on the income statement reflects the effect of assumed changes in the corresponding market risks. This is based on financial assets and financial liabilities held on December 31, 2014 and December 31, 2013, including the effect of the hedging relationship.
- The sensitivity of equity is calculated by considering the effect of the associated cash flow hedging relationships as of December 31, 2014 and December 31, 2013, on the assumed changes in the hedged item.

CREDIT RISKS

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

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

The maximum credit risk of financial assets (including derivatives with a positive market value) corresponds to the carrying amount recognized in the balance sheet. On the balance

sheet date of December 31, 2014, the maximum credit risk was 88,427 thousand euros (previous year: 125,172 thousand euros).

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

(in EUR tsd.)	2014	2013
Not overdue and not impaired	18,178	11,817
Overdue and on which no specific valuation allowance has been charged		
up to 30 days	2,640	3,054
between 31 and 60 days	770	1,932
between 61 and 90 days	312	1,438
between 91 and 180 days	1,297	3,243
more than 180 days	268	1,172
Carrying amounts of receivables for which no impairment losses have been charged	23,465	22,656

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

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

LIQUIDITY RISKS

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

On the balance sheet date, approved lines of credit at banks not called upon amounted to 115,717 thousand euros (previous year: 76,089 thousand euros); usable optionally as current account credit and/or surety (utilization of sureties as of December 31, 2014: 4,069 thousand euros (previous year: 5,397 thousand euros)). Also available are unused surety credit lines from credit insurance agencies in the amount of 12,185 thousand euros (previ-

ous year: 10,276 thousand euros); their utilization amounted to 315 thousand euros (previous year: 4,724 thousand euros).

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

(in EUR tsd.)	Total	2015	2016	> 2016
Dec. 31, 2014				
Financial liabilities	40,782	14,322	5,630	20,830
Finance leasing	53	24	14	15
Trade	42,314	42,314		
Derivative financial instruments	184	184		
Other liabilities	7,251	7,251		
	90,584	64,095	5,644	20,845

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

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

CURRENCY RISKS

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

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

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

If the value of the euro had been 10.0% lower against the US dollar on December 31, 2014 (2013), consolidated profit/loss would have been 461 thousand euros higher (1,167 thousand euros lower), and consolidated equity as a result of the cash flow hedge would have been 777 thousand euros (previous year: 958 thousand euros) lower. If the euro had depreciated versus the U.S. dollar by 10% as of December 31, 2014 (2013), consolidated net profit would have decreased by 564 thousand euros (increased by 1,430 thousand euros), and consolidated equity capital would have been higher by 1,128 thousand euros (previous year: 1,256 thousand euros).

INTEREST RATE RISKS

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

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

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

If the market interest rate as of December 31, 2014 (2013), had been 100 points higher (lower), the consolidated profit/loss would have been 117 thousand euros (76 thousand euros) lower and consolidated equity would have been 117 thousand euros (76 thousand euros) lower.

CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

On the balance sheet date guarantees of Manz AG for bank liabilities in favor of third parties amounted to 700 thousand euros (value date: 12/31/2014: 389 thousand euros).

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

(in EUR tsd.)	2014	2013
Minimum lease payment		
Remaining term up to 1 year	5,273	5,864
Remaining term of 1–5 years	13,809	15,403
Remaining term of more than 5 years	21,779	25,250

In the 2014 fiscal year, rent and lease payments totaling 5,760 thousand euros (previous year: 5,865 thousand euros) were recognized under „Other operating expenses.“

EVENTS AFTER THE BALANCE SHEET DATE

After the closing date of December 31, 2014, no events have occurred that would have a significant impact on the earnings, asset, and financial position.

RELATED PARTIES

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

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

COMPENSATION PAID TO THE MANAGING BOARD AND SUPERVISORY BOARD

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

Total compensation of 829 thousand euros was paid to the Managing Board in the 2014 fiscal year (previous year: 828 thousand euros). The non-performance-based components totaled 509 thousand euros (previous year: 505 thousand euros), and performance-based components were 32 thousand euros (previous year: 0 thousand euros). The long-term payable components totaled 288 thousand euros (previous year: 323 thousand euros). Long-term components of compensation are comprised of stock awards/subscription rights granted within the scope of the Performance Share Plan. During the reporting year, a total of 2,658 (previous year: 3,347) subscription rights were granted to members of the Managing Board, with a corresponding fair value of 288 thousand euros (previous year: 323 thousand euros).

There is a defined benefit obligation pursuant to IFRS for Chairman of the Managing Board Dieter Manz in the amount of 393 thousand euros (previous year: 288 thousand euros). To cover this pension obligation, a reinsurance policy has been taken out with a fair value of 126 thousand euros (previous year: 121 thousand euros).

Former Managing Board member Otto Angerhofer received a pension payment in the 2014 fiscal year of 10 thousand euros (previous year: 10 thousand euros). Under IFRS, Manz has a pension obligation to the former Managing Board member totaling 174 thousand euros (previous year: 158 thousand euros).

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

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

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

SUPERVISORY BOARD

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

Dr.-Ing. E.h. Dipl.-Ing. Peter Leibinger, Managing Director of TRUMPF Laser GmbH, Ditzingen, Vice Chairman

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

The chairman of the Supervisory Board, Prof. Dr. Heiko Aurenz, is also a member of the Supervisory Board of IBS AG and the Know How! Aktiengesellschaft für Weiterbildung Aktiengesellschaft für Weiterbildung and Member of the Supervisory Board of Anna-Haag-Mehrgenerationenhaus e.V. Professor Aurenz is also Advisory Board Chairman of Monument Verwaltung GmbH.

Supervisory Board Member Peter Leibinger is also a Member of the Advisory Board of TRUMPF Hüttinger GmbH + Co. KG. Mr Leibinger is also a Member of the Board of Directors of SPI Lasers plc, TRUMPF Korea Co. Ltd., TRUMPF Taiwan Industries Co. Ltd., TRUMPF Malaysia Sdn Bhd, and TRUMPF Corporation, as well as a Member of the Board of Commissioners of PT TRUMPF Indonesia.

In fiscal year 2014, Manz AG purchased laser systems with a total value of 32,959 thousand euros (previous year: 4,906 thousand euros) from TRUMPF Laser- und Systemtechnik GmbH and Trumpf Laser GmbH, whose Chief Executive Officer is Peter Leibinger. As of December 31, 2014, liabilities owed to these two companies totaled 623 thousand euros (previous year: 2,289 thousand euros). Manz AG purchased goods from Hüttinger Elektronik GmbH & Co. KG, on whose Advisory Board Peter Leibinger is a member, with a total value of 463 thousand euros (previous year: 49 thousand euros). As of Wednesday, December 31, 2014, Manz AG holds liabilities of 0 thousand euros (previous year: 49 thousand euros) to Hüttinger Elektronik GmbH & Co. KG.

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

In fiscal year 2014, the amount of 1,887 thousand euros (previous year: 1,402 thousand euros) was paid by the Centre for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW), in which Prof. Powalla is a member of the managing board, for services and license fees of Manz AG. As of December 31, 2014, there were liabilities to the ZSW of 241 thousand euros (previous year: 0 thousand euros). Moreover, during fiscal year 2014 Manz AG invoiced the ZSW for jobs in the amount of 5,392 thousand euros (previous year: 105 thousand euros). As of December 31, 2014 and 2013, Manz AG does not have any unpaid receivables from the ZSW resulting from these jobs.

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

For the 2014 fiscal year, compensation was paid to members of the Supervisory Board totaling 54 thousand euros (previous year: 54 thousand euros). The compensation paid for both the current reporting period and the reporting period for the previous year only contains a fixed component.

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

AUDITOR'S FEE

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

(in EUR tsd.)	2014	2013
Auditing the annual financial statements	134	129
Other auditing services (audit of the interim financial statements)	27	23
Tax consultation services*	18	18
Other services*	9	68

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

CORPORATE GOVERNANCE CODE

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

PUBLICATIONS IN ACCORDANCE WITH SECTION 160(1), NO. 8, OF THE GERMAN SECURITIES TRADING ACT

The following information was published during the 2014 fiscal year pursuant to the German Securities Trading Act:

January 22, 2014

On January 20, 2014, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3% voting right threshold on 1/20/2014, and on that day amounted to 3.15% (corresponding to 155,000 voting rights)

February 10, 2014

On February 3, 2014, Henderson Group Plc, London, UK, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3% voting right threshold on 1/31/2014, and on that day amounted to 2.98% (corresponding to 147,000 voting rights). According to Section 22(1) Sentence 1, No. 6 in combination with Sentence 2 of the German Securities Trading Act, 2.98% of voting rights (corresponding to 147,000 voting rights) are to be attributed to the company.

On February 6, 2014, Henderson Global Investors (Holdings) Plc, London, UK, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3% voting right threshold on 1/31/2014, and on that day amounted to 2.98% (corresponding to 147,000 voting rights). According to Section 22(1) Sentence 1, No. 6 in combination with Sentence 2 of the German Securities Trading Act, 2.98% of voting rights (corresponding to 147,000 voting rights) are to be attributed to the company.

On February 3, 2014, Henderson Global Investors Limited, London, UK informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3% voting right threshold on 1/31/2014, and on that day amounted to 2.98% (corresponding to 147,000 voting rights). According to Section 22(1), Sentence 1, No. 6 of the German Securities Trading Act, 2.98% of voting rights (corresponding to 147,000 voting rights) are to be attributed to the company.

May 20, 2014

„On May 19, 2014, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3 % voting right threshold on 5/19/2014, and on that day amounted to 2.31 % (corresponding to 113,889 voting rights).

August 8, 2014

„On August 6, 2014, AXA Investment Managers S.A., Courbevoie, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3 % voting right threshold on 8/4/2014, and on that day amounted to 3.00 % (corresponding to 148,032 voting rights). According to Section 22(1), Sentence 1, No. 6 of the German Securities Trading Act, 3.00 % of voting rights (corresponding to 148,032 voting rights) are to be attributed to the company.

On August 6, 2014, AXA S.A., Paris, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3 % voting right threshold on 8/4/2014, and on that day amounted to 3.00 % (corresponding to 148,032 voting rights). According to Section 22(1) Sentence 1, No. 6 in combination with Sentence 2 of the German Securities Trading Act, 3.00 % of voting rights (corresponding to 148,032 voting rights) are to be attributed to the company.

August 14, 2014 – Correction of the publication of August 8, 2014

„On August 6, 2014, AXA Investment Managers S.A., Courbevoie, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3 % voting right threshold on 8/4/2014, and on that day amounted to 3.0039 % (corresponding to 148,032 voting rights). According to Section 22(1), Sentence 1, No. 6 of the German Securities Trading Act, 3.0039 % of voting rights (corresponding to 148,032 voting rights) are to be attributed to the company.

On August 6, 2014, AXA S.A., Paris, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3 % voting right threshold on 8/4/2014, and on that day amounted to 3.0039 % (corresponding to 148,032 voting rights). According to Section 22(1) Sentence 1, No. 6 in combination with Sentence 2 of the German Securities Trading Act, 3.0039 % of voting rights (corresponding to 148,032 voting rights) are to be attributed to the company.

August 14, 2014

On August 11, 2014, AXA Investment Managers S.A., Courbevoie, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3 % voting right threshold on 8/7/2014, and on that day amounted to 2.91 % (corresponding to 143,543 voting rights). According to Section 22(1), Sentence 1, No. 6 of the German Securities Trading Act, 2.91 % of voting rights (corresponding to 143,543 voting rights) are to be attributed to the company.

On August 11, 2014, AXA S.A., Paris, France, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had fallen below the 3% voting right threshold on 8/7/2014, and on that day amounted to 2.91% (corresponding to 143,543 voting rights). According to Section 22(1) Sentence 1, No. 6 in combination with Sentence 2 of the German Securities Trading Act, 2.91% of voting rights (corresponding to 143,543 voting rights) are to be attributed to the company.

On August 11, 2014, ETHENEA Independent Investors S.A., Munsbach, Luxembourg, informed us pursuant to Section 21(1) of the German Securities Trading Act that its voting rights in Manz AG, Reutlingen, Germany, had risen above the 3% voting right threshold on 8/7/2014, and on that day amounted to 3.01% (corresponding to 148,205 voting rights).

RESPONSIBILITY STATEMENT

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

Reutlingen, March 20, 2015

The Managing Board of Manz AG



Dieter Manz



Martin Hipp

AUDITOR'S REPORT

We have audited the consolidated financial statements of Manz AG, headquartered in Reutlingen, Germany – which consist of an income statement, a statement of comprehensive income for the period, a statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity, and the notes to the consolidated financial statements – as well as the group management report for the fiscal year from January 1 to December 31, 2014. Preparing these consolidated financial statements and group management report in accordance with both IFRS as approved for use in the EU as well as with the additional commercial legal regulations set forth in Article 315a, Section 1 of the German Commercial Code is the responsibility of the legal representatives of the company. Our responsibility is to furnish an opinion on the annual consolidated financial statements and the consolidated management report based on our audit.

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

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

Our audit did not lead to any objections.

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

Reutlingen, March 20, 2015

BEST AUDIT GmbH
Wirtschaftsprüfungsgesellschaft
Regional Office Reutlingen

Marion Moser
Certified Public Accountant

Harald Aigner
Certified Public Accountant

IMPRINT

Publisher

Manz AG
Steigaeckerstraße 5
72768 Reutlingen
Tel.: +49 (0) 7121 9000-0
Fax: +49 (0) 7121 9000-99
info@manz.com
www.manz.com

Editor

cometis AG
Unter den Eichen 7/Gebäude D
65195 Wiesbaden
Tel.: +49 (0) 611 20 585 5-0
Fax: +49 (0) 611 20 585 5-66
www.cometis.de

Design

Art Crash Werbeagentur GmbH
Weberstraße 9
76133 Karlsruhe
Tel.: +49 (0) 721 94009-0
Fax: +49 (0) 721 94009-99
info@artcrash.com
www.artcrash.com



MANZ AG

Steigaeckerstraße 5
72768 Reutlingen, Germany
Phone: +49 (0) 7121 9000-0
Fax: +49 (0) 7121 9000-99
info@manz.com
www.manz.com