

**POINTING THE
WAY:
OUR IDEAS FOR
THE FUTURE**

6-MONTH REPORT 2014

2014 FINANCIAL CALENDAR

Date	
November 13, 2014	Publication of 2014 Q3 financial report
November 24–26, 2014	2014 German Equity Forum

OVERVIEW OF GROUP RESULTS

(in EUR million)	Jan. 1 to June 30, 2014	Jan. 1 to June 30, 2013	Change in %
Revenues	163.61	137.76	18.8
Total operating revenues	161.57	147.97	9.2
EBITDA	13.18	15.65	-15.8
EBITDA margin (in %)	8.16	10.58	-22.9 pp
EBIT	1.18	3.77	-68.7
EBIT margin (in %)	0.73	2.55	-71.4
EBT	0.27	2.15	-87.4
Consolidated net profit (loss)	0.19	0.16	18.8
Earnings per share (in euros)	0.04	0.00	n/a
Cash flow from operating activities	-3.78	10.99	n/a
Cash flow from investing activities	-12.71	-4.35	n/a
Cash flow from financing activities	-17.53	7.57	n/a
	June 30, 2014	Dec. 31, 2013	Change in %
Total assets	337.62	319.17	5.8
Equity	175.68	175.04	0.4
Equity ratio (in %)	52.04	54.84	-5.1 pp
Financial liabilities	46.17	64.92	-28.9
Liquid funds	31.24	64.67	51.7
Net debt	14.93	0.4	3632.5

MANZ AG MISSION STATEMENT

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

OUR IDEAS ENABLE THE FUTURE TO BECOME THE PRESENT

Reliable energy supply, resource-efficient mobility, mobile communication: The course for the major future topics of our everyday world is already being set today. Manz’s ideas change perceptions and make what was previously unimaginable become the „norm“. Our ideas speed up the breakthrough of new technologies and ensure that new concepts soon become suitable for widespread use. The properties of our customers’ end products are determined, in large part, by the equipment on which they are produced. Their performance characteristics venture into new dimensions thanks to our technologies. In our quarterly report, we show you the many facets of high-tech engineering. You will be astonished how many areas of your everyday life are shaped by us and our ideas.

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LETTER FROM THE MANAGING BOARD

Dear Shareholders,

We can look back on a successful first half of 2014, in which we recorded constantly increasing business momentum from the beginning of the year. While the first three months of 2014 were still marked by the comparatively low value of orders on hand in the final quarter of 2013, the numerous new orders generated in the first quarter were reflected in revenues and earnings in the second quarter. With revenues of more than 109 million euros, we posted easily the most successful quarter in terms of revenue in the company's history. And the positive development in respect of orders is continuing. This is also due to the acquisition, in the first quarter of 2014, of the mechanical engineering division of the Italian technology company Kemet Electronics Italy, a subsidiary of the American KEMET Corporation. The related expansion of our technology portfolio enabled us to open up the premium consumer electronics segment in the Battery division and to obtain, as early as June 2014, the largest single order so far in this division. The potential for short-term follow-on orders in this segment, our excellent market position in the Display segment, and orders on hand of more than 100 million euros as of June 30, 2014, underpin our expectation of a sustained positive development in the second half of the year.

The financial key figures in the first half of 2014 depict our company's successful operating development. Compared with the previous year, we increased revenue by 18.8 percent to 163.6 million euros. This is a reflection of the high potential of our target markets and Manz AG's performance. Total operating revenue amounted to 161.6 million euros, following 148.0 million euros in the first half of 2013. Our most important earnings parameter, earnings before interest, taxes, depreciation and amortization (EBITDA), at 13.2 million euros, was, as expected, below the level of 15.7 million euros achieved in the same quarter of the previous year. The main impact here was attributable to the discontinuation, since the beginning of the year, of funds of 3 million euros received from Würth Solar as part of the agreement to acquire the location in Schwäbisch Hall. Despite this additional cost, at the same time as continuing fully with the research operation, and a loss-making first quarter, the company again showed positive operating earnings at the end of the first half of 2014: Earnings before interest and taxes (EBIT) amounted to 1.2 million euros, following 3.8 million euros in the first half of 2013. Consolidated net profit stood at 0.2 million euros (1st half of 2013: 0.2 million euros).

Even though we are also noticing an upturn in the order situation in the Solar division and rate the likelihood of selling a turnkey, fully integrated production line for CIGS thin-film solar modules (CIGSfab) as being higher than ever before, we now expect, in view



of the dynamic development in the Display and Battery divisions, increased revenues of between 280 million euros and 300 million euros for 2014 as a whole, given positive EBIT, even if we do not sell a CIGS*fab*. At the same time, the sale of a CIGS*fab* offers potential for additional revenue growth and a significant improvement in EBIT margin compared with the previous year.

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

Reutlingen, August 2014

The Managing Board



Dieter Manz



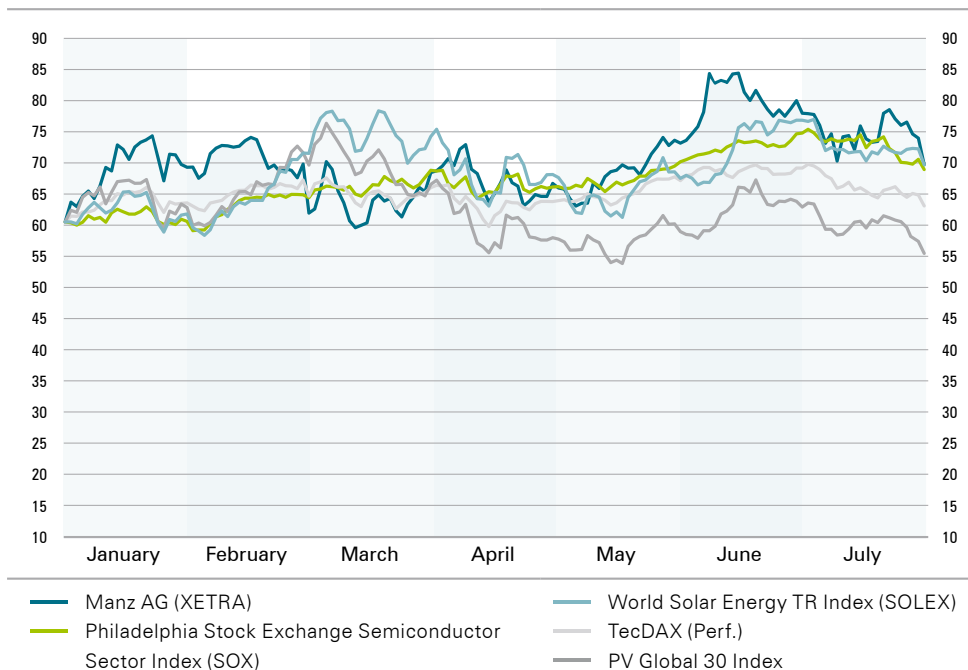
Martin Hipp

MANZ AG STOCK

PRICE PERFORMANCE (JANUARY 1, 2014 – JULY 31, 2014)

Manz stock began the 2014 fiscal year on January 2, 2014, at a closing price of 60.52 euros. Its further development in January 2014 was characterized by a significant upwards movement. The price achieved its highest level in the first quarter 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 its current low for the 2014 fiscal year on March 13, 2014, at 59.90 euros. After a slight upwards trend and a following 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 current fiscal year. The following period was characterized by a consolidation phase. The stock closed at 69.53 euros on July 31, 2014.

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 in the period under review. Particularly at the beginning of

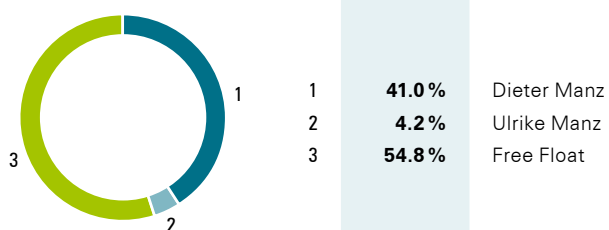
the current fiscal year and from May 2014 onwards, Manz stock succeeded in outpacing the overall development of the peer group in TecDAX, closing significantly above the technology index on July 31, 2014. Manz stock also performed positively compared with the solar industry indexes, the World Solar Energy TR Index (SOLEX) of Société Générale and the Photovoltaik Global 30 Index (PV Global 30) of Deutsche Börse AG, as well as the Philadelphia Stock Exchange Semiconductor Sector Index (SOX). After the stock significantly outperformed other sector indices in the first two months of 2014, all values initially developed in parallel again over the following months – PV Global 30, which had been following a downwards trend since February 2014, constituted an exception here. From May 2014 onwards, Manz stock again succeeded in outpacing the reference values, likewise closing up on these sector indexes as of July 31, 2014.

STOCK KEY DATA AND PERFORMANCE INDICATORS

German Securities Identification Number	A0JQ5U
International Securities Identification Number	DE000A0JQ5U3
Ticker Symbol	M5Z
Stock Market Segment	Regulated market (Prime Standard)
Type of Stock	Registered, common, no-par value bearer shares, each with a proportionate value of 1.00 EUR of capital stock
Capital Stock	4,928,059
IPO	September 22, 2006
Opening Price	19.00 EUR
Stock Price at the Beginning of the Fiscal Year*	60.52 EUR
Stock Price at the End of the Fiscal Year*	77.59 EUR
Change (in percent)	28.2%
Annual High	83.60 EUR
Annual Low	59.90 EUR

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

SHAREHOLDER STRUCTURE



Currently at 54.8%, Manz AG has a large number of shares in free float and has a wide shareholder base. As of June 30, 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.

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2014 ANNUAL MEETING OF SHAREHOLDERS

The *FILharmonie* in Filderstadt, Germany, hosted Manz AG's 2014 Annual General Meeting on July 9, 2014. A total of 278 shareholders were present and listened to the report by the Managing Board regarding the company's performance in 2013 as well as the outlook for the current fiscal year.

A total of 61.99% of capital stock with voting rights was represented (previous year: 62.34%). Almost all of the represented shareholders approved of the items on the meeting's agenda. The following table provides an overview of the detailed voting results:

OVERVIEW OF VOTING RESULTS

Agenda Item	Voting Item	Ab-sten-tions	Valid votes	As a per-centage of CS	Votes against	Against in %	Votes in favour	In favour in %	Result
2	Formal approval of the actions of the Managing Board in 2013	130	1,033,240	20,97	3,319	0.32	1,029,921	99.68	Adopted
3	Formal approval of the actions of the Supervisory Board in 2013	67,858	2,985,734	60,59	3,544	0.12	2,982,190	99.88	Adopted
4	Election of auditors of 2014 annual and consolidated financial statements and semi-annual report	2,319	3,051,273	61,92	6,046	0.20	3,045,227	99.80	Adopted
5	Raising of new approved capital, amendment of the Articles of Incorporation	140	3,053,452	61,96	377,348	12.36	2,676,104	87.64	Adopted
6	Issue of warrant or convertible bonds, profit participation rights or participating bonds, Raising of conditional capital, amendment of the Articles of Incorporation	90	3,053,502	61,96	272,282	8.92	2,781,220	91.08	Adopted



**OUR IDEAS
FOR UNFORGETTABLE
TV EXPERIENCES**



SPEEDING UP THE BREAKTHROUGH OF NEW TECHNOLOGIES

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

MANZ – ALWAYS ONE IDEA AHEAD



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BASIC INFORMATION ON THE GROUP

BUSINESS MODEL INCLUDING GOALS AND STRATEGY

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

GROUP STRUCTURE AND HOLDINGS

Altogether, 16 companies are included in Manz AG's consolidated financial statements as of June 30, 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 and one subsidiary each in the USA, Slovakia, Italy and Hong Kong. In addition, the company has a 100 % stake in three second-tier subsidiaries in China and two in Taiwan. A 75 % second-tier subsidiary exists in India. Manz AG also has a 100 % stake in two third-tier subsidiaries in the British Virgin Islands.

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LOCATIONS AND EMPLOYEES

Locations

27

NATIONS

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



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

Qualified and motivated employees provide the basis of Manz AG's long-term success. As of June 30, 2014, Manz employed a total workforce of 1,917 (previous year: 1,834) both in Germany and abroad, of which 616 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 492 employees, followed by Manz Taiwan Ltd. in Taiwan, with 402 employees, and Manz Slovakia s.r.o., with 219 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.

CONTROL SYSTEM AND PERFORMANCE INDICATORS

The following major performance indicators are used for Group-internal control purposes: Revenue, EBITDA and EBITDA margin, EBIT and EBIT margin, equity ratio and liquidity. Manz reports on the development of the control indicators in respect of defined target values on an annual basis. For more detailed information about this, please refer to the section "Control System and Performance Indicators" in Manz AG's 2013 Annual Report, which can be viewed on Manz AG's website (www.manz.com).

RESEARCH AND DEVELOPMENT

Research and development is a key component in successfully expanding 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 2014 fiscal year. With over 500 engineers, technicians, and scientists at its development facilities in Germany, Italy, Taiwan and China, Manz AG will focus on the main technologies in its Display, Solar and Battery divisions and accelerate the cross-industry integration of these core competencies in order to achieve synergy effects and economies of scale.

Manz AG had a total ratio of research costs to sales of 5.6% in the reporting period (previous year: 6.8%). If we consider only capitalized development costs, the ratio of research costs to sales totals 2.1% (previous year: 2.2%). In order to provide sustained and

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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.

BUSINESS REPORT

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED CONDITIONS

Economic Market Environment

According to the Kiel Institute for the World Economy (IfW), there was little vibrancy in the global economy at the beginning of 2014. Global GDP, for example, increased at a rate of 2.6% in the first half of 2014, following a growth rate of 3.6% in the second half of 2013. The IfW expects the global economy to pick up again in the second half of 2014 and in 2015. The experts expect global GDP to grow by a total of 3.6% in 2014. In their view, the economy in the euro zone has continued to stabilize since the beginning of the year. Sentiment indicators point to further continuation of the recovery in the coming months. The forecast of the IfW is for GDP in the euro zone to grow by around 1.0% in 2014. According to the Institute, GDP in Germany will increase by as much as 2.0% in 2014.

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 economists at the Institute for the World Economy (IfW), growth in the People's Republic of China will be 7.2% in 2014; slightly lower growth of 7.0% is expected in 2015. The experts also forecast that GDP in the United States, as the world's largest economy, will grow by 2.1% in the current year, while growth of as much as 3.0% is expected in 2015.

Display Division

As an established provider of innovative production solutions for the manufacture of flat panel displays (FPDs) and touch panel displays, Manz AG, with its Display division, is one of the world's leading high-tech engineering companies in this industry. Overall, the revenue volume of the global FPD market is estimated at 131 billion USD in 2014, which means that growth will be merely in the one-digit percentage range. However, the market research institute NPD Displaysearch is expecting a shift in the FPD 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. In the medium term, NPD DisplaySearch expects AMOLED technology to increase its market share in this area; within the next two years, the costs of AMOLED displays will fall below those of LCD displays, due to improvements in production processes, and make a corresponding contribution to the spread of this technology. In the medium term, Taiwan will remain the world's leading region for the manufacture of touch-sensitive displays. At the same time, China is expected to climb to number two by the year 2016, owing to the high local demand for smartphones and tablet computers. 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.

Solar Division

As a high-tech engineering company, 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 new installations of 36 gigawatts (GW) of PV electricity, profitable growth on the PV market was impaired by overcapacities and the low price level for solar modules. Experts and the world's 20 leading PV module manufacturers expect new installations to exceed a total capacity of 50 GW by the end of the year. The market research institute already expects the next few months to witness an equilibrium between production capacities and end customer demand, which will mean the beginning of a new investment cycle in the industry. NPD Solarbuzz puts the revenue potential for mechanical engineering in the solar industry at 10 billion USD by the year 2017. Owing to positive economies of scale in relation to production costs, capacity expansion is quantified in expansion stages of 1 GW and more. The market for crystalline solar cells will continue its leading position, but the anticipated high investments in thin-film technology in China, the Middle East and Latin America also offer potential.

Battery Division

In its Battery division, Manz AG focuses on manufacturing technologies and production processes for lithium-ion batteries, which are used in the fields of e-mobility, premium

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consumer electronics and stationary power storage. Experts from the market research institute Lux Research expect the total global market for lithium-ion batteries to grow by just under 50 %, from 28 billion USD in 2013 to 41 billion USD by 2018. According to the same institute, lithium-ion batteries are currently mainly being sold in the form of premium consumer electronics like smartphones and tablet computers. Sales of 25 billion USD are expected to be achieved in 2018. 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 will market electrically powered vehicles for the first time in 2014. Furthermore, governments in the automotive industry's key sales markets of Germany and China are providing incentives for end consumers to purchase electric vehicles. For example, electric cars bought before 2015 in Germany will be exempt from vehicle tax for a period of ten years. The subsidy program launched by the Chinese government in 2013 bears up to 60,000 RMB (around 7,000 euros) in the case of purchase of an electric vehicle

Printed Circuit Board/OEM Reporting Segment

After a slight decline in 2012, the market for printed circuit boards grew again in Germany in 2013. According to the German Electrical and Electronic Manufacturers' Association (Zentralverband Elektrotechnik- und Elektronikindustrie e.V. – ZVEI), revenues in the first five months of 2014 grew by 3.7 % compared with the same period in the previous year. Incoming orders also experienced a significant upturn, increasing by 8.0 %. ZVEI expects to see growth of 3.4 %, with printed circuit boards achieving a market of 1.4 billion euros. The segments of industrial electronics and automotive electronics, for which growth of 4 % and 3 %, respectively, is forecast, will account for the largest part of this. ZVEI expects the global market to be worth 62.9 billion USD (2013: 60.3 billion USD), which is equivalent to growth of 4.3 %. The German market accounts for only a small section of about 3 %; the lion's share can be found in the Asia and Pacific region, which has a 64 % share of the global market for printed circuit boards (equivalent to 40.4 billion USD). An increase of 6 % is estimated for this region.

Overall Assertion

Manz AG can look back on a successful implementation of its diversification strategy and technology transfer between the Display, Solar and Battery divisions in the 2013 fis-

cal year. The company also benefited from this strategic orientation and the production locations in China and Taiwan in the first six months of 2014 and continues to view itself as being well positioned for the current fiscal year. Although, in the Display segment, the investment boom of recent years has lost a little of its vibrancy in comparison with the previous year, Manz AG, as the market leader for innovative production solutions in the field of wet-chemical processing steps in Taiwan and China and successful transfer of innovative laser and coating technology from the Solar division, also sees excellent opportunities for additional revenue and earnings growth in this division in 2014. In view of the anticipated equilibrium between existing production capacities and end customer demand, an increasing willingness to invest is emerging in the solar industry in the current year. With its innovative production solutions, particularly in relation to the cost-efficient CIGS thin-film technology, Manz AG is extremely well placed to benefit from future investments. Due to further intensified research and development activities for battery technologies in the e-mobility sector, stationary power storage and premium consumer electronics, Manz AG also sees significant growth opportunities in the Battery division. Manz AG also expects to see additional short-term impetus in this sector from the acquisition of the mechanical engineering division of the KEMET Group in Italy (formerly, Arcotronics). Manz AG expects market development in the PCB/OEM reporting segment to be stable.

ANALYSIS OF FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

Financial Performance

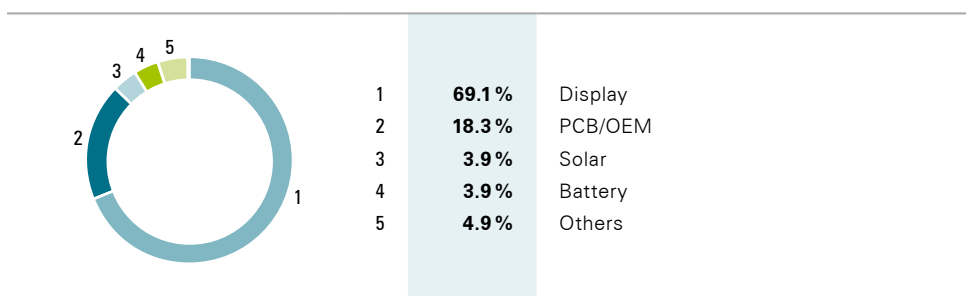
Financial performance in the second quarter of 2014 was shaped by the positive growth in orders in the first quarter of 2014, which resulted in revenues of more than 109 million euros between April and June. Overall, Manz AG achieved an increase in revenues of 18.8% in the first six months compared with the same period in the previous year. In absolute terms, revenue amounted to 163.6 million euros, compared with 137.8 million euros in the previous year.

The Display division accounted for the largest share of revenues in the reporting period, at 113,0 million euros or 69,1% (previous year: 84.8 million euros or 61.5%). 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

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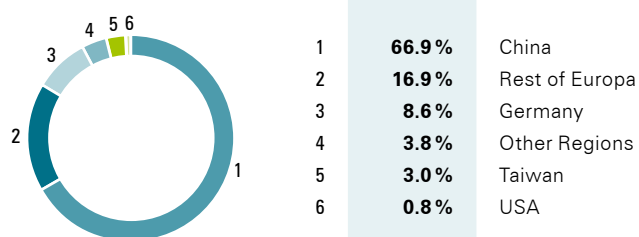
division generated around 6.3 million euros or 3.9% of Manz AG's total revenues in the first six months of 2014 (previous year: 4.7 million euros or 3.4%). Battery, the third division, contributed 6.4 million euros or 3.9% to Group revenues in the form of equipment for producing lithium-ion batteries. (Previous year: 4.9 million euros or 3.6%). The PCB/OEM reporting segment was responsible for relevant revenue contributions of 29.9 million euros or 18.3% (previous year: 33.7 million euros or 24.5%). Revenues in the Others reporting segment totaled 7.9 million euros in the first six months of 2014, following 9.6 million euros in the prior-year period; that corresponds to a revenue share of 4.9% (previous year: 7.0%).

REVENUES BY BUSINESS UNIT JANUARY 1 TO JUNE 30, 2014



Manz AG revenues by region had the following distribution in the first half of 2014: Taiwan and China accounted for the largest share of Manz AG's revenues, at 114.4 million euros or 69.9% (previous year: 90.9 million euros or 66.0%). In Germany, the company generated 14.0 million euros or 8.6% of total revenues (previous year: 8.9 million euros or 6.5%). In terms of the rest of Europe, Manz AG generated around 27.7 million euros or 16.9% of revenues, following 27.8 million euros or 20.2% in the prior-year period. This includes revenues of 3.1 million euros from the battery division of the Italian Kemet, which was acquired in April 2014 and has been consolidated as Manz Italy in the Group since April 30, 2014. In the USA, the company achieved revenues of 1.3 million euros; that corresponds to a 0.8% share of total revenues (previous year: 1.7 million euros or 1.2%). Revenues in other regions worldwide amounted to 6.2 million euros or 3.8% (previous year: 8.5 million euros or 6.1%).

REVENUES BY REGION JANUARY 1 TO JUNE 30, 2014



Based on revenues of 163.6 million euros, there was an overall decline of –5.5 million euros in inventories of finished goods and work in progress, due to the reduction in storage capacities (previous year: +7.2 million euros). Own work capitalized, at 3.4 million euros, was slightly above the prior-year level (previous year: 3.0 million euros). This gives rise to gross revenue of 161.6 million euros for the first half of 2014 (previous year: 148.0 million euros). Other operating income declined to 4.0 million euros (previous year: 7.0 million euros), mainly as a result of the discontinuation of funds that Manz AG had received from Würth Solar in the reference period in 2013 as part of the agreement to acquire the location in Schwäbisch Hall. Material costs amounted to 96.1 million euros (previous year: 88.5 million euros); the material cost ratio kept with 59.5% virtually on level with the previous year (59.8%). Gross profit increased by 4.7% year over year to 69.5 million euros (previous year: 66.4 million euros).

Personnel expenses in the first half of 2014, at 36.5 million euros, were slightly above the reference period in 2013 (previous year: 33.4 million euros), which was due to a slight expansion in personnel in Asia and in Germany and the increase in employees brought about by the acquisition of Manz Italy. With 22.6% the personnel expenses ration remained on the same level as in the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) therefore amount to 13.2 million euros in the first half of 2014, following 15.7 million euros in the reference period in the previous year.

Depreciation in the 2014 reporting period, at 12.0 million euros, was virtually at the prior-year level (previous year: 11.9 million euros). In addition to systematic depreciation of property, plant and equipment including machinery, this item comprises, in particular, depreciation of own work capitalized (development costs) in connection with the CIGSfab, and licenses in the Solar division. Other operating expenses mainly increased due to non-capitalizable transaction costs in relation to the acquisition of Manz Italy and higher sales

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expenditure on opening up new markets and regions, and amounted to 19.8 million euros in the reporting period (previous year: 17.4 million euros). Overall, operating earnings (EBIT) of 1.2 million euros (previous year: 3.8 million euros) result.

An analysis of the individual divisions shows that EBIT in the Display division was 11.8 million euros (previous year: 10.1 million euros). The Solar division, however, posted negative EBIT of –12.8 million euros, following –10.5 million euros in the previous year. Operating profit in the Battery division amounted to 27 thousand euros, following 770 thousand euros in the reference period of the previous year. The PCB/OEM reporting segment recorded an operating profit of 1.7 million euros (previous year: 2.2 million euros) and the Others segment also posted an operating profit of 436 thousand euros, following 1.3 million euros in the previous year.

After deduction of taxes on income, Manz AG's consolidated net profit for the first half of 2014 was 0.2 million euros (previous year: 0.2 million euros).

Financial Position

Total assets as of June 30, 2014 increased by 18.4 million euros to 337.6 million euros, compared with December 31, 2013. On the liabilities side, the company's equity, at 175.7 million euros, was above the level as of the end of the 2013 fiscal year (December 31, 2013: 175.0 million euros). This gives rise, as of the balance sheet date of the reporting period, to an equity ratio of 52.0%, compared with 54.8% as of December 31, 2013.

Non-current liabilities declined from 33.1 million euros as of December 31, 2013 to 31.2 million euros as of the balance sheet date, June 30, 2014. This development was attributable to a decline in non-current financial liabilities to 15.6 million euros due to principal payments on a KfW loan (December 31, 2013: 18.6 million euros). While pension provisions increased to 8.0 million euros, mainly due to the acquisition of Manz Italy (December 31, 2013: 5.6 million euros), other non-current liabilities declined to 5.1 million euros, due to adjustment of the earn-out liability to Würth Solar (December 31, 2013: 6.6 million euros).

In addition, owing to expansion of the operating business and the positive growth in orders, current liabilities increased significantly, in comparison with the end of the previous financial year, to 130.7 million euros (December 31, 2013: 111.0 million euros). This was attributable, on the one hand, to an increase in trade payables – they amounted, as of the

end of the reporting period in 2014, to 69.4 million euros (December 31, 2013: 42.7 million euros) – and to an increase in payments received to 15.8 million euros, on the other (8.7 million euros). The company was able to reduce lines of credit at the same time; accordingly, current financial liabilities declined significantly to 30.6 million euros as of June 30, 2014 (December 31, 2013: 46.4 million euros). Other current provisions totaled 6.0 million euros as of June 30, 2014, following 4.6 million euros as of the 2013 balance sheet date. Other liabilities of 6.1 million euros include, in particular, personnel-related liabilities, and witnessed a slight decline (December 31, 2013: 6.3 million euros).

On the asset side, the increase in non-current assets from 138.2 million euros as of the end of the 2013 fiscal year to 142.1 million euros as of June 30, 2014 is due to increased intangible assets and a slight decline in property, plant and equipment. As of the end of the reporting period in 2014, intangible assets stood at 94.9 million euros (December 31, 2013: 91.7 million euros). This figure includes, for the first time, intangible assets from the acquisition of Manz Italy, at 7.4 million euros. Property, plant and equipment totaled 43.0 million euros as of 30 June, 2014, compared with 45.0 million euros at the end of the past fiscal year. This reduction was due to systematic depreciation in the reporting period.

As of June 30, 2014, current assets increased to 195.5 million euros, following 181.0 million euros as of the 2013 balance sheet date. In view of the positive order situation in the reporting period, inventories increased by 1.6 million euros to 57.6 million euros (December 31, 2013: 56.0 million euros). Trade receivables also increased significantly by 42.8 million euros to 98.5 million euros (December 31, 2013: 55.7 million euros). Owing to the acquisition of Manz Italy and an increase in VAT receivables in respect of Manz AG, other current receivables increased to 8.2 million euros as of June 30, 2014 (December 31, 2013: 4.3 million euros). At the same time, liquid funds declined significantly to 31.2 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 and the acquisition of Manz Italy.

Liquidity Position

Taking cash flow in the strict sense (EBIT plus depreciation/amortization of fixed assets, increase/decrease in non-current provisions, as well as other non-cash income and expenses), a positive cash flow totaling 12.2 million euros resulted in the first half of 2014 (previous year: 15.7 million euros). Based on positive operating earnings of 1.2 million euros, this cash inflow mainly results from systematic amortization of intangible fixed

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assets. Cash flow from operating activities for the first six months of 2014 amounted to –3.8 million euros (previous year: +11.0 million euros). This development was mainly attributable to the increase in inventory items, trade receivables and other assets, and a corresponding cash outflow of –45.4 million euros (previous year: –43.3 million euros). The increase in trade payables and other liabilities, with cash inflows of 31.5 million euros (previous year: 40.2 million euros), also had an impact here.

Following a cash flow from investing activities of –4.4 million euros in the same period in 2013, a cash outflow of –12.7 million euros resulted for the first half of 2014. This was mainly due to investments, amounting to 6.8 million euros, in connection with the acquisition of Manz Italy as well as 5.9 million euros in intangible assets, particularly development activities.

Cash flow from financing activities in the first half of 2014 amounted to –17.5 million euros, following a cash inflow of 7.6 million euros in the first six months of 2013. The reason for this was the systematic reduction, in the reporting period, of bank overdrafts amounting to 15.8 million euros. If exchange rate changes are taken into account, Manz AG therefore had liquid funds totaling 31.2 million euros as of June 30, 2014 (June 30, 2013: 44.7 million euros).

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.

REPORT ON OPPORTUNITIES AND RISKS

No significant changes have arisen compared with the opportunities and risks presented in the 2013 Annual Report.

FORECAST REPORT

OUTLOOK

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

In Asia, the crucial region for us, economic earning power is expected to grow to the prior-year level. Given the economic market forecasts for this region's largest national economy, the People's Republic of China, and for the world economy as a whole, we see good opportunities for our company to grow in the current fiscal year. It should be borne in mind that the current overall economic situation increases uncertainty in respect of statements about future growth, as underlying premises can quickly lose their validity. This gives rise to opportunities and risks for the Manz Group's continued operating growth.

In addition to these macroeconomic framework conditions, developments in the display, photovoltaic and lithium-ion battery sub-markets are also crucial to Manz AG's further operating growth. For the current 2014 fiscal year, we expect operating activities in our Display division to continue to show positive growth. This assumption is based on the successful transfer of the Manz technology portfolio to applications for the production of mobile end devices, such as smartphones and tablet computers. Overall, we expect the Display division to keep revenues constant in 2014 compared with the previous year, while improving its EBIT margin. The value of orders on hand in the Display division stands at 54.2 million euros as of June 30, 2014 (previous year: 66.5 million euros).

As far as our Solar division is concerned, the first rays of hope that we witnessed at the end of the past fiscal year and in the first few months of 2014 give us ground for optimism that the market for crystalline PV will recover in the current 2014 fiscal year. Due to the anticipated equilibrium between existing production capacities and end customer demand this year, we expect new investments in production machinery and related positive effects on our revenue and earnings. In view of the anticipated significant improvement in the market situation, we see good opportunities for selling a Manz CIGS*fab* in the current fiscal year and considerable upside potential for our company. The revenue potential of a CIGS*fab* ranges from 50 to 350 million euros, depending on the capacity of the line. Our main objective continues to be to sell the first turnkey, fully integrated CIGS production line. Overall, we expect to increase revenues in the Solar division significantly compared with the previous year. The sale of a CIGS*fab* would once again significantly accelerate revenue growth and result in a considerable improvement in operating profit in the current 2014 fiscal year. The value of orders on hand as of June 30, 2014 is 11.5 million euros (previous year: 1.7 million euros).

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We also expect to see very positive momentum in our third division, Battery. With our production systems for manufacturing lithium-ion batteries for e-mobility, stationary power storage and the premium consumer electronics sector, we have opened up further future markets that offer us significant revenue and earnings potential. The acquisition of the mechanical engineering division of KEMET Electronic Italy has also enabled us to add winding and laminating technology to our portfolio and hence to offer our customers all relevant production technologies. The acquisition will contribute around 10 million euros to revenues in 2014, given a positive result. Accordingly, we expect 2014 to provide a significant increase in revenues and earnings. The value of orders on hand as of June 30, 2014 is 25.1 million euros (previous year: 3.6 million euros).

The PCB/OEM reporting segment is also expected to show stable development in the current 2014 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 expect 2014 revenues and earnings to be at the prior-year level. The value of orders on hand as of June 30, 2014 is 6.3 million euros (previous year: 18.2 million euros).

We expect 2014 revenues and earnings in the Others division to be at the prior-year level. The value of orders on hand as of June 30, 2014 is 3.9 million euros (previous year: 5.6 million euros).

In respect of our company's financial position, we expect to see a further improved, positive cash flow from operating activities in the current fiscal year. To secure our liquidity, we will 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

For the current fiscal year, due to the positive outlook in the Display and Battery divisions, as well as orders on hand of more than 100 million euros as of June 30, 2014, we expect to see strong growth in revenues to between 280 and 300 million euros as a whole, given positive EBIT, even if we do not sell a CIGSfab. We see confirmation of our assumption in the first signs of an upturn in the PV market, despite continuing uncertainties with regard to this development. We are, however, ideally positioned to make systematic use of opportunities that present themselves and to perform positively in this area as well in 2014.

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.



OUR IDEAS FOR INDEPENDENT POWER SUPPLY



INVESTING IN NEW WAYS OF THINKING

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

MANZ – ALWAYS ONE IDEA AHEAD



CONSOLIDATED INTERIM FINANCIAL STATEMENT

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CONSOLIDATED INCOME STATEMENT

(in EUR tsd.)	Jan. 1 to June 30, 2014	Jan. 1 to June 30, 2013
Revenues	163,614	137,757
Changes in inventory	-5,463	7,200
Work performed by the entity and capitalized	3,419	3,016
Gross revenue	161,570	147,973
Other operating income	4,032	6,971
Cost of materials	-96,105	-88,542
Gross profit	69,497	66,402
Personnel expenses	-36,506	-33,393
Other operating expenses	-19,813	-17,359
EBITDA	13,178	15,650
Depreciation, amortization and write-downs	-12,001	-11,879
Earnings before interest and taxes (EBIT)	1,177	3,771
Finance income	270	92
Finance costs	-1,177	-1,712
Earnings before taxes (EBT)	270	2,151
Taxes on income	-79	-1,996
Consolidated profit or loss	191	155
of which attributable to minority interests	16	135
of which attributable to Manz AG shareholders	175	20
Weighted average number of shares	4,928,059	4,480,054
Earnings per share (diluted = undiluted) in EUR per share	0.04	0.00

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR tsd.)	Jan. 1 to June 30, 2014	Jan. 1 to June 30, 2013
Consolidated profit or loss	191	155
Differences as a result of currency translation	845	-296
Hedging of future cash flows	-68	-10
Tax effect from components outside profit or loss	16	3
Total expenses and income recognized directly in equity that will be reclassified to net profit or loss in future periods	793	-303
Remeasurement of defined benefit plans	-510	-50
Tax effect from components outside profit or loss	112	11
Total expenses and income recognized directly in equity that will not be reclassified to net profit or loss in future periods	-398	-39
Consolidated comprehensive income	586	-187
of which attributable to minority interests	41	163
of which attributable to shareholders of Manz AG	545	-350

CONSOLIDATED BALANCE SHEET

ASSETS (in EUR tsd.)	June 30, 2014	Dec. 31, 2013
Non-current assets		
Intangible assets	94,888	91,677
Property, plant, and equipment	43,040	44,975
Deferred taxes	3,606	1,124
Other non-current assets	539	440
	142,073	138,216
Current assets		
Inventories	57,598	55,949
Trade receivables	98,475	55,714
Income tax receivables	53	275
Derivative financial instruments	6	20
Other current receivables	8,173	4,332
Liquid funds	31,240	64,666
	195,545	180,956
Total assets	337,618	319,172

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LIABILITIES AND SHAREHOLDER'S EQUITY (in EUR tsd.)	June 30, 2014	Dec. 31, 2013
Equity		
Issued capital	4,928	4,928
Capital reserves	103,878	103,822
Retained earnings	56,905	57,180
Currency translation	7,870	7,050
Manz AG shareholders	173,581	172,980
Minority Interests	2,099	2,058
	175,680	175,038
Non-current liabilities		
Non-current financial liabilities	15,607	18,546
Non-current deferred investment grants	189	194
Financial liabilities from leases	88	58
Pension provisions	8,014	5,584
Other non-current provisions	1,981	2,116
Other non-current liabilities	5,100	6,600
Deferred taxes	263	2
	31,242	33,100
Current liabilities		
Current financial liabilities	30,563	46,372
Trade payables	69,421	42,687
Payments received	15,838	8,709
Income tax liabilities	2,691	1,499
Other current provisions	6,024	4,628
Derivative financial instruments	17	750
Other liabilities	6,090	6,341
Financial liabilities from leases	52	48
	130,696	111,034
Total shareholders' equity and liabilities	337,618	319,172

CONSOLIDATED CASH FLOW STATEMENT

(in EUR tsd.)	Jan. 1 to June 30, 2014	Jan. 1 to June 30, 2013
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	1,177	3,771
Depreciation / amortization of fixed assets	12,001	11,879
Increase (+) / decrease (-) in pension provisions and other non-current provisions	440	42
Other non-cash income (-) and expenses (+)	-1,444	0
Cash flow	12,174	15,692
Gains (-) / losses (+) from disposals of assets	-17	3
Increase (-) / decrease (+) in inventories, account receivable and other assets	-45,380	-43,313
Increase (+) / decrease (-) in trade payables and other liabilities	31,496	40,182
Income tax paid	-1,260	-94
Interest paid	-1,062	-1,574
Interest received	269	91
Cash flow from operating activities	-3,780	10,987
Cash flow from investing activities		
Cash receipts from the sale of fixed assets	45	15
Cash payments for investments in intangible assets and property, plant and equipment	-5,932	-4,365
Cash payments for the acquisition of consolidated entities, less liquid funds received	-6,822	0
Cash flow from investing activities	-12,709	-4,350
Cash flow from financing activities		
Purchase of treasury shares	-177	-2
Cash payments for the repayment of finance leases	-15	-7
Cash proceeds from long-term borrowings	-1,528	-1,601
Change in bank overdrafts	-15,809	9,179
Cash flow from financing activities	-17,529	7,569
Cash and cash equivalents at the end of the period		
Net change in cash funds (subtotal 1-3)	-34,018	14,206
Effect of exchange rate movements on cash and cash equivalents	592	-175
Cash and cash equivalents on January 1	64,666	30,708
Cash and cash equivalents on June 30	31,240	44,739
Composition of cash and cash equivalents		
Liquid funds	31,240	44,739
Cash and cash equivalents on June 30	31,240	44,739

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CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

as of June 30, 2014

(in EUR tsd.)	Issued capital	Capital reserves	Treasury shares	Retained earnings			Currency translation	Manz AG shareholders	Minority interests	Total equity
				Accumulated 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 from initial adoption of IAS 19								-1,262	-22	-1,284
As of Jan. 1, 2013	4,480	143,986	0	-4,589	-1,262	-60	11,777	154,332	1,831	156,163
Total comprehensive income				20	-39	-7	-324	-350	163	-187
Purchase of treasury shares			-2					-2		-2
Use of treasury shares			2					2		2
As of June 30, 2013	4,480	143,986	0	-4,569	-1,301	-67	11,453	153,982	1,994	155,976
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				175	-398	-52	820	545	41	586
Purchase of treasury shares			-177					-177		-177
Use of treasury shares			177					177		177
Share-based compensation		56		0				56		56
As of June 30, 2014	4,928	103,878	0	58,486	-1,527	-54	7,870	173,581	2,099	175,680

SEGMENT REPORTING FOR DIVISIONS

as of June 30, 2014

	Revenues with third parties (in EUR tsd.)	Revenues with other segments	EBITDA	EBIT	Segment assets	Segment liabilities	Net assets	Additions to assets	Amortiza- tion/ deprecia- tion	Emple- ees (annual average)
Solar										
Q1+Q2/2013	4,732		-2,874	-10,537	118,097	16,072	102,025	1,074	7,365	338
Q1+Q2/2014	6,318		-5,472	-12,773	102,671	26,987	75,684	2,057	7,066	287
Display										
Q1+Q2/2013	84,758		12,042	10,116	114,455	66,822	47,633	1,096	1,418	577
Q1+Q2/2014	113,039		14,237	11,792	115,455	51,220	64,235	1,820	1,957	594
Battery										
Q1+Q2/2013	4,911		1,224	770	9,198	2,579	6,619	1,491	403	58
Q1+Q2/2014	6,380		823	27	28,928	8,601	20,327	1,560	737	72
PCB/OEM										
Q1+Q2/2013	33,733		3,330	2,150	35,584	19,821	15,763	392	809	421
Q1+Q2/2014	29,933		2,548	1,695	30,990	14,588	16,402	220	504	426
Others										
Q1+Q2/2013	9,623	2,185	1,928	1,272	11,741	13,827	-2,086	133	565	103
Q1+Q2/2014	7,944	5,080	1,042	436	8,914	11,331	-2,417	77	521	104
Central functions/other										
Q1+Q2/2013	0				60,470	74,448	-13,978	179	1,319	321
Q1+Q2/2014	0				50,660	49,211	1,449	198	1,216	317
Consolidation										
Q1+Q2/2013		-2,185								
Q1+Q2/2014		-5,080								
Group										
Q1+Q2/2013	137,757	0	15,650	3,771	349,545	193,569	155,976	4,365	11,879	1,818
Q1+Q2/2014	163,614	0	13,178	1,177	337,618	161,938	175,680	5,932	12,001	1,800

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SEGMENT REPORTING FOR REGIONS

as of June 30, 2014

(in EUR tsd.)	Third-party revenues by customer location	Non-current assets (without deferred taxes)
Germany		
Q1 + Q2/2013	8,928	82,939
Q1 + Q2/2014	13,991	72,829
Rest of Europe		
Q1 + Q2/2013	27,844	11,196
Q1 + Q2/2014	27,732	17,921
China		
Q1 + Q2/2013	83,575	14,524
Q1 + Q2/2014	109,461	14,448
Taiwan		
Q1 + Q2/2013	7,309	34,899
Q1 + Q2/2014	4,933	32,889
Rest of Asia		
Q1 + Q2/2013	8,114	2
Q1 + Q2/2014	4,819	2
America		
Q1 + Q2/2013	1,658	58
Q1 + Q2/2014	1,286	58
Other Regions		
Q1 + Q2/2013	329	1,611
Q1 + Q2/2014	1,392	320
Group		
Q1 + Q2/2013	137,757	145,229
Q1 + Q2/2014	163,614	138,467

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BASIC PRINCIPLES

Pursuant to Section 37w(3) of the German Securities Trading Act (WpHG), the consolidated interim financial statements as of June 30, 2014 have been prepared in condensed form according to the International Financial Reporting Standards (IFRS) – including IAS 34 – of the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the IFRS Interpretations Committee in effect on the balance sheet date. Standards and interpretations that have not yet taken effect are not applied. The consolidated interim financial statements have been reviewed.

With the exception of the new provisions described below, the accounting policies applied to the consolidated interim financial statements as of June 30, 2014 as well as the calculation methods and input parameters used to measure fair value are the same as those of the consolidated financial statements as of December 31, 2013. A detailed description of these policies has been published in the notes to the 2013 Annual Report.

In addition to the income statement, a statement of comprehensive income, a balance sheet, a cash flow statement and a statement of changes in equity are presented.

All significant intercompany balances and transactions have been eliminated. In the view of management, the interim financial statements include all adjustments necessary for an appropriate presentation of the Group's financial position, financial performance and cash flows. The results presented in interim periods do not necessarily permit predictions about future business performance.

The consolidated interim financial statements were prepared in euros. Unless otherwise stated, all amounts are shown in thousands of euros.

EFFECTS OF APPLYING IFRS 10–12

Manz is applying the new consolidation standards, IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" and consequential amendments to IAS 28 "Investments in Associates und Joint Ventures" with retrospective effect as of January 1, 2014.

No major impact on the consolidated financial statements of Manz AG resulted from the application of these new standards. The other accounting standards to be applied for the first time in the 2014 fiscal year likewise have no appreciable effect on the presen-

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tation of the financial position, financial performance and cash flows in Manz's interim financial statements. A detailed list of the new accounting standards can be found in the notes to the 2013 Annual Report.

Exchange Rates of Most Important Currencies in EUR:

EXCHANGE RATES OF MOST IMPORTANT CURRENCIES

(in EUR)		Closing rates			Average Rate
		June 30, 2014	Dec. 31, 2013	Jan. 1 to June 30, 2014	Jan. 1 to June 30, 2013
USA	USD	1.3651	1.3768	1.3712	1.3133
Taiwan	TWD	40.7903	41.3366	41.4603	39.0996
Hong-Kong	HKD	10.5768	10.6787	10.6420	10.1961
China	CNY	8.4059	8.4177	8.4246	8.2059
Hungary	HUF	310.2640	296.9470	307.0157	296.4014

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

		Interest in %
Manz CIGS Technology GmbH	Schwäbisch Hall/Germany	100,0 %
Manz Italy s.r.l.	Sasso Marconi/Italy	100,0 %
Manz USA Inc.	North Kingstown/USA	100,0 %
Manz Hungary Kft.	Debrecen, Hungary	100,0 %
MVG Hungary Kft.	Debrecen, Hungary	100,0 %
Manz Slovakia s.r.o.	Nove Mesto nad Vahom, Slovakia	100,0 %
Manz Asia Ltd.	Hong-Kong, China	100,0 %
Manz Chungli Ltd. ¹⁾	Chungli, Taiwan	100,0 %
Manz China Shanghai Ltd. ¹⁾	Shanghai, China	100,0 %
Manz China WuZhong Co. Ltd. ¹⁾	Suzhou, China	100,0 %
Manz China Suzhou Ltd. ¹⁾	Suzhou, China	100,0 %
Manz India Private Ltd. ¹⁾	New Delhi, India	75,0 %
Manz Taiwan Ltd. ¹⁾	Chungli, Taiwan	97,2 %
Manz (B.V.I.) Ltd. ²⁾	Road Town, British Virgin Islands	97,2 %
Intech Machines (B.V.I.) Co. Ltd. ²⁾	Road Town, British Virgin Islands	97,2 %

¹⁾ via Manz Asia Ltd.

²⁾ via Manz Taiwan Ltd.

CHANGES TO THE BASIS OF CONSOLIDATION IN THE FIRST HALF OF 2014

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.

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In addition to various assets and liabilities, 83 employees were also acquired in this process. The acquired assets are distributed across intangible assets, property, plant and equipment, inventories and receivables. Furthermore, Manz also assumed liabilities, which mainly consist of pension provisions, advances received from customers and other liabilities. Transaction-related costs of 0.8 million euros were recognized directly as expense (other operating expenses).

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. The goodwill is tax-deductible.

(in million EUR)	Fair Value
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
Current liabilities	4.4
	6.3
Fair value of net assets	2.6
Acquisition costs	6.8
Goodwill	4.2

The calculation of the fair values of the assets and liabilities has not yet been completed. Provisional values have therefore been recognized in accordance with IFRS 3.62. The level of the consideration may still fluctuate in the +/-0.5 million euro range.

Manz Italy has contributed 3.1 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 would have been 4.0 million euros, and Group EBIT 0.2 million euros, higher as of June 30, 2014.

KEY EVENTS IN THE REPORTING PERIOD

In the first half of 2014, the Manz Group recorded an 18.8% increase in revenues to 163.6 million euros compared with 137.8 million euros in the reference period in the previous year. Total operating revenues increased by 9.2% to 161.6 million euros.

Earnings before interest and taxes (EBIT) deteriorated from 3.8 million euros to 1.2 million euros compared with the same period in the previous year.

NOTES ON INDIVIDUAL ITEMS IN THE INCOME STATEMENT

OTHER OPERATING INCOME

(in EUR tsd.)	June 30, 2014	June 30, 2013
Exchange rate gains	10	326
Income from the reversal of provisions	164	313
Income from the reduction of provisions	1	398
Income from the sale of investments	17	0
Subsidies	1,133	1,739
Expense grants	0	3,000
Changes to earn-out liability	1,500	0
Changes to valuation allowances on receivables	94	0
Other	1,113	1,196
	4,032	6,971

COST OF MATERIALS

(in EUR tsd.)	June 30, 2014	June 30, 2013
Cost of raw materials, consumables and supplies and of purchased merchandise	92,177	80,453
Cost of purchased services	3,928	8,089
	96,105	88,542

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OTHER OPERATING EXPENSES

(in EUR tsd.)	June 30, 2014	June 30, 2013
Rent and leasing	2,807	2,959
Other operating costs	1,170	1,234
Other personnel expenses	829	509
Advertising and travel expenses	3,879	2,578
Outgoing freight, packaging	1,193	913
Legal and consulting costs	1,662	1,356
Insurance policies	378	441
Licensing fees	878	514
Exchange rate losses	584	878
Losses on receivables	242	44
Changes to valuation allowances on receivables	21	748
Other	6,170	5,186
	19,813	17,359

INCOME TAXES

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 EUR tsd.)	June 30, 2014	June 30, 2013
Current tax expense/income (-)	2,328	937
Deferred tax expense/income (-)	-2,249	1,059
	79	1,996

NOTES ON INDIVIDUAL ITEMS IN THE BALANCE SHEET

INTANGIBLE ASSETS

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Licenses, software and similar rights, and assets	25,685	24,779
Capitalized development costs	34,091	36,107
Goodwill	35,111	30,790
Prepayments	1	1
	94,888	91,677

PROPERTY, PLANT AND EQUIPMENT

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Land and buildings, including buildings on third-party land	25,399	25,583
Technical equipment and machinery	12,058	14,202
Other equipment, operating and office equipment	5,420	5,092
Prepayments	163	98
	43,040	44,975

INVENTORIES

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Raw materials, consumables and supplies	24,345	22,765
Work in process	25,204	30,739
Finished goods and merchandise	749	1,434
Prepayments	7,300	1,011
	57,598	55,949

TRADE RECEIVABLES

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Future receivables from construction contracts	31,137	26,064
Trade receivables	67,338	29,650
	98,475	55,714

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

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Cost, including outcome of the contract, of construction contracts	110,776	97,312
Minus advances received	-79,639	-71,248
	31,137	26,064

OTHER CURRENT RECEIVABLES

(in EUR tsd.)	June 30, 2014	Dec 31, 2013
Tax receivables (not income taxes)	4,567	1,367
Personnel receivables	639	353
Other accruals (primarily insurance policies)	374	213
Other	2,084	2,399
	7,664	4,332

EQUITY

Changes in individual items of the Group's equity are presented separately in the "Consolidated Statement of Changes in Equity".

ISSUED CAPITAL

Manz AG's issued capital is valued at 4,928,059 euros (December 31, 2013: 4,928,059 euros) and is divided into 4,928,059 registered, no-par value bearer shares. The nominal value of each share is thus 1.00 EUR.

There were no changes to issued capital in the first half of 2014.

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 (Performance Share Plan).

The increase of 56 thousand euros in the first half of 2014 relates to the allocation from share-based compensation (Manz Performance Share Plan).

TREASURY SHARES

In the first half of 2014, the Manz Group purchased 2,627 treasury shares at an average price of 67.56 euros per share (market value of 177 thousand euros), which were transferred to employees in the context of jubilee benefits and profit participation schemes.

As of June 30, 2014, the company has no further treasury shares in its portfolio.

PENSION PROVISIONS

The increase in pension provisions as of June 30, 2014 is attributable, at 1,888 thousand euros, to the first-time inclusion of Manz Italy.

ADDITIONAL INFORMATION ABOUT 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.

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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 June 30, 2014
Assets as of June 30, 2014					
Other non-current assets	539	539	–	–	539
Trade receivables	98,475	67,338	–	31,137	98,475
Derivative financial instruments	6	–	6	–	6
Other current receivables	8,173	3,606	–	4,567	8,173
Liquid assets	31,240	31,240	–	–	31,240
	138,433	102,723	6	35,704	138,433

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 June 30, 2014
Liabilities as of June 30, 2014						
Financial liabilities	46,020	46,020	–	–	–	46,169
Financial liabilities from leases	148	–	148	–	–	140
Trade payables	69,421	69,421	–	–	–	69,421
Derivative financial instruments	17	–	–	17	–	17
Other liabilities	11,190	5,409	–	–	5,781	11,190
	126,796	120,850	148	17	5,781	126,937

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 assets	64,666	64,666	–	–	64,666
	125,172	97,721	20	27,431	125,172

CARRYING AMOUNTS BY MEASUREMENT CATEGORY 2013

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

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MEASUREMENT CLASSES ACCORDING 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 June 30, 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 17 thousand euros (previous year: 750 thousand euros) fall within the scope of Level 2 of the fair value hierarchy of IFRS 7.27.

CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

There were no major changes to other financial commitments and contingencies compared with December 31, 2013.

RELATED PARTIES

Compared with December 31, 2013, the group of related parties has remained unchanged.

In the period from January 1 to June 30, 2014, Manz AG purchased laser systems with a value of 21,807 thousand euros from the TRUMPF Group, of which Supervisory Board member Dr. Peter Leibinger is managing partner. As of June 30, 2014, Manz AG has liabilities to the TRUMPF Group of 18,622 thousand euros.

KEY EVENTS OF PARTICULAR IMPORTANCE OCCURRING AFTER THE END OF THE REPORTING PERIOD

No significant circumstances that could have an impact on the company's financial position, financial performance and cash flows occurred after the balance sheet date.

FURTHER DISCLOSURES

EMPLOYEES

As of June 30, 2014, the Manz Group had an average of 1,800 employees (June 30, 2013: 1,818 employees).

MANAGING BOARD

Dieter Manz, Dipl. Ing. (FH), CEO

Martin Hipp, Dipl.-Kaufmann, CFO

SUPERVISORY BOARD

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

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

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the condensed consolidated interim 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 interim 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 in the remaining fiscal year.

Reutlingen, August 13, 2014
The Managing Board of Manz AG



Dieter Manz
CEO



Martin Hipp
CFO

REVIEW REPORT

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and selected explanatory notes – and the interim group management report of Manz AG, Reutlingen, for the period from January 1, 2014 to June 30, 2014, which form part of the semi-annual financial report in accordance with section 37w of the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's legal representatives. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the group interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review in such a way that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to interviews of company employees and to analytical assessments and therefore does not provide the assurance attainable through a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that lead us to believe that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Reutlingen, August 13, 2014

BEST AUDIT GmbH
Wirtschaftsprüfungsgesellschaft
Reutlingen Branch

Ulrich Britting
Auditor

Harald Aigner
Auditor



OUR IDEAS FOR TOMORROW'S WORLD

TAKING FUTURE TRENDS IN HAND

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

MANZ – ALWAYS ONE IDEA AHEAD



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