2013

ANNUAL REPORT

SÜSS MicroTec

A GLOBAL COMPANY

KEY FIGURES

in € million	2013	2012	Change 2013/2012
Continuing operations			
Order entry	135.0	157.2	-14.1%
Order backlog as of 12/31	85.7	86.5	-0.9%
Total sales	134.5	163.8	-17.9%
Sales margin	-11.9%	4.6%	-16.5% points
Gross profit	21.8	57.4	-62.0%
Gross margin	16.2%	35.0%	-18.8% points
Costs of sales	112.7	106.4	5.9%
R&D costs	10.2	9.7	5.2%
Continuing operations			
EBITDA	-13.4	18.6	-
EBITDA margin	-10.0%	11.4%	-21.4% points
EBIT	-19.4	11.7	-
EBIT margin	-14.4%	7.1%	-21.5% points
Earnings after tax	-16.0	7.6	-
Earnings per share (in €)	-0.84	0.40	-
Continuing and discontinued operations			
Earnings after tax	-16.0	9.1	-
Earnings per share (in €)	-0.84	0.48	-
Balance sheet and cash flow			
Equity [1]	109.4	127.2	-14.0%
Equity ratio	60.8%	70.5%	-9.7% points
Return on equity	-14.6%	6.0%	-20.6% points
Balance sheet total	179.9	180.4	-0.3%
Net cash	35.7	32.3	10.5%
Free cash flow [2]	4.1	-4.5	-
Further key figures			
Investments [3]	12.2	4.2	>100.0%
Investment ratio	9.1%	2.6%	6.5% points
Depreciation [4]	6.0	6.8	-11.8%
Employees as of 12/31	655	704	-7.0%

[1] Equity and Balance sheet total as of December 31, 2012 have been restated retrospectively due to first-time adoption of IAS 19 (11).

[2] Before consideration of purchase or sale of available-for-sale securities and before consideration of extraordinary items from purchase or sale of subsidiaries

[3] Without consideration of acquisitions of subsidiaries

[4] Q2 depreciation includes a special charge on capitalized development costs in the segment Substrate Bonder (€ 1.2 million).

SEGMENT INFORMATION

PHOTOMASK EQUIPMENT

Sales 2013
€ 18.4 MILLION

EBIT 2013
€ 1.6 MILLION

PRODUCT LINES
Mask Track

TARGET MARKETS
Semiconductor Industry

LITHOGRAPHY

Sales 2013
€ 88.3 MILLION

EBIT 2013
€ 3.2 MILLION

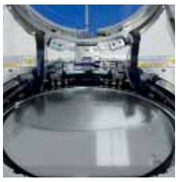
PRODUCT LINES
Mask Aligner
UV projection lithography systems
Laser processing tools
Developer
Spin and Spray Coater

TARGET MARKETS
Advanced Packaging
MEMS
Compound Semiconductor
3D Integration

SUBSTRATE BONDER

Sales 2013
€ 22.9 MILLION

EBIT 2013
€-21.7 MILLION



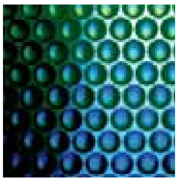
PRODUCT LINES
Substrate (Wafer) Bonder

TARGET MARKETS
3D Integration
MEMS
Compound Semiconductor

OTHERS

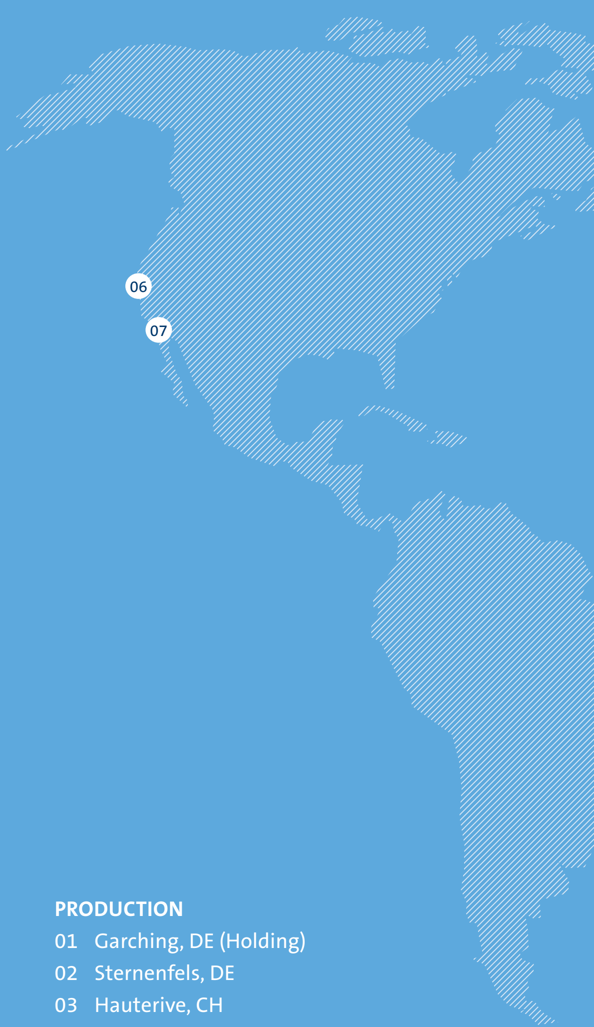
Sales 2013
€ 4.9 MILLION

EBIT 2013
€-2.4 MILLION



PRODUCT LINES
Micro-optics and Lenses
C4NP

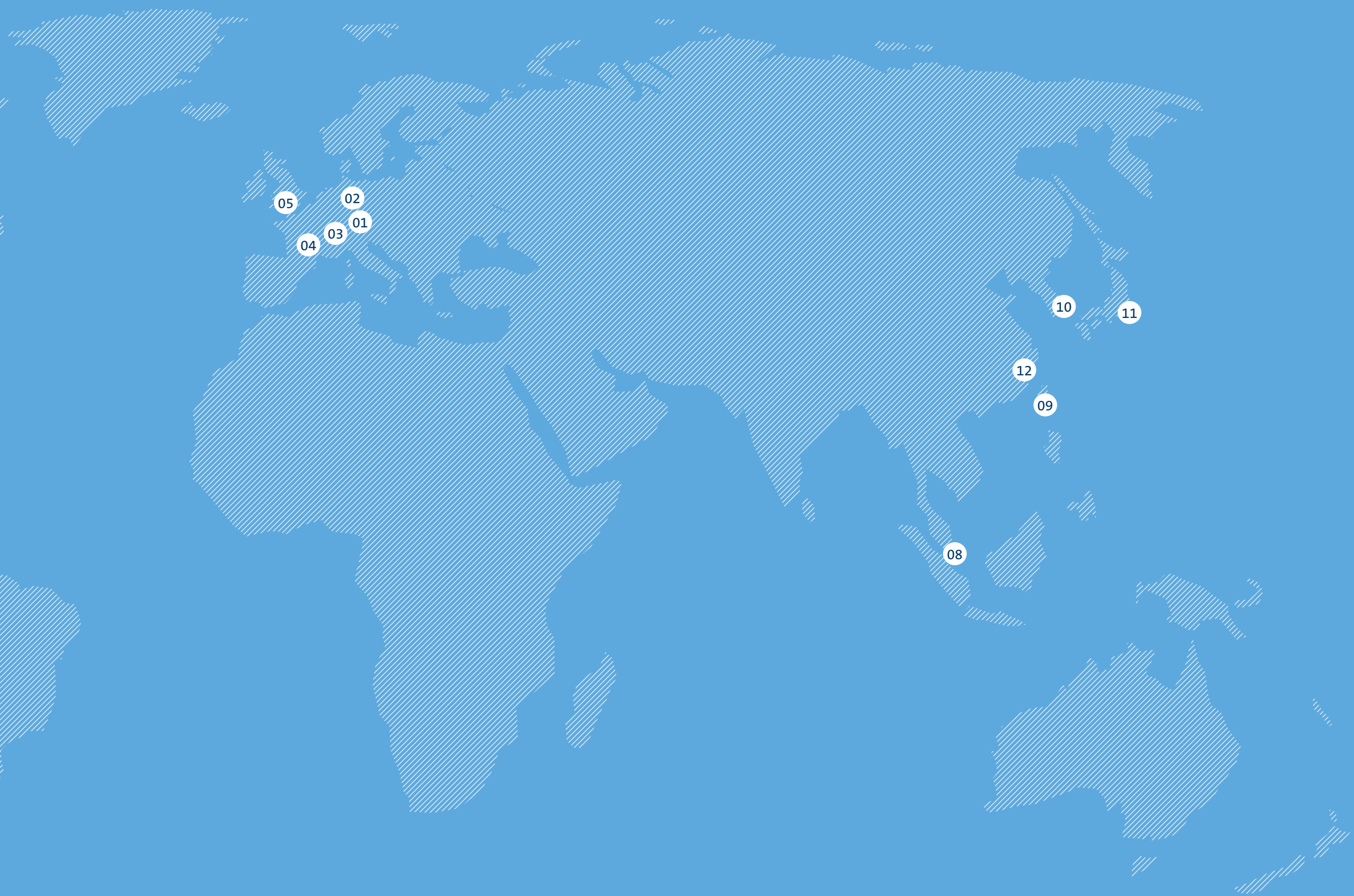
TARGET MARKETS
Micro-optics
Semiconductor Industry
Advanced Packaging (C4NP)



PRODUCTION
01 Garching, DE (Holding)
02 Sternenfels, DE
03 Hauterive, CH
07 Corona, US

SALES
04 Lyon, FR
05 Coventry, UK
06 Sunnyvale, US
08 Singapore, SG
09 Hsin Chu, TW
10 Hwaseong City, KR
11 Yokohama, JP
12 Shanghai, CN

SUSS MICROTEC – A GLOBAL PLAYER



NORTH AMERICA

Employees	120
Sales	€ 30.3 million

EUROPE

Employees	410
Sales	€ 40.5 million

JAPAN

Employees	19
Sales	€ 16.5 million

REST OF ASIA

Employees	106
Sales	€ 76.5 million

EDITORIAL

DEAR READERS,

In this report we are looking back at a challenging 2013 fiscal year. Last year the entire semiconductor market was able to record growth of approximately 4.8 percent from the previous year, according to the Gartner market research institute. By contrast, the manufacturers of semiconductor equipment, including SUSS MicroTec, experienced another year of decreased sales. After a drop of 16.1 percent in 2012, the equipment market shrank again by 8.5 percent in 2013. Special sector assembly and packaging even decreased by 26 percent. This weak market performance was reflected in the past fiscal year by lower order entry and sales at our Company. However, experts from the SEMI Association expect a return to growth in the semiconductor equipment sector in the upcoming years of 2014 and 2015. A sustained positive market performance is expected to lead to a revival of order entry for us as well.

If you consider the past fiscal year from the perspective of the capital markets, it becomes evident that the financial markets experienced a very positive 2013, driven not last of all by an expansionary monetary policy combined with historically low interest rates. In Germany, the benchmark DAX index exceeded the 9,500 threshold in December 2013, reaching a new record. The world economy increasingly stabilized in the same period, having lost significant momentum in 2012 as a result of the financial crisis. Economic researchers from the International Monetary Fund anticipate worldwide growth of 3.0 percent in the 2013 fiscal year. Currently, accelerated global economic growth of 3.7 percent is assumed for the 2014 fiscal year. At the same time, Germany is on the threshold of improved economic conditions in the coming year (German Council of Economic Experts – 2013 / 14 annual report).

65 YEARS OF HIGH TECH FROM SUSS MICROTEC

Ladies and gentlemen, let us take this opportunity to look back briefly at the 65-year-long success story of SUSS. The Company was founded in 1949 as Karl Süss KG. As such, not only is it among the original cornerstones of the Bavarian economy, but is also regarded as a prime example of the pioneering work and innovative spirit of high-tech mechanical engineering. An important milestone in the history of the Company was the joint development of the first Mask Aligners with Siemens in 1963. Since then, our Company has grown significantly. It has entered new markets and expanded its product range. Along with our traditional lithography tools, Mask Aligner and Coater / Developers, machines for cleaning photomasks and substrate bonders as well as laser processing devices and UV projection scanners belong to our product portfolio. The products of SUSS MicroTec are used worldwide in semiconductor production and enjoy an outstanding reputation with our international customers. With our innovative solutions we support important trends in the electronics sector. This opens up new growth markets, such as 3D integration or laser technology.

THE YEAR IN FIGURES

Despite a record year for the semiconductor industry, the market for semiconductor equipment has shrunk for the second year in a row. This challenging environment is reflected in the business performance and key corporate figures of SUSS MicroTec. Order entry for the full year 2013 amounted to EUR 135.0 million, representing a decline of 14.1 percent from the previous year (previous year: EUR 157.2 million). Sales fell to EUR 134.5 million, a decrease of 17.9 percent compared to the previous year (previous year: EUR 163.8 million). This resulted in an order backlog as of 12 / 31 / 2013 of EUR 85.7 million (previous year: EUR 86.5 million).

FRANK AVERDUNG
Chief Executive Officer

MICHAEL KNOPP
Chief Financial Officer

The gross profit margin for SUSS MicroTec Group decreased in the past year to 16.2 percent (previous year: 35.0 percent). The weaker margins in the Coater / Developer area, particularly the unfavorable mix of 200 mm and 300 mm tools in the Coater product line, had a negative impact on earnings. Normally, this product line features a balance between the high-margin 300 mm systems and the 200 mm systems, which have a lower gross profit margin due to the high level of competition in this segment. In the past fiscal year, there was a below-average share of 300 mm systems in order entry and sales, which led to an overall reduction in the gross profit margin in the Lithography division. In addition, the negative contribution to earnings of SUSS MicroTec Photonic Systems (previously Tamarack Scientific) affected the gross profit margin in the Lithography division. Another negative factor stemmed from the Substrate Bonder division. Here SUSS MicroTec made adjustments in the permanent bonding product line which to some extent negatively affected the gross margin. Details about the measures taken by the Substrate Bonder division can be found in a special section of the foreword of the Management Board.

The Group's core division, Lithography, recorded a 22 percent drop in sales in the past fiscal year to EUR 88.3 million (previous year: EUR 113.2 million). The contribution of sales from the Substrate Bonder division declined slightly from the previous year to EUR 22.8 million (2012: EUR 23.1 million). This corresponded to a decrease of 1.3 percent. The Photomask Equipment division generated sales of EUR 18.4 million after EUR 22.9 million in the previous year.

Earnings before interest and taxes (EBIT) of EUR -19.4 million were below the EUR 11.7 million in the previous year, corresponding to an EBIT margin of -14.4 percent. The EBIT for the 2013 fiscal year included an extraordinary charge of EUR 13.2 million, which resulted from the restructuring of the Substrate Bonder division. As a result, adjusted earnings were EUR -6.2 million.

Earnings after taxes (EAT) for continuing operations amounted to EUR -16.0 million, compared to EUR 7.6 million in the previous year. Earnings after taxes amounted to EUR -16.0 million for continuing and discontinued operations, compared to EUR 9.1 million in the previous year. Earnings of the previous year included a tax-free amount of EUR 1.5 million, which resulted from the sale of the Test Systems division in 2010. Basic earnings per share (EPS) from continuing operations amounted to EUR -0.84 (previous year: EUR 0.40).

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Free cash flow before the inclusion of securities and extraordinary effects from M&A activities came to EUR 4.1 million at the end of the fiscal year, after EUR -4.5 million in the previous year. As of December 31, 2013, the SUSS MicroTec Group therefore had cash and interest-bearing securities of EUR 47.1 million. The net cash position increased from EUR 32.3 million as of December 31, 2012 to EUR 35.7 million despite the payment of the purchase price of EUR 8.9 million for acquiring the property at the Garching site.

MILESTONES 2013

In January 2013, we announced the purchase of the property of the Company headquarters in Garching. The signing of the purchase contract took place on January 23, 2013 and the legal transfer of the property was completed on September 30, 2013. With that acquisition, we are ensuring not only lease savings, but also a high degree of operational flexibility in view of Company-specific requirements for the property, and we are making a clear commitment to production in Garching.

On the product side, we were able to book a variety of promising orders in the 2013 fiscal year. A leading international integrated device manufacturer (IDM) has placed a follow-up order with us for the latest generation of production Bond Clusters. The customer, which installed the first devices from SUSS MicroTec in 2012, plans to be the first company in the world to enter into pilot-production with the newly ordered systems. The systems were configured for the temporary bonding of 300 mm wafers for 3D integration processes in logic and memory applications.

In addition, we have received the first orders for our ELP300 Excimer Laser-Stepper System. Among the customers are two US-based IDMs, an Asian OSAT, and the Fraunhofer Institute for Reliability and Microintegration in Berlin. The ELP300 stepper platform for wafer sizes between 200 and 300 mm employs an excimer laser. Using this laser technology, microstructures can be produced directly on the substrate while avoiding conventional lithographic and etching processes. Aside from the cost advantages of the production process, the system also satisfies the requirements of the latest semiconductor packaging processes. The process is particularly environmentally friendly since etching with toxic chemicals can be avoided through the direct removal of material. We see tremendous potential for this innovative technology, particularly in our traditional target market of advanced packaging as well as the attractive growth market of 3D integration.

Customer satisfaction is a significant success factor in our sector. Due to the extraordinary work of our employees, we were able to win an award for outstanding achievements as a supplier in the 2013 fiscal year from two well-known Asian packaging houses, SPIL and Amkor. We would like to take this opportunity to thank our employees for their commitment and dedication.

STRATEGIC BUSINESS DECISION ON THE PERMANENT BONDING PRODUCT LINE

On November 6, 2013, we announced that, due to a reappraisal of our business situation in the permanent bonding area and the continued unsatisfactory results of operations in this product line, the restructuring measures introduced in the second quarter of that year would be expanded and the production of permanent bond cluster systems terminated. The manual permanent bonding systems, which are successful in the market, were not affected by this measure.

In this connection, extraordinary expenses totaling EUR 8.3 million were expected in the fourth quarter of 2013. Of this amount, EUR 6.7 million resulted from the write-down of inventories (materials and supplies, work in process, and demonstration equipment) and EUR 1.6 million from precautionary provisions for individual customer projects. For the full year, the restructuring measures taken in the Substrate Bonder division resulted in an extraordinary expense totaling EUR 13.2 million. The temporary bonding product area is not affected by this step. By implementing this measure, we expect a significant reduction of losses in the Substrate Bonder division.

OUTLOOK

The forecasts from economic research institutes for the current year are quite positive. The crisis countries in the eurozone have made progress in improving their competitiveness and the austerity efforts are slowly having an effect. Although much greater efforts must still be made in individual European countries, the interim results appear to be somewhat encouraging. In 2014, Europe is expected to return to growth and the gross domestic product is expected to rise slightly (German Council of Economic Experts – 2013 / 14 annual report).

After two difficult years with declining business volumes, for 2014 the Gartner market research institute anticipates a renewed increase in demand of 15.8 percent in the semiconductor equipment sector (front end and backend).

Based on the order backlog as of the end of 2013 and the expected order entry development for the first half of 2014, the Company forecasts sales for the 2014 fiscal year in the range between EUR 135 million and EUR 145 million and earnings before interest and taxes (EBIT) between EUR -5 million and EUR 0 million.

Together we look back at an eventful fiscal year and would like to thank all employees for their efforts in this challenging environment.

Garching, Germany, March 2014

Frank Averdung
Chief Executive Officer

Michael Knopp
Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD

DR. STEFAN REINECK
Chairman of the Supervisory Board

In the following report, the Supervisory Board would like to inform you, dear shareholders, about its activities in the 2013 fiscal year.

DEAR SHAREHOLDERS,

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in the past fiscal year by advising the Management Board on directing the Company and monitoring its activities. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with us and provided us with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained in detail and reviewed by us based on available documents and information. We discussed significant business events extensively with the Management Board and gave our consent to the transactions requiring our approval. During the 2013 fiscal year, the Supervisory Board held a total of seven ordinary meetings. All members of the Supervisory Board routinely participated in these meetings. When necessary, the Supervisory Board adopted its decisions by means of document circulation.

As in previous years, in addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. In addition, the Deputy Chairman of the Supervisory Board interacted regularly with the Management Board and the auditors, the BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, regarding accounting topics and the auditing of the annual financial statements. There were no conflicts of interest of members of the Management and Supervisory Boards which required disclosure to the Supervisory Board and at the Shareholders' Meeting.

MEETINGS AND MAIN TOPICS OF DISCUSSION

The Supervisory Board conducted regular discussions of the financial position, investment projects, and the development of business at SUSS MicroTec, its subsidiaries, and the Group. The Management Board provided comprehensive information about corporate planning, strategic direction, and the development of order entry, sales, liquidity, and earnings. In addition, the Supervisory Board reviewed the monitoring of the financial reporting process as well as the effectiveness of the internal control system, the risk management system, and the independence of the auditor. The main topics of the Supervisory Board meetings are discussed below.

On February 12, 2013, the first ordinary Supervisory Board meeting of the 2013 fiscal year was held. At that meeting, the Supervisory Board held intensive discussions about the Management Board's report on the fourth quarter of 2012 and about the preliminary figures for the 2012 fiscal year. Plans for the 2013 fiscal year were discussed intensively. In addition, discussions were held on medium-term plans for 2013 – 2015. An update was presented to the Supervisory Board on strategic projects. Deliberations continued on the short-term targets and the long-term, three-year goals for the Management Board's bonus agreements. Finally, the unsatisfactory business situation in the Substrate Bonder division was discussed.

The Supervisory Board continued to conduct and document an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

Representatives of our auditor, BDO AWT GmbH Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 26, 2013. The auditor informed the Supervisory Board about the key results of the audit of the separate and consolidated financial statements for the 2012 fiscal year. The auditor explained to us the main findings of the audit of the separate and the consolidated financial statements. We acknowledged the Management Board's report for the 2012 fiscal year and on the current business situation in the first quarter of 2013. Following an in-depth examination, the Supervisory Board approved the separate and the consolidated financial statements of SUSS MicroTec prepared for the 2012 fiscal year by the Management Board. In addition, the Supervisory Board's report for the past fiscal year was adopted by resolution.

The planning for the 2013 fiscal year and multi-year plans for 2013 – 2015 were discussed intensively. The planning for the 2013 fiscal year was approved. The Management Board also updated us on ongoing strategic projects. The Supervisory Board dealt extensively with the situation in the Substrate Bonder division. The Management Board presented a comprehensive analysis on this situation. A discussion followed on the topics of the market situation, market shares, order trends, margins, and cost trends and controls. The Management Board presented the Supervisory Board with various turnaround scenarios for the Substrate Bonder division and discussed possible strategic options. The Supervisory Board approved a resolution about a bonus for the Management Board for the 2012 fiscal year and discussed targets for the Management Board for the 2013 fiscal year as well as long-term three-year goals. In addition, the agenda and proposals for the Shareholders' Meeting on June 19, 2013 were discussed and adopted by resolution.

On May 7, 2013, the third ordinary Supervisory Board meeting was held. At this meeting, one Supervisory Board member participated by teleconference. We addressed the current figures for the first quarter of 2013 and the forecast for the entire year. During this meeting, the Management Board delivered and discussed with the Supervisory Board an update on the status of ongoing strategic projects. The Supervisory Board also adopted resolutions regarding target agreements for the Management Board for the 2013 fiscal year. The Supervisory Board occupied itself again with the sector Permanent Bonding. Various options for a turnaround were examined in detail once again. After intensive discussions, the Supervisory Board adopted a resolution authorizing a focus on MEMS and LED applications on the condition of carrying out a thorough review after six months and engaging in a timely manner a business consulting firm, which is obligated to provide objective reporting to the Supervisory Board. »

In the meeting on June 19, 2013, immediately before the ordinary Shareholders' Meeting, the Management Board informed us about the current business situation. The Management Board also gave us an update on possible M&A projects and a short briefing on the upcoming ordinary Shareholders' Meeting. We discussed and evaluated progress in the sector Permanent Bonding as a result of the measures that have been introduced.

On August 6, 2013, the fifth ordinary Supervisory Board meeting was held. In this meeting, the Supervisory Board was given an update on ongoing business operations and the outlook for the entire year. In particular, the Management Board and Supervisory Board discussed the status of strategic projects and the situation at SUSS MicroTec Photonic Systems, Inc. The Management Board presented the Supervisory Board with detailed analyses on margin and cost trends and preconditions for the SUSS MicroTec Group to return to positive operating income. In addition, the Supervisory Board occupied itself again with the sector Permanent Bonding and the possibility of a reorganization to improve structures in the research and development area. It also addressed the topic of sales and service at SUSS MicroTec. Furthermore, the Supervisory Board adopted resolutions on Management Board affairs and the liquidation of SUSS MicroTec Precision Photomask, Inc.

On October 11, 2013, the Supervisory Board approved by circular resolution the financing of the purchase of the property at the Garching site.

On November 6, 2013, the sixth ordinary Supervisory Board meeting was held. At this meeting, one Supervisory Board member participated by teleconference. The Management Board reported on the current business situation in the third quarter and provided an updated outlook for the entire year. Furthermore, the Management Board presented a package of measures for firm-wide cost reductions, the elimination of losses in individual product lines, the structural streamlining of the organization, and increasing the motivation of the staff. In addition, the Management Board reported on the status of ongoing strategic projects and discussed the economic performance of SUSS MicroTec Photonic Systems, the declaration of compliance, and key auditing issues for 2013. Based on an analysis of the situation in the sector Permanent Bonding by a commissioned consulting firm and a current market analysis, the Supervisory Board evaluated the situation and adopted a resolution to expand the restructuring measures introduced in the second quarter of 2013 and to halt the production and sale of permanent Bond Cluster systems.

On December 4, 2013, the Supervisory Board once again approved by circular resolution the financing of the purchase of the property at the Garching site.

The last meeting of the 2013 fiscal year, which was held on December 17, 2013, focused on the current business situation and preliminary planning for the 2014 fiscal year and the three-year period. The Management Board also presented the Supervisory Board with another update on the status of strategic projects. Furthermore, the Supervisory Board dealt extensively with corporate governance, particularly with the topics of the declaration of compliance, compliance management, and the fraud catalog of BDO AG. In addition, it addressed risk management at SUSS MicroTec. In the final Supervisory Board meeting of the year, the remaining activities in the permanent Bond Cluster area and the topic of temporary bonding were discussed.

CORPORATE GOVERNANCE

The Supervisory Board again concerned itself during the 2013 fiscal year with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and structure of remuneration for the Management and Supervisory Boards are provided in the Remuneration

Report section of the condensed Management Report on pages 59 et seq. 15 January 2013, the Management and Supervisory Boards approved the annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, audited the separate annual financial statements of SUSS MicroTec AG as of December 31, 2013 prepared in accordance with the German Commercial Code (HGB), the consolidated annual financial statements as of December 31, 2013 as well as the combined Group management report, and issued an unqualified audit opinion for both. The consolidated financial statements and consolidated management report were prepared in accordance with Section 315a of the HGB based on International Financial Reporting Standards, as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW).

The audit reports of BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 26, 2014 in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations of the net assets, financial position, and results of operations of the Company and the Group and was available to us in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit. The main focal points of this year's audit were halting the permanent Bond Cluster Systems product line, development of earnout at SUSS MicroTec Photonic Systems Inc. (former Tamarack Scientific Co., Inc.), intrinsic value of goodwill, determination of deferred taxes, implementation of DRS 20 on the group management report, plausibility of forecasts and the retrospective, first-time adoption of IAS 19 (2011).

We audited the annual financial statements of the Company and the Group of SUSS MicroTec AG as well as the combined Group management report. There were no objections. We noted with approval the reports of the auditor after a detailed examination of the reports.

The separate annual financial statements prepared by the Management Board were approved by the Supervisory Board and, thus, adopted. The Supervisory Board also approved the consolidated annual financial statements. We approved the combined management report of the Corporation and the Group and, in particular, the assessment regarding the further development of the Company.

There were no changes in the composition of the Management Board in the 2013 fiscal year.

The Supervisory Board would like to express its tremendous gratitude and appreciation to the members of the Management Board and all employees for their hard work during the past fiscal year.

Garching, Germany, March 26, 2014

Dr. Stefan Reineck
Chairman of the Supervisory Board

WORLDWIDE DEMAND FOR ELECTRONIC PRODUCTS IS RISING

THE RAPID SPREAD OF MEANS OF COMMUNICATION IS LEADING NOT ONLY TO AN ECONOMIC GLOBALIZATION, BUT ALSO TO SIGNIFICANTLY EXPANDED AND CONCENTRATED SOCIAL NETWORKS AND THE WORLDWIDE DISSEMINATION OF IDEAS

Access to information and communication technologies has increased in recent years in all regions of the world. This rapid development becomes particularly clear when you consider growth figures over a relatively long period of time. The number of mobile communication connections rose from 34 million in 1993 to approximately 6.8 billion in 2013. (Source: Statista 2014) With our products and solutions for advanced packaging and MEMS fabrication, we are playing a significant role in the further development of modern means of communication. »

Online at any time

ACS200 Gen3 for volume production of MEMS, Advanced Packaging and LED

» GROWTH ENGINE ASIA

An important growth factor is the young generation, whether in Western or Eastern Europe, Asia or the Americas. The internet, Facebook, and Wikipedia are their constant companions. Smartphones and tablet computers make it possible to be online at any time and to communicate with friends and business partners worldwide. The integration of high tech into daily life is progressing inexorably. This is no longer true only in the industrialized countries, but also and even more so in the developing countries. Globalization has also advanced very far in the manufacturing of electronic devices, resulting in a noticeable shift in the geographic focal center.

A significant portion of the latest technological developments and some of the largest manufacturers of high-tech products now come from Asia. It would be difficult to find a cellular telephone, computer, or any other electronic device in which the majority of components or the entire device was not developed and manufactured in Asia. While in Western Europe and North America the sinking growth rates for the sale of smartphones and tablet computers indicate the first signs of a temporary saturation of the market, demand for affordable devices remains uninterruptedly high in Asia. The extensive supply of cellular telephones in populous countries of China and India could lead to another major growth impetus for the technology sector.

Compared to the USA and Europe, Asia still displays much higher growth rates.

MA / BA8 Gen3 – our special development
for MEMS- and 3D applications

GLOBAL SERVICE FOR INTERNATIONAL CUSTOMERS

When you consider the semiconductor industry in more detail, it becomes clear very quickly that significant areas are focused on Asia. The semiconductor mid- and backend are good examples. A great number of the large packaging houses (OSATs) are located in Asia. In addition, many of the globally operating manufacturers of memory chips and MEMS components are based in Asia.

SUSS MicroTec counts a large number of these companies among its customers. In order to maintain lasting business relationships with the globally operating companies, comprehensive support by service and sales employees is necessary. SUSS MicroTec is close to the customer in the high-tech centers through its sales and service locations and is available on a 24 / 7 basis. Highly qualified engineers and technicians provide customer service and have been able to amass a detailed understanding over the years of the specific requirements of individual customers. This is a vital service that local competitors usually cannot offer, preventing them from gaining access to internationally operating customers. »

Among SUSS MicroTec's most important Asian locations are Singapore, Shanghai (China), Hsinchu (Taiwan), Hwaseong City (Korea), and Yokohama (Japan). At these locations the staff numbers are continuously adjusted according to regional demand. Thus in 2012 / 2013, the site in Korea was significantly expanded in order to advance a project in the area of 3D integration with an important customer. By contrast, the Japan region has lost importance and therefore the size of the site was downsized accordingly. Overall, in 2013 SUSS MicroTec generated more than 60 percent of its total sales in Asia.

SUSS MICROTEC EMPLOYEES IN ASIA

125 Total

5 Singapore
53 Hsin Chu
19 Yokohama
34 Shanghai
14 Hwaseong City

INNOVATION THROUGH COOPERATION WITH RESEARCH INSTITUTES

A single company like SUSS MicroTec is usually not in a position to take on large development topics by itself, given the broad scope and complexity of the challenge. The Company therefore collaborates with international research institutes to develop new products and processes. The research facilities are usually financed and supported by industrial companies, which in turn are customers of SUSS MicroTec. Within this framework, new fundamental processes are developed using SUSS MicroTec's tools, and these processes later find their way to industrial customers and thereby into high-volume production. «

DR. CT LIU
ITRI Vice President and General Director of Electronics and Optoelectronics Research Laboratories of ITRI, Taiwan (R.O.C.)

"Industrial Technology Research Institute (ITRI) is a nonprofit R&D organization in Taiwan with a global focus and engaging in applied research and technical services. ITRI serves as the technical center for industry and an unofficial arm of the government's industrial policies in Taiwan. Dr. Liu (Vice President of ITRI) is responsible for the research activities for the electronics and optoelectronics industries.

With increasing demands in mobile electronics, "system scaling" becomes very critical in offering advantages of increased bandwidths and minimized power consumption. At the core of the system scaling, 3D integration enables vertical stacking of heterogeneous components through TSV and microbumps. ITRI and SUSS MicroTec have been cooperation partners for a long period of time in various leading technologies. One such example is the technology of 3D wafer bonding / de-bonding. As part of the cooperation, ITRI has installed a Temporary Bonder, the latest generation of high-volume manufacturing systems to be used in a 300 mm pilot-production line. The mission of the pilot line is to speed up technology advances for 3D integration in the industries. Based on project-based research activities, ITRI benefits its domestic and international partners to speed up mass production of emerging technologies."

HIGH TECH FROM STERNENFELS

AFTER A COMPREHENSIVE REORGANIZATION OF SITES, THE COMPANY'S WORLDWIDE PRESENCE NOW COMPRISES THE THREE PRINCIPAL PRODUCTION SITES CORONA, GARCHING, AND THE LARGEST SITE IN STERNENFELS.

The modern production facility in Sternenfels enables SUSS MicroTec to exploit synergies in the areas of development, procurement, and production. The three product lines Substrate Bonder, Photomask Equipment, and Coater / Developer are located here and generate more than 50 percent of the value added by the Company. The production sites are augmented by a worldwide network of sales and service branches. »

» DYNAMIC MARKETS AND INNOVATIVE PRODUCTS

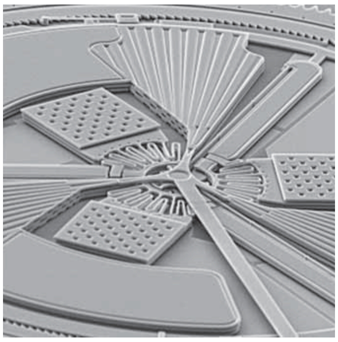
In all divisions, work is constantly being done to refine and improve existing products. With tools for cleaning Photomasks, SUSS MicroTec is the world's largest provider with a market share of approximately 80 percent and supports what is known as the "shrink roadmap" – also called Moore's Law – through innovative technologies.

With the Mask Track Pro, SUSS MicroTec supports front end lithography (193i and EUV)

However, "More than Moore" is a synonym for 3D integration, the stacking of thinned microchips. This is an alternative technology designed to increase the complexity and functionality of electric circuits without requiring the cost-intensive miniaturization of pattern sizes. SUSS MicroTec supports this future trend with solutions for thin wafer handling and temporary bonding. In the past fiscal year, an order was received for such a bonding system developed in Sternenfels, which will enter into the world's first pilot serial production. Once again the technologically leading products of SUSS MicroTec were able to prevail against the global competition – in part against much larger competitors.

In addition, SUSS MicroTec is a leading provider of processes and solutions for the advanced packaging market. Advanced packing is an alternative packaging technology to traditional wire bonding. With the rapid spread of smartphones, the market for small packages, which need advanced packaging technologies for their production, has grown. The Company generates a substantial portion of its total sales with its sophisticated lithography solutions for advanced packaging, such as Coaters and Developers. This market will also perform well in the future since the demand for ever smaller and more densely packaged microchips is steadily rising. Therefore, modern packaging technologies like wafer level packaging and similar processes will be increasingly in demand in the future. The close collaboration of the research and development department with production at the Sternenfels site makes a continuous improvement and refinement of the tools possible.

Close-up of a
MEMS-sensor



Another market, which has developed particularly dynamically in recent years, is the market for MEMS sensors. An important growth catalyst also in this market segment was the rapid growth of smartphones and tablet computers. An average of ten different MEMS components are used for processing in both devices. Additional important end markets are the automotive industry, consumer electronics, and medical technology. Microelectromechanical systems are an essential part of everyday life and new application areas are constantly being added. A MEMS sensor involves a self-contained system which detects a physical change in pressure, temperature, or speed and converts this information into an electronic impulse. In smartphones this property is used for the navigation function or for a MEMS microphone. In order to execute these functions reliably, the MEMS system must be hermetically sealed from the outside environment. In a manual permanent Bonder from SUSS MicroTec, this procedure is carried out before the individual MEMS components are separated from the wafer.

A similar process is used in LED manufacturing. After the light-emitting diode has been manufactured using a lithographic process, a mirror surface is bonded on the backside of the LED instead of a hermetic seal. This has the effect that the light moves in the desired direction, increasing the light yield. The LED industry remains in a difficult situation, but the first signs of a slow recovery are already noticeable.

FOCUS ON PROFITABLE GROWTH – RESTRUCTURING OF PERMANENT BONDING SYSTEMS

In May 2013, the Company announced a strategic business decision regarding the Permanent Bonding product line. Given the unsatisfactory earnings situation of the Permanent Bonding product line, the Management Board of SUSS MicroTec decided to refocus the line, emphasizing only MEMS and LED applications. This step took into account the technological advancement of the product portfolio and the market development in recent years. To this end, various measures were introduced to improve the earnings situation and a review of the self-imposed goals was set for later in the year.

In November 2013, the Management Board decided to expand the restructuring measures introduced in the second quarter and to halt the production of permanent Bond Cluster systems due to a reappraisal of the business situation in the permanent bonding area and the continued unsatisfactory results of operations in this product line. By implementing this measure, the management of SUSS MicroTec expects a significant reduction of losses in the Substrate Bonder division. In connection with these measures, one-time extraordinary expenses of EUR 13.2 million were incurred.

The manual permanent bonding systems, which are successful in the market, are not affected by this measure. In addition, the Company assumes that growth of the Substrate Bonder division will be determined in the future primarily by the Temporary Bonding product line, which has already been able to achieve initial successes in the market. You can learn more about this in the following section. »

» TODAY PILOT-SERIAL-PRODUCTION – TOMORROW HIGH-VOLUME PRODUCTION

While the permanent bonding process aims to establish an inseparable connection between two substrates, the goal of temporary bonding is to connect two substrates temporarily in order to separate them from each other later. In the process, temporary bonding serves as an important interim step for thin wafer handling for 3D integration.

One aim of 3D integration is to create the shortest possible supply and signal lines between the individual components in order to reduce the power loss and the resulting heat loss as well as to place as many components as possible in the smallest space. Short signal lines through other components can only be created with a justifiable expense and an intended use if the microchips are manufactured thinly enough so that the lines can be as short as possible. Conversely, this means that the wafers need to be thinned during manufacture to a thickness of approximately 50 µm – 100 µm. In order to be able to process the wafers with normal production tools after thinning, they are temporarily bonded to another carrier wafer made of silicon or glass. This is done in Bond Clusters produced by SUSS MicroTec, for example.

In the 2013 fiscal year, SUSS MicroTec received a follow-up order for the latest generation of production Bond Clusters from an internationally leading integrated device manufacturer (IDM). The customer, which had installed the first tools from the Company in 2012, plans to enter into pilot-serial-production with the newly ordered systems. The systems were configured to temporarily bond 300 mm wafers for 3D integration processes for logic and memory applications. The Bond Clusters were accepted by the customer at the turn of the 2013 / 2014 year.

This international reference customer is the world's first and so far only semiconductor provider that has entered into the pilot-serial-production of stacked microchips (3D integration). In the competition for this customer, the tools and solutions of SUSS MicroTec and its process partners were able to prevail against international competition, thereby setting the first standard for future applications. We expect the customer to commence high-volume production following the successful installation and test phase of the pilot series. «

XBS300 – temporary bond cluster for 3D serial production

LOCAL PRODUCTION – GLOBAL SALES

CORONA, A MEDIUM-SIZED CITY IN RIVERSIDE COUNTY IN THE STATE OF CALIFORNIA IN THE USA, HAS APPROXIMATELY 160,000 RESIDENTS AND EXTENDS OVER AN URBAN AREA OF APPROXIMATELY 270 KM^2

SUSS MicroTec Photonic Systems (previously Tamarack Scientific), which has belonged to the SUSS MicroTec Group since April 2012, is located in the western part of the city. The Company occupies exciting segments with its innovative products in the areas of laser processing and UV projection lithography in the semiconductor mid- and backend. Its customers include American and recently also international IDMs, OSATs, and research institutes.

Dr. Markus Arendt, former Director of Global Operations (COO), has served as General Manager for SUSS MicroTec Photonic Systems in Corona since the end of 2013. In a brief interview (next page), Dr. Arendt answered questions about SUSS MicroTec Photonic Systems. »

DR. MARKUS ARENDT
General Manager for
SUSS MicroTec Photonic
Systems in Corona

» *What potential do you see for laser technology?*

Dr. Arendt: With the acquisition of Tamarack Scientific, now SUSS MicroTec Photonic Systems, SUSS MicroTec has moved into the area of laser technology for the first time in company history. Until now, laser technology has found little application in the semiconductor mid- and backend, but we expect that lasers will grow significantly in importance over the medium term. As described in another section of this report, we have already been able to obtain our first orders. However, you should keep in mind that a technology is not adopted "over night." Before a new generation of tools or a new technology is used in high-volume production, it must usually undergo multi-stage and time-intensive qualification processes at the respective customer.

Which laser technologies do you use and what are the application areas?

Dr. Arendt: We use two different laser technologies, solid-state laser technology and excimer laser technology. Both have the potential to contribute significantly to the sales growth of the SUSS MicroTec Group. Our SLP300 platform is based on the latest developments in the area of solid-state laser technology and offers new potential applications for micro-patterning – the core expertise of the SUSS MicroTec Group. Without using masks, the systems operate in direct writing mode and are used in part for micro-patterning through-silicon vias and for cutting and separating. By contrast, our ELP300 platform employs excimer-laser-stepper technology. By means of the function of laser evaporation, this system offers a high degree of precision in pattern and fit combined with very high processing speeds. It is suitable for complex micro-patterning processes in advanced packaging and can also be used in additional wafer-level packaging applications, such as laser debonding for thin-wafer handling, for the removal of certain layers during the formation of redistribution layers, as well as for the exposure of photo resists and non-photosensitive materials.

What are your expectations for UV projection lithography?

Dr. Arendt: SUSS MicroTec Photonic Systems currently offers two tools for projection lithography: the DSC300 for wafers up to a diameter of 300 mm and the DSC500, which supports panels up to 450 mm x 500 mm. These UV scanners offer an inexpensive alternative to steppers for patterning in advanced packaging. Here also we were able to record our first orders from international customers. In the past, it was much more difficult for Tamarack Scientific to obtain orders outside the USA since the sales and service structure of the owner-led company was limited to the US market. With the acquisition by SUSS MicroTec, completely new markets and sales channels have opened up for the company. Since then, we have been exploiting them intensively for marketing our products. A particular focus is on IDMs und OSATs in the Asia region.

How is the integration into the SUSS MicroTec Group progressing?

Dr. Arendt: We have made many changes in the last year and a half. The globally operating sales and service employees have been extensively trained in the new products. They have also marketed the UV projection devices and laser tools under the logo of the SUSS MicroTec Group. The internal reporting system was adapted to the needs of the Group and our employees feel that they are in good hands at the SUSS MicroTec. «

» LASER PROCESSING GAINS MOMENTUM

The ELP300 platform has gained much interest from customers

Laser patterning is a technology that is still seldom used but promising for the mid- and back-end of semiconductor fabrication. With this sentence we justified our entry into the new technological field of laser processing in our 2012 Annual Report. A year later we can look back at very successful projects and are very confident that laser patterning will become an important part of our Lithography division in the future. In the 2013 fiscal year, we succeeded in winning the first international customers from the USA and Asia for our laser ablation devices. In addition, the Fraunhofer Institute for Reliability and Microintegration (IZM), Berlin, acquired an excimer laser stepper system (ELP300) in 2013. With the new excimer laser system, IZM will expand its expertise in the area of thin film polymers. These polymers are important components of every wafer level package. These projects indicate the growing significance of new and innovative patterning technologies in the semiconductor mid- and backend.

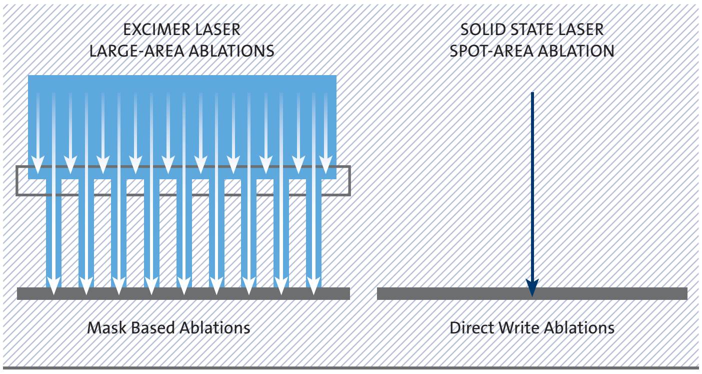
The ELP300 laser stepper platform is generating significant interest among our international customers. It employs an excimer laser and is designed for high-volume production. Using this laser technology, microstructures can be produced directly on the substrate while avoiding conventional lithographic and etching processes. Simultaneously, the technological limitations of photo-dialectric materials and conventional lithographic processes can be avoided. The system additionally satisfies the requirements of the latest semiconductor packaging processes. The process is very environmentally friendly since etching processes with toxic chemicals can be reduced through the direct removal of material. As a result, it offers our customers an interesting alternative for developing and manufacturing more powerful microchips while simultaneously lessening the environmental impact. »

» UV PROJECTION SCANNER – A UNIQUE TECHNOLOGY

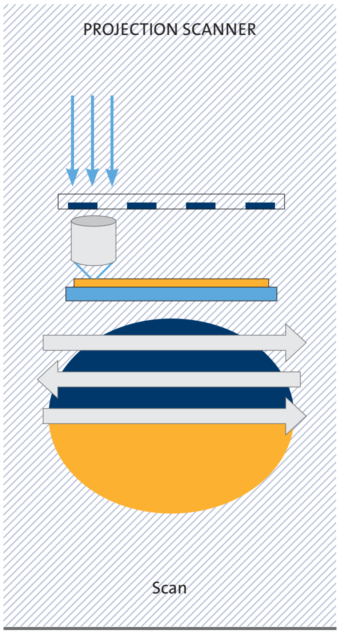
The UV projection scanner technology of SUSS MicroTec Photonic Systems combines the advantages of full-field exposure with traditional projection lithography. Equipped with a full-field mask and broadband projection optics, the scanner exposes wafers and substrates in a single exposure step. Additional functions, such as the exposure of substrate edges, are already being integrated into the design of the mask layout. This is an important criterion for subsequent packaging processes.

SUSS MicroTec Photonic Systems is the world's only company that has combined the conventional UV projection lithography with the scanner technology, offering the best of both worlds. Customers have shown great interest in this innovative technology and we are already working on various projects with international customers. «

LASER ABLATION



UV PROJECTION SCANNER



THE MASK ALIGNER TURNS 50 – A SUCCESS STORY

FROM A ONE-TOOL ORDER TO VOLUME PRODUCTION

A Mask Aligner is what is known as a full-field exposure system, used in the semiconductor industry for micro-patterning wafers. For the exposure procedure, a glass mask is placed very close to a wafer and is aligned with this wafer with sub-micrometer precision. The microscopic image on the glass mask is transferred to the wafer, which is coated with a photosensitive material, by means of exposure. The exposure of the entire wafer takes place in only one step. Due to the use of the shadow printing technology, the Mask Aligner has certain limitations regarding the resolution that can be achieved. It is therefore no longer found in the front end of the semiconductor industry. For the mid- and backend of the semiconductor industry, the Mask Aligner remains the exposure tool with the most favorable cost of ownership and it will retain its important role in this sector in the future.

SPECIAL SOLUTIONS FOR THE YOUNG SEMICONDUCTOR INDUSTRY

In the early years of the semiconductor industry, component manufacturers were not able to purchase any standardized production tools. Instead, tools were developed for individual customers according to their respective requirements. In 1963, Karl Süss developed an exposure tool at the request of Siemens consisting of a lamp, a microscope, and a table – the first Mask Aligner had been created. For SUSS MicroTec, this was its entry into the rapidly growing semiconductor equipment sector. Since then, the Mask Aligner still makes use of exposure by means of shadow casting, but it has been technically refined repeatedly. Whereas originally 1"–2" substrates were exposed, today you find wafer sizes of 8"–12" (200–300 mm).

The Mask Aligners of SUSS MicroTec are distinguished by quality, high alignment accuracy, and sophisticated exposure optics. The systems are used primarily for lithography applications in the areas of MEMS, advanced packaging, 3D packaging, compound semiconductors, power devices, photovoltaics, nanotechnology, and wafer-level optics. Given the Mask Aligner's flexibility of use, wafers up to a diameter of 300 mm can be processed in any size, form, and thickness.

In the past 50 years, various generations of engineers and technicians have worked on refining the Mask Aligner. They have succeeded in maintaining and expanding their technological lead in global competition and under at times enormous cost pressure. With a market share of more than 50 percent, SUSS MicroTec remains the undisputed number one in the production of Mask Aligners. «

1950s
EMERGENCE OF THE SEMICONDUCTOR INDUSTRY

1963
KARL SÜSS DEVELOPS THE FIRST MASK ALIGNER

1990s
EMERGENCE OF ADVANCED PACKAGING (WAFER-LEVEL PACKAGING)

2012
MO EXPOSURE OPTICS IMPROVES MASK ALIGNER TECHNOLOGY

INNOVATIVE SOLUTIONS FOR THE GLOBAL MARKET

FOR MANY YEARS, ASIA HAS BEEN THE EXTENDED WORKBENCH OF THE WESTERN WORLD

Whether it be the automotive sector, the computer industry, consumer electronics, or the semiconductor industry, a comprehensive shift to Asia has occurred in the manufacturing of electronic components and end products. The primary reason for this development was the cost advantage available in Asia. Whereas at first only non-critical and labor-intensive processes were moved, Asia has since become the most important region for manufacturing electronic components, computers, and consumer electronics. In the semiconductor industry there are also innumerable companies that are located in Asia or have significant local manufacturing.

COMPETITIVE WITH HIGH TECH FROM GARCHING

With innovative products and technologically leading solutions – such as the Mask Aligner – SUSS MicroTec has managed for more than 50 years to withstand cost pressure and international competition, while maintaining and even expanding its successful positioning in individual product areas. Leading market positions in the essential business areas of mid- and backend lithography, photomask equipment, laser processing, and temporary bonding are impressive evidence for the success of the corporate strategy. In order to be able to develop and manufacture competitive products successfully, the Company needs above all qualified employees, close cooperation among the areas of development, application, and production, as well as a reliable supply chain.

Headquarter of
SUSS MicroTec AG
in Garching

SUSS MicroTec finds a particularly suitable environment for business operations at its production sites in Garching, Sternenfels, and Corona (USA), as well as at the global network of sales, applications, and service centers. An important step was taken toward safeguarding expertise on a long-term basis and signaling a clear commitment to the Garching site with the acquisition of the property at Company headquarters in 2013.

CONDITIONS FOR THE ACQUISITION OF THE PROPERTY AT COMPANY HEADQUARTERS

The signing of the purchase contract for the property in Garching took place on January 23, 2013. The legal transfer of the property was completed on September 30, 2013. The sellers of the property were Fabrilis Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Garching KG and SUSS Grundstücksverwaltungsgemeinschaft Zeppelinstraße GbR. The purchase price (including ancillary costs) for the land and buildings amounts to EUR 8.9 million and will be financed out of available liquid funds. The purchase of the property is expected to reduce the Group's annual EBIT by approximately EUR 0.4 million. With the acquisition, SUSS MicroTec is ensuring not only lease savings but also a high degree of operational flexibility with respect to Company-specific requirements for the property, such as cleanrooms and application laboratories. In addition, the Garching site offers interesting physical expansion possibilities and features an excellent traffic connection and proximity to the research centers in the Munich area. «

COMPANY HEADQUARTER

- » **20,000 qm** sqm land
- » Approximately **170 employees**
- » Production of mask aligners and bond aligners

INVESTOR RELATIONS

The world economy noticeably revived as early as the first half of 2013, according to leading economic research institutes (joint economic forecast, fall 2013). For the first time in a long time, the reason for this was an economic upswing in the advanced economies. Although the economic situation in the industrialized countries continues to be burdened by the consequences of the financial crisis, signs point to a recovery.

The USA has withstood budget cuts well and in the European Union industrial production began to grow as early as the second quarter of 2013. For the full year of 2013, the IMF expects an increase of 3.0 percent in worldwide production and for 2014 a further increase by 3.7 percent is predicted. In Germany, public budgets and social insurance are in a good financial position so that the German Council of Economic Experts forecasts continued improvement in Germany's economic situation for 2014 in its 2013/14 annual report.

THE GERMAN STOCK MARKET ROSE DURING THE YEAR

The announcement by the Federal Reserve Bank in May of 2013 that it would end its quantitative easing program earlier than expected led to a sharp increase in nervousness in the financial markets. However, the American central bank's most recent statement in September 2013 that it would maintain its loose monetary policy, particularly the purchase of bonds in the billions of dollars, drove share prices higher worldwide. In early November 2013, the European Central Bank followed up with a reduction of its benchmark interest rate to a record low of 0.25 percent. The previous reduction to 0.5 percent had occurred in May 2013. The series of interest rate cuts and the confirmation of the low interest rate level in December 2013 signaled to the markets a continuation of the loose monetary policy in Europe and provided additional impetus for the stock market. In the wake of this news, the DAX reached a new record level of 9589 in December 2013.

THE SUSS MICROTEC SHARE

In the early weeks of 2013, the SUSS MicroTec share performed very dynamically, again rising above EUR 10.00. However, following the publication of a restrained outlook for the entire year in February 2013, the share price responded with a sharp decline. This trend was broken briefly with the announcement of an important customer order in the area of 3D integration on March 28, 2013. Following this announcement, the price rose sharply and the share was able to conclude the first quarter with an overall increase of one percent, corresponding to a closing price of EUR 8.91. During the second quarter, the share price declined, accompanied by low trading volumes and continuing high volatility, closing the second quarter at a price of EUR 7.88. This corresponds to a loss of approximately 11 percent since the beginning of the year. In July 2013, earnings expectations for all of 2013 were adjusted lower and pressure on the share price continued in view of the gloomy outlook for the entire year. In September 2013, the Gartner market research institute significantly reduced its expectations for the market performance of the semiconductor equipment sector and projected an 8.5 percent decline in demand for the full year of 2013. In 2012, the market had already shrunk by approximately 16 percent, according to Gartner's estimates. These developments were reflected, as expected, in the performance of the share price in the third quarter of 2013. On September 30, the share closed with a Xetra price of EUR 6.68. Following the publication of the figures for the third quarter of 2013 and the announcement of restructuring measures in the Substrate Bonder division, the share price once again lost ground and sank to its low for the year of EUR 6.04 on December 5, 2013.

Since May 2013, the TecDAX and the Semiconductor Index of the Deutsche Börse AG performed better than the price of the SUSS MicroTec share. During the entire year of 2013, the TecDAX gained 41 percent and the Semiconductor Index rose by 25 percent, while the SUSS MicroTec share fell by approximately 23 percent during the same period.

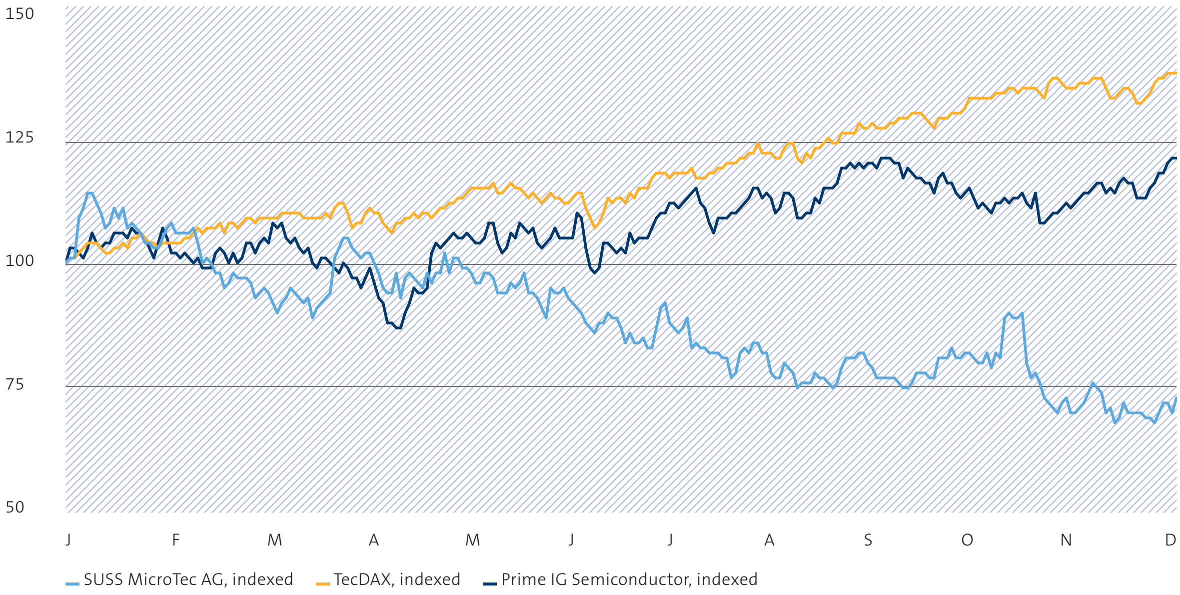
As a result of the lower market capitalization, SUSS MicroTec was excluded from the TecDAX effective September 23, 2013, but continues to trade in the Prime Standard of the Deutsche Börse AG.

The average number of SUSS MicroTec shares traded daily on the Frankfurt stock exchange and on XETRA was 104,569 in 2013 (previous year: 116,790 shares on average per day).

The following graphs and tables offer an overview of share price performance in 2013.

THE PRICE PERFORMANCE OF THE SUSS MICROTEC SHARE IN 2013

(SUSS MicroTec share price on January 2, 2013: € 8.85)



COMPARISON OF THE SHARE PERFORMANCE OF SUSS MICROTEC, TECDAX, AND PRIME IG SEMICONDUCTOR IN THE 2013 FISCAL YEAR

	12/30/2012	12/30/2013	Change
TecDAX	828	1167	+41%
Prime IG Semiconductor	122	153	+25%
SUSS MicroTec	8.44	6.46	-23%

AN OVERVIEW OF THE SUSS MICTROTEC SHARE

Securities identification number	A1K023
ISIN	DE000A1K0235
Reuters code	SMHN
Bloomberg code	SMHN:GR
Stock exchange segment	Prime Standard
Number of issued shares as of December 31, 2013	19,115,538
Description of securities	Registered shares
Designated sponsor as of December 31, 2013	equinet Bank AG Close Brothers Seydler
Initial public offering	5/18/1999
Opening/closing price for the year in euros	€ 8.85/€ 6.46
Yearly high/low in euros*	€ 10.08/€ 6.04

*XETRA closing price

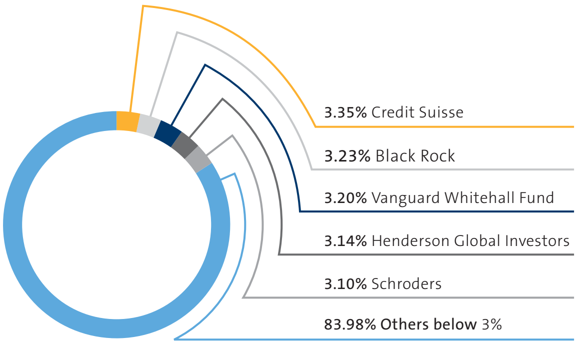
INVESTOR RELATIONS ACTIVITIES WITH A STRONG INTERNATIONAL FOCUS

Investor relations work essentially has three target groups, consisting of private and institutional investors, analysts, and the financial media. Each of these groups differs in terms of prior knowledge, investment horizons, and expectations of the Company. The objective of investor relations work is therefore target group-oriented communication with the various agents in the capital markets.

The management of SUSS MicroTec regards itself as responsible to the shareholders of the Company in carrying out this communications task. The Management Board and Investor Relations thus attended a total of twelve capital market conferences and completed seven road shows in 2013. The seven international capital market conferences were held in New York, Boston, Las Vegas, Zürich, Paris, and Barcelona. In addition, numerous individual conversations offered the opportunity for a personal exchange of views with institutional investors and analysts. Conference calls for investors and analysts were also held on the occasion of events such as the publication of quarterly results.

In the third quarter of 2013, there were also notable changes in the ownership information of SUSS MicroTec, as the DWS (Frankfurt and Luxembourg) completely sold their shares (>10 percent) and corresponding voting rights announcements were published. For a short period in September, UBS AG, Zürich, reported share ownership of more than 10 percent, but it fell below the 3 percent reporting threshold over the course of the month. Free float as of the end of 2013 continues to amount to 100 percent.

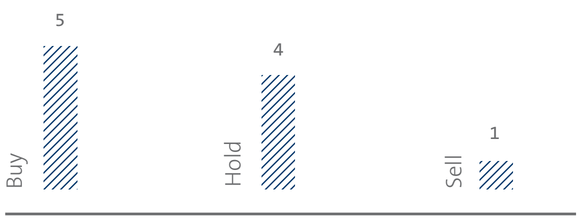
OWNERSHIP INFORMATION AS OF DECEMBER 31, 2013



ANALYST RESEARCH EXPANDED AND INTERNATIONALIZED

At the end of 2013, the Company was covered by a total of ten banks and research firms. Over the course of 2013, the Company gained coverage from two new analyst firms: Bankhaus Lampe, Düsseldorf, and its first international coverage by Berenberg Bank, London. In December 2013, five out of ten analysts recommended the SUSS MicroTec share as a buy, four rated it as a hold and one as a sell. An overview of current research reports about the SUSS MicroTec share is available on the internet at *www.suss.com > Investor Relations.*

ANALYST ESTIMATES AS OF DECEMBER 31, 2013



SHAREHOLDERS' MEETING

On June 19, 2013, the ordinary Shareholders' Meeting was held at the Haus der Bayrischen Wirtschaft (House of the Bavarian Economy) in Munich. In total, more than 80 shareholders, shareholder and bank representatives, and guests accepted the Company's invitation to the event in Munich. Thus 26.9 percent of the Company's equity capital was present. In addition to the decision about the appropriation of retained earnings and the discharge of liability for the Management Board and the Supervisory Board, the authorization to repurchase treasury shares and the creation of approved capital were on the agenda. The shareholders of the Company approved all of the resolution proposals presented by the Management Board and the Supervisory Board at this year's ordinary Shareholders' Meeting.

Chief Executive Officer Frank P. Averdung explained in his report the key developments and results of the past fiscal year and the first quarter of 2013. The focus of his remarks was on strengthening and expanding the core Lithography division.

CORPORATE GOVERNANCE

Corporate governance represents a responsible type of management and control of companies that creates value in the long term. For SUSS MicroTec, the essential aspects of good corporate governance include transparency, open communications with shareholders and investors, and constructive cooperation between the Supervisory Board and the Management Board. SUSS MicroTec is guided by the German Corporate Governance Code, which is a proven standard of good corporate governance in Germany. Further details can be found in the report which follows.

AN OVERVIEW OF CORPORATE GOVERNANCE

Given the clearly defined goal of not only maintaining the continued existence of the Company but also achieving a sustainable increase in the Company's enterprise value through responsible and long-term corporate management, corporate governance continues to be of great importance to the Company. The Management Board and Supervisory Board of SUSS MicroTec have renewed their intensive interest in the topic of corporate governance in the 2013 fiscal year. In its entrepreneurial activity, SUSS MicroTec strives to reinforce the confidence that investors, financial markets, business partners, employees, and the public have put in us and to continuously enhance corporate governance within the Group. Extensive information on this topic can be found on our website at *www.suss.com > Corporate Governance.*

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

On January 10, 2013, the Management Board and Supervisory Board of SUSS MicroTec made the following declaration of compliance in accordance with Section 161 (1) of the German Stock Corporation Law (AktG):

SUSS MicroTec AG will comply with the recommendations of the German Corporate Governance Code in the version from May 15, 2012 with the following enumerated exceptions and has complied with the recommendations of the Code in the version from May 26, 2010 since the issuance of the most recent annual declaration of compliance in May 2012 with the exceptions specified therein.

INVITATION TO THE SHAREHOLDERS' MEETING

The German Corporate Governance Code recommends in Section 2.3.2 that an invitation to the Shareholders' Meeting, including convention documents, be sent by electronic means to all domestic and foreign financial services providers, shareholders, and shareholder associations, insofar as all approval requirements have been met. SUSS MicroTec will only send notification of the convening, including the convention documents, by electronic means if shareholders, shareholders' associations, or financial service providers request us to do so. Automatic electronic transmission to all the parties named in Section 2.3.2 will not occur. After the conversion from bearer to registered shares, the Company examined the possibility of automatic electronic notification of the convening of the Shareholders' Meeting, including the convention documents, and decided not to do so despite the recommendation of the German Corporate Governance Code. The current ownership information of SUSS MicroTec indicates a very large share of private shareholders whose email addresses are not known to the Company. Therefore, a mailing cannot be completely avoided. We do not regard parallel notification by electronic means and by post to be expedient since the benefits do not justify the related costs.

DEDUCTIBLE FOR D&O INSURANCE

The German Corporate Governance Code recommends in Section 3.8 that upon concluding a directors' and officers' liability insurance policy, a deductible for the company Supervisory Board that complies with the legal requirements for board members be agreed. SUSS MicroTec AG has had D&O insurance without any body-specific deductible for the Supervisory Board for several years. In SUSS MicroTec's opinion, responsible actions of the Supervisory Board are not additionally promoted through the agreement of a corresponding deductible.

CREATION OF COMMITTEES

The German Corporate Governance Code recommends in Section 5.3 the creation of professionally qualified committees, depending on the specific circumstances of the company and the number of its Supervisory Board members. As the Supervisory Board of SUSS MicroTec only consists of three members, the creation of committees, which usually must be comprised of at least three members, is not possible and on the whole not necessary as there is plenty of scope for intense and detailed discussions to take place within the full council of the Board.

TARGETS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The German Corporate Governance Code recommends in Section 5.4.1 (2) and (3) the enumeration of specific targets for the composition of the Supervisory Board. In enumerating specific targets, account should be taken of the international activities of the company, potential conflicts of interest, an established age limit for Supervisory Board members, and diversity subject to the company's particular situation. In particular, the specific targets should provide for appropriate representation of women. Since the new version of the GCGC as of May 15, 2012, a specific indication of the targeted number of independent Supervisory Board members is recommended. Proposals by the Supervisory Board to the Shareholders' Meeting should take these targets into account. SUSS MicroTec is refraining from setting specific targets and quotas in the above-mentioned spirit. In the view of SUSS MicroTec, the qualifications of Supervisory Board candidates are the primary criteria for assuming a Supervisory Board position and therefore for the composition of the Supervisory Board. In proposals for the composition of the Supervisory Board, SUSS MicroTec supports and considers the criteria specified in Section 5.4.1 (2) and (3) GCGC, but it does not regard specific targets or quotas as expedient.

Deviations from the invitation to the Shareholders' Meeting were eliminated when the new version of the German Corporate Governance Code took effect as of May 13, 2013 by publication in the electronic Federal Gazette on June 10, 2013 since the corresponding recommendations are no longer included in the new version of the Code.

In addition, on January 10, 2014, the Management Board and Supervisory Board submitted a declaration of compliance based on the Code in the version as of May 13, 2013 and aside from the above-mentioned, still material three exceptions – a deductible for D&O insurance; formation of committees, and targets for the composition of the Supervisory Board – announced the following deviation from the Code in the version as of June 10, 2013:

VERTICAL REMUNERATION COMPARISON

In Section 4.2.2 the German Corporate Governance code recommends taking into account in setting Management Board remuneration the ratio of Management Board remuneration to upper management remuneration as well as to that of the overall staff, including the trend over time. In the process, the Supervisory Board decides how upper management and the relevant staff are defined. The Supervisory Board of SUSS MicroTec AG is of the opinion that determining senior management and the relevant staff, taking the trend over time into account, can lead in practice to substantial legal uncertainties. Therefore, SUSS MicroTec is declaring a deviation from the Code as a precaution to this extent.

PENSION COMMITMENTS

Under Section 4.2.3 the German Corporate Governance code recommends that the Supervisory Board take into account in pension commitments the respective targeted remuneration level – also according to the length of service in the Management Board – and the resultant annual and long-term expense for the Company. The Supervisory Board of SUSS MicroTec will deviate from this recommendation because no set "remuneration level" is targeted for Management Board members in retirement. Instead, the goal is remuneration in line with the market and the Company for active service. As a rule, no defined benefit commitments in which the Company provides the promised benefit are granted to members of the Management Board. To the extent that the Company makes a contribution to a pension plan and pays into a direct insurance policy (whole life insurance or retirement insurance), this is not linked to a commitment to a certain remuneration level.

COMMUNICATION AND TRANSPARENCY

Corporate communications at SUSS MicroTec strives to inform all target groups in an equal and timely manner, while guaranteeing the greatest possible transparency and equal opportunities for all capital market participants. In addition to quarterly, semi-annual, and annual reports, the Company uses the possibility of telephone conversations, conferences, road shows, and the website in order to inform shareholders, institutional investors, analysts, and other interested parties about developments at the Group. SUSS MicroTec generally informs its shareholders essentially four times per year about business development and the current net assets, financial position, and results of operations. Along with obligatory publications, which are available for download in both German and English, you may view or download presentations at key events and Management Board interviews in video or audio format free of charge at *www.suss.com > Investor Relations.*

We inform the public regularly and in a timely manner of any recurring events, for example the date of the Shareholders' Meeting or the publication dates of interim reports. This information can be found in the financial calendar published in our Annual Report and interim reports as well as on our Company's website.

SHAREHOLDERS' MEETING

At the Shareholders' Meeting of SUSS MicroTec AG, our shareholders can pose their questions about the Company and its business development directly to the Management Board and the Supervisory Board. We always prepare the Shareholders' Meeting with the goal of providing shareholders with all information relevant to them. In addition, the Shareholders' Meeting approves a resolution on the appropriation of earnings, the discharge of liability for the Management Board and the Supervisory Board, and the selection of auditor.

The convening of the Shareholders' Meeting, along with the pending agenda items and the conditions for participation, is usually announced five to six weeks before the date of the meeting. All documents and information on the Shareholders' Meeting can be downloaded from the Company's website. A paper copy can also be requested from the Investor Relations department. We also try to make it easier for participants to exercise their rights. Shareholders can either exercise their voting right themselves at the Shareholders' Meeting, or have this exercised via a proxy of their choice or a voting rights representative with instructions appointed by the Company. The instructions for exercising voting rights can be issued prior to the Shareholders' Meeting or at the meeting directly on site. We publish attendance figures and the voting results from the Shareholders' Meeting on the internet immediately after the event.

MANAGEMENT AND SUPERVISORY BOARD COOPERATION

As a German corporation ("AG"), SUSS MicroTec is subject to German stock corporation law and, therefore, has a dual management and control structure, which is exercised by the members of the Management and Supervisory Boards. The Management Board and Supervisory Board cooperate in a goal-oriented and efficient manner, taking into account the interests of our employees and shareholders, in order to promote the sustainable enhancement of the Company's value. The members of the Management Board bear joint responsibility for all management activities. They are responsible for the development of the Company's strategy, coordinating this with the Supervisory Board, and ensuring that it is carried out in a responsible manner.

The Supervisory Board monitors and consults the Management Board with regard to the management of the Company and appoints the members of the Management Board. Significant Management Board decisions – for example, acquisitions, divestments, and financial transactions – require the approval of the Supervisory Board. The Supervisory Board of SUSS MicroTec is not co-determined and no committees were formed. There is thus nothing to report regarding the composition and working procedures of the committees.

The Management Board and the Supervisory Board always cooperate very closely in the interest of the Company and with the common goal of achieving a sustainable increase in the enterprise value. The Management Board informs the Supervisory Board about business policy and all relevant issues related to planning, business development, risk position, and risk management on a regular, prompt, and comprehensive basis. Deviations in business developments from the established plans and targets are explained and reasons for these are provided.

As is stipulated in the German Corporate Governance Code, only one former member of the Management Board belongs to the Supervisory Board of SUSS MicroTec AG (this being Dr. Stefan Reineck). In the 2012 reporting year, there were again no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company. No conflicts of interest among Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board occurred in the 2012 fiscal year.

SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

The composition of SUSS MicroTec AG's Supervisory Board is designed to ensure that the Company develops positively with regard to sustainable profitability and to ensure the continuous adaptation to rapidly changing requirements through constructive consultation and monitoring of the Management Board on the basis of relevant expertise. Sufficient diversity of expertise among the members will generate a broad spectrum of experience and varying perspectives that can be used to the benefit of the Company.

SUSS MicroTec AG is a technology-oriented Company that is aligned with the global market and that must compete and develop in a very dynamic and technologically demanding environment. This necessitates that members of the Supervisory Board possess the ability to make assessments regarding technology and have relevant knowledge of markets on an international scale. Consequently, it is the objective of the Supervisory Board not only to attract individuals who are experienced financial experts but also to cover these areas as well. Of particular importance in terms of technological expertise is relevant knowledge of the semiconductor and semiconductor-related industry and its equipment suppliers. In order to be able to assess trends and developments in our very dynamic markets farsightedly and reliably, international experience and extremely active networks must be represented in the Supervisory Board.

In addition to this key expertise, the Company expects from successful Supervisory Board members and candidates broad experience in other areas which contribute in as complementary a fashion as possible to the optimal composition of the Supervisory Board. Among these areas are knowledge and experience of strategic corporate development, including mergers and acquisitions, the capital markets, capital markets communication, the recruitment of executives, modern remuneration models for all levels, and a heightened sensitivity for economic and ecological principles.

Depending on the Company's current situation, it can make sense to adjust the weighting of individual criteria and to propose corresponding changes to the Supervisory Board at the Shareholders' Meeting. For this purpose, the Supervisory Board monitors the Company's situation and evaluates the composition of the board at regular intervals.

With regard to the composition of the Supervisory Board, in the future more consideration is to be given to women in order to achieve an appropriate level of representation. The Supervisory Board and Management Board do not currently regard setting a quota to be expedient. In view of the size of the Supervisory Board, the Management Board and Supervisory Board do not regard as expedient setting a minimum number of independent Supervisory Board members beyond the legal requirements in order not to restrict excessively future discretion in the selection of Supervisory Board members.

The age limit for Supervisory Board members is 71. Conflicts of interest are avoided in staffing the Supervisory Board by having the candidates make declarations prior to an election stating that they have no conflicts of interest. If potential or actual conflicts arise during an elected term, corresponding rules for the Supervisory Board and Management Board require that they be disclosed and handled appropriately by the full council of the Supervisory Board.

The Supervisory Board regards the composition of the Supervisory Board as appropriate in view of established targets and the current situation of the Company. In particular, the Supervisory Board has a sufficient number of independent members. Mr. Teichert in particular fulfills the requirements of Section 100 (5) of the German Stock Corporation Law (AktG) for an independent member of the Supervisory Board possessing professional expertise in the areas of accounting or the preparation of financial statements.

COMPANY BODIES

Members of the Management and Supervisory Board and their mandates:

FRANK AVERDUNG

- VDMA Productronic Association, Frankfurt am Main (Vice Chairman)
- VDMA (member of the Board of Directors)
- Semi European Advisory Board (member)
- IMS Nanofabrication AG, Vienna (member of the Supervisory Board)

MICHAEL KNOPP

DR. STEFAN REINECK

- AttoCube Systems AG, Munich (Vice Chairman of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (member of the Board of Directors)
- Wittenstein AG, Igersheim, Germany (member of the Supervisory Board)
- AWS Group AG, Heilbronn (member of the Supervisory Board)
- RMC Dr. Reineck Management & Consulting GmbH, Kirchardt (Managing Partner)

JAN TEICHERT

- Einhell Germany AG (member of the Management Board)
- Since January 1, 2014: Kolb Technology GmbH, Hengersberg (Member of the Supervisory Board)

GERHARD PEGAM

- GPA Consulting GmbH, Au bei Bad Aibling (Managing Partner)
- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (member of the Administrative Board)
- Schaffner Holding AG, Solothurn, Switzerland (member of the Administrative Board)

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

There were no changes in the composition of the Management Board or Supervisory Board of SUSS MicroTec AG during the past fiscal year.

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

The members of the Management and Supervisory Boards of SUSS MicroTec in office in the 2013 fiscal year owned the following number of shares and subscription rights as of the end of the fiscal year on December 31, 2013:

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

	Number of shares on 12/31/2013	Change from 12/31/2012	Number of stock options on 12/31/2013	Change from 12/31/2012
Supervisory Board				
Dr. Stefan Reineck	9,600	-	0	-
Jan Teichert	0	-	0	-
Gerhard Pegam	0	-	0	-
Management Board				
Frank Averdung	90,540	+7,340	0	-
Michael Knopp	28,100	+5,600	0	-

DIRECTORS' DEALINGS OF THE MANAGEMENT AND SUPERVISORY BOARDS SUBJECT TO MANDATORY REPORTING

In accordance with Section 15a of the German Securities Trading Law (WpHG), the members of the Management and Supervisory Boards are legally obligated to disclose the acquisition or sale of SUSS MicroTec AG shares or their corresponding financial instruments insofar as the value of the transactions that a member of the Company and persons associated with him / her has carried out within the calendar year amounts to or exceeds € 5,000.

All dealings of the Management Board and Supervisory Board are published on the Company's website at *www.suss.com > Investor Relations > Share > Directors Dealings*.

ACCOUNTING AND ANNUAL AUDIT

SUSS MicroTec prepares its consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS) as are applied in the European Union for listed companies. The separate financial statements for SUSS MicroTec AG are prepared according to the provisions of the German Commercial Code (HGB).

On June 19, 2013 the Shareholders' Meeting appointed BDO AG Wirtschaftsprüfungsgesellschaft headquartered in Hamburg, branch office in Munich, as auditors and Group auditors of SUSS MicroTec AG for the 2013 fiscal year. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality. Furthermore, the auditor agreed to inform the Supervisory Board of all material findings and circumstances that arise while conducting the audit.

CORPORATE GOVERNANCE DECLARATION

The declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) is part of the management report and is made available on the Company's website at *ir.suss.com/websites/suess/English/2010/declaration-on-corporate-governance.html*

REMUNERATION REPORT

We presented the elements of the remuneration system in the Remuneration Report, which is published in the condensed Management Report.

COMBINED GROUP MANAGEMENT REPORT

of SUSS MicroTec AG for the 2013 Fiscal Year

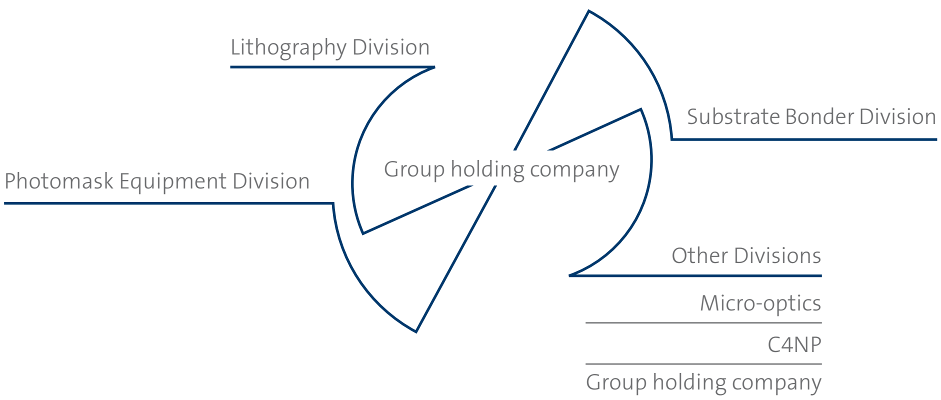
BUSINESS AND GENERAL CONDITIONS

Group Structure and Business Activities

BUSINESS ACTIVITIES AND DIVISIONS

The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and microelectromechanical systems. As a supplier of system solutions for semiconductor technology, the Group operates as a high-performance partner of the semiconductor industry for the laboratory and production areas. Special markets with strong growth form the main areas of activity and promote the innovative development of technologies with long-term potential for success in future-oriented markets and applications. The main focus here is on the microchip architecture and connection technology for applications in chip manufacture, telecommunications, and optical data transfer. Larger process lines are typically comprised of several individual tools, where the Group creates and utilizes networks with internal and external partners in order to establish competitive advantages.

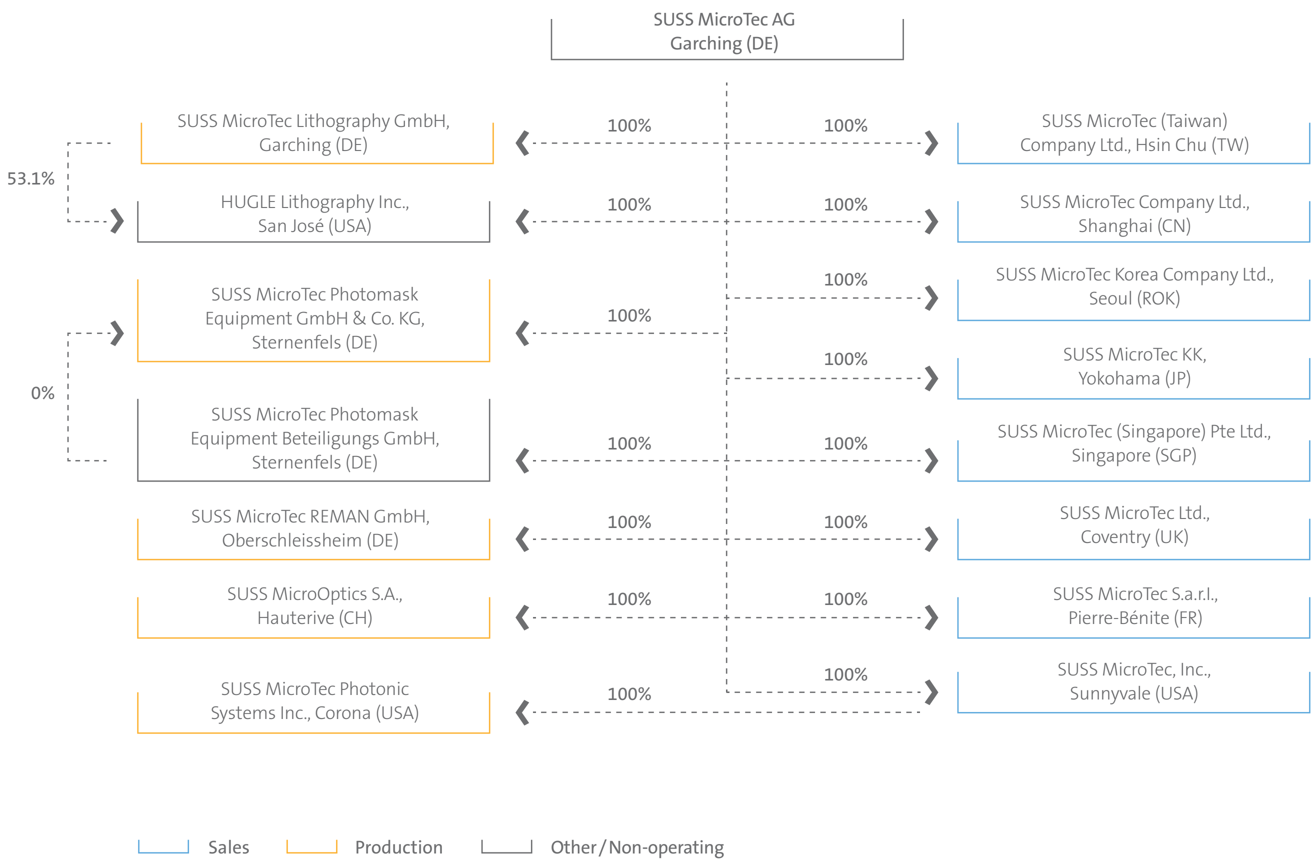
As of December 31, 2013, the Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. Through the acquisition of HamaTech APE GmbH & Co. KG (now named: SUSS MicroTec Photomask Equipment GmbH & Co. KG), a new division – the Photomask Equipment division – was created in the 2010 fiscal year. Tamarack Scientific Co., Inc. (now named: SUSS MicroTec Photonic Systems Inc.), which was acquired in March 2012, is assigned to the Lithography division.



LEGAL STRUCTURE OF THE GROUP

The legal structure of the Group consists of the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries, in which case the proprietary company typically holds the majority interest. The development and production activities as well as the local sales and service activities for the Group are each organized within the subsidiaries. The Group has locations in Germany, the United States, the United Kingdom, France, Switzerland, Japan, China, Singapore, Korea, and Taiwan.

In addition, a non-controlling interest of 10% in ELECTRON MEC S.R.L., Milan (Italy), still exists. This non-controlling interest is insignificant for the operational business.



MANAGEMENT AND CONTROL

Remuneration Structure for Officers

The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance as well as for an optional retirement insurance. The amount of the fixed pay is first and foremost determined by the roles and responsibilities assigned. Moreover, pension commitments have been made to members of the Management Board in the form of direct insurance. Variable remuneration includes short-term and long-term components. More information about this can be found in the Remuneration Report.

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In accordance with Section 19 of the articles of incorporation, the members of the Supervisory Board receive the following remuneration: In addition to the reimbursement of expenses and meeting attendance compensation of € 1,500 per meeting, every member of the Supervisory Board receives a fixed remuneration geared toward his / her responsibilities and the extent of the member's activities. According to this, the Chairman of the Supervisory Board receives € 45,000, the Deputy Chairman receives € 40,000, and a regular member of the Supervisory Board receives € 35,000 per fiscal year as fixed compensation.

Corporate Control, Objectives, and Strategy

Corporate control is geared particularly toward the order entry, sales, and order backlog of the individual divisions. The performance of the divisions is, thus, measured above all by observing the development of the gross profit margin (sales less manufacturing costs) as well as the division earnings. The presentation of the division earnings now also includes income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's operating income (EBIT).

Another key control figure is the net liquidity (cash plus interest-bearing securities less financial debt). This represents a significant key control figure for the holding company's financing function.

SUSS MicroTec pursues the strategy of occupying lucrative niche markets in the industry of semiconductor suppliers. The goal is to operate in the relevant markets by way of its clear positioning among the top three suppliers at all times. Partnerships with leading institutes and companies within the industry should ensure that significant trends and promising technologies are always identified early on and that the potential for SUSS MicroTec is examined. Organic growth is at the center of focus. External growth is also considered in the case of interesting technologies and appropriate complementary products.

Research and Development

We have put together an overview of the research and development activities in 2013 by division below.

LITHOGRAPHY

The largest division, Lithography, combines the product lines Exposure (Mask Aligners, UV projection tools), Laser Processing, and Coaters / Developers.

In the area of coating and developing systems, SUSS MicroTec has expanded the latest generation of the 200 mm platform with a key component for high-volume manufacturing. The new quad-port input / output module enables the continuous processing of two parallel processes without interruption. The expandability of this module makes it possible to further optimize the cost of ownership of the Coater / Developer cluster. The uninterrupted operation also increases process safety and yield.

Additional issues were addressed to increase process safety and stability across platforms for the 200 mm and 300 mm Coater / Developer cluster. The development of a closed-loop control circuit for dispense arm positioning enables a high degree of reliability for decoating the edge of a substrate. The given surface can be minimized in size so that the actively usable surface, which is synonymous with yield, can be increased. In another project, the temperature-controlled media supply process for developer modules was refined. As a result, a smaller tolerance and an expanded adjustable temperature range are possible. This offers improvements with respect to processing times as well as safety. The new modules also enable a flexible system of temperature regulation, also at a distance from the processing equipment.

The capacity of the 300 mm tools was expanded so that they can process substrates having a larger-than-standard surface with only a slight increase in costs. All modules – from the Spin Coater to hot and cool plates and the Developer – were redesigned accordingly.

In the Mask Aligner product line, the control platform was refined through software and hardware modifications in order to modernize the operational design. Already in 2013, initial results were achieved from implementing the modifications in new tools. The refinement, which basically targets all types of Mask Aligners, was first introduced last year in the MA200Compact.

The engineers of SUSS MicroTec are constantly working on improving the processing capacity of the tools. An important evolutionary step here involves tooling innovations and refinements, for example for the processing of unusual substrates primarily in the microelectromechanical systems (MEMS) area. These innovations improve marketing opportunities in a technology area that is characterized by the diversity of processes and substrates. The automation and embedding into fab automation systems have been refined in the MA200Compact, MA300, and MA150e production mask aligners. In the process, SUSS MicroTec is taking into account rising demand regarding automation and wafer tracking in high-volume markets.

SUSS MicroTec Photonic Systems develops and manufactures UV projection scanners and laser systems. These tools are highly complex and the development of new generations of tools extends over a relatively long period. In the 2013 fiscal year, both the projection scanners and the laser tools were further developed and the respective new machine generation will be introduced to the market in the first half of 2014. The innovations primarily involve addressing the requirements of modern packaging technologies.

SUBSTRATE BONDER

In the 2013 fiscal year, the Substrate Bonder division was able to record a follow-up order for the latest generation of production Bond Clusters. The customer, which installed the first devices from SUSS MicroTec in 2012, plans to enter into pre-serial production with the newly ordered systems. Numerous innovations and refinements were carried out for these tools, including the continuous and systematic improvement of hardware and software for mass production requirements. The capability of integrating equipment into fab automation on the customer side is indispensable for high-volume production. In addition, efforts were made to improve the fully-automated loading for wafers, the tape frame load ports, and throughput in general.

In collaboration with an external partner, the prototype for an inexpensive excimer laser debonder was developed. The excimer laser debonder will be used to develop innovative, temporary bonding processes for interposer and 3D applications. The process development took place in cooperation with various materials manufacturers. In the 2013 fiscal year, an innovative bonder for fusion and hybrid bonding processes based on the XBS300 Gen2 platform was manufactured and installed at a leading European research institute through a joint development program.

PHOTOMASK EQUIPMENT

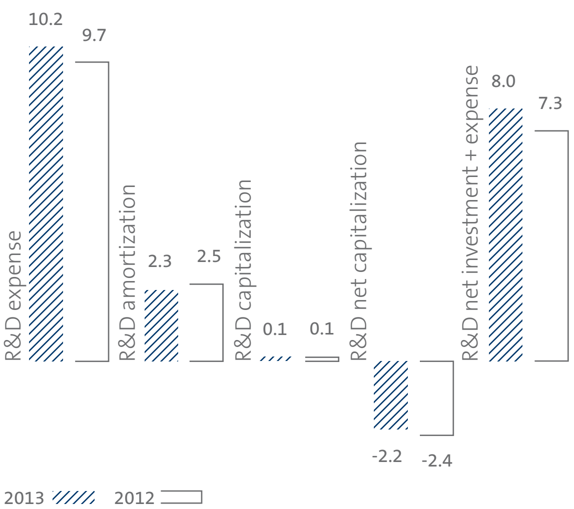
Ever smaller structure sizes and ever higher integration density require the continual expansion of existing lithography technologies as well as the development of new lithography technologies at the semiconductor front end. 193nm immersion lithography, which is based on the use of optical transmission masks, and EUV lithography, which uses highly sensitive reflecting masks, are the two technologies that drive developments in the market. Consequently, directly linked processing methods such as photomask cleaning, a core competence of SUSS MicroTec, needs to be adjusted.

In 2013, a particular focus was placed on evaluating methods to improve the cleanliness of the back sides of EUV masks during the photomask cleaning process. Besides the optimization of the cleaning application itself, the use of various materials and geometries for the photomask substrate holder (chuck) was investigated. While tiny particles came free and sometimes settled on the back side of the photomask with the previous chuck, the intrinsic cleanliness could be maximized with the innovative chuck variant. Through the selection of material, it was also possible to make the chuck much more filigreed and reduce projecting edges, which in turn increases the efficiency of back side rinsing during cleaning.

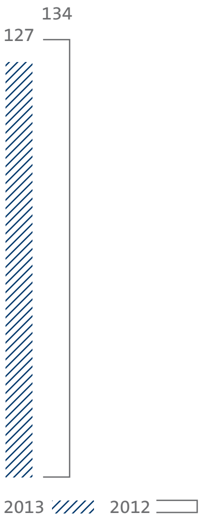
The back side inspection device, which was integrated in the MaskTrack Pro InSync system in 2012, represented another important step toward supporting the entire EUVL infrastructure. It is supported by software that was specially developed at SUSS MicroTec. This software enables the evaluation of defect data generated and automates, if necessary, any required additional cleaning of the substrate. In the past year, this defect data analysis, which facilitates a detailed classification of data by size and type, was further expanded through a project with a large chip manufacturer.

In 2013, following the introduction of a new cleaning medium, it was possible to qualify the cleaning process so that it is possible to clean Photomasks for optical lithography (193i) at a technology node < 16nm. Accordingly, another reduction in the impairment of optical properties and damage to patterns on the masks has been achieved. With these developments, SUSS MicroTec is taking appropriate steps to maintain and expand its market leadership and to offer complete solutions for EUV lithography and 193i technology.

R&D EXPENDITURE COMPARED WITH THE PREVIOUS YEAR
in € million



R&D EMPLOYEES



Overview of the Business Development

OVERALL MACROECONOMIC CONDITIONS

According to the ifo Institute, the German economy started the new year on a hopeful note. In January 2014, the ifo Business Climate index for industry and trade in Germany improved for the fourth time in a row. Although the economic situation in the industrialized countries continues to be burdened by the consequences of the financial crisis, signs here also point to a recovery. Overall, the economic upswing in the advanced economies since mid-2013 had a positive impact on the world economic climate. In its World Economic Outlook, the International Monetary Fund forecast world economic growth of 3.0% for the full year of 2013; for 2014 accelerated growth of 3.7% is assumed.

INDUSTRY-SPECIFIC CONDITIONS

The entire semiconductor market grew by 4.8% in the last fiscal year. The total volume rose from US$ 291.6 billion in 2012 to approximately US$ 305.6 billion last year (source: Semiconductor Industry Association). The drivers of growth were strong demand for DRAM and NAND memory chip components for the smartphone and tablet computer industry sectors.

However, the market for semiconductor equipment reported another decline. In 2013, according to Gartner, the demand for semiconductor equipment fell by a total of approximately 8.5% from the previous year (2012: -16.1%). For the past three years, the equipment sector has noted reluctance to invest among customers, manufacturing capacities are expanded at the last possible moment, and sizeable new investments are made only in isolated cases.

COMPANY DEVELOPMENT

In the forecast report of the 2012 Annual Report, the Company held out the prospect of sales of approximately € 150 million and earnings before interest and taxes in the low single-digit million euro range for the 2013 fiscal year. SUSS MicroTec concluded the 2013 fiscal year with sales of € 134.5 million. The reason for the deviation in sales were shifts in the final acceptance of individual larger orders, for which tools had already been delivered to customers but the final acceptance and therefore revenue recognition had occurred or will occur in the first half of the 2014 fiscal year. Due to lower sales volume, an unfavorable product mix with respect to 200 mm and 300 mm systems, and extraordinary expenses for the Permanent Bonding division of € 13.2 million, the Company generated EBIT of € -19.4 million (previous year: € 11.7 million).

Order entry declined by approximately 14.1% compared with the previous year to € 135.0 million (previous year: € 157.2 million).

Cash and interest-bearing securities amounted to € 47.1 million at the end of the 2013 fiscal year. Net liquidity increased by the end of 2013 to € 35.7 million (previous year: € 32.3 million), although in the previous year an investment of € 8.9 million was made to acquire the property at the Garching site. Free cash flow before the inclusion of securities sales / purchases and extraordinary effects from M&A activities came to € 4.1 million for the full year (previous year: € -4.5 million).

Order backlog as of the reporting date totaled € 85.7 million, only slightly less than in the previous year (€ 86.5 million).

The ratio of newly received orders to realized sales (book-to-bill ratio) in 2013 was 1.0 after 0.96 in the previous year.

SALES AND ORDERS POSITION BY REGION

Europe, North America, and Asia are important regions for SUSS MicroTec's business. Asia is divided into Japan and "Rest of Asia" in order to account for the fact that most of the Company's customers in the advanced packaging market are located outside of Japan, particularly in Taiwan. However, this market is also more susceptible to fluctuation than those for compound semiconductors and MEMS.

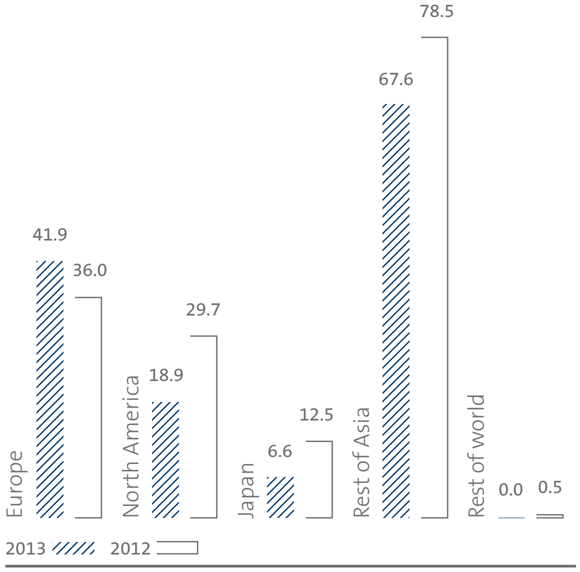
Order Entry by Region

In 2013, the markets for semiconductor equipment shrank by approximately 8.5%, which was also reflected by lower sales and order entry figures at SUSS MicroTec. Order entry declined from the previous year by 14.1%.

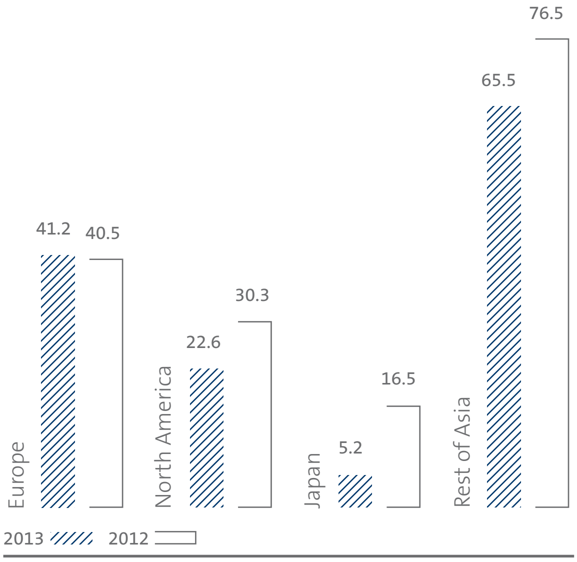
Europe is the only region that recorded rising order entry. The region achieved order entry of € 41.9 million (previous year: € 36.0 million), approximately 16% higher than in the previous year. Due to fewer orders from the Photomask Equipment and Mask Aligner product lines, the region of North America experienced a 36.4% decline in order entry, achieving orders of € 18.9 million for the entire year of 2013 (previous year: € 29.7 million). In 2013, the region of Japan recorded order entry of € 6.6 million, 47.2% less than in the previous year. Fewer orders were recorded in this region compared to the previous year primarily from the Substrate Bonder division.

In the most important region, Rest of Asia (excluding Japan), the SUSS MicroTec Group recorded 13.9% lower sales totaling € 67.6 million (previous year: € 78.5 million).

ORDER ENTRY BY REGION in € million



SALES BY REGION in € million



Sales by Region

All regions, except for Europe, had to accept lower sales from the previous year. In Europe, sales rose by approximately 2% to € 41.2 million after € 40.5 million in the previous year. The region of North America recorded a decline of 25.4% from the previous year to € 22.6 million (previous year: € 30.3 million). Japan generated € 5.2 million, also much less than in the previous year (€ 16.5 million). The Rest of Asia region recorded a decrease in sales of 14.4% to € 65.5 million (previous year: € 76.5 million).

BUSINESS DEVELOPMENT IN THE INDIVIDUAL DIVISIONS

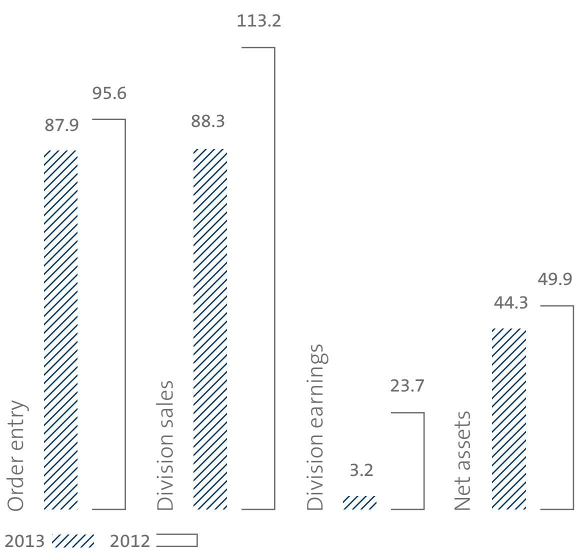
Lithography

The Lithography division includes the development, manufacture, and sale of the Mask Aligner, Projection Scanner, Laser Processing Tools, Developer, and Coater product lines. These product lines are manufactured in Germany at the locations in Garching near Munich and, since the beginning of 2010, in Sternenfels. The Lithography division was strengthened in the first quarter of 2012 by the acquisition of Tamarack Scientific Co., Inc. (now operating under the name SUSS MicroTec Photonic Systems). The company has its headquarters in Corona in southern California (USA). With a contribution to sales of 66%, the Lithography division is SUSS MicroTec Group's largest division. The components which are processed with these tools are attributed to the end markets of advanced packaging, microelectromechanical systems (MEMS), compound semiconductors (LED), and 3D integration.

In the 2013 fiscal year, the Lithography division achieved order entry of € 87.9 million and sales of € 88.3 million. This corresponds to a decline in order entry of approximately 8% and 22% lower sales than in the previous year. Although many of our Asian customers operate with a capacity utilization rate in area of 90%, investments to expand capacity are made only reluctantly. In the past fiscal year, there were only a few notable investments in 300 mm devices, which typically produce a very good gross margin for SUSS MicroTec.

The lower earnings before interest and taxes (EBIT) was attributable to the unfavorable product mix with respect to 200 mm and 300 mm devices, the impact of the negative contribution to earnings of SUSS MicroTec Photonic Systems, and overall lower sales. EBIT fell from € 23.7 million in the previous year to € 3.2 million in the past fiscal year, representing a decline of 87%. The gross margin of 27.2% in 2013 narrowed significantly from the previous year (previous year: 40.7%).

LITHOGRAPHY DIVISION OVERVIEW in € million



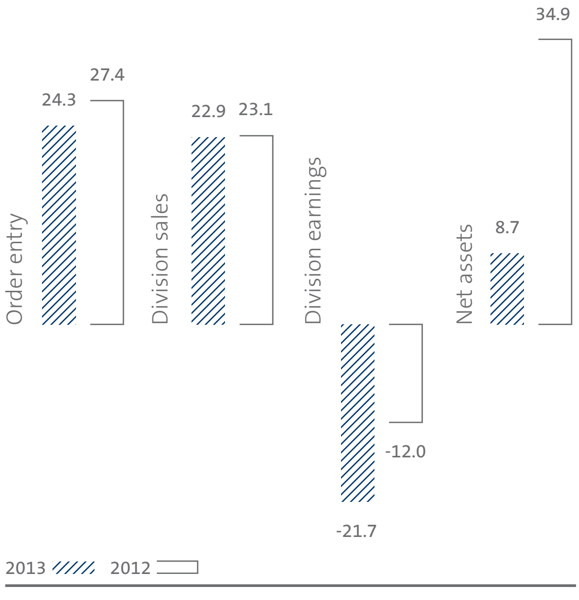
Substrate Bonder

The Substrate Bonder division comprises the development, production, and sale of the Substrate (Wafer) Bonders. Manufacturing is located at our largest site in Sternenfels. Markets addressed by the Substrate Bonder systems include MEMS, compound semiconductors, and 3D integration.

The Substrate Bonder division performed sluggishly both in terms of order entry of € 24.3 million (previous year: € 27.4 million) and sales of € 22.9 million (previous year: € 23.1 million). Earnings before interest and taxes (EBIT) fell due to extraordinary charges for restructuring in the area of permanent bonding of € 13.2 million from € -12.0 million in 2012 to € -21.7 million. The gross margin deteriorated from -10.1% to -53.5%.

Due to a reevaluation of the business situation in the permanent bonding segment and the continued unsatisfactory results of operations in this product line, the restructuring measures introduced in the second quarter of 2013 were expanded and the production of permanent Bond Cluster Systems was terminated. The manual permanent bonding systems, which are successful in the market, were not affected by this measure. In the full year of 2013, the restructuring measures resulted in extraordinary expenses totaling € 13.2 million. The extraordinary expenses include € 9.3 million from the write-down of inventories (materials and supplies, work in process, and demonstration equipment) as well as € 2.7 million from precautionary provisions for individual customer projects and € 1.2 million non-cash value adjustments, which accrued primarily to capitalized development costs from the years prior to 2008. By implementing this measure, the management of SUSS MicroTec expects a significant reduction of losses in the Substrate Bonder division.

SUBSTRATE BONDER DIVISION OVERVIEW in € million

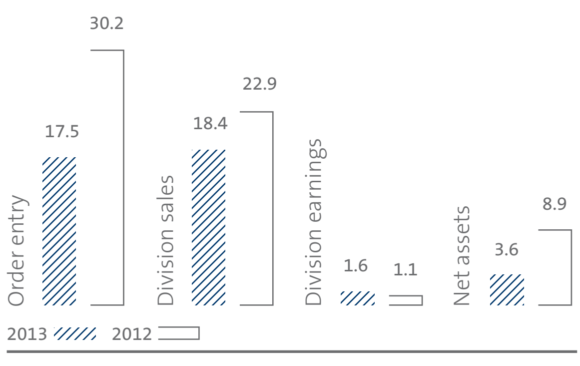


Photomask Equipment

The Photomask Equipment division, which is located at the Sternenfels site near Stuttgart, comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. The market targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the front end with this product line.

The Photomask Equipment division also performed sluggishly in the past fiscal year in terms of order entry and sales. At the end of December 2013, order entry totaled € 17.5 million (previous year: € 30.2 million). Division sales amounted to € 18.4 million after € 22.9 million in 2012. Division earnings (EBIT) improved, amounting to € 1.6 million in the past fiscal year (previous year: € 1.1 million). The gross margin was 33.3% after 27.6% in the previous year.

PHOTOMASK EQUIPMENT DIVISION OVERVIEW in € million

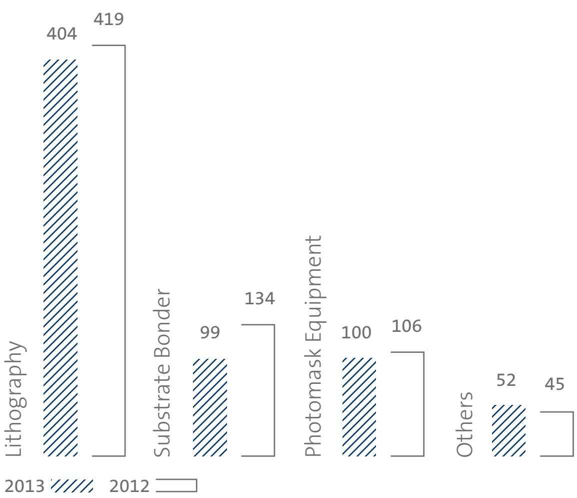


Others
The Others division comprises Micro-optics activities at the Hauterive, Switzerland, location, the C4NP business, as well as the costs for central Group functions that generally cannot be attributed to the main divisions. Ownership of the Micro-optics business was boosted from 85% to 100% in the first half of 2012. In this way, the company, which commands important enabling technologies, will be even more closely tied to SUSS MicroTec.

Order entry increased from € 4.0 million in the 2012 fiscal year to € 5.3 million in 2013. Division sales amounted to € 4.9 million after € 4.6 million in the corresponding period of the previous year. Here the Micro-optics business recorded a significant increase in order entry from € 3.9 million to € 5.2 million as well as stable sales of € 4.6 million. For the 2013 fiscal year, division earnings amounted to € -2.4 million, compared with € -1.0 million in the previous year.

OTHERS DIVISION OVERVIEW in € million

EMPLOYEES BY DIVISION



NON-FINANCIAL PERFORMANCE INDICATORS

SUSS MicroTec has more than sixty years of experience in the manufacture of equipment and the development of process solutions for microstructuring applications. The Company has set standards for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry.

Quality Management
SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-optics divisions is rooted in a strong commitment to complying with the highest quality standards. Our quality goals are based on sustainable customer trust, respect for our customers, partnerships, and motivated employees. SUSS MicroTec provides high-quality products and services as well as innovative solutions.

All SUSS MicroTec divisions share our commitment to the highest quality. Our processes are based on an effective quality management system, which is ISO 9001-certified for the production sites in Germany and Switzerland and is constantly being improved.

Environmental Responsibility and Sustainability

The topic of sustainability has a very high priority for us. As a technology leader and driver of innovation, the Company considers itself committed not only to first-class products, but also to sustainability. In management decisions, it is always necessary to bring the social, ecological, and economic aspects into harmony. We always strive for a fair and socially responsible interaction with customers, employees, and competitors. SUSS MicroTec also applies the same high standards to suppliers and business partners.

In recent years, SUSS MicroTec has implemented various energy-efficient measures at the production site in Garching, such as optimizing the pump systems for heating and air conditioning, using air compressors with heat recovery, new illumination concepts, and a generally higher level of awareness in the use of energy. As a result of these steps, it was possible to reduce the consumption of electricity by more than 15% since 2008.

Due to age-related functional deficits, the cooling units in the cleanrooms at the Garching site were renovated in several construction stages during the 2013 fiscal year. The two new cooling units, which are equipped with "free cooling," can conserve energy at outside temperatures below 11°C. Based on experience, one may assume that at these temperatures (on approximately 90 days / year), the cooling requirements are reduced by approximately 30%. This takes pressure off the compressors for the cooling equipment and cuts energy costs. The new cooling equipment was installed in a network, resulting in a redundant cooling capacity. This means that, in the event of a breakdown (e.g. the failure of a cooling device or maintenance work), production will not be disrupted. With these renovation projects, the Company increased production safety at the Garching site and simultaneously implemented an additional energy-efficient measure.

SUSS MicroTec remains a partner of the Blue Competence Sustainability Initiative of the German Engineering Federation (VDMA) and is committed to sustainable and responsible conduct. Furthermore, the Company is committed to the Code of Conduct of the Electronic Industry Citizenship Coalition® (EICC®) and has implemented the necessary parts of the ISO 14001 standard. EICC® establishes standards that should ensure safe working conditions in the supply chain of the electronics industry, respectful and dignified treatment of workers, and environmentally and ethically acceptable business processes.

Employees

We are particularly interested in the safety and well-being of our employees. A safe and healthy work environment enhances both productivity and the work atmosphere in the Company. As stated in our declaration on the environment, health, and safety (*www.suss.com > Quality Management*), there are special programs designed to meet the highest standards in terms of safety. We maintain detailed statistics about workplace accidents and analyze them regularly. In addition, we offer on-site medical appointments, for example for free eye examinations or inoculations, at regular intervals.

The collaboration of our employees worldwide and our interactions with customers and business partners are characterized by mutual respect, acting with integrity, and compliance with ethical guidelines and laws. In order to cope with the numerous legal and ethical challenges encountered in day-to-day work, create clarity, and thus strengthen trust in the performance and integrity of the SUSS MicroTec Group, we have adopted a Code of Conduct and compliance wich is mandatory for all employees.

Customer Relations

We attach tremendous importance to maintaining high ethical standards in our interactions with employees, customers, and business partners. We believe that this can make a decisive contribution to the success of the Company. This includes the proper handling of inside information, the intellectual property of employees, and confidential information about customers and suppliers.

Our customers include well-known integrated device manufacturers (IDM) from around the world and numerous customers in the area of outsourced assembly and test houses (OSAT). In addition, we have worked very successfully with leading universities and research institutes both in Germany and abroad for many years. In terms of the development of new and innovative technologies, tools, and solutions, we also enter into partnerships and collaborations with other industrial companies.

EARNINGS, ASSETS, AND FINANCIAL POSITION

Earnings Position

In the 2013 fiscal year, the earnings position of the SUSS MicroTec Group reflected significantly lower sales and negative annual earnings. Sales fell compared to the previous year by approximately 18% to € 134.5 million, whereas sales of € 163.8 million had been generated in the previous year. Earnings before interest and taxes (EBIT) from continuing operations in the past fiscal year amounted to € -19.4 million. In 2012, positive EBIT of € 11.7 million was achieved.

EBIT in the 2013 fiscal year included extraordinary expenses of € 13.2 million, which accrued in connection with halting the production of Permanent Bond Cluster systems[1]. They involved impairments of inventories (€ 9.3 million), write-downs on capitalized development costs (€ 1.2 million), value adjustments on trade receivables (€ 0.5 million), and the formation of provisions for other liabilities (€ 2.2 million). Without these extraordinary expenses, EBIT in 2013 would have amounted to approximately € 6.2 million.

The decline in sales resulted primarily from lower sales in the Lithography division. Whereas in the previous year Lithography generated sales of € 113.2 million, sales in the last fiscal year totaled only € 88.3 million. The decline involved both the Mask Aligner and Coater product lines. The business of SUSS MicroTec Photonic Systems (previously: Tamarack Scientific), which was newly added in 2012, contributed € 11.6 million in sales from the UV projection lithography and laser processing product lines to Group sales. In 2012 (since the acquisition date of March 29, 2012), the Photonic Systems product lines generated sales of only € 1.9 million. Sales of € 22.9 million in the Substrate Bonder division were at approximately the same level as in the previous year (2012 sales: € 23.1 million). The Photomask Equipment division generated sales of € 18.4 million, approximately 20% lower than in the previous year. Sales in the Micro-optics division increased slightly from € 4.3 million in the previous year to € 4.6 million.

[1] See the Ad Hoc Announcement of SUSS MicroTec dated November 6, 2013

The cost of sales included write-downs of € 2.3 million on capitalized development costs. Of this amount, € 1.2 million involved extraordinary depreciation on development costs, which were capitalized in the past in connection with the Permanent Bond Cluster area. The new capitalizations totaled just € 0.1 million. In the previous year, write-downs on capitalized development costs of € 2.5 million were recognized, while the new capitalizations similarly totaled € 0.1 million.

In the 2013 fiscal year, a gross profit of € 21.8 million was generated, which corresponded to a gross profit margin of 16.2%. In the previous year, the gross profit totaled € 57.4 million; the gross profit margin in 2012 amounted to 35.0 %. The gross profit in the 2013 fiscal year was impacted by extraordinary expenses in connection with the restructuring of the Permanent Bond Cluster area. Of total extraordinary expenses of € 13.2 million, € 10.5 million were recognized in cost of sales. In addition, cost of sales included write-downs of € 1.9 million on tools held in inventory at SUSS MicroTec Photonic Systems, which were revalued as a result of the purchase price allocation in the previous year.

The gross profit in the Lithography division was much lower in the last fiscal year than in the previous year. The gross profit margin was impacted by the negative gross profit of the Photonic Systems product lines, which made a significant € 11.6 million contribution to sales. In addition, the low sales volume of the Mask Aligner and Coater product lines and the unfavorable product mix negatively affected the gross profit margin.

The gross profit of the Substrate Bonder division was negative once again. Aside from the recognized extraordinary expenses of € 13.2 million, the gross profit margin was also impacted by negative margins during the year accruing to Permanent Bond Cluster systems. Sales in the Temporary Bonding and De-Bonding area achieved only low margins due to low quantities.

The gross profit margin in the Photomask Equipment division was encouraging. As a result of several high-margin orders, the gross profit margin was much higher than in the previous year.

Selling costs in the fiscal year decreased from € 20.7 million in the previous year to € 17.5 million, representing an expense ratio of 13.0 % (previous year: 12.6%) relative to sales generated.

Administrative costs fell from € 17.0 million in the previous year to € 15.0 million, corresponding to an expense ratio of 11.1% (previous year: 10.4 %).

Research and development costs increased from € 9.7 million in the previous year to € 10.2 million. € 5.4 million related to the Lithography division and € 3.0 million related to the Substrate Bonder division. € 1.4 million was attributable to the Photomask Equipment division. Research and development costs of the Substrate Bonder division in the past fiscal year included € 1.2 million of extraordinary expenses in connection with the restructuring of the Permanent Bond Cluster area.

Other operating income amounted to € 5.5 million in the fiscal year (previous year: € 6.1 million) and consisted primarily of income from foreign currency translation. Also included here was income of € 2.1 million from reducing the earn-out liability at Photonic Systems (previously: Tamarack Scientific). The reversal of the corresponding liability resulted from a reevaluation of the expected results of operations at SUSS MicroTec Photonic Systems, based on which the earn-out for the sellers and Photonic Systems employees had been determined. Also in the previous year, income of € 2.1 million was recognized from an adjustment of the earn-out liability.

Other operating expenses amounted to € 4.1 million in 2013 (previous year: € 4.4 million) and primarily included expenses from foreign currency translation and the formation of value adjustments on trade receivables. Value adjustments on trade receivables included € 0.5 million related to a customer project in the Permanent Bond Cluster area and therefore were adjusted as a result of the restructuring of this area.

The Lithography division contributed earnings of € 3.2 million (previous year: € 23.7 million) to consolidated earnings before interest and taxes (EBIT). This resulted in a sales margin of 3.6% for the Lithography division, a significant drop from the previous year (sales margin in the previous year: 20.9%). The decline in earnings and sales margin in the Lithography division was attributable in part to the now included product lines of Photonic Systems (previously: Tamarack Scientific), which contributed sales of € 11.6 million and negative EBIT of € -5.1 million. This EBIT contribution also included income from the reversal of an earn-out liability of € 2.1 million. In addition, the EBIT of the Lithography division was negatively affected by lower sales volumes in the Mask Aligner and Coater product lines and an unfavorable, low-margin product mix.

In the Substrate Bonder division, EBIT measured € -21.7 million after € -12.0 million in the previous year. Earnings were impacted by extraordinary expenses of € 13.2 million, which accrued in connection with halting the production of Permanent Bond Cluster systems. Furthermore, the gross margin of Substrate Bonders for temporary bonding and debonding remained in the low single-digit percentage range.

The Photomask Equipment division contributed € 1.6 million (previous year: € 1.1 million) to Group EBIT. As a result, the sales margin of 8.4% increased in comparison to the previous year (sales margin in 2012: 4.8%). The primary reason for the higher sales margin despite lower sales was a few high-margin orders, which were filled in 2013.

The financial result for 2013 amounted to € -0.1 million (after € 11 thousand in the previous year).

Group earnings incurred a tax income of € 3.6 million, which corresponded to an average tax rate of approximately 18%. The low tax rate resulted from the accumulated losses of foreign Group companies in the 2013 fiscal year (particularly in the USA), for which no deferred tax assets were recognized in view of the current Group budget. In the previous year, Group earnings were burdened by a tax expense of € 4.1 million. The average tax rate in the previous year was approximately 35%.

The Group's continuing operations generated a net loss after taxes of € -16.0 million. This compares to a profit of € 7.6 million in the previous year.

In the previous year, the Group's discontinued operations generated earnings after taxes of € 1.5 million, which are exclusively attributable to the discontinued Test Systems division. This amount resulted from a retroactive payment of the purchase price for the sale of the Test business, which was released to SUSS MicroTec AG in February 2012.

Overall, the Group generated earnings after taxes of € -16.0 million (previous year: € 9.1 million) in the reporting year. Basic earnings per share from continuing and discontinued operations amounted to € -0.84 after € 0.48 in the previous year.

Sales per employee declined compared to the previous year by 12.0% from € 233 thousand to € 205 thousand (based on the respective number of employees as of the reporting date).

Assets and Financial Position

The Group's net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – increased from € 32.3 million in the previous year to € 35.7 million as of December 31, 2013. The amount of cash and interest-bearing securities increased from € 36.6 million in the previous year to € 47.1 million at the end of the reporting year.

Cash flow from operating activities totaled € 16.3 million (previous year: € -0.6 million). Noticeable here was primarily a significant increase in customer down payments, which resulted in a cash inflow of € 13.6 million. In addition, cash inflow of € 8.2 million resulted from a decline in trade receivables. The change in trade payables as well as other liabilities and provisions resulted in cash outflows of € 0.9 million and € 2.3 million.

Cash flow from investing activities totaled € -12.2 million, excluding investments in securities. The acquisition of the property at the Company headquarters in Garching led to a cash outflow of € 8.9 million. This included not only the purchase price of € 8.6 million, but also ancillary costs of € 0.3 million. Other investments in tangible assets involved in part the installation of fixtures (particularly a new cleanroom) in the newly leased premises of SUSS MicroOptics (Hauterive, Switzerland), for which cash outflows of approximately € 1.3 million were recognized. In addition, new acquisitions were made of equipment and tools as well as operating and office equipment at the German companies. Investments in intangible assets primarily involved software. In the previous year, cash flow from investing activities totaled € -4.2 million, excluding investments in securities and the retroactive payment of the purchase price for the Test business and adjusted for the acquisition of Tamarack Scientific Co., Inc. (now SUSS MicroTec Photonic Systems Inc.).

As a result, free cash flow before the inclusion of securities purchases and sales came to € 4.1 million. In the previous year, free cash flow totaled € -4.5 million (adjusted for the effects of securities purchases and sales and adjusted for payment streams from the purchase of Tamarack Scientific and the sale of the Test business).

Cash flow from financing activities included an inflow of € 7.5 million from taking out a loan to finance the acquisition of the Garching property. The loan features a fixed interest rate and a term lasting until June 30, 2021. It was made available and disbursed in December 2013. In addition, cash flow from financing activities reflected – as in the previous year – the scheduled repayment of the real estate loan in Sternenfels. In the previous year, cash flow from financing activities included cash outflows of € 0.8 million, which involved the planned repayment of the finance lease for the Group-wide SAP system. In addition, in December of the previous year the promissory note bond issued for € 9 million was due for repayment and was completely paid off from available cash. Furthermore, cash flow from financing activities in the previous year included the outflow of € 1.2 million for the acquisition of 15% of the shares of SUSS MicroOptics S.A. (Hauterive, Switzerland), which were held by minority shareholders until the time of acquisition.

Aside from cash and interest-bearing securities of € 47.1 million (previous year: € 36.6 million), the Group had domestic guarantee and credit lines of € 8.0 million (previous year: € 11.2 million) at the end of the reporting year. In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 3.3 million.

As of April 1, 2013, SUSS MicroTec AG and SUSS MicroTec Lithography GmbH signed new credit agreements with the bank consortium led by BayernLB establishing a credit line totaling € 4.5 million. Deutsche Bank and DZ Bank AG also belong to the bank consortium. The new credit lines are granted until further notice and are issued without covenants. Their primary purpose is to serve as backing for down payment guarantees.

A general credit agreement exists between SUSS MicroTec Photomask Equipment GmbH & Co. KG and BW Bank Mannheim for a credit line of € 1.0 million. The credit line runs for an indefinite term and was issued without covenants. SUSS MicroTec AG issued a binding letter of comfort for SUSS MicroTec Photomask Equipment GmbH & Co. KG in order to secure the credit line.

In connection with a bond insurance agreement, a bond line of € 2.5 million exists with an insurance company. The term of the bond insurance agreement is indefinite. A term deposit account of € 0.3 million was pledged to the insurance company as collateral for this line.

Overall, the Group has sufficient financial leeway to finance necessary product developments and other strategic activities.

In addition to goodwill, the technology of SUSS MicroTec Photonic Systems obtained through a corporate acquisition and the business properties in Garching and Sternenfels accounted for the bulk of noncurrent assets.

Goodwill amounted to € 15.3 million (previous year: € 15.4 million). A part of goodwill (US$ 2.4 million) is denominated in US dollars and therefore is subject to currency fluctuations. The entire amount of goodwill is attributable solely to the Lithography division.

Capitalized development costs declined in the reporting year. As of the reporting date, they totaled € 0.8 million, after € 3.0 million in the previous year. Along with amortization of € 1.1 million, extraordinary write-downs of € 1.2 million were taken in connection with the restructuring of the Permanent Bond Cluster area. New capitalizations of just € 0.1 million were carried out. Capitalized development costs as of the reporting date related completely to the Lithography division. In the previous year, aside from development costs in the Lithography division of € 1.3 million, additional capitalized development costs of € 1.7 million were allocated to the Substrate Bonder division.

In addition, noncurrent assets encompassed licenses and patents as well as capitalized leased items (SAP licenses) of € 2.3 million (previous year: € 2.7 million). The residual book value of € 2.3 million is composed of € 1.5 million (previous year: € 1.9 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 0.8 million (previous year: € 0.8 million) for the Others division. Furthermore, the technology obtained as part of the Photonic Systems acquisition, which carried a residual book value of € 1.4 million as of the reporting date (previous year: € 1.7 million), is recognized under intangible assets.

The two business properties in Garching and Sternenfels, which carried a residual book value of € 13.8 million at the end of the year, accounted for the bulk of tangible assets. SUSS MicroTec Lithography GmbH, SUSS MicroTec Photomask Equipment GmbH & Co. KG, and SUSS MicroTec AG are located there. The property in Sternenfels has been included in consolidated assets already since 2010, while the property in Garching was acquired in 2013 for a total of € 8.9 million.

The remaining tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Capital expenditure (without land or buildings) amounted to € 2.4 million in the reporting year, as compared with € 4.8 million in the previous year. The largest investment to be mentioned was the installation of fixtures (particularly a cleanroom) and the procurement of new business and office equipment for the leased premises of SUSS MicroOptics S.A. (Hauterive, Switzerland), which led to total procurement costs of approximately € 1.3 million in the 2013 fiscal year.

In sum, tangible assets increased by € 8.8 million compared to the previous year.

Deferred tax assets amounted to € 5.7 million as of the reporting date, after € 1.5 million in the previous year. These increased primarily as a result of the creation of deferred tax assets on loss carryforwards. The underlying assumption is that the taxable entity in Germany (with SUSS MicroTec AG as the parent company and SUSS MicroTec Lithography GmbH and SUSS MicroTec Reman GmbH as subsidiaries) will completely utilize the losses accumulated in 2013. However, no deferred tax assets on loss carryforwards were recognized for the loss carryforwards of US companies in view of the current Group budget.

Current assets declined in the reporting year by € 10.2 million to € 132.9 million. This decline resulted primarily from lower amounts of inventory and receivables from customers. The portfolio of securities similarly declined. By contrast, cash and cash equivalents increased significantly as of the reporting date.

Inventories decreased from € 82.2 million as of the previous year's reporting date to € 71.1 million as of the end of the year. The decline is primarily attributable to additional value adjustments, which totaled approximately € 10.5 million in the fiscal year. Of that amount, € 9.3 million related to special write-downs in connection with the restructuring of the Permanent Bond Cluster area. The inventories of materials and supplies declined from € 27.5 million in the previous year to € 25.2 million at present. The inventories of work in progress also declined from € 34.0 million in the previous year to € 23.3 million. By contrast, the inventories of finished goods increased from € 14.6 million in the previous year to € 24.2 million. Of that amount, € 22.6 million (previous year: € 12.6 million) related to tools which had already been delivered to customers but for which final acceptance was still outstanding. The inventories of demonstration equipment also increased from € 19.9 million in the previous year to € 21.5 million.

Trade receivables fell significantly compared to the previous year, going from € 21.8 million to € 11.1 million. The decline was primarily due to the reporting date.

The SUSS MicroTec Group's portfolio of securities decreased in 2013 from € 11.4 million to € 2.1 million. The securities consist of corporate and government bonds. By contrast, the amount of cash and cash equivalents increased from € 25.2 million to € 45.1 million.

The increase in other assets from € 1.7 million in the previous year to € 2.5 million as of the end of the year was primarily attributable to a higher level of deposits paid relating to the closing date.

Noncurrent liabilities increased from € 11.0 million to € 14.6 million. Financial liabilities, which totaled € 10.3 million in the fiscal year (previous year: € 4.0 million), accounted for the majority of noncurrent liabilities. Aside from the noncurrent part of the Sternenfels loan, the noncurrent part of the new loan that was taken out to finance the Garching property is recognized here. Also recognized under other financial liabilities in the fiscal year were the noncurrent part of the earn-out liability of € 0.2 million for the acquisition of SUSS MicroTec Photonic Systems and the noncurrent part of the still outstanding purchase price liability of € 0.1 million for the acquisition of minority interests in SUSS MicroOptics.

Current liabilities recorded a significant increase from € 42.2 million in the previous year to € 55.8 million as of the reporting date. The level of customer down-payments, which totaled € 30.8 million as of the end of the year (previous year: € 17.6 million), accounted for the bulk of this increase. The increase was primarily due to the closing date. In addition, other provisions increased from € 3.6 million in the previous year to € 5.9 million as of the end of the year. The amount included € 2.0 million for provisions for liabilities in connection with the restructuring of the Permanent Bond Cluster area. Current financial liabilities also increased by € 0.9 million to € 1.2 million. Disclosed here is the current part of the loan newly taken out to finance the Garching property. However, trade payables decreased by € 1.3 million to € 5.6 million due to the closing date.

The shareholders' equity of the SUSS MicroTec Group has declined since December 31, 2012 by € 17.8 million to € 109.4 million. The equity ratio fell compared with the previous year from 70.5% to 60.8%. The values indicated for the previous year related to the shareholders' equity that resulted from the retrospective adjustment of the previous year's values from the initial application of IAS 19 (2011). The retrospective adjustment is discussed in detail under Point 2 D of this Management Report.

Summary Statement on the Business Position

The sales and earnings position of SUSS MicroTec developed negatively in the reporting year. The SUSS MicroTec Group achieved an EBIT of € -19.4 million.

However, the Group's net cash position has improved. The Group's net cash position amounted to € 35.7 million at the end of the year (previous year: € 32.3 million). Therefore, the Group has sufficient financial leeway to promote new product developments and finance other strategic activities.

Capital Expenditure

In 2013, SUSS MicroTec AG acquired the business property at the Company headquarters in Garching. Besides SUSS MicroTec AG, SUSS MicroTec Lithography GmbH is also located there. The acquisition costs for the property and the Company building total € 8.9 million (including ancillary costs).

Due to the structure of the Company, investments in equipment and tools are not a significant component of its development. Fundamental value is added through the design, assembly, and alignment of components, as well as the corresponding software management. No special equipment or tools are needed for these activities.

It is assumed that the investments in tangible assets will be within the range of approximately 1% to 2% of sales in the long term. The only exception is the Micro-optics product line included in the Others division. This product line involves small-scale production, which requires corresponding production tools. In order to expand this area further, SUSS MicroOptic S.A. (Hauterive, Switzerland) moved into newly leased business premises in the second half of 2012 and has installed a cleanroom on these new premises and procured new operating and business equipment. Since mid-2012, the costs for this have amounted to approximately € 3.0 million.

Intangible assets were recognized for development costs that satisfy the IFRS requirements for capitalization. Therefore, a portion of capital expenditure is to be allocated to intangible assets.

In the previous year, the Group added intangible assets and tangible assets totaling approximately € 4.2 million through the acquisition of Tamarack Scientific (now SUSS MicroTec Photonic Systems). SUSS MicroTec Photonic Systems is located in Corona, California (USA) in leased premises and manages its value chain similarly to the other production companies that already belong to the SUSS MicroTec Group. Thus no special equipment or tools are needed for the production of Photonic Systems tools, either.

The Holding Company – SUSS MicroTec AG

The holding company is responsible for the steering and management of the SUSS MicroTec Group. One of its tasks is strategic orientation, for example the expansion of the product portfolio, acquisitions, and financial issues for the Group as a whole. The holding company is also responsible for corporate identity, investor relations, and marketing. Furthermore, the holding company assumes the financing of strategically important development projects of the operating subsidiaries.

SUSS MicroTec AG is the sole shareholder of the companies included in the consolidated financial statements. The holding company has provided loans only to subsidiaries and their subsidiaries. The earnings position of the holding company as an individual company is not directly dependent on the development of the Company's markets. The holding company is primarily refinanced by allocating costs to the operating companies, by leasing the buildings at the Garching and Sternenfels sites to subsidiaries, through interest income from loans to subsidiaries, and through existing profit and loss transfer agreements.

PRESENTATION OF THE KEY FINANCIAL FIGURES OF THE HOLDING COMPANY

ENTITY	SMT AG (HGB)			
in € thousand	**2013**	2012	Change	in %
Annual net profit / loss	-20,601	7,595	-28,196	-
Shareholder's equity	89,159	109,760	-20,601	-19
Total assets	132,869	127,264	5,605	4
Equity ratio in %	67	86		
Noncurrent assets	88,336	76,816	11,520	15
% of total assets	66	60		
Current assets	44,534	50,448	-5,914	-12
% of total assets	34	40		

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets decreased in the past fiscal year by € 0.1 million and amounted to € 1.4 million as of the reporting date. The decline was attributable exclusively to amortization.

Shares in affiliated companies amounted to € 53.2 million as of the reporting date and are thus € 4.0 million lower than in the previous year. The reason for the decline is write-downs on the investment in SUSS MicroTec, Inc., Sunnyvale (USA). With the change in their business model, the company will only be able to achieve an EBIT margin that is customary for a sales company. Accordingly, the model used to conduct an impairment test on financial assets indicates a write-down of the valuation of the share in this company by approximately € 4.0 million.

The increase in loans to affiliated companies by approximately € 6.5 million resulted primarily from augmenting a loan that was granted to SUSS MicroTec Photonic Systems Inc., Corona (USA).

Current receivables from affiliated companies declined by € 16.7 million. The decline resulted primarily from the effect of cash pooling and profit and loss transfer with SUSS MicroTec Lithography GmbH and from the change in intercompany receivables of SUSS MicroTec KK, Yokohama (Japan).

During the reporting year, the liquidity position of SUSS MicroTec AG increased significantly. The growth was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The improved liquidity position can be seen in the rise in deposits with banks of € 19.8 million. By contrast, the portfolio of securities declined by approximately € 9.1 million. The securities concerned are primarily corporate and government bonds with an investment grade rating.

Liabilities to affiliated companies increased by € 19.8 million in the reporting year. The increase resulted primarily from the loss assumption of SUSS MicroTec Lithography GmbH (due to the existing profit and loss transfer agreement) and from changes in the intercompany liabilities to SUSS MicroTec Photomask Equipment GmbH & Co. KG.

Liabilities to banks increased over the course of 2013 by € 7.3 million. The increase resulted from a bank loan of € 7.5 million recently taken out to finance the Company property in Garching. The scheduled repayment of a loan to finance the business property in Sternenfels had an offsetting effect.

The decline in shareholders' equity by € 20.6 million was entirely attributable to the annual net loss in the fiscal year of € 20.6.

SIGNIFICANT EVENTS WITH INFLUENCE ON THE EARNINGS POSITION OF THE HOLDING COMPANY

In the annual financial statements of SUSS MicroTec AG under commercial law, a net loss of € 20.6 million was incurred in the 2013 fiscal year (previous year: net profit of € 7.6 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which is in effect since January 1, 2011, expense from a loss assumption of € 18.2 million (previous year: income from a profit transfer of € 6.6 million) was recognized at the holding company. In addition, a value adjustment of € 4.0 million on the investment in SUSS MicroTec, Inc. was recorded.

Income from a profit transfer of € 0.8 million (previous year: € 0.5 million), which was recognized as a result of the profit and loss transfer agreement reached in the 2008 fiscal year with SUSS MicroTec REMAN GmbH, Oberschleissheim, had an offsetting effect. In addition, the holding company generated investment income of approximately € 0.7 million from a dividend distribution of SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu (Taiwan).

Other operating income primarily included foreign currency gains of € 1.8 million (previous year: € 1.9 million) and rental income of € 1.5 million (previous year: € 1.1 million).

Apart from current administrative expenses, other operating expenses included foreign currency losses of € 0.6 million (after € 2.0 million in the previous year).

Interest expense declined in the fiscal year by € 0.5 million, which was primarily attributable to the promissory note bond that was repaid in December 2012 and the related interest. The newly assumed bank loan of € 7.5 million was only made available and paid out in December 2013 so that only modest interest expense accrued in the past fiscal year.

SUSS MicroTec AG had an average of 20 employees in the 2013 fiscal year (previous year: 20 employees).

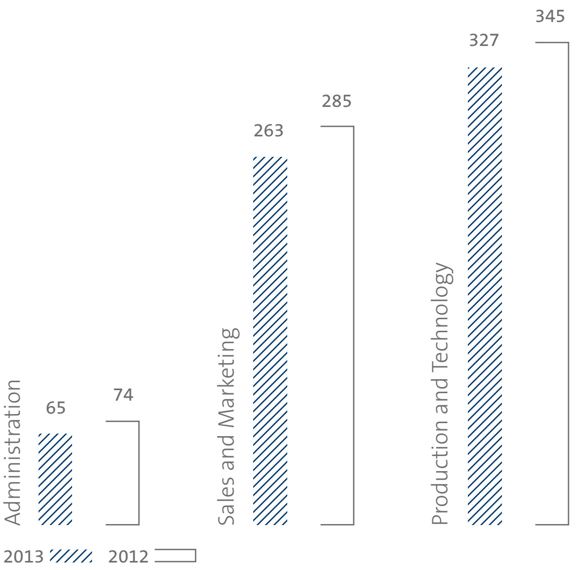
The short and medium-term development of SUSS MicroTec AG above all depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing net financing balance of the holding company and the distribution and transfer of profits to the proprietary company. In addition, earnings are influenced by foreign currency effects that result from changes in the exchange rates of USD and JPY.

Group Employees

The employees and their expertise are a significant part of the Company's value. The training periods, particularly in the technical fields, are longer than one year given the highly specific products. For this reason, a motivational environment and performance-based payment are the basic requirements for retaining existing employees as well as recruiting qualified new employees.

As of the end of the 2013 fiscal year, the Group had 655 employees (previous year: 704).

EMPLOYEES AREAS



Report on Material Transactions with Related Parties

In the 2013 fiscal year, there were no material transactions with related parties subject to the disclosure requirements of IAS 24.

LEGAL INFORMATION

Information in Accordance with Sections 289 (4) and 315 (4) of the German Commercial Code (HGB)

1. COMPOSITION OF SUBSCRIBED CAPITAL

As of December 31, 2013, the subscribed capital of the Company totaled € 19,115,538.00 (previous year: € 19,115,538.00). The equity capital is divided into 19.115.538 (previous year: 19,115,538) registered, no-par-value individual shares representing a pro rata amount of € 1.00 per share. The shares are fully paid in.

The same rights and obligations apply to all shares. Each share confers one vote at the Shareholders' Meeting and determines the shareholder's portion of the Company's profits. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Law (AktG), in particular by Sections 12, 53a et seq, 118 et seq. and 186.

In accordance with Section 67 (2) AktG, a shareholder in relation to the Company is only someone who is entered as such in the share register. Shareholders must provide the Company with the information necessary to be included in the share register.

2. RESTRICTIONS WITH REGARD TO VOTING RIGHTS OR THE TRANSFER OF SHARES

There are no restrictions with regard to voting rights or the transfer of shares, as stipulated by the articles of incorporation. We are also not aware of the existence of such agreements between shareholders.

3. INVESTMENTS IN CAPITAL THAT EXCEED 10% OF THE VOTING RIGHTS

Direct or indirect investments in capital that reach or exceed 10% of the voting rights have not been reported to us and are also not known to us.

4. SHARES WITH EXTRAORDINARY RIGHTS THAT GRANT CONTROLLING AUTHORITY

Shares with extraordinary rights that grant controlling authority do not exist.

5. THE NATURE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES HAVE A STAKE IN THE COMPANY'S CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY.

When SUSS MicroTec issues shares to its employees through the employee stock program, the shares are directly transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder directly in accordance with applicable laws and the articles of incorporation.

6. LEGAL PROVISIONS AND RULES IN THE ARTICLES OF INCORPORATION FOR APPOINTING MEMBERS TO THE MANAGEMENT BOARD AND ASKING THEM TO STEP DOWN AS WELL AS MAKING CHANGES TO THE ARTICLES OF INCORPORATION

The appointment and dismissal of members of the Management Board are stipulated in Sections 84 and 85 AktG. Accordingly, Management Board members may be appointed by the Supervisory Board for a maximum period of five years. A reappointment or extension of their terms is permitted for a maximum of five years. The Supervisory Board decides on the appointment and dismissal of Management Board members with a simple majority vote.

The Management Board consists of two persons, whereby the number of Management Board members is determined by the Supervisory Board, in accordance with Section 7 (1) of the articles of incorporation. The Supervisory Board may appoint a member of the Management Board as the Chairman or Spokesman of the Management Board as well as a Deputy Chairman or Spokesman of the Management Board, in accordance with Section 84 AktG and Section 7 (2) of the articles of incorporation.

If a required member of the Management Board is absent, in urgent cases the member can be legally summoned upon petition by a concerned party, in accordance with Section 85 AktG. The Supervisory Board may revoke the appointment of a Management Board member and the nomination of the Chairman of the Management Board for good cause, in accordance with Section 84 (3) AktG.

Changes to the articles of incorporation require a resolution by the Shareholders' Meeting, in accordance with Section 179 AktG. The authority to make changes which pertain to the wording only is delegated to the Supervisory Board, in accordance with Section 17 (3) of the articles of incorporation.

Resolutions of the Shareholders' Meeting that change the articles of incorporation require a simple majority of the votes cast and a simple majority of the equity capital represented during the resolution, in accordance of Sections 133 and 179 AktG in conjunction with Section 26 (1) of the articles of incorporation, as long as the law does not prescribe a larger majority.

7. AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES

The Management Board is authorized to increase the Company's equity capital in the period through June 21, 2016 one or more times by up to a total of € 6,500,000.00 through the issuance of up to 6,500,000 new individual share certificates for cash contributions with the approval of the Supervisory Board. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

Furthermore, the Management Board is authorized to increase the Company's equity capital in the period through June 18, 2018 one or more times by up to a total of € 2,500,000.00 through the issuance of up to 2,500,000 new registered share certificates for cash or non-cash contributions with the approval of the Supervisory Board. However, the Management Board is authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

In addition, the Management Board is authorized, with the approval of the Supervisory Board, to acquire by June 18, 2018 treasury shares of the Company up to a total of 10% of the equity capital existing at the time of the resolution in the amount of € 19,115,538.00. At no time may more than 10% of the equity capital accrue to the acquired shares together with other treasury shares, which are owned by the Company or are attributable to it in accordance with Sections 71a et seq. German Stock Corporation Law (AktG). The authorization may not be utilized for the purpose of trading in treasury shares. The acquisition may occur after the election of the Management Board via the stock exchange or by means of a public tender offer directed to all shareholders or of a public invitation to all shareholders to submit an offer for sale. The Management Board is authorized, with the approval of the Supervisory Board, to use the treasury shares acquired on the basis of this authorization for any legal purpose.

8. SIGNIFICANT AGREEMENTS ON THE PART OF THE COMPANY SUBJECT TO THE CONDITION OF A CHANGE OF CONTROL RESULTING FROM A CORPORATE TAKEOVER BID

With each of the three banks of the existing consortium, there is a bilateral credit relationship with a common pool of collateral. These relationships have different structures and conditions. One credit relationship contains a right to extraordinary cancellation if there is a change of control and the parties have not reached a timely agreement regarding proceeding under possibly different conditions, for example with respect to interest, security, or other arrangements.

There are no other significant agreements on the part of SUSS MicroTec AG subject to the condition of a change of control resulting from a corporate takeover bid.

9. COMPENSATION AGREEMENTS OF THE COMPANY WITH MANAGEMENT BOARD MEMBERS OR EMPLOYEES IN THE EVENT OF A CORPORATE TAKEOVER BID

No compensation agreements or similar with employees or members of the Management Board exist in the event of a corporate takeover bid.

In summary, no special rules exist with regard to the voting rights tied to shares or any control options resulting from this, either through the establishment of special stock categories or through restrictions on voting rights or transfers. There are no provisions extending beyond the legal regulations regarding the appointment of members of the Management Board or asking them to step down. Important business fields or activities of SUSS MicroTec AG may not be discontinued due to existing change of control clauses in the event of a takeover bid.

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

On March 4, 2014, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and made it available on the Company's website at *www.suss.com > Investor Relations > Corporate Governance*.

REMUNERATION REPORT

Remuneration of the Management Board

SUSS MicroTec has already been disclosing the remuneration of the Management Board members on an individualized basis for many years. The objective of SUSS MicroTec's remuneration system for the Management Board is to incentivize long-term and sustainable corporate governance. Special performance should be rewarded with special compensation, but the failure to achieve objectives must lead to a tangible reduction in remuneration. In addition, remuneration must be oriented toward the size and economic position of the Company.

The Supervisory Board is responsible for setting the remuneration of Management Board members. The full council of the Supervisory Board determines and monitors the compensation system for the Management Board on a regular basis and finalizes the Management Board contracts.

The Supervisory Board has taken up the matter of aligning Management Board remuneration with sustainable corporate governance in detail. An external remuneration specialist was also consulted.

REMUNERATION STRUCTURE

The overall compensation of members of the Management Board consists of remuneration components both independent of performance as well as based on performance.

FIXED REMUNERATION

The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. The remuneration components independent of performance consist of the base salary and fringe benefits in the form of a company car and subsidies for health insurance and unsolicited retirement insurance. In addition, employer pension commitments (retirement, disability, and widow's pension) in the form of direct insurance have been made to the members of the Management Board (endowment insurance).

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration consists of variable remuneration. Until the end of the 2012 fiscal year, there was also stock-based remuneration.

VARIABLE REMUNERATION

Since January 1, 2012, variable remuneration may amount to a maximum of 150% of fixed remuneration at the beginning of the respective fiscal year. Of variable remuneration, 70% is determined according to annual targets, while the remaining 30% is determined according to multi-year targets.

VARIABLE REMUNERATION BASED ON ANNUAL TARGETS (VARIABLE REMUNERATION A)

The Supervisory Board sets annual targets (order entry, sales, EBITDA, and free cash flow) one fiscal year at a time. If only 70% or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 130% of the target is achieved. If the achievement of a given target is between 70% and 130%, the variable remuneration is calculated proportionally to the amount achieved.

Remuneration based on annual targets is determined annually. In the interest of promoting long-term corporate development, the Management Board members are permanently entitled to only half of variable remuneration A. As for the other half of the amount payable ("the qualified half"), the Management Board member is obligated to acquire Company shares during the first trading window after payment of the amount payable and to hold them in a registered account in their name for a lock-up period of three years, commencing on the last day of the trading window in which the shares were acquired.

VARIABLE REMUNERATION BASED ON MULTI-YEAR TARGETS (VARIABLE REMUNERATION B)

Of the variable remuneration, 30% applies to multi-year targets, which are as a rule set for a period of three fiscal years.

Multi-year targets were set for the first time for the 2010 to 2012 fiscal years. In the process, intermediate goals or milestones were defined that should be achieved in individual fiscal years. Upon conclusion of a fiscal year, the Supervisory Board, in consultation with the Management Board, adopted a resolution setting a preliminary target achievement threshold for between 70% and 130% of the stipulated milestones. The share of variable compensation in a given fiscal year depended on the threshold set for specific milestones. Half of this share was paid as an advance and the other half was carried over to a settlement account for variable remuneration as a temporary balance. After expiration of the full period of the multi-year targets, the Supervisory Board determined conclusively for these overall targets the extent to which specific targets had been achieved within a range of 70% to 130%. Only these conclusively determined target achievement levels applied to the final calculation of the variable remuneration portions for the fiscal years falling within the full period, relative to the average of the maximum amounts for the relevant fiscal years. The previously determined target achievement thresholds for the milestones were used only to calculate the corresponding advance payment.

For the 2013 to 2015 fiscal years, multi-year targets (EBIT margin) for three fiscal years were set in advance. If only 70% or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 150% of the target is achieved. If the achievement of a given target is between 70% and 150%, the variable remuneration is calculated proportionally to the amount achieved. Variable remuneration B, which is based on multi-year targets, is determined annually and is completely paid out in the respective fiscal year.

SEVERANCE PAYMENTS

In Management Board contracts, a compensation payment has been earmarked for cases where the term of a member of the Management Board ends prematurely and without significant cause. This is limited to no more than two years of compensation including fringe benefits (severance payment cap) and compensates for no more than the remaining term of the employment contract. The Management Board contracts do not include approval for benefits arising from the premature termination of the Management Board function as a result of a change of control.

The following remuneration was established for the members of the Management Board for the 2013 fiscal year:

REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD

2013 in €	Base salary [1]	Variable remuneration	Other payments [2]	Expenses for retirement benefits
MANAGEMENT BOARD				
Frank Averdung	316,929.60	128,089.73	6,577.20	2,148.00
Michael Knopp	250,226.32	98,202.12	6,577.20	2,148.00

The following remuneration was established for the members of the Management Board for the 2012 fiscal year:

2012 in €	Base salary [1]	Variable remuneration	Other payments [2]	Expenses for retirement benefits
MANAGEMENT BOARD				
Frank Averdung	316,794.24	398,046.17	6,585.60	2,148.00
Michael Knopp	237,559.80	300,193.44	6,585.60	2,148.00

[1] Included in the base salary are allowances for health insurance and a company car with personal use option.
[2] Allowance for voluntary retirement fund
For more information, we refer to the disclosures provided in the Notes.

PENSION PLANS

No pension provisions exist for members or former members of the Management Board (previous year: € 35 thousand).

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In addition to the reimbursement of their expenses and meeting attendance compensation of € 1,500.00 per meeting, each member of the Supervisory Board also receives a fixed remuneration based on the responsibilities and duties of the member. According to this, the Chairman of the Supervisory Board receives € 45,000.00, the Deputy Chairman receives € 40,000.00, and a regular member of the Supervisory Board receives € 35,000.00 per fiscal year as fixed compensation. The members of the Supervisory Board have reimbursed the Company for the notional per capita share of the D&O insurance premium paid by the Company.

REMUNERATION OF THE SUPERVISORY BOARD

2013 in €	Remuneration	Meeting attendance payment	Deduction for pro rata D&O insurance premium
SUPERVISORY BOARD			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	10,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	10,500.00	957.41
Gerhard Pegam	35,000.00	10,500.00	638.27

2012 in €	Remuneration	Meeting attendance payment	Deduction for pro rata D&O insurance premium
SUPERVISORY BOARD			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	10,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	10,500.00	957.41
Gerhard Pegam	35,000.00	10,500.00	638.27

In the 2013 fiscal year, neither former nor current members of the Supervisory Board received any remuneration or benefits for personal services, particularly consultation and placement services.

SUBSEQUENT EVENTS

Report on events after the Reporting Date

There were no events after the reporting date which would have a significant influence on the earnings, assets or financial position.

Voting Rights Announcements after the Reporting Date

On January 27, 2014, Henderson Group Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13 % (982,355 voting rights). Pursuant to Section 22 (1) (1) (6) WpHG in conjunction with Section 22 (1) (2) WpHG, 5.13% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On January 24, 2014, the Henderson Horizon Fund – Pan European Smaller Companies Fund, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.17% (606,922 voting rights).

On January 24, 2014, Henderson Global Investors (Holdings) Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13 % (982,355 voting rights). Pursuant to Section 22 (1) (1) (6) WpHG in conjunction with Section 22 (1) (2) WpHG, 5.13% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On January 24, 2014, Henderson Global Investors Limited, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13 % (982,355 voting rights). Pursuant to Section 22 (1) (1) (6) WpHG, 5.13% (982,355 voting rights) are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On February 27, 2014, Baillie Gifford & Co, Edinburgh, UK, notified us pursuant to Section 21 (1), WpHG that its share in the voting rights of SUSS MicroTec AG, Garching, Germany, exceeded the 3% threshold on February 26, 2014 and amounted to 3.003% (Amount of Shares: 574,032). 1.275% of the voting rights (243,632 voting rights) are attributed to it pursuant to Section 22 (1) (1) (6) WpHG and 1.728% of the voting rights (330,400 voting rights) are attributed to it pursuant to Section 22 (1) (1) (6) WpHG in conjunction with Section 22 (1) (2) WpHG (via Baillie Gifford Overseas Limited).

REPORTING ON EXPECTED DEVELOPMENT WITH ITS MAIN OPPORTUNITIES AND RISKS

Risk Management System

The risk management system has long been a component of corporate management for the purpose of recognizing and controlling risks, and for meeting legal requirements.

In addition to short-term (operating) risks, risk management at SUSS MicroTec Group also deals with long-term (strategic) developments that can have a negative impact on the business development. On the basis of an opportunity-oriented, but at the same time risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and controlled risk acceptance. An awareness of risks should not interfere with the ability to identify risks and to use them for the benefit of the Company and its shareholders.

RISK MANAGEMENT ORGANIZATION AND DOCUMENTATION

The organization of risk management is geared toward the functional and hierarchical structure of the Group. Upon introduction of the risk management system, a risk management officer, who reports directly to the Management Board every three months, was appointed.

The early risk identification system established is examined annually in the framework of the audits of the annual financial statements.

RISK IDENTIFICATION

All Group units subject to reporting organize a workshop at least once per year which, in addition to past events, primarily addresses future developments. Moreover, the workshops serve to ensure that uniform valuation principles are maintained throughout the Group. Based on these workshops, risk reports are prepared quarterly. These subject the known risks to a critical appraisal and address new topics.

Risks suddenly emerging are also reported immediately to the risk management officer of the respective unit.

The Group's quality management is an important element of early detection. The large production sites are certified in accordance with ISO 9001, which confirms reliable, process- and system-oriented quality management. Clearly structured and unambiguously documented processes within the framework of quality management not only ensure transparency, but also have become, for most production clients, a precondition for the successful marketing of our tools.

RISK ASSESSMENT

Risks are assessed in part by indicating the maximum amount of damage if no countermeasures are taken. The risk value is determined on this basis by including a probability of occurrence, taking the corresponding countermeasures into account, and like the determination of the maximum amount of damage, is based on the knowledge and experience of the risk officers. It is, therefore, always in line with the most up-to-date status. The indication of the risk value pertains to the next 12 or 24 months in each case.

The identified risks are assigned using a risk matrix to one of three different risk categories, taking into account both the possible damage amount and the likelihood of occurrence. Risks starting at a damage amount of € 10 million – as measured by the level of liquidity outflow – are viewed as "threatening the Company's continued existence."

RISK MANAGEMENT

Depending on the type of risk and the amount of the assessment, measures for avoiding and lessening risk are taken on a tiered basis. In doing so, risk management is always geared toward the principles of an opportunity-based handling of risks, as mentioned earlier.

The avoidance of risk and organization of countermeasures is carried out at the subsidiary level. The parties responsible for risk and the reporting units are obligated to develop and implement strategies for preventing known risks. Should their expertise not suffice for implementing these, they must request assistance from higher management levels.

Global activities in the field of high technology yield general and current risks for the Company. The Management Board has taken appropriate measures for the purpose of monitoring risks in order to identify developments that may threaten the continued existence of the SUSS MicroTec Group early on.

DESCRIPTION OF THE KEY FEATURES OF THE ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN ACCORDANCE WITH SECTIONS 289(5) AND 315 (2)(5) OF THE GERMAN COMMERCIAL CODE (HGB)

The risk management system for the accounting process aims to minimize the risk of false statements in accounting documents and external reporting. It serves as the first step toward the identification and evaluation and then restriction and review of known risks in the accounting process which could undermine the compliance of the consolidated financial statements with regulations. The internal control system for the accounting process should ensure with sufficient certainty that the consolidated financial statements conform to regulations despite identified risks in financial reporting.

The management of SUSS MicroTec AG is responsible for the establishment and effective maintenance of suitable controls over financial reporting. At the end of each fiscal year, management evaluates the suitability and effectiveness of the control system. As of December 31, 2013, management had confirmed the effectiveness of internal controls over financial reporting. However, certain limitations exist regarding the effectiveness of any control system.

Absolute certainty cannot be assured even with appropriate, functioning systems.

SUSS MicroTec AG employs its Group-wide accounting manual to ensure the consistent application of accounting principles. Unambiguous guidelines are designed to restrict employee discretion with respect to the recognition and measurement of assets and liabilities and, thus, to reduce the risk of inconsistencies in the Group's accounting practices. The subsidiaries are subject to certain mandatory guidelines regarding reporting and the scope of disclosure. The central Finance and Controlling departments monitor compliance with reporting obligations and deadlines.

Accounting at the subsidiaries is done either locally by their own employees or with the support of external accounting firms or tax consulting companies. In the process, various electronic data processing (EDP) systems are used. All German companies have worked with SAP since 2008. Since 2010, SAP has also been used by SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu, Taiwan. In 2011, SAP was finally installed at SUSS MicroTec, Inc., Sunnyvale, California (USA). Reporting to the corporate headquarters is carried out with the assistance of "Infor PM Application Studio" management information software. The separate financial statements are ultimately combined into a central consolidation system. At the Group level, the finance and controlling departments review the accuracy and reliability of the separate financial statements submitted by the subsidiaries. Controls within the framework of the consolidation process, such as the consolidation of liabilities, expenses, and income, are carried out manually. Possible deficiencies are corrected and reported back to the subsidiaries. The financial systems employed are protected from misuse through appropriate authentication principles and access restrictions. Authorizations are reviewed regularly and updated if necessary.

General Business and Industry Risks

GENERAL POLITICAL AND ECONOMIC CONDITIONS

The business environment in which the Company operates is influenced by both regional and global economic conditions. After a restrained start at the beginning of 2013, the world economy gained momentum at mid-year. In 2013, the world's gross domestic product rose by 3.0% in real terms (after a rise of 3.1% in real terms in the previous year). The worldwide trading volume also increased by approximately 2.7% in 2013 compared to the previous year. The most significant increase in gross domestic product was again recorded in the emerging Asian economies (China, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam). In 2013, growth rates were determined here in the range between 4.4% and 7.7%. The gross domestic products of the USA and Japan also grew in 2013 by 1.9% and 1.7%, respectively, while the economies in the eurozone recorded a total decline of approximately 0.4%[1].

[1] Source: World Economic Outlook Update of the International Monetary Fund (IMF) from January 21, 2014

The entire semiconductor market grew by approximately 4.8% in 2013. Thus the total volume of the semiconductor market amounted to approximately US$ 305.6 billion in 2013 (after US$ 291.6 billion in 2012[2]) , reaching a historic high. However, the market for semiconductor equipment reported another decline. In a press release in December 2013, SEMI forecast a total volume of approximately US$ 32.02 billion in the past fiscal year, following total volumes of approximately US$ 36.93 billion in 2012 and US$ 43.53 billion in 2011. A decline of approximately 13.3% is therefore expected in the semiconductor equipment market in 2013, following a decline of 15.2% in the previous year[3].

In 2013, SUSS MicroTec recorded approximately 18% lower sales. Once again, the regions of China, Taiwan, and the rest of Asia generated the largest share of sales. However, sales in these regions declined by 14% from the previous year. Sales to customers in the USA also dropped significantly by 25%. However, the largest percentage decline was recorded in Japan: Sales to Japanese customers were approximately 69% lower than in the previous year. Only sales in Europe were somewhat higher than in the previous year. Order entry of € 135 million fell 14% short of the level in 2012. Order entry of € 29 million in the fourth quarter of 2013 was below average.

CYCLICAL MARKET FLUCTUATIONS AND MARKET DEVELOPMENT

The difficulty in assessing the short and medium-term market development is still one of the greatest risks to the Company. The semiconductor industry in particular, which is among the Company's sales markets, is characterized by strong market cycles. The Company is countering the related risks with lean structures, which can be adjusted quickly in the case of a weak business development and can be potentially supplemented with outsourcing. However, the strong market cycles in the semiconductor industry offer our Company – depending on the type of development – numerous new opportunities in the market, which could result in a sharp short-term rise in order entry and sales.

[2] Source: Semiconductor Industry Association, press release dated February 3, 2014

[3] Source: SEMI, press release dated December 3, 2013

MARKET POSITIONING

New technological developments by the competition could unexpectedly render parts of the product portfolio and, thus, parts of the company potential obsolete if new technologies were to offer faster, more efficient, or more attractively priced solutions to the same problem. The Company is countering this risk above all with targeted research and development and by continuously aligning its development planning with that of important customers.

As a result of our many years of experience and technological expertise, we are perceived as the market leader in micropattern applications. We assume that we will be able to benefit in the future from rapid technological change and further expand our market position through our new developments and sophisticated process solutions.

DEPENDENCE ON INDIVIDUALS' EXPERTISE

The Company depends on the expertise of individual employees in individual areas, primarily in the field of research and development. If these employees are unavailable to the Group, this presents a corresponding risk. This is monitored by internal documentation requirements.

Operating Risks

ASSETS AND EARNINGS POSITION

In view of the high level of cash and cash equivalents, the high equity ratio, and the lean cost structure, the risks that could arise for SUSS MicroTec from the current assets and earnings position are limited. Reflecting the restructuring measures taken in connection with the Permanent Bond Cluster area, earnings in 2013 were impacted by extraordinary expenses of € 13.2 million. Given the halt in production of Permanent Bond Cluster systems [1] and considering the value adjustments made in 2013, no further losses are expected in this area in the future. Had these extraordinary expenses not been incurred, EBIT in 2013 would have amounted to approximately € -6.2 million.

Taking into account the available order backlog at the end of 2013 and the subdued outlook for the semiconductor equipment sector in 2014, we need to assume that we will also generate negative earnings in 2014.

As of December 31, 2013, SUSS MicroTec disclosed goodwill of approximately € 15.3 million, which is entirely attributable to the Lithography division. The Lithography division generated more than half of Group sales and positive division earnings. The Lithography division will once again generate more than half of total Group sales next year and will remain profitable. We therefore see no signs of impairment in the Lithography division.

SUBSTRATE BONDER DIVISION

In the past fiscal year, the Substrate Bonder division produced another loss. Earnings of the Substrate Bonder division included extraordinary expenses of € 13.2 million in connection with halting the production of Permanent Bond Cluster systems. In particular, they included write-downs on capitalized development costs of € 1.2 million, value adjustment on inventories and trade receivables of € 9.3 million and € 0.5 million, respectively, and provisions for other liabilities of € 2.2 million. Adjusted for these extraordinary effects, EBIT of the Substrate Bonder division amounted to € -8.5 million. Earnings adjusted for extraordinary effects included the negative margins during 2013 accruing to the Permanent Bond Cluster systems.

The Substrate Bonder division will also generate negative earnings in 2014. Permanent Bond Cluster systems – currently categorized under order backlog – that will be installed by customers in 2014 will contribute to Substrate Bonder sales in 2014, but will not contribute to the division's margin. Sales for temporary bonding and de-bonding that are expected for the coming year will still not reach a high level and therefore will not generate positive earnings.

[1] See the Ad Hoc Announcement of SUSS MicroTec AG dated November 6, 2013

In general, 3D integration is still not used for high-volume production by our customers. In addition, there is the risk that other technologies and processes will gain popularity in the market than the ones that were developed and offered by SUSS MicroTec. The success of our temporary bonding and de-bonding technology depends decisively on whether the technologies and processes we have developed gain popularity in the market and whether 3D integration establishes itself in industrial-scale manufacturing and production. Only through the sale of high quantities will we be able to improve our margins in the Substrate Bonder division and achieve sustainable positive earnings.

HALT IN PRODUCTION OF PERMANENT BOND CLUSTER SYSTEMS

With the halt in production of Permanent Bond Cluster systems, SUSS MicroTec has eliminated a product line from its portfolio which generated repeated losses in the past and has had a negative impact on Group earnings. SUSS MicroTec will install all Permanent Bond Cluster systems which are currently still categorized under order backlog at the customers according to contractual obligations. There is, however, the risk that the competitiveness of SUSS MicroTec could be negatively affected by this strategic measure. It may possibly also have a negative impact on business with our other product lines. We will counter this risk by focusing on our core expertise and satisfying our customers with high quality and premium technology.

LITHOGRAPHY DIVISION: SUSS MICROTEC PHOTONIC SYSTEMS

In 2013, the Lithography division generated EBIT of € 3.2 million, representing an EBIT margin of 3.6%. In 2012, an EBIT margin of 20.9% was achieved. Since March 2012, the Lithography division has included the business of SUSS MicroTec Photonic Systems, which develops and sells product lines for UV projection lithography and laser processing. In 2013, no positive earnings could be achieved with these product lines. In 2013, SUSS MicroTec Photonic Systems generated sales of € 11.6 million and contributed negative EBIT of € -5.1 million to Group earnings. This included one-time income from the reversal of an earn-out liability of € 2.1 million. Therefore, in 2013, the operating activities of SUSS MicroTec Photonic Systems resulted in an EBIT of € -7.2 million. The Photonic Systems product lines can generate a positive contribution to earnings only if SUSS MicroTec succeeds in placing the scanner systems in the market and reaches a much higher volume. First orders must be won for the evaluation processes now underway.

PRICING PRESSURE

Significant pricing pressure still exists in the current market environment. This includes the risk that original target selling prices can no longer be achieved, even given recovering markets. The Company is countering these risks with a constant pricing policy. As such, orders are rejected if the conditions are unattractive in order to guarantee constant prices for customers in recovering markets.

RESIDUAL RISKS, PARTICULARLY LIABILITY RISKS

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. The liability risk for SUSS MicroTec may increase given the use of the products in the manufacturing environment of companies with rising demands on product quality. In addition to other types of insurance, SUSS MicroTec also has product liability insurance for the Group. This limits as much potential risk as possible.

Business Opportunities

SUBSTRATE BONDER DIVISION

We are firmly convinced that 3D integration for industrial manufacturing and high-volume production will gain popularity with our customers in the coming years. We see ourselves as being very well equipped for the coming challenges with the technologies and processes we have developed for temporary bonding and de-bonding. If the situation develops as expected, we see ourselves positioned to achieve a substantial contribution to sales and – depending on high volumes – positive margins with our product lines in the temporary bonding and de-bonding area.

LITHOGRAPHY DIVISION: SUSS MICROTEC PHOTONIC SYSTEMS

With the technologies of SUSS MicroTec Photonic Systems – UV projection lithography and laser processing – we have augmented and expanded our product portfolio in the Lithography division. In 2013, we successfully installed several laser tools (ELP300) at customers and have achieved final acceptance by the customers without any complaints in an unusually short amount of time. We see the opportunity to win additional orders for laser tools in the coming months, thus further strengthening the market position of SUSS MicroTec Photonic Systems.

The scanner systems (DSC300, DSC500) similarly developed and produced by SUSS MicroTec Photonic Systems must still gain a foothold in the market. However, there are already promising inquiries for these systems. Currently, one of our major customers is intensively evaluating a DSC300. If this evaluation process is completed successfully, we expect it to generate additional positive impetus in the market environment and we assume that other customers will decide in favor of this technology. As a result, we could achieve substantial order volumes and sales with these systems in the coming years. Given correspondingly high quantities, sustainable positive margins could be reached in the future.

Financial Market Risks

CREDIT RISKS

A credit risk is an unexpected loss of cash or earnings. This occurs when a customer is unable to meet its obligations by the due date, or the assets used as collateral lose value. The Company has implemented Group-wide guidelines on the topic of credit assessment. These guidelines set out the specific payment conditions and safeguards to which the Company's individual sales units can agree, while taking the customer and country-specific aspects into consideration. Orders from customers located in "risk countries" can, therefore, only be accepted against down payment for the entire amount of the order, a bank guarantee, or a letter of credit. In the case of customers who are located in the "non-risk countries" and exceed a certain size, a corresponding customer rating is established. These ratings are based on information provided by external credit rating agencies. Depending on the customer's rating, tiered payment conditions and / or safeguards may be necessary to process the order.

Of the gross amount of accounts receivable totaling € 12.9 million (previous year: € 22.4 million), a total of € 6.1 million was neither overdue nor impaired as of the reporting date (previous year: € 15.5 million). As of December 31, 2013, there were no indications of payment defaults occurring.

The age structure of overdue, but not impaired receivables as of the reporting date and that of the previous year are as follows:

AGE STRUCTURE OF OVERDUE RECEIVABLES WITHOUT IMPAIRMENT

in € thousand	2013	2012
1 – 30 days	2,232	1,439
31 – 60 days	294	458
61 – 90 days	1,038	3,636
91 – 180 days	226	105
Overdue receivables without impairment	3,790	5,638

As of the reporting date, a total of € 3.0 million (previous year: € 1.3 million) of the gross inventory of receivables was overdue and impaired. The amount takes into account receivables of € 1.1 million for two special customer projects, for which the contractually guaranteed specifications could not be achieved yet.

The age structure of overdue and impaired receivables as of the reporting date and that of the previous year are shown in the following table:

AGE STRUCTURE OF OVERDUE RECEIVABLES WITH IMPAIRMENT

in € thousand	2013	2012
< 91 days	73	0
91 – 180 days	767	368
181 – 360 days	1,404	535
> 360 days	765	366
Overdue receivables with impairment	3,009	1,269

Additional information about how value adjustments for trade receivables are determined can be found in the Notes.

LIQUIDITY RISKS

As of the end of the year, SUSS MicroTec Group held net cash of € 35.7 million (previous year: € 32.3 million). Free cash flow (adjusted for the effects of securities purchases and sales) totaled € 4.1 million in the past fiscal year (previous year: € -4.5 million).

With the credit agreement of October 23 / 28, 2013, SUSS MicroTec AG took out a loan with IKB Deutsche Industriebank AG for € 7.5 million, which features a term lasting until June 30, 2021, in order to finance the newly acquired business property in Garching. Together with the already existing bank loan at a local cooperative bank, which serves to finance the business property in Sternenfels, the SUSS MicroTec Group had bank borrowings of € 11.5 million as of 12/31/2013. The annual repayment of both loans will amount to € 1.2 million per year in the coming years. In addition, normal bank interest will be charged for both loans.

Currently, three banks forming a bank consortium are providing credit and guarantee lines totaling € 4.5 million to SUSS MicroTec Lithography GmbH. These credit and guarantee lines are granted until further notice. An additional credit line of € 1.0 million is available to SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition, an additional bond line of € 2.5 million exists in connection with a bond insurance agreement. The line can be used by SUSS MicroTec Lithography GmbH and SUSS MicroTec Reman GmbH. At present, the Company is making use of these credit and guarantee lines in order to offer down payment guarantees in the operational business. As of December 31, 2013, only € 3.3 million of these credit and guarantee lines are being utilized in the form of guarantees.

As a result, the Company is confident that it will be able to continue to provide all of the necessary down-payment guarantees.

Minimizing the dependence, particularly on short-term borrowed capital, should keep any potential financing risk low. The Company is countering this risk above all by aiming to keep its ratio of borrowed capital at a low level through the corresponding cash flows from optimizing its working capital. Further details about the Company's liquidity situation can be found in Note (24).

MARKET PRICE RISKS

Market price fluctuations can result in significant cash flow and earnings risks for the Company. Changes in foreign currency and interest rates influence the global operational business as well as investment and financing alternatives.

SUSS MicroTec's international orientation exposes it to foreign currency risk within the scope of its normal operating activities. Currency hedging is carried out on the basis of existing foreign currency orders. The hedging ratio for orders that are processed within three or six months comes to approximately 65% and 45%, respectively. Incoming and outgoing payment flows, which result particularly from foreign currency orders of materials and supplies, are deducted from the foreign currency amount to be identified and hedged. Forward exchange transactions are used as hedging instruments. For further details, please refer to Note (30).

The favorable development of foreign currency exchange rates can lead to higher margins for individual orders and generate additional currency gains.

The sensitivity to exchange rates is determined by aggregating the foreign currency items of the operating activities and the Group treasury. Foreign currency risks are thus calculated on the basis of a simulation of a 10% devaluation of all foreign currencies versus the euro. This simulated devaluation would have led to a reduction in the euro-equivalent value of € 114 thousand as of the reporting date (previous year: reduction of € 217 thousand)and a corresponding decrease (previous year: decrease) in annual income.

The following tables show the composition of the foreign currency exposure and the effects on annual income as of the reporting date and that of the previous year:

	2013		
in € thousand	USD	JPY	Total
Cash and cash equivalents	3,615	609	4,224
Trade receivables	1,575	805	2,380
Trade payables	-1,351	-114	-1,465
Customer down payments	-3,861	-26	-3,887
Net Exposure	-22	1,274	1,252
Effect of a 10% appreciation of the euro on annual net income	2	-116	-114

	2012		
in € thousand	USD	JPY	Total
Cash and cash equivalents	1,681	1,811	3,492
Trade receivables	2,635	544	3,179
Trade payables	-1,138	-138	-1,276
Customer down payments	-2,851	-156	-3007
Net Exposure	327	2,061	2,388
Effect of a 10% appreciation of the euro on annual net income	-30	-187	-217

The Company's interest rate risk is limited, as the variable-rate loans used to finance the property in Sternenfels have been hedged by a term-congruent interest rate swap. The conditions, which were originally variable, have thereby been converted into fixed conditions. The loan in connection with financing the Garching property carries a fixed interest rate.

The Company holds fixed-rate corporate and government bonds that can be sold at any time via a bank or stock exchange. The price is affected, among other things, by the current level of the market interest rate. Should the Company sell securities before the end of the term (for example to cover an unplanned need for liquidity that cannot be covered by available resources), unanticipated price losses could result.

OVERALL RISK

No risks that threaten the Company's existence were identified in the Group in the 2013 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

Forecast Report

Overall the forecasts of the economic research institutes look positive again after several difficult years. The economic upswing in the advanced economies since mid-2013 had a positive impact on the world economic climate, according to the "2013 joint economic forecast" of leading German economic research institutes. Although the economic situation in the industrialized countries continues to be burdened by the consequences of the financial crisis, signs point to a recovery. However, in the emerging countries the slowdown in growth continued, but still amounted to 4.7% in 2013, according to estimates of the International Monetary Fund. Possible reasons are rising key interest rates in many emerging countries as well as the expiration of various stimulus programs in China. In its World Economic Outlook, the International Monetary Fund forecasts world economic growth of 3.0% for the full year of 2013; for 2014 accelerated growth of 3.7% is assumed.

After a modest performance in 2013, Europe will presumably return to the path of growth with an expected increase in gross domestic product of 1.0%. In particular, the crisis countries in the Eurozone have made progress improving their competitiveness and implementing austerity measures. Although an end to the euro crisis can still not be foreseen, efforts to overcome the crisis appear to be bearing initial fruits. In countries like Greece, Italy, or Spain, the ongoing adjustment processes could stand in the way of robust economic growth.

For Germany, the German Council of Economic Experts expects continued improvement in the economic situation. After moderate growth of 0.4% in 2013, a rebound is expected to generate growth of approximately 1.6% in 2014. This upturn will be driven in particular by strengthened domestic demand. The anticipated employment level remains high and the historically low interest rate level makes it easier for companies to borrow money to invest. The positive economic outlook is reflected in the stock market. In Germany, the benchmark DAX index exceeded the 9,500 threshold in December 2013, reaching a new record.

SEMICONDUCTOR INDUSTRY

The entire semiconductor market grew by 4.8% in the fiscal year. The total volume rose from US$ 291.6 billion in 2012 to approximately US$ 305.6 billion last year (source: Semiconductor Industry Association). The drivers of growth were strong demand for DRAM and NAND memory chips for the smartphone and tablet computer industry. Without these two sectors, the entire semiconductor industry would not have been able to record any growth in 2013 (source: Gartner).

For the 2014 fiscal year, Bank of America analysts expect another rise in demand in the semiconductor sector. The market should grow by more than 9% in 2014 after approximately 5% in 2013. The primary growth drivers will remain memory chips for smartphones and tablet computers, but also components for logic and analog applications. The PC market is expected to perform sluggishly again in 2014, achieving growth of approximately 2%.

As has been shown in recent years, the precision of the forecast is very limited due to the special features and pronounced cyclical nature of the semiconductor sector. Therefore, the estimates of the market research institutes as of the end of 2013 differ significantly from their own estimates at the beginning of the year. Against this backdrop, the resulting discussions involve estimates made on the basis of information available at the current time, but these do not imply a guarantee that the forecasts will actually materialize.

SEMICONDUCTOR EQUIPMENT INDUSTRY

In an analysis of order patterns in the equipment sector, the industry association SEMI (Semiconductor Equipment and Materials International) determined that there was little evidence of large investments in capacity expansions and the construction of new factories in the past two years. Current conditions are characterized by a low investment level, as was the case during the financial crisis in 2009. Investments were primarily made in upgrades of existing product lines. Aside from the still prevailing market uncertainty, significantly higher costs for the construction of new factories are one possible reason for the reluctance to invest.

Accordingly, the market for semiconductor equipment reported another decline. In 2013, according to Gartner, the demand for semiconductor equipment fell by approximately 8.5% from the previous year (2012: -16.1%). Following two challenging years of declining business activity, the Gartner market research institute expects a 15.8% increase in demand for semiconductor equipment in 2014. For 2015, Gartner anticipates additional growth of 17.0%. A substantial part of the demand will come from Taiwan, Korea, and the region of North America.

EXPECTED DEVELOPMENT ON THE MAJOR MARKETS

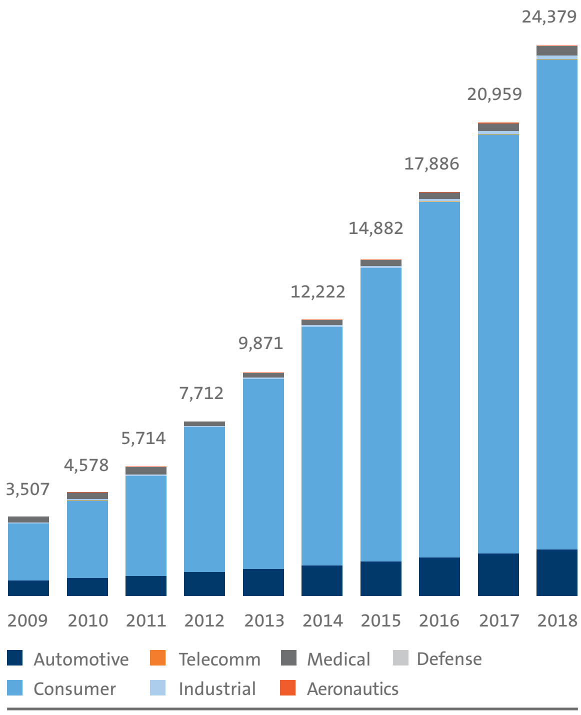
MICROELECTROMECHANICAL SYSTEMS MARKET (MEMS)

With the significant rise in sales figures for smartphones, tablet computers, and mobile navigation devices, the demand for MEMS sensors, particularly gyroscopes, accelerometers, and electronic compasses, has increased noticeably and will increase further in the future. MEMS microphones represent another very promising growth area.

According to the Yole market research institute, premium smartphones by now use up to three MEMS microphones, involving not only the traditional microphone function but also applications like speech recognition and noise suppression. MEMS components are also increasingly used in game consoles and other consumer electronic devices.

The figure shows clearly that the consumer electronics sector has experienced the most dynamic growth so far and will remain the largest application area in the future. Yole estimates more than 20% average annual growth for the entire MEMS market in the 2012–2018 period. However, in interpreting market figures it should be noted that the equipment market in this segment is not growing as quickly as the MEMS market itself. This is due to the fact that the higher degree of productivity of the systems enables an ever-increasing number of MEMS components to be produced per tool.

MEMS-MARKET FORECAST in millions of units



Source: Yole 2013

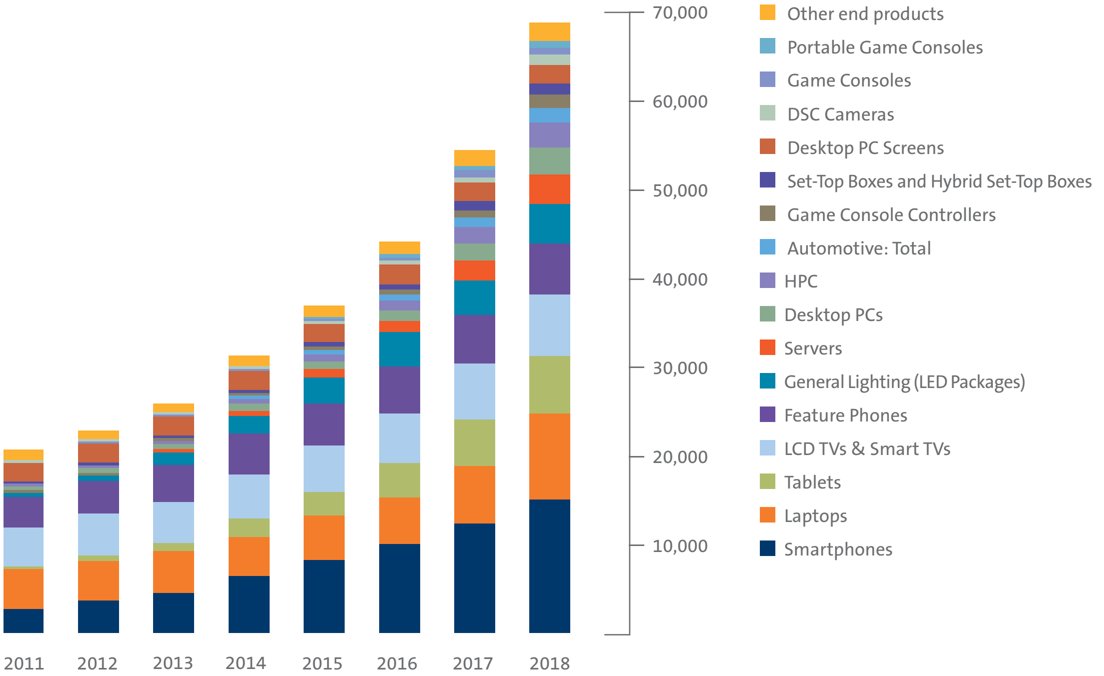
ADVANCED PACKAGING AND 3D INTEGRATION

According to the SEMI industry association, approximately 80% of all microchips are currently connected to the outside world via conventional wire bonding. The remaining 20% of chips are connected to the outside world via advanced packaging technologies. Aside from shorter connecting paths and faster connecting speeds, another advantage is less space consumption, which plays an important role in smartphones and tablet computers. Furthermore, the sleek form factors of smartphones and tablet computers could not be achieved without advanced packaging technologies.

Today advanced packaging technologies encompass a variety of technologies, such as wafer level packaging (touchdowns occur while the individual chips are still located on the wafer) with its subforms fan-in and fan-out, flip chip technology, wafer level chip scale packaging, and both 2.5D and 3D integration. SUSS MicroTec is particularly active in this field with its lithographic and temporary bonding solutions.

In recent years, flip chip packaging technology has already experienced very dynamic growth and is a very significant market segment for SUSS MicroTec. Market researchers from Yole Developpement expect noteworthy growth to continue in this segment in the future.

FLIP-CHIP UNIT FORECAST in millions of units



Source: Yole February 2013

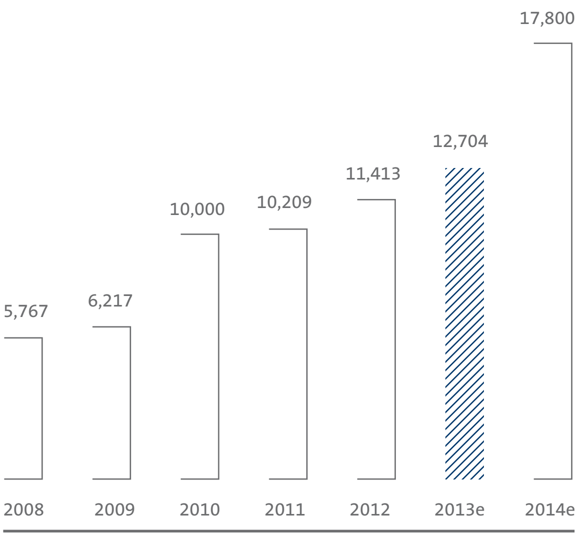
3D integration is a refinement of today's large-scale use of packaging technologies. In the process, thinned microchips are stacked on top of each other and connected by means of Thru Silicon Vias (TSVs). The decisive advantages are the high packing density and enormous complexity that can be achieved in the smallest space. Through 3D integration it is also possible to integrate various funcions, such as a memory chip and a processor, in one package. Until now these processes took place exclusively in a research setting. However, in 2013 SUSS MicroTec succeeded in obtaining the world's first order for tools enabling the pilot production of stacked chips. The customer will commence pilot serial production and process optimization in 2014. Usually, upon completion of this phase a transition will occur to high-volume production, but at the moment it is difficult to forecast how quickly this transition will occur.

LED COMPOUND SEMICONDUCTORS (LIGHT-EMITTING DIODES)

In the market for compound semiconductors, SUSS MicroTec focuses on the growth segment of light-emitting diodes (LEDs) and, with its product solutions, is particularly targeting manufacturers of high-end light-emitting diodes, i.e. high-brightness (HB) and ultra-high-brightness (UHB) LEDs.

In the 2012 forecast report, we indicated that we expected sales of LEDs to rise again beginning in 2013. In retrospect, it can be ascertained that the market volume increased significantly from 2012 to 2013 and that estimates project another growth spurt in 2014 (see graphic). It must be noted though, that SUSS MicroTec for some time now has received only very few orders from the LED segment.

MARKET VOLUME OF LED PACKAGES in USD millions



Source: 2012 Annual Report; LEDinside

Aside from using LEDs for TV backlighting, the topic of general illumination is increasingly coming to the fore. Falling prices for LEDs combined with impressive useful life and good light yield have made replacing other lighting devices with LEDs more attractive, even for private homes. While growth of approximately 68% is expected for the global LED market, the anticipated growth rate for 2014 in North America is plus 72% and in China plus 86%.

ENDOGENOUS INDICATORS

Customer satisfaction is an important success factor in the semiconductor industry. Due to the extraordinary work of SUSS MicroTec employees, the Company was able to win an award for outstanding achievements as a supplier in the 2013 fiscal year from two well-known Asian packaging houses, SPIL and Amkor.

Product and process innovations as well as tapping into new market segments are other success factors for the Company. On the product side in the 2013 fiscal year, we were able to book a variety of very promising orders for our Bonder division. In March 2013, a leading international integrated device manufacturer (IDM) placed a follow-up order with us for the latest generation of production Bond Clusters. The systems were configured for the temporary bonding of 300 mm wafers for 3D integration processes in logic and memory applications. In the course of the 2013 fiscal year, we also received several orders for the ELP300 Excimer Laser-Stepper System of SUSS MicroTec Photonic Systems. Among the customers are two US-based IDMs as well as an Asian OSAT and the Fraunhofer Institute for Reliability and Microintegration in Berlin. Using laser technology, microstructures can be produced directly on the substrate while avoiding conventional lithographic and etching processes. These are two important examples demonstrating the innovative power and technological superiority of SUSS MicroTec tools.

These accomplishments would not have been possible without the commitment and creativity of the employees. By acquiring the property at the Garching site, the Company has ensured not only lease savings but also a high degree of operational flexibility in view of Company-specific requirements for the property, and is making a clear commitment to production and in Garching.

On November 6, 2013, the Company announced that due to a reappraisal of the business situation in the permanent bonding area and the continued unsatisfactory results of operations in this product line, the restructuring measures introduced in the second quarter of that year would be expanded and the production of permanent bond cluster systems terminated. The manual permanent bonding systems, which are successful in the market, were not affected by this measure. By implementing this measure, the Company expects a significant reduction of losses in the Substrate Bonder division.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

Based on the order backlog as of the end of 2013 and the expected order entry development for the first half of 2014, the Company forecasts sales for the 2014 fiscal year in the range between € 135 million and € 145 million and earnings before interest and taxes (EBIT) between € -5 million and € 0 million. In the 2013 fiscal year, the Company generated EBIT of € -19.4 million on sales of € 134.5 million. EBIT for the 2013 fiscal year includes an extraordinary effect of € 13.2 million for the restructuring of the Substrate Bonder division. As a result, the Company generated operating income of € -6.2 million in the reporting year.

The Lithography division will also be characterized in 2014 by the still challenging orders position in the area of high-margin 300 mm devices and pressure on earnings from SUSS MicroTec Photonic Systems (previously Tamarack Scientific). Nevertheless, the Lithography division will once again deliver the largest contribution to sales and earnings for the Group. We expect an increase in sales from 2013 between 5% and 10% and an improved EBIT from the previous year in the mid-to-high-single-digit millions range. In the Substrate Bonder division, we expect a slight increase in sales combined with improved earnings, but still with a negative EBIT in the mid-single-digit millions range. Sales in the Photomask Equipment division will reach a level in the coming year slightly less than in 2013 with a break-even EBIT. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

FORWARD-LOOKING STATEMENTS

This report contains information and forecasts that refer to the future developments of the SUSS MicroTec Group and its companies. The forecasts are assessments that the Company has made based on all of the information available to it at the present time. Should the assumptions on which these forecasts are based not occur or the risks – as addressed in the risk report – arise, the actual results may deviate from those currently expected.

Garching, March 10, 2014
The Management Board

Frank Averdung
Chief Executive Officer

Michael Knopp
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

of SUSS MicroTec AG for 2013 fiscal year

CONSOLIDATED STATEMENT OF INCOME (IFRS)

in € thousand	Note	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Sales	(3)	134,508	163,827
Cost of sales	(4)	-112,724	-106,437
Gross profit		**21,784**	**57,390**
Selling costs		-17,493	-20,673
Research and development costs		-10,186	-9,705
Administration costs		-14,976	-16,976
Other operating income	(5)	5,501	6,069
Other operating expenses	(6)	-4,053	-4,365
Analysis of net income from operations (EBIT):			
EBITDA (Earnings before interest and taxes, depreciation and amortization)		-13,400	18,581
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-6,023	-6,841
Net income from operations (EBIT)		**-19,423**	**11,740**
Financial income		464	940
Financial expenses		-597	-929
Financial result	(7)	**-133**	**11**
Profit / loss from continuing operations before taxes		**-19,556**	**11,751**
Income taxes	(8)	3,584	-4,131
Profit / loss from continuing operations		**-15,972**	**7,620**
Net profit / loss from discontinued operations (after taxes)		**0**	**1,507**
Net profit / loss		**-15,972**	**9,127**
Thereof equity holders of SUSS MicroTec		-15,972	9,097
Thereof non-controlling interests		0	30
Earnings per share (undiluted)	(9)		
Basic earnings per share from continuing operations in €		-0.84	0.40
Basic earnings per share from discontinued operations in €		0.00	0.08
Earnings per share (diluted)	(9)		
Basic earnings per share from continuing operations in €		-0.84	0.40
Basic earnings per share from discontinued operations in €		0.00	0.08

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012 adjusted [1]
Net profit / loss	**-15,972**	**9,127**
Items that will not be reclassified to profit and loss		
Remeasurements on defined benefit pension plans	-89	-691
Deferred taxes	6	187
Other comprehensive income after tax for items that will not be reclassified to profit and loss	**-83**	**-504**
Items that will be reclassified to profit and loss in later periods		
Fair value fluctuations of available for sale securities	-218	9
Foreign currency adjustment	-1,657	228
Cash flow hedges	163	-189
Deferred taxes	7	22
Other comprehensive income after tax for items that will be reclassified to profit and loss	**-1,705**	**70**
Total income and expenses recognized in equity	**-1,788**	**-434**
Total income and expenses reported in the reporting period	**-17,760**	**8,693**
Thereof equity holders of SUSS MicroTec	-17,760	8,654
Thereof non-controlling interests	0	39

[1] Since January 1, 2013, the SUSS MicroTec Group applies IAS 19 (revised). This change in accounting policy was recognized retrospectively and comparative figures for 2012 have been restated. The impacts resulting from the adjustment are described in the notes, chapter D.

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS in € thousand	Note	12/31/2013	12/31/2012 adjusted[1]
Noncurrent assets		**46,995**	**37,325**
Intangible assets	(11)	4,517	7,504
Goodwill	(12)	15,318	15,394
Tangible assets	(13)	20,906	12,068
Tax refund claims	(19)	65	80
Other assets	(14)	522	773
Deferred tax assets	(8)	5,667	1,506
Current assets		**132,872**	**143,088**
Inventories	(15)	71,133	82,179
Trade receivables	(16)	11,073	21,758
Other financial assets	(17)	320	547
Securities	(18)	2,072	11,394
Tax refund claims	(19)	721	295
Cash and cash equivalents		45,059	25,192
Other assets	(20)	2,494	1,723
Total assets		**179,867**	**180,413**

[1] Since January 1, 2013, the SUSS MicroTec Group applies IAS 19 (revised). This change in accounting policy was recognized retrospectively and comparative figures for 2012 have been restated. The impacts resulting from the adjustment are described in the selected explanatory notes (chapter D).

LIABILITIES & SHAREHOLDERS' EQUITY in € thousand	Note	12/31/2013	12/31/2012 adjusted[1]
Equity		**109,432**	**127,193**
Total equity attributable to shareholders of SUSS MicroTec AG		109,432	127,193
Subscribed capital	(21)	19,116	19,116
Reserves	(21)	93,971	109,944
Accumulated other comprehensive income	(21)	-3,655	-1,867
Noncurrent liabilities		**14,613**	**11,039**
Pension plans and similar commitments	(22)	3,760	4,119
Provisions	(23)	62	296
Financial debt	(24)	10,280	3,981
Other financial liabilities	(25)	496	2,577
Deferred tax liabilities	(8)	15	66
Current liabilities		**55,822**	**42,181**
Provisions	(26)	5,939	3,602
Tax liabilities	(29)	651	1,050
Financial debt	(24)	1,191	288
Other financial liabilities	(27)	6,366	6,815
Trade payables		5,563	6,862
Other liabilities	(28)	36,112	23,564
›› Total liabilities and shareholders' equity		**179,867**	**180,413**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

in € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Net profit / loss (after taxes)	-15,972	9,127
Amortization of intangible assets	3,464	4,661
Depreciation of tangible assets	2,558	2,180
Profit / loss on disposal of intangible and tangible assets	68	0
Profit / loss on disposal of available-for-sale securities	8	0
Change of reserves on inventories	10,465	2,729
Change of reserves for bad debts	1,198	70
Non-cash income from the reversal of provisions	-10	-480
Other non-cash effective income and expenses	1,531	-1,469
Gain from subsequent purchase price payment for Test business	0	-1,507
Change in inventories	-145	-4,712
Change in trade receivables	8,187	-3,910
Change in other assets	-293	1,410
Change in pension provisions	-359	5
Change in trade payables	-900	-555
Change in down payments received	13,575	-6,123
Change in other liabilities and other provisions	-2,339	782
Change of tax refund claims and tax liabilities	-4,729	-2,773
›› Cash flow from operating activities	**16,307**	**-565**

in € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Disbursements for the acquisition of property in Garching (land and buildings)	-8,939[1]	0
Disbursements for other tangible assets	-2,679	-3,377
Disbursements for intangible assets	-588	-801
Purchases of current available-for-sale securities	0	-3,071
Proceeds from redemption of available-for-sale securities	9,097	11,046
Disbursement from subsequent purchase price payment of Test business	0	1,507
Payments for purchase of Tamarack Scientific	0	-5,184
Cash flow from investing activities	**-3,109**	**120**
Proceeds from bank loans	7,500	0
Repayment of bank loans	-180	-180
Repayment of promissory notes	0	-9,000
Change in current bank liabilities	-97	-118
Change in other financial debt	-21	-843
Payments for purchase of shares in SUSS MicroOptics	0	-1,155
Proceeds from exercise of subscription rights	0	19
Cash flow from financing activities	**7,202**	**-11,277**
Adjustments to funds caused by exchange-rate fluctuations	-533	-122
Change in cash and cash equivalents	**19,867**	**-11,844**
Funds at the beginning of the year	**25,192**	**37,036**
Funds at the end of the period	**45,059**	**25,192**
Cash flow from operating activities includes:		
Interest paid during the period	189	816
Interest received during the period	592	1,052
Tax paid during the period	1,146	6,801
Tax refunds during the period	41	0

[1] The amount comprises the purchase price of € 8,600 thousand and ancillary costs of € 339 thousand.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	Earnings reserve	Retained earnings
As of January 1, 2012	**19,101**	**98,383**	**433**	**2,799**
Adjustments [1]	0	0	0	0
As of January 1, 2012 (adjusted)	**19,101**	**98,383**	**433**	**2,799**
Net income / loss	0	0	0	9,097
Total income and expenses recognized in equity	0	0	0	0
Total comprehensive income / loss	0	0	0	9,097
Exercise of subscription rights	15	4	0	0
Issuance of subscription rights	0	0	0	0
Purchase of minority interest SUSS MicroOptics	0	-773	0	0
As of December 31, 2012	**19,116**	**97,614**	**433**	**11,896**
As of January 1, 2013	**19,116**	**97,614**	**433**	**11,896**
Net income / loss	0	0	0	-15,972
Total income and expenses recognized in equity	0	0	0	0
Total comprehensive income / loss	0	0	0	-15,972
Exercise of subscription rights	0	0	0	0
Issuance of subscription rights	0	0	0	0
As of December 31, 2013	**19,116**	**97,614**	**433**	**-4,076**

[1] Since January 1, 2013, the SUSS MicroTec Group applies IAS 19 (revised). This change in accounting policy was recognized retrospectively and comparative figures for 2012 have been restated.

Accumulated other comprehensive income						Total equity attributable to shareholders of SUSS MicroTec AG	Non-controlling interests	Equity
Items that will not be reclassified to profit and loss		Items that will be reclassified to profit and loss in later periods						
Remeasure-ments on defined benefit pension plans	Deferred taxes	Foreign currency adjustment	Cash flow hedges	Fair value fluctuations of available-for-sale securities	Deferred taxes			
0	**0**	**-987**	**-316**	**239**	**51**	**119,703**	**689**	**120,392**
-551	140	0	0	0	0	-411	0	-411
-551	**140**	**-987**	**-316**	**239**	**51**	**119,292**	**689**	**119,981**
0	0	0	0	0	0	9,097	30	9,127
-691	187	219	-189	9	22	-443	9	-434
-691	187	219	-189	9	22	8,654	39	8,693
0	0	0	0	0	0	19	0	19
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	-773	-728	-1,501
-1,242	**327**	**-768**	**-505**	**248**	**73**	**127,192**	**0**	**127,192**
-1,242	**327**	**-768**	**-505**	**248**	**73**	**127,192**	**0**	**127,192**
0	0	0	0	0	0	-15,972	0	-15,972
-89	6	-1,657	163	-218	7	-1,788	0	-1,788
-89	6	-1,657	163	-218	7	-17,760	0	-17,760
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
-1,331	**333**	**-2,425**	**-342**	**30**	**80**	**109,432**	**0**	**109,432**

FIXED ASSETS
MOVEMENT SCHEDULE 2013

THE FIXED ASSETS MOVEMENT SCHEDULE IS PART OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Acquisition and manufacturing costs				
in € thousand	01/01/2013	Translation adjustment	Additions	Reclassifications	Disposals
I. Intangible assets					
1. Concessions, intellectual property rights and similar rights and assets as well as licenses to such rights and assets	17,111	-83	526	0	825
2. Development costs	29,329	-31	62	0	0
3. Capitalized leased property	0	0	0	0	0
Software	3,168	-45	0	0	2,957
4. Other intangible assets	2,922	-82	0	0	0
	52,530	**-241**	**588**	**0**	**3,782**
II. Goodwill	**34,231**	**-74**	**0**	**0**	**4,426**
III. Tangible assets					
1. Land, buildings, fixtures	7,852	-202	9,221	0	389
2. Technical equipment and machinery	7,280	-133	1,499	208	87
3. Other equipment, office and plant furnishings	10,629	-137	814	0	1,419
4. Motor vehicles	373	0	32	0	5
5. Facilities under construction	207	1	52	-208	0
6. Capitalized leased property	0	0	0	0	0
Land, buildings, fixtures	0	0	0	0	0
Technical equipment and machinery	725	-76	0	0	39
Other equipment, office and plant furnishings	714	-7	0	0	689
Fleet of cars	33	-7	0	0	0
	27,813	**-561**	**11,618**	**0**	**2,628**
IV. Financial assets					
Other investments	2,263	0	0	0	0
	2,263	**0**	**0**	**0**	**0**

		Depreciation and amortization						Net book value	
12/31/2013	01/01/2013	Translation adjustment	Additions	Reclassifications	Disposals	12/31/2013	12/31/2012	12/31/2013
16,729	14,448	-47	854	0	824	14,431	2,663	2,298
29,360	26,331	-30	2,266	0	0	28,567	2,998	793
0	0	0	0	0	0	0	0	0
166	3,094	-45	74	0	2,957	166	74	0
2,840	1,153	-10	271	0		1,414	1,769	1,426
49,095	**45,026**	**-132**	**3,465**	**0**	**3,781**	**44,578**	**7,504**	**4,517**
29,731	**18,837**	**2**	**0**	**0**	**4,426**	**14,413**	**15,394**	**15,318**
16,482	1,977	-145	524	-1	336	2,019	5,875	14,463
8,767	3,742	-65	1,064	1	83	4,659	3,538	4,108
9,887	8,248	-114	936	0	1,410	7,660	2,381	2,227
400	352	0	8	0	1	359	21	41
52	0	0	0	0	0	0	207	52
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
610	705	-76	17	0	39	607	20	3
18	712	-7	2	0	689	18	2	0
26	9	-2	7	0	0	14	24	12
36,242	**15,745**	**-409**	**2,558**	**0**	**2,558**	**15,336**	**12,068**	**20,906**
2,263	2,263	0	0	0	0	2,263	0	0
2,263	**2,263**	**0**	**0**	**0**	**0**	**2,263**	**0**	**0**

FIXED ASSETS
MOVEMENT SCHEDULE 2012

THE FIXED ASSETS MOVEMENT SCHEDULE IS PART OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Acquisition and manufacturing costs					
in € thousand	01/01/2012	Translation adjustment	Additions	Additions from purchase Tamarack Scientific	Reclassifications	Disposals
I. Intangible assets						
1. Concessions, intellectual property rights and similar rights and assets as well as licenses to such rights and assets	15,568	-22	727	838	0	0
2. Development costs	29,269	-14	74	0	0	0
3. Capitalized leased property						
Software	3,197	-29	0	0	0	0
4. Other intangible assets	960	0	0	1,962	0	0
	48,994	**-65**	**801**	**2,800**	**0**	**0**
II. Goodwill	**32,436**	**0**	**0**	**1,795**	**0**	**0**
III. Tangible assets						
1. Land, buildings, fixtures	7,542	-111	396	25	0	0
2. Technical equipment and machinery	4,078	17	1,851	1,334	0	0
3. Other equipment, office and plant furnishings	9,680	-62	936	95	0	20
4. Motor vehicles	373	-1	5	0	0	4
5. Facilities under construction	16	0	191	0	0	0
6. Capitalized leased property						
Technical equipment and machinery	771	-46	0	0	0	0
Other equipment, office and plant furnishings	719	-5	0	0	0	0
Fleet of cars	38	-5	0	0	0	0
	23,217	**-213**	**3,379**	**1,454**	**0**	**24**
IV. Financial assets						
Other investments	2,263	0	0	0	0	0
	2,263	**0**	**0**	**0**	**0**	**0**

	Depreciation and amortization						Net book value	
12/31/2012	01/01/2012	Translation adjustment	Additions	Reclassifications	Disposals	12/31/2012	12/31/2011	12/31/2012
17,111	13,706	-21	763	0	0	14,448	1,862	2,663
29,329	23,823	-11	2,519	0	0	26,331	5,446	2,998
3,168	2,236	-29	887	0	0	3,094	961	74
2,922	661	0	492	0	0	1,153	299	1,769
52,530	**40,426**	**-61**	**4,661**	**0**	**0**	**45,026**	**8,568**	**7,504**
34,231	**18,837**	**0**	**0**	**0**	**0**	**18,837**	**13,599**	**15,394**
7,852	1,592	-77	462	0	0	1,977	5,950	5,875
7,280	3,004	16	722	0	0	3,742	1,074	3,538
10,629	7,379	-55	943	0	19	8,248	2,301	2,381
373	353	-1	4	0	4	352	20	21
207	0	0	0	0	0	0	16	207
725	712	-45	38	0	0	705	59	20
714	714	-5	3	0	0	712	5	2
33	1	0	8	0	0	9	37	24
27,813	**13,755**	**-167**	**2,180**	**0**	**23**	**15,745**	**9,462**	**12,068**
2,263	2,263	0	0	0	0	2,263	0	0
2,263	**2,263**	**0**	**0**	**0**	**0**	**2,263**	**0**	**0**

SEGMENT REPORTING (IFRS)

SEGMENT INFORMATION BY BUSINESS SEGMENT

THE SEGMENT REPORTING IS PART OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in € thousand	Lithography		Substrate Bonder		Photomask Equipment	
	2013	2012	**2013**	2012	**2013**	2012
External Sales	88,305	113,194	22,854	23,149	18,438	22,869
Internal Sales	0	0	0	0	0	0
Total Sales	**88,305**	**113,194**	**22,854**	**23,149**	**18,438**	**22,869**
Result per segment (EBIT)	3,156	23,689	-21,687	-12,009	1,557	1,104
Income before taxes	2,821	23,493	-21,689	-12,009	1,552	1,099
Significant non-cash items	240	1,980	-12,019	-2,335	-781	-190
Segment assets	**67,872**	**76,617**	**21,764**	**39,869**	**12,518**	**11,306**
thereof goodwill	15,318	15,394	0	0	0	0
Unallocated assets						
Total assets						
Segment liabilities	**-23,567**	**-26,757**	**-13,445**	**-4,929**	**-8,880**	**-2,443**
Unallocated liabilities						
Total liabilities						
Depreciation and amortisation	2,093	2,264	2,098	2,174	299	604
thereof scheduled	2,093	2,264	942	2,174	299	604
thereof impairment loss	0	0	1,156	0	0	0
Capital expenditure	523	5,231	98	199	136	60
Workforce on December 31	404	419	99	134	100	106

SEGMENT INFORMATION BY REGION

in € thousand	Sales (continuing operations)		Capital expenditure		Assets (without goodwill)	
	2013	2012	**2013**	2012	**2013**	2012
Europe	41,258	40,520	11,925	3,856	86,526	98,140
North America	22,577	30,276	145	4,536	15,464	20,425
Japan	5,196	16,518	55	3	3,055	3,689
Rest of Asia	65,477	76,513	81	37	2,652	1,544
Rest of world	0	0	0	0	0	0
Consolidation effects	0	0	0	0	-66	-290
Total	**134,508**	**163,827**	**12,206**	**8,432**	**107,631**	**123,508**

Other		Continuing operations		Discontinued operations (Test business)		Consolidation effects		Total	
2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
4,911	4,615	134,508	163,827	0	0	-	-	134,508	163,827
5,870	8,387	5,870	8,387	0	0	-5,870	-8,387	0	0
10,781	**13,002**	**140,378**	**172,214**	**0**	**0**	**-5,870**	**-8,387**	**134,508**	**163,827**
-2,449	-1,044	-19,423	11,740	0	1,507	-	-	-19,423	13,247
-2,240	-832	-19,556	11,751	0	1,507	-	-	-19,556	13,258
-237	22	-12,797	-523	0	0	-	-	-12,797	-523
20,795	**11,110**	**122,949**	**138,902**	**0**	**0**	**-**	**-**	**122,949**	**138,902**
0	0	15,318	15,394	0	0	-	-	15,318	15,394
								56,918	41,511
								179,867	**180,413**
-2,287	**-3,376**	**-48,179**	**-37,505**	**0**	**0**	**-**	**-**	**-48,179**	**-37,505**
								-22,256	-15,715
								-70,435	**-53,220**
1,533	1,799	6,023	6,841	0	0	-	-	6,023	6,841
1,533	1,799	4,867	6,841	0	0	-	-	4,867	6,841
0	0	1,156	0	0	0	-	-	1,156	0
11,449	2,942	12,206	8,432	0	0	-	-	12,206	8,432
52	45	655	704	0	0	-	-	655	704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

of SUSS MicroTec AG for the 2013 fiscal year

(1) DESCRIPTION OF BUSINESS ACTIVITY

SUSS MicroTec AG (the "Group" or "Company"), domiciled at Schleissheimer Str. 90, in 85748 Garching, Germany, and its subsidiaries constitute an international Group that manufactures and distributes products using microsystems technology and microelectronics. Production is at facilities in Garching and Sternenfels in Germany, Corona in the USA (since March 2012), and Hauterive (Canton of Neuchâtel) in Switzerland. The products are distributed by the production facilities directly and through distribution companies in the USA, France, the United Kingdom, Japan, Singapore, Taiwan, China, and Korea. In countries in which the Group does not have offices of its own, distribution is organized through trade representatives.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved and published by the International Accounting Standards Board (IASB) which are mandatory in the European Union. The requirements of the IFRS have been met in full and lead to the presentation of a true and fair view of the net assets, financial position and results of operations of the SUSS MicroTec Group.

The Company is an Aktiengesellschaft, i.e. a public company limited by shares, governed by German law. Under the regulations of the German commercial code (Handelsgesetzbuch – HGB), the Company is obliged to prepare consolidated financial statements in accordance with the accounting regulations of section 315a HGB as SUSS MicroTec AG is a capital market-oriented company. The Group Management Report has been prepared in accordance with section 315 HGB.

The consolidated financial statements and the Group Management Report for the year ending on December 31, 2013 will be submitted to and published in the electronic Federal Gazette.

B) Standards and interpretations that have been applied for the first time

The IASB and the International Financial Reporting Interpretations Committee have amended the following standards. The application of the amended standards is mandatory for the consolidated financial statements as of December 31, 2013 and affects the consolidated financial statements of the Company:

IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

On June 16, 2011, the IASB published revisions to IAS 1 "Presentation of Financial Statements." Under the amended standard, the IFRS statement of income must formally be presented as a single component of the financial statements, namely the "Statement of Profit or Loss and Other Comprehensive Income." This formally combined statement of income must now be divided into two sections nonetheless, with the first presenting profit and loss and the second presenting other comprehensive income. Moreover, the amended standard requires that the components of other comprehensive income be presented separately as items that will later be reclassified to the statement of income and items that will never be reclassified, but will remain under other comprehensive income.

Decree 475 / 2012 was announced in the Official Gazette of the European Union dated June 6, 2012. With it, the revisions to IAS 1 published by the IASB were adopted.

The Group has provided the necessary information resulting from the amended IAS 1 in the statement of comprehensive income and in the statement of changes in shareholders' equity. The comparative figures have been adjusted accordingly.

IAS 19: "EMPLOYEE BENEFITS"

On June 16, 2011, the IASB published revisions to IAS 19 "Employee Benefits." The amended standard stipulates that, in the future, unexpected fluctuations in pension obligations and plan assets must be recorded directly in other comprehensive income. The previous option of immediate recognition under profit and loss, under other comprehensive income, or delayed recognition under the corridor method has been abolished. The expected income from the plan assets is determined in accordance with IAS 19 (2011) exclusively by the imputed interest rate for the plan assets based on the current discount rate of the pension obligation. A determination based on the subjective expectations of management on the value development of the asset portfolio is no longer permitted.

Decree 475 / 2012 was announced in the Official Gazette of the European Union dated June 6, 2012. With it, the revisions to IAS 19 published by the IASB were adopted.

The amended IAS 19 is mandatory for fiscal years beginning on or after January 1, 2013.

The Group applied IAS 19 (2011) for the first time retrospectively and adjusted the comparative figures accordingly. The effects of the retrospective adjustment are discussed under Point D of this section "Significant accounting policies."

IFRS 13: "FAIR VALUE MEASUREMENT"

On May 12, 2011, the IASB published the new standard IFRS 13 "Fair Value Measurement." The standard replaces and expands the disclosure obligations regarding fair value measurement in other IFRS (with the exception of special rules in IAS 17 and IFRS 2). Fair value according to IFRS 13 is defined as an exit price, meaning the price that would be generated by the sale of an asset or the price that would have to be paid in order to transfer a debt. A three-stage hierarchical system has been introduced here depending on observable market prices. In accordance with the transitional requirements of IFRS 13, the new guidelines on fair value measurement are applied prospectively and no comparative information from the previous year is provided for new disclosures. Nevertheless, the change has no material impact on the measurement of assets and liabilities of SUSS MicroTec AG.

ANNUAL IMPROVEMENT PROJECT:

Within the framework of annual improvements (2009 – 2011 cycle), minor changes to individual standards for clarification and adjustment must be observed.

C) Standards and interpretations that have not been applied prior to the mandatory applicable date

The IASB has published the following standard, whose application is still awaiting endorsement in EU law:

IFRS 9: "FINANCIAL INSTRUMENTS"

In November 2009, the IASB published the new standard IFRS 9 "Financial Instruments" on the classification and measurement of financial assets. This standard is the first part of a three-part project to completely replace IAS 39 "Financial Instruments: Recognition and Measurement". In October 2010, the IASB published rules on accounting for financial liabilities to supplement IFRS 9 "Financial Instruments," completing the phase on classification and measurement of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement." Supplementing IFRS 9 (2009), IFRS 9 (2010) contains requirements on the classification and measurement of financial liabilities as well as on the derecognition of financial assets and liabilities. On December 16, 2011, the IASB published amendments to IFRS 9 on "Mandatory Effective Date and Transition Disclosures."

According to the method of IFRS 9, financial assets must be measured either at adjusted acquisition cost or at fair value. Assignment to one of the two measurement categories depends on how the entity manages its financial instruments (i.e. its business model) and on the product features of the individual financial assets.

On November 19, 2013, the IASB announced the publication of amendments to the IFRS 9 "Financial Instruments." The amendments to IFRS 9 include new rules for hedge accounting in the form of a new general model for hedge accounting. The amendment was inserted as Chapter 6 in IFRS 9 and replaces the corresponding hedge accounting rules in IAS 39. However, in applying the new hedge accounting rules in IFRS 9, the possibility exists to continue to apply the special rules for portfolio fair value hedges for interest rate risks in IAS 39. The amendments to IFRS 9 create the possibility to implement the disclosure, without effect on earnings, of credit rating-based fair value changes for liabilities which are measured at fair value early without applying the complete rules of IFRS 9.

Furthermore, the IASB has rescinded the deadline previously included in IFRS 9 for its mandatory initial application beginning on January 1, 2015. A new initial application deadline will be set when the complete standard is available. Only then is an endorsement by the EU foreseen.

At present, SUSS MicroTec AG cannot definitively judge what effects the initial application of the standard will have if the standard is approved and adopted by the EU in this form.

The EU Commission has already adopted the following new and amended standards into EU law, but they are not mandatory for the fiscal year 2013. An application of the new and amended standards is foreseen beginning with the obligatory initial application deadlines. The new and amended standards have not been applied early.

IFRS 10: "CONSOLIDATED FINANCIAL STATEMENTS"

On May 12, 2011, the IASB published the new standard IFRS 10 "Consolidated Financial Statements," with which a uniform definition for the concept of control and thus also a uniform basis for the existence of a parent-subsidiary relationship and the associated definition of the scope of consolidation was created. The new standard replaces the previously applicable IAS 27 (2008) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities."

Decree 1254/2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 10 published by the IASB was adopted. Furthermore, European Commission also adopted Transition Guidance to IFRS 10 and amendments to IFRS 10 that are relevant for consolidation of subsidiaries of investment companies (decree 313/2013 dated April 4, 2013 and decree 1174/2013 dated November 20, 2013; both announced in the Official Gazette of the European Union).

IFRS 10 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously with IFRS 11 and IFRS 12 as well as IAS 27 and IAS 28 as amended in 2011. For EU IFRS users, IFRS 10 and Transition Guidance to IFRS 10 is mandatory for the first time for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IFRS 11: "JOINT ARRANGEMENTS"

On May 12, 2011, the IASB published the new standard IFRS 11 "Joint Arrangements." The standard governs the accounting for situations in which one entity exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" as the regulations hitherto applicable for questions of accounting for joint ventures.

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 11 published by the IASB was adopted. Furthermore, European Commission also adopted Transition Guidance to IFRS 11 (decree 313 / 2013 dated April 4, 2013, announced in the Official Gazette of the European Union).

IFRS 11 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously with IFRS 10 and IFRS 12 as well as IAS 27 and IAS 28 as amended in 2011. For EU IFRS users, IFRS 11 and Transition Guidance to IFRS 11 is mandatory for the first time for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IFRS 12: "DISCLOSURE OF INTERESTS IN OTHER ENTITIES"

On May 12, 2011, the IASB published the new standard IFRS 12 "Disclosure of Interests in Other Entities." The Standard indicates the disclosures on business combinations in the consolidated financial statements (new IFRS 10) and joint arrangements (new IFRS 11).

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 12 published by the IASB was adopted. Furthermore, European Commission also adopted Transition Guidance to IFRS 12 and amendments to IFRS 12 that are relevant for consolidation of subsidiaries of investment companies (decree 313 / 2013 dated April 4, 2013 and decree 1174 / 2013 dated November 20, 2013; both announced in the Official Gazette of the European Union).

IFRS 12 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously with IFRS 10 and IFRS 11 as well as IAS 27 and IAS 28 as amended in 2011. For EU IFRS users, IFRS 12 and Transition Guidance to IFRS 12 is mandatory for the first time for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IAS 27 (2011): "SEPARATE FINANCIAL STATEMENTS"

On May 12, 2011, the IASB published the new standard IFRS 27 (2011) "Separate Financial Statements." In connection with the approval of IFRS 10 "Consolidated Financial Statements," the regulations on the control principle and the requirements for the preparation of consolidated financial statements are taken out of IAS 27 and subsequently treated in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 will only contain regulations on the treatment of subsidiaries, joint ventures and associated entities in the IFRS separate financial statements in the future.

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendments to IAS 27 (2011) published by the IASB were adopted. Furthermore, European Commission also adopted amendments to IAS 27 that are relevant for consolidation of subsidiaries of investment companies (decree 1174 / 2013 dated November 20, 2013; announced in the Official Gazette of the European Union).

IAS 27 (2011) is mandatory for fiscal years beginning on or after January 1, 2013. For EU IFRS users, IAS 27 (2011) is mandatory for the first time for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IAS 28 (2011): "INVESTMENTS IN ASSOCIATES AND JOINT VENTURES"

On May 12, 2011, the IASB published the new standard IFRS 28 (2011) "Investments in Associates and Joint Ventures." In connection with the approval of IFRS 11 "Joint Arrangements," there were also adjustments to IAS 28, whose scope of application will be substantially expanded by the new IFRS 11.

Decree 1254/2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendments to IAS 28 (2011) published by the IASB were adopted.

IAS 28 (2011) is mandatory for fiscal years beginning on or after January 1, 2013. For EU IFRS users, IAS 28 (2011) is mandatory for the first time for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IAS 32: "FINANCIAL INSTRUMENTS: PRESENTATION"

On December 16, 2011, the IASB published an amendment to IAS 32 "Financial Instruments: Presentation," which clarified the preconditions for offsetting financial instruments.

Decree 1256/2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendment of IAS 32 published by the IASB was adopted.

The amendment to IFRS 32 is mandatory retroactively for fiscal years beginning on or after January 1, 2014.

SUSS MicroTec AG does not expect any effects from the initial application.

IAS 36: "IMPAIRMENT OF ASSETS"

On May 29, 2013, IASB published amendments to IAS 36 "Impairment of Assets" regarding the disclosure of the recoverable amount for non-financial assets.

Following the development of IFRS 13 "Fair Value Measurement," the IASB had adjusted IAS 36 in such a way that detailed information is to be provided for all cash-generating units having a substantial amount of goodwill, regardless of whether they are impaired. The now published amendments make clear that these disclosures are to be made only for impaired assets or impaired cash-generating units. In addition, the amendments include specifications for disclosing when an asset is impaired.

Decree 1374/2013 was announced in the Official Gazette of the European Union dated December 20, 2013. With it, the amendment of IAS 36 published by the IASB was adopted.

The amendments to IFRS 36 are mandatory for fiscal years beginning on or after January 1, 2014. Earlier application is permitted provided that IFRS 13 is already being applied.

SUSS MicroTec AG does not expect any effects from the initial application.

IAS 39: "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT"

On June 27, 2013, the IASB published an amendment to IAS 39: "Financial Instruments: Recognition and Measurement", which deals with novations of derivatives.

Decree 1375 / 2013 was announced in the Official Gazette of the European Union dated December 20, 2013. With it, the amendment of IAS 39 published by the IASB was adopted.

The amendment to IAS 39 is mandatory for fiscal years beginning on or after January 1, 2014. An earlier application is permitted.

SUSS MicroTec AG does not expect any effects from the initial application.

D) Significant accounting policies

Taking into consideration the quality criteria of the accounting and the applicable IFRS, the consolidated financial statements fulfill the principle of true and fair view and of fair presentation. In preparing the consolidated financial statements according to IFRS, the following significant accounting policies – with the exception of the amendment described below – were applied in the same way as in the previous year:

The amended version of IAS 19 "Employee Benefits" must be applied for the first time for fiscal years which begin after January 1, 2013. The following changes resulted from the initial application of IAS 19 (2011).

- Discontinuation of the corridor method: As a result of the discontinuation of the previous discretion in recognizing actuarial gains and losses, they are to be recognized in full in shareholders' equity immediately.
- Calculation of the pension expense: The net interest cost of defined benefit pension plans is determined on the basis of a net liability (the balance of the pension obligation and the fair value of the plan asset).
- Unrecognized prior service cost: In case of future changes to the plan, the unrecognized prior service cost is recognized immediately in profit and loss.
- Risk allocation: The new standard for risk sharing between employees and employer affects both the defined benefit obligation and the allocation of the prior service cost.

The Group applied IAS 19 (2011) for the first time retrospectively and adjusted the comparative figures accordingly. As a result, the following impacts to the statement of comprehensive income 2012 and to the balance sheet 2012 occur. There was no adjustment to the statement of income 2012 due to minor impacts. In this respect, the undiluted and diluted earnings per share remained unchanged.

Adjusted presentation of the statement of comprehensive income:

in € thousand	01/01–12/31/2012 as stated	Adjusted according to IAS 8	01/01–12/31/2012 adjusted
Net profit or loss	**9,127**	**0**	**9,127**
Items that will not be reclassified to profit and loss			
Remeasurement on defined benefit pension plans	0	-691	-691
Deferred taxes	0	187	187
Other comprehensive income after tax for items that will not be reclassified to profit and loss	0	-504	-504
Items that will be reclassified to profit and loss			
Other comprehensive income after tax for items that will be reclassified to profit and loss	70	0	70
Total income and expenses recognized in equity	70	-504	-434
Total of all income and expenses recognized during period	**9,197**	**-504**	**8,693**
Thereof equity holders of SUSS MicroTec	9,158	-504	8,654
Thereof minority interests	39	0	39

Adjusted presentation of the balance sheet:

in € thousand	01/01/2012 as stated	Adjusted according to IAS 8	01/01/2012 adjusted
Total assets	187,746	140	187,886
thereof: Deferred tax assets	5,383	140	5,523
Total noncurrent liabilities	10,500	551	11,051
thereof: Pension plans and similar commitments	2,872	551	3,423
Total equity	120,392	-411	119,981
thereof: accumulated other comprehensive income	-1,013	-411	-1,424

		Adjusted according to IAS 8		
in € thousand	12/31/2012 as stated	to 01/01/2012	to 12/31/2012	12/31/2012 adjusted
Total assets	180,086	140	187	180,413
thereof: deferred tax assets	1,179	140	187	1,506
Total noncurrent liabilities	9,797	551	691	11,039
thereof: pension plans and similar commitments	2,877	551	691	4,119
Total equity	128,108	-411	-504	127,193
thereof: accumulated other comprehensive income	-952	-411	-504	-1,867

COMPARISON OF IAS 19 (2011) AND IAS 19 (2008):

If the previous 2008 version of the IAS 19 had remained in effect in 2013, this would have resulted – in comparison to IAS 19 (2011) – in the following funded status:

in € thousand	2013 IAS 19 rev.	2013 former IAS 19	2012 IAS 19 rev.	2012 former IAS 19
Defined benefit obligation	5,935	6,026	6,086	6,201
Actuarial gains / losses not yet recognized	0	-815	0	-1,358
Plan assets	2,175	2,175	1,967	1,966
Funded status	3,760	3,036	4,119	2,877

Other comprehensive income and accumulated other comprehensive income for the 2013 fiscal year are affected by the transition to IAS 19 (2011) as follows:

in € thousand	2013 Under application of IAS 19 rev.	Effect from transition IAS 19 rev.	2013 Under application of former IAS 19
Net profit or loss	**-15,972**	**603**	**-16,575**
Other comprehensive income after tax for items that will be reclassified to profit and loss	-83	-83	0
Total of all income and expenses recognized during period	-1,705	0	-1,705
Total income and expenses recognized in equity	**-1,788**	**-83**	**-1,705**
Total of all income and expenses recognized during period	**-17,760**	**520**	**-18,280**

in € thousand	2013
Group equity as of December 31, 2013	109,432
Sum of all effects from transition to IAS 19 rev.	-520
Change in accumulated other comprehensive income in 2012, recorded under application of IAS 19 rev. (2011)	504
Adjustment amount, considered under the transition to IAS 19 (2011) for 12/31/2011 / 01/01/2012	411
Equity of the Group as of 12/31/2013, as it would have been under the old IAS 19 (2008) standard	**109,827**

If the Group had continued to capitalize pension obligations in 2013 according to the 2008 version of IAS 19, the result for the period in 2013 would have been € 603 million lower. In applying IAS 19 (2008) – taking into account the effects in 2012 and 2013 – shareholders' equity as of 12/31/2013 would have been higher by a total of approximately € 395 thousand and would have contributed € 109,827 thousand.

GOODWILL

Under IFRS 3, derivative goodwill is not subject to regular amortization, but is instead examined once annually for impairment. An examination is also performed if there are triggering events that indicate possible impairment.

The recoverability of goodwill is examined at the level of cash-generating units, which correspond to the divisions in the SUSS Group.

Impairment is recorded if the book values of the assets are no longer covered by the recoverable amount of the cash generating unit concerned. The recoverable amount is the higher of fair value less costs to sell and value in use. In the reporting year, SUSS MicroTec AG computed the recoverable amount of cash-generating units on the basis of value in use. This value is generally based on valuations using discounted cash flow.

OTHER INTANGIBLE ASSETS

Purchased and internally generated intangible assets are capitalized pursuant to IAS 38 if it is probable that a future economic benefit will flow from the use of the asset and the costs of the asset can be determined reliably. They are recognized at acquisition or manufacturing costs and amortized normally using the straight-line method over their useful life, which is a maximum of ten years.

Development costs in connection with product development are capitalized as manufacturing costs if the expense can be attributed clearly and if technical feasibility and successful marketing are assured. It must, moreover, be sufficiently probable that the development activity will indeed generate a future economic benefit. The capitalized development performances comprise all costs that are directly attributable to the development process, including overheads relating to development. Capitalized development costs are amortized normally using the straight-line method from the commencement of production over the expected product life cycle, which is generally three to five years.

There are no other intangible assets with an indeterminate useful life in the SUSS Group.

TANGIBLE ASSETS

Tangible assets are recognized at acquisition or manufacturing cost and lessened on the basis of probable useful life by scheduled, straight-line depreciation. The depreciation periods for the principal categories of tangible assets are given below:

Buildings, fixtures	10 to 40 years
Technical equipment and machinery	4 to 5 years
Other plant, operating and office equipment	3 to 5 years
Vehicles	5 years

When assets are disposed of, the pertinent historical acquisition costs and accumulated depreciation are derecognized and the difference to the revenue from the sale is recorded as other operating expense or income.

In the case of rented assets, a distinction is made between a "finance lease" and an "operating lease" as set out in IAS 17. "Finance lease" items are capitalized at the present value of all future minimum lease payments and the leasing debt is recorded on the liabilities side. The capitalized items are depreciated or amortized over their useful life, the lease debt being redeemed and interest paid in accordance with the terms and conditions of the lease agreement. In the case of an operating lease, there is no capitalization, and the lease payments are recorded as expense in the periods when incurred.

In compliance with the rules of IAS 16, there was no re-measurement of tangible assets.

IMPAIRMENT OF INTANGIBLE ASSETS AND DEPRECIATION OF TANGIBLE ASSETS

Intangible assets, including goodwill, and tangible assets are subject to impairment if the book values of the assets would no longer be covered by the sales proceeds that may be expected or by the discounted net cash flow from further use. If it is not possible to determine the realizable amount for individual assets, the cash flow is determined for the next higher grouping of assets for which such a cash flow can be computed. Allocation of goodwill is on the basis of the reporting units (divisions).

If the circumstances that led to the impairment cease to apply in later periods, revaluations are made. The revaluation is made at a maximum to the amount which would have resulted if the impairment had not been recorded. No revaluation is made on goodwill once it has been written down.

INVENTORIES

The inventories are measured at manufacturing or acquisition costs or, if lower, their net realizable value. The net realizable value is the sales proceeds that can probably be obtained less the costs likely to be incurred prior to sale. Inventory risks arising from decreased marketability and technical risks are accommodated by appropriate adjustments.

The manufacturing costs of work in progress and finished goods include direct material and production costs as well as attributable material and production overhead costs.

For raw materials, supplies, and consumables, the acquisition costs are computed on the basis of a weighted average.

If the reasons that led to an adjustment of the inventories cease to be applicable, a revaluation is made.

FINANCIAL INSTRUMENTS

Financial instruments are contractual relationships which lead to a financial asset for the one party and to a financial debt or an equity instrument for the other. These are divided into the categories "measured at adjusted acquisition costs," "measured at market value" and "lease liabilities."

The Company records financial instruments in the statement of financial position as soon as the SUSS Group becomes a contractual partner to a financial instrument. First-time recognition is at market value. Subsequent measurement of financial assets and liabilities is in line with the category they have been allocated to – financial assets available for sale, loans & receivables, financial liabilities, or financial assets & liabilities held for trading purposes.

The categories "Held to Maturity" and "Fair Value Option" are not used.

RECEIVABLES AND OTHER FINANCIAL ASSETS

Receivables and other financial assets, with the exception of derivative financial instruments, are allocated to the category "loans & receivables" and measured at adjusted costs of acquisition. Appropriate value adjustments are made on doubtful receivables and receivables considered to be unrecoverable. In addition, value adjustments are made depending on the age structure of overdue receivables. These impairments are recorded in separate adjustment accounts.

SECURITIES

Securities are classified as financial assets available for sale since they are not held for speculation purposes. They are recognized at fair value whenever this can be determined reliably. Unrealized gains and losses are shown, after consideration of deferred taxes, under other comprehensive income.

CASH AND CASH EQUIVALENTS

Cash equivalents include all nearly liquid assets that, at the time of acquisition or investment, have a remaining term of less than three months. Cash and cash equivalents are measured at the cost of acquisition.

SHARE-BASED REMUNERATION

The Company reports its obligations from stock option plans in accordance with IFRS 2. The fair value of the issued share options is recorded in equity, taking the vesting period into account. The fair value is calculated using the Black-Scholes model.

PENSION PLANS AND SIMILAR COMMITMENTS

Provisions for pension plans and similar commitments are recognized pursuant to IAS 19 "Employee Benefits."

Defined contribution plans generally do not lead to the formation of provisions since the Company's obligation is restricted to the payment of contributions to retirement / pension funds. Premium payments to retirement / pension funds are recognized as an expense in the period in which they are accrued.

With defined benefit plans, the Company's obligation consists of ensuring promised benefits to active and former employees. Defined benefit plans generally do not lead to the formation of pension provisions.

The net liability from defined-benefit plans (the cash value of the defined-benefit obligation less the value of plan assets) is calculated based on the projected unit credit method. Future salary increases and other increases in benefits are taken into consideration. The measurement of the pension obligations is on the basis of pension reports using the assets existing to cover these obligations (at the fair value of plan assets). The effects from the re-measurement of the net liability (actuarial gains and losses, income from plan assets, and changes in the effect of the upper limit on assets) are recognized in full in accumulated other comprehensive income. In case of future changes to the plan, the unrecognized prior service cost is recognized immediately in profit and loss.

The following changes resulted from the initial application of IAS 19 (2011).

- Discontinuation of the corridor method: As a result of the discontinuation of the previous discretion in recognizing actuarial gains and losses, they are to be recognized in full in shareholders' equity immediately.
- Calculation of the pension expense: The net interest cost of defined benefit pension plans is determined on the basis of a net liability (the balance of the pension obligation and the fair value of the plan asset).
- Unrecognized prior service cost: In case of future changes to the plan, the unrecognized prior service cost is recognized immediately in profit and loss.
- Risk allocation: The new standard for risk sharing between employees and employer affects both the defined benefit obligation and the allocation of the prior service cost.

The Group applied IAS 19 (2011) for the first time retrospectively and adjusted the comparative figures for 2012 accordingly. The effect of the retrospective adjustment is presented in Point 2 D.

PROVISIONS

Provisions are formed under IAS 37 when there is an obligation to outside parties whose fulfillment they are likely to demand and if the probable amount of the necessary provision can be estimated reliably. The measurement is at full cost. Long-term provisions are recognized on the basis of corresponding interest rates at their discounted settlement amount as of the reporting date.

FINANCIAL DEBT

Financial debt comprises bank borrowings and liabilities from finance leases. Bank borrowings are allocated to the category "Financial liabilities" and measured at adjusted acquisition costs. The liabilities from finance leases are allocated to the category "Lease liabilities" and are measured in accordance with IAS 17.

OTHER FINANCIAL LIABILITIES

With the exception of derivative financial instruments, other financial liabilities are allocated to the category "Financial liabilities" and measured at adjusted acquisition cost.

TRADE PAYABLES

Accounts payable are allocated to the category "Financial liabilities" and measured at adjusted acquisition costs.

LEASING

Whether an agreement constitutes a lease is determined on the basis of the economic substance of the agreement at the time it was concluded and involves estimating whether the fulfillment of the contractual agreement is dependent upon the use of a specific asset or assets and whether the agreement conveys the right to use the asset, even if this right is not explicitly stated in an agreement.

For leasing agreements that were concluded prior to January 1, 2005, the applicable date for the conclusion of the leasing agreement is January 1, 2005, in accordance with the transitional requirements of IFRIC 4.

Financing leases, according to which essentially all ownership-related opportunities and risks associated with the leased object are transferred to the Group, lead to the capitalization of the leased object at the beginning of the lease's term. The leased object is recognized at fair value or at the present value of minimum lease payments if this amount is lower. Lease payments are thus divided into financing expense and the repayment component of the remaining loan so that a constant interest rate applies to the remaining lease liability over the term of the leasing agreement. Financing expense is recognized in profit and loss.

Leased objects are depreciated over their useful life. However, if the transfer of ownership to the Group at the end of the lease's term is not sufficiently certain, the leased object is depreciated in full over the shorter of two possible time periods – the expected useful life or the term of the lease. Lease payments for operating leases are recorded under expense for operating leases in the statement of income using the straight-line method over the term of the lease.

DISCONTINUED OPERATIONS

Discontinued operations are shown as soon as a company part with business activities and cash flows that can be clearly distinguished from the remainder of the entity for accounting purposes is classified as being for sale or has already been disposed of, and the business area represents a separate and substantial business branch.

SALES REALIZATION

Sales from the sale of tools are recorded in accordance with IAS 18 if the conditions are met for realizing them. Sales are realized at the time of transfer of the essential risks and opportunities associated with the property of the sold goods if it is sufficiently likely that the Company will benefit economically from the sale. The amount of the recorded sales is based on the fair value of the consideration to be received or claimed.

Customer orders of the Company usually include installation services that are necessary in order to put the sold tools into a ready-to-operate condition. Due to the complexity of the installation steps, the Company assumes that significant property risks remain until the installation has been completed at the customer's location. Therefore, in contracts in which not only the delivery of tools but also the installation and final acceptance by the customer are agreed upon, the sales are realized only if the setting up and assembly have been completed and final acceptance by the customer has occurred.

Revenues from services are realized when the performance has been rendered or, in the case of service contracts, proportionately over time. In the case of sales of spare parts, the revenue is realized on delivery.

COST OF SALES

The cost of sales comprises the manufacturing and procurement costs of the products and spare parts sold. In addition to the directly allocable materials and manufacturing costs, they also include overhead costs such as depreciation and amortization of production facilities and intangible assets as well as inventories.

RESEARCH AND DEVELOPMENT COSTS

Expenses for research and expenses for development work that cannot be capitalized are recorded as expense when incurred.

OTHER OPERATING EXPENSES AND INCOME

The other operating expenses and income are classified under the operating result and allocated to the appropriate period. This also applies to expenses and income from foreign currency translation.

DEFERRED TAXES

In accordance with IAS 12 "Income Taxes," deferred tax assets and liabilities are formed on all temporary differences between the fiscal measurement bases of the assets & debts and their recognized values in the IFRS consolidated statement of financial position as well as on tax loss carryforwards. The deferred taxes are computed on the basis of tax rates that apply or are expected to apply at the time of realization in the light of the present legal situation in the relevant countries. Deferred tax claims on temporary differences or on loss carryforwards are only recognized if it seems sufficiently certain that they can be realized in the near future.

Deferred taxes are only set up on temporary differences on goodwill if write-downs on the derivative goodwill are subject to recognition for tax purposes.

EPS – EARNINGS PER SHARE

The Company computes earnings per share in accordance with IAS 33 "Earnings per Share."

The undiluted earnings per share are computed by dividing the net profit by the weighted average of the shares issued.

The diluted earnings per share are computed by dividing the adjusted net profit by the weighted average of the shares issued plus the share equivalents leading to a dilution.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are concluded in the SUSS Group for the purpose of hedging currency and interest risks.

Derivative financial instruments are accounted for in accordance with IAS 39. Derivative financial instruments are allocated to assets and liabilities held for trading purposes, are recognized at their market values, and are presented under other current financial assets or other current financial liabilities. They are first recognized on the day of transaction. Changes in market value are shown either in the statement of income or, in the case of a cash flow hedge, under accumulated other comprehensive income after deduction of deferred taxes.

CASH FLOW HEDGES

The effective portion of market value changes to derivative instruments that are designated as cash flow hedges are recognized under accumulated other comprehensive income after accounting for deferred taxes. The ineffective portion is recognized as profit or loss in the statement of income.

TREATMENT OF SUBSIDIES

Under IAS 20 "Accounting for Government Grants," public subsidies are only recorded if there is sufficient certainty that the attached conditions will be fulfilled and the subsidies granted. They are taken to the statement of income, generally in the periods in which the expenses are incurred that are to be met by the subsidies. Subsidies relating to capitalizable development costs are subtracted from the total.

TRANSACTIONS IN FOREIGN CURRENCY

Purchases and sales in foreign currency are translated at the daily exchange rate at the time of delivery. Assets and debts in foreign currency are translated to the functional currency at the exchange rate in effect on the reporting date. Foreign currency gains and losses arising from these translations are taken to the statement of income.

E) Use of estimates

The preparation of consolidated financial statements in accordance with IFRS requires estimates and assumptions that effect the presentation of assets and debts, the disclosures of contingent liabilities at the reporting date, and the presentation of income and expenses. In individual cases the actual values may deviate from the assumptions and estimates made.

TRADE RECEIVABLES

Adjustments on doubtful receivables involve in considerable measure estimates and judgments of individual receivables that are based on the creditworthiness of the individual customer, the current development of the economy and an analysis of historical defaults on portfolios of receivables. If the Company derives the adjustment from historical default rates on a portfolio basis, any decrease in the volume of receivables decreases such provisions correspondingly, and vice versa. As of December 31, 2013, the total adjustment on accounts receivable was € 1,815 thousand (2012: € 617 thousand).

IMPAIRMENTS

SUSS MicroTec AG examines the goodwill for possible impairment at least once annually. The determination of the recoverable amount of a cash generating unit that the goodwill is allocated to is associated with estimates by management. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use. The Company generally determines these figures using measurement methods based on discounted cash flows. These discounted cash flows are determined for a period of five years. The basis used for the immediate future is the cash flow derived from the Group budget. For cash flow forecasts beyond the period of detailed planning, suitable forecasts from the semi-conductor sub-supplier industry are used. On the basis of these forecasts, a growth rate is determined for each year of the period under consideration. For the five-year period, the Lithography division, which the goodwill that is accounted for is assigned to, calculates average annual growth of 9.7% (2012: 13.0%). The forecast net cash flow is discounted using a risk-adjusted interest rate of 10.0% (2012: 10.0%). These premises and the underlying method may have a considerable influence on the values in question and, finally, on the amount of any possible impairment of goodwill.

If it is not possible to determine the recoverable amount for individual assets in the framework of an impairment test for tangible assets or other intangible assets, the cash flow is determined for the next higher group of assets for which such a cash flow can be determined. For tangible and for other intangible assets, the determination of recoverable amount is also similarly associated with estimates from Management, which has a considerable influence on the values concerned and, in the final analysis, on the amount of any impairment.

PENSION PLANS AND SIMILAR COMMITMENTS

Commitments for pensions and associated expenses and income are determined in accordance with actuarial measurements. These measurements are based on key premises, including discount factors, the expected yield from plan assets, salary trends and life expectancies. The assumed discount factors reflect the interest rates obtained as of the reporting date for high-quality, fixed-interest investments with corresponding terms.

On account of fluctuations in the market and economic situation, the premises applied may deviate from the actual development, with material effects on the obligations for pensions.

PROVISIONS

The determination of provisions for contractually agreed guarantees and warranty claims is associated to a considerable extent with estimates. Where the Company derives these provisions from historical guarantee and warranty cases, a decline in the sales volume decreases such provisions correspondingly, and vice versa.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are capitalized at their settlement amount. They are derecognized when the contractual liabilities have been met or rescinded or they have expired. Depending on the contents of the contractual agreements, estimates are necessary in order to determine the likely settlement amount.

PURCHASE PRICE ALLOCATION

On acquisition of entities, under IAS 27 (rev. 2008) and IFRS 3 (rev. 2008), the purchase price for the entity acquisition must be made on the identifiable assets, debts and contingent debts acquired on purchase. With some exceptions (e.g. tax debts, pension obligations and share-based remuneration), assets, debts and contingent debts must be recognized at fair value. Here consideration must be given not only to assets in the financial statement but also to intangible assets that have not previously been recognized.

F) Consolidation

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of SUSS MicroTec AG and of all material companies over which, independent of the level of its participatory investment, the proprietary company can exercise control (i.e. the control principle). In cases where the majority of voting rights are held, it is assumed that it exercises control.

Receivables and liabilities as well as income and expenses incurred between the companies included in the consolidated financial statements as well as intra-Group profits and losses are eliminated.

TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCY

The reporting currency of the Group is the euro, which is also the functional currency of the parent company. All figures are in thousand euros unless otherwise stated.

Balance sheet items of subsidiaries that use their local currency as their functional currency are (with the exception of equity, which is translated at historical rates) translated at the rate on the reporting date, and the items in the statement of income are translated at average rates.

	2013		2012	
	Statement of Financial Position	Statement of Income	Statement of Financial Position	Statement of Income
1 EUR vs 1 USD	1.377	1.329	1.319	1.293
1 EUR vs 1 JPY	144.510	128.878	113.620	103.253
1 EUR vs 1 GBP	0.833	0.848	0.816	0.813
1 EUR vs 1 CHF	1.227	1.227	1.207	1.205
1 EUR vs 1 TWD	41.337	39.609	38.491	38.262
1 EUR vs 1 SGD	1.739	1.663	1.611	1.613
1 EUR vs 1 CNY	8.418	8.250	8.349	8.161
1 EUR vs 1 KRW	1,463.890	1,456.471	1,411.150	1,456.037
1 EUR vs 1 THB	45.238	41.018	40.333	40.300

The resulting translation differences are shown as a separate component of equity (i.e. under "accumulated other comprehensive income").

DISCLOSURES ON THE SCOPE OF CONSOLIDATION

Compared with the consolidated financial statements as of December 31, 2012, the following changes were made to the scope of consolidation:

SUSS MicroTec Precision Photomask, Inc., Sunnyvale (USA) – a wholly owned subsidiary of SUSS MicroTec, Inc., Sunnyvale (USA) – operated the mask business of the SUSS MicroTec Group until October 2011. After the sale of the mask business in October 2011, the business operations of the company ceased. SUSS MicroTec Precision Photomask, Inc. was liquidated in November 2013 and de-consolidated on 12/31/2013.

Tamarack Scientific Ltd., London (United Kingdom) – a wholly owned subsidiary of SUSS MicroTec Photonic Systems Inc., Corona (USA) (previously: Tamarack Scientific Co., Inc.) – functioned until the acquisition of Tamarack Scientific by SUSS MicroTec as a sales company for Tamarack products in the United Kingdom. All sales activities for SUSS MicroTec products in the United Kingdom are handled by SUSS MicroTec Ltd., Coventry (UK) since Tamarack Scientific joined the SUSS MicroTec Group. Therefore, Tamarack Scientific Ltd. was liquidated in December 2013 and de-consolidated on 12/31/2013.

There were no other changes in the scope of consolidation in the past fiscal year.

Therefore the following subsidiaries and associates of SUSS MicroTec AG (ultimate parent company) were included in the consolidated financial statements as of December 31, 2013 (figures on capital and net profit or loss of the individual companies according to local law and in local currency):

Company / based in	Currency	Subscribed capital	Investment	Shareholders' equity	Annual earnings	Consolidation
SUSS MicroTec AG, Garching [1]	EUR	19,115,538.00	Holding	106,598,213.25	-3,161,739.79	full
SUSS MicroTec Lithography GmbH, Garching [2]	EUR	2,000,100.00	100%	22,502,623.91	-18,223,852.34	full
SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels	EUR	3,000,000.00	100%	356,400.99	344,129.30	full
SUSS MicroTec Photomask Equipment Beteiligungs GmbH, Sternenfels	EUR	25,000.00	100%	15,885.13	491.61	full
SUSS MicroTec Ltd., Coventry	GBP	10,000.00	100%	1,151,154.00	15,766.00	full
SUSS MicroTec KK, Yokohama	JPY	30,000,000.00	100%	-516,905,890.00	-213,511,226.00	full
SUSS MicroTec S.a.r.l., Pierre-Bénite	EUR	114,750.00	100%	965,975.83	86,184.00	full
SUSS MicroOptics S.A., Hauterive	CHF	500,000.00	100%	8,115,336.00	274,092.00	full
SUSS MicroTec, Inc., Sunnyvale	USD	4,197,000.00	100%	20,162,069.92	-739,750.38	full
SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu	TWD	5,000,000.00	100%	216,217,018.00	85,005,665.00	full
SUSS MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100%	32,177,591.25	5,679,384.02	full
HUGLE Lithography Inc. San Jose [3]	USD	1,190,442.00	53.1%	-39,579.00	-1,968.00	at cost
SUSS MicroTec REMAN GmbH, Oberschleissheim [2]	EUR	25,564.59	100%	990,432.01	784,559.95	full
SUSS MicroTec (Singapore) Pte Ltd., Singapore	SGD	25,000.00	100%	618,276.81	-464,113.88	full
SUSS MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100%	2,084,513,221.00	1,121,855,551.00	full
SUSS MicroTec Photonic Systems Inc., Corona	USD	10,400.00	100%	-3,047,422.43	-6,783,485.22	full
ELECTRON MEC. S.R.L., Milan [4]	EUR	52,000.00	10%	716,815.00	-214,883.00	at cost

[1] Equity and net income before profit and loss transfer agreement with SUSS MicroTec Lithography GmbH and SUSS MicroTec Reman GmbH

[2] Equity and net income before profit and loss transfer agreement with SUSS MicroTec AG

[3] Entity considered at cost due to immateriality

[4] Figures according to financial statement from December 31, 2012; fair value of the entity was not determined due to immateriality

The closing date of the financial statements of all the companies included is December 31 of the year in question.

Among the domestic subsidiaries within the legal form of a corporation, SUSS MicroTec Lithography GmbH, Garching, and SUSS MicroTec REMAN GmbH, Oberschleissheim, fulfill the conditions for exemption pursuant to Section 264 (3) HGB. Hence no disclosure is made of the financial statement documents.

SUSS MicroTec Photomask Equipment GmbH & Co. KG, which has the legal form of a partnership, fulfills the conditions for exemption pursuant to Section 264b HGB. Hence no disclosure is made of the financial statement documents.

COMPANY ACQUISITIONS

PREVIOUS YEAR: ACQUISITION OF 100% OF TAMARACK SCIENTIFIC CO., INC.

By purchase agreement dated March 29, 2012, SUSS MicroTec Group acquired 100% of the shares in Tamarack Scientific Co., Inc. (Corona, USA) (now: SUSS MicroTec Photonic Systems Inc.).

SUSS MicroTec Photonic Systems develops, produces, and sells UV projection lithography devices and laser-based micro-patterning systems. It focuses on the advanced packaging, 3D integration, MEMS, and LED markets. The devices are used in industrial manufacturing as well as research and development. With the acquisition of the company, SUSS MicroTec was pursuing a consolidation strategy at the semiconductor backend and expanding its existing expertise in lithography with projection lithography.

The acquisition of the shares and assets or liabilities was recorded in the previous year in the consolidated financial statements of SUSS MicroTec AG in accordance with the International Financial Reporting Standards as a business combination, as stipulated in IFRS 3 (rev. 2008). In this context, the acquired assets, liabilities, and contingent liabilities (with a few exceptions) are to be recognized at fair value at the time of acquisition (IFRS 3.18). In accordance with the guidelines of IFRS 3 in connection with IAS 38, not only assets appearing in the statement of financial position are to be taken into account, but also not yet recognized intangible assets.

In view of this, a purchase price allocation was conducted for the acquired assets and liabilities. The acquired assets and liabilities were recognized at the time of initial consolidation on March 31, 2012, as follows:

in USD thousand	Net book value according to IFRS as of 03/31/2012	Recognized upon acquisition (according to PPA)
Intangible assets	1,146	3,733
Tangible assets	1,728	1,938
Other noncurrent assets	300	300
Current assets	12,820	14,881
Total assets	**15,994**	**20,852**
Noncurrent liabilities	-	-
Current liabilities	9,181	9,181
Total liabilities	**9,181**	**9,181**
Net assets	6,813	11,671
Acquisition costs		9,340
Provision for earn-out		4,697
Goodwill		2,366

At the time of initial consolidation, previously unrecognized intangible assets of approximately US$ 2.6 million, which primarily related to the acquired technology, were capitalized. The valuation of the technology was based on planning for the years 2012 to 2020 and the resultant payments flows. In addition, hidden reserves within tangible assets of US$ 0.2 million were disclosed. Hidden reserves of approximately US$ 2.0 million, which related to tools and work in process in inventories, were recognized in current assets. Current assets also included trade receivables of US$ 0.4 million. Hidden reserves were not included here.

Aside from the fixed purchase price of approximately US$ 9.34 million, a variable purchase price component, which depends on the development of sales and margins in the next three years, had been agreed upon. The amount of the anticipated earn-out liability was estimated to be approximately US$ 6.8 million, based on existing corporate plans. Of this, approximately US$ 5.6 million accrued to the two previous shareholders of Tamarack Scientific Co., Inc., who sold their shares to SUSS MicroTec. The remaining US$ 1.2 million accrued to five employees to whom stock options were granted in the past and therefore were also treated as shareholders in the purchase agreement.

The earn-out, which accrued to the two previous shareholders, was treated in the purchase price allocation as the purchase price and recognized in the initial consolidation at a present value of approximately US$ 4.7 million. The variable purchase price, which accrued to the five employees, was viewed as compensation for work performance and prorated over a period of 24 months. In 2012, approximately US$ 0.4 million was recorded as expense for the variable purchase price accruing to the five employees.

On December 31, 2012, the earn-out liability was re-estimated and the amounts were adjusted accordingly. Based on the existing corporate plans for Tamarack Scientific, the amount of the total earn-out liability as of December 31, 2012 was estimated to be approximately US$ 3.43 million (nominal). Thus approximately US$ 2.7 million of the provisions formed for the variable purchase price were reversed with effect on net income in the previous year.

Tamarack Scientific Co., Inc.'s income and expenses in the months from April to December 2012 were recorded in the previous year's consolidated statement of income. During that period, Tamarack Scientific contributed sales of € 1.9 million and earnings after taxes of € -2.9 million to Group sales and earnings, respectively. Furthermore, an additional positive contribution to earnings of € 1.2 million resulted from the amortization of hidden reserves through the purchase price allocation, the addition of the earn-out liability to employees, and the reevaluation of earn-out liabilities at the end of the year. If the SUSS MicroTec Group had already acquired Tamarack Scientific at the beginning of the 2012 reporting period, consolidated sales in 2012 would have totaled € 167.0 million and consolidated earnings after taxes in 2012 would have totaled € 6.1 million (continuing operations).

On December 31, 2013, the earn-out liability was re-estimated again and the amounts were adjusted accordingly. Based on the existing corporate plans for SUSS MicroTec Photonic Systems Inc. (previously: Tamarack Scientific), the amount of the total earn-out liability as of December 31, 2013 was estimated to be approximately US$ 0.52 million (nominal). Thus approximately US$ 2.84 million of the provisions formed for the variable purchase price were reversed with effect on net income as of December 31, 2013. In addition, the hidden reserves resulting from the purchase price allocation for tools and unfinished goods held in inventory reserves, which were previously being amortized, were completely written down. This resulted in additional expenses of US$ 1.21 million in the 2013 fiscal year.

PREVIOUS YEAR: INCREASING THE STAKE IN SUSS MICROOPTICS S.A., HAUTERIVE (SWITZERLAND) TO 100%

With the purchase agreement dated May 14, 2012, SUSS MicroTec acquired 15% of the shares of SUSS MicroOptics S.A., Hauterive (Switzerland), boosting its stake from 85% to 100% in the process. The fixed purchase price totaled CHF 1.35 million and was paid in May 2012. Aside from the fixed purchase price, a variable purchase price was agreed with the sellers. It will be paid between 2013 and 2015. The variable purchase price amounted to approximately CHF 0.45 million (nominal); corresponding provisions were recognized as liabilities.

In the previous year's consolidated financial statements of SUSS MicroTec AG, the share purchase was recorded as an equity transaction in accordance with IAS 27. The difference in amount between the total purchase price of CHF 1.8 million and the lower book value of the acquired minority shares in the previous year came to approximately € 0.8 million and was recognized under consolidated capital surplus.

On December 31, 2013, the first tranche of the variable purchase price came due. The total amount of CHF 0.15 million was disbursed in January 2014.

G) Discontinued operations

In 2010, SUSS MicroTec AG parted from its business with Test Systems and sold the Test Systems division on January 28, 2010. A key component of the transaction were the shares in SUSS MicroTec Test Systems GmbH. Moreover, individual assets of foreign subsidiaries that were also allocated to the Test Systems operation were sold.

The purchase price for the Test Systems division consisted of a fixed amount and an amount placed in escrow. The fixed component was € 4.5 million, of which € 2.0 million was paid in cash and € 2.5 million with ordinary shares of the purchaser (Cascade Microtech Inc.). A further amount of € 2.5 million was placed in escrow, the disbursement depending on certain conditions being met by the seller after the transaction and having led to an adjustment of the purchase price. As of December 31, 2011, € 0.8 million had been released from the escrow account to SUSS MicroTec AG. In addition, SUSS MicroTec AG received € 0.8 million in purchase price adjustments. In February 2012, the amounts remaining in escrow of € 1.5 million were paid to SUSS MicroTec AG. This resulted in positive earnings from discontinued operations of € 1,507 thousand in 2012.

In January 2010, SUSS MicroTec Test Systems GmbH was deconsolidated.

The results of the Test Systems division, which are shown in the consolidated statement of income as a discontinued operation, are as follows:

in € thousand	2013	2012
Sales	0	0
Cost of sales	0	0
Income from subsequent payment of the purchase price	0	1,507
›› Net profit or loss from discontinued operations before income taxes	**0**	**1,507**
Income taxes	0	0
›› Net profit or loss from discontinued operations after income taxes	**0**	**1,507**

COMMENTS ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

The following explanations to the consolidated statement of income relate exclusively to the Group's continuing operations. All figures are in € thousand unless otherwise stated.

(3) SALES

The sales are made up as follows:

in € thousand	2013	2012
Machines	102,107	133,083
Spare parts and upgrades	18,332	16,669
Services	9,481	9,751
Others	4,588	4,324
›› Sales	**134,508**	**163,827**

For information on the breakdown of the sales in terms of product lines and regions, please refer to the segment reporting. The other sales comprise revenue from the Micro-optics division.

(4) COST OF SALES

The cost of sales includes amortization of capitalized development costs of € 1,110 thousand (2012: € 2,519 thousand) and write-downs of capitalized development costs of € 1,156 thousand. Amortization involved € 552 thousand (2012: € 769 thousand) for development projects in the Lithography division and € 558 thousand (2012: € 1,750 thousand) for the Substrate Bonder division. Write-downs were taken on development costs, which were capitalized in the past in connection with the Permanent Bond Cluster product line. The residual book value as of 12/31/2013 for capitalized development costs of € 793 thousand exclusively involves the Lithography division.

In addition, the cost of sales includes amortization of € 43 thousand for the acquired technology of SUSS MicroTec Photomask Equipment (2012: € 256 thousand) and € 236 thousand for the acquired technology of SUSS MicroTec Photonic Systems (previously: Tamarack Scientific) (2012: € 182 thousand). As a result, the technology of SUSS MicroTec Photomask Equipment has been completely written down as of 12/31/2013.

The cost of sales also includes impairments of inventories (demonstration equipment, raw materials, supplies and consumables as well as finished & semi-finished products) of € 17,194 thousand (2012: € 5,170 thousand). In the process, € 4,161 thousand (2012: € 1,752 thousand) accrues to inventories in the Lithography division and € 12,729 thousand (2012: € 3,031 thousand) accrues to inventories of the Substrate Bonder division. Write-downs in the Lithography division include € 1,904 thousand for a total of four demonstration tools of SUSS MicroTec Photonic Systems, which were revalued as a result of the purchase price allocation in the previous year. Impairments in the Substrate Bonder division include special write-downs of € 9,337 thousand, which were taken in connection with the restructuring of the Permanent Bond Cluster systems. The inventories of the Photomask Equipment division were marked down by € 251 thousand (2012: € 384 thousand). Inventories in the Others division incurred markdowns of € 52 thousand (2012: € 3 thousand).

(5) OTHER OPERATING INCOME

Other operating income was made up as follows:

in € thousand	2013	2012
Foreign currency gains	2,127	2,135
Commissions	430	391
Income from the reversal of value adjustments for trade receivables	253	14
Company cars	274	264
Other subsidies	130	192
Income from the release of provisions	10	480
Release of asset retirement obligation of cleaning room in Garching	75	0
Reduction in the earn-out liability for SUSS MicroTec Photonic Systems (formerly: Tamarack Scientific)	2,136	2,107
Insurance reimbursements	40	145
Others	26	341
›› Other operating income	**5,501**	**6,069**

The foreign currency gains stemmed primarily from various business transactions in the operational area that were conducted in foreign currency (primarily in USD and JPY) and from exchange rate changes during the year. The Company also realized currency gains from the hedging of foreign currency.

The commissions were obtained by our subsidiary in China.

Other subsidies of approximately € 50 thousand were obtained by our subsidiary in China. Other subsidies of approximately € 80 thousand involved subsidies from the Canton of Neuchâtel, which were granted to SMO. Subsidies from the previous year were similarly obtained by SMO.

The income from the reduction of the earn-out liability for SUSS MicroTec Photonic Systems (previously: Tamarack Scientific) resulted from the partial reversal of the earn-out liability, which was recognized as a liability during the initial consolidation of Tamarack Scientific Co., Inc. (€ 1,817 thousand). In addition, part of the earn-out liability for the employees was reversed (€ 319 thousand), which was recorded as an expense in 2012 and 2013. Also in the previous year, the Group had already realized an amount from the reversal of part of this earn-out provision. The matter is discussed in more detail under Point F "Consolidation."

The income from the reversal of the provisions stemmed from SUSS MicroTec AG. In the previous year, the amounts from the reversal of provisions primarily stemmed from SUSS MicroTec Lithography GmbH (€ 163 thousand) and from Tamarack Scientific Co., Inc. (€ 296 thousand).

(6) OTHER OPERATING EXPENSES

The other operating expenses are made up as follows:

in € thousand	2013	2012
Foreign currency losses	1,485	3,423
Other taxes	391	395
Losses on disposal of assets	68	0
Additions to contract loss provisions	45	19
License fees	0	12
Allowances for value adjustments for doubtful debts	1,451	104
Expenses for reduction of Japan office	295	0
Expenses for SUSS MicroTec Photonic Systems Inc. (formerly named Tamarack Scientific) earn-out	201	309
Others	117	103
›› Other operating expenses	**4,053**	**4,365**

The foreign currency losses arose – as in the previous year – mainly from changes in measurement of customer receivables in US dollars on account of changes in the exchange rates during the year as well as from measurement changes to intra-Group clearing accounts in foreign currency. Furthermore, the Group incurred exchange losses on currency hedging transactions. In the previous year, € 574 thousand of the foreign currency losses resulted from the repayment of intra-Group foreign currency loans by SUSS MicroTec AG to SUSS MicroTec, Inc., Sunnyvale. This amount was recorded in other comprehensive income (OCI) until the loans were repaid.

The license fees of the previous year related to SUSS MicroTec Precision Photomask, Inc.

In connection with the acquisition of Tamarack Scientific Co., Inc. (now: SUSS MicroTec Photonic Systems Inc.), individual employees of Tamarack Scientific were granted performance-based remuneration, which are set to be paid within the next three years. These earn-out liabilities to the employees were recorded as an expense, in contrast to the earn-out liabilities of the shareholders. In the 2012 fiscal year, out of a total of 24 monthly installments, eight monthly installments were recorded as an expense. In the 2013 fiscal year, an additional twelve monthly installments were recorded as an expense.

Of the expenses, € 490 thousand involve the addition of value adjustments for doubtful receivables, which are connected with the restructuring of the Permanent Bond Cluster area. Another € 645 thousand resulted from value adjustments for a trade receivable of SUSS MicroTec Photomask Equipment. The remaining value adjustments for doubtful receivables were primarily formed by SUSS MicroTec Lithography.

(7) FINANCIAL RESULT

The financial result is composed of interest expenses and interest income as well as other financial expenses and other financial income.

Financial income of € 464 thousand (2012: € 940 thousand) resulted mainly from interest income for money market investments and securities.

The financial expenses are composed as follows:

in € thousand	2013	2012
Bank loans	198	745
Interest swaps	0	-161
Accrued interest	0	55
Interest finance lease	1	20
Commissions on bank guarantees	37	48
Compounding of noncurrent liabilities	350	186
Other interest and financial expense	11	36
›› Financial expense	**597**	**929**

The level of total financial expense is lower than in the previous year. Interest for bank liabilities primarily involved interest expense for financing the property in Sternenfels (loan status as of December 31, 2013: € 3,960 thousand). For the bank loan that was dispersed in December 2013 to finance the property in Garching (loan status as of December 31, 2013: € 7,500 thousand), interest expense of € 11 thousand accrued. In the previous year, interest for bank borrowings also included interest for the promissory note bond, which was redeemed in December 2012. The interest swaps related to the promissory note bond had a positive effect in the previous year, corresponding to total income of € 161 thousand. Interest expense for the compounding of noncurrent liabilities result from determining the present value of earn-out liabilities related to the acquisition of SUSS MicroTec Photonic Systems Inc. and to a limited extent from determining the present value of the conditional purchase price liability for acquiring the remaining shares of SUSS MicroOptics.

(8) INCOME TAXES

The tax expense and its breakdown into current and deferred taxes are as follows:

in € thousand	2013	2012
Current taxes	587	2,595
Deferred taxes	-4,171	1,536
thereof on temporary differences	-886	332
›› Total	**-3,584**	**4,131**

The table below shows a reconciliation between the tax expense expected in each fiscal year and the tax expense presented.

Expected tax rate	2013	2012
Corporate income tax rate	15.00%	15.00%
Solidarity surcharge	5.50%	5.50%
Trade income tax rate	12.43%	12.43%
›› Composite tax rate	**28.25%**	**28.25%**

in € thousand	2013	2012
Earnings before taxes	**-19,556**	**11,751**
Expected income taxes	**-5,525**	**3,320**
Different foreign tax rates	-1,216	-946
Remeasurement of German tax rates	33	19
Other non-deductible expenses	195	282
Income taxes from previous years	-453	-73
Change of valuation allowance on deferred taxes	3,789	2,600
Use of loss carryforwards adjusted in full	9	-69
Non-taxable income	-639	-1,103
Others	223	101
›› Effective income taxes	**-3,584**	**4,131**

A comparison of the expected and effective income taxes from the continuing operations shows a deviation of € -1,941 thousand (2012: € 811 thousand). Instead of expected tax revenue of € 5,525 thousand, tax revenue of € 3,584 thousand resulted at the Group level in the reporting year.

In the reporting year, additional value adjustments of € 3,789 thousand were made on deferred tax assets. The largest need for value adjustment arose at the US companies SUSS MicroTec, Inc., Sunnyvale (California, USA) and SUSS MicroTec Photonic Systems Inc., Corona (California, USA). Both US companies, SUSS MicroTec, Inc. and SUSS MicroTec Photonic Systems Inc., form a tax group whose taxable income in the USA is subject to Group taxation. Based on the current Group budget, negative earnings are expected for SUSS MicroTec Photonic Systems in the next three years. The reasons for the negative earnings are above all the low gross profit margin expected for the current order backlog and a subdued sales outlook until 2016. Earnings for SUSS MicroTec, Inc. are expected to be negative in the coming year. For 2015 and 2016 we expect positive earnings. Overall the US tax group will generate negative earnings until 2015. Beginning in 2016, earnings in the USA are expected to be positive.

The positive tax effect from the generation of tax-exempt income is – as in the previous year – mainly attributable to income from the reversal of the earn-out liability, which was recorded as a result of the reevaluation at the end of the year.

The positive effect from tax for previous years resulted primarily from a tax carryback of the negative taxable income in 2013 of SUSS MicroTec AG (parent company).

No tax deferral was recorded on non-distributed profits from subsidiaries. It was decided to forgo a calculation of the possible tax effects because the time and effort would have been disproportionate.

The deferred income and prepaid expenses for deferred taxes are computed as follows:

	Assets		Liabilities	
	2013	2012	**2013**	2012
Other current liabiities	555	37	0	40
Pension plans and similar commitments	959	612	0	0
Trade receivables	0	0	17	63
Other noncurrent provisions	9	39	3	66
Intangible assets	2,653	2,616	0	703
Other current assets	64	64	0	0
Financial debt	1	5	0	0
Goodwill	0	0	2,064	2,044
Adjustment item SMT Photomask Equipment	0	0	370	403
Inventories	338	182	68	68
Tangible assets	0	0	5	82
Others	315	142	0	0
Loss carryforward	3,285	885	0	0
Balancing	-2,512	-3,403	-2,512	-3,403
Total	**5,667**	**1,179**	**15**	**66**

The Group has tax loss carryforwards of € 43,907 thousand (2012: € 27,730 thousand). Of this amount, a total of € 4,621 thousand will have lapsed by December 31, 2022. In the period from 2028 to 2033, a total of € 26,861 thousand will lapse. Loss carryforwards of € 12,425 thousand can be used indefinitely.

The increase in loss carryforwards compared to the previous year results primarily from the negative annual earnings of the taxable entity of SUSS MicroTec AG (with the subsidiaries SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH). As of December 31, 2013, this subsidiary in Germany has loss carryforwards of € 11,627 thousand. In addition, as a result of the negative result in the current year, the loss carryforwards of the tax group in the USA increased to a total of € 26,861 thousand.

No deferred tax assets were recognized on loss carryforwards of € 32,280 thousand (2012: € 25,663 thousand) and temporary differences of € 4,651 thousand (2012: € 6,500 thousand).

According to IAS 12.74 et seq., deferred tax assets and liabilities are offset if the possibility to do so exists according to civil law and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. As of December 31, 2013, deferred tax assets and liabilities of € 2,512 thousand (2012: € 3,403 thousand) were offset.

(9) EARNINGS PER SHARE

The following table shows the computation of the undiluted and diluted earnings per share.

in € thousand	2013	2012
Profit from continuing operations	-15,972	7,620
Less minority interests	0	-30
Profit from continuing operations, which accrue to shareholders of SUSS MicroTec AG	-15,972	7,590
Weighted average number of outstanding shares	19,115,538	19,108,700
Effect of the (potential) exercise of stock options (number of options)	0	6,838
Adjusted weighted average number of outstanding shares	19,115,538	19,115,538
›› Earnings per share in € from continuing operations – basic –	**-0.84**	**0.40**
›› Earnings per share in € from continuing operations – diluted –	**-0.84**	**0.40**

Additional information about the share option programs can be found in paragraph 21 of these Notes.

(10) OTHER DISCLOSURES ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

Expenses for research and development

Along with the explicitly disclosed expenses for research and development in the statement of income, write-downs on capitalized development costs and to a lesser extent capitalizations of development costs were taken during the fiscal year.

Net investments and expenses for research and development are as follows:

in € thousand	2013	2012
R&D expense	**10,186**	**9,705**
R&D amortization	2,266	2,519
R&D capitalization	62	74
›› R&D net capitalization	**-2,204**	**-2,445**

Personnel expenses

The consolidated statement of income of the SUSS Group includes personnel expenses under the various postings as follows:

in € thousand	2013	2012
Wages and salaries	45,458	46,001
Social security expenses	3,875	4,054
Pension expenses	3,028	2,804
›› Personnel expenses	**52,361**	**52,859**

Salaries and wages include allocations to the earn-out liabilities for Tamarack Scientific employees of € 201 thousand (2012: € 309 thousand).

The social security charges and expenses for benefits contain mainly the employee portions of social security insurance and contributions to the employer's liability insurance.

The expenditures for pension provisions include pension expenses from company pension plans and employer contributions to the statutory pension system.

Cost of materials

The cost of materials in 2013 came to € 62,550 thousand (2012: € 62,895 thousand).

Depreciation and amortization

Depreciation and amortization are made up as follows:

in € thousand	2013	2012
Intangible assets	3,465	4,661
Tangible assets	2,558	2,180
›› Depreciation and amortization	**6,023**	**6,841**

Write-downs of capitalized development costs of € 2,266 thousand include write-downs on capitalized development costs of € 1,156 thousand in the Substrate Bonder division. In the previous year, write-downs on capitalized development costs of € 2,519 thousand exclusively involved amortization. During the fiscal year, write-downs of € 854 thousand (2012: € 763 thousand) were recorded on concessions, industrial property rights and similar rights and assets as well as licenses in such rights and assets.

Furthermore, amortization of € 74 thousand (2012: € 887 thousand) was recorded on the SAP software that was sold to a leasing company on October 1, 2009, and leased back. At this point, the leasing agreement for the SAP software expired. In January 2013, SUSS MicroTec AG reacquired the SAP software from the leasing company. The purchase price amounted to € 228 thousand.

Amortization of € 43 thousand (2012: € 256 thousand) was also taken on technology acquired with the acquisition of HamaTech (now renamed: SUSS MicroTec Photomask Equipment). As a result, the HamaTech technology has been completely written down. The technology recognized with the initial consolidation of Tamarack Scientific (renamed, now: SUSS MicroTec Photonic Systems) and other acquired intangible assets were written down in the amount of € 259 thousand (2012: € 236 thousand).

EXPLANATIONS ON THE ASSETS SIDE

The following explanations on the consolidated statement of financial position relate for the reporting year exclusively to the Group's continuing operations. All figures are in € thousand unless otherwise stated.

(11) INTANGIBLE ASSETS

The intangible assets show patents, licenses, and similar rights of € 2,298 thousand (2012: € 2,663 thousand), development costs of € 793 thousand (2012: € 2,998 thousand), and technology acquired from Tamarack Scientific (now: SUSS MicroTec Photonic Systems) of € 1,426 thousand (2012: € 1,726 thousand) as of the reporting date.

Patents, licenses, and similar rights include the Group-wide SAP system. The sale-and-lease-back agreement of October 1, 2009 ended in January 2013. In January 2013, SUSS MicroTec AG acquired the SAP system from the leasing company for a purchase price of € 228 thousand. In the previous year, the SAP system was disclosed with its residual book value of € 74 thousand under "Capitalized leased objects: Software."

The capitalized development costs relate mainly to the development of new tools. The residual book value as of December 31, 2013 involves only the Lithography division.

Technology acquired through the acquisition of Tamarack Scientific (now: SUSS MicroTec Photonic Systems) is disclosed with a residual book value of € 1,426 thousand (2012: € 1,726 thousand). The technology of HamaTech (now: SUSS MicroTec Photomask Equipment), which still carried a residual book value of € 43 thousand in the previous year), was completely written down in 2013.

(12) GOODWILL

The goodwill presented as of the reporting date in the amount of € 15,318 thousand (2012: € 15,394 thousand) is allocated entirely to the Lithography division. It includes goodwill that is allocated to the acquisition of Tamarack Scientific Co., Inc. (now: SUSS MicroTec Photonic Systems) in the amount of € 1,719 thousand (2012: € 1,795 thousand). This goodwill was recorded during initial consolidation with US$ 2,366 thousand and will continue to be denominated in US dollars in the coming years. The change resulted exclusively from currency fluctuations.

(13) TANGIBLE ASSETS

The breakdown of tangible assets that are combined in the statement of financial position and their development in the reporting year are shown in the schedule of fixed assets, which is a component part of these notes.

The tangible assets also include, with a residual book value of € 15 thousand (2012: € 46 thousand), leased equipment and tools, leased operating and business equipment, and leased vehicles, which, on account of the design of the lease agreements on which they are based ("finance leases"), are attributable to the Group as economic owner.

The additions to tangible assets take into account the acquisition of the property at the Company headquarters in Garching with € 8,939 thousand. Along with the purchase price of € 8,600 thousand, ancillary costs of € 339 thousand are included here.

(14) OTHER (NONCURRENT) ASSETS

Other noncurrent assets include the asset values of reinsurance policies which fail to fulfill the criteria for offsetting against existing pension provisions and tenant's guarantee deposits for rented office buildings.

in € thousand	2013	2012
Reinsurance policies	145	346
Deposits	377	418
Others	0	9
›› Other noncurrent assets	**522**	**773**

(15) INVENTORIES

The inventories may be broken down as follows:

in € thousand	2013	2012
Materials and supplies	25,204	27,527
Work in process	23,332	33,997
Finished goods	24,156	14,586
Demonstration equipment	21,467	18,960
Merchandise	700	371
Value adjustments	-23,726	-13,262
›› Inventory reserves	**71,133**	**82,179**

Of the total inventories of € 71,133 thousand (2012: € 82,179 thousand), € 37,173 thousand (2012: € 33,960 thousand) are accounted for at net realizable value.

The amount of inventories, which were recorded as an expense in the fiscal year, totaled approximately € 85,316 thousand (2012: € 95,987 thousand).

(16) TRADE RECEIVABLES

Trade receivables break down as follows:

in € thousand	2013	2012
Trade receivables – gross	12,888	22,375
Value adjustments	-1,815	-617
›› Trade receivables	**11,073**	**21,758**

The following table reproduces the changes in the adjustments on the stock of accounts receivable.

in € thousand	2013	2012
Valuation allowance as of beginning of fiscal year	**617**	**546**
Derecognition of trade receivables	-89	-19
Payments received and recoveries of previously written-off receivables	-164	-14
Additions	1,451	104
›› Valuation allowance as of end of fiscal year	**1,815**	**617**

(17) OTHER FINANCIAL ASSETS

The following items are presented under other financial assets:

in € thousand	2013	2012
Capitalized interest	104	260
Subsidized projects	56	24
Supplier bonuses	37	37
Tender guarantees	71	89
Insurance compensation	0	68
Others	52	69
›› Other financial assets	**320**	**547**

Deferred interest primarily relates to interest claims from securities.

(18) SECURITIES

In the past fiscal year, SUSS MicroTec AG invested part of its liquidity in securities held for sale. These were mostly interest-bearing corporate and government bonds. The securities have been measured at market prices. Any fluctuations in the market price are recognized in accumulated other comprehensive income and therefore do not affect profit and loss.

As of the reporting date, the Company held securities with a value of € 2,072 thousand (2012: € 11,394 thousand).

(19) CURRENT TAX ASSETS

The noncurrent tax receivables result exclusively from the capitalization of the corporation tax credits of German Group companies in the amount of € 65 thousand (2012: € 80 thousand) as a result of the SE introductory legislation (SEStEG) (this deals with tax measures in connection with the introduction of the European Company, or SE, and on amendments to other fiscal regulations). The credit will be disbursed in ten equal annual amounts in the years 2008 to 2017. Since the disbursement amount does not bear interest, a corresponding discount has been made. The average effective interest rate used for this was 3.1% p.a.

Current tax receivables are made up as follows:

in € thousand	2013	2012
Advance tax payments	518	295
Tax subsidies	45	0
Tax refund claim due to a tax loss carryback	158	0
Tax refund claims	**721**	**295**

(20) OTHER (CURRENT) ASSETS

The following items are contained under other current assets.

in € thousand	2013	2012
Deferred items	592	597
Payments in advance	1,357	651
VAT	514	352
Security deposits	20	32
Receivables from funding projects	5	85
Others	6	6
Other current assets	**2,494**	**1,723**

The deferred items contain prepayments for future expenses, for example, insurance premiums and advance payments of rent.

Payments in advance primarily relate to pre-payments by SUSS MicroTec Lithography GmbH for a cooperative project with a research institute.

EXPLANATIONS ON THE EQUITY & LIABILITIES SIDE

(21) SHAREHOLDERS' EQUITY

Subscribed capital

The equity capital of SUSS MicroTec AG remained € 19,115,538.00 as of the reporting date (divided into 19,115,538 registered and fully paid-in no-par-value shares each with an imputed face value of € 1.00). We refer here to the presentation of the Statement of Changes in Equity.

Each individual share gives entitlement to one vote. The individual shares are not repayable and cannot be converted. Dividends may only be distributed from the distributable profits as recognized in the financial statements of SUSS MicroTec AG prepared in accordance with commercial law.

The approved capital as of the reporting date was € 9,000 thousand (2012: € 9,053 thousand).

As of December 31, 2013, the Company had a contingent capital totaling € 0 thousand (2012: € 0 thousand).

in € thousand	2013	2012
Subscribed capital	19,116	19,116
Authorized capital	9,000	9,053
Conditional capital	0	0

Reserves

The Group's reserves are composed as follows:

in € thousand	2013	2012
Additional paid-in capital	97,614	97,614
Earnings reserve	433	433
Retained earnings	-4,076	11,897
›› Reserves	**93,971**	**109,944**

The additional paid-in capital is unchanged over the previous year.

The revenue reserves are unchanged over the previous year.

The negative annual earnings of € -15,972 thousand result in a net loss for the year of € -4,076 thousand as of December 31, 2013.

Accumulated other comprehensive income

The development of accumulated other comprehensive income is as follows:

in € thousand	2013	2012
Retrospective adjustment due to initial application of IAS 19 (2011) – formerly unrealized actuarial losses	0	-551
Remeasurement on defined benefit pension plans	-1,242	0
Foreign currency adjustments	-769	-988
Cash flow hedges	-505	-316
Unrealized gains / losses from available for sale securities	248	239
Tax effects		
Retrospective adjustment due to initial application of IAS 19 (2011) – deferred taxes on formerly not realized actuarial losses	0	140
Remeasurement on defined benefit pension plans	327	0
Unrealized gains / losses from available for sale securities	-69	-67
Cash flow hedges	143	119
Status at the beginning of the period	**-1,867**	**-1,424**
Pre-tax changes		
Remeasurement on defined benefit pension plans	-89	-691
Foreign currency adjustments	-1,657	219
Cash flow hedges	163	-189
Unrealized gains / losses from available for sale securities	-218	9
Tax effects		
Remeasurement on defined benefit pension plans	6	187
Unrealized gains / losses from available for sale securities	69	-2
Cash flow hedges	-62	24
›› Status at the end of the period	**-3,655**	**-1,867**

The SUSS MicroTec Group applied IAS 19 (2011) for the first time retrospectively and adjusted the comparative figures for 2012 accordingly. This led to an adjustment amount of € -411 thousand in accumulated other comprehensive income. It resulted from (so far unrecognized) actuarial losses of € 551 thousand and corresponding deferred tax assets of € 140 thousand.

In 2010, SUSS MicroTec AG concluded an interest swap as a hedging instrument for the variable interest loan serving to finance the newly acquired real estate in Sternenfels. Hedge accounting was used for this interest swap: Instead of being recognized in the statement of income, changes in market value are shown under accumulated other comprehensive income.

Management of equity

The Company's Management Board assumes on the basis of its current planning that break-even earnings will be achieved in the coming fiscal year. If the goals are not met, the danger exists that equity might decrease as a result of a net loss for the year.

STOCK OPTION PLANS OF SUSS MICROTEC AG

2005 stock option plan

The Shareholders' Meeting on June 21, 2005 approved the creation of contingent capital 2005 / I of € 750,000. This capital is earmarked for granting subscription rights to members of the Management Board or management members and other executives of the Group companies. Of this portion of contingent capital, a total of 749,800 subscription rights were issued. All of the issued subscription rights lapsed on December 31, 2012.

2008 stock option plan

The Shareholders' Meeting on June 19, 2008 approved the creation of contingent capital 2008 / I of € 438,250. This capital is earmarked for granting subscription rights to members of the Management Board and management members and other executives of the Group companies. Of this portion of contingent capital, a total of 438,250 subscription rights were issued. Of that total, 379,990 subscription rights were exercised in the 2011 fiscal year and 14,510 subscription rights were exercised in the 2012 fiscal year. All of the other subscription rights lapsed on December 31, 2012.

During the fiscal year, an amount of € 0 thousand (2012: € 0 thousand) was allocated to additional paid-in capital for these plans with effect on the statement of income.

As in the previous year, no subscription rights were issued during the year under review.

As of December 31, 2013, there were no more negotiable subscription rights (2012: 0 negotiable subscription rights).

(22) PENSION PLANS AND SIMILAR COMMITMENTS

The Company grants various benefits arrangements covering mainly old age, death and invalidity. The plans vary depending on the legal, fiscal and economic conditions in the various countries. As a rule, the benefits are calculated on the basis of the salaries and length of service of the insured employees.

A distinction is made between a defined benefit system and a defined contribution system. In the case of defined benefit commitments, the obligation of the Group consists in fulfilling the promised benefits to former employees, for which corresponding provisions are set up.

In the case of defined contribution plans, the Group does not enter into any further obligation apart from making contributions to special purpose funds. The contribution payments are charged against income; no provisions are set up.

The pension obligations are made up as follows:

in € thousand	2013	2012 adjusted
Domestic liabilities	2,312	2,628
Foreign liabilities	1,448	1,491
›› Total	3,760	4,119

Defined benefit plans

The Group maintains defined benefit pension plans in Germany, Japan, and Switzerland.

The existing pension commitments in Germany comprise claims to old age, invalidity and surviving dependents' pensions and are linked to annual salary or take the form of fixed commitments. Selected members of the management are eligible for these benefits. The main actuarial assumptions are shown below:

	2013	2012
Discount factor	3.10%	2.54%
Return on plan assets	3.10%	2.54%
Salary increase	0.00%	0.00%
Pension increase	2.00%	2.00%

Life expectancy according to tables by Dr. Heubeck, 2005

There are no longer any active claimants waiting under the German plans and therefore salary-related increases have been included only for Switzerland.

The pension commitments of the subsidiary in Switzerland cover claims for retirement, invalidity and surviving dependents' pensions depending on the base salary. All employees and members of management of the subsidiary are entitled.

The main actuarial assumptions are shown below:

	2013	2012
Discount factor	2.30%	2.00%
Return on plan assets	2.30%	3.00%
Salary increase	1.50%	1.50%
Pension increase	0.00%	0.00%

The subsidiary in Japan has a noncontributory unfunded defined benefit plan, under which certain employees receive a pension payment after leaving the Company. The level of the pension payment is determined by a set computation method providing for a benefit of 80% of the monthly salary per year of employment for each qualifying employee. Every employee qualifies after belonging to the Company for at least three years.

The main actuarial assumptions are shown below:

	2013	2012
Discount factor	2.00%	2.00%
Salary increase	1.62%	1.62%
Pension increase	0.00%	0.00%

The present values of defined benefit obligations and the fair values of the plan assets developed in 2013 and 2012 as follows:

in € thousand	2013	2012 adjusted
Defined benefit obligation as of January 1	**6,086**	**5,324**
Service cost	277	264
Interest cost	132	196
Pension payments	-438	-341
Actuarial (-) gain / (+) loss due to changes in financial assumptions	-264	733
Actuarial (-) gain / (+) loss due to changes in demographic assumptions	176	0
Actuarial (-) gain / (+) loss due to experience adjustments	185	8
Foreign exchange fluctuations	-219	-98
›› Defined benefit obligation as of December 31	**5,935**	**6,086**

in € thousand	2013	2012
Plan assets as of January 1	**1,967**	**1,901**
Expected return on plan assets	43	82
Fund allocations paid	162	-7
Actuarial (+) gain / (-) loss	21	-16
Foreign exchange fluctuations	-18	7
›› Plan assets as of December 31	**2,175**	**1,967**

The essential components of plan assets are reinsurance policies and fixed-rate securities. Related to the pension obligation in Germany, reinsurance policies were issued with Allianz Lebensversicherungs AG. Pension obligations in Switzerland are hedged by Helvetia Sammelstiftung who issued reinsurance policies accordingly. Both reinsurance policies can be regarded as conservative, low-risk types of investment with only minor market fluctuations.

The reconciliation of the coverage status with the amount shown in the consolidated statement of financial position produces the following:

in € thousand	2013	2012 adjusted
Defined benefit obligation	5,935	6,086
Fair value of plan asset	-2,175	-1,967
›› Net pension obligation	**3,760**	**4,119**

Of the present value of the pension obligations, € 3,767 thousand (2012: € 3,677 thousand) applies to pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2013	2012
Service cost	172	183
Personnel expenses component	**172**	**183**
Interest cost	110	196
Expected return on plan asset	-21	-79
Actuarial gain / loss	-13	57
›› Interest expenses component	**76**	**174**

For 2014, the Group expects to make payments totaling € 315 thousand to meet pension obligations.

The following overview shows how the present value of all defined benefit obligations would be affected by changes in the essential actuarial assumptions:

in € thousand	2013
Present value of all defined benefit obligations if	
interest rate is 50 base points lower	6,334
interest rate is 50 base points higher	5,584
salary increase is 50 base points lower	5,873
salary increase is 50 base points higher	6,000
rate of pension increase is 0.50% lower	5,813
rate of pension increase is 0.50% higher	6,178

The Group applied IAS 19 (2011) for the first time retrospectively and adjusted the comparative figures for 2012 accordingly. The effects of the retrospective adjustment are discussed under Point 2 D "Significant accounting policies."

Defined contribution plans

The Group has set up a defined contribution plan for its employees in the USA. All employees of SUSS MicroTec Photonic Systems Inc. (Corona) and SUSS MicroTec, Inc. (Sunnyvale) from the age of 18 or 21 and with a minimum of 1,000 working hours per year benefit from the plan. Both defined contribution plans include two components: a profit-sharing agreement and a 401(k) plan.

At SUSS MicroTec, Inc., the amounts flowing into the profit-sharing agreement are revised annually. All contributions from the company are held in a trust fund. Qualifying employees obtain a non-forfeitable claim to benefits over a period of six years.

Under the 401(k) plan, the employer contribution is US$ 0.50 for each US$ 1.00 of the employee contribution up to a maximum employee contribution of US$ 3,000 (i.e. the maximum employer contribution is US$ 1,500). The employees have entitlement to the full employer contribution only after completing their third year of employment. Prior to this, they do not have any claim to employer contributions.

The 401(k) plan of SUSS MicroTec Photonic Systems Inc. offers employees the possibility of paying 25% of their annual remuneration into the 401(k) plan. The employer matches each US$ 1 of employee contribution up to a maximum amount of 3% of the salary. Qualifying employees obtain a non-forfeitable claim to benefits staggered into 20% steps over a period of six years.

In the 2013 fiscal year, the expenses of the Group for the 401(k) plan came to US$ 145 thousand (2012: € 160 thousand).

Furthermore, in the reporting year employer contributions were paid into the statutory pension plan in the amount of € 2,919 thousand (2012: € 2,621 thousand).

(23) (NONCURRENT) PROVISIONS

The noncurrent provisions comprise obligations to the Group arising from agreements under the pre-retirement part-time scheme. The provisions have developed as follows:

	As of 01/01/2013	Utilization	Additions	As of 12/31/2013
Pre-retirement arrangements	296	-234	0	62

The pre-retirement arrangement concluded under a company agreement applies to employees of SUSS MicroTec Lithography GmbH and of SUSS MicroTec AG who have reached the age of 57 and were employed full-time or part-time in their present job for at least three years in the five years preceding the pre-retirement period.

During the pre-retirement period, the previous regular working time is reduced to 50%. The working time to be performed during the entire pre-retirement period is generally distributed such that it is performed in full in the first half of the pre-retirement period (work phase) and the employee is released from work duties in the second half (release phase).

In addition to the gross salary reduced to 50%, the employee receives a supplementary amount, which is measured such that the net monthly salary under the pre-retirement scheme equals at least 82% of the monthly full-time net salary. The supplementary amount is paid free of tax and social security charges.

(24) FINANCIAL DEBT

The table below shows the maturity structure of the bank borrowings, liabilities from promissory notes, and liabilities from finance leases as of December 31, 2013, and the previous year's reporting date:

December 31, 2013 in € thousand	Remaining period to maturity up to one year	Remaining period to maturity more than one year to five years	Remaining period to maturity more than five years	Total
Bank borrowings	1,180	4,720	5,560	11,460
Liabilities from finance lease	11	0	0	11
Total	**1,191**	**4,720**	**5,560**	**11,471**

December 31, 2012 in € thousand	Remaining period to maturity up to one year	Remaining period to maturity more than one year to five years	Remaining period to maturity more than five years	Total
Bank borrowings	182	720	3,240	4,142
Liabilities from finance lease	106	21	0	127
Total	**288**	**741**	**3,240**	**4,269**

Bank borrowings

Bank borrowings include liabilities from a long-term loan agreement of € 3,960 thousand (2012: € 4,140 thousand), which serves to finance the company property in Sternenfels. The loan agreement was concluded on May 25 / 28, 2010 between SUSS MicroTec AG and a local bank. The loan amounted to € 4.5 million and has a term until June 30, 2020. It was made available and disbursed on July 6, 2010.

It also includes liabilities of € 7,500 thousand, which serves to finance the newly acquired business property in Garching. The new loan agreement was concluded on October 23 / 28, 2013 between SUSS MicroTec AG and a local bank. The loan's term is until June 30, 2021. It was made available and disbursed on December 16, 2013.

The details of the status of various loans as of the end of the fiscal year are as follows:

Group company in € thousand	2013	2012	Interest rate	Maturity
SUSS MicroTec AG	3,960	4,140	3.98%	06/30/2020
SUSS MicroTec AG	7,500	0	3.65%	06/30/2021
Total	**11,460**	**4,140**		
thereof current	1,180	180		
thereof noncurrent	10,280	3,960		
due in 2014	1,180			
2015	1,180			
2016	1,180			
2017	1,180			
2018	1,180			
later	5,560			
	11,460			

The Company has various credit facilities with national and international banks and insurance companies. The credit facilities and their utilization have developed as follows:

in € thousand	2013	2012
Credit line	8,000	11,200
Utilization	3,347	1,913
›› Open credit line	**4,653**	**9,287**

The credit and guarantee line of € 7.5 million provided by the bank consortium led by BayernLB and with the participation of Deutsche Bank AG and DZ Bank AG remained in effect until March 31, 2013.

As of April 1, 2013, SUSS MicroTec AG and SUSS MicroTec Lithography GmbH concluded new credit agreements with the bank consortium. The new credit agreements resulted in credit and guarantee lines totaling € 4.5 million. The new credit lines were granted until further notice and were issued without covenants. Their primary purpose is to serve as backing for down payment guarantees. SUSS MicroTec AG has decided to reduce the guarantee lines because the previously available lines have by no means been exhausted.

In May 2010, SUSS MicroTec Photomask Equipment GmbH & Co. KG concluded a general credit agreement with BW-Bank Mannheim for a credit line of € 1 million. The credit line runs for an indefinite term and was issued without covenants. SUSS MicroTec AG issued a binding letter of comfort for SUSS MicroTec Photomask Equipment GmbH & Co. KG in order to secure the credit line.

There is an additional credit line of € 2.5 million with an insurance company to guarantee sureties of down payments.

As of the reporting date the line was utilized in an amount of € 3,347 thousand (2012: € 1,913 thousand) in the form of guarantees.

The average interest rate for the utilization of the credit lines in the form of guarantees was 1.01% (2012: 1.25%).

Liabilities from finance leases

The Group currently has operating leases for various furnishings and items of equipment in the production and administrative areas. In addition, there are finance leases for software, buildings, land and fixtures, technical equipment and tools, as well as for other equipment, office, and plant furnishings, the underlying assets of which are capitalized and subject to normal depreciation.

The terms of the lease liabilities and the future financial obligations from operating leases are as follows:

in € thousand	Finance Lease	Operating Lease
Depreciation / Expenses 2013	98	2,112
Depreciation / Expenses 2012	987	2,465
Future liabilities due in 2014	11	965
2015		448
2016		178
2017		47
2018		0
later		
Total future	**11**	**1,638**
thereof interest	0	
Liability as of 12/31/2013	11	
current	11	
noncurrent	0	

Leasing installments for the SAP system used in Germany, the USA, and Taiwan accounted for the largest share of finance lease expenses. The term of this leasing agreement lasted until January 31, 2013. The leasing agreement included a purchase option, which could have been exercised at the end of the contract. SUSS MicroTec AG exercised this purchase option and acquired the SAP system for a purchase price of € 228 thousand on February 1, 2013.

(25) OTHER (NONCURRENT) FINANCIAL LIABILITIES

Other noncurrent financial liabilities are made up as follows:

in € thousand	2013	2012
Asset retirement obligation	0	75
ERA adaptation fund	140	140
Others	39	33
Conditional purchase price liability SMO	115	346
Earn-out liability of SUSS MicroTec Photonic Systems (formerly: Tamarack)	202	1,983
›› Other (noncurrent) financial liabilities	**496**	**2,577**

(26) (CURRENT) PROVISIONS

Current provisions are made up as follows:

in € thousand	2013	2012
Warranty provisions	2,098	2,012
Severance provisions	451	270
Miscellaneous provisions	3,390	1,320
›› Current provisions	**5,939**	**3,602**

The warranty provisions were set up in the amount of their probable utilization for statutory and contractually agreed guarantees and warranty claims of customers arising from deliveries of machines.

The remaining provisions essentially include provisions for follow-up costs and provisions for personnel expenses.

Current provisions have developed as follows:

	As of 01/01/2013	Utilization	Reversal	Additions	As of 12/31/2013
Warranty provisions	2,012	-1,682	0	1,768	2,098
Severance provisions	270	-270	0	451	451
Miscellaneous provisions	1,320	-1,092	-10	3,172	3,390
›› Current provisions	**3,602**	**-3,044**	**-10**	**5,391**	**5,939**

(27) OTHER (CURRENT) FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

in € thousand	2013	2012
Premiums and commissions	1,724	3,182
External services	3,235	2,303
Supervisory board remuneration	148	148
Negative market values from interest swaps	344	506
Contingent purchase price obligation SMO	247	0
Earn-out liability of SUSS MicroTec Photonic Systems (formerly: Tamarack)	138	0
Outstanding wage tax	438	406
Others	92	270
›› Other (current) financial liabilities	**6,366**	**6,815**

Under other financial liabilities, the Company shows the negative market values from interest derivatives. Further details on interest hedges are provided in paragraph 30 “Additional information on financial instruments.”

(28) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

in € thousand	2013	2012
Down payments received	30,773	17,648
Accrued personnel expenses	4,138	4,443
Deferred income	266	135
VAT	553	418
Others	382	920
›› Other current liabilities	**36,112**	**23,564**

The down payments received comprise deposit payments by customers for tools prior to their final acceptance. When delivery has been completed and the corresponding realization of sales has taken place, the deposit payments are offset against the receivables.

The accrued personnel expenses contain mainly obligations for vacation arrears and credit accounts under the flexible hours scheme.

(29) TAX LIABILITIES

The tax liabilities are made up of domestic income taxes of € 69 thousand (2012: € 716 thousand) and foreign income taxes of € 582 thousand (2012: € 334 thousand).

OTHER DISCLOSURES

(30) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Under IAS 32, financial instruments generally comprise all economic occurrences performed on a contractual basis that include a claim for cash. They include original financial instruments such as trade receivables and payables as well as financial receivables and liabilities. The financial instruments also comprise derivative instruments that are used to hedge currency and interest rate risks. The estimated market values of the financial instruments do not necessarily represent the values that the Company would realize in an actual transaction under present market conditions. The following section provides a comprehensive overview of the significance of financial instruments for the Company and supplies additional information on balance sheet items containing financial instruments. For risk reporting related to financial instruments we refer to the presentation in the Management Report.

The following table shows the book values of all categories of financial assets and liabilities:

in € thousand	2013	2012
Financial assets		
Cash and cash equivalents	45,059	25,192
Financial assets held for sale	2,072	11,394
Loans and receivables	11,393	22,305
Financial assets held for trading	0	0
	58,524	**58,891**
Financial liabilities		
Financial liabilities held for trading	344	506
Financial liabilities	23,552	20,017
	23,896	**20,523**

The table below presents the market values and the book values of the financial assets and liabilities.

in € thousand	2013 Book value	2013 Fair value	Measurement category according to IAS 39	Thereof fair value, level 1	Thereof fair value, level 2	Thereof fair value, level 3
Financial assets						
Cash and cash equivalents	45,059	45,059	Loans and receivables	45,059		
Trade receivables	11,073	11,073	Loans and receivables			
Other financial assets	320	320	Loans and receivables			
denominated at amortized costs	320	320	Loans and receivables			
denominated at fair value	0	0	Loans and receivables			
Securities, denominated at fair value	2,072	2,072	Held for sale	2,072		
Financial liabilities						
Trade payables	5,563	5,563	Amortized costs			
Financial debt	11,471	12,341				
bank borrowings	11,460	12,330	Amortized costs			
liabilities from finance lease	11	11	Amortized costs			
Other financial liabilities	6,862	6,862				
denominated at amortized costs	6,518	6,518	Amortized costs			
denominated at fair value	344	344	Derivatives		344	

in € thousand	2012 Book value	2012 Fair value	Measurement category according to IAS 39	Thereof fair value, level 1	Thereof fair value, level 2	Thereof fair value, level 3
Financial assets						
Cash and cash equivalents	25,192	25,192	Loans and receivables	25,192		
Trade receivables	21,758	21,758	Loans and receivables			
Other financial assets	547	547	Loans and receivables			
denominated at amortized costs	547	547	Loans and receivables			
denominated at fair value	0	0	Loans and receivables			
Securities, denominated at fair value	11,394	11,394	Held for sale	11,394		
Financial liabilities						
Trade payables	6,862	6,862	Amortized costs			
Financial debt	4,269	5,061				
bank borrowings	4,142	4,933	Amortized costs			
liabilities from finance lease	127	128	Amortized costs			
Other financial liabilities	9,392	9,392				
denominated at amortized costs	8,886	8,886	Amortized costs			
denominated at fair value	506	506	Derivatives		506	

The following methods and assumptions apply in determining the market values:

Cash and cash equivalents: On account of the short-term nature of the investments, the book values correspond to the market values of the instruments.

Trade receivables / trade payables: On account of the short-term nature of the receivables and payables, the book values correspond approximately to the market values of the instruments.

Other financial assets / liabilities: Because of the short-term nature of the assets and liabilities, the book values of the other financial assets and liabilities, which are measured at adjusted acquisition costs, correspond roughly to their market value.

The measurement of other financial assets and liabilities that are measured at market value depends on their category. The market value of forward currency transactions is determined by the rates for forward currency transactions. The market value of interest derivatives is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the interest structure graph.

Securities: The market value of the financial assets available for sale corresponds to their prices in an active market.

Bank borrowings: The market value of the financial liabilities with regard to bank borrowings was calculated by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

Finance lease liabilities: The market value of the liabilities from finance leases was determined by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

The net gains and losses on financial instruments have developed as follows:

in € thousand	2013	2012
Loans and receivables	-1,198	-90
Financial assets and liabilities held for trading	0	121
Financial assets held for sale	**-226**	**9**

Net gains or losses from loans and receivables contain changes in the adjustments, gains and losses from retirements and receipts of payments for loans and receivables that had been written off.

Net gains and losses on financial assets and financial liabilities held for trading purposes contain market value changes of the derivative financial instruments.

In the reporting year, the market value change of € -8 thousand (2012: € 23 thousand) recorded under comprehensive income – after accounting for deferred taxes – in the financial assets available for sale was reclassified from equity to the statement of income since these securities had matured in the meantime.

Derivative financial instruments

For purposes of risk management, derivative financial instruments are used to limit the effects of fluctuations in exchange rates and interest rates.

The direct market values of the different kinds of derivative financial instruments have developed as follows:

	2013		2012	
in € thousand	Positive market value	Negative market value	Positive market value	Negative market value
Currency forwards	0	0	0	0
Interest rate swaps	0	344	0	506

Intra-Group procurement and sales obligations in foreign currencies arise from cross-border supply relationships between the subsidiaries. This applies above all Group companies in countries using the US dollar and the Japanese yen that obtain products from affiliates in the eurozone. At the time an order is placed, forward currency transactions are concluded in order to hedge against currency changes during the period until payment is made. Since the underlying transaction has not yet occurred at the time the forward currency transaction is concluded and will only come into being on realization of the sale, the purpose here is the hedging of planned transactions. The change in market values is shown under other operating income or other operating expenses. Potential risks arise from the fluctuation of the currency exchange rates and in the creditworthiness of the contractual partners, which are exclusively German financial institutions with a first-rate credit standing.

The Company seeks to limit interest risks arising from the sensitivity of financial debt to fluctuations in the level of market interest rates by deploying interest derivatives such as interest swaps. Thus the Company has hedged the variable-rate loan taken out in 2010 to finance the property in Sternenfels with a term-congruent swap. The interest swap evens out the effect of future changes in the interest rates on the cash flows of the underlying variable-rate investment. In order to model the market value fluctuations of the interest swap for the real estate loan under other comprehensive income, the Company has used hedge accounting for this interest swap. The term of the interest swap related to the property financing lasts until June 30, 2020.

(31) RELATED PARTIES

IAS 24 requires the disclosure of people that control or are controlled by SUSS MicroTec AG unless already included in the consolidated financial statements.

Control exists if a shareholder has more than half of the voting shares of SUSS MicroTec AG or has the possibility, on the strength of the articles of incorporation or contractual agreement, to control the financial and business policies of SUSS MicroTec AG.

Furthermore, the obligation of disclosure set out in IAS 24 also covers transactions with joint ventures and transactions with persons that exercise a substantial influence on the financial and business policies of SUSS MicroTec AG, including close family members or intermediate entities. A substantial influence on the financial and business policy of the Group may rest on a shareholding in SUSS MicroTec AG of 20% or more, a seat on the Management Board or Supervisory Board of SUSS MicroTec AG or another key management position.

With the exception of disclosures on the remuneration of the corporate bodies, the Group was not affected by the disclosure obligations set out under IAS 24 "Related Parties" in the reporting year.

(32) FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The other financial obligations and contingent liabilities are made up as follows:

in € thousand	2013	2012
Purchase contingencies	10,266	11,020
Obligations from rental contracts	1,334	2,646
›› **Total**	**11,600**	**13,666**

The order obligation commits the Company to purchase services from third parties or materials.

(33) EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the consolidated statement of cash flows of the SUSS Group, a distinction is made in accordance with IAS 7 ("Statement of Cash Flows") between payment flows from operating activity and from investing and financing activity.

The item cash and cash equivalents in the statement of cash flows comprises all of the liquid funds shown in the statement of financial position, i.e. cash in hand, checks and deposits with banks where available within three months without significant fluctuations in value. In the reporting year, part of the liquid funds, € 350 thousand (2012: € 350 thousand) as of the reporting date, served as collateral for a deposit insurance contract. This amount can be settled at any time through the placement of a countersecurity.

The cash flows from investing and financing activities are computed on the basis of payments. On the other hand, the cash flow from operating activity is derived indirectly from the net result for the year.

Under the indirect computation, effects due to currency translation are eliminated from the relevant changes in balance sheet items. The changes in the relevant balance sheet items can, therefore, not be reconciled with the corresponding figures on the basis of the consolidated statement of financial position.

The other non-cash income and expenses in an amount of € 1,531 thousand (2012: € -1,469 thousand) contain mainly currency effects. The past fiscal year also reflects the effects from adjusting the earn-out liability for SUSS MicroTec Photonic Systems of € -2,136 thousand and extraordinary expenses related to the restructuring of the Permanent Bond Cluster area of € 2,987 thousand.

Cash flow from investing activities also includes cash outflows of € 8,939 thousand, involving the acquisition of the property at Company headquarters in Garching. Along with the purchase price of € 8,600 thousand, ancillary costs of € 339 thousand are recorded.

(34) SEGMENT REPORTING

Information about the segments

The activities of the SUSS Group are analyzed in the segment reporting in accordance with the rules of IFRS 8 "Operating Segments" by product line and by region. This analysis is aligned with the internal controlling and reporting system and takes the different risk and earnings structures of the divisions into consideration.

The activities of the SUSS Group are divided into the Lithography, Substrate Bonder, and Photomask Equipment divisions. Together with the Others division, these activities are shown in the division reporting under continuing activities. The Others division combines further activities of the Group and the non-allocable costs of the Group functions. The Test Systems division is presented under discontinued activities.

In the Lithography division, the SUSS Group develops, produces, and sells the product lines Mask Aligner, Developer, and Coater as well as the newly added product lines UV Projection and Laser Processing from the acquisition of the Tamarack Scientific (now: SUSS MicroTec Photonic Systems). The development and production activities are located in Germany in Garching near Munich and Sternenfels near Stuttgart. The development and production of the Photonic Systems product lines are conducted in Corona (USA). Substantial parts of the distribution organizations in North America and Asia are active for the Lithography division. Lithography represents distinctly more than half of the entire business of the Group and is represented in the microsystems technology, compound semiconductors, and advanced packaging markets.

The Substrate Bonder division encompasses the development, production and distribution of the Substrate Bonder product line. Since March 2011, the activities of this division have been concentrated at Sternenfels near Stuttgart. In 2010, production, development and distribution in this division took place in Waterbury, Vermont, in the USA. Distribution for the Substrate Bonder division occurs from Sternenfels itself and worldwide in small units at locations in Europe, the USA and Asia. In this division, the XBC300, a production bonder for wafers up to 300 mm, offers a launch platform for the three most important bonding techniques in the area of 3D integration (one of our future markets): temporary and permanent bonding and debonding. Among the gateway technologies presupposing 3D integration is the thinning of wafers and the further handling of these extremely fragile substrates ("thin wafer handling"). In addition, manual tools for 6 and 8 inch wafer applications are also primarily offered.

The Photomask Equipment division includes the development, manufacture, and sale of the HMx, ASx, MaskTrack, and MaskTrack Pro product lines of SUSS MicroTec Photomask Equipment GmbH & Co. KG. The development and production of specialized systems for the cleaning and processing of photomasks for the semiconductor industry are conducted at the Sternenfels site.

Besides covering non-allocable costs of SUSS MicroTec AG, the Others division shows the operational activities that are not allocated to the other divisions in the areas Micro-optics and C4NP.

Other comments on segment reporting

Division data was collated using the accounting and measurement methods applied in the consolidated financial statements. Due to the division of the Group by product line across companies, there are no material inter-division transactions. One exception is the reallocation of costs by SUSS MicroTec AG, recorded in the Others division, to the other divisions for the performance of certain Group functions such as financing and strategic matters. These charges also contained the expenses incurred by the holding company in connection with the introduction and operation of the SAP system.

In compliance with the requirements of IFRS 8 “Operating Segments”, the segment reporting contains disclosure of the pre-tax result per segment. This enables the sum of the segment results to be reconciled with the overall consolidated result before tax.

In this fiscal year as in the previous year, all sales of SUSS MicroTec with individual customers remained below 10% of total sales.

Among the principal non-cash expenses and income are value adjustments on trade receivables, write-downs on inventories, and the release of provisions and other liabilities.

Division assets represent the necessary operational assets of the individual divisions. These comprise the intangible assets (including goodwill), tangible assets, inventories, and trade receivables.

The segment debts include the operating debts and provisions of the individual divisions.

The investments are additions of both tangible and intangible assets. The previous year’s segment reporting also discloses the addition to Group assets of tangible assets and intangible assets resulting from the initial consolidation of Tamarack Scientific (now: SUSS MicroTec Photonic Systems) under investments in the Lithography division.

For the geographical segment reporting, the sales revenues are segmented according to the location of the customers. In the past fiscal year, SUSS MicroTec generated sales of € 21,608 thousand (2012: € 24,510 thousand) in Germany.

The assets and investments were calculated on the basis of the location of the group entity concerned. The Group’s noncurrent assets primarily consist of intangible assets, goodwill, and tangible assets. Of noncurrent assets, € 32,297 thousand (2012: € 26,225 thousand) are attributable to companies in Germany; € 8,444 thousand (2012: € 10,183 thousand) accrued to foreign companies. In the past fiscal year, SUSS MicroTec made investments of € 10,513 thousand (2012: € 2,033 thousand) in Germany.

(35) SUBSEQUENT EVENTS

There were no significant events after the reporting date that have had a material impact on the net assets, financial position and profit or loss of the Group.

(36) MANAGEMENT BOARD AND SUPERVISORY BOARD

Management Board of the ultimate parent company

THE MEMBERS OF THE MANAGEMENT BOARD OF SUSS MICROTEC AG IN THE 2013 FISCAL YEAR WERE:

FRANK AVERDUNG
Diplom-Elektroingenieur (Electrical Engineer); resident of Feldkirchen; Chief Executive Officer

Responsible for the areas:
Distribution, marketing, production, research & development, investor relations, work safety, quality management, environmental protection, patents, and Group strategy

Further appointments:

- VDMA Productronic Association, Frankfurt am Main (Vice Chairman)
- VDMA (member of the Board of Directors)
- Semi European Advisory Board (member)
- IMS Nanofabrication AG, Vienna (member of the Supervisory Board)

MICHAEL KNOPP
Diplomkaufmann (Business Administration); resident of Ratingen; Member of the Management Board

Responsible for the areas:
Finance and accounting, information technology, law, tax and insurance, human resources, materials management, logistics, facility management

Further appointments:
none

Supervisory Board

THE MEMBERS OF THE SUPERVISORY BOARD IN THE 2013 FISCAL YEAR WERE:

DR. STEFAN REINECK
Resident of Kirchardt; managing shareholder of RMC Dr. Reineck Management & Consulting GmbH;
Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:

- AttoCube Systems AG, Munich (Vice Chairman of the Supervisory Board)
- AWS Group AG, Heilbronn (member of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board of Directors);
- Wittenstein AG, Igersheim (Member of the Supervisory Board)

JAN TEICHERT
Resident of Metten; Member of the Board of Einhell Germany AG, Landau (Isar);
Deputy Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- beginning on January 1, 2014 Kolb Technology GmbH, Hengersberg, Germany (Member of the Advisory Board)

GERHARD PEGAM
Resident of Au bei Bad Aibling; Managing Director of GPA Consulting GmbH,
Au bei Bad Aibling; Member of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (Member of the Administrative Board);
- Schaffner Holding AG, Solothurn, Switzerland (Member of the Administrative Board)

Remuneration of the Management Board and Supervisory Board

The members of the Management Board received cash remuneration of € 793 thousand (2012: € 1,253 thousand). The remuneration of the members of the Supervisory Board, including meeting attendance fees and expense allowances, amounted to € 162 thousand (2012: € 161 thousand).

Individualized information about the remuneration of the Management Board and the Supervisory Board is presented in the Remuneration Report, which is part of the condensed Management Report.

Share and option holdings of the officers at year end:

	2013		2012	
	Shares	Options	Shares	Options
Michael Knopp	28,100	0	22,500	0
Frank Averdung	90,540	0	83,200	0
Dr. Stefan Reineck	9,600	0	9,600	0

(37) EMPLOYEES

In the reporting year, the SUSS Group had an average of 675 employees (2012: 695 employees).

Status at the end of the year:

	2013	2012
Administration	65	74
Sales and marketing	263	285
Operations	327	345
Total	**655**	**704**

(38) AUDITOR'S FEES

In the current fiscal year, SUSS MicroTec recorded a fee of € 250 thousand for the auditor of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Munich, pursuant to Section 314 (1) No. 9 HGB. In the previous year, a fee of € 265 thousand was recorded for the auditor of the consolidated financial statements, BDO AWT Wirtschaftsprüfungsgesellschaft, pursuant to Section 314 (1) No. 9 HGB. The expenses cover the audit of the financial statements exclusively.

The expenses for the audit of the financial statements includes the entire fee for the audit of the annual financial statements of SUSS MicroTec AG as well as the audit of the consolidated financial statements and annual financial statements of subsidiaries by BDO AG Wirtschaftsprüfungsgesellschaft (2012: BDO AWT GmbH Wirtschaftsprüfungsgesellschaft). Of the auditor's fee, € 224 thousand goes directly to the assigned auditor and € 26 thousand goes to network partners of the auditor.

(39) CORPORATE GOVERNANCE

As in the previous years, in January 2013 the Management Board and the Supervisory Board submitted the declaration of compliance pursuant to Section 161 AktG and declared that they will comply with the recommendations of the German Corporate Governance Code in the version of May 15, 2012, with four exceptions – invitation to the Shareholders' Meeting, a deductible for D&O insurance, formation of committees, and goals for the composition of the Supervisory Board – and have complied with the recommendations of the Code in the version of May 26, 2010 since the last annual declaration of compliance was issued in May 2012 with the exceptions stated therein.

In January 2014, the Management Board and Supervisory Board issued a declaration of compliance pursuant to Section 161 AktG and declared that they will comply with the recommendations of the German Corporate Governance Code in the version of May 13, 2013 with the following exceptions: a deductible for D&O insurance, vertical remuneration comparison, pension commitments, formation of committees, and goals for the compensation of the Supervisory Board. Furthermore, the Management Board and Supervisory Board have declared that they have complied with the recommendations of the Code in the version of May 15, 2012 since the issuance of the last annual declaration of compliance in January 2013 with the exceptions stated therein.

The declaration of compliance has been made permanently available online at *www.suss.com*.

(40) DISCLOSURES PURSUANT TO SECTION 160 NO. 8 AKTG

In the reporting year, the following notifications were made to the Company pursuant to Section 21 (1) of the German Securities Trading Law (WpHG) in conjunction with Section 32 (2) InvG (investment law):

On August 19, 2013, DWS Invest SICAV, Luxembourg, notified us pursuant to Section 21 (1), WpHG that on August 13, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.92% (557,233 voting rights).

On August 23, 2013, DWS Investment GmbH, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) WpHG (Securities Trading Act) that on August 23, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5% and simultaneously the threshold of 3% and amounted on this day to 0% (0 voting rights).

On August 26, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 21 (1), WpHG that on August 20, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and 5% and amounted on this day to 9.98% (1,907,818 voting rights). Pursuant to Section 22 (1)(1)(1) German Securities Trading Law (WpHG), 0.02% (3,322 voting rights) are attributable to it.

On August 26, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 25a, WpHG that on August 20, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 5% and 10% and amounted on this day to 10.57% (2,021,180 voting rights). Pursuant to section 21 or section 22, 9.98% (1,907,818 voting rights); pursuant to section 25a (WpHG), 0.58% (111,574 voting rights); and pursuant to section 25 (WpHG), 0.01% (1,788 voting rights) are attributable to it.

On August 26, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 25, WpHG that on August 20, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 9.99% (1,909,606 voting rights). Pursuant to section 21 or section 22, 9.98% (1,907,818 voting rights) and pursuant to section 25, WpHG, 0.01% (1,788 voting rights) are attributable to it.

On August 27, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 25a, WpHG that on August 22, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell short of the threshold of 10% and amounted on this day to 9.96% (1,903,098 voting rights). Pursuant to section 21 or section 22, 9.35% (1,787,630 voting rights); pursuant to section 25a (WpHG), 0.59% (113,680 voting rights); and pursuant to section 25 (WpHG), 0.01% (1,788 voting rights) are attributable to it.

On September 05, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 21 (1), WpHG that on September 02, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell short of the threshold of 5% and amounted on this day to 4.65% (889,826 voting rights). Pursuant to Section 22 (1)(1)(1) German Securities Trading Law (WpHG), 0.02% (3,322 voting rights) are attributable to it.

On September 13, 2013, UBS AG, Zurich, Switzerland, notified us pursuant to Section 21 (1), WpHG that on September 10, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell short of the threshold of 3% and amounted on this day to 2.92% (557,992 voting rights). Pursuant to Section 22 (1)(1)(1) German Securities Trading Law (WpHG), 0.02% (3,322 voting rights) are attributable to it.

On October 4, 2013, Schroders PLC, London, UK, notified us pursuant to Section 21 (1), WpHG that on October 2, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.11% (594,407 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.11% (594,407 voting rights) of the voting rights are attributable to it.

On October 4, 2013, Schroder Administration Limited, London, UK, notified us pursuant to Section 21 (1), WpHG that on October 2, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.11% (594,407 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.11% (594,407 voting rights) of the voting rights are attributable to it.

On October 4, 2013, Schroder Investment Management Ltd., London, UK, notified us pursuant to Section 21 (1), WpHG that on October 2, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.11% (594,407 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.11% (594,407 voting rights) of the voting rights are attributable to it.

On October 9, 2013, Vanguard Whitehall Funds, Wilmington, Delaware, USA, notified us pursuant to Section 21 (1), WpHG (German Securities Trading Law) that, on October 3, 2013, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.196% (611,000 voting rights).

On January 27, 2014, Henderson Group Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 5.13% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On January 24, 2014, the Henderson Horizon Fund – Pan European Smaller Companies Fund, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.17% (606,922 voting rights).

On January 24, 2014, Henderson Global Investors (Holdings) Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 5.13% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On January 24, 2014, Henderson Global Investors Limited, London, UK, notified us pursuant to Section 21 (1), WpHG that on January 23, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 5.13% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) German Securities Trading Law (WpHG), 5.13% (982,355 voting rights) are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund – Pan European Smaller Companies Fund.

On February 27, 2014, Baille Gifford & Co, Edinburgh, UK, notified us pursuant to Section 21 (1), WpHG that on February 26, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.003% (574,032 voting rights). Pursuant to section 22 (1)(1)(6) WpHG, 1.275% (243,632 voting rights) and pursuant to section 22 (1)(1)(6) WpHG and section 22 (1)(2) 1.728% (330,400 voting rights) are attributable to it (via Baillie Gifford Overseas Limited).

(41) APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of SUSS MicroTec AG approved the IFRS consolidated financial statements for passing on to the Supervisory Board on March 10, 2014. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

Garching, Germany, March 10, 2014

The Management Board

Frank Averdung
Chief Executive Officer

Michael Knopp
Chief Financial Officer

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that in accordance with applicable accounting principles, the consolidated financial statements convey an accurate view of the net assets, financial position, and profit or loss of the Group and that the Group Management Report, which has been combined with the Management Report of SUSS MicroTec AG, conveys an accurate view of the business performance, including the earnings and condition of the Company, and describes the essential opportunities and risks for the Group's future development.

Garching, Germany, March 10, 2014

SUSS MicroTec AG

The Management Board

Frank Averdung Michael Knopp

AUDITORS' REPORT

We have audited the consolidated financial statements – comprising the statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes – as well as the Group Management Report, which has been combined with the Management Report of SUSS MicroTec AG, for the fiscal year from January 1, 2013 to December 31, 2013. The preparation of consolidated financial statements in accordance with IFRS, as they are to be applied in the EU, as well as the supplementary regulations under commercial law according to section 315a(1) of the German Commercial Code (HGB), is the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We have conducted our audit of the consolidated financial statements in accordance with section 317 HGB, taking into account the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW). The audit has accordingly been planned and executed in such a manner that any errors or violations which have a material effect on the presentation of the net assets, financial position, and results of operations in the consolidated financial statement, taking into account the applicable principles of accounting, as well as in the Group Management Report are detected with reasonable assurance. The process of determining the audit actions has taken into account the knowledge about the business activities and the economic and legal environment of the Group as well as expectations of possible errors. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and Group Management Report are examined primarily on a spot-check basis within the framework of the audit. The audit consists of an evaluation of the annual financial statements of the companies included in the consolidated financial statements, the specification of the scope of consolidation, the applied accounting and consolidation principles, the significant estimates made by the legal representatives, and an assessment of the overall presentation of the consolidated financial statements and the Group Management Report. We are of the opinion that our audit has provided a sufficient basis for our assessment.

Our audit has not led to any objections.

In our opinion, based on the knowledge gained in the audit, the consolidated financial statements of SUSS MicroTec AG, Garching, comply with IFRS as they are to be applied in the EU as well as the supplementary regulations under commercial law according to section 315a(1) of HGB, and convey in accordance with these principles an accurate view of the net assets, financial position, and results of operations of the Group. The Group Management Report is consistent with the consolidated financial statements, conveys an overall accurate picture of the condition of the Group, and presents the opportunities and risks of future development accurately.

Munich, March 21, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

ppa. T. Steiner
Wirtschaftsprüfer
(German Public Auditor)

S. Spitaler
Wirtschaftsprüfer
(German Public Auditor)

GLOSSARY

3D INTEGRATION

3D integration is divided into two main categories: 3D packaging and 3D interconnect. 3D packaging is used to describe components stacked on a wafer-level packaging strata without being connected using through-silicon vias (TSVs). 3D packaging is comprised of technologies such as SOC (system-on-chip) and other processes for which the connection is normally based on wire bonding. 3D interconnect on the other hand includes components joined by TSVs. This refers to vertical vias through the massive silicon which, as a general rule, is heavily thinned.

300 MM TECHNOLOGY

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manu-facturing microchips. The largest number of silicon wafers by far (~42%) used around the world today is 300 mm in diameter. The larger the wafer diameter, the more chips can be made on one wafer. The more chips that can be manufactured on a wafer, the lower the production costs per individual chip.

ADVANCED PACKAGING

This term describes modern technologies to "package" microchips in their housing. All microchip contacts must be guided individually to the outside of the housing to ensure a connection to the printed circuit board. Advanced packaging involves packaging processes that generally employ methods previously used only in the frontend manufacturing of microchips themselves, such as lithography and photoresist technologies.

BACKEND

This term is used to describe the second (rear) link in the microchip production chain. The backend process begins once the wafer has passed through all frontend process steps in the manufacture of the microchip itself. In this process, microchips are tested on the wafer and, if required, prepared for bonding. The wafers are then sawed into individual microchips that are packaged in their housing. For cost reasons, backend process work is primarily done in Asia, where semiconductor manufacturers have backend facilities of their own or allow foundries to handle testing and packaging.

BONDING

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer's silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

BUMP

A metallic (solder, gold, or similar) three-dimensional contact on a chip. In simple terms, it is described as a ball of solder on a single microchip contact.

C4NP

IBM paved the way for flip chip bonding in the late 1960s. This technology was used for the first time in 1973 in IBM System 3. Since then, billions of chips have made contact with the outside world via this process under the name IBM C4. C4 stands for "controlled collapse chip connection" and is sometimes also used as a synonym for flip chip bonding. C4NP is the next generation technology, which IBM developed in conjunction with SUSS MicroTec on the basis of the proven C4 process. "NP" stands for "new process."

CHIP

General term used for semiconductor components. In electronics, a chip or microchip is understood to mean an integrated circuit embedded in housing. From the outside, all one generally sees is the black housing and the connection point that links the chip and printed circuit board (by wire or flip chip bonding). The piece of silicon in the housing is frequently also referred to as the chip or microchip.

CLUSTER

A group of individual process modules (e. g. Coater, Aligner) which is fed wafers for processing by a central robot.

COATER
A Coater is a special machine for the production of semiconductors. It disperses photosensitive resist to the wafer by way of rotational power.

COMPOUND SEMICONDUCTOR
Semiconductor composed of several elements, such as gallium arsenide, indium phosphide, silicon germanium, etc. Advantages over simple semiconductors include: speed, high temperature compatibility, and lower energy consumption.

COST OF OWNERSHIP (COO)
This assesses acquisition and operating costs as well as the costs of cleanroom space and wear and tear and maintenance of the machines. These costs are then calculated in relation to the proportion of functioning components at the end of the production process. The higher the output of perfect chips, the better the cost of ownership of the machines for the customers. An outstanding CoO is of major significance, especially in mass production.

DIE
Die, IC (integrated circuit), and chip are terms often used synonymously. Integrated circuits are known as dies until the point at which they are integrated into housing. Wafers are referred to as dies long as they are going through the individual process steps. The term “chips” is only used after the dies are isolated and packaged.

DRAM
DRAM = dynamic random access memory. Electronic memory chip components primarily used in computers. This is the world’s most widely used memory chip.

FAB
This is a manufacturing facility which specializes in the production of ICs on wafers (chips). Today, building a large, modern fab complete with the required cleanrooms and equipment costs approximately US$ 1.5 billion to US$ 4 billion.

FLIP CHIP BONDING
An advanced bonding technique between chip and housing that makes higher clock frequencies possible in signal transmission. The active side of the chip is face down and therefore has to be “flipped” before assembly.

FOUNDRY
A chip factory where microchips are manufactured to a circuit design that is specified by the customer. Making goods to order in this way, the foundry operators have no chip design or product sales / marketing costs and can therefore focus their R&D resources entirely on the process technology. The globally leading foundries are located in Taiwan and Singapore.

FRONTEND
Frontend processes are the production steps carried out on the wafer as a whole. This is where the chip itself is made. Backend processes in which chips are tested on the wafer follow. There, the wafer is cut into individual chips that are then inserted into housing.

IC
An integrated circuit (IC) consists of electronic components such as transistors, resistors, and capacitors that are integrated on a tiny microchip. Today, tens of millions of this type of cell are housed in circuits on a single chip. This high integration density has led to a high degree of chip performance.

LASER PROCESSING

New developments in solid-state laser technology, such as high-performance UV lasers with high pulse rates in picoseconds, have expanded potential applications for lasers through microstructuring. SUSS MicroTec offers two laser technologies:

Excimer Laser Ablation: In microstructuring, the use of excimer lasers primarily offers options for material evaporation. Through bombardment with pulsed laser radiation material can be removed from a surface. In the process, a photochemical reaction sets off electron excitation, which results in a sudden rise in pressure and an explosive removal of material in the form of monomers and gases. The thermal effect here is minimal – the process technology protects materials that are sensitive to temperature. The systems use a Photomask that is exposed with a laser beam. Projection optics between the mask and the wafer project the mask patterns onto the wafer, similarly to a projection stepper in lithography. The material, however, is not exposed but rather removed directly. The entire wafer is patterned using a step and repeat process.

Processing with solid-state laser: Solid-state laser technology promises all advantages of laser processing: It achieves high resolutions up to 2 µm and ensures extremely precise results. Patterning processes are conducted without thermal side-effects. The systems do not require a mask and use a direct writing method.

LED

Light-emitting diode. LEDs are semiconductor components that can generate light. They emit a very bright light yet at the same time consume very little energy. Moreover, their life span is over ten times that of a conventional light bulb.

LITHOGRAPHY

The electrical circuits of ICs are created by structuring individual strata on a silicon wafer in a type of layer structure. To create very small structures in the individual strata, the wafer is coated with a light-sensitive material (photo-resist) and then exposed using a mask. The structures on the mask are, thus, superimposed on the wafer by means of casting a shadow. Where the mask blocks the light, the photoresist on the wafer is not exposed. Where it is transparent, light falls onto the wafer and the photoresist is exposed. During development after exposure, the exposed photoresist areas are cleared above the strata and can be accessed by the following process step. Nowadays, typical structure sizes for frontend lithography applications are between 32 nm (0.032 micrometers) and 0.6 micrometers. In the backend, structure sizes ranging from several microns to tens of microns are generated by photo-lithography to create, for example, bumps for flip chip bonding.

MASK

A plate of glass or quartz glass on which the patterns needed to manufacture an IC are mapped. These patterns consist of transparent and opaque areas that correspond in size and shape to the circuits required.

MASK ALIGNER

Mask Aligners align a glass mask to a wafer (covered with photosensitive material previously spun or sprayed on by a coater) with sub-micrometer accuracy. The glass mask is patterned with the structures which need to be transferred onto the wafer. These structures will then build electrical circuits, grooves, and bridges – all the various things that the chip needs in order to function. The pattern is transferred onto the wafer by means of exposure not unsimilar to a photographic procedure.

MEMS

Microelectromechanical systems (MEMS) is the term used primarily in North America for microsystems technology (MST), a term more common in Europe. Semiconductor production technologies and processes are used to manufacture mechanical and other non-electrical elements. MEMS products are used, for example, in the automobile industry, telecommunications, optoelectronics, and medical technology.

MICROMETER / MICRON

A metric unit of length, symbol: µm. A micron is a millionth of a meter. The diameter of a human hair is approximately 60 µm.

MICROSYSTEM

A system made up of various components each less than 1 mm in size.

MICROSYSTEMS TECHNOLOGY

This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1 mm. In the United States and Asia, in contrast, microsystems technology or the more frequently used microelectromechanical systems (MEMS) means the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

NANOIMPRINTING / NANOIMPRINT – LITHOGRAPHY (NIL)

A mechanical method to create two or three-dimensional structures in the nanometer range with a casting or stamping tool. In contrast to photolithographic production of devices on semiconductor wafers, the structures are formed by stamping patterns in soft polymers. The future importance of nanoimprinting will be in cost savings. Classical photolithography equipment will, if extended to extremely short wavelengths of light (EUV, x-ray), become too expensive.

NANOTECHNOLOGY

(Greek. nãnos = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter (10 – 9 m) and defines a border range where the typical dimensions of a single molecule are found. Nanotechnology is a stringent continuation and expansion of microtechnology with mostly unconventional, new approaches. The tasks of nanotechnology include creating materials and structures in the nano-meter range.

OPTOELECTRONICS

By deliberately combining semiconductor electronics technologies and III-V materials such as gallium arsenide, light can be generated or detected (semiconductor lasers, LEDs, photodiodes, etc). This technology is primarily used in telecommunications to transmit very large quantities of data (fiber-optic networks). LEDs are also being used increasingly in automotives and domestically due to their many advantages, such as low energy requirement, extreme brightness, and very long lifespan.

PACKAGING FOUNDRIES

See Backend.

PHOTORESIST

A light-sensitive material that is first applied as a layer to the wafer and then exposed through a mask using ultraviolet light. In exposed areas, the ultraviolet light brings about chemical changes. These areas are dissolved from the layer during development, leaving a relief-like structure in the photoresist coating. This process is highly similar to photography.

PROJECTION LITHOGRAPHY

While the complete wafer is exposed in one step during full-field lithography (Mask Aligner), during projection lithography processes only individual sections of the wafer are typically exposed using projection optics. The complete exposure of the wafer is then carried out in steps (step and repeat) or continuously (scan). SUSS MicroTec manufactures 1:1 projection scanners for the semiconductor mid- and backend. Here a full-field mask is used and the wafer is exposed in one scanning step. There is no reduction in pattern sizes from the mask to the wafer. The projection scanner technology of SUSS MicroTec combines the advantages of full-field exposure and traditional projection lithography and offers an alternative to Mask Aligner and projection steppers.

SEMICONDUCTOR
A monocrystalline material of which the electrical resistance can be changed by implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

SENSOR
A component used to record and convert measurements such as temperature, pressure, and acceleration. These measurements are converted into electrical signals and relayed to a signal evaluation unit.

SILICON
A material with the structure of a crystal lattice with semiconducting properties. Semiconducting means that the material can be used as a conductor or non-conductor depending on the inclusion of certain foreign atoms. In the semiconductor industry, the most common base material used is silicon in monocrystalline disk form.

SUBSTRATE BONDER
The Substrate Bonder connects two or more substrates (primarily wafers) aligned to one another in an extremely precise manner. This is done using soldering, adhesion, or another physical-chemical process. Many MEMS components require this processing step, as it is the only way to ensure that airbags, tire pressure sensors, GPS sensors, inkjet printers, etc. work.

SYSTEM ON A CHIP
Highly complex ICs incorporating many different functions. Until recently, these functions had to be accommodated on several ICs. The enormous innovative momentum in process technology that has made it possible to manufacture ICs with ever smaller structure widths now means that different kinds of memory, digital signal proc-essors, and analog functions can be accommodated on one chip. The advantage is that instead of many chips, only a handful or even a single one is needed, thereby reducing the space needed, the assembly requirements (and, therefore, the cost of the finished product), and, very importantly, the power consumption. This prolongs the battery life in battery-powered equipment such as laptops and cellular-telephones. The trend towards ever smaller and more port-able devices that should also be less and less expensive makes system on a chip increasingly important.

THROUGH-SILICON VIAS (TSVS)
Individual chip components are stacked on top of one another and joined with this technology. This shortens the path of the data stream between the individual chip components and allows for significantly less capacity loss. As such, through-silicon vias contribute to lowering the overall size of chips combined with a simultaneous rise in performance.

TOOL
Machines, instruments, robots, etc. Tools are all individual systems that comprise a production line in a semiconductor-factory.

WAFERS
Slices of the purest silicon, for example, or compound semiconductors (gallium arsenide, indium phosphide, etc.) on which chips are produced. Over the past ten years, their diameter has increased from 150 mm to 200 mm and today to even 300 mm. Twice as many chips fit onto the surface area of the latest 300 mm wafers than onto a 200 mm wafer, cutting production costs by approximately 30%.

WIRE BONDING
A common contact process that connects chips with housing via metal wires.

YIELD
One of the key parameters in semiconductor production. It measures the output of functioning microchips in relation to the total number of microchips on a wafer. The higher the yield, the more efficient and cost-effective the chip production for the customer.

FINANCIAL CALENDAR 2014

Annual Report 2013	March 28
Quarterly Report 2014	May 8
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, Munich	June 17
Interim Report 2014	August 7
Nine-month Report 2014	November 6

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