

## 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