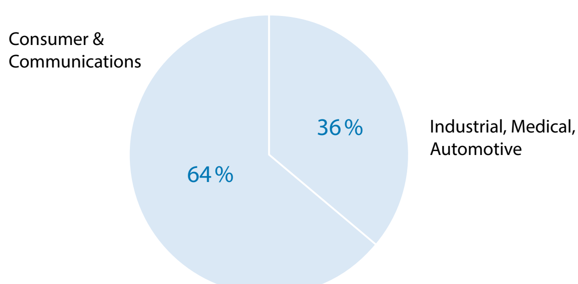
ANNUAL REPORT 2014

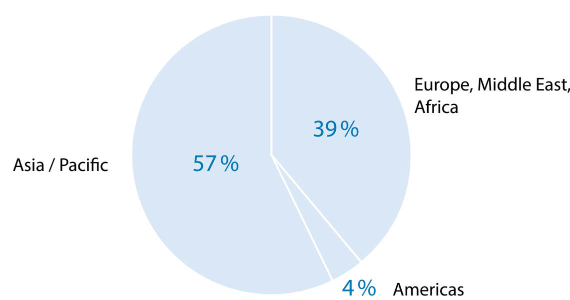
KEY FIGURES

In millions of EUR	2014	Changes to 2013	2013	2012
Revenues	**464.4**	**23%**	**377.8**	**387.6**
Gross margin (excluding acquisition-related costs)	56%		55%	55%
Gross margin (including acquisition-related costs)	55%		52%	52%
R & D expense	77.0	12%	68.5	59.0
Operating result (EBIT)	105.4	65%	63.9	84.8
EBIT margin in %	23%		17%	22%
Net income	97.5	60%	60.8	81.9
Earnings per share (in EUR, basic)	1.43	59%	0.90 2)	1.27 2)
Earnings per share (in CHF, basic) 1)	1.74	57%	1.11 2)	1.53 2)
Operating cash flow	130.2	30%	100.2	124.8
Total order backlog (as of December 31)	131.3	71%	76.6	90.9
Capital expenditure	70.1	49%	47.1	31.9
Total assets (as of December 31)	955.0	46%	653.0	634.0
Equity ratio	58%		68%	65%
Employees (average)	1,636	17%	1,394	1,282

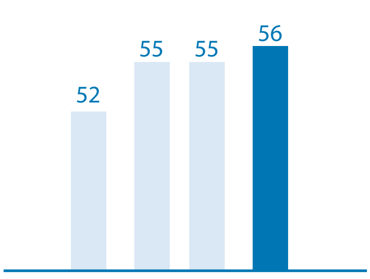
Revenues by market 2014 in %



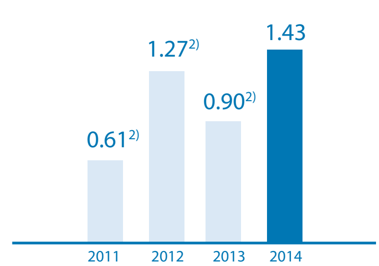
Revenues by region 2014 in %



Gross margin in % 3)



Earnings per share (EPS) in EUR (basic)



1) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.
2) Earnings per share have been adjusted to reflect the share split of 1:5.
3) Excluding acquisition-related costs.

THE HANDS OF AMS

create our semiconductor sensor and analog solutions, inventing, designing, manufacturing, and supporting customers around the world.

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PREFACE BY THE MANAGEMENT BOARD

Dear shareholders, customers and employees, ladies and gentlemen

2014 was a highly successful year for ams. We delivered record revenues and profitability as two major new consumer product lines started shipping in very high volumes during the year. Together with the strong performance of our other businesses this allowed ams to grow substantially in 2014 and become an even more important supplier to leading consumer, communications, industrial, medical and automotive OEMs.

We took a major step ahead last year on our path to be the leading provider of sensor solutions globally and to "shape the world with sensor solutions". More than ever, this strategic approach is perfectly attuned to the accelerating spread of sensor applications in all areas of our daily life and across industries. Sensors create new possibilities to redefine, enhance and improve electronic and electro-mechanical systems, and our track record of innovation offers a very strong platform to remain at the forefront of these market developments.

We were very glad to welcome Thomas Stockmeier as new member of the Management Board and Chief Operating Officer of ams in November 2014. His broad experience in the semiconductor industry, operations know-how and technical expertise make him a highly valuable addition to the Management Board as we harness substantial opportunities and drive growth for ams.

Our consumer and communications business was once more the largest revenue contributor last year, particularly enhanced by the addition of the strong NFC booster and gesture sensor module volumes. We are a major supplier to smartphone, tablet PC and mobile device OEMs, and we significantly expanded our market position in this area.

As the market leader in advanced light sensors we again delivered very high volumes of ambient light and proximity sensors for a broad range of consumer devices. Our innovative gesture sensor solution began shipping in high volume to a worldwide smartphone leader at the end of the first quarter 2014. The compact module combines advanced gesture recognition with RGB color sensing, proximity sensing, and mobile coupon redemption. We see increasing market acceptance for gesture recognition and are expanding our customer base in this area. Light sensor shipments for mobile devices included a growing share of RGB color sensors for sophisticated display management.

Our wireless business for NFC solutions turned into the expected important growth driver last year. We started shipping extensive volumes of our unique NFC antenna booster into a highly successful new global smartphone platform. The NFC booster solution ensures reliable NFC mobile payments, accelerating the adoption of mobile payment technology. Our strong market position in NFC is driven by continuous innovation as we see ongoing market success of our solutions in the current and coming year. Other areas including high volume MEMS microphone ICs and power management products performed well last year given our focus on high value applications.

ams' industrial, medical and automotive businesses were also very successful last year driven by a broad range of applications and markets with strong customer relationships. Robust demand for industrial solutions reinforced our leading position in industrial sensor interfaces, position measurement, and building automation. In addition, we recently launched the first products in the emerging area of sensor-based industrial LED lighting control. In medical applications we remained focused on high performance sensors for medical imaging (computed tomography, digital X-ray, and mammography). Our automotive business saw further attractive growth last year driven by the success of our advanced sensor solutions. We continue to benefit from increased electronics and sensor content, and the broader adoption of new safety systems such as collision avoidance.

We maintain high levels of investment in R&D and continue to add R&D resources across our business to support a full development and design-in pipeline. To this end, we opened four new design centers in Germany, Japan, and Finland. Two attractive acquisitions enlarged our sensor portfolio and market reach last year: gas sensor technology offering opportunities in all market segments, and time-based measurement and sensor solutions for time-of-flight applications such as industrial flow meters. We also improved account penetration at major OEMs and recorded important new customer wins, predominantly in Asia.

In our supply chain we combine in-house capacity and high performance manufacturing partners into a robust high volume platform. Internal production capacity remained fully utilized in 2014. To support growth and future capacity needs, we significantly expanded our wafer fabrication facility, including an investment into the 180 nm technology node. We also invested into a substantial expansion of our test facility in the Philippines. The planned addition of wafer fab assets outside of Europe will be driven by timing considerations. Committed to responsible business practices we realized additional energy efficiency improvements in 2014 and focus on further advances in CO_2 reduction.

Based on our dividend policy we will propose a dividend of EUR 0.33 per share or 25% of the net result for 2014. Our financial position became even stronger last year supported by continuing high cash flow generation.

The Supervisory Board again offered constructive support for our activities and backed our strategic initiatives. We would like to thank our customers, partners, shareholders and, above all, the people of ams. Their creativity, ingenuity and dedication remain the key source of our worldwide success.

We are confident about another year of substantial growth in 2015 and strong growth opportunities ahead of us in the coming years. ams is remarkably well positioned for a world of sensor solutions given our capacity for innovation, full product pipeline, and excellence in design and manufacturing.

Kirk Laney CEO	Michael Wachsler-Markowitsch CFO	Dr. Thomas Stockmeier COO

PREFACE BY THE SUPERVISORY BOARD

Dear shareholders

Our strategic focus on sensor solutions and sensor technologies and our close customer relationships made 2014 a record year for ams, with major growth in revenues and earnings. Continuing this strategy, along with our technical strengths and strong market presence, promises excellent development potential for ams in the coming years.

We will continue working toward our goal of becoming the leading developer and manufacturer of sensor solutions, leveraging our company's global business opportunities for significant future growth.

The new organizational structure developed by the management is expected to contribute strongly to this goal. The new internal structure reflects the strategic orientation of the company in our daily business and offers an ideal framework for our global growth plans. At the same time, the structure provides flexibility so we can also continue developing sensor technologies and innovations with a longer-term revenue perspective. We anticipate benefitting from the ongoing structural changes in the global semiconductor industry through further strategic M&A transactions that are beneficial to and accelerate the implementation of our objectives.

The Supervisory Board has worked through the Financial Audit Committee, adjusting the compliance structures to changing requirements and rules and improving the risk management for our company. The Nomination and Staff Committee continues to focus on developing and securing the company's management structures. In this context, I am particularly pleased that Dr. Thomas Stockmeier, the former head of our Industrial & Medical business, has accepted our offer to join the Management Board as Chief Operating Officer. Another area of focus included redefining our long-term, share-based remuneration scheme that anchors entrepreneurial thinking and the interests of shareholders in the company. The new program pursues ambitious objectives, while meeting shareholder demands for protection against dilution. In addition, the annual self-evaluation of the Supervisory Board's activities has become a fixed part of our agenda.

Our U.S. subsidiary recently won an important first-instance court verdict concerning the protection of its intellectual property. Irrespective of the potentially significant financial benefits of the legal proceedings' final outcome, we are sending a clear message that we actively protect and defend our intellectual property.

I am pleased to have been part of ams' positive growth over the past years and appreciate more than ever our employees' creativity, innovative thinking, and commitment to the success of our customers and thus of ams. This spirit not only makes our company stand out across the globe, it is an important success factor in a highly competitive market environment. The Supervisory Board is very gratified that our shareholders and employees are benefitting from the success of our company through share price advances, a higher dividend, and our compensation and bonus systems. On behalf of the Supervisory Board and as

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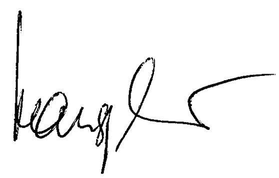


Hans Jörg Kaltenbrunner
Chairman of the Supervisory Board

OUR COMPANY

OUR VISION

The ams vision is to enrich lives by creating a seamless experience between people and technology. Because human senses are the most natural sensors, ams is leading the way in forging a continuous connection between people and technology. Our sensor technology enriches lives by making humans more aware and responsive to the world around them.

Nature is the inspiration behind the work of every ams engineer, fueling their creativity in developing unique products. The sensor solutions we create link technology and people, enabling devices that are smarter, safer, easier to use and more environmentally friendly.

OUR COMPANY AND STRATEGY

From our indispensable personal mobile devices, to wearables, smart homes, offices, cars and more, people consistently are exposed to and surrounded by sensors. Sensor functionality is evolving rapidly, from making our phones more intuitive and lighting solutions more intelligent to conserving battery power and enabling breakthrough medical technologies. Sensors from ams recognize gestures, light, color and motion; increase precision and safety; and measure miniscule changes in position, temperature and values for medical parameters. Sensors therefore play a key role in many advanced consumer, communication, industrial, automotive and medical applications. When combined with NFC wireless functions, sensor technologies offer new solutions for contactless payment and human-machine interaction.

At ams, we shape the world with high-performance sensor solutions. We are global leaders in the design and manufacture of advanced analog sensor solutions that enable our customers to create differentiated products that literally are changing the world. Our products excel in applications requiring extreme precision, dynamic range, sensitivity, and ultra-low power consumption. We offer sensors (including optical sensors), sensor interfaces, wireless integrated circuits (ICs) and power management ICs for the consumer, mobile communications, industrial, medical, and automotive markets.

OUR TALENT

People are ams' greatest asset and the key driver of our worldwide success. Our company culture embraces a diverse range of highly creative, innovative and unconventional thinkers, helping us attract and retain the best and brightest talent in the industry. The creativity and ingenuity of our research and development teams keep us at the leading edge of innovative analog and semiconductor design and manufacturing. We continuously push our analog technology boundaries to higher limits. ams' innovation also stems from its global mindset: our staff includes more than 1,700 people representing nearly 40 nationalities in 20 countries. We continue to expand our research and development efforts with new R&D staff, and have added new design centers in Germany, Finland and Japan to continuously drive innovation in sensor and analog solutions. In addition to design centers in 10 countries, our global network includes a center of excellence for optical sensors in the U.S., and manufacturing sites in Austria and the Philippines.

CORPORATE RESPONSIBILITY

At ams, ethical, professional practices and environmental responsibility are fundamental principles that guide how we conduct business. We are a member of the UN Global Compact, the world's largest corporate initiative for responsible business and sustainability. With more than 10,000 participants in 130 countries, the UN Global Compact is committed to human rights, just labor standards, environmental protection, and anti-corruption measures.

We remain firm in our commitment of protecting the environment and the sustainability of resources, and continue to focus on reducing our carbon emissions footprint. ams promotes efficient energy use throughout its global operations, where innovative methods for reducing electricity and gas consumption bring about both environmental and cost benefits. ams remains an industry pioneer in environmental certification and is ISO 14001 certified for its locations in Unterpremstätten, Austria, and Calamba, Philippines.

OUR BUSINESS

ams focuses on providing advanced sensor and analog solutions for high value and emerging markets in:

Consumer & Communications
Industrial, Medical, Automotive

Consumer & Communications

As a global leader in high-performance sensor and analog designs, ams understands the evolving demands of the consumer electronics and communications market – the need for creating a seamless connection between people and technology, continuously improving the user experience and making the interaction with devices richer and more intuitive.

We address this need with our broad range of innovative technology solutions for consumer and communication device manufacturers including intelligent light sensors, NFC solutions, audio solutions such as Active Noise Cancelling (ANC), ultra-low power management ICs, and more.

ams' sensor technology continues to be at forefront of innovation, delivering extreme precision, dynamic range, sensitivity, and ultra-low power consumption, all of which extend the ability to seamlessly interact with communication devices.

Gesture-recognition functionality has shipped in high volumes this year and has been adopted by leading smartphone OEMs. ams combines advanced gesture sensing with RGB color sensing, proximity sensing, and mobile coupon redemption in a compact module, providing yet another way in simplifying the human-machine interface. Our gesture sensors use ams' leading photodiode technology to increase functionality and enable an intuitive and touchless interface for many devices. We have seen substantial growth in the use of RGB color sensors, ambient light sensors and proximity sensors. RGB color sensors are ideal for applications requiring sophisticated display management. Ambient light and proximity detection sensors, which today are in use in hundreds of millions of smartphones, tablets, laptop computers and other communication devices, improve the overall user experience and extend battery life.

Near-field communication (NFC) is an important growth driver for the company. NFC-based contactless payments are gaining significant traction as they provide higher levels of security and convenience for consumers and greater throughput for retailers. Globally, ams is shipping high volumes of our unrivaled boostedNFC™ technology with antenna auto-tuning. ams' boostedNFC™ technology ensures reliable, safe and simple NFC

mobile transactions for smartphones and wearable accessories and plays an important role in NFC implementations, setting new standards for performance and user experience. Since we have dramatically reduced antenna size requirements, we ensure a hassle-free mobile payment experience for small form factor applications where space constraints are a concern.

Improving the quality of audio and mobile communications is another growing need addressed by ams with its advanced active noise-cancellation technology (ANC) and MEMS microphone interfaces. ANC technology from ams enables clear sound regardless of the noise levels from the surrounding environment, increasing the sound quality of mobile communications and multimedia applications. Increasingly, smartphone headsets offer integrated ANC technology that provide users with superior audio quality, leading to more enjoyable voice calls and an immersive listening experience. ams' ANC technology and low-noise MEMS microphone ICs play an important role in a widening range of today's mobile devices including smartphone headsets, handsets, notebook computers and tablet PCs.

ams' smart lighting technology, another ams specialty, is helping to drive major light sensor applications for the future in smart industrial and home lighting. The scope of upcoming large-scale applications ranges from harvesting daylight for energy-efficient illumination of indoor spaces to seamlessly adapting workspace light environments to our circadian rhythm. Our latest developments in the emerging field of advanced workspace lighting include color-tuning white light smart lighting managers. Harnessing the concept of the Internet of Things (IoT) and the vast possibilities for connected sensors, these solutions will provide a highly innovative sensor hub platform for other sensing functions such as occupancy, presence, temperature, and air quality.

The company's ultra-low power, highly integrated power management ICs (PMICs) are used in mobile devices including netbooks, tablet PCs, high-resolution entertainment modules and action cameras. In addition, ams supports the demanding power management needs of emerging applications in wearable devices.

Industrial, Medical, and Automotive

ams offers highly customized application-specific integrated circuits (ASICs) and standard solutions for a broad range of industrial applications including automation and control, position sensing, building automation, security and high-resolution seismic analysis.

Similarly, in medical electronics, the need for innovative new sensor solutions continues to grow as demand increases for more advanced and cost-efficient diagnostic and imaging equipment and as vendors prepare for growth in mobile healthcare systems that monitor patients remotely. ams delivers a wide range of medical sensors, sensor interfaces, and other solutions specifically suited for healthcare applications.

ams also participates in the consumer digital health market that is being built around devices ranging from smart watches to medical data trackers in bracelet or other forms. Our contribution to these new applications includes optical biosensors, new display technologies, critical power management and very low-power designs, which help provide a compelling consumer experience. These important sensor technologies are setting the stage for a medical environment with higher quality medical data and the introduction of non-invasive interactions for tests such as cholesterol or blood glucose levels. Combined with telemedicine, these technologies will help improve medical patients' quality of life and enable safer, easier and more convenient health management for senior citizens.

In our automotive business, ams is a leader in high performance and innovative sensor and position measurement solutions for active safety and driver assistance systems, and battery power management. Consumers expect increased safety, assistance, convenience and eco-friendly technologies, and our broad range of application specific and standard IC solutions for the automotive market make driving safer, smarter and more environmentally friendly. Sensors also play an important role in supporting the trend toward hybrid and electric vehicles for reduced carbon emissions. We are a valued partner for leading systems suppliers, particularly as the market moves toward semi-autonomous driving. ams powers systems including active safety, collision avoidance, car seat occupancy detection, breakthrough battery cell monitoring and balancing, high-speed data interfaces, automatic braking and an array of intelligent position sensors that increase vehicle reliability. Emerging driver assistance features like lane departure warning and the detection of objects behind the vehicle offer additional applications for ams' sensor solutions.

Technology and Manufacturing

As a high performance analog company, ams operates its own in-house wafer manufacturing and test facilities. This capability allows ams to push the limits of analog performance in lowest noise, highest sensitivity and maximum accuracy while assuring customers a dedicated supply and the highest quality standards.

ams pursues a flexible manufacturing concept combining internal and external wafer capacity and enjoys strong relationships with major semiconductor manufacturing partners. Our robust supply chain leverages more than 30 years of semiconductor manufacturing experience to support our customers' growth plans.

ams provides state-of-the art technologies for leading-edge sensor and analog designs such as IC integration using a proprietary through-silicon via (TSV) process and unique specialty processes for high voltage, optoelectronics and RF applications. Our wafer production facility is certified for medical and automotive IC production while our specialty foundry business offers customers a full-service approach that includes packaging and testing options. In 2014, we completed a major build-out of internal capacity in our wafer fab in Austria and expanded our test facility in the Philippines to support future growth.

OUR GLOBAL NETWORK

Europe

Austria
ams headquarters
Unterpremstaetten dc/tc/so

Germany
Reutlingen dc/so
Stutensee dc/so

Finland
Helsinki so
Oulu de

France
Vincennes so

Italy
Corsico so
Pavia dc
Pisa dc

Slovenia
Ljubljana dc

Spain
Valencia dc

Sweden
Sollentuna so

Switzerland
Rapperswil dc/so

United Kingdom
Stockport so

Asia

China
Beijing so
Hongkong so
Shanghai so
Shenzen so
Suzhou so

India
Hyderabad dc

Japan
Tokyo so

Korea
Seoul so

Philippines
Calamba tc

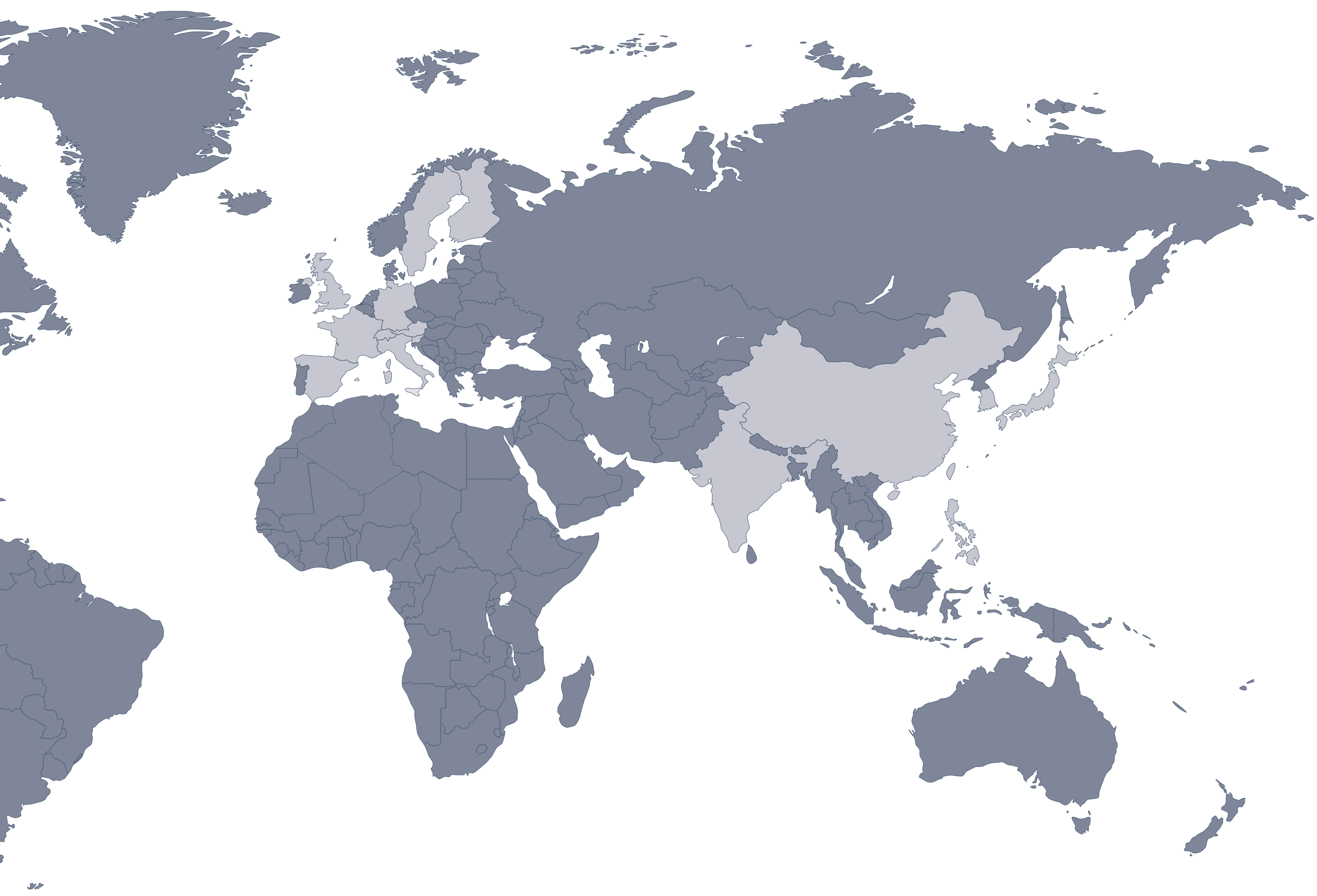
Singapore so

Taiwan
Taipei so

North America

USA
Austin, TX dc
Cupertino, CA so
Plano, TX dc/so
Raleigh, NC so

dc design center
tc test center
so sales office



INVESTOR RELATIONS AND CORPORATE GOVERNANCE

INVESTOR RELATIONS

The ams share offers attractive potential for value appreciation as ams continues to successfully implement its strategy. The ams share recorded a strong performance in 2014 with the share price showing positive momentum and appreciating by 61% over the course of the year.

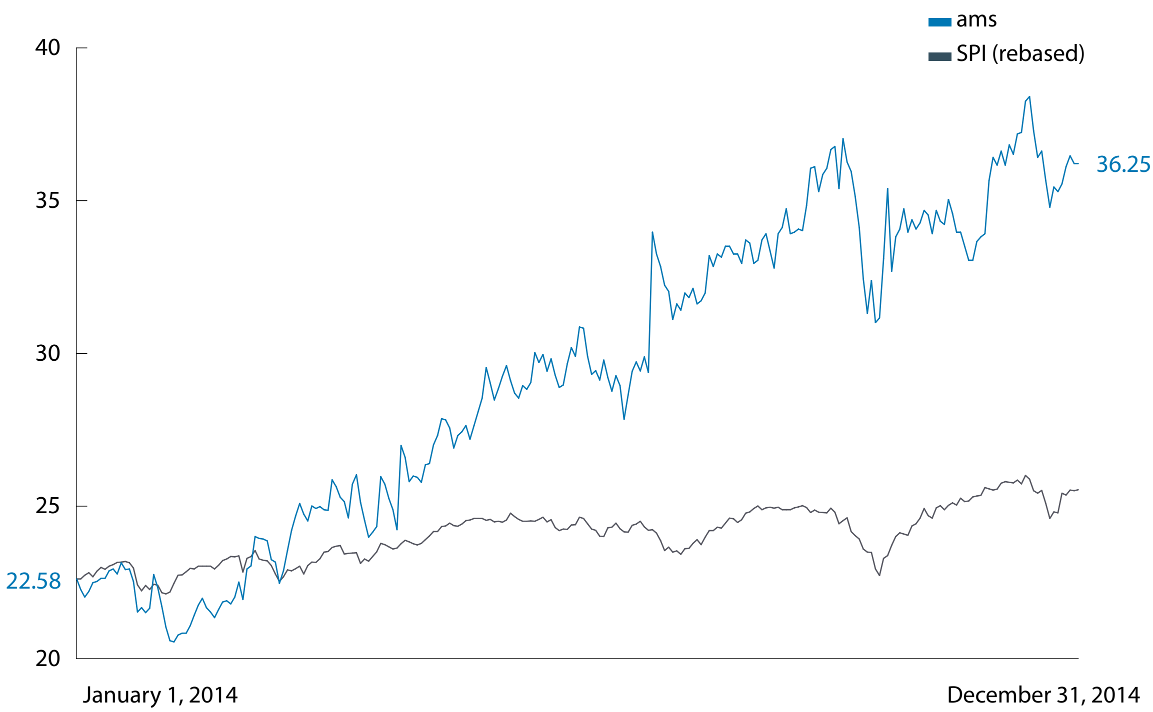
ams follows a dividend policy defining a payout ratio of 25% of the annual net result. The Management Board will therefore propose a dividend of EUR 0.33 for the fiscal year 2014, which is an increase of EUR 0.12 compared to 2013 (split-adjusted). ams intends to continue to distribute dividends in the coming years based on the further positive development of its business. ams also operates a share buyback scheme under which the company bought back 835,330 shares last year (split-adjusted), equivalent to 1.1% of total issued shares at year end 2014. The shares are principally designated to cover employee share option and long-term incentive plans. At the Annual General Meeting in May 2014, all agenda items subject to a vote were approved with an overwhelming majority.

ams expanded its investor relations activities during 2014, based around quarterly reports and regular presentations to analysts, press, and institutional investors. ams held investor road shows and attended investor conferences in major financial hubs across Europe, Canada and the U.S. with a particular emphasis on investor relations activities in North America. Financial reports, press releases, and additional information on the ams share are available in the "Investor" section of the company website www.ams.com.

Share details

ISIN	AT0000A18XM4
Securities code	24924656
Ticker symbol	AMS (SIX Swiss Exchange)
Reuters / Bloomberg	AMS.S / AMS SW

ams share price development in CHF (split-adjusted)



EXECUTIVE BODIES

Management Board

Kirk S. Laney (CEO)
Michael Wachsler-Markowitsch (CFO)
Dr. Thomas Stockmeier (COO, since October 29, 2014)

Supervisory Board

Guido Klestil (Honorary Chairman)
Hans Jörg Kaltenbrunner (Chairman)
Prof. Dr. Siegfried Selberherr (Deputy Chairman)
Gerald Rogers (Deputy Chairman)
Michael Grimm
Klaus Iffland
Jacob Jacobsson
Johann Eitner (employee representative)
Günter Kneffel (employee representative)
Vida Uhde-Djefroudi (employee representative until November 21, 2014)
Dr. Günther Koppitsch (employee representative since December 4, 2014)

CORPORATE GOVERNANCE

As an Austrian company listed in Switzerland, ams AG ("ams") is subject to the compulsory regulations of the SIX Swiss Exchange's directive concerning information on corporate governance ("Swiss Corporate Governance Directive"). The Swiss Corporate Governance Directive is available at http://www.six-exchange-regulation.com/admission_manual/06_16-DCG/en/index.html. This chapter also contains the Corporate Governance report information according to the stipulations of Austrian law.

In this context, ams points out that Austrian Corporate Law differs from the Swiss model in terms of the structure of its corporate bodies, their duties and their accountability. Hereinafter, the Austrian terms for the corporate bodies will be used. Corporations that are not constituted according to the Swiss Code of Obligations are required correspondingly to meet the regulations of the Swiss Corporate Governance Directive, which is formulated in close correspondence with the Swiss Code of Obligations. Consequently there follows a brief description of the particular features of the Austrian organizational structure:

– The Management Board is responsible for company management and representation of the company; it holds the monopoly on company management and representation. It is not subject to instructions by the shareholders or the Supervisory Board, acting rather on its own responsibility and without instructions. Where the Swiss Corporate Governance Directive calls for information on the Executive Board, corresponding details on the Management Board are provided. Nevertheless, the function of the Management Board does not correspond exactly with that of the Swiss Executive Board.

– The Supervisory Board is in charge of appointing and dismissing the Management Board and, in particular, supervising it. Furthermore, specific legal transactions also require the Supervisory Board's approval. Where the Swiss Corporate Governance Directive calls for information on the Administrative Board corresponding details on the Supervisory Board are provided. Nevertheless, the function of the Supervisory Board does not correspond exactly with that of the Swiss Administrative Board.

– The Annual General Meeting, functioning as the supreme means of decision-making body for a company, is responsible for appointing and dismissing the members of the Supervisory Board and the appointment of the auditor. Where the Swiss Corporate Governance Directive calls for information on the General Meeting corresponding details on the Annual General Meeting are provided. The Swiss and Austrian legal systems differ with regard to these two institutions.

1. Corporate Structure and Shareholders

1.1 Corporate Structure

ams, with headquarters in Unterpremstätten, Austria, has been officially listed on the main segment of the SIX Swiss Exchange since May 17, 2004 (securities number 1808109; ISIN AT0000920863). On the date of reporting, the company had a market capitalization of approximately 2.66 billion CHF. ams' business activity is divided into the business segments Products and Foundry. The Products business segment consists of the Consumer, Communications, Industrial, Medical, and Automotive market areas, while the Foundry business segment comprises the Full Service Foundry area. The company manages its business via an Executive Team which includes managers responsible for managing the business areas within the framework of the strategy defined by the Management Board. These managers report directly to the Management Board of ams. Further information on the business segments is provided in the Notes to the Consolidated Financial Statements under item 1.

The company has active unlisted subsidiaries; there are no listed subsidiaries. The following table lists the company's direct active subsidiaries:

Company	Head office	Equity in EUR	Percentage of shares held
ams Germany GmbH	Munich	579,806	100 %
ams International AG	Rapperswil	70,528,766	100 %
ams France S.à.r.l.	Vincennes	-115,749	100 %
ams Italy S.r.l.	Milan	491,922	100 %
ams R&D UK Ltd.	Launceston	256,312	100 %
AMS USA, Inc.	Raleigh	869,045	100 %
ams Japan Co., Ltd.	Tokyo	165,705	100 %
ams Asia Inc.	Calamba City	16,238,456	100 %
ams Semiconductors India Private Ltd.	Hyderabad	234,967	100 %
ams R&D Spain SL	Valencia	74,266	100 %
Aspern Investment Inc.	County of Kent	606,128	100 %
AMS-TAOS USA Inc.	Plano	3,457,771	100 %
AppliedSensor Sweden AB	Linköping	14,116,909	100 %
acam-messelectronic GmbH	Stutensee	2,080,719	100 %

1.2 Significant Shareholders

As ams did not fall under the disclosure requirements set forth by Swiss law before May 1, 2013, the shareholdings described below relate to the time of notification or capital increase and may have changed subsequently:

In April 2008 Schroders plc, London, United Kingdom, notified a holding of 4.6% of the share capital. In September 2008 Dr. Berger, Vienna, Austria, notified a holding of 8.3% of the share capital as trustee. In July 2009 Dr. Johannes Heidenhain GmbH, Traunreut, Germany, notified a holding of 3.2% of the share capital and Kempen Capital Management, Edinburgh, United Kingdom, notified a holding of 9.2% of the share capital. In August 2009 Odin Fund Management, Oslo, Norway, notified a holding of 4.3% of the share capital and Pictet Asset Management, Zurich, Switzerland, notified a holding of 4.1% of the share capital. In February 2010 The Capital Group Companies, Inc., Los Angeles, USA, notified a holding of 3.0% of the share capital. In July 2010 FMR LLC, Boston, USA, notified a holding of 4.8% of the share capital.

Since May 1, 2013 ams is subject to article 20 of the Swiss Federal Law on Securities Exchanges and Securities Trading (SESTA) and the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (the FINMA Stock Exchange Ordinance). Pursuant thereto, ownership interests in companies with registered office outside of Switzerland whose equity securities are mainly listed in whole or in part in Switzerland must be notified both to the issuer company and to SIX Swiss Exchange when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33 1⁄3%, 50% and 66 2⁄3% of voting rights.

Information on significant shareholders or groups of shareholders filed with ams and the Disclosure Office of SIX Swiss Exchange in accordance with article 20 SESTA can be viewed on the Disclosure Office's publication platform at
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

1.3 Cross Shareholding
No cross shareholdings exist at this time.

2. Capital Structure

2.1 Capital
As of December 31, 2014, ams' ordinary capital amounted to nominally EUR 73,266,655.00, divided up into 73,266,655 no-par-value shares with a calculated nominal value of EUR 1.00 per share.

2.2 Authorized and Conditional Capital in Particular
(the figures shown below reflect the situation at the time of authorization)
Authorized Capital
In May 2012, the management board was authorized upon cancellation of the existing authorized capital (authorized capital 2011) to increase – if required in several tranches - the share capital of up to EUR 16,657,936.24 by issuing up to 6,876,546 new shares (no-par shares) against cash and/or contribution in kind and to determine, in agreement with the Supervisory Board, the par value, the terms of issue and further details of the implementation of the capital increase (authorized capital 2012).

Conditional Capital
In May 2005, the Annual General Meeting authorized the Management Board to increase the share capital by EUR 2,398,203.53 by issuing 990,000 new bearer shares for cash to provide cover for stock options granted to staff members and senior executives in the company and its subsidiaries, excluding the subscription rights of existing shareholders. The terms of issue are based on the provisions of the stock option plan approved by the Management Board on April 22, 2005 (Stock Option Plan 2005).

Furthermore, the management board was authorized in May 2012 to issue with the consent of the Supervisory Board - if required in several tranches and in different combinations, and also indirectly in the way of a guarantee for the issuance of financial instruments which grant the right of conversion of shares of the company by a company affiliated with the company – during a period of five years from the date of resolution, financial instruments pursuant to §174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, participating bonds, warrant bonds or profit participation rights, with a proportional nominal amount of up to EUR 14,653,185.86 which grant the right of conversion and/or subscription of a total of up to 6,048,967 shares of the company or are structured in a way to be shown as equity contribution. The amount of capital issued and the terms of the issue as well as any exclusion of shareholders' subscription rights to financial instruments are determined by the Management Board in agreement with the Supervisory Board.

2.3 Changes in Capital
In total, the ams Group's shareholders' equity amounted to EUR 409.51 million as of December 31, 2012, EUR 444.73 million as of December 31, 2013, and EUR 555.76 million as of December 31, 2014. Information about the changes in shareholders' equity over the last two reporting years is provided in the section entitled "Consolidated Statement of Changes in Shareholders' Equity according to IFRS from January 1, 2014 until December 31, 2014" in the financial section of this Annual Report.

2.4 Shares and Participation Certificates
On the date of reporting, ams' share capital consisted of 73,266,655 common no-par-value shares issued to bearer with a calculated nominal value of EUR 1.00 per share. Every bearer of a common share has the right to vote and is entitled to receive dividends; there are no preferential rights. All shares are equal in terms of the company's residual assets; all capital was paid in. There are no participation certificates.

2.5 Profit Sharing Certificates
There are no profit sharing certificates.

2.6 Restrictions on Transferability and Nominee Registration
The company only has bearer shares outstanding. There are no restrictions on transferability or corporate rules on nominee registration.

2.7 Convertible Bonds and Option Plan
On April 22, 2005, the Management Board approved a stock option plan for staff members and senior executives in the company and its subsidiaries (Stock Option Plan 2005). This provides for the issue of a total of 4,950,000 options over a period of four years. According to the conditions of SOP 2005, options forfeited back to the company may be re-issued until the end of the plan period. In 2013 no options were granted, so a total of 4,860,755 options have been granted (after deduction of forfeited options). One option entitles the bearer to buy one share in the company. 20% of the options issued can be exercised a year after issue at the earliest and the remainder in 20% installments for each further year after issue at the earliest. The last possible exercise date is June 30, 2015. The options' strike price is calculated from the average market price of the ams share over the three months prior to granting of the stock options, minus a discount of 25%. To fund the options issued, the conditional capital increase described in section 2.2 will be used. Differing from the practice in previous years, the options issued in 2012 were immediately exercisable at 60% at grant date and will be exercisable in the amount of 20% on the first and second anniversary of grant date. The options are non-transferable.

An additional Stock Option Plan (SOP 2009) was approved at the Annual General Meeting of April 2, 2009. Under the terms of SOP 2009, over a period of 4 years a total not exceeding 5,500,000 options on no-par company shares was to be granted, corresponding to around 10 % of the company's capital at the time of approval. Every option granted entitles the participant to purchase a no-par share in ams. Exercise of options is possible annually to the extent of 25% on the days of the first, second, third and fourth anniversaries of granting, i.e. in four equal tranches. The preferential price of the options is calculated from the average stock market price over the 3 months prior to granting of the stock options. All options granted must be exercised by June 30, 2017. Differing from the practice in previous years, the options issued in 2013 vest to the extent of 33% on the first, second and third anniversary of the grant for 50% of the granted options. The earliest date for exercising the other 50% of the granted options is the third anniversary of the options grant date depending on the achievement of the following criteria: (i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not to be lower than in 2012; adjusted for extraordinary impacts related to a positive long-term development of the business such as e.g. acquisition costs or financing costs). If this does not apply to the whole period but only to single calendar years, a quota of one third of the exercisability for the relevant year has to be taken into account. (ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but only to single calendar years (provided that earnings per share are not lower than in 2012), a quota of one third of the exercisability for the relevant year has to be taken into account.

In connection with the acquisition of TAOS Inc., the company has committed to grant options to certain employees of TAOS Inc. by issuing a Stock Option Plan, which – as far as legally possible - matches the number of options and the option plan which has been granted to those employees under the TAOS Inc. - „Equity Incentive Plan 2000". To fulfill this obligation, the management board of ams has adopted a new Stock Option Plan 2011 (SOP 2011), which the company's Supervisory Board approved on July 9, 2011. The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS Inc. plan. This price is in the range of USD 0.19 and USD 3.96. Certain employees of TAOS Inc., who held a small number of TAOS Inc. shares („small Shareholders"), were granted exercisable options for shares of the Company as compensation for shares of TAOS Inc. held by them prior to the transaction (vested options). The option exercise price for these options is CHF 8.27 which is the average of the market price of the shares of the company on the SIX Swiss Exchange within 30 days following the date of grant of options. The term of the unvested options will remain unchanged compared to the original TAOS Inc. plan. The options will expire between September 3, 2017 and June 8, 2021. The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

The supervisory and management boards have decided to adopt a new Stock Option Plan (SOP 2013) on August 28, 2013.The SOP 2013 comprises a maximum of 2,000,000 options, of which (i) up to 1,575,000 options may be granted to employees and executive employees and (ii) up to 235,000 options may be granted to the Chairman of the Management Board / Chief Executive Officer and up to 190,000 options may be granted to the Chief Financial Officer. This corresponds to 2.8% of the nominal capital of the Company at that time. Each option entitles the relevant employee, executive employee and/or managing director (collectively "Participants") to acquire one no-par value ordinary share of ams. The available options were to be granted during the year 2013 after prior resolution by the SOP committee. All options granted must be exercised by 30 June 2021.The exercise price for the new shares corresponds to the average strike price within the last three months before the granting of the stock options. For 50% of the granted options, options can be exercised to the extent of 33% of the grant on the first, second and third anniversary of the options grant date at the earliest. For the other 50% of the granted options, the earliest date for exercising is the third anniversary of the options grant date depending on the achievement of the following criteria: (i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not to be lower than in 2012; adjusted for extraordinary impacts related to a positive long-term development of the business such as e.g. acquisition costs or financing costs). If this does not apply to the whole period but only to single calendar years, a quota of one third of the exercisability for the relevant year has to be taken into account. (ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but only to single calendar years (provided that earnings per share are not lower than in 2012), a quota of one third of the exercisability for the relevant year has to be taken into account. In total, 1,571,005 options were distributed from SOP 2013.

The management board has decided to adopt a new Long Term Incentive Plan (LTIP 2014) on October 17, 2014. The LTIP 2014 comprises a maximum of 5,124,940 options. This corresponds to approximately 7% of the share capital of the Company at the time. Each option granted entitles each participant to purchase one share of the Company. The available options were to be granted during the year 2014 after prior resolution by the LTIP committee. All options granted must be exercised by October 17, 2024. The exercise price for the new shares is EUR 1.00. Issuance of the options is subject to the following criteria: a) approval of the plan by the annual general meeting in 2015; b) exercisability of 50% of the options depends on an increase of earnings per share measured over a period of three years compared to the earnings per share between 2013 and 2016; c) exercisability of the remaining 50% of the options depends on the comparison of total shareholder return over a period of three years (January 1, 2014 to December 31, 2016) to a defined benchmark group of semiconductor companies. The earliest date for exercise of options is three years after grant and the LTIP committee's decision about fulfilment of the above criteria. In 2014, 583,550 options were granted from LTIP 2014 to employees and management of the company.

3. Supervisory Board

On the reporting date, the company's Supervisory Board was composed of nine members, of whom three were employee representatives. The members were not employed as members of the company's or a subsidiary's management board and are therefore non-executive.

3.1 / 3.2 / 3.3 / 3.4 Members of the Supervisory Board, Other Activities, Vested Interests, Cross-Involvement, Election and Terms of Office
Insofar as nothing to the contrary is mentioned below, no material activities, vested interests or cross-involvements exist regarding the members of the Supervisory Board. Under the Corporate Governance Directive and the relevant comment by SIX Swiss Exchange, activities and vested interests are only indicated in listed Swiss and foreign organizations or ones that operate in the same or a related industry sector as the company.

Hans Jörg Kaltenbrunner (Chairman), born in 1957, Austrian citizen. Member of the Supervisory Board since 2009, Chairman since 2013. Re-elected in 2014, current term of office until 2019. Having studied at the Vienna University of Business and Economics, Hans Jörg Kaltenbrunner began his professional career at the Austrian Trade Delegation in Taipei, Taiwan as Deputy Trade Delegate in 1982. From 1985-1994, he assumed management positions at the Hong Kong branch and in the asset management group of Creditanstalt-Bankverein. Following appointments to the management boards of RHI AG and Austria Mikro Systeme AG, he has been a partner of Andlinger & Company since 2002 and has served as a member of management and supervisory boards of international industrial companies in this capacity.

Prof. Dr. Siegfried Selberherr (Vice Chairman), born in 1955, Austrian citizen. Member of the Supervisory Board since 2001, Vice Chairman since 2001. Re-elected in 2014, current term of office until 2019. After completing his studies in Electrical Engineering, Prof. Selberherr earned a doctorate in Technical Sciences. He has been a full professor at the Institute of Microelectronics at Vienna University of Technology since 1988 and was Dean of the Faculty of Electrical Engineering and Information Technology from 1998 to 2005. Prof. Selberherr is internationally recognized for his research in microelectronics, particularly in the field of technology computer-aided design (TCAD), and advises several international semiconductor companies.

Gerald Rogers (Vice Chairman), born in 1944, U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. A prolific engineer and successful businessman in the technology industry, he is Chairman of the board of directors for privately-held OnBoard Research, a musical instrument accessory company, and also serves as an advisor and investor to technology start-ups. He was a member of the board of directors for TAOS Inc. since 2003. Gerald Rogers began his career in 1969 at Texas Instruments in VLSI design and was promoted to Vice President and manager of the microprocessor division in 1981. In 1986, he became President and CEO of Visual Information Technologies. In 1987, he founded Cyrix, a highly successful microprocessor company focused on the PC market, serving as its CEO for almost a decade. Gerald Rogers earned his Bachelor's degree from the University of Houston.

Klaus Iffland, born in 1956, German citizen. Member of the Supervisory Board since 2006. Re-elected in 2014, current term of office until 2019. Having graduated in Mechanical Engineering and Business Studies, Klaus Iffland held executive positions at Audi AG in production, development and purchasing, and was head of purchasing from 1996. Since 2002 he has held executive positions at Magna International, a leading worldwide automotive supplier, first as a member of the management board of Magna Steyr Fahrzeugtechnik, then as President of Intier Automotive Europe and Magna Closures, VP Purchasing at Magna International Europe and VP Procurement & Supply at Magna Steyr. Since 2008 he is VP Global Purchasing Magna International Europe; in July 2011 he additionally assumed responsibility for Magna Logistics Europe and joined the Management Board of Magna Europe.

Michael Grimm, born in 1960, German citizen. Member of the Supervisory Board since 2009. Re-elected in 2014, current term of office until 2019. Michael Grimm studied Management at the University of Frankfurt and then worked as a tax consultant and auditor at Arthur Andersen Wirtschaftsprüfungsgesellschaft, lately as a partner and head of the Leipzig office. From 1997 until 2001 he was at Hoechst AG with responsibility for group accounts and was involved in the transformation of Hoechst AG into Aventis. From 2002 until 2005 Michael Grimm was director of finance, accounting and investments at Grohe Water Technology AG & Co. KG, then Managing Director of Triton Beteiligungsberatung GmbH, an investment company with holdings in medium-sized companies in Germany and Sweden. Since 2008 he has been Commercial Director of Dr. Johannes Heidenhain GmbH.

Jacob Jacobsson, born in 1953, Swedish and U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. Jacob Jacobsson has held CEO positions at Blaze DFM, Inc., Forte Design Systems and SCS Corporation, and executive positions at Xilinx Inc., Cadence Design Systems, and Daisy Systems. He has served on the board of directors at Actel Corp., and currently serves on the boards of a number of privately-held companies in the United States and Europe. He was a member of the board of directors for TAOS Inc. since 2003. Prior to his management career, Jacob Jacobsson was active in the fields of IC design and automated design of semiconductor chips. He holds M.S. degrees in Computer Science and Electrical Engineering from the Royal Institute of Technology (KTH, Stockholm) and a B.A. degree from the University of Stockholm.

Johann C. Eitner (Employee Representative), born in 1957, Austrian citizen. Member of the Supervisory Board since July 1994. Re-elected in 2014, current term of office until 2018. Chairman of the Workers' Council and Employee Representative on the Supervisory Board since 1994. During his more than 35-year career, Johann Eitner has been employed as an electrician in various positions and, since 1984, as supervisor in the mask lithography department at ams. He was trained as an electrician.

Günter Kneffel (Employee Representative), born in 1968, Austrian citizen. Member of the Supervisory Board since March 1999. Re-elected in 2011, current term of office until 2015. Chairman of the Employee Council and Employee Representative on the Supervisory Board since 1999. After completing his studies in RF Engineering and Electronics, Günter Kneffel gained more than 15 years of professional experience as a process engineer for photolithography and graduated in law in 2010 (Magister der Rechtswissenschaften).

Vida Uhde-Djefroudi (Employee Representative), born in 1959, Austrian citizen. Member of the Supervisory Board since 2012 until November 2014. Member of the Employee Council since 2003. Vida Uhde-Djefroudi studied at Graz University of Technology and received a degree in Electrical Engineering. She joined ams in 1994 as an analog circuit designer and has been focusing on high voltage design since 2003.

Dr. Günther Koppitsch (Employee Representative), born in 1950, Austrian citizen. Member of the Supervisory Board since December 2014, current term of office until 2015. Member of the Employee Council since 2007. Dr. Koppitsch studied at Graz University of Technology and University of Graz and received a degree in Experimental Physics, Geophysical Science and Physical Chemistry. He joined ams in 1985 and, following assignments in Design and Process Technology, works in Research & Development.

Unless decided otherwise by the Annual General Meeting, members of the Supervisory Board are elected for the longest term possible in accordance with the Austrian Stock Corporation Act, i.e. until the end of the Annual General Meeting that decides on their discharge for the fourth business year after the election. For this purpose, the business year in which they were elected is not included in the calculation. Individual election or election as a group are both possible under the Articles of Association and the Austrian Stock Corporation Act. The Articles of Association do not stipulate any staggering of the Supervisory Board members' terms of office.

3.5 Internal Organization

3.5.1 Allocation of tasks in the Supervisory Board

Both the Management Board and the Supervisory Board have rules of procedure. The Supervisory Board has a Chairman and two Vice Chairmen. The Supervisory Board can appoint one or more committees from its midst for the purpose of preparing its negotiations and resolutions or monitoring the implementation of its resolutions. The Supervisory Board of ams has formed the following committees: Staff Committee, Financial Audit Committee, Nomination Committee and Emergency Committee.

3.5.2 Members list, tasks and area of responsibility for all committees of the Supervisory Board

– Staff Committee

The Staff Committee is responsible for negotiating and passing resolutions on the relationship between the company and the members of the Management Board except resolutions on appointments and dismissals of members of the Management Board (signing, adaption and termination of the employment contracts for members and remuneration for the Management Board, etc.) The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers and Johann C. Eitner.

– Financial Audit Committee
The Financial Audit Committee is, amongst other things, in charge of examining the annual financial statements, the management report and the proposal on the appropriation of profits, preparing the reports to be submitted to the Annual General Meeting and discussing the audit report with the auditor. The members of this committee are Michael Grimm (Chairman), Jacob Jacobsson, Hans-Jörg Kaltenbrunner, Johann C. Eitner, and Günter Kneffel.

– Nomination Committee
The Nomination Committee is responsible for preparing proposals to the Supervisory Board regarding appointments to executive positions that become available on the Management Board, strategies for succession planning and proposals to the Annual General Meeting regarding appointments to positions that become available on the Supervisory Board. The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers, Prof. Siegfried Selberherr, Jacob Jacobsson, Johann C. Eitner, and Günter Kneffel.

– Emergency Committee
This committee was formed as part of the implementation of Rule 39 of the Austrian Corporate Governance Code (see section "Austrian Corporate Governance Code" at the end of this chapter). The Emergency Committee is set up to discuss the affairs of the Supervisory Board in cases of imminent danger ("danger in delay") and, if the situation absolutely requires it, to decide on them. The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers, Prof. Siegfried Selberherr, Johann C. Eitner, and Günter Kneffel.

3.5.3 Working procedures of the Supervisory Board and its committees
The meetings of the Supervisory Board are presided over by the Chairman and, in his absence, by a Vice Chairman. Resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Chairman's vote is decisive. In principal the Management Board also attends the Supervisory Board's meetings. Unless the chairman of the meeting decides otherwise, the Management Board is merely granted an advisory vote. The Supervisory Board is entitled to request written reports on corporate affairs and managerial issues from the Management Board at any time. A committee is entitled to adopt a resolution which is binding for the Supervisory Board only in cases where the committee has been granted such decision-making power by the Supervisory Board in advance. The Supervisory Board appoints a committee member as Committee Chairman and an additional committee member as the Chairman's deputy. Committee resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Committee Chairman's vote is decisive.

The Supervisory Board normally convenes five times a year. During the past year, the Supervisory Board convened a total of eight times with sessions lasting an average of around seven hours. The Staff Committee convened a total of three times with sessions lasting an average of around one hour. The Financial Audit Committee convened a total of four times with sessions lasting an average of around one hour. The Nomination Committee convened a total of two times with sessions lasting an average of around one hour. The Emergency Committee did not convene. In the past year no member of the Supervisory Board failed to attend more than half of the meetings of the Supervisory Board.

3.6 Definition of Area of Responsibility
The Management Board of ams acts on its own responsibility and is not subject to instructions from the shareholders or the Supervisory Board. Specific legal transactions individually listed in the Austrian Stock Corporation Act require approval by the Supervisory Board. The Supervisory Board supervises the business conduct of the Management Board. The Management Board clears the company's strategic orientation with the Supervisory Board and discusses the status of strategy implementation with the Supervisory Board at regular intervals.

3.7 Information and Control Instruments vis-à-vis the Management Board
The company possesses a Risk Management System, a Management Information System (MIS) and an internal audit function. Within the framework of the Risk Management System, recognizable risks in numerous areas of the company are compiled and assessed at least twice a year. Further details on the Risk Management System are given in item 8 of the Group Management Report. The principal results are subsequently evaluated by the Management Board and brought to the attention of the Supervisory Board. The company's MIS compiles a multitude of performance indicators from various areas of the company as well as comprehensive financial information and promptly makes them available to management as processed files in electronic form. The Supervisory Board receives monthly and quarterly reports based on information from the MIS. The internal audit function compiles four audit reports per year which are made available to the Supervisory Board and cover specific areas of audit jointly defined by the Management and Supervisory Boards.

4. Management Board

4.1 / 4.2 Members of the Management Board, Other Activities and Vested Interests
Insofar as nothing to the contrary is mentioned below, no material activities or vested interests exist regarding the members of the Management Board.

Kirk S. Laney, born in 1957, U.S. citizen. Chairman of the Management Board since May 2013. Contract term until 2016. Kirk Laney began his 30-year semiconductor industry career in 1980 when he joined the Linear Products Group at Texas Instruments where he was promoted in 1993 to Operations Manager for the Optoelectronics Business Unit. Under his leadership, a core team was assembled to enable the Intelligent Opto Sensor (IOS) strategy. In 1998, under a technology license, Kirk Laney and five colleagues spun off the Optoelectronic Products Group into Texas Advanced Optoelectronic Solutions, Inc. (TAOS) which he led from a niche market provider to a worldwide leader and technology innovator of opto-sensor solutions. Kirk Laney served as CEO of TAOS since its foundation and headed ams' opto-sensor and lighting business as Executive Vice President following ams' acquisition of TAOS in 2011. Kirk Laney holds a Bachelor of Science degree in Physics from Midwestern State University and four patents in opto-electronic packaging.

Michael Wachsler-Markowitsch, born in 1968, Austrian citizen. Member of the Board responsible for finance since February 2004. Contract term until 2016. He has been with ams since 2001, holding the position of Chief Financial Officer (CFO) since 2003. During his more than 20-year career, Michael Wachsler-Markowitsch was finance director of Ahead Communications AG and worked as a consultant and auditor for international mandates at KPMG Austria. He has extensive experience in accounting, corporate finance and tax consultancy. Michael Wachsler-Markowitsch studied Business Administration at Vienna University of Business and Economics (Magister degree) and founded

Dynaconsult GmbH, an IT consulting firm, during the same period. He is member of the Management Board of the Styrian Federation of Industry and heads the representative body for the electrical and electronics industries at the Styrian Chamber of Commerce.

Dr. Thomas Stockmeier, born in 1958, German citizen. Member of the Board responsible for operations since November 2014. Contract term until 2017. He joined ams in April 2013 as Executive Vice President and General Manager of the Industrial & Medical business. In July 2014, he was appointed Executive Vice President and General Manager of the Division Sensors and Sensor Interfaces as well as Corporate Technology. Dr. Thomas Stockmeier has 29 years of broad experience in the electronics industry, gained with ABB in Switzerland and the U.S. where he spent 13 years holding various positions in R&D and management. Before joining ams, he worked at SEMIKRON for 13 years as Member of the Management Board and Chief Technology Officer (CTO) responsible for R&D, Operations, and Quality. Dr. Thomas Stockmeier received a Diploma Degree in Material Science and a Doctorate Degree in Electrical Engineering from the University of Erlangen-Nuremberg.

4.3 Management Contracts
There are currently no management contracts.

5. Compensation, Shareholdings and Loans

5.1 Content and Method of Determining Compensation and Share Ownership Programs
The Annual General Meeting is in charge of determining the remuneration of the company's Supervisory Board. A shareholder may submit a proposal for resolution to the Annual General Meeting.

The remuneration and share ownership programs of the individual Management Board members are determined annually by the Supervisory Board's Chairman and its two Vice-Chairmen. The Supervisory Board is informed about the developments in this process. The Management Board members do not have a right to attend these meetings of the Supervisory Board Chairman and its two Vice-Chairmen. In 2014, an external adviser was consulted regarding the design and implementation of remuneration and share ownership programs; he had no other mandates with the company.

The amount of the variable part of the remuneration is determined according to the fulfillment of annually determined performance targets for the members of the Management Board. For the year under review, the amount was based on targets for revenues and operating result (EBIT), with the level of achievement taking into account 50% each for revenues and operating result (EBIT). The determination of the annual compensation includes an external benchmarking of the remuneration and remuneration structure with respect to comparable positions in the electronics sector in Austria, Germany and Switzerland. Further details are given in the Notes to the Consolidated Financial Statements under item 28 regarding the remuneration and under item (m) of the Significant Accounting Policies regarding the terms and structure of the share ownership programs.

In the period under review, the variable part of the remuneration was 100% of the basic remuneration for the Chairman of the Management Board, the CFO, and the COO.

One Management Board member receives a severance pay of two gross monthly salaries per year of service up to a maximum of two yearly gross salaries. In case of termination of his Board membership this Management Board member has a claim in the amount of the severance pay. There are no further claims from company pension schemes or in case of termination of Board membership. D&O insurance is in place for members of the Management Board and for members of the Supervisory Board.

5.2 Remuneration report in keeping with Arts. 14 to 16 Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC)
Regarding compensation for acting Board members, the relevant details are available in the Notes to the Consolidated Financial Statements under item 28.

In the year under review, former Board members were not granted any compensation.

6. Shareholders' Right of Participation

6.1 Voting Rights and Representation Restrictions
All shareholders of ams hold common bearer shares. Every share entitles its bearer to one vote at the Annual General Meeting. There are no voting right restrictions. Voting by proxy is only possible with a written power of attorney which remains with the company.

6.2 Statutory Quorums
The resolutions passed by the Annual General Meeting require the majority of the votes cast (simple majority) insofar as the Austrian Stock Corporation Act or the Articles of Association do not foresee a larger majority or additional requirements. ams' Articles of Association do not call for a higher number of votes than those required by the Austrian Stock Corporation Act.

6.3 Convocation of the Annual General Meeting
Pursuant to the Austrian Stock Corporation Act, the Annual General Meeting is convened by the Management Board. In accordance with the company's Articles of Association, the Annual General Meeting shall be convened at least 28 days prior to the appointed date. The convocation is published in the "Wiener Zeitung" and announced in "Finanz & Wirtschaft".

6.4 Agenda
In compliance with the Austrian Stock Corporation Act, the agenda proposed for the Annual General Meeting shall be published in connection with the convocation of said meeting. Within 21 days prior to the date of the Annual General Meeting, a minority of 5% of the ordinary capital may demand that the agenda of a previously convened Annual General Meeting shall be supplemented. Those proposing must have been in possession of the shares for at least three months prior to making their proposal and must hold the shares until the decision is reached regarding the proposal.

6.5 Inscriptions into the Share Register
The company only has bearer shares outstanding and therefore does not keep a share register.

7. Changes of Control and Defense Measures

7.1 Duty to Make a Public Offer
Since ams is an Austrian corporation mainly listed in Switzerland, the regulations of the Swiss Federal Law on Securities Exchanges and Securities Trading (SESTA) regarding public takeover offers apply at the reporting date. Under article 32 para. 1 SESTA, anyone acquiring equity securities with 33 1⁄3% or more of all voting rights must mandatorily make a public tender offer. The Articles of Association of ams contain neither an opting-up clause (in other words, they do not raise this

percentage threshold) nor an opting-out clause (i.e., they do not waive the requirement of a tender offer). At the same time, the regulations of Austrian takeover law relating to offer obligations do not apply to ams.

7.2 Clauses on Changes of Control
At the reporting date, no clauses on changes of control existed in agreements or plans involving members of the Supervisory Board, the Management Board or other members of management.

8. Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor
The existing auditing mandate was assumed by KPMG Alpen-Treuhand GmbH, now KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on May 22, 2014. The audit partner responsible for this mandate, Dr. Johannes Bauer, took office for the first time for fiscal year 2010.

8.2 Auditing Fees
The auditing firm charged auditing fees amounting to EUR 140,000.00 during the year under review.

8.3 Additional Fees
The auditing firm charged fees for additional consulting services amounting to EUR 54,458.04 during the year under review.

8.4 Supervisory and Control Instruments Pertaining to the Audit
The auditor reports regularly to the Supervisory Board's Financial Audit Committee both orally and in writing. In the period under review, the auditor attended two Supervisory Board meetings and three Financial Audit Committee meetings.

The auditor is monitored and evaluated by the Supervisory Board's Financial Audit Committee at regular intervals. The auditor is selected on the basis of a tendering process that takes a catalog of criteria into account. The auditor's remuneration is checked regularly against prevailing market fees. The lead auditor for the company rotates every five years.

9. Information Policy

ams is committed to an open and transparent information policy towards the stakeholders. All important information on the development of business and the share price (reports, financial calendar and share price data) is available on the company website www.ams.com under the "Investor" tab. The company's ad-hoc publications are available via www.ams.com/eng/Investor/Financial-News/Ad-hoc and can be subscribed via www.ams.com/eng/Investor/Investor-Contact/Subscribe. Share-price-influencing events are published promptly through the media and on the website. ams issues quarterly reports regarding the development of its business. The publications are made available in electronic form. The Annual Report may also be made available in a printed version. For the company's contact details, refer to the publishing information at the end of the Annual Report.

Advancement of Women
ams is committed to facilitating the career development of women in management positions and to increasing the share of women in its workforce over the medium term. However, as a highly technical company in a high-tech industry it remains difficult for ams to increase the ratio of women in management positions in Austria as well as internationally. The share of women in management positions (except Management Board members) was 11% in fiscal year 2014 (12% in fiscal year 2013), while the overall share of women in the company's workforce was 28% last year. According to its Code of Conduct, ams refrains from any form of discrimination based on, for example, race, religion, political affiliation, and in particular gender.

FINANCIAL INFORMATION

Group Management Report 2014

1 Overview of the Economic Environment and the Past Financial Year

The global semiconductor industry continued to develop positively in 2014, and benefited from a favorable positive macroeconomic environment in key regions. Total sales of the global semiconductor industry increased by 9.0% to USD 333.0bn in 2014 while in 2013 market volume had increased by 4.8% to USD 305.6bn. The relevant market segment for ams, analog semiconductors, showed a slightly higher growth of 10.1% to USD 44.2bn in 2014 (previous year: USD 40.1bn). [1)]

More than 30 years of experience in the analog segment, continuous innovation and high performance IC solutions give ams a competitive edge. The company's clear focus within the analog semiconductor market and significant investments in research and development strengthened ams´ position as a market-leading supplier of high-performance analog ICs and sensors in 2014. Based on numerous high-value design-wins with major OEMs ams' business developed very positively last year which resulted in full year revenues growing by 23% to EUR 464.4m.

The company's customers value the competence of ams in sensors, sensor interfaces, power management- and wireless solutions offering ultra low energy consumption, highest accuracy and excellent analog performance. ams´ worldwide sales and support network enables the company to cover relevant end markets in Europe Asia and North America and participate in global market growth.

The product range of the company includes the Consumer & Communications, Industry, Medical and Automotive markets.

The company's Consumer & Communications business recorded impressive growth in 2014 which was predominantly driven by high volume product introductions for two leading global smartphone OEMs. On the back of this success ams expanded its market position as a major supplier of advanced sensor and analog solutions for smartphones, tablet PCs and mobile device even further last year.

ams' light sensor product area recorded the largest share of group revenues again last year as ams remained the worldwide market leader in advanced light sensors. ams holds a particularly strong position in the market for mobile devices and is a respected partner for leading global smartphone and tablet PC vendors given its technological edge.

The company's innovative gesture sensor solution combines high advanced gesture sensing with RGB color sensing, proximity sensing, and mobile coupon redemption in a very compact module. The solution started shipping in high volumes at the end of the first quarter 2014 to consumer OEMs including a worldwide smartphone leader. With the increasing market acceptance of gesture recognition ams sees further attractive growth opportunities in this market going forward. ams also shipped very high volumes of other ambient light and proximity sensors for a wide variety of devices last year, including a growing share of RGB color sensors for sophisticated display management.

ams' wireless business for RFID and NFC solutions developed into an important growth driver for the company last year, in line with expectations. ams' NFC antenna booster solution, which is currently

1) Source: WSTS, December 2014

unrivalled, started shipping in very high volumes into a new global smartphone platform for a worldwide leader in smartphones and tablet PCs at the beginning of the third quarter 2014. The NFC booster ensures reliable and simple NFC mobile payments for smartphones and other devices and plays an important role in NFC implementations setting new standards for performance and user experience. ams holds a strong market position in NFC focusing on continuous innovation and is convinced that the market success of its solutions will lead to further significant growth of this product line in 2015 and the coming years.

The MEMS microphone interface product area performed well in 2014 with very high unit shipments. As the clear market leader ams concentrates on advanced audio solutions for mobile devices such as smartphones and tablet PCs in a dynamic market environment. At the same time, ams was able to attractively position its innovative power management solutions for mobile devices in customer designs last year and sees interesting growth opportunities in new applications besides existing customers.

In its industrial business ams saw solid growth in 2014 which was mainly driven by an attractive demand environment in the industrial end market. As a leading supplier of sensors and sensor interfaces, ams benefitted from its top tier position in the markets for industrial and factory automation, building control, and industrial sensors which recorded growth last year. Based on its broad portfolio of advanced sensor solutions for a variety of applications ams is a valued partner to globally successful OEMs and regarded as a technology specialist focused on innovation. As a result, ams was able to expand its market position further last year.

ams' medical business showed a positive development in 2014 and continued to demonstrate ams' impressive analog expertise through highly advanced sensor and sensor interfaces. In the core area Medical Imaging for computed tomography (CT), digital X-ray, ultrasound and mammography, the company's high resolution imaging sensors define the state-of-the-art offering significantly improved diagnostics and additional advantages for patients and doctors. ams expanded its medical business in Asia last year adding attractive design-wins and new customers for specialty sensor solutions. ams' long-term oriented medical business is characterized by strategic partnerships with leading medical systems OEMs.

ams' automotive business recorded another year of robust growth in 2014 driven by healthy demand trends in the automotive market and new vehicle platform launches. ams' high performance sensor and position measurement solutions and innovative solutions for safety systems, such as collision avoidance, and battery power management are successful worldwide making ams a valued partner for leading system suppliers. ams grew its extensive project pipeline last year and is well positioned to benefit strongly from the continuous rise in sensors and fast adoption of new sensor technologies in vehicles.

ams' business segment Foundry which manufactures analog and mixed-signal ICs for customers using specialty processes performed well again in 2014 and contributed attractively to the company's results. The business segment is positioned as a full service provider offering a broad spectrum of additional services from design support to final test and holds a leading market position as an analog foundry for specialty processes.

To support ongoing growth and the future development of the company ams took a significant investment in hand last year to expand its wafer fabrication facility at the company's headquarters. The first part of this meaningful capacity expansion was successfully completed and ramped in the second half of 2014 while the second part of the expansion is already underway and will be completed in the current year.

2 Business Results

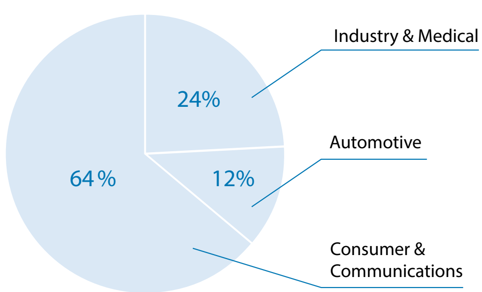
2.1 Development of Revenues

Consolidated group revenues for the financial year 2014 increased by 23% to a record high of EUR 464.4m compared to EUR 377.8m in 2013. This very positive development was primarily due to robust demand in the target market Consumer & Communications (+32%) as well as good overall demand for ams´ solutions in the Automotive, Industry and Medical markets. The strong revenue growth in the Consumer & Communications business resulted from the market success of major smartphone OEMs relying on innovative ams solutions. The positive trend in ams' Automotive, Industry and Medical business, on the other hand, was supported by the attractive macroeconomic development in particular

The revenue breakdown by markets is shown below:

in millions of EUR	2014	% of revenues	2013	% of revenues	Change in %
Consumer & Communications	296.6	64%	224.4	59%	+32%
Automotive	57.0	12%	48.5	13%	+18%
Industry & Medical	110.8	24%	104.9	28%	+6%
	464.4		**377.8**		

Revenue breakdown by markets



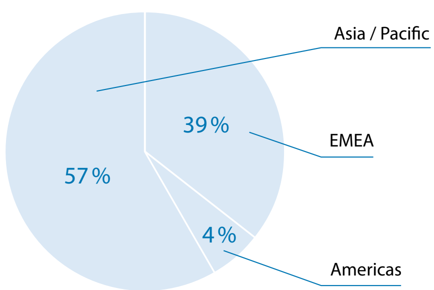
The distribution of revenues by region does not reflect the demand situation in the company's target markets, but the recipients place. Business in the EMEA region showed a very positive development in 2014 with revenues growing considerably compared to the previous year, in particular, due to a major customer in Asia.

The expansion of the company's sales and distribution network also continued last year enabling the addition of new customers and a higher market presence in all regions. Against this backdrop, ams expects all regions to contribute to the overall growth of the company going forward.

The revenue breakdown by region (based on billing location) is shown below:

in millions of EUR	2014	% of revenues	2013	% of revenues	Change in %
EMEA	182.9	39%	131.7	35%	+39%
Americas	18.7	4%	22.7	6%	-18%
Asia / Pacific	262.8	57%	223.4	59%	+18%
	464.4		**377.8**		

Revenue breakdown by region



2.2 Orders Received and Order Backlog

Given robust order patterns in key markets, orders received increased also significantly over the course of the year growing by 39% from EUR 364.2m in the previous year to EUR 504.6m in 2014.

ams' year-end order backlog rose by 71% from EUR 76.6m at year-end 2013 to a record high of EUR 131.3m on December 31, 2014 which creates an attractive basis for 2015.

Revenues and orders developed as follows:

in millions of EUR	2014	2013	Change in %
Revenues	464.4	377.8	+23%
Orders received	504.6	364.2	+39%
Total order backlog	131.3	76.6	+71%

2.3 Earnings

Gross profit increased substantially to EUR 253.2m in 2014 compared to EUR 198.0m in the previous year.

The company's full year gross margin rose to 55% in 2014 (adjusted for effects resulting from acquisition related purchase price allocation) compared to 52% in the previous year (adjusted for effects resulting from acquisition related purchase price allocation). This attractive development was mainly driven by the full capacity utilization of the company's production facilities last year and an improved product mix with better margins. At the same time, prices for the company's products showed a slight overall decline during the year.

Research and development costs as well as marketing and sales expenses showed an increase in 2014 compared to the previous year which was due to significant product development efforts, the expansion of the sales network and a continued increase in personnel cost. Administrative costs were also higher than for the year before because of an increase in personnel costs. Given the strong revenue growth in relation to a relatively lower increase in fixed costs, the operating result (EBIT) for the year 2014 increased strongly by EUR 41.5m to the record level of EUR 105.4m. In parallel to the increase in EBIT, EBITDA (earnings before interest and taxes plus depreciation and amortization) increased by EUR 43.6m to EUR 142.7m.

Net income increased to EUR 97.5m in 2014 compared to EUR 60.8m in 2013. The return on equity reached 18% compared to 14% for 2013 while the return on revenues grew from 16% to 21% in 2014.

in millions of EUR	**2014**	**2013**	**Change in %**
Gross profit on revenues	253.2	198.0	+28%
Gross margin	55%	52%	
Gross margin (excluding acquisition-related costs)	56%	55%	
EBITDA	142.7	99.1	+44%
Operating result (EBIT)	105.4	63.9	+65%
EBIT margin	23%	17%	
Financial result	-1.2	-0.5	-166%
Result before tax	104.1	63.4	+64%
Net result	97.5	60.8	+60%
Return on equity	18%	14%	
Return on revenues	21%	16%	

2.4 Assets and Financial Position

The balance sheet structure shows a high ratio of fixed to total assets, common to the semiconductor industry. The share of intangibles and property, plant and equipment in the total assets decreased slightly from 59% in the year 2013 to 54% in the reporting period.

The investments in fixed assets affecting cash (capital expenditures) of EUR 70.1m were higher than the current depreciation and amortization of EUR 37.3m and amounted to 15% of full year revenues (2013: 12%). The ratio of equity to fixed assets reached 104% in 2014 compared to 111% in the previous year. During the financial year the company acquired the companies AppliedSensor Sweden AB and acam-messelectronic GmbH.

The fixed assets include a deferred tax asset of EUR 34.1m (previous year: EUR 33.3m). Under the current tax legislation, this tax asset can be carried forward indefinitely but is expected to be used to offset profit taxes within the next five years.

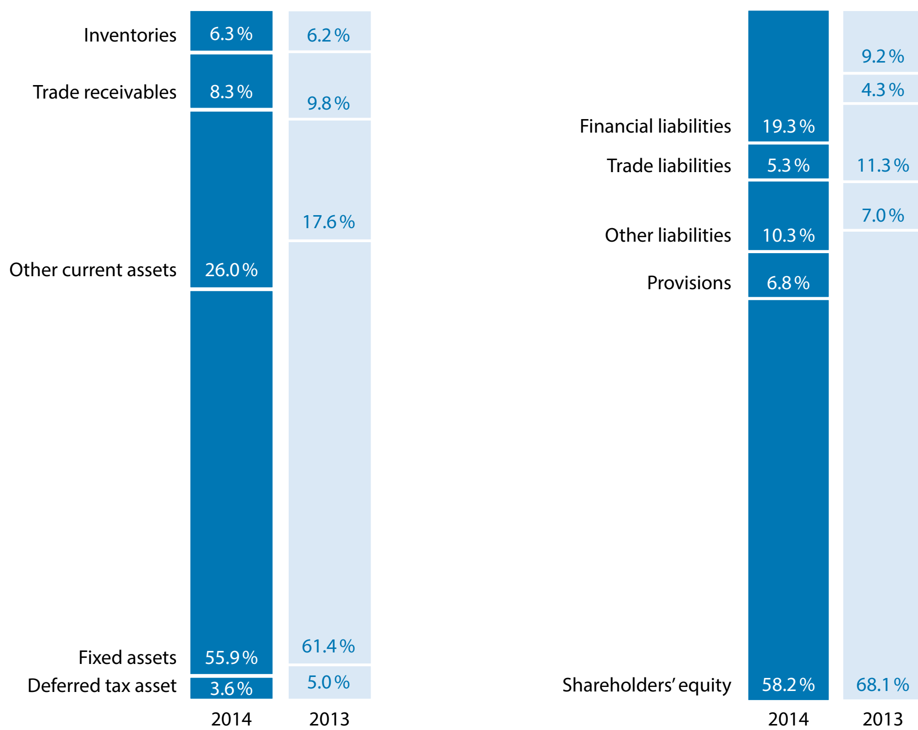
Inventories amounted to EUR 59.9m at the end of 2014 (2013: EUR 40.5m). An especially high revenue increase at a continuing high level of capacity utilization together with an increased inventory turnover led to a higher value compared to the year before.

Trade receivables at balance sheet date increased to EUR 79.0m due to the significant share of fourth quarter revenues (2013: EUR 63.7m). The average period of outstanding receivables showed a slight increase compared to the previous year.

Financial liabilities increased by EUR 124.5m to EUR 184.6m from EUR 60.1m in 2013, due to taken long-term loans (making use of the historical low interest rate level) for securing liquidity. Net debt was completely eliminated in the past financial year. As a result, net financial assets were EUR 45.0m at balance sheet date (2013: EUR 44.2m). Group equity increased by 25% to EUR 555.8m as a consequence of the positive development of the net result.

Assets in millions of EUR	**2014**	**2013**
Inventories	59.9	40.5
Trade receivables	79.0	63.7
Other current assets	247.9	114.9
Fixed assets	534.1	400.7
Deferred tax asset	34.1	33.3
Total assets	**955.0**	**653.0**

Equity and liabilities	**2014**	**2013**
Financial liabilities	184.6	60.1
Trade liabilities	51.0	28.3
Other liabilities	98.8	73.9
Provisions	64.7	46.0
Shareholders' equity	555.8	444.7
Total equity and liabilities	**955.0**	**653.0**



Given the higher gross debt the company's debt-to-equity ratio increased to 33% compared to 14% in the previous year. At the same time, the equity ratio decreased to 58% (2013: 68%).

	2014	2013
Equity ratio	58%	68%
Debt to equity ratio	33%	14%
Equity to fixed assets ratio	104%	111%

Key figures are directly derivable from the group financial statements.

2.5 Cash Flow

The operating cash flow increased to EUR 130.2m in 2014 compared to EUR 100.2m in the previous year. This improvement was primarily due to the strong growth of the company's operating result. The cash flow from investing activities was EUR -108.9m (2013: EUR -46.8m) including EUR 70.1m of expenditures for intangible assets, property, plant and equipment (2013: EUR 47.1m). Free cash flow amounted to EUR 21.2m (2013: 53.4m). The company's available liquidity increased in 2014 as cash including short-term investments grew from EUR 104.3m at year-end 2013 to EUR 229.6m at the end of 2014.

in millions of EUR	2014	2013	Change in %
Operating cash flow	130.2	100.2	+30%
Cash flow from investing activities	-108.9	-46.8	-133%
Free cash flow	21.2	53.4	-60%
Cash flow from financing activities	99.1	-37.9	+361%
Cash and cash equivalents	203.7	83.4	+144%

3 Research and Development

ams' technological leadership in the design and manufacture of high performance analog ICs is based on more than 30 years of intensive research and development activities. In order to secure and strengthen its leading position, the company makes significant investments in research and development on a continuous basis. Research and development expenses amounted to EUR 77.0m last year (17% of revenues) compared to EUR 68.5m in the year before (18% of revenues). Research and development activities mainly comprised the areas Sensors and Sensor Interfaces, Power Management and Wireless for product development as well as the development of specialty variants of CMOS and SiGe processes for high-voltage and high-frequency applications. The average number of employees in research and development was 390 in 2014 (2013: 346).

ams' R&D activities again allowed the filing of a large number of international patents and the publication of numerous papers in international specialist journals and at trade conferences last year.

4 Purchasing and Manufacturing

In purchasing, ams was able to slightly reduce the costs for raw materials and assembly services in the year under review which had a positive effect on the gross profit margin. Given continuously rising personnel costs the cost pressures in manufacturing nevertheless remain high.

Internal production capacity was fully utilized throughout the whole year 2014. As a consequence, the average capacity utilization across all manufacturing areas was 100% over the reporting period. Any unabsorbed fixed costs have been recorded in the income statement.

Gross margin for the year 2014 improved further to 55% (2013: 52%) due to a favorable product mix, high capacity utilization in manufacturing and a focus on innovative, higher margin products.

Due to the positive demand environment for its products ams expects another year of very high capacity utilization in 2015.

5 Employees

On average, ams had 1,636 employees in 2014 (2013: 1,394) of which 922 worked at the company headquarters in Unterpremstätten (2013: 863). The increase in personnel includes 145 employees from the expansion of production in Unterpremstätten and the Philippines.

ams recognizes its responsibility as one of the most important employers in the region. The company again offered a wide range of internal and external training and development opportunities for all employees last year and provided training positions for apprentices.

ams attempts to retain its employees with the help of a long-term remuneration system. A profit sharing program for all ams employees augments the existing employee stock option and incentive programs by way of an attractive direct component. The profit sharing program expresses ams' belief that its employees are the company's most important success factor and honors every employee's contribution to ams' success.

Owing to the attractive increase in earnings in 2014, the total amount for distribution which depends on the operating profit before taxes in relation to full year revenues (EBT margin) increased significantly and totals EUR 13.9m for 2014 (2013: EUR 3.5m).

Moreover, active internal corporate and employee communications as well as regular employee events as a company tradition serve to ensure employees' identification with the company.

6 Environment

Acting responsibly towards the environment is a basic principle for ams in its business operations. ams is dedicated to meeting the highest ecological standards as well as using resources and the environment conservatively. ams has therefore been certified to ISO 14001:2004 for a number of years.

Sustainability and efforts to preserve environmental resources and reduce energy costs and carbon dioxide emissions are major concerns for ams which have been supported by a range of activities for many years. Based on a thorough analysis of ams' carbon dioxide emission sources in 2009, measures to achieve continuing further reductions in carbon dioxide emissions are being defined each year.

ams also submits information on its carbon dioxide emissions to the Carbon Disclosure Project, a global transparency initiative which has created the world's largest freely available database of corporate carbon dioxide emissions.

7 Subsidiaries and Branch Facilities

ams currently has subsidiaries in Switzerland, Italy, Germany, France, the United Kingdom, Spain, Sweden, the USA, the Cayman Islands, the Philippines, China, Japan, Korea, Slovenia and India. The subsidiaries in the USA, Switzerland, Italy, Spain, the United Kingdom, Slovenia, Germany and India carry out development, marketing and sales activities, while the subsidiaries in France, China and Japan are active in marketing and sales and technical support. The subsidiary in the Philippines is responsible for production activities in testing, while the subsidiary in Korea is responsible for sales and assembly in the region. Branch facilities exist in Hong Kong, Singapore and Taiwan.

Principal shareholdings: The existing investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), remained unchanged at 33.5%. Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings develops high end packaging technologies and offers advanced packaging services. The investment in New Scale Technologies, Inc., Victor, New York (USA), also remained unchanged at 34.5%. New Scale Technologies develops piezo-based miniature motor technologies and licenses products and technologies to industrial partners.

8 Risk Management

Operating on a global basis, the ams Group is exposed to a variety of risks that are inextricably linked to business activities. In order to identify, evaluate and counteract these risks in a timely manner, ams has developed and implemented tight internal risk management systems. This risk management system was implemented and benchmarked against best practices in conjunction with the company's auditors. The risk management process in place requires the business units to constantly monitor and evaluate risks. Regular risk reports are prepared for the management board and supervisory board. This ensures that major risks are identified and counteraction can be taken at an early stage.

The internal audit function complements the risk management process. In close alignment with the supervisory board's audit committee it aims to analyze internal processes and if necessary propose improvements.

Business Interruption Risk

The company's state-of-the-art 200mm manufacturing facility went into operation in 2002, which is although 12 years old a relatively new manufacturing facility in terms of the semiconductor industry. Therefore the risk of breakdowns or prolonged downtime is relatively low. In addition, this risk is being further minimized by adopting a proactive approach to preventive maintenance. The business interruption risk is also insured for the replacement price and against loss of earnings for 18 months. ams' insurer, FM Global, has awarded the company – as one of a select number of semiconductor manufacturers – the HPR (highly protected risk) status.

Financial Risks

Risk management is handled centrally by the treasury department in accordance with guidelines issued by the management board. These detailed internal guidelines regulate responsibility and action parameters for the areas affected. The treasury department evaluates and hedges financial risks in close cooperation with the business units.

Receivables and Credit Risk

ams operates a strict credit policy. The creditworthiness of existing customers is constantly checked and new customers undergo a credit evaluation. Under ams' treasury and risk management policy, investments in liquid securities and transactions involving derivative financial instruments are only carried out with financial institutions that have high credit ratings. As of the balance sheet date there were no significant concentrations of credit risk.

Interest Rate Risk

Interest rate risk – the possible fluctuation in value of financial instruments due to changes in market interest rates – arises in relation to medium and long-term receivables and payables (especially borrowings). ams' treasury policy ensures that part of the interest rate risk is reduced by fixed-interest borrowings. On the liability side, 51% of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (49%), 100% will be repaid over the next two years. The remaining floating rate borrowings undergo continual checks with regard to the interest rate risk. On the asset side, the interest rate risks are primarily with time deposits and securities in current assets that are tied to the market interest rate.

Foreign Exchange Risk

Financial transactions in the semiconductor industry are predominantly carried out in US dollars. To hedge the currency risk, all transaction and conversion risks are constantly monitored. Within the group, cash flow streams in the same currency are offset (netting). Currency fluctuations during foreign currency transactions mainly concern the US dollar. From an ams point of view, due to the extreme volatility in the currency markets, it is not possible to engage in economically feasible efficient and low risk currency hedges.

Product Liability and Quality Risk

The products manufactured by ams are integrated in complex electronic systems. Faults or functional defects in the products produced by ams may have a direct or indirect effect on the property, health or life of third parties. The company is not in a position to reduce or exclude its liability towards consumers or third parties in sales agreements. Every product that leaves the company undergoes several qualified checks regarding quality and function. In spite of quality control systems certified to ISO/TS 16949, ISO/TS 13485, ISO 9001 und ISO 14001, product defects may occur and possibly only show up after installation and use of the finished products. Although this risk has been appropriately insured, quality problems could negatively impact ams' assets, financial and earnings position.

Patent Infringement Risk

ams manufactures complex microchips using various process technologies, line widths and production facilities. Like industry competitors, the company constantly has to develop these technologies further. Should ams infringe any additional patents while consistently monitoring processes, production methods and design blocks protected under patent law as well as related comprehensive licensing, this may negatively impact the assets, financial and earnings position of the company as well as the ams share price.

9 Events after the Balance Sheet Date

No transactions had a significant effect on ams' financial position, assets or earnings after the closing of the fiscal year.

10 Outlook

Despite the prevailing uncertainties about the development of the European economy, industrial production and private consumption during the current year ams, as a global company, expects its business volume to continue to grow substantially based on the market launch of new advanced sensor and analog solutions and the implementation of numerous design-wins at major customers.

Looking at the analog segment of the worldwide semiconductor industry, market researchers assume further growth in market volume for 2015 compared to the previous year which is currently expected in the mid-single digit percentage range (WSTS, December 2014). In contrast, ams is confident at this time to achieve revenue growth at a rate significantly above the expected market growth rate for the current year. At the same time, ams expects a high gross profit margin for the year 2015 around last year's levels. Accordingly, ams foresees further growth of its operating and net result in 2015.

However, in case global semiconductor demand and the macroeconomic environment develops unfavorably in 2015 and/or the US dollar shows notable weakness, ams would experience a meaningful impact on the development of its business and earnings.

The market success of ams' solutions for smartphones, tablet PCs and other mobile devices, the integration of innovative sensor functions into smartphones and wearables, and the spread of NFC technology in combination with the increasing use of advanced sensor technologies in industrial, medical and automotive applications offer significant short- and mid-term growth opportunities for ams. In this context, the expansion of the company's business with key accounts in all markets, the broadening of its worldwide customer base and the increase of distribution revenues remain mid-term strategic priorities for ams.

11 Other Information

Regarding information concerning equity and investments please refer to the notes of the financial statements.

Unterpremstätten, January 30, 2015

Kirk S. Laney	Michael Wachsler-Markowitsch	Dr. Thomas Stockmeier
CEO	CFO	COO

Consolidated Income Statement

acc. to IFRS from January 1, 2014 until December 31, 2014

in thousands of EUR	Note	2014	2013
Revenues	2	464,370	377,789
Cost of sales	4	-211,132	-179,779
Gross profit		**253,238**	**198,010**
Research and development	4	-77,021	-68,487
Selling, general and administrative	4	-76,851	-69,007
Other operating income	3	7,821	5,350
Other operating expense	4	-1,377	-843
Result from investments in associates	14	-455	-1,164
Result from operations		**105,355**	**63,857**
Finance income	5	1,219	1,641
Finance expenses	5	-2,466	-2,110
Net financing result		**-1,248**	**-470**
Result before tax		**104,108**	**63,387**
Income tax result	6	-6,568	-2,575
Net result		**97,540**	**60,813**
Basic Earnings per Share in EUR	24	1.43	0.90
Diluted Earnings per Share in EUR	24	1.37	0.87

Consolidated Statement of Comprehensive Income
acc. to IFRS from January 1, 2014 until December 31, 2014

in thousands of EUR	Note	2014	2013
Net result		**97,540**	**60,813**
Items that will never be reclassified to profit and loss			
Remeasurements of defined benefit liability	21	-1,279	-2,576
Items that may be reclassified to profit and loss			
Valuation of available for sale financial instruments		474	0
Exchange differences on translating foreign operations		31,800	-11,628
Other comprehensive income		30,995	-14,204
Total comprehensive income		**128,535**	**46,609**

Consolidated Balance Sheet
acc. to IFRS as of December 31, 2014

in thousands of EUR	Note	Dec. 31, 2014	Dec. 31, 2013
Assets			
Cash and cash equivalents	7	203,681	83,358
Financial assets	13	25,933	20,976
Trade receivables	8	78,992	63,724
Inventories	9	59,856	40,487
Other receivables and assets	10	18,286	10,544
Total current assets		**386,747**	**219,089**
Property, plant and equipment	11	204,096	145,409
Intangible assets	12	315,749	243,045
Investments in associates	14	6,549	5,074
Deferred tax assets	15	34,075	33,282
Other long-term assets	16	7,749	7,133
Total non-current assets		**568,218**	**433,944**
Total assets		**954,964**	**653,032**
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings	17	38,474	777
Trade liabilities		51,032	28,300
Provisions	18	37,615	23,176
Other liabilities	20	42,096	24,070
Total current liabilities		**169,217**	**76,324**
Interest-bearing loans and borrowings	17	146,138	59,318
Employee benefits	21	27,015	23,576
Provisions	18	27,125	22,853
Deferred tax liabilities	19	20,846	13,584
Other long-term liabilities	20	8,858	12,648
Total non-current liabilities		**229,983**	**131,979**
Shareholders' equity			
Issued capital	22	73,267	35,270
Additional paid-in capital	22	200,031	228,615
Treasury shares	22	-54,533	-41,726
Other reserves (translation adjustment)	22	38,119	6,319
Retained earnings		298,881	216,253
Total shareholders' equity and reserves		**555,764**	**444,729**
Total liabilities and shareholders' equity		**954,964**	**653,032**

Consolidated Statement of Cash Flows

acc. to IFRS from January 1, 2014 until December 31, 2014

in thousands of EUR	Note	2014	2013
Operating activities			
Result before tax		104,108	63,387
Depreciation (net of government grants)	11, 12	37,316	35,171
Changes in employee benefits	21	3,439	4,417
Expense from stock option plan (acc. to IFRS 2)		2,939	3,217
Changes in other long-term liabilities		7,745	-3,951
Result from sale of plant and equipment	3	-11	-8
Result from sale of financial assets		170	0
Result from investments in associates		455	1,164
Net financing result		1,248	470
Changes in assets		-46,994	-5,298
Changes in short-term operating liabilities and provisions		24,794	4,866
Tax payments		-5,041	-3,251
Cash flows from operating activities		**130,168**	**100,186**
Investing activities			
Acquisition of intangibles, property, plant and equipment		-70,099	-47,087
Acquisition of financial investments		-46,242	-2,000
Proceeds from sale of plant and equipment		11	619
Proceeds from sale of financial assets		5,850	0
Interest received		1,561	1,650
Cash flows from investing activities		**-108,919**	**-46,818**
Financing activities			
Proceeds from borrowings		125,303	14,002
Repayment of debt		-767	-33,596
Repayment of finance lease liabilities		-1,059	-1,067
Acquisition of treasury shares		-19,525	-10,926
Sale of treasury shares		6,718	4,440
Interest paid		-2,058	-2,653
Expenses from financial instruments		-1,906	0
Dividends paid		-14,106	-19,371
Changes resulting from capital increase		6,474	11,246
Cash flows from financing activities		**99,074**	**-37,925**
Change in cash and cash equivalents		120,323	15.442
thereof: Effects of changes in foreign exchange rates on cash and cash equivalents		4,195	-1,503
Cash and cash equivalents at January 1		83,358	67,916
Cash and cash equivalents at December 31	**7**	**203,681**	**83,358**

Consolidated Statement of Changes in Shareholders' Equity

from January 1, 2014 until December 31, 2014

in thousands of EUR	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustments	Retained earnings	Total shareholders' equity
Total equity as of December 31, 2012	**34,658**	**214,763**	**-35,240**	**17,946**	**177,387**	**409,514**
Net result	0	0	0	0	60,813	60,813
Remeasurement of defined benefit liability	0	0	0	0	-2,576	-2,576
Exchange differences on translating foreign operations	0	0	0	-11,628	0	-11,628
Comprehensive income	**0**	**0**	**0**	**-11,628**	**58,237**	**46,609**
Share based payments	0	13,852	0	0	0	13,852
Dividends paid	0	0	0	0	-19,371	-19,371
Capital increase	612	0	0	0	0	612
Purchase of treasury shares	0	0	-10,926	0	0	-10,926
Sale of treasury shares	0	0	4,440	0	0	4,440
Total equity as of December 31, 2013	**35,270**	**228,615**	**-41,726**	**6,319**	**216,253**	**444,729**
Net result	0	0	0	0	97,540	97,540
Remeasurement of defined benefit liability	0	0	0	0	-1,279	-1,279
Valuation of financial instru-ments	0	0	0	0	474	474
Exchange differences on translating foreign operations	0	0	0	31,800	0	31,800
Comprehensive income	**0**	**0**	**0**	**31,800**	**96,735**	**128,535**
Share based payments	0	9,022	0	0	0	9,022
Dividends paid	0	0	0	0	-14,106	-14,106
Capital increase	37,997	-37,605	0	0	0	391
Purchase of treasury shares	0	0	-19,525	0	0	-19,525
Sale of treasury shares	0	0	6,718	0	0	6,718
Total equity as of December 31, 2014	**73,267**	**200,031**	**-54,533**	**38,119**	**298,881**	**555,764**

Notes to the Consolidated Financial Statements

1 Significant Accounting Policies

ams AG ("the Company") is a company located in 8141 Unterpremstätten, Austria. The Company is a global leader in the design, manufacture and sale of high performance analog and analog intensive mixed signal integrated circuits. The consolidated financial statements for the year ended December 31, 2014 represent the parent company ams AG and its subsidiaries (together referred to as the "Group").

On February 2, 2015 the consolidated financial statements according to IFRS as per December 31, 2014 were completed and released for approval by the Supervisory Board.

(a) Statement of Compliance

The consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and all obligatory interpretations as issued by the International Financial Interpretations Committee. Furthermore these consolidated financial statements are in accordance with the International Financial Reporting Standards as to be applied in the European Union as per the business year 2014, as well as additional requirements relating to §245a UGB.

New or amended standards and interpretations that have been applied for the first time during the business year:

Standard	Content	Initial application IASB[1]	Initial application EU[2]
IFRIC 21	Levies	January 1, 2014	July 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014	January 1, 2014
Amendments to IAS 32	Offsetting Financial Instruments	January 1, 2014	January 1, 2014
Amendments to IAS 36	Recoverable Amount Disclosure for Non-Financial Assets	January 1, 2014	January 1, 2014
Amendments to IAS 39	Novation of Derivatives and continuation of Hedge Accounting	January 1, 2014	January 1, 2014

[1] Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.
[2] The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation.

IFRIC 21: Levies

IFRIC 21 is an interpretation that refers to IAS 37 Provisions, Contingent Assets and Contingent Liabilities. It provides a guidance on determining the obligating event under IAS 37 in connection with a levy imposed by government. It is clarified when to recognise a liability arising from a levy. First-time adoption of IFRIC 21 does not have any impact on the consolidated financial statements of ams AG.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The published amendments to IFRS 10, IFRS 12 and IAS 27 on October 27, 2012 provide an exemption from consolidation of subsidiaries for entities which meet the definition of an "investment entity". The amendments had no impact on the consolidated financial statements of ams AG.

Amendment to IAS 32: Offsetting Financial Instruments

The amendment to IAS 32 clarify existing application issues relating to the offsetting rules for financial instruments. The amendments define the terms "currently has a legally enforceable right of set-off" and "the application of simultaneous realisation and settlement". The amendments had no impact on the consolidated financial statements of ams AG.

Amendment to IAS 36: Recoverable Amount Disclosure for Non-Financial Assets

IAS 36 Impairment of Assets amendments aimed to preclude unintended consequences of IFRS 13 regarding the disclosure requirements in IAS 36. The amendments restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit to periods in which an impairment loss or reverse has been recognised. The amendments had no impact on the consolidated financial statements of ams AG.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

These amendments to IAS 39 Financial Instruments: Recognition and Measurement allow the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met. As the Group does not use hedge accounting according to IAS 39, the amendments had no impact on the presentation of the financial statements.

Already published but not yet mandatory standards, amended or new standards that could be relevant for the group:

Standard	Content	Initial application IASB [1]	Initial application EU [2]
Amendment to IAS 19	Defined Benefit Plans: Employee Contribution	July 1, 2014	February 1, 2015
Annual improvements (2010-2012 cycle)	various	July 1, 2014	February 1, 2015
Annual improvements (2011-2013 cycle)	various	July 1, 2014	January 1, 2015
Amendment to IFRS 11	Acquisition of an interest in a joint operation	January 1, 2016	pending
Amendments to IAS 16 and IAS 38	Acceptable Methods of depreciation and amortisation	January 1, 2016	pending
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016	pending
Annual improvements (2012-2014 cycle)	various	January 1, 2016	pending
Amendment to IAS 1	Disclosure Initiative	January 1, 2016	pending
Amendments to IFRS 10, IFRS 12 and IAS 28	Consolidation – Investment entities	January 1, 2016	pending
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	pending
IFRS 9	Financial Instruments	January 1, 2018	pending

No premature application of the in the table above mentioned changes or amendments of standards and interpretations are made, but are described in the following. The management is currently evaluating the effect of these changes and amendments of standards on the consolidated financial statements.

Amendment to IAS 19: Defined Benefit Plans: Employee Contribution

The amendments to IAS 19 clarify the requirements that relate how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits practical measures to facilitate if the amount of the contributions is independent of the number of years of service.

[1] Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.
[2] The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation.

Annual Improvements (2010-2012 cycle)

During this project seven standards were amended. Existing regulations should be clarified by adapting the wording of single IFRS standards. Additionally, the amendments did have an effect on the notes. The amendments affected the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Annual Improvements (2011-2013 cycle)

During this project four standards were amended. Existing regulations should be clarified by adapting the wording of single IFRS standards. The amendments affected the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40.

Amendment to IFRS 11: Acquisition of an Interest in a Joint Operation

The amendments clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all principles for business combinations accounting according to IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.

Amendments to IAS 16 and IAS 38: Acceptable Methods of Depreciation and Amortisation

The amendments clarify acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets. Depreciation should reflect the expected pattern of consumption of the future economic benefits of the asset. Therefore the IASB has clarified that a depreciation of property, plant and equipment based on revenues generated as a proportion of total expected revenues during the assets useful life is not appropriate. Multiple factors influence revenue and not all of these are related to the way the asset is used or consumed, e.g. changes in sales volumes and prices and inflation.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of IAS 28 (2011) and IFRS 10. It is set out that, on a sale or contribution of assets to a joint venture or associate the extent of any gain or loss recognised depends on whether the assets or subsidiary constitute a business, as defined in IFRS 3 Business Combinations, wether the transaction is carried out as share or asset deal. When the assets or subsidiary constitute a business, any gain or loss is recognised in full; when the assets or subsidiary do not constitute a business, only the entity's share of the gain or loss is recognised.

Annual Improvements (2012-2014 cycle)

During this project four standards were amended. Existing regulations should be clarified by adapting the wording of single IFRS standards. The amendments affected the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016, but can be applied earlier.

Amendments to IAS 1: Disclosure Initiative

The amendments aim at clarifying to preparers of reports that notes have to be presented only, if their content is not immaterial. This explicit is also valid for minimum-requests of IFRS. The amendments also clarify that the notes do not need to be presented in model structure, that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in the income statement, and an aggregation or disaggregation of single line items have to be specified in the balance sheet and the income statement.

Amendments to IFRS 10, IFRS 12 and IAS 28: Consolidation – Investment Entities

The standard clarifies the application of consolidation exceptions under IFRS 10 for entities meeting the definition of an "investment entity".

IFRS 15: Revenue from Contracts with Customers

Rules and definitions under IFRS 15 replace the content under IAS 18 as well as IAS 11 in the future. The new standard does not make a difference between order type or type of service, but establishes uniform criteria, when performance obligations satisfied can be recognised according to a point in time or the period.

IFRS 9: Financial Instruments

In July 2014 the IASB published the last version of IFRS 9 which will replace IAS 39 in future. The standard includes guidelines for classifying financial instruments, identifying and recording of impairments, as well as hedge accounting.

(b) Basis of Preparation

The financial statements are presented in EUR and rounded to the nearest thousand. The use of automated calculation systems may lead to rounding differences in totals of rounded amounts and percentages.

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial positions:

- Available-for-sale financial assets: measured at fair value
- Derivative financial instruments are stated at their fair value
- Employee benefits: fair value of the defined benefit liability
- Share-based payments: fair value

(c) Basis of Consolidation

(i) Subsidiaries
Subsidiaries are all operative enterprises controlled by the Company. Control exists when the Company is exposed to (has rights to) variable returns from its involvelment with the investee, and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Audits of major subsidiaries were carried out locally. The accounts of the subsidiary company AMS R&D UK Limited have not been audited. All members agree to the exemption in accordance with section 479A of the UK Companies Act 2006.

(ii) Business combinations
The acquisition method is used for all business combinations, as soon as the Company obtains control. The value of the consideration transferred as well as the identifiable assets acquired and the liabilities assumed are generally measured at fair value. If the fair value is higher than the assets acquired a goodwill is indicated. An impairment test under IAS 36 has to be performed annually. A profit resulting from an acquisition below market value is accounted in the income statement in the period occurred. Acquisition related costs are recognized in profit or loss immediately. All contingent consideration are recognized at fair value, subsequent changes are recognized in profit or loss.

On June 3, 2014 the Group obtained control over AppliedSensor Sweden Holding AB, Sweden and its subsidiaries AppliedSensor GmbH, Germany as well as APPLIEDSENSOR INC., USA (AppliedSensor).

AppliedSensor, industry leader of semiconductor-based gas sensor solutions for high-volume end-markets, designs, manufactures and markets chemical gas sensors for appliance, automotive, building automation, consumer and industrial applications. AppliedSensor provides MEMS sensors for the detection of gases such as CO, NO_2, NH_3, CH_4, and volatile organic compounds (VOCs), as well as Field Effect (FE) sensors for selective detection of hydrogen. As an important supplier of safety, energy efficiency and comfort solutions for global mass markets, AppliedSensor is currently developing a dedicated gas sensor solution together with a leading German industrial OEM. AppliedSensor's corporate headquarters are located in Reutlingen, Germany, and the group has approximately 25 employees. ams plans to fully integrate AppliedSensor's activities into its sensor and sensor interface business.

AppliedSensor's MEMS gas sensor technology enhances ams' know-how in designing demanding sensors. ams herewith underlines its development to a supplier for sensor solutions, which combines market leading innovations and outstanding product performance.

The following gives an overview of assets and liabilities as well as the purchase price allocation of single assets at the time of the acquisition (June 2014):

In thousands of EUR	June 2014
Cash and cash equivalents	2,084
Other current assets	1,808
Property, plant and equipment	803
Intangible assets	
Goodwill	10,068
Customer relationship	3,677
Technology	4,058
Other intangible assets	353
Deferred tax assets	323
Current provisions	-427
Other current liabilities	-1,492
Deffered tax liabilities	-2,253
Other non-current liabilities	-252
Total consideration transferred	**18,750**
thereof cash	17,791
thereof incurred liabilities	959

Goodwill is essentially attributed to the abilities of the management and employees, existing technologies as well as expected synergies deriving from the integration. No portion of the goodwill is expected to be deductible for tax purposes.

Costs that relate directly to the acquisition, were EUR 190 thousand in the business year and were allocated in the item "Selling, general and administrative costs". No issuance costs incurred.

During the period between the date of acquisition and December 31, 2014 AppliedSensor contributed revenues amounting to EUR 5,268 thousand to the consolidated revenues and EUR 906 thousand to the consolidated net result. If the acquisition had taken place on January 1, 2014, AppliedSensor would have, according to Management Boards estimations, contributed a profit of EUR 1,650 thousand to the consolidated net result and EUR 8,870 thousand to the consolidated revenues.

On December 4, 2014 the Group obtained control over acam-messelectronic gmbh, Germany (acam).

acam designs and markets sensor interface solutions based on the company's time-to-digital converter (TDC) technology. acams time-based converter technology with picosecond resolution creates significant advantages for demanding sensor applications. Shipping into industrial, infrastructure, medical, and automotive systems, the company's CMOS-based products measure timing, capacitance, resistance and rotational speed at very high accuracy and speed with very low power consumption. acam's technology offers superior performance in time-of-flight and ultrasound-based measurement applications. acam is headquartered in Stutensee, Germany, and the company has approximately 25 employees. ams plans to fully integrate acams activities into its sensor and sensor interface business.

acams TDC technology enhances ams' know-how in designing demanding sensors. ams herewith underlines its development to a supplier for sensor solutions, which combines market leading innovations and outstanding product performance.

The following table gives an overview of assets and liabilities as well as the purchase price allocation of single assets at the time of the acquisition (December 2014):

In thousands of EUR	December, 2014
Cash and cash equivalents	5,868
Other current assets	2,192
Property, plant and equipment	181
Intangible assets	
Goodwill	17,509
Customer relationship	8,352
Technology	12,991
Patents	1,871
Other intangible assets	19
Current provisions	-1,916
Other current liabilities	-4,382
Deferred tax liabilities	-6,885
Total consideration transferred	**35,800**
thereof cash	25,900
thereof incurred liabilities	9,900

Goodwill is essentially attributed to the abilities of the management and employees, existing technologies as well as expected synergies deriving from the integration. No portion of the goodwill is expected to be deductible for tax purposes.

Costs that relate directly to the acquisition, were EUR 100 thousand in the business year and were allocated in the item "Selling, general and administrative costs". No issue costs incurred.

During the period of time between the date of acquisition and December 31, 2014 acam contributed revenues amounting to EUR 483 thousand to the consolidated revenues and EUR 137 thousand to the consolidated net result. If the acquisition had taken place on January 1, 2014, acam would have, according Management Boards estimates, contributed a profit of EUR 967 thousand to the consolidated net result and EUR 7,613 thousand to the consolidated revenues.

Details on incurred liabilities and their measurement can be found in Note 25.

(iii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any results from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates
Investments in associates are accounted using the equity method if the company has a significant influence on the investee (associate), but without

control or joint control, and the concerned companies are material to present a true and fair view of the financial statements.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost including all transaction costs. After the initial recognition the consolidated profit or loss includes the share of the profit or loss of the investee until the significant influence ceases. If there are any indications that an investment may be impaired and the carrying amount is less than the recoverable amount an impairment loss has to be recognized as an expense. If a favourable change of the recoverable amount occurs, a reversal of the recognized impairment loss is possible in future.

Local accounting policies remain applied if the deviations are not material. In few cases the financial statements ending at September 30 are the base for the consolidated financial statements.

(d) Foreign Currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated into EUR at the average foreign exchange rate at the date of the transaction. Foreign exchange rate differences are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into EUR at the foreign exchange rate at that date and provided from the ECB (European Central Bank).

(ii) Financial statements of economic independent foreign entities
The functional currency of the mothercompany is the Euro (EUR). The functional currency of entities domiciled outside the Eurozone is their respective domestic currency.

Accordingly, the assets and liabilities of these entities including goodwill from subsidiaries outside the Eurozone are translated into EUR at the average foreign exchange rates at the balance sheet date. Revenues and expenses of foreign entities are translated into EUR at the average foreign exchange rates of the year. Translation differences are recognized directly within other comprehensive income.

In the case of loss of control cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(iii) Hedges of a net investment in a foreign operation
If settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly such differences are recognized in OCI and accumulated in the translation reserve.

In the case of loss of control cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(e) Property, Plant and Equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses and net of related government grants. The cost of internally generated assets includes the cost of materials, direct labour, directly attributable proportion of production overheads and borrowing costs for qualified assets.

(ii) Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment recorded by way of finance leases is stated at an amount at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Minimum lease payments should be allocated to finance costs and the repayment of the residual debt. The leasing costs are distributed over the term of the lease so that the interest rate for the residual debt remains constant over the period.

Assets arising under other lease agreements are classified as operating leasing and are not recognized in the balance sheet. Operating lease payments should be recognized as an expense in the income statement over the lease term on a straight-line basis. Incentives for the agreement should be recognized as a reduction of the rental expenses over the lease term.

(iii) Depreciation
Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The estimated useful life is as follows:

Buildings	15 – 33 years
Plants, technical equipment and machines	4 – 12 years
Other equipment	4 – 10 years

Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions.

(f) Intangible Assets

(i) Intangible assets acquired by the Group
Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization and impairment losses. The goodwill arising out of business combinations are recognized at cost less accumulated impairment losses.

(ii) Amortization
Amortization of intangible assets is charged to the income statement on a straight-line basis over the estimated useful economic life of the assets, unless it is not an intangible asset with indefinite useful lives (goodwill).

The estimated useful life is as follows:

Patent and Licenses	5 – 12 years
Customer base and technology	7 years

Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions. All intangible assets have a limited useful economic life.

(iii) Research and Development
Expenditures on research activities, expecting to gain new scientific or technical knowledge and understanding, are expensed as incurred and are recognized as expenses for Research and Development.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The company has not capitalized any expenditures on research and development activities.

(g) Primary Financial Instruments

(i) Recognition and Measurement

Non-derivative financial instruments are classified into following measurement categories by the Group:

- Available-for-sale financial assets
- Held-for-trading
- Financial assets at fair value through profit or loss
- Loans and receivables
- Financial liabilities at (amortised) costs

Non-derivative financial instruments are recognized in the financial statements at the date on which they occurred.

Available-for-sale financial assets are recognized at fair value including any directly attributable transaction costs and are recognised under the item financial instruments in the balance sheet item "Financial assets". Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and directly in equity. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The investment in Austria Mikro Systeme International Ltd. which is not consolidated due to non-materiality are recorded under the "Available-for-Sale" category and are measured at amortized cost due to non-materiality, and recognized in the balance sheet item "Other long-term assets".

Financial instruments classified as Held-for-Trading and the performances are constantly monitored are recognized at fair value through profit or loss.

Financial instruments that are managed on a portfolio basis are designated at fair value. As of December 31, 2014 financial instruments designated at fair value had to be reclassified to the "Available-for-Sale" category, because the criterias for the classification could not be fulfilled any longer. The balance sheet item "Financial assets" was affected by the reclassification with a fair value and carrying amount of EUR 20,765 thousand as of December 31, 2013. Valuation effects had to be taken into account in other comprehensive income amounting to EUR 474 thousand for the year 2014. Already recognized valuation effects are not reclassified due to non-materiality.

Loans and receivables are recognized at fair value at initial recognition and further at amortised costs including impairment losses. Whereby resulting gains or losses have to be recognized in the profit and loss statement. Loans and receivables are recognized in the balance sheet items "Trade receivables", and sometimes "Other receivables and assets" or "Other assets".

Non-derivative financial liabilities are included in the balance sheet items "Interest-bearing loans and borrowings", "Trade liabilities" and sometimes "Other liabilities" and "Other long-term liabilities" and are measured at amortized costs minus directly attributable transaction costs. For non-current financial liabilities the effective interest method is used. Further information is given in the notes to single balance sheet items.

(ii) Impairment
An entity is required to assess at each balance sheet date whether there is any objective evidence of impairment for all primary financial assets, which are not classified as held-for-trading or designated at fair value. An impairment loss or reversal of impairment is recognised pursuant to the relevant valuation group. Evidence of impairment may include indications like the failure or default of a debtor, the disappearence of an active market for shares or observable data indicating a notable decrease in expected cash flows from a specific group. An objective evidence indicator for the impairment of equity instruments is a significant or longer lasting decline of the fair value. The company defines a decline of 20% as significant and nine months as longer lasting.

(h) Derivative Financial Instruments

Interest swaps were used by the Group to reduce the interest rate risk from financing and investing activities as well as to optimize the financial result during the business year. Due to the fact that not all criterias for hedge accounting under IAS 39 are met the Group does not apply hedge accounting. Derivative financial instruments are recognized at cost (equal to the fair value) on initial recognition. Directly attributable transaction costs are recognized in profit or loss. In subsequent periods derivative financial instruments are recognized and measured at fair value. Resulting changes are recognized in profit or loss. Positive market values are shown in the balance sheet item "Other receivables and assets" whereby negative market values are reported under the line item "Other liabilities".

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The cost of inventories is based on the moving average price formula and includes expenditures incurred in their acquisition as well as bringing them to their existing location and condition. For manufactured inventories and work in progress, cost includes an appropriate share of overhead based on normal operating capacity.

(j) Equity

Issued capital is the fully paid-in capital of ordinary shares (bearer shares). If shares are repurchased the value is recognized as own shares.

Directly attributable costs regarding issue or repurchasing of shares are, considering tax effects, deducted from equity (retained earnings). If treasury shares are sold later or issued again, the income including any difference to the carrying amount has to be recognized in equity (retained earnings).

All figures related to number of shares, earnings per share as well as dividends per share for the comparative period were adjusted according to the share split.

(k) Impairment of Non-Financial Assets

The Group is required to assess at each balance sheet date whether there is any objective evidence of impairment. Therefore assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), that are largely independent of cash inflows from either assets or cash-generating units. Goodwill acquired in a business combination shall be allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination. If there is an indication of an impairment evident the recoverable amount of the asset or cash-generating unit is determined. At each balance sheet date the recoverable amount of intangible assets with an indefinite useful life and intangible assets not yet available for use is estimated. An impairment loss shall be recognized if the carrying amount of the asset or cash-generating unit, to which independent results can be attributed, exceeds the recoverable amount. An impairment loss is recognized in profit or loss.

(i) Calculation of recoverable amount
The recoverable amount is the higher value of the fair value less transaction costs or as the present value of expected future cash flows and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates of the time value of money and the risks specific to the asset. For assets that do not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Goodwill acquired in a business combination shall be allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

(ii) Reversals of impairment
An impairment loss recognized for an asset shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss recognized for goodwill shall not be reversed.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized, when they are classified as held for sale.

(l) Non-Current Assets Held for Sale

Non-current assets or disposal groups, including assets and liabilities, are classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale rather than through continuing use. These non-current assets or disposal groups are recognized at the lower of its carrying amount and fair value less cost to sell. On initial recognition an impairment loss or reversal has to be recognized in the profit or loss. As soon as the intangible asset or property, plant and equipment are classified as held for sale they are no longer depreciated or amortized. Investments in associates are no longer recognized according to the equity method, as soon as they are classified as held-for-sale.

(m) Employee Benefits

(i) Defined benefit plans
According to Austrian labour regulations, employees who joined the Company prior to December 31, 2002, are entitled to receive severance payments – depending on the job tenure - equal to a multiple of their monthly compensation, which comprises fixed plus variable amounts such as overtime and bonus payments. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation.

All employees of the Swiss companies are covered by pension funds at pension fund providers, with benefit contributions made by employers and employees. Because employers and employees are charged a "restructuring contribution" in the event that the fund does not have sufficient assets to cover the employees' entitlements, IAS 19 identifies this system as a defined benefit plan.

The obligation for such severance payments is measured using the projected unit credit method. The discount rate is the yield at the balance sheet date on AAA or AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. Life expectancy is calculated according to the respective country's mortality tables. Remeasurements of the defined benefit liability are recognized in other comprehensive income.

The conditions applied to calculate the severance and pension provisions for discounting, pay rises and fluctuation vary from country to country depending on the economic situation.

(ii) Defined contribution plans
For all Austrian based employees who entered into an employment contract after December 31, 2002, the Company is obliged to contribute 1.53 % of their monthly remuneration to an employee benefit fund. There is no additional obligation for the Company. Therefore, this plan constitutes a defined contribution plan. Contributions are recognized as an expense in the income statement as incurred. There are no further obligations for the Company.

(iii) Other long-term employee benefits
All employees are eligible for long-term service benefits. Under this plan, eligible employees receive a cash payment after a specified service period. This payment equals one to three months salary, depending on the number of years of service. The amount recognized as a liability from this compensation is measured using the projected unit credit method. Actuarial assumptions are identical to those applied for defined benefit plans. All actuarial gains and losses are recognized immediately. Remeasurements of the defined benefit liability are recognized in profit and loss.

(iv) Stock Option Plan
The stock options issued to employees are recognized at fair value of the single option at the grant date. The determined value of the options will be spread over the period until vesting. The amount recognized as expense is adjusted, if expectations regarding the settlement of service conditions and independent performance conditions change, in such a way as recognized expenses are based on the options, which fulfill the service conditions and the independent performance conditions at the end of the vesting period respectively. The fair values for market condition based stock option plans are determined on the grant date including these conditions; an adjustment of occurring differences between expected and actual results is not being recognised.

The options were measured based on option-pricing models. The interpretation of market information necessary for the estimation of market values also requires a certain degree of subjective judgement. The expected volatilities were extrapolated from the historical stock-exchange price of the ams share (source: Bloomberg). This can result in a difference between the figures shown here and values subsequently realized on the marketplace.

The shareholders approved a Stock Option Plan (SOP 2005) in the annual general meeting on May 19, 2005.

Within the SOP 2005 a total of maximum 4,950,000 options of no-par-value shares may be issued over 4 years. This reflects 9% of the issued capital at the time of approval. The SOP 2005 is administered by the SOP Committee. The Committee may define terms for allocation and exercise of the options. It is envisaged to grant the options during a 4-year-program. One option entitles the holder to receive one no-par-value share of ams AG. The options may be exercised during each of the next succeeding five years on the first, second, third, fourth and fifth anniversary of the grant date to the maximum extent of twenty percent (20%) of the total number of shares covered thereby (vesting period). The strike price for each tranche will be defined based on a 3 month average price of the ams share prior to the grant date with a further 25% discount taken from that price. All granted options under the SOP 2005 must be exercised prior to June 30, 2015. According to the SOP 2005 options reverted to the company can be issued again until the end of the term.

No options (SOP 2005) were granted in the business year 2014 and the previous year to employees and to executives of the company

The shareholders approved a further Stock Option Plan (SOP 2009) in the annual general meeting on April 2, 2009.

Within the SOP 2009 a total of up to 5,500,000 options of no-par-value shares may be issued over 4 years. This reflects 10% of the issued capital at the time of approval. The SOP 2009 is administered by the SOP Committee. The Committee may define terms for allocation and exercise of the options. It is envisaged to grant the options during a 4-year-program. One option entitles the holder to receive one no-par-value share of ams AG. The options may be exercised during each of the next succeeding four years on the first, second, third and fourth anniversary of the grant date to the maximum extent of twentyfive percent (25%) of the total number of shares covered thereby (vesting period). The strike price for each tranche will be defined based on a 3 month average price of the ams share prior to the grant date. All granted options under the Stock Option Plan 2009 must be exercised prior to June 30, 2017. Any options reverted to the company can be issued under the options of the SOP 2009 until the end of the term.

No options (SOP 2009) were granted to employees and executives of the company in the business year 2014. In 2013 425,000 options (SOP 2009) were granted to 2 employees and executives of the company.

Contrary to options granted in 2009 to 2012 regarding the first time of exercise of 50% of the granted options, these vest to the extent of 33% on the first, second and third anniversary of the granting.

The earliest date for exercising the other 50% granted options is the third anniversary of the options grant date depending on the achievements of the following criteria:

(i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not less than in 2012; adjusted for extraordinary one-time impacts in relation to a positive, long lasting development of the business like e.g. acquisition costs, financing costs etc.). If this does not apply to the whole period but to single calendar years, 1/3 of exercisability for the relevant year has to be taken into account.

(ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but to single calendar years, an aliquot of 1/3 of exercisability for the relevant year has to be taken into account.

The main basis data of the granted options according to the Stock Option Plan 2009 structures as follows:

Valuation of options (weighted average)		2014	2013
Market price at granting	in EUR	-	13.58
Term of options	in years	-	4
Risk-free interest rate	in %	-	0.01
Dividend yield	in %	-	1.8
Expected volatility	in %	-	44.40
Present value of option	in EUR	-	2.43

In connection with the acquisition of TAOS, the Company has committed to grant options to certain employees of TAOS – by issuing a Stock Option Plan, which – as far as legally possible - matches the number of options and the option plan which has been granted to those employees under the TAOS - "Equity Incentive Plan 2000". To fulfill this obligation, the management board of ams AG has adopted a new Stock Option Plan 2011 (SOP 2011), which the company's Supervisory Board approved on July 9, 2011.

The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS plan. This price is in the range of USD 0.19 and USD 3.96. Certain employees of TAOS, who held a small number of TAOS shares ("Small Shareholders"), were granted exercisable options for shares of the Company as compensation for shares of TAOS held by them prior to the transaction (vested options). The option exercise price for these options is CHF 8.27 which is the average of the market price of the shares of the Company on the SIX Swiss Exchange within 30 days following the date of grant of options.

The term of the unvested options will remain unchanged compared to the original TAOS plan. The options will expire between September 3, 2017 and June 8, 2021. The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

The management board has decided to adopt a new Stock Option Plan (SOP 2013) on August 28, 2013.

The SOP 2013 comprises a maximum of 2,000,000 options, of which (i) up to 1,575,000 options may be granted to employees and executive employees and (ii) up to 235,000 options may be granted to the Chief Executive Officer and up to 190,000 options may be granted to the Chief Financial Officer of the management board. This corresponds to 2.8% of the nominal capital of the Company at that time. Each option entitles the participants to acquire one no-par value ordinary share of ams AG. The available options shall be granted during the year 2013 after prior resolution by the SOP committee. All options granted can only be exercised by June, 30 2021. The exercise price for the new shares corresponds to the average strike price within the last three months before the granting of the stock options.

Regarding the earliest date of exercise for exercising 50% of the granted options, these vest to the extent of 33% on the first, second and third anniversary of the granting.

The earliest date for exercising the other 50% granted options is the third anniversary of the options grant date depending on the achievements of the following criteria:

(i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not less than in 2012; adjusted for extraordinary one-time impacts in relation to a positive, long lasting development of the business like e.g. acquisition costs, financing costs etc.). If this does not apply to the whole period but to single calendar years, 1/3 of exercisability for the relevant year has to be taken into account.

(ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but to single calendar years (not less than in the year 2012), an aliquot of 1/3 of exercisability for the relevant year has to be taken into account.

Any options reverted to the company can be issued under the options of the SOP 2013 until the end of the term.

No options (SOP 2013) were granted to employees and executives of the company in the business year 2014. In 2013 1,571,005 options (SOP 2013) were granted to 641 employees and to executives of the company respectively.

The main basis data of the granted options according to the Stock Option Plan 2013 structures as follows:

Valuation of options (weighted average)		**2014**	**2013**
Market price at granting	in EUR	-	13.58
Term of options	in years	-	8
Risk-free interest rate	in %	-	0.01
Dividend yield	in %	-	1.8
Expected volatility	in %	-	44.40
Present value of option	in EUR	-	2.43

On October 17, 2014 a Long Term Incentive Plan (LTIP 2014) was adopted by the Supervisory Board and the Management Board.

The LTIP 2014 comprises a maximum of 5,124,940 options.

This corresponds to approximately 7% of the share capital of the Company at the time. Each option granted entitles each participant to purchase one share of the Company. The available options were to be granted during the year 2014 after prior resolution by the LTIP committee. All options granted must be exercised by October 17, 2024. The exercise price for the new shares is EUR 1.

Issuance of the options is subject to the following criteria:

- Approval of the plan by the annual general meeting in 2015.
- 50% of the options are depending on an increase of earnings per share over a period of three years compared to the earnings per share between 2013 and 2016.
- 50% of the options are depending on the comparision of Total shareholder’s return over a period of 3 years (January 1, 2014 to December 31, 2016) to a defined benchmark of companies.

The earliest date for exercising is three years after granting and the LTIP committee’s decision of meeting the criteria.

In 2014 583,550 options (LTIP 2014) were granted to 697 employees and to the executives of the company.

The main basis data of the granted options according to the Long Term Incentive Plan structures as follows:

Valuation of options (weighted average)		2014	2013
Market price at granting	in EUR	25.64	-
Term of options	in years	10	-
Risk-free interest rate	in %	0.02	-
Dividend yield	in %	1.5	-
Expected volatility	in %	37.91	-
Present value of option	in EUR	9.62	-

The options developed in the fiscal years 2014 and 2013 as follows:

LTIP 2014		2014		2013
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	0	-	-	-
granted during the period	583,550	1.00	-	-
forfeited during the period	0	-	-	-
exercised during the period	0	-	-	-
expired during the period	0	-	-	-
outstanding at the end of the period	583,550	1.00	-	-
exercisable at the end of the period	0	-	-	-
Not yet granted	4,541,390	1.00	-	-
weighted average share price at the date of exercise (in EUR)	-		-	
range of exercise prices (in EUR)	1,00		-	
remaining contractual life	until October 17, 2024		-	

SOP 2013		2014		2013
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	1,568,705	11.86	0	-
granted during the period	0	-	1,571,005	11.86
forfeited during the period	43,515	11.86	2,300	11.86
exercised during the period	76,020	11.86	0	-
expired during the period	0	-	0	-
outstanding at the end of the period	1,449,170	11.86	1,568,705	11.86
exercisable at the end of the period	316,731	11.86	0	-
Not yet granted	474,810	-	431,295	-
weighted average share price at the date of exercise (in EUR)	28.95		-	
range of exercise prices (in EUR)	11.86		-	
remaining contractual life	until June 30, 2021		until June 30, 2021	

SOP 2011		2014		2013
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	385,915	2.41	584,940	2.45
granted during the period	0	-	0	-
forfeited during the period	255	1.46	11,595	3.64
exercised during the period	129,349	2.29	187,430	2.47
expired during the period	0	-	0	-
outstanding at the end of the period	256,311	2.47	385,915	2.41
exercisable at the end of the period	248,341	2.37	290,600	2.25
Not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	21.43		17.04	
range of exercise prices (in EUR)	0.44-7.07		0.44-7.07	
remaining contractual life	from Sept. 3, 2017 until July 12, 2021		from Sept. 3, 2017 until July 12, 2021	

SOP 2009	2014		2013	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	3,445,970	8.71	3,994,260	7.66
granted during the period	0	-	425,000	11.86
forfeited during the period	29,360	10.13	139,160	7.98
exercised during the period	1,065,490	7.02	834,130	5.38
expired during the period	0	-	0	-
outstanding at the end of the period	2,351,120	9.47	3,445,970	8.71
exercisable at the end of the period	1,025,771	8.16	1,030,660	6.52
Not yet granted	127,375	-	98,015	-
weighted average share price at the date of exercise (in EUR)	25.60		16.01	
range of exercise prices (in EUR)	1.54-11.15		1.54-11.15	
remaining contractual life	until June 30, 2017		until June 30, 2017	

SOP 2005	2014		2013	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at January 1	610,040	6.29	1,905,070	6.22
granted during the period	0	-	0	-
forfeited during the period	13,500	5.58	32,140	8.06
exercised during the period	468,240	6.23	1,262,890	6.14
expired during the period	0	-	0	-
outstanding at the end of the period	128,300	6.60	610,040	6.29
exercisable at the end of the period	128,300	6.60	472,040	6.14
Not yet granted	89,245	-	75,745	-
weighted average share price at the date of exercise (in EUR)	23.59		17.83	
range of exercise prices (in EUR)	1.54-8.37		1.54-8.37	
remaining contractual life	until June 30, 2015		until June 30, 2015	

(n) Provisions

A provision is recognized on the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Warranties
A provision for warranties is recognized when a warranty claim is received from a customer. The amount recognized is the best estimate of the expenditure required to settle the claim based on historical experience.

(ii) Onerous contracts
A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(o) Trade and Other Payables

Trade and other payables are stated at amortised historical cost.

(p) Revenue

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenues from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(q) Construction Contracts

Construction contracts are recognized as services rendered but not yet chargeable in the balance sheet item "Inventory" and measured at occurred costs less process billings and recognized losses. Contract revenue includes the amount of revenue agreed and, if it is more likely than not that they will result in revenue and they are capable of being reliably measured. Contract costs are recognized when they arise, unless they form an asset that is connected with the completion of the order. As the result of construction contracts cannot be estimated reliably a partial-realization is not appropriate. An expected loss on the contract shall be recognized as expense immediately. If partial billings and recognized losses exceed occurred costs the value should be recognized as deferred income. Advanced payments from customers are recognized as deferred liability.

(r) Net Financing Cost

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income, foreign exchange gains and losses, and gains and losses on derivative financial instruments related to financing activities.

Interest income is recognized in the income statement as it accrues, taking into account the asset's effective yield. Dividend income is recognized in the income statement on the date that the dividend is declared.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing cost. The interest expense component of finance lease payments is recognized in the income statement using the effective interest method.

(s) Income Tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly within equity or income taxes directly related to acquisitions.

(i) Current tax
Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date and all adaptions concerning earlier years.

(ii) Deferred tax
Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for IFRS financial reporting purposes and the amounts used for tax purposes as well as for tax assets existing at the balance sheet date. Deferred tax assets and liabilities for temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not recognized.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is only recognized, when it is probable based on current planning, that during the next 5 years future taxable results can be used against unused tax losses and unused tax credits.

2 Segment Reporting and Revenues

Segment information is presented on the basis of the internal reporting structure for the segments "Products" and "Foundry" and determined according to valuation and accounting regulations of IFRS. The Segment "Products" comprises the development and distribution of analog Integrated Circuits ("ICs"). The segment's customers are mainly in the Communications, Industrial, Medical and Automotive markets. Within the "Foundry" segment we report the contract manufacturing of analog/mixed signal ICs based on our customers' designs.

The geographic regions are structured by the three regions in which sales occur: "EMEA" (Europe, Middle East and Africa), "Americas" and "Asia/Pacific". In presenting information on the basis of geographical regions, segment revenue is based on the geographical billing location of customers. Revenues from one customer of the segment Products amount to EUR 125,715 thousand (2013: EUR 120,060 thousand). This customer is a distributor that serves different endcustomers.

The segment measure "Result from operations" consists of gross profit, expenses for research and development, expenses for selling, general and administrative as well as other operating income and expenses.

The segment assets basically comprise the allocatable assets, i.e. customer receivables as well as segment specific tangible and intangible assets. The reconciliations comprise items which by definition are not part of the segments.

Business Segments

In thousands of EUR			**2014**			**2013**
	Products	**Foundry**	**Total**	**Products**	**Foundry**	**Total**
Revenues gross	424,959	39,411	464,370	343,017	34,772	377,789
Eliminations of inter-segment revenues	0	0	0	0	0	0
Consolidated revenues	**424,959**	**39,411**	**464,370**	**343,017**	**34,772**	**377,789**
Research & development	65,268	1,995	67,263	65,387	2,032	67,420
Result from operations	115,201	10,929	126,130	76,915	9,246	86,162
Segment Assets	401,079	4,776	405,855	311,890	3,903	315,792

Reconciliation of segments results to income statement

In thousands of EUR	2014	2013
Result from operations per segment reporting	126,130	86,162
Result from investments in associates	-455	1,164
Depreciation due to business combinations	-10,764	-10,009
Subsidies for research and development	3,507	4,413
Unallocated corporate costs	-13,064	-17,873
Result from operations	**105,355**	**63,857**
Financial result	-1,248	-470
Result before tax	**104,108**	**63,387**

Reconciliation of segment assets to total assets

in thousands of EUR	2014	2013
Assets per segment reporting	405,855	315,792
Property, plant and equipment	182,893	128,985
Inventories	59,856	40,487
Cash, cash equivalents and short-term investments	229,613	104,334
Deferred tax asset	34,075	33,282
Investments in associates	7,121	7,110
Intangible assets	6,549	5,074
Other assets	29,003	17,969
Total assets	**954,964**	**653,032**

Revenues per geographical segments

in thousands of EUR	2014	2013
EMEA	182,901	131,725
Asia / Pacific	262,766	223,365
Americas	18,703	22,698
	464,370	**377,789**

The management has chosen this presentation of regions instead of countries, due to a better informational content, as nearly no domestic revenue exists.

Long-term assets per geographical segments

in thousands of EUR	2014	2013
Austria	443,848	318,760
Switzerland	44,746	45,841
Philippines	14,018	11,981
Other countries	17,233	11,872
	519,845	**388,455**

3 Other Operating Income

in thousands of EUR	2014	2013
Government grants related to R&D expenses	7,262	4,427
Gain from disposal of assets	14	29
Insurance refunds	24	161
Other	520	732
	7,821	**5,350**

4 Other Operating Expense

in thousands of EUR	2014	2013
Expenses for monetary transactions	-171	-159
Allowance for bad debts	-1,138	-37
Other	-68	-647
	-1,377	**-843**

Expenses by nature

	2014	2013
Changes in inventories of finished goods and work in progress	-9,656	35,601
Material expenses	139,144	71,768
Personnel expenses	131,006	113,068
Scheduled depreciation	37,110	35,128
Expenses for other third-party services	33,426	30,629
Other expenses	33,975	31,080
Sum of cost of sales, selling, general and administrative expenses as well as research and development costs	**365,004**	**317,274**

5 Net Financing Result

in thousands of EUR	2014	2013
Interest expense	-1,565	-2,110
Interest income	1,219	1,064
Exchange differences	-1,001	-462
Other financial result	100	1,039
	-1,248	**-470**

6 Income Tax

Recognized in the income statement

in thousands of EUR	2014	2013
Current tax		
Current year	-9,353	-5,142
from previous years	-991	-836
	-10,344	**-5,978**
Deferred tax		
Change in temporary differences	4,211	1,341
Effect of previously unrecognised tax losses	-435	2,062
	3,776	**3,403**
Total income tax result in income statement	**-6,568**	**-2,575**

Reconciliation of effective tax expense

in thousands of EUR	2014	2013
Result before tax	104,108	63,387
Income tax using the domestic corporation tax rate (25%)	-26,027	-15,847
Effect of tax rates in foreign jurisdictions	3,152	6,593
Non-deductible expenses / tax exempt income	9,442	2,758
Tax incentives (mainly for R&D)	1,693	1,420
Corporate tax	-2,961	-582
Current year result for which no deferred tax asset was recognized	5,348	516
Change in temporary differences	4,211	1,341
Effect of previously unrecognised tax losses	-435	2,062
Tax result from prior years	-991	-836
	-6,568	**-2,575**

Recognized in other comprehensive income

in thousands of EUR	2014	2013
Relating to net loss not recognized in income statement	426	464

Deferred tax assets are recognized for all temporary differences and tax losses carry forwards only to the extent that it is probable that future taxable profit will be available within a foreseeable period. Therefore approximately EUR 10,939 thousand (2013: EUR 14,515 thousand) are not recognized in the balance sheet.

7 Cash and Cash Equivalents

in thousands of EUR	2014	2013
Bank deposits	203,666	83,352
Cash on hand	15	6
	203,681	**83,358**

8 Trade Receivables, Net

in thousands of EUR	2014	2013
Trade receivables gross	79,197	63,982
Allowance for bad debt	-206	-258
	78,992	**63,724**

Allowance for bad debt developed as follows:

In thousands of EUR	2014	2013
Balance at the beginning of the period	258	258
Consumptions during the year	-60	0
Reversals during the year	0	0
Additions during the year	8	0
Balance at the end of the period	**206**	**258**

Trade receivables by regions

in thousands of EUR	2014	2013
Region		
EMEA	30,503	21,768
Americas	2,427	3,029
Asia / Pacific	46,061	38,926
	78,992	**63,724**

Concentration of credit risks :

On the balance date of December 31, 2014 no trade receivable attributable to a single customer exceeded 5% of all trade receivables.

In the previous year no trade receivable attributable to a single customer exceeded 5% of all trade receivables.

Ageing analysis for trade receivables

in thousands of EUR	2014		2013	
	Receivables gross	Impairment	Receivables gross	Impairment
Receivables more than 30 days overdue and not impaired	1,436	0	120	0
Receivables more than 30 day overdue and impaired	206	-206	258	-258
Receivables not overdue or less than 30 days overdue and not impaired	77,556	0	63,604	0
Total trade receivables not adjusted	**79,197**	**-206**	**63,982**	**-258**

The impairment for "Receivables more than 30 days overdue and impaired" comprises a collective impairment assessment amounting to EUR 180 thousand (2013: EUR 180 thousand).

For not overdue receivables not collected before the balance sheet date and which were not impaired, no evidence for a possible bad debt loss was existent at the balance sheet date.

9 Inventories

in thousands of EUR	2014	2013
Unfinished goods	34,178	22,699
Finished goods	15,685	11,087
Raw materials and supplies	7,363	4,226
Work in progress	2,630	2,474
	59,856	**40,487**

Inventories stated at net realisable value were EUR 4,524 thousand as per December 31, 2014 and EUR 7,893 thousand as per December 31, 2013 respectively. The valuation allowance from inventories amounts to EUR 16,965 thousand as of December 31, 2014 and to EUR 18,974 thousand as of December 31, 2013 respectively. During the business year allowances amounting to EUR 904 thousand (2013: EUR -7,162 thousand) have been reversed. In 2014 the amount of inventories recognized as an expense amounts to EUR 145,793 thousand and to EUR 91,905 thousand in 2013 respectively.

Since the result of work in progress (research and development contracts) cannot be estimated reliably, no profit is realized during execution of customer specific orders. Accruals for onerous contracts are being made if necessary.

10 Other Receivables and Assets

in thousands of EUR	2014	2013
Financial assets		
Government grants related to R&D expenses	10,764	5,365
Other	3,977	1,117
	14,741	**6,481**
Non-financial assets		
Amounts due from tax authorities	722	2,032
Prepaid expenses	2,700	1,963
Deferred interests	123	68
	3,545	**4,063**
Total other receivables and assets	**18,286**	**10,544**

All other receivables and assets are neither overdue nor impaired.

11 Property, Plant and Equipment

In thousands of EUR	Land and buildings	Plant and equipment	Fixtures and equipment	Under construc-tion	Govern-ment grants	Total
Cost						
Balance at January 1, 2014	**80,022**	**386,217**	**14,180**	**29,119**	**-28,267**	**481,272**
Additions from business combina-tions	0	1,187	683	0	0	1,870
Currency translation differences	2,425	1,344	220	0	0	3,989
Additions	13,483	62,983	1,597	9,736	0	87,798
Transfers	426	25,420	29	-25,875	0	0
Disposals	0	-20,587	-537	1	0	-21,122
Balance at December 31, 2014	**96,355**	**456,564**	**16,172**	**12,982**	**-28,267**	**553,807**
Depreciation and impairment losses						
Balance at January 1, 2014	**48,776**	**301,467**	**11,819**	**0**	**-26,199**	**335,863**
Additions from business combina-tions	0	831	432	0	0	1,263
Currency translation differences	82	766	148	0	0	996
Depreciation	2,214	21,375	987	0	-453	24,124
Transfers	0	0	0	0	0	0
Disposals	0	-12,019	-514	0	0	-12,533
Balance at December 31, 2014	**51,073**	**312,420**	**12,872**	**0**	**-26,653**	**349,712**
Carrying amount						
At January 1, 2014	**31,246**	**84,750**	**2,361**	**29,119**	**-2,067**	**145,409**
At December 31, 2014	**45,282**	**144,145**	**3,300**	**12,982**	**-1,614**	**204,096**

	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
Cost						
Balance at January 1, 2013	**78,853**	**374,731**	**18,894**	**4,605**	**-28,267**	**448,816**
Currency translation differences	-713	-1,653	-322	-2	0	-2,691
Additions	2,265	13,051	1,397	24,880	0	41,593
Transfers	262	89	12	-363	0	0
Disposals	-645	0	-5,801	0	0	-6,446
Balance at December 31, 2013	**80,022**	**386,217**	**14,180**	**29,119**	**-28,267**	**481,272**
Depreciation and impairment losses						
Balance at January 1, 2013	**46,888**	**281,227**	**14,825**	**0**	**-25,407**	**317,534**
Currency translation differences	-51	-334	-224	0	0	-608
Depreciation	1,908	20,605	1,308	0	-793	23,028
Transfers	32	-32	0	0	0	0
Disposals	0	0	-4,091	0	0	-4,091
Balance at December 31, 2013	**48,776**	**301,467**	**11,819**	**0**	**-26,199**	**335,863**
Carrying amount						
At January 1, 2013	**31,965**	**93,503**	**4,069**	**4,605**	**-2,860**	**131,282**
At December 31, 2013	**31,246**	**84,750**	**2,361**	**29,119**	**-2,067**	**145,409**

As of December 31, 2014, commitments for the acquisition of property, plant and equipment amounted to EUR 13,782 thousand (2013: EUR 15,813 thousand) and intangible assets amounted to EUR 641 thousand (2013: EUR 734 thousand).

Government grants shown have been a one time subsidy which is recognized through profit and loss during the useful life of the subsidized equipment. The equipment subsidized is depreciable.

12 Intangible Assets

in thousands of EUR	Goodwill	Customer base	Technology	Patents & Licences	In develop-ment	Total
Cost						
Balance at January 1, 2014	**190,672**	**38,478**	**29,132**	**48,709**	**252**	**307,244**
Additions from business combinations	27,578	12,028	18,920	1,136	0	59,663
Currency translation differences	20,764	2,796	1,435	52	0	25,047
Additions	0	0	0	1,980	25	2,005
Transfers	0	0	0	252	-252	0
Disposals	0	0	0	0	0	0
Balance at December 31, 2014	**239,014**	**53,303**	**49,488**	**52,129**	**26**	**393,959**
Amortization and impairment losses						
Balance at January 1, 2014	**0**	**14,052**	**8,924**	**41,222**	**0**	**64,199**
Additions from business combinations	0	0	0	769	0	769
Currency translation differences	0	0	0	50	0	50
Amortization	0	6,048	4,716	2,429	0	13,192
Disposals	0	0	0	0	0	0
Balance at December 31, 2014	**0**	**20,100**	**13,640**	**44,470**	**0**	**78,210**
Carrying amount						
At January 1, 2014	**190,672**	**24,426**	**20,208**	**7,487**	**252**	**243,045**
At December 31, 2014	**239,014**	**33,202**	**35,848**	**7,659**	**26**	**315,749**

No internally generated intangible assets exist.

	Goodwill	Customer base	Technology	Patents & Licences	In develop-ment	Total
Cost						
Balance at January 1, 2013	**197,585**	**39,612**	**29,714**	**50,647**	**0**	**317,559**
Additions from business combinations	0	0	0	0	0	0
Currency translation differences	-6,913	-1,134	-582	-17	0	-8,646
Additions	0	0	0	3,600	252	3,852
Transfers	0	0	0	0	0	0
Disposals	0	0	0	-5,521	0	-5,521
Balance at December 31, 2013	**190,672**	**38,478**	**29,132**	**48,709**	**252**	**307,243**
Amortization and impairment losses						
Balance at January 1, 2013	**0**	**8,408**	**4,560**	**44,626**	**0**	**57,594**
Currency translation differences	0	0	0	-17	0	-17
Amortization	0	5,645	4,364	2,134	0	12,143
Disposals	0	0	0	-5,521	0	-5,521
Balance at December 31, 2013	**0**	**14,052**	**8,924**	**41,222**	**0**	**64,199**
Carrying amount						
At January 1, 2013	**197,585**	**31,205**	**25,154**	**6,022**	**0**	**259,966**
At December 31, 2013	**190,672**	**24,426**	**20,208**	**7,487**	**252**	**243,045**

The goodwill amounting to EUR 146,659 thousand, which was calculated in the course of the acquisition of TAOS Inc., has been assigned to the cash-generating unit Advanced Optical Sensors (formerly Optical Sensors & Lighting). An impairment test was carried out at the effective date September 30, 2014 and did not result in any need for write-downs. The recoverable amount was calculated on the basis of fair value less costs to sell. The calculation has been carried out using the discounted cash flow method with a detailed planning period up to 2019. The payment surplus of the following planning periods is considered sustainable and used as a basis for the calculation of the present value of a perpetuity.

For extrapolation of cash flows in the perpetuity, a growth rate of 2% has been assumed. A EUR interest rate of 14.0% has been applied when discounting the forecasted cash flows (. The interest rate was determined based on the weighted average cost of capital (WACC).

The recoverable amount of the cash generating unit Advanced Optical Solutions at the date of valuation is EUR 584,294 thousand and exceeds the book value of EUR 267,953 thousand by EUR 316,341 thousand.

Sensitivity analyses were carried out regarding the following important assumptions, the management considers to possibly change:

2014		**Recoverable amount**
In thousands of EUR	**10% increase**	**10% decrease**
Parameter		
Discount rate	515,483	-
Growth rate in perpetuity	-	577,910
EBITDA-margin in perpetuity	-	541,559

2013		**Recoverable amount**
In thousands of EUR	**10% increase**	**10% decrease**
Parameter		
Discount rate	434,029	-
Growth rate in perpetuity	-	485,585
EBITDA-margin in perpetuity	-	454,774

Cumulative negative changes would yield to a recoverable amount of EUR 475,152 thousand (2013: EUR 398,788 thousand) and therefore would not lead to impairment.

The goodwill amounting to EUR 37,886 thousand which was calculated in the course of the acquisition of the IDS group has been assigned to the cash-generating unit Wireless Connectivity (formerly Power Management & Wireless). An impairment test has been conducted at effective date September 30, 2014 and did not result in any need for write-downs.

The recoverable amount was calculated on the basis of fair value less costs to sell. The calculation is carried out via the discounted cash flow method using a detailed planning period up to 2019. The payment surplus of the following planning periods is considered sustainable and used as a basis for the calculation of the present value of a perpetuity.

For extrapolation of cash flows in the perpetuity, a growth rate of 2% has been assumed. An EUR interest rate of 14.0% was applied (2013: 13.1%) to the discounting of the cash flow forecast. The interest rate was determined based on the weighted average cost of capital (WACC).

The recoverable amount of the cash-generating unit Wireless Connectivity at the date of valuation is EUR 238,112 thousand and exceeds the book value of EUR 63,342 thousand by EUR 174,770 thousand.

Sensitivity analyses were carried out regarding the following important assumptions, the management considers to possibly change:

2014		**Recoverable amount**
In thousands of EUR	**10% increase**	**10% decrease**
Parameter		
Discount rate	209,965	-
Growth rate in perpetuity	-	235,589
EBITDA-margin in perpetuity	-	221,531

2013		**Recoverable amount**
In thousands of EUR	**10% increase**	**10% decrease**
Parameter		
Discount rate	146,027	-
Growth rate in perpetuity	-	161,705
EBITDA-margin in perpetuity	-	153,134

Cumulative negative changes would yield to a recoverable amount of EUR 194,281 thousand (2013: EUR 136,314 thousand) and therefore would not lead to impairment.

The goodwill amounting to EUR 10,068 thousand which was calculated in the course of the acquisition of AppliedSensor group has been assigned to the cash-generating unit Chemical Sensors. An impairment test has been conducted at effective date September 30, 2014 and did not result in any need for write-downs.

The recoverable amount was calculated on the basis of fair value less costs to sell. The calculation is carried out via the discounted cash flow method using a detailed planning period up to 2019. The payment surplus of the following planning periods is considered sustainable and used as a basis for the calculation of the present value of a perpetuity.

For extrapolation of cash flows in the perpetuity, a growth rate of 2% has been assumed. An EUR interest rate of 14.0% was applied to the discounting of the cash flow forecast. The interest rate was determined based on the weighted average cost of capital (WACC).

The recoverable amount of the cash-generating unit Chemical Sensors at the date of valuation is EUR 20,877 thousand and exceeds the book value of EUR 18,416 thousand by EUR 2,461 thousand.

Sensitivity analyses were carried out regarding the following important assumptions, the management considers to possibly change:

2014	Recoverable amount	
In thousands of EUR	**10% increase**	**10% decrease**
Parameter		
Discount rate	17,904	-
Growth rate in perpetuity	-	20,613
EBITDA-margin in perpetuity	-	18,625

Cumulative negative changes would yield to a recoverable amount of EUR 15,835 thousand and therefore would lead to impairment in amount of EUR 2,581 thousand.

13 Investments and Securities

in thousands of EUR	2014	2013
Investment funds designated as at fair value through profit and loss	25,722	20,765
Derivative financial instruments	210	211
	25,933	**20,976**

Current investments are government backed corporate bonds issued by banks. Maturity dates are January 20, 2016, March 8, 2016, April 10, 2017, July 12, 2017 and January 17, 2020 which can be sold anytime before maturity,

14 Investments in Associates

in thousands of EUR	Balance Jan. 1, 2014	Additions	Proportional result	Currency translation differences	Balance Dec. 31, 2014
NewScale Technologies Inc.	717	0	-359	437	794
FlipChip Holdings LLC	3,922	0	103	423	4,448
RF Micron Inc.	435	207	-201	43	483
Circardian Zirclight LLC	0	732	0	91	824
	5,074	**939**	**-458**	**994**	**6,549**

Summary of financial information for associated companies

in thousands of EUR					2014				2013
	NewScale Technologies Inc.	FlipChip Holdings LLC	RF Micron, Inc.	Circadian Zirclight LLC	Total	NewScale Technologies Inc.	FlipChip Holdings LLC	RF Micron, Inc.	Total
Reporting date	Sep. 30, 2014	Sep. 30, 2014	Sep. 30, 2014	Sep. 30, 2014		Sep. 30, 2013	Sep. 30, 2013	Sep. 30, 2013	
Ownership %	34.47%	33.50%	10.25%	7.80%		34.47%	33.50%	10.13%	
Short term assets	947	13,276	2,018	0	16,241	1,767	14,881	2,040	18,688
Long term assets	617	13,717	109	2,059	16,503	508	19,334	62	19,904
Short term liabilities	320	13,543	67	2	13,932	114	15,320	19	15,452
Long term liabilities	404	4,128	1,116	0	5,649	434	6,853	929	8,215
Equity	839	9,322	944	2,057	13,163	1,728	12,043	1,155	14,925
Revenues	820	36,662	81	0	37,562	2,002	43,465	0	45,469
Result	-744	245	-1,366	-1	-1,865	141	-286	-1,207	-1,351
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	**-744**	**245**	**-1,366**	**-1**	**-1,865**	**141**	**-286**	**-1,207**	**-1,351**
% Share of equity	289	3,123	97	160		595	4.034	117	
Goodwill / Impairment	-155	889	482	572		-101	-244	408	
Currency translation differences	660	436	-96	91		223	132	-90	
Carrying amount	**794**	**4,448**	**483**	**824**		**717**	**3.922**	**435**	

The figures above are not adjusted for the percentage of ownership held by the group.

RF Micron Inc., Austin, Texas (USA) is a developer of next generation RFID micro chips and RFID platforms for itemized tracking applications and is an associated company of ams-TAOS USA, Inc. Due to contractual agreements ams-TAOS USA, Inc. exercises significant influence although it owns 10.25%.

Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings LLC, Phoenix, Arizona (USA), researches and produces high end packaging technologies and offers high quality packaging solutions. The pro rata result 2014 (EUR 103 thousand) (2013: EUR 725 thousand) has been recorded in the balance sheet as per December 31, 2014.

New Scale Technologies Inc., Victor, New York (USA) creates Piezo-based micro-motor technology and licences products and technologies to industrial partners.

Circadian Zirclight LLC, Stoneham, Massachusetts (USA) is a developer of smart LED lighting systems, eyewear and systems for computer screen monitors that are spectrum specific and adopted to the circadian rhythm, to offer solutions for night working places. Circadian Zirclight LLC is an associated company. Due to contractual agreements ams exerts significant influence although it owns 7.8%.

These investments are of strategic nature.

15 Deferred Tax Assets

Deferred tax assets are attributable to the following items:

in thousands of EUR	2014	2013
Intangible assets, property, plant and equipment	-2,239	-1,558
Other long-term assets	-594	-49
Trade receivables and other assets	-234	-89
Interest bearing borrowings	1	-763
Employee benefits	5,436	4,665
Liabilities	1,218	830
Provisions	-190	-541
Tax value of loss carry-forwards	30,675	30,787
	34,075	**33,282**

In Austria tax loss carry forwards do not expire. Tax losses carried forward can be offset with a maximum of 75% of the current taxable income.

Based on the business plan and the related tax planning of the Company it is probable that deferred tax assets recognized in the balance sheet are recovered within the next years.

16 Other Long-Term Assets

in thousands of EUR	2014	2013
Advance payments for licences	4,942	4,423
Long-term loans	1,559	1,602
Other long-term financial assets	1,248	1,108
	7,749	**7,133**

17 Interest-Bearing Loans and Borrowings

in thousands of EUR	2014	2013
Non-current liabilities		
Bank loans	146,138	59,318
Current liabilities		
Current portion of bank loans	38,474	777

Terms and debt repayment schedule 2014

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	23,462	7,707	12,005	3,750
EUR – floating rate loans	1,150	767	383	0
Unsecured bank facilities				
EUR – fixed rate	70,000	0	70,000	0
EUR – floating rate	90,000	30,000	60,000	0
	184,612	**38,474**	**142,388**	**3,750**
Financial lease liabilities				
USD – fixed rate	1,815	1,815	0	0
	186,427	**40,289**	**142,388**	**3,750**

Terms and debt repayment schedule 2013

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	13,168	0	11,903	1,266
EUR – floating rate loans	1,927	777	1,150	0
Unsecured bank facilities				
EUR – fixed rate	0	0	0	0
EUR – floating rate	45,000	0	45,000	0
	60,095	**777**	**58,053**	**1,266**
Financial lease liabilities				
USD – fixed rate	2,604	983	1,621	0
	62,699	**1,760**	**59,673**	**1,266**

18 Provisions

in thousands of EUR	Warranties	Onerous contracts	Other personnel provisions	other	Total
Balance at January 1, 2014	**2,200**	**5,640**	**9,926**	**5,410**	**23,176**
Provisions made during the year	0	4,709	22,447	8,094	35,250
Provisions used during the year	-175	-5,302	-8,105	-4,715	-18,296
Provisions reversed during the year	-825	-49	-1,434	-207	-2,515
Balance at December 31, 2014	**1,200**	**4,999**	**22,834**	**8,582**	**37,615**

Warranties
A provision for warranties is recognized when a warranty claim is received from a customer.

Onerous contracts
Provisions for onerous contracts are accrued when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognized as of December 31, 2014 EUR 4,999 thousand (2013: EUR 5,640 thousand) relates to several engineering contracts.

Other personnel provisions
Provisions for other personnel costs include profit sharing and bonuses payable within twelve months after the respective balance sheet date and sales incentives for current employees.

Other provisions
Other provisions represent a provision for corporate taxes amounting to EUR 7,311 thousand (2013: EUR 3,688 thousand) mainly and provisions for outstanding invoices amounting to EUR 1,048 thousand (2013: EUR 1,191 thousand).

Other long term provision
Other long term provision is a present obligation based on possible, uncertain foreign legal regulations. The provision is evaluated on a yearly basis regarding its probability of occurrence.

19 Deferred Tax Liabilities

Deferred tax liabilities are attributable to the following items:

in thousands of EUR	**2014**	**2013**
Intangible assets, property, plant and equipment	20,836	13,584
Interest-bearing loans	9	0
	20,846	**13,584**

20 Other Liabilities

in thousands of EUR		**Current**		**Non-current**
	2014	**2013**	**2014**	**2013**
Finance lease liabilities	1,815	983	0	1,621
Employee related liabilities	2,543	2,452	0	0
Liabilities from license agreements	13,725	2,053	1,341	4,278
Derivative financial instruments	0	240	0	0
Other	0	0	7,500	0
Financial liabilities	**18,082**	**5,728**	**8,841**	**5,898**
Accrued vacation days	5,276	4,507	0	0
Deferred income	9,351	5,142	0	0
Liabilities against tax authorities	1,964	2,138	0	0
Accrued expenses	2,845	5,240	0	5,360
Other	4,577	1,315	18	1,390
Non-financial liabilities	**24,014**	**18,342**	**18**	**6,749**
Total other liabilities	**42,096**	**24,070**	**8,858**	**12,648**

21 Employee Benefits

Movements in the net liability recognized in the balance sheet:

in thousands of EUR	2014		2013	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Present value of obligation (DBO) January 1	**21,294**	**2,282**	**17,119**	**2,040**
Expense recognized in the income statement	1,507	605	3,356	231
Actuarial gains / losses recognized from financial assumptions	1,705	0	2,978	62
Payments during the year	-315	-63	-2,160	-50
Present value of obligation (DBO) December 31	**24,191**	**2,824**	**21,294**	**2,282**

The value of obligation is not financed by a fund. The accumulated actuarial gains and losses amounted to EUR 6,960 thousand (2013: EUR 7,199 thousand) so far.

Expense recognized in the income statement

in thousands of EUR	2014		2013	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Current service cost	954	532	2,858	161
Interest cost	553	73	498	70
	1,507	**605**	**3,356**	**231**

The expense is recognized in the following line items in the income statement:

in thousands of EUR	2014		2013	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Cost of sales	467	187	520	72
Selling, general and administrative expenses	603	242	2,367	95
Research and development	437	175	469	65
	1,507	**605**	**3,356**	**231**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate at December 31	2.20%	3.25%
Future salary increases	2.7%	2.7%
Fluctuation < 40 years of age	11.4%	6.5%
Fluctuation > 40 years of age	2.7%	5%
Retirement age - women	56.5-60	56.5-60
Retirement age - men	61.5-65	61.5-65

The total personnel expense amounted to EUR 131,006 thousand in 2014 and EUR 113,068 thousand in 2013. In 2014 the amount shown includes EUR 2,939 thousand (2013: EUR 3,217 thousand) for the SOP 2005, SOP 2009, SOP 2011, SOP 2013 and LTIP 2014.

The average number of employees was 1,636 in 2014 and 1,394 in 2013. Thereof 1,266 employees (2013: 1,098) and 370 workers (2013: 296).

Expenses for the severance payment fund in the business year were EUR 470 thousand (2013: EUR 406 thousand).

The weighted average duration of severance payments is 14.3 years. Contributions amounting to EUR 1,015 thousand to the plan are expected for the year 2015.

Regarding a change of the interest rate, salary increase and fluctuation a sensitivity analysis has been performed. A change of the corresponding parameters on balance sheet date would have the following effect on the debt benefit obligation.

Effect on debt benefit obligation

in thousands of EUR	decrease	increase
Change in the interest rate (+/- 20bp)	498	-482
Change in the salary increases (+/- 100bp)	-2,233	2,586
Change in the fluctuation (+/- 100bp)	208	-208

22 Shareholders' Equity

Share capital and share premium

in thousands of EUR	2014	2013
Share capital	73,267	35,270
Additional paid-in capital	200,031	228,615
	273,298	**263,884**

In April 2004, the general meeting resolved a share split of 1:3, resulting in a share capital of EUR 21,801,850.25 divided into 9,000,000 shares. In May 2004 the capital was increased by 2,000,000 shares up to 11,000,000 shares, resulting in a share capital of EUR 26,646,705.86 and an increase of additional paid-in capital (share premium) of EUR 37,399,281.40 (premium on capital stock minus transaction cost of the capital increase). All shares have no notional par value and are fully paid-in. Since May 2004, the Company's shares are listed on the SIX Swiss Exchange, Zurich, Switzerland.

In May 2005, the executive board has been authorized to increase the share capital from EUR 26,646,705.86 by EUR 2,398,203.53 to EUR 29,044,909.39 by issuing 990,000 shares. This represented 9% of the issued share capital at the time of approval. Purpose of this capital increase was the grant of Stock Options to employees of the Company.

Based on this authorisation 91,096 shares have been issued between 2006 and 2011. This led to an increase of the share capital by EUR 220,673.50 to EUR 26,867,379.36.

In the annual general meeting on March 29, 2006 the executive board has been authorized to increase share capital up to a total of EUR 10,925,024.00 by issuing 4,510,000 shares. Price and conditions for any increase are subject to Supervisory Board approval. (authorized capital 2006).

The authorized capital 2006 of ams AG expired in May 2011. For this reason, the management board was authorized in May 2011 to increase the share capital up to EUR 13,349,218.40 by issuing up to 5,510,677 new ordinary bearer and/or registered shares (no-par value shares) for contributions in cash or kind – if required, in several tranches and to determine issue price, conditions, and further details of the implementation of the capital increase upon approval of the Supervisory Board (authorized capital 2011).

In 2011, the share capital was increased by EUR 6,557,124.48 through issuing 2,706,840 shares to EUR 33,315,872.49 resp. 13,753,092 no-par value shares by utilizing the authorized capital 2011.

In May 2012, the management board was authorized upon cancellation of the existing authorized capital (authorized capital 2011) to increase – if required in several tranches - the share capital of up to EUR 16,657,936.24 by issuing up to 6,876,546 new, bearer or registered common shares (no-par shares) against cash and/or contribution in kind and to determine, in agreement with the Supervisory Board, the par value, the terms of issue and further details of the implementation of the capital increase (authorized capital 2012).

Furthermore, the management board was authorized in May 2012 to issue with the consent of the Supervisory Board

- if required in several tranches and in different combinations, and also indirectly in the way of a guarantee for the issuance of financial instruments which grant the right of conversion of shares of the company by a company affiliated with the company – during a period of five years from the day of this resolution, financial instruments pursuant to §174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, participating bonds, warrant bonds or profit participation rights, with a proportional nominal amount of up to EUR 14,653,185.86 which grant the right of conversion and/or subscription of a total of up to 6,048,967 shares of the company or are structured in a way to be shown as equity contribution. Issue price and conditions as well as possible exclusion of a general purchase opportunity are to be defined by the Management Board with authorization of the Supervisory Board.

On November 26th, 2013 the authorization for the management board for the acquisition of treasury shares would have been expired. Therefore the management board has been authorized in May 2013 to acquire ordinary bearer shares of ams AG up to 10% of the nominal capital of the company. The authorization expires November 23, 2015.

Furthermore the management board has been authorized:

- to use treasury shares to serve stock options granted to employees, officers and members of the board of the company or affiliated companies
- to use treasury shares to serve convertible bonds
- to use treasury shares as consideration for the acquisition of companies, business operations or parts thereof or shares of one or more companies at home or abroad.
- to reduce the nominal capital of the company by withdrawing of shares without par value and to reduce bearer shares without further resolution of the general meeting. The supervisory board is authorized to resolve all necessary changes of the articles of incorporation and by-laws which result from this reduction. And
- for a duration of 5 years – until May 23rd, 2018 – to sell treasury shares through a stock exchange or any other public offering or any other legally permitted manner, even over the counter, with authorization of the supervisory board. The management board may decide on the exclusion of the general purchase opportunity.

During the course of the financial year 2014 the company issued 468,240 (2013: 1,262,890) shares in order to meet its obligations with respect to the execution of stock options regarding the stock option plans (SOP 2005).

In May 2014 the general meeting approved the increase of share capital of EUR 37,605,414.76 to EUR 72,947,355.00. Furthermore a share split of 1:5 has been approved which increased the number of shares to 72,947,355.

The holders of ordinary shares are entitled to receive dividends based on the distributable net income ("Bilanzgewinn") presented in the separate financial statements of the parent company compiled in accordance with the Austrian Commercial Code (UGB) and as declared by shareholders' resolution and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The position "Other reserves" comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities and actuarial gains and losses from employee benefits.

Management of Equity
The economic equity matches equity as shown in the Company's balance sheet. The management board's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business. Amongst other financial ratios the management board monitors equity ratio and return on equity. For establishing adequate capital resources, dividend payments and share buy-backs are considered appropriate. These aims have not changed during the business year of 2014. None of the group companies are subject to certain capital requirements.

The management board's long-term aim is to maintain a balance between profitability and liquidity.

For this purpose a yearly return on equity (Net result / Equity) of 25-30% (2014: 18%; 2013: 14%, 2012: 20%; 2011: 11%), a return on assets ((Net result + interest expenses) / Total liabilities and equity) of 15-20 % (2014: 10%; 2013: 10%, 2012: 14%; 2011: 8%) and an average net liquidity ((cash and cash equivalents + financial assets) / Revenues) of 0.3x – 0.5x revenues (2014: 0.10; 2013: 0.12; 2012: 0.02; 2011: -0.19) should be achieved.

23 Cash Flow

The cash flow statement, which was prepared using the indirect method, shows the changes of cash and cash equivalents from operating activities, investing activities and financing activities. Cash and cash equivalents include cash on hand as well as bank deposits due at any time.

24 Earnings per Share

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders.

Net profit attributable to ordinary shareholders

in EUR	2014	2013
Net profit for the year	**97,539,731**	**60,812,918**
Weighted average number of shares outstanding	68,078,096	67,241,566
Earnings per share (basic)	**1.43**	**0.90**
Weighted average number of shares diluted shares	71,010,830	69,956,125
Earnings per share (diluted)	**1.37**	**0.87**
Dividends per share (paid in the business year)	**1.04**	**1.43**

The options granted according to the SOP 2005, SOP 2009, SOP 2011 and SOP 2013 will dilute in general. The dilution only occurs if the strike price is below the average stock-exchange price. Considering the requirements to be fulfilled by the employees during the vesting period of SOP 2005, SOP 2009 and SOP 2013 there will be a dilution for.

	2014	2013
Reconciliation of ordinary shares:		
Outstanding shares as of January 1	**67,720,320**	**66,385,870**
Purchase and sale of treasury shares	435,529	71,560
Capital increase regarding stock option plan 2005	468,240	1,262,890
Issue in connection with business combination	0	0
Outstanding shares as of December 31	**68,624,089**	**67,720,320**

	2014	2013
Reconciliation of treasury shares:		
Treasury shares as per January, 1	**5,078,095**	**5,149,655**
Purchase of treasury shares	835,330	950,000
Sale of treasury shares	0	0
Sale related to SOP	-1,270,859	-1,021,560
Treasury shares as per December. 31	**4,642,566**	**5,078,095**

25 Financial Instruments

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business.

All transactions related to derivative financial instruments are carried out centrally by the Group's treasury department. In connection with these financial instruments, the Company utilizes advisory services from renowned national and international financial institutions.

Credit risk
According to the Management's credit policy the exposure to credit risk is continuously monitored. Credit evaluations are performed on all customers applying for a certain term of payment.

According to the Company's treasury and risk management policy, investments are allowed in liquid securities only, and solely with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are done with counter parties with high credit ratings and with whom the Group has a signed netting agreement.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments in the balance sheet.

Interest rate risk
Interest rate risk – the possible fluctuations in value of financial instruments and changes in future cash flows due to changes in market interest rates – arises in relation to medium and long-term receivables and payables (especially borrowings). ams' treasury policy ensures that part of the cash flow risk is reduced by fixed-interest borrowings. On the liability side, 51% (2013: 25%) of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (49% (2013: 75%)) 100% (2013: 99%) will be repaid over the next two years. The remaining floating rate borrowings are checked on a continuing basis with regard to the interest rate risk. On the asset side, the interest rate risks are primarily with time deposits that are tied to the market interest rate.

Foreign currency risk
Foreign currency risks result from the Group´s extensive buying and selling of products outside of the Eurozone, mainly in US Dollar. As per December 31, 2014 as well as December 31, 2013 ams holds no foreign currency forward contracts to minimize its foreign currency exposure.

Liquidity risk

Liquidity risk is the risk for the Company not to be able to fulfill its financial obligations on maturity. The management's approach is to ensure sufficient liquidity for the Company under ordinary and extraordinary conditions. The management monitors constantly the cash demand and optimizes the cash flow. Detailed planning occurs for a period of at least 12 months in which also due payables and extraordinary circumstances as far as foreseeable are considered. Additionally the company has unused credit lines available.

Summary of financial instruments recorded on the balance sheet as per Dec. 31, 2014:

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
Short-term financial assets							
Cash and cash equivalents	0	0	0	0	203,681	203,681	203,681
Financial assets	25,723	210	0	0	0	25,933	25,933
Trade receivables	0	0	0	78,992	0	78,992	78,992
Other receivables and assets							
thereof financial assets	0	0	0	14,741	0	14,741	14,741
thereof non-financial assets						3,545	
Long-term financial assets							
thereof financial assets	1	0	6,189	1,559	0	7,749	7,749
thereof non-financial assets							
	25,723	**210**	**6,189**	**95,292**	**203,681**	**334,640**	**331,095**

in thousands of EUR	Fair Value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	38,474	38,474	38,414
Trade payables	0	51,032	51,032	51,032
Other liabilities				
thereof financial liabilities	12,059	6,024	18,082	18,082
thereof non-financial liabilities			24,014	
Interest bearing loans and borrowings	0	146,138	146,138	145,909
Other long-term liabilities				
thereof financial liabilities	5,837	3,004	8,841	8,841
thereof non-financial liabilities			18	
	17,896	**244,672**	**286,599**	**262,277**

Summary of financial instruments recorded on the balance sheet as per Dec. 31, 2013:

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
Short-term financial assets							
Cash and cash equivalents	0	0	0	0	83,358	83,358	83,358
Financial assets	0	211	20,765	0	0	20,976	20,976
Trade receivables	0	0	0	63,724	0	63,724	63,724
Other receivables and assets							
thereof financial assets	0	0	0	6,481	0	6,481	6,481
thereof non-financial assets						4,063	
Long-term financial assets							
thereof financial assets	1	0	5,531	1,602	0	7,133	7,133
thereof non-financial assets							
	1	**211**	**26,296**	**71,807**	**83,358**	**185,734**	**181,671**

in thousands of EUR	Fair Value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	777	777	771
Trade payables	0	28,300	28,300	28,300
Other liabilities				
thereof financial liabilities	2,296	3,432	5,728	5,728
thereof non-financial liabilities			18,342	
Interest bearing loans and borrowings	0	59,318	59,318	58,872
Other long-term liabilities				
thereof financial liabilities	1,467	4,431	5,898	5,898
thereof non-financial liabilities			6,749	
	3,763	**96,259**	**125,113**	**99,569**

The fair value calculations are based on the respective cash flows discounted on the balance sheet date with interest rates applicable to similar financial instruments.

2014 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	25,723	0	210	25,933
Other receivables and financial assets	0	0	0	0
Long-term financial assets				
Financial assets	0	7,748	0	7,748
Other receivables and financial assets	0	0	0	0
	25,722	**7,748**	**210**	**33,681**
Short-term financial liabilities				
Interest bearing loans	0	38,414	0	38,414
Other liabilities	0	0	12,059	12,059
Long-term financial liabilities				
Interest bearing loans	0	145,909	0	145,909
Other liabilities	0	0	5,837	5,837
	0	**184,322**	**17,896**	**202,218**

2013 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	20,765	0	211	20,976
Other receivables and financial assets	0	0	0	0
Long-term financial assets				
Financial assets	0	7,133	0	7,133
Other receivables and financial assets	0	0	0	0
	20,765	**7,133**	**211**	**28,108**
Short-term financial liabilities				
Interest bearing loans	0	711	0	711
Other liabilities	0	240	2,056	2,296
Long-term financial liabilities				
Interest bearing loans	0	58,872	0	58,872
Other liabilities	0	0	1,467	1,467
	0	**59,883**	**3,523**	**63,406**

Current investments do also present the option value of a convertible loan granted by ams. The option entitles ams to require the conversion of the loan into shares of 25.01% of the borrower's company. This embedded derivate is measured at fair value through profit or loss. The valuation is done based on Black Scholes model. Sole significant value-affecting parameter is the borrower's enterprise value. As of December 31, 2014 the option amounts to EUR 210 thousand (2013: EUR 211 thousand).

Contingent purchase price liabilities from the acquisition of IDS doo (to date ams R&D doo) in 2012. ams has committed to pay up to EUR 7,996 thousand of performance related compensation to the seller until December 31, 2018. The purchase price liabilities comprise royalty-earn-out payments until 2016. The seller will receive royalties for products which are built upon IDS intellectual property. The royalty-earn-out tranche is based on ams' long-term revenue projections and amounts to EUR 3,500 thousand by December 31, 2014. EUR 4,496 thousand of the contingent liabilities account for call-options which are exercisable by December 31, 2018. These options entitle the seller to obtain a maximum of 325,000 ams' shares. The execution is tied up with yearly as well as cumulative revenue targets of those products that again rely on IDS intellectual property. The valuation of these call-options is based on the Black Scholes model. Material value-affecting parameters are ams' long-term revenue plans as well as quotation and volatility of ams share at the valuation date. In total for the valuation of the contingent liabilities and valuation of the option an expense of EUR 2,341 thousand has been recognised in 2014 (2013: profit of EUR 76 thousand).

Additional contingent purchase price liabilities from the acam-messelectronic gmbh acquisition in 2014. ams has committed to pay EUR 9,900 thousand of performance related compensation to the seller. The purchase price liabilities comprise royalty-earn-out payments until 2018. Based on the long-term planning for a specific product the seller will receive royalties.

Financial instruments designated at fair value are measured at their respective market value. The valuation of financial instruments held for trading is based on valuations done by the external contractors.

Net gains and losses from financial instruments

2014 in thousands of EUR	**Result from valuation**	**Foreign currency valuation**	**Result from divestment**
Financial assets			
At fair value through profit & loss held for trading	0	0	0
Available for sale	474	0	-170
Loans and receivables	0	6,262	0
	474	**6,262**	**-170**
Financial liabilities			
At fair value through profit & loss held for trading	240	0	0
At amortized costs (other financial liabilities)	0	-7,263	30
	240	**-7,263**	**30**

2013 **in thousands of EUR**	**Result from valuation**	**Foreign currency valuation**	**Result from divestment**
Financial assets			
At fair value through profit & loss held for trading	-166	0	-18
Available for Sale	0	0	0
Loans and receivables	0	-10	0
	-166	**-10**	**-18**
Financial liabilities			
At fair value through profit & loss held for trading	425	0	0
At amortized costs (other financial liabilities)	0	-452	798
	425	**-452**	**798**

Interest and dividends were not included in the tables above.

Interest income and interest expenses

Interest income and expenses from financial assets which are valued at fair value and are not affecting net income are as follows:

in thousands of EUR	**2014**	**2013**
Interest income	1,219	1,064
Interest expenses	-1,565	-2,110

Effective interest rates and liquidity analysis

In the following are the contractual maturities of financial liabilities including interest payments and the effective interest rates at the balance sheet date.

2014 in thousands of EUR	Effective interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
R & D loans						
EUR – Fixed rate loans	1.19%	23,462	24,290	7,964	15,067	1,260
EUR – Floating rate loans	1.37%	1,150	1,166	780	386	0
Unsecured bank facilities						
EUR – Fixed rate loan	1.01%	70,000	72,729	700	72,030	0
EUR – Floating rate loan	1.07%	90,000	91,330	30,969	60,361	0
		184,612	189,516	40,412	147,843	1,260
Liabilities from finance lease						
USD – Fixed rate	3.74%	1,815	1,865	1,865	0	0
Contingent consideration						
EUR	13.97%	17,896	21,920	8,140	13,780	0
Interest swaps						
EUR – Fixed rate		0	0	0	0	0
USD – Fixed rate		0	0	0	0	0
		204,323	**213,301**	**50,417**	**161,623**	**1,260**

2013 in thousands of EUR	Effective interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
R & D loans						
EUR – Fixed rate loans	1.48%	13,168	13,678	220	12,190	1,268
EUR – Floating rate loans	1.58%	1,927	1,962	790	1,172	0
Unsecured bank facilities						
EUR – Fixed rate loan	0	0	0	0	0	0
EUR – Floating rate loan	1.52%	45,000	46,227	654	45,573	0
		60,095	**61,867**	**1,664**	**58,935**	**1,268**
Liabilities from finance lease						
USD – Fixed rate	3.74%	2,604	2,728	969	1,758	0
Contingent consideration						
EUR	0.47%	6,155	6,122	2,056	4,066	0
Interest swaps						
EUR – Fixed rate		132	126	126	0	0
USD – Fixed rate		108	109	109	0	0
		69,094	**70,952**	**4,924**	**64,759**	**1,268**

Risk of change of interest rates

At the balance sheet date the interest bearing financial instruments carry the following values:

in thousands of EUR	2014	2013
Financial assets		
Fixed rate financial instruments	13,245	15,737
Floating rate financial instruments	12,477	5,028
Interest rate swaps	0	0
Financial liabilities		
Fixed rate loans	23,462	13,168
Floating rate loans	161,150	46,927
Fixed rate financial lease	1,815	2,604
Interest rate swaps	0	240

Fair value sensitivity analysis for fixed rate financial instruments

A change of +/- 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular currency rates, remain constant. The analysis for the business year 2013 was performed on the same basis.

2014 in thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Fixed rate financial instruments	-308	328	-308	328

2013 in thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Fixed rate financial instruments	-277	287	-277	287

Cash flow sensitivity analysis for variable rate financial instruments

A change of +/- 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular currency rates, remain constant. The analysis for the business year 2013 was performed on the same basis.

2014 in thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Variable rate financial instruments	-5	5	-5	5
Financial liabilities				
Floating rate loans	-1,159	1,159	-1,159	1,159
Interest rate swaps	0	0	0	0

2013 in thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Variable rate financial instruments	-3	3	-3	3
Financial liabilities				
Floating rate loans	-841	841	-841	841
Interest rate swaps	48	-50	48	-50

Foreign currency risk

The company's exposure to foreign currency risk at the balance sheet date was as follows based on notional amounts:

2014 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	75,525	37	0
Trade liabilities and other liabilities	-41,811	-3	-291,097
Interest bearing loans	0	0	0
Liabilities from finance lease	-2,235	0	0
	31,479	**35**	**-291,097**
Net foreign currency risk	**31,479**	**35**	**-291,097**

2013 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	65,229	19	0
Trade liabilities and other liabilities	-25,878	-441	-46,100
Interest bearing loans	0	0	0
Liabilities from finance lease	-3,538	0	0
	35,812	**-421**	**-46,100**
Net foreign currency risk	**35,812**	**-421**	**-46,100**

Sensitivity analysis

A 10 percent strengthening/weakening of the EUR against the following currencies would have increased (decreased) equity and profit loss by the amounts shown below.

2014 in thousands of EUR	Profit & loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	-2,357	2,881	-2,357	2,881
CHF	-3	3	-3	3
JPY	182	-223	182	-223

2013 in thousands of EUR	Profit & loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	-2,361	2,885	-2,361	2,885
CHF	31	-38	31	-38
JPY	29	-35	29	-35

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for the business year 2013 was performed on the same basis.

The following FX exchange rates were used during the business year:

	Annual average exchange rate		Period end exchange rate	
	2014	2013	2014	2013
USD	1.3211	1.3308	1.2141	1.3791
CHF	1.2127	1.2291	1.2024	1.2276
JPY	140.50	130.18	145.23	144.72

26 Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2014	2013
Less than one year	3,147	2,678
Between one and five years	3,954	3,796
	7,101	**6,474**

Some of the Group's subsidiaries lease office space. In addition, the Group leases the "gas farm" as well as automobiles under operating leases. The lease agreements typically run for an initial period of four to ten years, typically including an option for the lessee to renew the lease after that date. The expenses for operating lease amounted to EUR 2,863 thousand in 2014 (2013: EUR 2,605 thousand).

Finance lease

2014 In thousands of EUR	Future minimum lease payments	Interest cost	Present value of minimum lease payments
Less than a year	1,865	50	1,815
Between one and five years	0	0	0
	1,865	**50**	**1,815**

2013 In thousands of EUR	Future minimum lease payments	Interest cost	Present value of minimum lease payments
Less than a year	969	80	983
Between one and five years	1,758	44	1,621
	2,728	**124**	**2,604**

The lease contains property, plant & equipment with a carrying amount of EUR 1,063 thousand (2013: EUR 2,223 thousand) completely and do not include conditional lease payments.

27 Contingencies

The preparation of the consolidated financial statements according to IFRS requires discretionary decisions and business assumptions by management concerning future developments, thus materially determining the method and value of assets and liabilities, the disclosure of other obligations at the balance sheet date and the resulting earnings and expenditures within the year.

Within the following assumptions there exist risks which could lead to changes in the value of assets or liabilities during the following fiscal year:

- the impairment test of the tangible fixed assets and immaterial assets is based on forecasted future cashflows in the years to come utilizing an industry and company related discount rate.
- The impairment test of goodwill is based on forecasted future cash flows utilizing a discount rate related to the cash-generating unit
- the application of deferred tax assets is under the assumption that taxable income will be available to take advantage of existing tax loss carry forwards in the future.
- The other long term provision is measured on its probability of occurence
- the valuation of provisions for severance payments and long service benefits is made using assumptions concerning the discount rate, retirement age, fluctuations and future salary increases.

28 Related Parties

Identity of related parties

The Company has a related party relationship with:

- the Company's Executive Officers (CEO, CFO, COO)
- the members of the Company's Supervisory Board (Aufsichtsrat)
- persons related to the executive board of the company (CEO, CFO, COO)
- associated companies
- the not consolidated affiliated company Austria Mikro Systeme International Ltd.

As of December 31, 2014 and December 31, 2013 respectively, the remuneration for the Management board was as follows:

	CEO		CFO		COO		Management board total	
Remuneration (in thousands of EUR)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Salary								
Salary, not variable	326	232	302	300	50	-	678	711
Salary, variable	292	164	307	90	53	-	652	696
Options								
Options (Value at allocation)	121	571	78	462	43	-	242	1,033
Non cash benefit								
Car	0	0	4	4	2	-	6	4
Expense for precautionary measures								
Contribution to accident insurance	1	1	1	1	1	-	3	2

The Company recorded an amount of EUR 336 thousand in the profit and loss from a release (2013: accrual) for severance payments for the Management board (2013: EUR 1,554 thousand recognized as expense).

During the business year 45,560 call options (2013: 235,000) for the CEO, 29,600 for the CFO (2013: 190,000), 16,250 for the COO (2013: 35,000) and 91,410 (2013: 460,000) call options of LTIP 2014 (2013: SOP 2009) for the Management board as a whole were allocated during the year. The strike price amounts to EUR 1.00 (2013: EUR 11.86).

For conditions and valuations of the call options for shares of ams AG based on the LTIP 2014 and SOP 2009 please refer to point (m) (iv).

Persons related to the management board held no shares and no options of ams AG as per December 31, 2014 and 718 shares and no options as per December 31, 2013, respectively.

The remuneration of the company's Supervisory Board amounted to EUR 513 thousand (2013: EUR 513 thousand). All remunerations were or are be paid directly by the Company. The Company has no consulting agreements with the Company's known shareholders. One member of the Supervisory Board has supplied consulting services amounting to EUR 15 thousand.

The Company's Executive Officers hold 785,623 shares and call options for the purchase of 701,410 shares as of December 31, 2014 (1,120,615 shares and call options for the purchase of 695,000 shares as of December 31, 2013).

Name	Function	Directors' gross remuneration fixed	Travel expenses & attendance fees	Number of Shares held as per Dec. 31	Number of Options held as per Dec. 31
		in thousands of EUR	in thousands of EUR		
Hans Jörg Kaltenbrunner	Chairman	73	2	0	0
Guido Klestil	Chairman (until September 13, 2013)	27	0	0	0
Prof. Dr. Siegfried Selberherr	Vice chairman	60	3	75,000	0
Gerald Rogers	Vice chairman	53	44	79,106	0
Dr. Kurt Berger	Member (until September 13, 2013)	13	0	0	0
Michael Grimm	Member	40	2	0	0
Klaus Iffland	Member	40	2	350	0
Jacob Jacobsson	Member	40	33	80,556	0
Johann Eitner	Employee representative	0	2	0	0
Günter Kneffel	Employee representative	0	2	0	0
Vida Uhde-Djefroudi	Employee representative (until November 21, 2014)	0	2	0	0
Dr. Günther Koppitsch	Employee representative (since December 4, 2014)	0	0	500	0
		346	**92**	**235,512**	**0**

The shown remunerations show the amounts actually paid during the business year. The remuneration for the business year 2014 will be determined at the general meeting on June 9, 2015.

No person related to the Supervisory Board held shares or options of ams AG as of December 31, 2014.

The breakdown for the individual members of the Supervisory Board is as follows as of December 31, 2013:

Name	Function	Directors' gross remuneration fixed	Travel expenses & attendance fees	Number of Shares held as per Dec. 31	Number of Options held as per Dec. 31
		in thousands of EUR	in thousands of EUR		
Guido Klestil	Chairman (until September 13, 2013)	80	7	0	0
Hans Jörg Kaltenbrunner	Chairman (since September 13, 2013) Vice chairman (until September 13, 2013)	60	2	0	0
Prof. Dr. Siegfried Selberherr	Vice chairman	60	4	75,000	0
Gerald Rogers	Vice chairman (since September 13, 2013) Member (until September 13, 2013)	40	60	77,490	0
Dr. Kurt Berger	Member (until September 13, 2013)	40	1	0	0
Michael Grimm	Member	40	2	0	0
Klaus Iffland	Member	40	2	0	0
Jacob Jacobsson	Member	40	27	93,490	0
Johann Eitner	Employee representative	0	2	0	0
Günter Kneffel	Employee representative	0	2	0	0
Vida Uhde-Djefroudi	Employee representative	0	2	0	0
Dr. Günther Koppitsch	Employee representative (until September 13, 2013)	0	2	0	0
		400	**113**	**245,980**	**0**

No person related to the Supervisory Board held shares or options of ams AG as of December 31, 2013.

There are no unsettled financial liabilites between members of the Supervisory Board or the Management board and ams.

Related party transactions

In thousands of EUR	Transaction value for the business year		Balance outstanding as at Dec. 31	
	2014	2013	2014	2013
New Scale Technologies Inc., Victor, New York (USA)				
Sale of goods and services	1	12	0	0
Purchased services	-106	-804	-27	0

Identity of associated companies:

New Scale Technologies Inc., Victor, New York (USA):
Based on its patented micro-motor technology, New Scale Technologies creates disruptively small motion systems. It invents, manufactures and sells miniature ultrasonic motors and integrated positioning systems.

Flip Chip Holdings LLC, Phoenix, Arizona (USA):
Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings LLC, Arizona researches and produces high end packaging technologies.

RFMicron Inc., Austin, Texas (USA):
The company is a developer of next generation RFID Micro Chips and platforms for itemized tracking applications.

These investements are of strategic nature.

Contingent liabilities:

There are contingencies amounting to a total sum of EUR 313 thousand (2013: EUR 364 thousand).

29 Remuneration for the Auditors

The expense for the auditor's remuneration for the audit of the financial statements and annual consolidated financial statements 2014 amounted to EUR 140,000.00. For other consultancy services EUR 54,458.04 have been expensed.

30 Group Enterprises

	Accounting method	Country of incorporation	Functional currency	Ownership interest	
ams France S.à.r.l.	fully consolidated	France	EUR	100%	100%
ams Germany GmbH	fully consolidated	Germany	EUR	100%	100%
ams Italy S.r.l.	fully consolidated	Italy	EUR	100%	100%
ams International AG	fully consolidated	Switzerland	CHF	100%	100%
ams R&D Spain, S.L.	fully consolidated	Spain	EUR	100%	100%
ams R&D UK Ltd.	fully consolidated	U. K.	GBP	100%	100%
AMS USA Inc.	fully consolidated	USA	USD	100%	100%
ams Japan Co. Ltd.	fully consolidated	Japan	JPY	100%	100%
ams Semiconductors India Pvt Ltd.	fully consolidated	India	INR	100%	100%
ams Asia Inc.	fully consolidated	Philippines	PHP	100%	100%
Aspern Investment Inc.	fully consolidated	USA	USD	100%	100%
AMS-TAOS USA Inc.	fully consolidated	USA	USD	100%	100%
AMS-TAOS International	fully consolidated	Cayman Islands	USD	100%	100%
TAOS Germany	fully consolidated	Germany	EUR	-	100%
ams Korea Co. Ltd	fully consolidated	Korea	KRW	100%	100%
ams R&D doo	fully consolidated	Slovenia	EUR	100%	100%
AppliedSensor Holding AB	fully consolidated	Sweden	SEK	100%	-
AppliedSensor GmbH	fully consolidated	Germany	EUR	100%	-
AppliedSensor USA	fullyconsolidated	USA	USD	100%	-
acam-messelectronic GmbH	fully consolidated	Germany	EUR	100%	-
Austria Mikro Systeme International Ltd.	at cost	China	HKD	100%	100%

The Group enterprise accounted for at cost has ceased operations and is not material individually and on an aggregated basis.

31 Events after the Balance Sheet Date

No transactions had significant effect on ams' financial position, assets or earnings after the closing of the fiscal year.

Unterpremstätten, February 2, 2015

Kirk Laney	Michael Wachsler-Markowitsch	Dr. Thomas Stockmeier
CEO	CFO	COO

Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ams AG, Unterpremstätten, for the year period from 1 January 2014 to 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement/consolidated statement of comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory notes. Our liability as auditors toward the Company and third parties is guided under Section 275 UGB (Austrian Commercial Code).

Management's Responsibility for the Consolidated Financial Statements and Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group´s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of 31 December 2014 and its financial performance and its cash flows for the year from 1 January 2014 to 31 December 2014 in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. Report on Other Legal Requirements (Group Management report)

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report of the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Vienna, 2 February 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Dr. Johannes Bauer
Wirtschaftsprüfer

Mag. Arno Alexander Gruner
Wirtschaftsprüfer

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Section 2 UGB (Austrian Commercial Code) applies.

Imprint

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