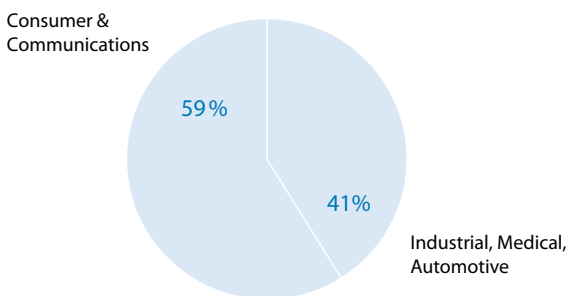
Annual Report 2013

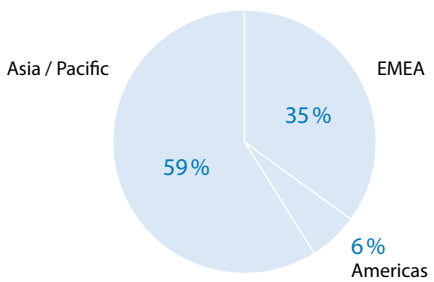
Key Figures

In millions of EUR	2013	Changes to 2012	2012	2011
Revenues	**377.8**	-3%	387.6	275.7
Gross margin (excluding acquisition-related costs)	55%		55%	52%
Gross margin (including acquisition-related costs)	52%		52%	51%
R & D expense	68.5	16%	59.0	50.8
Operating result (EBIT)	63.9	-25%	84.8	43.1
EBIT margin in %	17%		22%	16%
Net income	60.8	-26%	81.9	35.3
Earnings per share (in EUR, basic)	4.52	-29%	6.37	3.04
Earnings per share (in CHF, basic)	5.56	-28%	7.67	3.75
Operating cash flow	100.2	-20%	124.8	70.3
Total order backlog (as of December 31)	76.6	-16%	90.9	90.0
Capital expenditure	47.1	47%	31.9	17.7
Total assets (as of December 31)	653.0	3%	634.0	558.6
Equity ratio	68%		65%	59%
Employees (average)	1,394	9%	1,282	1,193

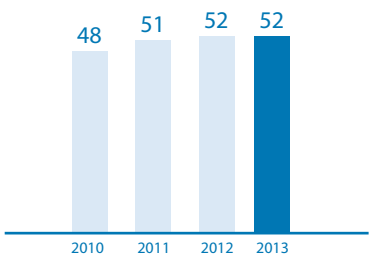
Revenues by market 2013 in %



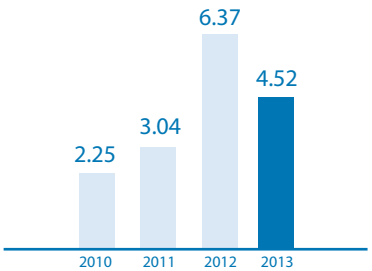
Revenues by region 2013 in %



Gross margin in %



Earnings per share (EPS) in EUR (basic)



Our mission is to
shape the world with
sensor solutions.

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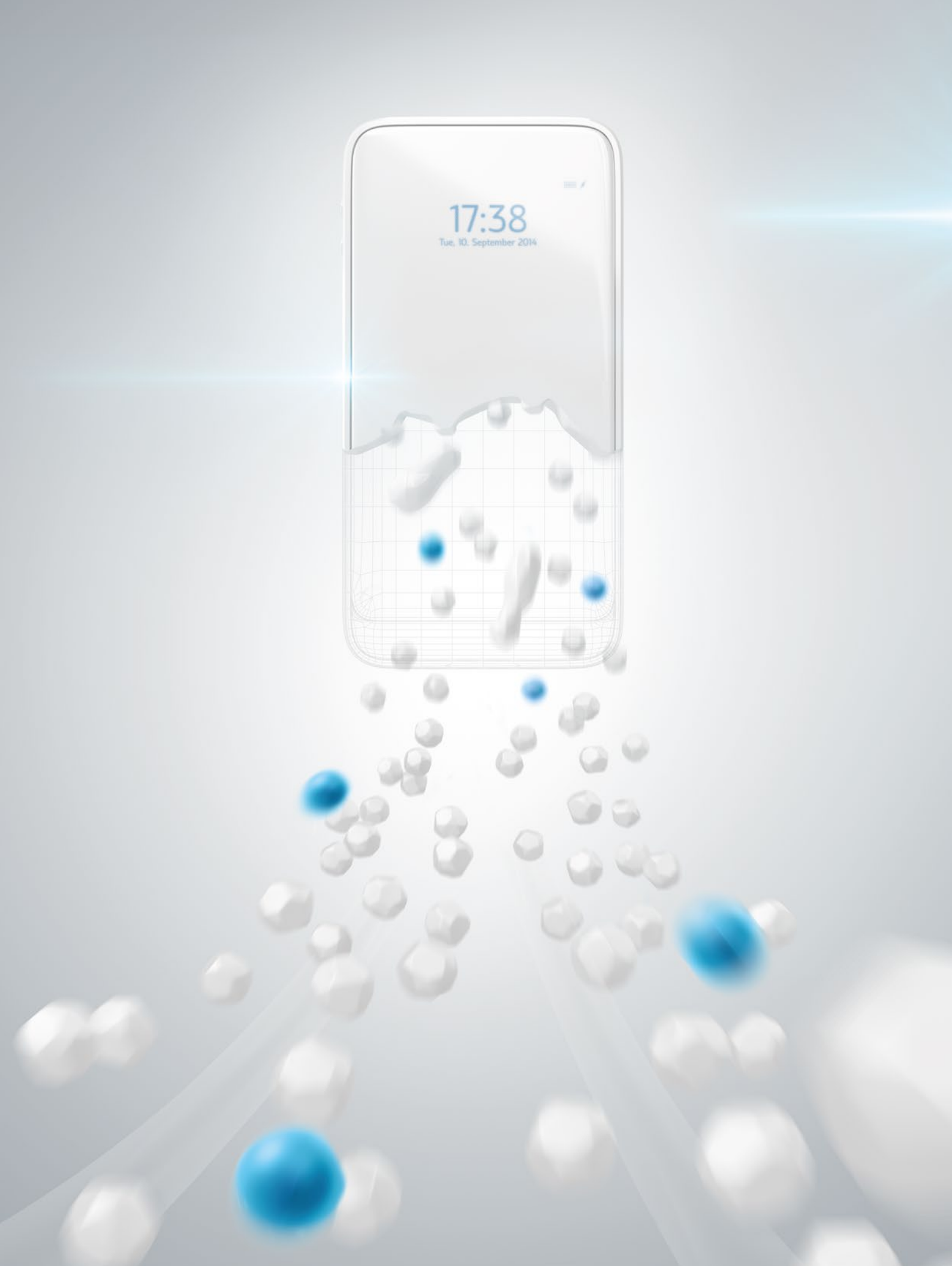
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Preface by the Management Board

Dear shareholders, customers and employees, ladies and gentlemen

2013 was a transition year for ams. While our strategy as a sensor and analog company remains unchanged we decided to create a new definition and goal for ams given the importance of sensor technologies and the majority of our business already being sensor-related. Our aim is to become the leading sensor solutions provider worldwide, focused on the multitude of applications where sensors are used, or will be used to re-shape and improve our daily life. We have started several internal projects last year to adapt our organization and align our product strategies to this goal and are very excited about the path we are pursuing.

The development of our business in 2013 was impacted by the delay of several major projects at important consumer OEMs. Customers pushed out expected ramp-ups by several quarters and into the current year, forcing us to lower our expectations for the year in June of last year. As a result, 2013 revenues came in slightly below the previous year's level but gross margin remained unchanged from the year before, thus demonstrating the strength of our business model.

Our consumer and communications business was again the largest revenue contributor despite recording a decrease in revenues in 2013. Product innovations strengthened our market position as a major supplier to smartphone, tablet PC and mobile device OEMs.

We are the leading provider of advanced light sensors worldwide and shipped very high volumes of ambient light and proximity sensors for a wide range of consumer devices last year. 2013 showed a trend towards RGB color sensors enabling improved analysis of the lighting environment for sophisticated display management in smartphones and tablet PCs. Creating an important new content opportunity for mobile devices, we launched an innovative gesture sensor solution last year. The compact module combines high resolution gesture sensing with RGB color sensing, proximity sensing, and mobile coupon redemption in a minimized footprint. The solution has been shipping in volume for several months and, based on multiple design-ins, we expect to benefit strongly from the adoption of gesture sensing in smartphones going forward. In our MEMS microphone IC business, we were again successful last year with over 1.6 billion units shipped and remain market leader in this dynamic market. In power management solutions, we benefitted from the growth in action camera systems while supporting a graphics processor vendor's mobile platforms offers attractive opportunities.

Our wireless business for RFID and NFC solutions providing contactless communication developed positively last year, but still fell short of expectations. Particularly the market for NFC payment hardware solutions did not show the expected momentum in 2013. We are, however, convinced that our innovative antenna booster solution for NFC mobile transactions and our world class NFC expertise will drive substantial revenue contributions in the second half of 2014 and the following years. Besides this, we see a large number of new sensor applications in consumer and communications devices, which offer exciting potential to apply our sensor solutions expertise.

Our industrial, medical and automotive business showed solid results in 2013 driven by its diverse range of end markets and strong customer relationships. Industrial product lines saw improving demand in the second half of 2013 supporting our leading market position in industrial sensors, position measurement and building control. We recorded another successful year in medical applications for sensor and interface solutions, centered on medical imaging including computed tomography (CT), digital X-ray, mammography, and ultrasound. Our automotive business was a major area of growth in 2013 given the expanding use of advanced sensors in vehicles and continued good automotive demand. New safety systems and more electronic applications provide large volume opportunities for ams going forward.

In our high quality supply chain we combine in-house capacity with resources at manufacturing partners to create a robust platform for volume applications. Our production capacity remained at highest utilization rates last year. We see further capacity needs emerging from our development pipeline and have therefore decided to evaluate the acquisition of additional wafer fab assets outside Europe. In the near term, we are also investing in our in-house wafer fab to increase capacity and allow critical process advances to further our competitive advantage. The investment in our advanced 3D packaging line was successfully completed last year with product sampled to several mobile device customers, and we expect first revenues in the second half of 2014. Committed to responsible business practices we realized further energy efficiency improvements in 2013 and remain focused on our goal of becoming fully carbon neutral.

We maintained high levels of investment in R&D and added R&D resources to support a very substantial development and design-in pipeline. We also made focused investments in sales, predominantly in Asia, to drive key account penetration at very large OEMs.

Based on our dividend policy we will propose a dividend of EUR 1.04 per share or 25% of the net result for 2013. Our financial position is stronger than ever and 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 commitment and creativity remain the key drivers of our success.

We are confident about the significant growth opportunities for ams in 2014 and the coming years, driven by our sensor solutions know-how, pipeline of innovation, and excellence in design and manufacturing.

Kirk Laney
CEO

Michael Wachsler-Markowitsch
CFO

Preface by the Supervisory Board

Dear shareholders, ladies and gentlemen

In 2013, our company has pursued opportunities for growth and made crucial investments whose commercial potential did not translate directly into financial results. These investments form the basis of our future growth, both in revenues and profitability. The technological advances in developing our specialty manufacturing processes, the industrialization of our TSV (Through Silicon Via) 3D packaging technology, our growing market presence in the US and Asia, establishing our position in the market for Near Field Communication (NFC) and the market breakthrough of our gesture recognition sensors are examples of a multitude of milestones marking the development of our group.

ams successfully made the step to a globally recognized specialist for high performance analog solutions and will continue to expand its expertise and presence in the fast growing market for sensor solutions.

Over the last year, the Supervisory Board worked closely with the Management Board and the company's management in seven Supervisory Board meetings and numerous committee meetings. In addition to the statutory responsibilities of the Supervisory Board, our main tasks also included supporting the company's strategic positioning, selecting executive managers, handling succession planning within the Management Board and sharing experiences and know-how with ams' management. I would like to thank all my colleagues for the time and hard work they have invested contributing to the future success of ams. Attendance of members at Supervisory Board and committee meetings of nearly 100% reflects the strong commitment of our shareholder and employee representatives.

2013 saw changes in the Management Board and Supervisory Board of ams. After 11 years in office, John Heugle stepped down as CEO. His dynamic approach and exceptional commitment to our clients, employees and shareholders were decisive factors in the profitability, product portfolio and global presence of ams. Guido Klestil took his leave after 26 years as Chairman of the Supervisory Board. His strategic vision, prudent leadership and firm belief in the potential of ams were critical to the successful development of our company. The Supervisory Board would like to thank both gentlemen for the time and energy they so successfully invested in ams over the years.

On behalf of the Supervisory Board and as a shareholder representative, I would also like to thank management for its untiring efforts. A special thanks goes to all our employees for their contribution towards the success of ams. They ensure that our clients, shareholders and business partners continue to place their trust in ams' products and solutions.

Hans Jörg Kaltenbrunner
Chairman of the Supervisory Board

Our Company

Company and Strategy

Our vision

The ams vision is to enrich lives by creating a seamless experience between people and technology. The most natural sensors are the human senses, so ams' "technology as nature intended" enhances our lives by making us more responsive and in-tune to the world around us.

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

Our company and strategy

From our vehicles to our homes, offices, personal devices and more, most of us already are exposed to and surrounded by sensors. Sensor functionality has evolved in important ways. We rely on sensors to help conserve battery power; recognize ambient light, motion and gestures; increase safety; and measure changes in temperature and blood glucose levels.

Sensors also play a key role in increasing safety, precision and image resolution for many advanced industrial, automotive and medical applications. When combined with NFC and RFID, sensor technologies also offer an ideal solution for new forms of payment, tracking, and time-stamping data.

Our mission is to shape the world with sensor solutions. ams is a global leader in both the design and manufacture of advanced and highly efficient analog sensor solutions. ams sensors enable our customers to create differentiated products that literally are changing the world.

Our high-performance analog products fuel applications requiring extreme precision, dynamic range, sensitivity, and ultra-low power consumption. ams' products include sensors (including optical sensors), sensor interfaces, power management integrated circuits (ICs) and wireless ICs for the consumer, industrial, medical, mobile communications and automotive markets.

Our Talent

The people of ams are the company's greatest asset. We strive to attract and retain the best and brightest talent in the industry. We foster a culture that embraces diverse, highly creative, innovative and unconventional thinkers. The creativity and ingenuity of our teams allows us to be at the leading edge of analog and semiconductor design and manufacturing worldwide. We continuously push our technology boundaries to new heights. ams innovation also stems from its global mindset: our staff of more than 1,400 people in 20 countries includes research and development facilities in Austria, a center of excellence in optical sensors in Texas (USA), seven other design centers, and manufacturing in Austria and the Philippines.

Corporate Responsibility

Ethical, professional practices and environmental responsibility are fundamental principles guiding ams' business approach. ams is part 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.

With its dedication to protecting the environment and the sustainability of resources, ams is committed to significantly reducing its carbon emissions and achieving a zero carbon footprint over the coming years. ams promotes efficient energy use throughout its operations, where innovative methods for reducing electricity and gas consumption bring about both environmental and cost benefits. ams remains a pioneer in environmental certification and is ISO 14001 certified for its locations in Unterpremstätten, Austria, and Calamba, Philippines.


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Our Business

At ams, we focus on providing advanced sensor and analog solutions for high value and emerging markets including the following:

Consumer and Communications
Industrial, Medical, Automotive

Consumer and 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 devices, continuously improving the user experience and making the interaction with devices richer and more intuitive.

To address this need, we deliver a broad range of innovative technology solutions for consumer electronics and communication device manufacturers including intelligent light sensors, MEMS microphone ICs, NFC solutions, active noise-cancelling ICs, ultra-low power management solutions, and more.

ams' sensor technology is at forefront of innovation by delivering extreme precision, dynamic range, sensitivity, and ultra-low power consumption, all of which extend the ability to seamlessly interact with communication devices. Ambient light and proximity detection sensors are used today in hundreds of millions of smartphones, tablets, laptop computers and other communication devices to improve the overall user experience and extend battery life. Benefits and functions include enabling the automatic adjustment of the display brightness under varying lighting conditions; disabling the display when the user is taking incoming or making outgoing calls; and simplifying the human interface to machines with touchless technology.

ams' RGB color sensors deliver full analysis of the light spectrum and color temperature, enabling the ultimate viewing experience with more vibrant and realistic display images while maximizing energy conservation. Color sensors also support solutions for color discrimination, determination and measurement. These RGB sensors are used in a wide variety of applications such as color feedback control in solid-state illumination and RGB backlight systems, and color adjustment in printer, industrial process quality controls and portable medical diagnostic systems.

Sensor-driven lighting, another ams specialty, will be driving many of the 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.

Gesture recognition functionality is expected to see broad adoption in consumer and communications applications. ams is focused on these next-generation gesture recognition solutions to provide yet another way in simplifying the human-machine interface. ams has begun shipping its first highly integrated gesture sensors which use ams' leading photodiode technology to deliver a reliable, precise, more intuitive and touchless interface for many devices.

ams ultra-low power, highly integrated power management IC's (PMICs) are used in mobile devices including netbooks, tablets, high-resolution entertainment modules and action cameras. ams supports customers of NVIDIA, the leading mobile graphics processor supplier, using NVIDIA's platforms in netbooks and other devices, and provides power management solutions for GoPro's range of versatile action cameras. ams' ultra-low power, high performance PMIC solutions with leading-edge analog technology maximize battery life while optimizing overall system performance.

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 enables clear sound regardless of the noise levels from the surrounding environment, increasing the sound quality of mobile communications and multimedia applications. ams' low-noise MEMS microphone ICs are a standard feature in many of today's mobile devices including smartphones, handsets, tablets and notebook computers.

The adoption of near field communication (NFC), a form of proximity contactless communication between devices like smartphones and tablets, is rapidly spreading in Asia, Europe and the U.S. With more than 20 years of experience in wireless and radio-frequency identification (RFID), ams is uniquely poised for the NFC revolution.
NFC-based contactless payments are gaining significant traction due to higher levels of control and convenience for consumers and higher throughput for retailers. ams addresses the contactless payment market with its unique active boost technology with antenna auto-tuning that enables reliable and safe NFC payments for virtually any phone and also a wide range of highly integrated devices such as wearable accessories. Dramatically reducing antenna size requirements, ams' booster technology ensures a hassle-free mobile payment experience for many small form factor applications that are constrained by space. ams' unique NFiC dual interface IC solutions lower the barriers to NFC integration for devices with host microcontrollers, enabling NFC for myriad consumer and medical applications.

Industrial, Medical, 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 sensors, building automation, security and high-resolution seismic analysis. For example, position sensors offer high reliability measurements in areas of magnetic interference such as measuring the slightest movements of the arms and tools of a robot, enabling a machine to control motion far beyond the limits of the human hand.

Similarly, in medical electronics, the demand for new sensor solutions continues to grow and is driven by the need for more advanced, cost-efficient diagnostic, imaging and surgical equipment as well as the explosion of wireless mobile healthcare systems that monitor patients remotely. ams delivers a wide range of medical sensors, sensor interfaces, power management and wireless solutions that are ideally suited for healthcare applications.

Highly integrated ams sensors are used in many of today's advanced medical imaging applications and state-of-the-art computed tomography equipment. These solutions incorporate the latest design and process technologies and contribute in drastically reducing the level of radiation while significantly improving image resolution.

Cost-effective and easy-to-implement near field communication (NFC) sensor tags with integrated radio frequency (RF) technology are emerging to make tracking, recording and time stamping of data for medical applications more efficient. NFC sensor tags can even be safely ingested or implanted under the skin, enabling patients to monitor specific physiological conditions around the clock and read data by simply holding an NFC-enabled phone or tablet close to the body.

ams also participates in the consumer digital health market that is being built around devices that range from smart watches to activity trackers in bracelet or pendant form. These applications require biosensors, new display technologies, critical power management and very low power designs to enable a compelling consumer experience. The quantified self-monitoring movement is a key driver for more functionality and wider acceptance of such devices. Combined with telemedicine, these technologies also will help improve medical patients' quality of life and enable safer, easier and more convenient health management for senior citizens.

In vehicles, consumers expect increased safety, assistance, convenience and eco-friendly technologies. ams offers a broad range of application specific and standard IC solutions for leading car manufacturers and suppliers to make driving safer, smarter and more environmentally friendly. ams powers systems including collision avoidance, car seat occupancy detection, breakthrough battery management cell monitoring and balancing, high-speed interfaces for rear-view mirror applications, automatic braking and an array of intelligent position sensors that increase vehicle reliability.

Sensors also play an important role in enabling vehicle manufacturers to comply with new standards around carbon emissions and reduced energy consumption while also supporting the trend toward hybrid and electric vehicles. Emerging active safety features like lane departure warning, collision avoidance, traffic sign recognition, and the detection of objects behind the vehicle offer additional applications for ams' sensor solutions. From increasing driver safety and comfort to enhancing engine efficiency and performance, ams' automotive sensors meet the most challenging demands and help create a better driving experience.

Technology and manufacturing

As a high performance analog company, ams has 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.

At the forefront of technology, ams provides state-of-the art technologies for leading-edge sensor and analog designs such as 3D IC integration using a proprietary through-silicon via (TSV) process and unique specialty processes for high voltage, optoelectronics and RF applications. In its specialty foundry business ams offers customers a full service approach that includes packaging and testing options.

ams has more than 30 years in semiconductor manufacturing experience and its wafer production facility is certified for medical and automotive IC production. ams pursues a flexible concept combining internal and external wafer capacity and enjoys strong partnerships with major manufacturing partners around the globe.

Our Global Network

Europe

Austria
ams Headquarters
Unterpremstätten so/dc/tc

Finland
Helsinki so

France
Vincennes so

Germany
Munich so

Italy
Corsico so
Pavia dc
Pisa dc

Slovenia
Ljubljana dc

Spain
Valencia dc

Sweden
Sollentuna so

Switzerland
Rapperswil so/dc

United Kingdom
Stockport so

Asia

China
Hong Kong so
Shenzen so
Shanghai so

India
Hyderabad dc

Japan
Tokyo so

Korea
Seoul so

Philippines
Calamba tc

Singapore so

Taiwan
Taipei so

North America

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

so sales office
dc design center
tc test center

Investor Relations and Corporate Governance


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Investor Relations

The ams share offers attractive potential for value appreciation as the company continues to successfully implement its strategy. The ams share showed a positive full year performance in 2013 as the share price reversed a noticeable dip in summer and appreciated by 73% from the low point until year end.

ams follows a dividend policy defining a payout of 25% of the annual net result. The Management Board will therefore propose a dividend of EUR 1.04 for the fiscal year 2013, which is a decrease of EUR 0.39 compared to 2012. 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 190,000 shares last year, equivalent to 1.3% of total issued shares at year end 2013. The shares are principally designated to cover the employee share option plan adopted in 2009.

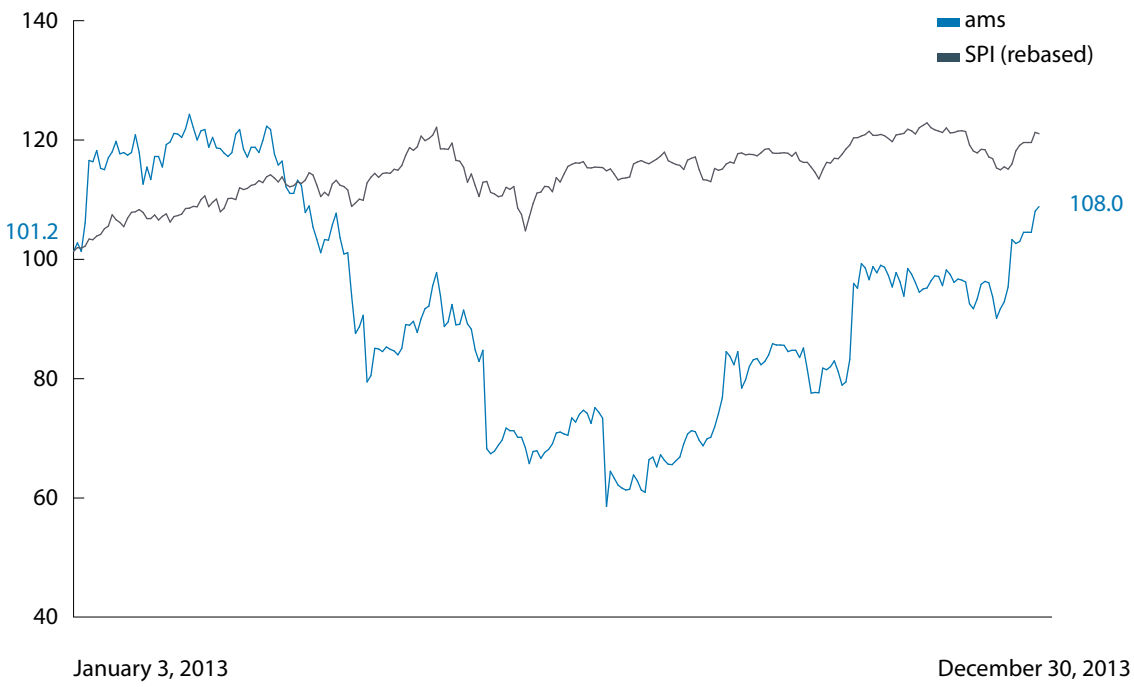
At the Annual General Meeting in May 2013, the majority of agenda items subject to a vote were approved with a large majority or unanimously. Two items regarding the creation of a conditional capital for stock option grants were not approved.

ams continued its extensive investor relations activities during 2013, based around quarterly reports and regular presentations to analysts, press, and institutional investors. ams held investor road shows and attended investor conferences in financial hubs across Europe and the U.S. East and West Coast regions. 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	AT0000920863
Securities code	1808109
Ticker symbol	AMS (SIX Swiss Exchange)
Reuters / Bloomberg	AMS.S / AMS SW

ams share price development (in CHF)



Executive Bodies

Management Board

John A. Heugle (CEO until May 14, 2013)
Kirk S. Laney (CEO since May 14, 2013)
Michael Wachsler-Markowitsch (CFO)

Supervisory Board

Guido Klestil
(Chairman until September 13, 2013 / Honorary Chairman since September 13, 2013)
Hans Jörg Kaltenbrunner
(Deputy Chairman until September 13, 2013 / Chairman since September 13, 2013)
Siegfried Selberherr (Deputy Chairman)
Gerald Rogers (Deputy Chairman since September 13, 2013)
Kurt Berger (until September 13, 2013)
Michael Grimm
Klaus Iffland
Jacob Jacobsson
Johann Eitner (employee representative)
Günter Kneffel (employee representative)
Günther Koppitsch (employee representative until September 13, 2013)
Vida Uhde-Djefroudi (employee representative)

Corporate Governance

As an Austrian company listed in Switzerland, ams AG ("ams") is subject to the regulations of the SIX Swiss Exchange's directive concerning information on corporate governance ("Swiss Corporate Governance Directive").

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.

As an Austrian company ams has committed on a voluntary basis to comply with the stipulations of the Austrian Corporate Governance Code. Additional information on this voluntary commitment is provided at the end of this chapter in the section entitled "Austrian Corporate Governance Code". This chapter also contains the Corporate Governance report information according to the stipulations of Austrian law.

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 CHF 1.57 billion. 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 Committee 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	516,693	100 %
ams International AG	Rapperswil	39,022,076	100 %
ams France S.à.r.l.	Vincennes	-137,432	100 %
ams Italy S.r.l.	Milan	427,925	100 %
ams R&D UK Ltd.	Launceston	215,071	100 %
AMS USA Inc.	Raleigh	666,520	100 %
ams Japan Co. Ltd.	Tokyo	152,624	100 %
ams Asia Inc.	Calamba City	14,237,282	100 %
ams Semiconductors India Private Ltd.	Hyderabad	179,237	100 %
ams R&D Spain SL	Valencia	60,259	100 %
Aspern Investment Inc.	County of Kent	639,359	100 %
AMS-TAOS USA Inc.	Plano	3,610,420	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. Shareholders which as of May 1, 2013 already held a shareholding in ams triggering the disclosure requirements will have to notify that shareholding until April 30, 2014 at the latest (article 53 SESTA).

At December 31, 2013, ams knew of the following significant shareholders with a holding of more than 3% (defined for this purpose as shareholders with voting rights in excess of 3% of the ams AG capital stock recorded in the commercial register):

Norges Bank (the Central Bank of Norway), Oslo, Norway	3.2%
Credit Suisse Funds AG, Zurich, Switzerland	3.2%

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, 2013, ams' ordinary capital amounted to nominally EUR 35,269,780.96, divided up into 14,559,683 no-par-value shares with a calculated nominal value of EUR 2.42 per share.

2.2 Authorized and Conditional Capital in Particular
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 332.17 million as of December 31, 2011, EUR 409.51 million as of December 31, 2012 and EUR 444.73 million as of December 31, 2013. 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, 2013 until December 31, 2013" in the financial section of this Annual Report.

2.4 Shares and Participation Certificates
On the date of reporting, ams' share capital consisted of 14,559,683 common no-par-value shares issued to bearer with a calculated nominal value of EUR 2.42 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 990,000 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 974,851 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 1,100,000 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. In 2013 85,000 stock options were distributed from SOP 2009. 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 0.94 and USD 19.81. 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 41.36 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 management board has decided to adopt a new Stock Option Plan (SOP 2013) on August 28, 2013.The SOP 2013 comprises a maximum of 400,000 options, of which (i) up to 315,000 options may be granted to employees and executive employees and (ii) up to 47,000 options may be granted to the Chairman of the Management Board / Chief Executive Officer and up to 38,000 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 2013 314,201 options were distributed from SOP 2013.

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. All members of the Supervisory Board are to be seen as independent within the meaning of the rules of the Austrian Corporate Governance Code.

Hans Jörg Kaltenbrunner (Chairman), born in 1957, Austrian citizen. Member of the Supervisory Board since 2009, Chairman since 2013. Current term of office until 2014. 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.

Dr. Siegfried Selberherr (Vice Chairman), born in 1955, Austrian citizen. Member of the Supervisory Board since 2001, Vice Chairman since 2001. Re-elected in 2009, current term of office until 2014. After completing his studies in Electrical Engineering, Siegfried 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. Siegfried 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 2009, current term of office until 2014. 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, current term of office until 2014. 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.

J**acob 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 2010, current term of office until 2014. 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 Degree).

Vida Uhde-Djefroudi (Employee Representative), born in 1959, Austrian citizen. Member of the Supervisory Board since 2012, current term of office until 2015. 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.

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. 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 seven times with sessions lasting an average of around six hours. The Staff Committee convened a total of four 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 at least 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.

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 Staff Committee. The Supervisory Board is informed about the developments in this process. The Management Board members do not have a right to attend the Staff Committee meetings. In 2013, external advisers were consulted regarding the design and implementation of remuneration and share ownership programs; they 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 26 regarding the remuneration and under item (p) 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 and 100% of the basic remuneration for the CFO. In addition, a profit sharing program for all employees including the Management Board was instituted at the end of 2009. Under the program, up to 5% of yearly pre-tax profit plus up to 100% top-up bonus based on certain sales growth criteria are allocated relative to employees' yearly gross remuneration and distributed not exceeding a maximum of 15% of each employee's yearly gross remuneration.

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 Transparency in Compensation, Shareholdings and Loans for Issuers Based Abroad
Regarding compensation for acting Board members, further details are given in the Notes to the Consolidated Financial Statements under item 26.

In the year under review, a retired Management Board member was granted termination pay. 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. In any case, the agenda must be disclosed at least seven days prior to the day on which the shares must be deposited for participating in the Annual General Meeting. Should the passing of a certain resolution require a qualified majority, this resolution must be disclosed 14 days prior to the day 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 be supplemented, but only in the event that the request is filed sufficiently early to allow compliance with the above-mentioned time limits. 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 Wirtschaftsprüfungs- und Steuerberatungs AG, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on May 23, 2013. The audit partner responsible for this mandate, 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 130,000.00 during the year under review.

8.3 Additional Fees
The auditing firm charged fees for additional consulting services amounting to EUR 49,872.50 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 12% in fiscal year 2013 (11% in fiscal year 2012), while the overall share of women in the company's workforce was 27% 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.

Austrian Corporate Governance Code

As an Austrian stock company, ams has committed itself to compliance with the Austrian Corporate Governance Code in a declaration of commitment. This code represents a voluntary commitment of companies to the principles of transparent corporate governance and contains corresponding recommendations. The code is available on the internet in electronic form at www.corporate-governance.at. However, since ams is not listed in Austria, it has in its declaration of commitment exempted itself from guidelines of the Austrian Corporate Governance Code which are not based on or closely associated with mandatory provisions of the Austrian Stock Corporation Act or not applicable due to mandatory provisions arising in connection with the company's listing in Switzerland. Furthermore, ams has stated non-compliance regarding the following L and C rules of the Austrian Corporate Governance Code:

– Rule 27a: If applicable, severance payment entitlements accrued under previous management board contracts may exceed the remuneration for the balance period of the current management board contract. If applicable, severance payment entitlements accrued under previous management board contracts will be paid out in case of termination of the current management board contract due to gross misconduct.

– Rule 28: The passing of a resolution on stock option plans for the Management Board required by this rule has historically been handled by the Supervisory Board's Staff Committee in the interest of a consistent remuneration policy for members of the Management Board. In the interest of a consistent implementation of the share-based compensation schemes the members of the Management Board participate in the employee stock option plans (SOP) detailed in pt. 2.7 of this chapter. The possibility of subsequent changes to the criteria for a preferential transfer of shares to members of the Management Board is not being excluded.

– Rule 66: ams prepares the quarterly report for the second quarter and first half year according to IAS 34 (half year report), while a shortened reporting format is chosen for the first and third quarter of each year.

External Evaluation
According to rule 62 of the Austrian Corporate Governance Code, ams commissions an external evaluation of compliance with the respective rules of the Code and correctness of the related public reporting in regular intervals; the last evaluation was conducted in 2014.

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1 Overview of the economic environment and the past financial year

After rather weak results in 2012, the global semiconductor industry developed positively in 2013. This slight upturn was particularly due to the positive macroeconomic environment in key regions. Total sales of the global semiconductor market increased by 4.8% to USD 305.6bn in 2013. In comparison, market volume decreased by -2.7% to USD 291.6bn in 2012. The relevant market segment for ams, analog semiconductors, also showed a growth of 2.1% to USD 40.1bn in 2013 (previous year: USD 39.3bn)[1].

ams nonetheless recorded a restrained business development in the previous year, especially in the Consumer & Communications business, which resulted in a decline in sales by 3% to EUR 377.8m. However, revenue was kept at the same level as in 2012 after currency adjustments and as the quantity and value of ams design-wins at leading customers increased significantly in the past year, the foundation for a clearly improved business development in 2014 has been laid.

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 positioning in 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 further in 2013. The company's customers value the competence of ams in sensors, sensor interfaces, power management- and wireless solutions offering particularly low energy consumption, highest accuracy and excellent analog performance. ams´ worldwide sales- and support network enables the company to fully participate in the market development in Europe, Asia, and North America.

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

The Consumer & Communications market recorded a decline in sales in 2013 which was caused by delayed customer projects and base effects despite ongoing expansion of the markets for smartphones and tablet PCs. Globally operating OEMs trust the know-how of ams in high-quality sensor and analog solutions and ams was also in 2013 an important supplier to the leading smartphone, tablet PC and mobile device vendors. In this very competitive market, ams presented attractive innovations and new technical solutions and expanded its market reach further with existing and new accounts. Accordingly, design activities of customers with ams products remained at a high level.

ams as market-leading provider of advanced light sensors was also successful in the previous year and secured its market position as supplier for leading OEMs. Again, this product area shipped high volumes of ambient light and proximity sensors for a wide variety of major global platforms and models and although the volumes of 2012 were not reached, it was responsible for the largest share of total revenues of the company. As partner to important vendors, ams recognized a trend towards the application of RGB color sensors for display

1) Source: WSTS, December 2012

controls of the last generation on the global mobile device market. Additionally, ams introduced a new type of light sensor solution that combines a RGB color sensor with innovative gesture recognition and further functions in one very compact module. This solution enables important new growth opportunities for ams in the smartphone and mobile device market.

ams made a significant investment in a new 3D production line for light sensors at the headquarters. The future application of this ambitious self-developed technology offers substantial cost advantages and enables ams also to attractively cover price sensitive segments of the light sensor market.

The MEMS microphone IC product area increased its shipments significantly further to more than 1.6 billion units. This mirrors the expanding penetration of this technology in mobile devices and the growth of the smartphone and tablet PC market. ams´ clear market leadership remains unchanged in this area, which is characterized by a highly dynamic market and intense competition. Cost optimization is of central importance for the positioning in this market, next to improvements in audio quality and noise ratio.

ams´ wireless business, which covers high-quality solutions for NFC (Near Field Communications) and RFID (Radio Frequency Identification) showed a positive development in general but still fell short of expectations. Especially for NFC-based mobile payment hardware solutions, the market did not develop as dynamically as expected, which traces back to customer specific factors. Nevertheless, ams is convinced that its innovative antenna booster solution for NFC and the excellent NFC competence will enable strong growth for this business in the future.

ams recorded very good results in the industrial segment (industrial electronics) in the past year, which showed a clear improvement in comparison to the previous year. As leading provider for sensors and sensor interfaces for a wide variety of applications in industrial automation and related applications, ams profited from the macroeconomic recovery last year. The positive development of industrial end markets lead to a pleasant dynamic in the course of the year, due to the broad range of product lines and applications. ams is globally recognized as technology specialist for industry sensors as well as solutions for position measurement and building technology and further expanded its market position in 2013.

ams was able to tie up to the positive development of the previous year in its medical sector (medical technology). Highly specialized sensor- and sensor interface solutions are the basis of ams´ medical business, especially in the core area "Medical Imaging" for imaging processes like computed tomography (CT), digital X-ray, ultrasound and mammography. High performance CT imaging sensors hereby define the technically possible and offer substantial performance advantages for the benefit of the patients. Long-term in nature, ams' medical business is built around strategic partnerships with global leaders in medical device and system technology.

ams' automotive business (automotive electronics) demonstrated a gratifying growth in 2013 compared to the previous year, which resulted from the market launch of new vehicle platforms and the overall positive development of the end market. Thereby, ams was able to substantially increase delivery quantities, because the sensor and electronics penetration in vehicles is continually increasing. This segment continues to focus on demanding sensor- and positioning solutions, innovative solu-

tions for safety systems like collision avoidance, and battery management. Numerous new design-wins especially in Asia underline ams´ position as important partner to major system suppliers and form an outstanding basis for the future.

ams' business segment Foundry, which manufactures customized analog and mixed-signal ICs in specialty processes, continued to be successful in its markets in 2013. The business segment as full service provider offers a broad range of additional services from development support to test and holds a leading market position as analog foundry for specialty processes.

2 Business results

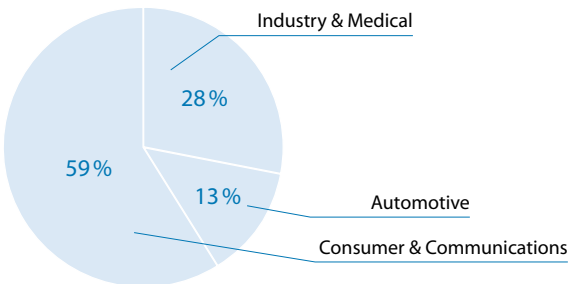
2.1 Development of revenues

Consolidated group revenues for the financial year 2013 showed a decrease of 3% to EUR 377.8m compared to EUR 387.6m in 2012. This development is primarily caused by the decreasing demand in the target market Consumer & Communications (-10%) and could not be compensated by the positive development and the overall good demand for ams´ solutions in the Automotive and Industry & Medical markets. Customer-specific factors have caused this uneven development, whereas the positive trend in Industry & Medical and Automotive refers to the market success of innovative ams´ solutions and the predominantly positive macroeconomic development.

The revenue breakdown by markets is as follows:

in millions of EUR	2013	% of revenues	2012	% of revenues	Change in %
Consumer & Communications	224.4	59%	248.3	64%	-10%
Automotive	48.5	13%	40.5	10%	+20%
Industry & Medical	104.9	28%	98.9	26%	+6%
	377.8		**387.6**		

Revenue breakdown by markets

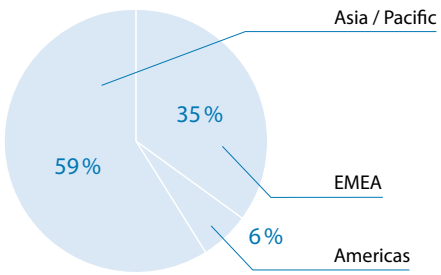


The distribution of revenues by region reflects the demand situation in the company's target markets. The Asia / Pacific region developed negatively in 2013 with a decline in revenues in the Consumer & Communications business compared to 2012. This led to a decreased contribution of this region to group revenues while the demand for ams´ products in Europe and USA increased considerably.

The revenue breakdown by region (based on billing location) is as follows:

in millions of EUR	2013	% of revenues	2012	% of revenues	Change in %
EMEA	131.7	35%	124.7	32%	+6%
Americas	22.7	6%	19.1	5%	+19%
Asia / Pacific	223.4	59%	243.8	63%	-8%
	377.8		**387.6**		

Revenue breakdown by regions



2.2 Orders received and order backlog

Orders received developed weaker in the course of the year, especially because of reluctant order patterns and decreased from EUR 386.0m to EUR 364.2m in 2013, which is a reduction of 6% compared to the previous year.

ams' year-end order backlog decreased by 16% from EUR 90.9m in 2012 to EUR 76.6m by December 31, 2013. This lower order backlog has been caused by extremely short-term order behavior of a few market participants in the Consumer & Communications sector in comparison to the end of the previous year. As this is particular the case for new products and applications whose market launch is imminent, order backlog still represents an attractive basis for the business year 2014.

Revenues and orders developed as follows:

in millions of EUR	2013	2012	Change in %
Revenues	377.8	387.6	-3%
Orders received	364.2	386.0	-6%
Total order backlog	76.6	90.9	-16%

2.3 Earnings

Gross profit decreased to EUR 198.0m in 2013 compared to EUR 202.9m in the previous year.

The full year gross margin of 52% (adjusted for effects resulting from the purchase price allocation in connection with the acquisition of TAOS 55%) remained at the same level as in 2012 of 52% (adjusted for effects resulting from the purchase price allocation in connection with the acquisition of TAOS 55%). This attractive development was mainly driven by the full capacity utilization of the company's production facilities in 2013 and an improved product mix with higher margins. At the same time, prices for the company's products remained largely stable to slightly declining.

Research and development costs as well as marketing and sales expenses showed an increase compared to the previous year, which is 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 the year because of an increase in personnel costs.

Given the decline in sales in relation to an increase of fixed costs, the operating result (EBIT) decreased by EUR 20.9m to EUR 63.9m in 2013. With the decrease in EBIT, EBITDA (Earnings before interest and taxes plus depreciation) decreased by EUR 18.9m to EUR 99.1m.

Net income decreased to EUR 60.8m in 2013 from EUR 81.9m in 2012. The return on equity reached 14% compared to 20% for 2012 while the return on revenues decreased from 21% to 16% in 2013.

in millions of EUR	2013	2012	Change in %
Gross profit on revenues	198.0	202.9	-2%
Gross margin	52%	52%	
Gross margin (excluding acquisition-related costs)	55%	55%	
EBITDA	99.1	118.1	-16%
Operating result (EBIT)	63.9	84.8	-25%
EBIT margin	17%	22%	
Financial result	-0.5	-1.4	+66%
Result before tax	63.4	83.4	-24%
Net result	60.8	81.9	-26%
Return on equity	14%	20%	
Return on revenues	16%	21%	

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 62% in 2012 to 59% in 2013.

The investments in fixed assets affecting cash (capital expenditures) of EUR 47.1m were higher than the current depreciation and amortization of EUR 35.3m and amounted to 12% in relation to revenue (2012: 8%). The ratio of equity to fixed assets reached 111% in 2013 compared to 102% in the previous year.

The fixed assets include a deferred tax asset of EUR 33.3m (previous year: EUR 32.9m). 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.

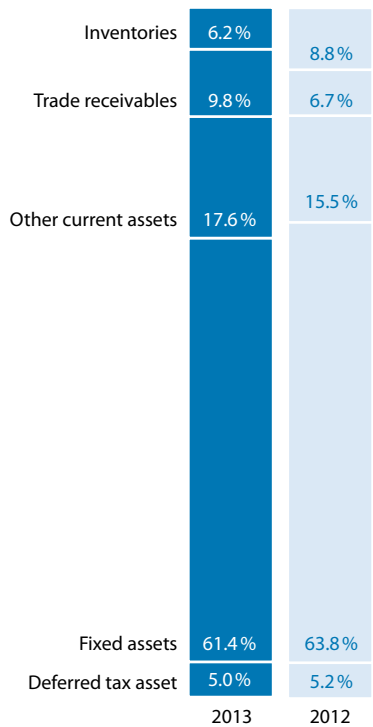
Inventories amounted to EUR 40.5m at the end of 2013 (2012: EUR 56.2m). Improvements in inventory management despite a constant high level of capacity utilization led to an increased inventory turnover compared to last year.

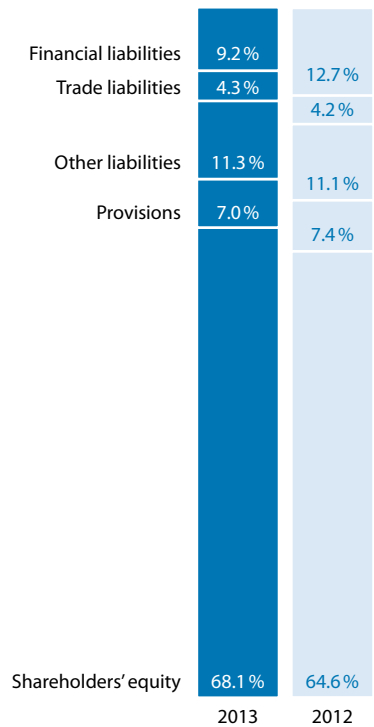
Trade receivables increased due to the significant share in fourth quarter revenues while the average period of outstanding receivables remained almost unchanged compared to the previous year. At year-end 2013 trade receivables amounted to EUR 63.7m (2012: EUR 42.2m).

Due to the strong operating cash flow, financial liabilities decreased by EUR 20.7m from EUR 80.8m to EUR 60.1m and net debt shrank in the past financial year. As a result, net financial assets came to EUR 44.2m at balance sheet date (2012: EUR 6.0m). Group equity increased by 9% to EUR 444.7m as a consequence of the positive development of the net result.

Assets in millions of EUR	**2013**	**2012**
Inventories	40.5	56.2
Trade receivables	63.7	42.2
Other current assets	114.9	98.1
Fixed assets	400.7	404.7
Deferred tax asset	33.3	32.9
Total assets	**653.0**	**634.0**

Equity and liabilities	**2013**	**2012**
Financial liabilities	60.1	80.8
Trade liabilities	28.3	26.4
Other liabilities	73.9	70.2
Provisions	46.0	47.1
Shareholders' equity	444.7	409.5
Total equity and liabilities	**653.0**	**634.0**





Given the lower indebtedness the debt-to-equity ratio decreased to 14% compared to 20% in the previous year. At the same time, the equity ratio increased to 68% (2012: 65%).

	2013	2012
Equity ratio	68%	65%
Debt to equity ratio	14%	20%
Equity to fixed assets ratio	111%	101%

Key figures are directly derivable from the financial statement.

2.5 Cash flow

The operating cash flow decreased to EUR 100.2m in 2013 compared to EUR 124.8m in the previous year. This reduction is primarily based on the lower operating result. The cash flow from investing activities was EUR -46.8m (2012: EUR -65.7m) including EUR 47.1m of expenditures for intangible assets, property, plant and equipment (2012: EUR 31.9m). The free cash flow amounted to EUR 53.4m (2012: 59.1m). The company's available liquidity increased in 2013 and cash including short-term investments grew from EUR 86.8m at the end of 2012 to EUR 104.3m at the end of 2013.

in millions of EUR	2013	2012	Change in %
Operating cash flow	100.2	124.8	-20%
Cash flow from investing activities	-46.8	-65.7	+29%
Free cash flow	53.4	59.1	-10%
Cash flow from financing activities	-37.9	-42.9	+12%
Cash and cash equivalents	83.4	67.9	+23%

3 Research and development

ams' technological leadership in the design and manufacture of high performance analog ICs is based on over 30 years of intensive research and development activities. In order to secure and strengthen its position, the company makes significant investments in research and development on a continuous basis. Research and development expenses were EUR 68.5m last year (18% of revenue) compared to EUR 59.0m in 2012 (15% of revenue). Research and development activities in product development included mainly the areas of Sensors and Sensor Interfaces, Power Management and Wireless 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 were 346 in 2013 (2012: 310).

Our R&D activities allowed the filing of various international patents as well as the publication of numerous papers in international specialist journals and at trade conferences last year.

4 Purchasing and manufacturing

In purchasing, costs for raw materials and assembly services were slightly reduced in 2013 which had a positive effect on the gross profit margin. Given continuously increasing personnel costs the cost pressures in manufacturing remain high.

Gross margin remained unchanged 52% (2012: 52%) due to a favorable product mix, high capacity utilization in manufacturing and a focus on higher margin products.

Internal production capacity was nearly fully utilized during the last year. Any unabsorbed fixed costs have been recorded in the income statement.

Across all manufacturing areas average capacity utilization was 100% in 2013. For 2014, the company assumes continued high levels of capacity utilization given the sustained positive demand situation for our products.

5 Employees

On average, ams had 1,394 employees in 2013 (2012: 1,282) of which 863 worked at the headquarters in Unterpremstätten (2012: 833). The increase consisting of approximately 25 employees is based on the acquisition of IDS in 2012.

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 long-term remuneration systems. A profit sharing program for all ams employees augments the existing employee stock option program with an attractive direct component. As part of our comprehensive compensation model this program honors every employee's contribution to ams' success.
The profit sharing program is an expression of ams' belief that its employees are the company's most important success factor. Owing to the decline in earnings in 2013, the total amount of distribution which depends on the operating profit before taxes in relation to full year revenues (EBT margin) decreased and totals to EUR 3.5m for 2013 (2012: EUR 10.6m).

Moreover, internal corporate and employee communications as well as regular employee events have been part of the company's human resources policy for many years and serve to ensure motivation and identification of all employees.

6 Environment

A responsible attitude towards the environment is a basic business principle at ams. The company is dedicated to meeting the highest ecological standards as well as making conservative use of resources and the environment. Consequently, ams has 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 emissions sources in 2009 measures to achieve continuing further reductions in carbon dioxide emissions are defined and implemented each year. Likewise, ams has set itself the mid-term goal of becoming fully carbon neutral as a company.

ams submits information regarding its carbon dioxide emissions to the Carbon Disclosure Project, a worldwide 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, the USA, the Cayman Islands, the Philippines, Japan, Korea, Slovenia and India. The subsidiaries in the USA, Switzerland, Italy, Spain, the United Kingdom, Slovenia and India carry out development, marketing and sales activities, while the subsidiaries in Germany, France and Japan are active in marketing and sales and technical support. The subsidiary in Korea which was added through the acquisition of AMS-TAOS is responsible for sales and assembly in the region while the subsidiary in the Philippines is responsible for production activities in testing. Branch facilities exist in Hong Kong, Singapore, China and Taiwan.

The existing investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), remained unchanged at 33.5% in 2013. 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, 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 few 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, 25% of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (75%), 99% 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 flows in the same currency are offset (netting). Currency fluctuations during foreign currency transactions mainly concern the US dollar. In order to hedge the remaining receivables positions, the company employs derivative financial instruments to a certain extent. These instruments mainly involve forward exchange transactions, interest and currency options as well as interest and currency swaps. The use of derivative financial instruments and contracts to fix future exchange rates for foreign currency assets and liabilities substantially reduces the risk of changes in currency exchange rates for ams.

At the same time, 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

In addition to indications of a clearly more positive development of the world economy, industrial production and private consumption, which should boost a further upswing in the semiconductor industry, ams expects meaningful higher business volumes in 2014 based on several attractive design-wins and innovative sensor solutions brought to market.

Looking at the analog segment of the worldwide semiconductor industry, market researchers assume a higher growth in market volumes compared to 2013, which is nevertheless expected in the mid-single digit percentage range (WSTS, December 2013). In contrast, ams attempts to achieve a revenue growth rate significantly above the expected market growth rate for the current year. With increased revenues compared to the previous year and continued high capacity utilization, ams anticipates an improvement in gross profit margin compared to 2013.

Accordingly ams expects stronger growth of the operating and net result compared to revenue growth in 2014.

In case 2014 shows a much weaker global demand for semiconductors and a weaker development of the macroeconomic environment as expected and/or the US dollar weakens notably, the impact on the business development of ams would be profound.

The market success of ams' solutions in smartphones and tablets, the integration of innovative sensor functionalities into mobile devices, new applications in the wireless business, high-quality medical systems as well as inventive sensor systems for industrial and automotive applications, create meaningful short- and mid-term growth opportunities for ams.

The expansion of business with key customers in all markets, the broadening of the worldwide customer base and the increase of sales with distributors remain mid-term strategic priorities for ams.

11 Other Information

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

Unterpremstätten, February 3, 2014

Kirk Laney
CEO

Michael Wachsler-Markowitsch
CFO

Consolidated Income Statement

acc. to IFRS from January 1, 2013 until December 31, 2013

in thousands of EUR	Note	2013	2012
Revenues	1	377,789	387,636
Cost of sales		-179,779	-184,727
Gross profit		**198,010**	**202,910**
Research and development		-68,487	-59,029
Selling, general and administrative		-69,007	-65,043
Other operating income	2	5,350	6,012
Other operating expense	3	-843	-281
Result from investments in associates	13	-1,164	206
Result from operations		**63,857**	**84,773**
Finance income	4	1,641	5,685
Finance expenses	4	-2,110	-7,083
Net financing result		**-470**	**-1,398**
Result before tax		**63,387**	**83,375**
Income tax result	5	-2,575	-1,471
Net result		**60,813**	**81,904**
Basic earnings per share in EUR	22	4.52	6.37
Diluted earnings per share in EUR	22	4.35	6.06

Consolidated Statement of Comprehensive Income

acc. to IFRS from January 1, 2013 until December 31, 2013

in thousands of EUR	Note	2013	2012
Net result		**60,813**	**81,904**
Items that will never be reaclassified to profit and loss			
Remeasurements of defined benefit liability	20	-2,576	-2,087
Items that may be reclassified to profit in loss			
Exchange differences on translating foreign operations		-11,628	-5,098
Other comprehensive income		**-14,204**	**-7,185**
Total comprehensive income		**46,609**	**74,719**

Consolidated balance sheet

acc. to IFRS as of December 31, 2013

in thousands of EUR	Note	Dec. 31, 2013	Dec. 31, 2012
Assets			
Cash and cash equivalents	6	83,358	67,916
Financial assets	12	20,976	18,931
Trade receivables	7	63,724	42,175
Inventories	8	40,487	56,186
Other receivables and assets	9	10,544	11,238
Total current assets		**219,089**	**196,447**
Property, plant and equipment	10	145,409	131,282
Intangible assets	11	243,045	259,966
Investments in associates	13	5,074	6,430
Deferred tax assets	14	33,282	32,876
Other long-term assets	15	7,133	6,991
Total non-current assets		**433,944**	**437,545**
Total assets		**653,032**	**633,992**
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings	16	777	9,428
Trade liabilities		28,300	26,392
Provisions	17	23,176	24,267
Other liabilities	19	24,070	20,789
Total current liabilities		**76,324**	**80,876**
Interest-bearing loans and borrowings	16	59,318	71,407
Employee benefits	20	23,576	19,159
Provisions	17	22,853	22,817
Deferred taxes liabilities	18	13,584	17,165
Other long-term liabilities	19	12,648	13,053
Total non-current liabilities		**131,979**	**143,601**
Shareholders' equity			
Issued capital	21	35,270	34,658
Additional paid-in capital	21	228,615	214,763
Treasury shares	21	-41,726	-35,240
Other reserves (translation adjustment)	21	6,319	17,946
Retained earnings		216,253	177,387
Total shareholders' equity and reserves		**444,729**	**409,514**
Total liabilities and shareholders' equity		**653,032**	**633,992**

Consolidated statement of cash flows

acc. to IFRS for the year from January 1, 2013 to December 31, 2013

in thousands of EUR	Note	2013	2012
Operating activities			
Result before tax		63,387	83,375
Depreciation (net of government grants)	10, 11	35,171	33,296
Changes in employee benefits	20	4,417	4,704
Expense from stock option plan (acc. to IFRS 2)		3,217	2,476
Changes in other long-term liabilities		-3,951	4,594
Result from sale of plant and equipment	2	-8	-98
Result from investments in associates		1,164	-206
Net financing result		470	1,398
Changes in assets		-5,298	-2,097
Changes in short-term operating liabilities and provisions		4,866	-1,292
Tax payments		-3,251	-1,375
Cash flows from operating activities		**100,186**	**124,775**
Investing activities			
Acquisition of intangibles, property, plant and equipment		-47,087	-31,934
Acquisition of financial investments		-2,000	-35,651
Proceeds from sale of plant and equipment		619	528
Interest received		1,650	1,341
Cash flows from investing activities		**-46,818**	**-65,716**
Financing activities			
Proceeds from borrowings		14,002	33,990
Repayment of debt		-33,596	-68,690
Repayment of finance lease liabilities		-1,067	-1,101
Acquisition of treasury shares		-10,926	-21,203
Sale of treasury shares		4,440	6,307
Interest paid		-2,653	-2,666
Dividends paid		-19,371	-8,095
Changes resulting from capital increase		11,246	18,581
Cash flows from financing activities		**-37,925**	**-42,878**
Change in cash and cash equivalents		15,442	16,181
Cash and cash equivalents at January 1		67,916	51,735
Cash and cash equivalents at December 31	6	**83,358**	**67,916**

Consolidated Statement of Changes in Shareholders' Equity

acc. to IFRS from January 1, 2013 to December 31, 2013

in thousands of EUR	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total shareholders' equity
Total equity as of December 31. 2011	**33,425**	**193,581**	**-23,545**	**23,044**	**105,665**	**332,170**
Net result	0	0	0	0	81,904	81,904
Remeasurement of defined benefit liability	0	0	0	0	-2,087	-2,087
Exchange differences on translating foreign operations	0	0	0	-5,098	0	-5,098
Comprehensive income	**0**	**0**	**0**	**-5,098**	**79,817**	**74,719**
Share based payments	0	21,061	-1,358	0	0	19,703
Dividends paid	0	0	0	0	-8,095	-8,095
Capital increase	1,233	0	0	0	0	1,233
Capital increase from business combination	0	120	4,559	0	0	4,679
Purchase of treasury shares	0	0	-21,203	0	0	-21,203
Sale of treasury shares	0	0	6,307	0	0	6,307
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
Capital increase from business combination	0	0	0	0	0	0
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**

Notes to the consolidated financial statements

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, 2013 represent the parent company ams AG and its subsidiaries (together referred to as the "Group").

On February 3, 2014 the consolidated financial statements acc. to IFRS as per December 31, 2013 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 2013.

The following new or amended standards and interpretations have been applied for the first time during the business year:

Standard	Content	Effective date IASB[1)]	Effective date EU[2)]
Amendments to standards and interpretations			
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.	July 1, 2011	December 31, 2012
IAS 12	Amendment: Recovery of Underlying Assets	January 1, 2012	December 31, 2012
New standards / Interpretations			
IAS 27	Consolidated and Separate Financial Statements	January 1, 2013	January 1, 2014
IAS 28	Investments in Associates and Joint Ventures	January 1, 2013	January 1, 2014
IFRS 10	Consolidated Financial Statements	January 1, 2013	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2013	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013	January 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	January 1, 2013
IAS 19	Employee Benefits	January 1, 2013	January 1, 2013
IAS 1	Presentation of Financial Statements	July 1, 2012	July 1, 2012
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013	January 1, 2013
IFRS 1	Government Loans	January 1, 2013	January 1, 2013
All	Improvements to IFRSs 2011	January 1, 2013	January 1, 2013

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.

The first time application of the remaining standards that have to be applied for the first time during the business year 2013 did not substantially change the presentation of the financial statements.

The following new or amended standards and interpretations have been published by the International Accounting Standards Board and are endorsed by the EU respectively, but application has not yet been mandatory for the business year:

Standard	Content	Effective date IASB[3)]	Effective date EU[4)]
New standards and interpretations			
IFRS 9	Financial Instruments	January 1, 2015	– [5)]
IFRIC 21	Levies	January 1, 2014	– [5)]
Amendments to standards and interpreations			
IFRS 7 und 9	Mandatory Effective Date and Transition Disclosures	January 1, 2015	– [5)]
IFRS 10, 11 and 12	Transition Guidance	January 1, 2013	January 1, 2014
IFRS 10, 12 and IAS 27	Investment Entities	January 1, 2014	January 1, 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	January 1, 2014
IAS 19	Defined Benefit Plans: Employee Contributions	July 1, 2014	– [5)]
IAS 36	Impairment of Assets	January 1, 2015	– [5)]
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2015	– [5)]
IFRS 9	Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39		
All	Improvements to IFRSs 2012	July 1, 2014	– [5)]
All	Improvements to IFRSs 2013	July 1, 2014	– [5)]

No premature application of the mentioned changes or amendments of standards and interpretations are made. The management is currently evaluating the effect of these changes and amendments of standards on the consolidated financial statements. A premature application is not planned.

(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:

- Derivative financial instruments are stated at their fair value
- Investments and securities are stated at their fair value.

3) 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.

4) The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation.

5) Not yet adopted by EU; effective date according to the publication of the International Accounting Standards Board.

(c) Basis of consolidation

(i) Subsidiaries
Subsidiaries are all operative enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. 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) Transactions eliminated on consolidation
Intra-group balances and transactions, and any results from intra-group transactions, are eliminated in preparing the consolidated financial statements..

(iii) Investments in associates
Investments in associates are accounted using the equity method if the company has a significant influence on the investee (associate) and if this is material to present a true and fair view of the financial statements. For investments in associates the same equity consolidation principles apply as for subsidiaries. Local accounting policies remain applied if the deviations are not material.

An amount of EUR -301 thousand (2012: EUR -75 thousand) recognized within translation adjustment is related to the currency translation of investments at equity.

(d) Foreign currency

(i) Foreign currency transactions
The functional currency of the mothercompany is the EUR. Transactions in foreign currencies are translated into Euro (EUR) at the average foreign exchange rate at the date of the transaction. 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). Foreign exchange rate differences are recognized in the income statement amounting to EUR 577 thousand in 2013 and amounting to EUR 822 thousand in 2012.

(ii) Financial statements of economic independent foreign entities
The functional currency of the entities domiciled outside the EUR zone is their respective domestic currency. Accordingly, the assets and liabilities of these entities including goodwill 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.

If settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the forseeable 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.

(e) Derivative financial instruments and hedging instruments

The Group uses interest rate swaps, cross currency swaps, options and forward exchange contracts to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities and to optimize the financial result.

Derivative financial instruments are initially recognized at cost (equals fair value). Subsequent to initial recognition, derivative financial instruments are stated at fair value.

The fair value of such derivative financial instruments is the estimated amount that the Group would receive or pay to settle such derivative financial instruments at the balance sheet date, taking into account current interest rates, foreign exchange rates and the current creditrisk of such derivative financial instruments counter parties.

(f) Hedging

As not all of the criteria for hedge accounting outlined in IAS 39 are met, all changes in the fair value of derivative financial instruments are recognized in the income statement.

(g) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (m)) and net of related government grants. The cost of self-constructed 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. Plant and equipment acquired by way of finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to accounting policy (m)). Operating lease payments are accounted for in accordance with accounting policy (t).

(iii) Subsequent costs
Expenditure incurred to replace a component of an item of property, plant and/or equipment that is accounted for separately, including inspection and overhaul costs, are capitalized. Other subsequent expenditures are capitalized only if the future economic benefits associated with the item of property, plant and equipment increases. All other expenditures are recognized in the income statement as an expense when incurred.

(iv) Depreciation
Depreciation 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.

(h) Intangible assets

(i) 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.

(ii) Intangible assets acquired by the Group
Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization (see below) and impairment losses (refer to accounting policy (m)).

(iii) Subsequent costs
Subsequent expenditures for capitalized intangible assets are capitalized only when the future economic benefits embodied in the specific asset to which it relates increases. All other expenditures are expensed when incurred.

(iv) Amortization
Amortization is charged to the income statement on a straight-line basis over the estimated useful economic life of the assets. The estimated useful life is as follows:

Patents and licenses	5 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.

(i) Investments in securities and in associates

Investments in securities held by the Group and classified as available-for-sale are stated at fair value, with any resultant gain or loss recognized in other operating income (equity). Investments in securities held for trading whose performance is continuously monitored are stated at fair value with any resultant gain or loss recognized in the profit and loss statement. Held-to-maturity investments are stated at cost less accumulated depreciation with any resultant gain or loss recognized in the income statement. The fair value of investments held for trading and investments available-for-sale is their quoted bid price at the balance sheet date. Investments in securities are recorded at the transaction date.

As per December 31, 2013 the group holds only investments in securities which are recognized at fair value through profit and 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.

Investments in associates are accounted in consolidated financial statements using the equity method. The share of profits/losses of an associate and fair value adjustments for depreciable assets are recognized within the operating result.

(j) Trade and other receivables

Trade and other receivables are initially stated at fair value at their transaction date and subsequently stated at cost less impairment losses (refer to accounting policy (m)).

(k) 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.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits at banks.

(m) Impairment

The carrying amounts of the Group's assets, other than inventories (refer to accounting policy (k)) and deferred tax assets (refer to accounting policy (u)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is determined. For intangible assets that are not yet available for use and intangible assets with an unlimited useful economic life, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is recorded through profit and loss.

The impairment loss is recognized as provision for depreciation. If the group can be sure that the impairment loss cannot be recovered the provision for depreciation is then booked directly against the asset.

(i) Calculation of recoverable amount
The recoverable amount of the Group's financial assets is calculated as the present value of expected future cash flows.

The recoverable amount of other assets is the higher value of their fair value less transaction costs and value in use. In assessing 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 an asset that does 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.

(ii) Reversals of impairment
An impairment loss on available-for-sale investments or receivables is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the im-

pairment loss was recognized. In respect to other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

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.

(n) Dividends

Dividends are recognized as a liability in the period in which they are resolved.

(o) Interest-bearing borrowings

Interest-bearing borrowings are initially recognized at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the borrowing period on an effective interest basis.

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

Within the SOP 2005 a total of 990,000 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.

In 2013 no options (SOP 2005) were granted to employees and to executives of the company respectively (2012: 97,000). The granted options (SOP 2005) were options that reverted to the company. Contrary to the options granted in the years 2005 until 2008, these options 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 main basis data of the into 2012 granted options according to the Stock Option Plan 2005 structures as follows:

Valuation of options (weighted average)		**2013**	**2012**
Market price at granting	in EUR	-	52.78
Term of options	in years	-	3
Risk-free interest rate	in %	-	0.07
Dividend yield	in %	-	2.9
Expected volatility	in %	-	40.00
Present value of Option	in EUR	-	12.61

Other disbursement criteria, e.g. inclusion of a market condition for the validation of the present value, are not applicable.

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 1,100,000 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 SOP 2005 must be exercised prior to June 30, 2017.

In 2013 85,000 options (SOP 2009) were granted to 2 employees and executives of the company (2012: 293,250 options to 601 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 time impacts in relation with 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.

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

Valuation of options (weighted average)		**2013**	**2012**
Market price at granting	in EUR	67.91	53.04
Term of options	in years	4	5
Risk-free interest rate	in %	0.01	0.07
Dividend yield	in %	1.8	2.9
Expected volatility	in %	44.40	40.00
Present value of Option	in EUR	12.16	8.89

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 0.94 and USD 19.81.

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 41.36 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 400,000 options, of which (i) up to 315,000 options may be granted to employees and executive employees and (ii) up to 47,000 options may be granted to the Chief Executive Officer and up to 38,000 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 time impacts in relation with 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.´

In 2013 314,201 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 2009 structures as follows:

Valuation of options (weighted average)		**2013**	**2012**
Market price at granting	in EUR	67.91	-
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	12.16	-

The options granted to the employees of ams according to the Stock Option Plan 2005, 2009, 2011 and 2013 were measured with the present value at granting. The so determined value of the Options will be spread over the period until vesting.

The options were measured based on the Black-Scholes option-pricing model. 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 Options developed in the fiscal years 2013 and 2012 as follows:

SOP 2013		**2013**		**2012**
	Options	**Weighted average exercise price (in EUR)**	**Options**	**Weighted average exercise price (in EUR)**
outstanding at the beginning of the period	0	-	-	-
granted during the period	314,201	59.30	-	-
forfeited during the period	460	59.30	-	-
exercised during the period	0	-	-	-
expired during the period	0	-	-	-
outstanding at the end of the period	313,741	59.30	-	-
exercisable at the end of the period	0	-	-	-
Not yet granted	86,259	-	-	-
weighted average share price at the date of exercise (in EUR)	-		-	
range of exercise prices (in EUR)	-		-	
remaining contractual life	until June 30, 2021		-	

SOP 2011		**2013**		**2012**
	Options	**Weighted average exercise price (in EUR)**	**Options**	**Weighted average exercise price (in EUR)**
outstanding at the beginning of the period	116,988	12.27	226,144	13.27
granted during the period	0	-	0	-
forfeited during the period	2,319	18.21	7,794	9.22
exercised during the period	37,486	12.37	101,362	14.72
expired during the period	0	-	0	-
outstanding at the end of the period	77,183	12.05	116,988	12.27
exercisable at the end of the period	58,120	11.23	48,164	15.41
Not yet granted	0	-	0	-
weighted average share price at the date of exercise (in EUR)	85.21		63.80	
range of exercise prices (in EUR)	2.19–35.37		1.42–35.37	
remaining contractual life	from Sept. 3, 2017 until July 12, 2021		from Sept. 3, 2017 until July 12, 2021	

SOP 2009	2013		2012	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
outstanding at the beginning of the period	798,852	38.29	704,819	26.31
granted during the period	85,000	59.30	293,250	56.00
forfeited during the period	27,832	39.90	17,277	23.31
exercised during the period	166,826	26.89	181,940	20.79
expired during the period	0	-	0	-
outstanding at the end of the period	689,194	43.57	798,852	38.29
exercisable at the end of the period	206,132	32.59	131,622	23.24
Not yet granted	19,603	-	76,771	-
weighted average share price at the date of exercise (in EUR)	80.05		64.74	
range of exercise prices (in EUR)	7.68-55.77		7.68-37.51	
remaining contractual life	until June 30, 2017		until June 30, 2017	

SOP 2005	2013		2012	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
outstanding at the beginning of the period	381,014	31.10	800,975	28.19
granted during the period	0	-	97,000	41.83
forfeited during the period	6,428	40.31	7,792	26.78
exercised during the period	252,578	30.69	509,169	28.64
expired during the period	0	-	0	-
outstanding at the end of the period	122,008	31.46	381,014	31.10
exercisable at the end of the period	94,408	30.68	278,480	32.54
Not yet granted	15,149	-	8,721	-
weighted average share price at the date of exercise (in EUR)	89.16		68.38	
range of exercise prices (in EUR)	7.68 – 41.83		7.68 – 41.83	
remaining contractual life	until June 30, 2015		until June 30, 2015	

(q) 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.

(r) Trade and other payables

Trade and other payables are stated at compounded historical cost.

(s) Revenue

(i) Goods sold and services rendered
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. Revenue 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.

For certain sales transactions, the buyer requests the Company to delay physical delivery of the goods sold ("Bill- and-hold Sales"). In such cases, revenue is recognized if the following applies: the buyer takes title to the goods, it is probable that delivery will be made, the item is on hand, identified and ready for delivery, the buyer specifically acknowledges the deferred delivery instructions and the usual payment terms apply.

(t) Expenses

(i) Operating lease payments
Payments made under operating leases are recognized in the income statement in the period they occur.

(ii) 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.

(u) 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.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date.

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 recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are recognized to the extent – according to the actual business plan - that a realization of the tax benefit is probable during the next five years. Under current Austrian corporate tax law tax losses can be carried forward for an unlimited period of time.

(v) Statement of cash flows

The statement of cash flows has been calculated using the indirect method according to IAS 7 and shows the change of cash and cash equivalents from operating, investing and financing activities.

1 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 the 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. In the "Foundry" segment we report the contract manufacturing of analog/mixed signal ICs based on our customers' designs.

The geographic segments 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 segments, segment revenue is based on the geographical billing location of customers. Revenues from one customer of the segment Products amount to 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 in principle 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			**2013**			**2012**
	Products	**Foundry**	**Total**	**Products**	**Foundry**	**Total**
Revenues gross	343,017	34,772	377,789	359,710	28,251	387,962
Eliminations of inter-segment revenues	0	0	0	0	-326	-326
Consolidated revenues	**343,017**	**34,772**	**377,789**	**359,710**	**27,926**	**387,636**
Research & development	65,387	2,032	67,420	54,367	2,000	56,367
Result from operations	76,915	9,246	86,162	85,541	6,941	92,483
Segment Assets	311,890	3,903	315,792	309,736	4,957	314,692

Reconciliation of segments results to income statement

In thousands of EUR	**2013**	**2012**
Result from operations per segment reporting	86,162	92,483
Result from investments in associates	1,164	-206
Depreciation due to business combinations	-10,009	-9,061
Subsidies for research and development	4,413	5,349
Unallocated corporate costs	-17,873	-4,202
Result from operations	**63,857**	**84,773**
Financial result	-470	-1,398
Result before tax	**63,387**	**83,375**

Reconciliation of segment assets to total assets

in thousands of EUR	2013	2012
Assets per segment reporting	315,792	314,692
Property, plant and equipment	128,985	113,656
Inventories	40,487	56,186
Cash, cash equivalents and short-term investments	104,334	86,847
Deferred tax asset	33,282	32,876
Investments in associates	7,110	5,590
Intangible assets	5,074	6,430
Other assets	17,969	17,715
Total assets	**653,032**	**633,992**

Revenues per geographical segments

in thousands of EUR	2013	2012
EMEA	131,725	124,708
Asia / Pacific	223,365	243,799
Americas	22,698	19,130
	377,789	**387,636**

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	2013	2012
Austria	318,760	316,507
Switzerland	45,841	47,143
Philippines	11,981	13,895
Other countries	11,872	13,703
	388,455	**391,248**

2 Other operating income

in thousands of EUR	2013	2012
Government grants related to R&D expenses	4,427	5,477
Release of provisions for doubtful account receivable	0	127
Gain from disposal of assets	29	67
Insurance refunds	161	3
Other	732	338
	5,350	**6,012**

3 Other operating expense

in thousands of EUR	2013	2012
Expenses for monetary transactions	-159	-165
Allowance for bad debts	-37	-112
Other	-647	-5
	-843	**-281**

4 Net financing result

in thousands of EUR	2013	2012
Interest expense	-2,110	-2,521
Interest income	1,064	1,201
Exchange differences	-462	-844
Securities designated as at fair value		
Result from sale	-18	0
Revaluation to fair value	-166	702
Loans		
Revaluation to fair value	729	3,547
Result from sale	70	-3,719
Derivative financial instruments		
Revaluation to fair value	425	234
Loss from settlement of derivative financial instruments	0	0
	-470	**-1,398**

5 Income tax

Recognized in the income statement

in thousands of EUR	2013	2012
Current tax		
Current year	-5,142	-4,800
Under/(over) provided in prior years	-836	-353
	-5,978	**-5,153**
Deferred tax		
Change in temporary differences	1,341	2,880
Effect of previously unrecognised tax losses	2,062	802
	3,403	**3,682**
Total income tax result in income statement	**-2,575**	**-1,471**

Reconciliation of effective tax expense

in thousands of EUR	2013	2012
Result before tax	63,387	83,375
Income tax using the domestic corporation tax rate (25%)	-15,847	-20,844
Effect of tax rates in foreign jurisdictions	6,593	14,524
Non-deductible expenses / tax exempt income	2,758	-1,305
Tax incentives (mainly for R&D)	1,420	1,224
Corporate tax	-582	-1,458
Current year result for which no deferred tax asset was recognized	516	3,058
Change in temporary differences	1,341	2,880
Effect of previously unrecognised tax losses	2,062	802
Under/(over) provided in prior years	-836	-353
	-2,575	**-1,471**

Recognized in other comprehensive income

in thousands of EUR	2013	2012
Relating to net loss not recognized in income statement	464	696

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 12,127 thousand (2012: EUR 13,011 thousand) are not recognized in the balance sheet.

6 Cash and cash equivalents

in thousands of EUR	2013	2012
Bank deposits	83,352	67,906
Cash on hand	6	10
	83,358	**67,916**

7 Trade receivables, net

in thousands of EUR	2013	2012
Trade receivables gross	63,982	42,429
Allowance for bad debt	-258	-258
	63,724	**42,171**

Allowance for bad debt developed as follows:

In thousands of EUR	2013	2012
Balance at the beginning of the period	258	896
Consumptions during the year	0	-619
Reversals during the year	0	-19
Additions during the year	0	0
Balance at the end of the period	**258**	**258**

Trade receivables by regions

in thousands of EUR	2013	2012
Region		
EMEA	21,768	18,792
Americas	3,029	3,481
Asia / Pacific	38,926	19,898
	63,724	**42,171**

Concentration of credit risks:

On the balance date of December 31, 2013 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	2013		2012	
	Receivables gross	Impairment	Receivables gross	Impairment
Receivables more than 30 days overdue and not impaired	120	0	595	0
Receivables more than 30 day overdue and impaired	258	-258	258	-258
Receivables not overdue or less than 30 days overdue and not impaired	63,604	0	41,576	0
Total trade receivables not adjusted	**63,982**	**-258**	**42,429**	**-258**

The impairment for "Receivables more than 30 days overdue and impaired" comprises a collective impairment assessment amounting to EUR 180 thousand (2012: 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.

8 Inventories

in thousands of EUR	2013	2012
Unfinished goods	22,699	32,147
Finished goods	11,087	18,594
Raw materials and supplies	4,226	3,402
Work in progress	2,474	2,043
	40,487	**56,186**

Inventories stated at net realisable value were EUR 7,893 thousand as per December 31, 2013 and EUR 11,491 thousand as per December 31, 2012 respectively. The valuation allowance from inventories amounts to EUR 18,974 thousand as of December 31, 2013 and to EUR 15,554 thousand as of December 31, 2012 respectively. During the business year allowances amounting to EUR -7,162 thousand (2012: EUR -3,571 thousand) have been booked.

In 2013 the amount of inventories recognized as an expense amounts to EUR 91,905 thousand and to EUR 78,484 thousand in 2012 respectively.

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

9 Other receivables and assets

in thousands of EUR	2013	2012
Financial assets		
Government grants related to R&D expenses	5,365	5,670
Other	1,117	3,323
	6,481	**8,993**
Non-financial assets		
Amounts due from tax authorities	2,032	1,496
Prepaid expenses	1,963	656
Deferred interests	68	94
	4,063	**2,246**
Total other receivables and assets	**10,544**	**11,238**

All other receivables and assets are neither overdue nor impaired. For details to derivative financial instruments please refer to pt. 23.

10 Property, plant and equipment

In thousands of EUR	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**

	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
Cost						
Balance at January 1, 2012	**71,960**	**362,575**	**18,312**	**276**	**-28,268**	**424,854**
Addition from business combinations	643	726	0	0	0	1,369
Currency translation differences	-4	-224	58	20	0	-151
Additions	270	18,411	1,677	15,927	0	36,284
Transfers	5,985	6,134	-502	-11,617	0	0
Disposals	0	-12,892	-651	0	2	-13,541
Balance at December 31, 2012	**78,853**	**374,731**	**18,894**	**4,605**	**-28,267**	**448,816**
Depreciation and impairment losses						
Balance at January 1, 2012	**45,274**	**272,578**	**14,231**	**0**	**-24,425**	**307,658**
Addition from business combinations	54	395	0	0	0	449
Currency translation differences	2	-122	46	0	0	-74
Depreciation	1,608	20,344	1,687	0	-983	22,656
Transfers	-49	576	-527	0	0	0
Disposals	0	-12,543	-612	0	2	-13,154
Balance at December 31, 2012	**46,888**	**281,227**	**14,825**	**0**	**-25,407**	**317,534**
Carrying amount						
At January 1, 2012	**26,686**	**89,997**	**4,081**	**276**	**-3,843**	**117,196**
At December 31, 2012	**31,965**	**93,503**	**4,069**	**4,605**	**-2,860**	**131,282**

As of December 31, 2013, commitments for the acquisition of property, plant and equipment amounted to EUR 15,813 thousand (2012: EUR 22,657 thousand) and intangible assets amounted to EUR 734 thousand (2012: EUR 1,880 thousand).

Governemnt 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.

11 Intangible assets

in thousands of EUR	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**
Currency translation differences	-6,913	-1,134	-582	-17	0	-8,646
Additions	0	0	0	3,600	252	3,852
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**

No internally generated intangible assets exist.

	Goodwill	Customer base	Technology	Patents & Licences	In development	Total
Cost						
Balance at January 1, 2012	**162,847**	**40,186**	**20,630**	**47,026**	**603**	**271,293**
Additions from business combinations	37,886	0	9,379	0	0	47,265
Currency translation differences	-3,147	-574	-295	-7	0	-4,024
Additions	0	0	0	3,047	0	3,048
Transfers	0	0	0	603	-603	0
Disposals	0	0	0	-22	0	-22
Balance at December 31, 2012	**197,585**	**39,612**	**29,714**	**50,647**	**0**	**317,559**
Amortization and impairment losses						
Balance at January 1, 2012	**0**	**2,581**	**1,325**	**43,076**	**0**	**46,982**
Currency translation differences	0	0	0	-7	0	-7
Amortization	0	5,826	3,235	1,579	0	10,640
Disposals	0	0	0	-22	0	-22
Balance at December 31, 2012	**0**	**8,408**	**4,560**	**44,626**	**0**	**57,594**
Carrying amount						
At January 1, 2012	**162,847**	**37,605**	**19,305**	**3,950**	**603**	**224,310**
At December 31, 2012	**197,585**	**31,205**	**25,154**	**6,022**	**0**	**259,966**

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 Optical Sensors & Lighting. An impairment test was carried out at the effective date September 30, 2013 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 2018. Under an going concern assumption 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 13.1% has been applied when discounting the forecasted cash flows (EUR interest rate 2012: 13.4%). The interest rate was determined based on the weighted average cost of capital (WACC).

The recoverable amount of the cash-generating unit Optical Sensors & Lighting at the date of valuation is EUR 491,475 thousand and exceeds the book value of EUR 227,014 thousand by EUR 264,461 thousand.

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

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 398,788 thousand and therefore would not lead to impairment.

The goodwill in the amount of 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 Power Management & Wireless. An impairment test has been conducted at effective date September 30, 2013 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 2018. Under an going concern assumption 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 13.1% was applied (2012: 12.7%) 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 Power & Wireless at the date of valuation is EUR 163,239 thousand and exceeds the book value of EUR 58,728 thousand by EUR 104,511 thousand.

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

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 TEUR 136,314 and therefore would not lead to impairment.

12 Investments and securities

in thousands of EUR	2013	2012
Non-current investments		
Shares in affiliated companies	1	1
	1	**1**
Current investments		
Investment funds designated as at fair value through profit and loss	20,765	18,931
Derivative financial instruments	211	0
	20,976	**18,931**

Current investments are government backed corporate bonds issued by banks. Maturity dates are February 13, 2014, July 28, 2014, January 20, 2016, March 8, 2016 and April 10, 2017, which can be sold anytime before maturity,

13 Investments in associates

in thousands of EUR	Balance Jan. 1, 2013	Additions	Add. due to Business Combinations	Translation adjustment	Result	Balance Dec. 31, 2013
NewScale Technologies Inc.	2,544	0	0	-106	-1,721	717
FlipChip Holdings LLC	3,271	0	0	-74	725	3,922
RF Micron Inc.	615	0	0	-13	-167	435
	6,430	**0**	**0**	**-193**	**-1,163**	**5,074**

Summary of financial information for associated companies

in thousands of EUR				2013				2012
	New Scale Technologies Inc.	FlipChip Holdings LLC	RF Micron, Inc.	Total	New Scale Technologies Inc.	FlipChip Holdings LLC	RF Micron, Inc.	Total
Reporting date	Sep. 30, 2013	Sep. 30, 2013	Sep. 30, 2013		Sep. 30, 2012	Sep. 30, 2012	Sep. 30, 2012	
Ownership	34.47%	33.50%	10.13%		34.47%	33.50%	11.34%	
Short term Assets	1,767	14,881	2,040	18,688	1,302	15,680	1,374	18,355
Long term assets	508	19,334	62	19,904	644	17,340	51	18,035
Short term liabilities	114	15,320	19	15,452	141	14,433	6	14,580
Long term liabilities	434	6,853	929	8,215	130	4,415	0	4,545
Equity	1,728	12,043	1,155	14,925	1,675	14,172	1,419	17,266
Revenues	2,002	43,465	2	45,469	2,320	28,617	0	30,937
Result	141	-286	-1,207	-1,351	464	6,293	-629	6,127
Other comprehensive income	0	0	0	0	0	0	0	0
Total comprehensive income	**141**	**-286**	**-1,207**	**1,351**	**464**	**6,293**	**-629**	**6,127**
% Share of equity	595	4,034	117		577	4,748	161	
Goodwill / Impairment	-101	-244	408		1,638	-1,682	532	
Translation differences	223	132	-90		329	206	-77	
Carrying amount	**717**	**3,922**	**435**		**2,544**	**3,271**	**616**	

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

RF Micron 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.

Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings LLC, Phoenix, Arizona (USA), researches and produces high end packaging technologies. The pro rata result 2013 (EUR 725 thousand) (2012: EUR 377 thousand) has been recorded in the balance sheet as per December 31, 2013.

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

These investments are of strategic nature.

14 Deferred tax assets

Deferred tax assets are attributable to the following items:

in thousands of EUR	2013	2012
Intangible assets, property, plant and equipment	-1,558	-60
Other long-term assets	-49	-150
Trade receivables and other assets	-89	66
Interest bearing borrowings	-763	0
Employee benefits	4,665	3,942
Liabilities	830	996
Provisions	-541	-642
Tax value of loss carry-forwards	30,787	28,725
	33,282	**32,876**

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.

15 Other long-term assets

Other long-term assets are mainly related to licensing prepayments.

16 Interest-bearing loans and borrowings

in thousands of EUR	2013	2012
Non-current liabilities		
Bank loans	59,318	71,407
Current liabilities		
Current portion of bank loans	777	9,428

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
CHF – floating rate loans	0	0	0	0
Unsecured bank facilities				
EUR – floating rate	45,000	0	45,000	0
USD – floating rate	0	0	0	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**

Terms and debt repayment schedule 2012

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	11,202	2,029	7,877	1,296
EUR – floating rate loans	2,300	383	1,917	0
CHF – floating rate loans	1,559	1,559	0	0
Unsecured bank facilities				
EUR – floating rate	50,391	5,110	45,275	6
USD – floating rate	15,383	346	15,037	0
	80,835	**9,428**	**70,106**	**1,302**
Financial lease liabilities				
USD – fixed rate	3,608	952	2,656	0
	84,443	**10,380**	**72,762**	**1,302**

17 Provisions

in thousands of EUR	Warranties	Onerous contracts	Other personnel provisions	other	Total
Balance at January 1, 2013	**750**	**4,714**	**15,162**	**3,641**	**24,267**
Provisions made during the year	1,450	5,580	9,801	4,682	21,513
Provisions used during the year	0	-4,547	-14,908	-2,752	-22,207
Provisions reversed during the year	0	-106	-129	-161	-396
Balance at December 31, 2013	**2,200**	**5,640**	**9,926**	**5,410**	**23,176**

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

Onerous contracts
Provisions for onerous contracts are set up 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. The amount recognized as of December 31, 2013 was EUR 5,640 thousand (2012: EUR 4,714 thousand) and 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 3,688 thousand (2012: EUR 2,556 thousand) mainly and provisions for outstanding invoices amounting to EUR 1,191 thousand (2012: EUR 394 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.

18 Deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

in thousands of EUR	2013	2012
Intagible assets, property, plant and equipment	13,584	17,165

19 Other liabilities

in thousands of EUR	Current		Non-current	
	2013	2012	2013	2012
Finance lease liabilities	983	926	1,621	2,682
Employee related liabilities	2,452	2,104	0	0
Liabilities from license agreements	2,053	2,041	4,278	4,350
Derivative financial instruments	240	665	0	0
Financial liabilities	**5,728**	**5,736**	**5,898**	**7,032**
Accrued vacation days	4,507	4,835	0	0
Deferred income	5,142	4,378	0	0
Liabilities against tax authorities	2,138	3,194	0	0
Accrued expenses	5,240	1,115	5,360	5,450
Other	1,315	1,531	1,390	571
Non-financial liabilities	**18,342**	**15,053**	**6,749**	**6,022**
Total other liabilities	**24,070**	**20,789**	**12,648**	**13,053**

20 Employee benefits

Movements in the net liability recognized in the balance sheet:

in thousands of EUR	2013		2012	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Present value of obligation (DBO) January 1	17,119	2,040	12,774	1,681
Expense recognized in the income statement	3,356	231	2,267	205
Actuarial gains / losses recognized in comprehensive income	2,978	62	2,560	224
Payments during the year	-2,160	-50	-481	-70
Present value of obligation (DBO) December 31	**21,294**	**2,282**	**17,119**	**2,040**

The value of obligation is not financed by a fund. The accumulated actuarial gains and losses amounted to EUR 7,199 thousand (2012: EUR 4,140 thousand) so far.

Expense recognized in the income statement

in thousands of EUR	2013		2012	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Current service cost	2,858	161	1,766	129
Interest cost	498	70	501	76
	3,356	**231**	**2,267**	**205**

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

in thousands of EUR	2013		2012	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Cost of sales	520	72	725	66
Selling, general and administrative expenses	2,367	95	929	84
Research and development	469	65	612	55
	3,356	**231**	**2,267**	**205**

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

	2013	2012
Discount rate at December 31	3.25%	3.50%
Future salary increases	2.7%	2.7%
Fluctuation < 40 years of age	6.5%	8%
Fluctuation > 40 years of age	5%	4%
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 113,068 thousand in 2013 and EUR 108,605 thousand in 2012. In 2013 the amount shown includes EUR 3,217 thousand (2012: EUR 2,476 thousand) for the SOP 2005, SOP 2009, SOP 2011, and SOP 2013.

The average number of employees was 1,394 in 2013 and 1,282 in 2012. Expenses for the severance payment fund were EUR 406 thousand (2012: EUR 346 thousand).

Regarding a change of the discount rate a senistivtiy analysis has been performed. A +/-10 percent change of the discount rate on December 31 would have the following effect on the debt benefit obligation.

in thousands of EUR	Decrease	Increase
Effect on debt benefit obligation	792	-749

21 Shareholders' equity

Share capital and share premium

in thousands of EUR	2013	2012
Share capital	35,270	34,658
Additional paid-in capital	228,615	214,763
	263,884	**249,421**

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.

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.

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 proft 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.

On November 26, 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 23, 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 autho-

rization of the supervisory board. The management board may decide on the exclusion of the general purchase opportunity.

During the course of the financial year 2013 the company issued 252,578 (2012: 509,169) shares in order to meet its obligations with respect to the execution of stock options regarding the stock option plans (SOP 2005).

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 board of director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Amongst other financial ratios the board of directors 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 2013. None of the group companies are subject to certain capital requirements.

Long-term aim of the company is to maintain a balance between profitability and liquidity. For this purpose a yearly return on equity of 25-30% (2013: 14%, 2012: 20%; 2011: 11%; 2010: 12%), a return on assets of 15-20 % (2013: 10%, 2012: 14%; 2011: 8%; 2010: 10%) and a average net liquidity of 0.3x – 0.5x revenues (2013: 0.12; 2012: 0.02; 2011: -0.19; 2010: -0.02) should be achieved.

22 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	2013	2012
Net profit for the year	**60,812,918**	**81,904,288**
Weighted average number of shares outstanding	13,448,313	12,848,731
Earnings per share (basic)	**4.52**	**6,37**
Weighted average number of shares diluted shares	13,991,225	13,516,119
Earnings per share (diluted)	**4.35**	**6.06**

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.

	2013	2012
Reconciliation of ordinary shares:		
Outstanding shares as of January 1	13,277,174	12,780,807
Purchase and sale of treasury shares	14,312	-12,802
Capital increase regarding stock option plan 2005	252,578	509,169
Issue in connection with business combination	0	0
Outstanding shares as of December 31	**13,544,064**	**13,277,174**

	2013	2012
Reconciliation of treasury shares:		
Treasury shares as per Januray 1	1,029,931	1,017,129
Purchase of treasury shares	190,000	352,622
Sale of treasury shares	0	-56,518
Sale related to SOP	-204,312	-283,302
Treasury shares as per December 31	**1,015,619**	**1,029,931**

23 Financial instruments

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates.

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 counter parties 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 – 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, 25% (2012: 18%) of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (75% (2012: 82%)) 99% (2012: 59%) 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 EUR-zone. As a result, significant and frequent cash flows from operating activities (e.g. trade receivables and payables) denominated in foreign currencies are hedged. These hedges concern primarily transactions in US dollar.

In order to avoid currency risk, the Company regularly utilizes forward currency contracts, option contracts as well as interest swaps. Transaction risk is calculated for each foreign currency and takes into account significant foreign currency receivables and payables as well as highly probable purchase commitments.

As per December 31, 2013 ams holds no foreign currency forwards, options and swaps to minimize its foreign currency exposure.

As per December 31, 2012, ams holds no foreign currency forwards, options and swaps 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 assure sufficient liquidity for the Company under ordinary and ex-

traordinary 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, 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	0	20,765	0	0	20,765	20,765
Trade receivables	0	0	0	63,724	0	63,724	63,724
Other receivables and assets	0	0	211	6,481	0	6,692	6,692
Long-term financial assets							
Other longterm financial assets	1	0	4,423	1,602	0	6,026	6,026
	1	**0**	**25,399**	**71,807**	**8,358**	**180,565**	**180,565**

in thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest beraing loans and borrowings	0	777	777	771
Trade payables	0	28,300	28,300	28,300
Other liabilities	240	5,488	5,728	5,728
Long-term financial liabilities				
Interest bearing loans and borrowings	0	59,318	59,318	58,872
Other long-term liabilities	0	5,898	5,898	5,898
	240	**99,782**	**100,022**	**99,569**

Summary of financial instruments recorded on the balance sheet as per Dec. 31, 2012:

iIn 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	67,916	67,916	67,916
Financial assets	0	0	18,931	0	0	18,931	18,931
Trade receivables	0	0	0	42,175	0	42,171	42,171
Other receivables and assets	0	0	0	8,993	0	8,993	8,993
Long-term financial assets							
Other long-term financial assets	1	0	4,623	1,112	0	5,737	5,737
	1	**0**	**23,555**	**52,280**	**67,916**	**143,747**	**143,747**

in thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest beraing loans and borrowings	0	9,428	9,428	8,064
Trade payables	0	26,392	26,392	26,392
Other liabilities	665	5,071	5,736	5,736
Long-term financial liabilities				
Interest bearing loans and borrowings	0	71,407	71,407	61,074
Other long-term liabilities	0	7,032	7,032	7,032
	665	**119,331**	**119,996**	**108,298**

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.

2013 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	20,765	0	0	20,765
Other receivables and finacial assets	0	0	211	211
Long-term financial assets				
Financial assets	0	4,423	0	4,423
Other receivables and finacial assets	0	0	0	0
	20,765	**4,423**	**211**	**25,339**
Short-term financial liabilities				
Other liabilities	0	240	0	240

2012 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	18,931	0	0	18,931
Other receivables and finacial assets	0	0	0	0
Long-term financial assets				
Financial assets	0	4,623	0	4,623
Other receivables and finacial assets	0	0	0	0
	18,931	**4,623**	**0**	**23,555**
Short-term financial liabilities				
Other liabilities	0	665	0	665

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 with Black Scholes model. Sole significant value-affecting parameter is the borrower's enterprise value. As of December 31, 2013 the option amounts to EUR 211 thousand.

Contingent purchase price liabilities follow from the acquisition of IDS doo (to date ams R&D Slovenia doo) in 2012. ams has committed to pay EUR 6,155 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 3,516 thousand by December 31, 2013. EUR 2,639 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 85,000 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

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.

As per year end 2013 the interest swaps shown under derivative financial instruments is a USD-interest-rate swap with a nominal value of USD 13,000 thousand and a EUR interest-rate swap with a nominal value of EUR 10,000 thousand. For the USD interest-rate swap ams pays a fixed rate of 2.57% and gets the 3M-USD-Libor with a maturity date of April 29, 2014. For the EUR interest-rate swap the company pays a fixed rate of 2.73% and gets the 3M-EUR-Libor with a maturity of April 29, 2014.

Net gains and losses from financial instruments

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
Loans and receivables	0	334	-344
	-166	**334**	**-363**
Financial liabilities			
At fair value through profit & loss held for trading	425	0	0
At amortized costs (other financial liabilities)	0	447	-100
	425	**447**	**-100**

2012 **in thousands of EUR**	**Result from valuation**	**Foreign currency valuation**	**Result from divestment**
Financial assets			
At fair value through profit & loss held for trading	702	0	0
Loans and receivables	0	-634	378
	702	**-634**	**378**
Financial liabilities			
At fair value through profit & loss held for trading	234	0	0
At amortized costs (other financial liabilities)	0	3,649	-4,411
	234	**3,649**	**-4,411**

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	2013	2012
Interest income	1,064	1,201
Interest expenses	-2,110	-2,521

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.

2013 in thousands of EUR	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
CHF – Floating rate loans	0.00%	0	0	0	0	0
Unsecured bank facilities						
EUR – Floating rate loan	1.52%	45,000	46,227	654	45,573	0
USD – Floating rate loan	0.00%	0	0	0	0	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
Interest swaps						
EUR – Fixed rate		132	126	126	0	0
USD – Fixed rate		108	109	109	0	0
		62,939	**64,830**	**2,868**	**60,693**	**1,268**

2012 in thousands of EUR	Interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
R & D loans						
EUR – Fixed rate loans	2.05%	11,202	11,819	2,230	8,275	1,314
EUR – Floating rate loans	1.37%	2,300	2,371	409	1,962	0
CHF – Floating rate loans	0.46%	1,559	1,562	1,562	0	0
Unsecured bank facilities						
EUR – Floating rate loan	1.26%	50,391	51,554	5,614	45,934	6
USD – Floating rate loan	1.73%	15,383	15,985	608	15,377	0
		80,835	**83,291**	**10,423**	**71,548**	**1,319**
Liabilities from finance lease						
USD – Fixed rate	3.74%	3,608	3,857	1,071	2,785	0
Interest swaps						
EUR – Fixed rate		403	398	268	130	0
USD – Fixed rate		261	332	223	109	0
		85,108	**87,878**	**11,986**	**74,573**	**1,319**

Risk of change of interest rates

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

in thousands of EUR	2013	2012
Financial assets		
Fixed rate financial instruments	15,737	13,951
Floating rate financial instruments	5,028	4,981
Interest rate swaps	0	0
Financial liabilities		
Fixed rate loans	13,168	11,202
Floating rate loans	46,927	69,633
Fixed rate financial lease	2,604	3,608
Interest rate swaps	240	665

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. This analysis is performed on the same basis for 2012.

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

2012 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	-295	325	-295	325

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. This analysis is performed on the same basis for 2012.

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

2012 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	-6	16	-6	16
Financial liabilities				
Floating rate loans	-1,307	1,307	-1,307	1,307
Interest rate swaps	228	-340	228	-340

Foreign currency risk

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

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**

2012 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	40,982	49	0
Trade liabilities and other liabilities	-24,237	-474	-11,848
Interest bearing loans	-15,383	-1,559	0
Liabilities from finance lease	-4,794	0	0
	-3,432	**-1,983**	**-11,848**
Net foreign currency risk	**-3,432**	**-1,983**	**-11,848**

Sensitivity analysis

A 10 percent strengthening/weakening of the EUR against the following currencies on December 31 would have increased (decreased) equity and profit loss by the amounts shown below. The effects shown in equity also comprise the effects shown in profit and loss.

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

2012 in thousands of EUR	Profit & loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	1,096	-1,340	1,096	-1,340
CHF	155	-190	155	-190
JPY	9	-12	9	-12

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

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

	Annual average exchange rate		Period end exchange rate	
	2013	**2012**	**2013**	**2012**
USD	1.3308	1.2932	1.3791	1.3194
CHF	1.2291	1.2044	1.2276	1.2072
JPY	130.18	103.49	144.72	113.61

24 Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	**2013**	**2012**
Less than one year	2,678	2,612
Between one and five years	3,796	1,735
	6,474	**4,347**

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 2,605 thousand in 2013 (2012: EUR 2,788 thousand).

Finance lease

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
More than five years	0	0	0
	2,728	**124**	**2,604**

2012 **In thousands of EUR**	**Future minimum lease payments**	**Interest cost**	**Present value of minimum lease payments**
Less than a year	1,071	120	926
Between one and five years	2,785	129	2,682
More than five years	0	0	0
	3,857	**249**	**3,608**

The lease contains no contingent rent.

25 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 goodwills 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 based on its probability of occurrence.
- 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.

26 Related parties

Identity of related parties

The Company has a related party relationship with:

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

As of December 31, 2013 and December 31, 2012 respectively, the remuneration for the Management Board was as follows:

			CEO		CFO	Management Board total	
	active	passive					
Remuneration (in thousands of EUR)	**2013**		**2012**	**2013**	**2012**	**2013**	**2012**
Salary							
Salary, not variable	232	179	393	300	246	711	639
Salary, variable	164	442	433	90	300	696	734
Options							
Options (Value at allocation)	571	0	378	462	189	1,033	567
Non cash benefit							
Car	0	2	4	4	4	6	7
Expense for precautionary measures							
Contribution to accident insurance	0	1	2	1	1	2	3

The Company recorded an amount of EUR 1,554 thousand for severance payments to the former CEO and the accrual of severance payments for the CFO (2012: EUR 679 thousand).

During the business year 47,000 call options (2012: 30,000) for the CEO, 38,000 for the CFO (2012: 15,000) and 85,000 (2013: 45,000) call options of SOP 2009 (2012: SOP 2005) for the management board as a whole were allocated during the year. The strike price amounts to EUR 59.30 (2012: EUR 41.38).

For conditions and valuations of the call options for shares of ams AG based on the SOP 2005 and SOP 2009 please refer to point (p) (iv).

Persons related to the management board held 718 shares and no options of ams AG as per December 31, 2013 and 718 shares and no options as per December 31, 2012, respectively.

The remuneration of the company's Supervisory Board amounted to EUR 513 thousand (2012: EUR 418 thousand). All remunerations were or are be paid directly by the Company. The Company has no consulting agreements with members of their Supervisory Board and the Company's known shareholders.

The Company's Executive Officers hold 224,123 shares and call options for the purchase of 139,000 shares as of December 31, 2013 (144,500 shares and call options for the purchase of 212,000 shares as of December 31, 2012).

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
Siegfried Selberherr	Vice chairman	60	4	15,000	0
Gerald Rogers	Vice chairman (since September 13, 2013) Member (until September 13, 2013)	40	60	15,498	0
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	18,698	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
Günther Koppitsch	Employee representative (until September 13, 2013)	0	2	0	0
		400	**113**	**49,196**	**0**

The shown remunerations show the amounts actually paid during the business year. The remuneration for the business year 2013 will be determined at the general meeting on May 22, 2014.

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

The breakdown for the individual members of the Supervisory Board is as follows as of December 31, 2012:

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	80	3	0	0
Siegfried Selberherr	Vice chairman	60	3	15,000	0
Hans Jörg Kaltenbrunner	Vice chairman	60	1	0	0
Kurt Berger	Member	40	3	100	0
Michael Grimm	Member	40	1	0	0
Klaus Iffland	Member	40	1	50	0
Jacob Jacobsson	Member	0	37	23,321	0
Gerald Rogers	Member	0	44	21,152	0
Johann Eitner	Employee representative	0	1	0	0
Günter Kneffel	Employee representative	0	1	0	0
Kurt Layer	Employee representative (until April 8, 2012)	0	1	0	0
Günther Koppitsch	Employee representative	0	1	100	0
Vida Uhde-Djefroudi	Employee representative (since April 26, 2012)	0	1	0	0
		320	**98**	**59,723**	**0**

No person related to the Supervisory Board held shares or options of ams AG as of December 31, 2012.

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 year ended Dec. 31		Balance outstanding as at Dec. 31	
	2013	2012	2013	2012
New Scale Technologies Inc., Victor, New York (USA)				
Sale of goods and services	12	13	0	0
Purchased services	-804	-663	0	-242

Identity of associated companies:

New Scale Technologies Inc., Victor, New York (USA): Creates disruptively small motion systems. Based on its patented micro-motor technology, New Scale Technlogy Inc. 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 investments are of strategic nature.

27 Remuneration for the auditors

The expense for the auditor's remuneration for the audit of the finacial statements and annual consolidated financial statements 2013 amounted to EUR 130,000.00. For other consultancy services EUR 49,872.50 have been expensed.

28 Group enterprises

	Accounting method	Country of incorporation	Ownership interest	
			2013	2012
ams France S.à.r.l.	fully consolidated	France	100%	100%
ams Germany GmbH	fully consolidated	Germany	100%	100%
ams Italy S.r.l.	fully consolidated	Italy	100%	100%
ams International AG	fully consolidated	Switzerland	100%	100%
ams R&D Spain, S.L.	fully consolidated	Spain	100%	100%
ams R&D UK Ltd.	fully consolidated	U. K.	100%	100%
AMS USA Inc.	fully consolidated	USA	100%	100%
ams Japan Co. Ltd.	fully consolidated	Japan	100%	100%
ams Semiconductors India Pvt Ltd.	fully consolidated	India	100%	100%
ams Asia Inc.	fully consolidated	Philippines	100%	100%
Aspern Investment Inc.	fully consolidated	USA	100%	100%
AMS-TAOS USA Inc.	fully consolidated	USA	100%	100%
AMS-TAOS International	fully consolidated	Cayman Islands	100%	100%
TAOS Germany GmbH	fully consolidated	Germany	100%	100%
ams Korea Co. Ltd	fully consolidated	Korea	100%	100%
ams R&D doo	fully consolidated	Slovenia	100%	100%
IDS IP Holding AG	fully consolidated	Switzerland	-	100%
IDS Microchip AG	fully consolidated	Switzerland	-	100%
Austria Mikro Systeme International Ltd.	at cost	China	100%	100%

Following a restructuring IDS IP Holding AG and IDS Microchip AG were merged with ams International AG.

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

29 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 3, 2014

Kirk Laney
CEO

Michael Wachsler-Markowitsch
CFO

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 2013 to 31 December 2013. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, 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 2013 and a summary of significant accounting policies and other explanatory notes.

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 2013 and its financial performance and its cash flows for the year from 1 January 2013 to 31 December 2013 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, 3 February 2014

KPMG
Wirtschaftsprüfungs- und Steuerberatungs AG

signed by:

Mag. Dr. Johannes Bauer
Austrian Chartered Accountant

Mag. Arno Alexander Gruner
Austrian Chartered Accountant

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

ams AG
Investor Relations
Moritz M. Gmeiner
Tobelbader Strasse 30
8141 Unterpremstätten
Austria
Telefon +43 3136 500-31211
Fax +43 3136 500-931211
investor@ams.com
www.ams.com

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