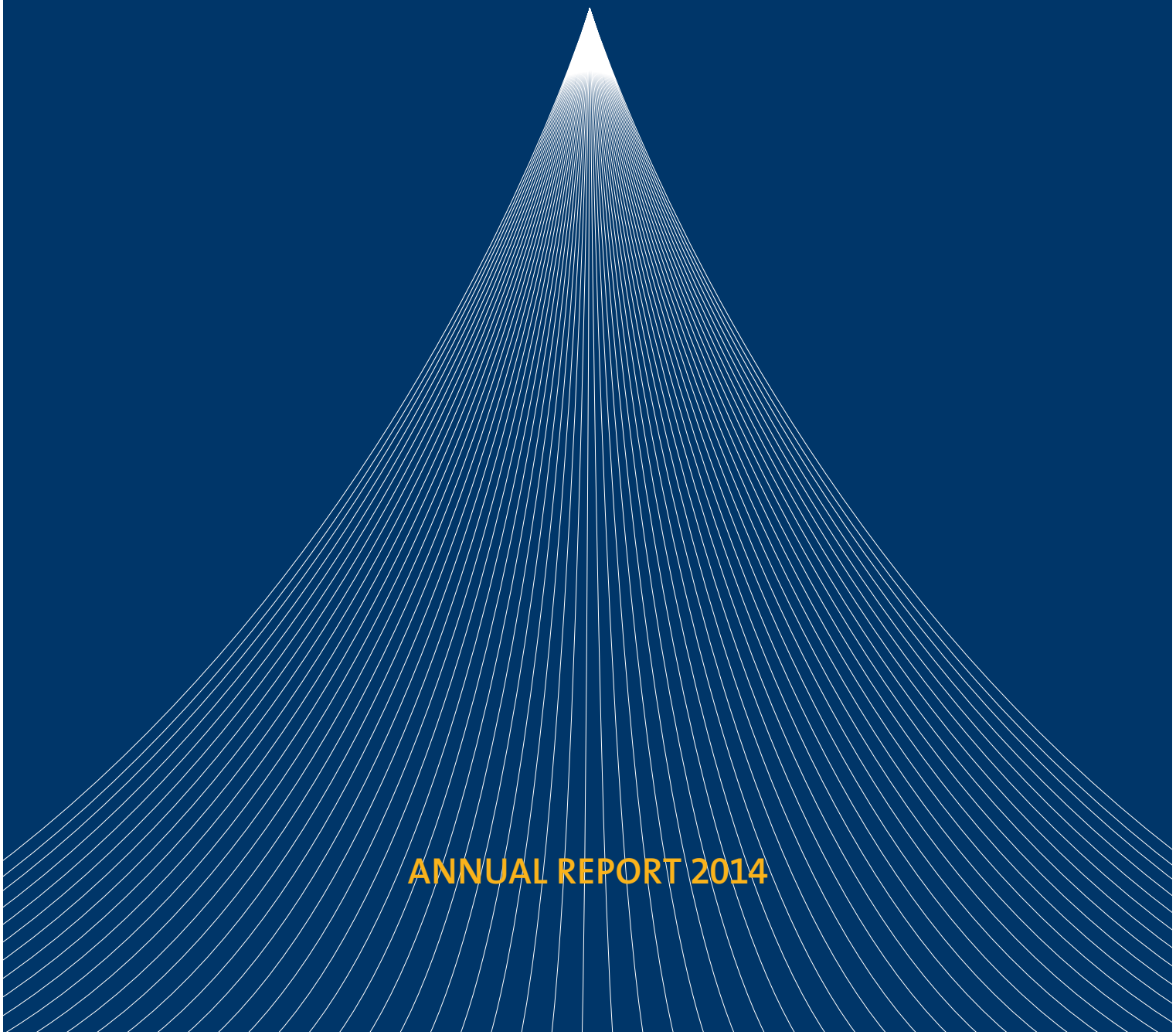
SÜSS MicroTec

Focus



ANNUAL REPORT 2014

KEY FIGURES

in € million	2014	2013	Change 2014 / 2013
Business Development			
Order entry	134.3	135.0	-0.5%
Order backlog as of December 31	75.6	85.7	-11.8%
Total sales	145.3	134.5	8.0%
Sales margin	3.2%	-11.9%	15.1% points
Gross profit	48.8	21.8	123.9%
Gross margin	33.6%	16.2%	17.4% points
Cost of sales	96.5	112.7	-14.4%
R & D costs	10.5	10.2	2.9%
EBITDA	12.6	-13.4	–
EBITDA margin	8.7%	-10.0%	18.7% points
EBIT	8.4	-19.4	–
EBIT margin	5.8%	-14.4%	20.2% points
Earnings after tax	4.6	-16.0	–
Earnings per share (in €)	0.24	-0.84	–
Balance sheet and cash flow			
Equity	116.1	109.4	6.1%
Equity ratio	69.1%	60.8%	8.3% points
Return on equity	4.0%	-14.6%	18.6% points
Balance sheet total	168.0	179.9	-6.6%
Net cash	38.0	35.7	6.4%
Free cash flow [1]	2.1	4.1	-48.8%
Further key figures			
Investments	3.0	12.2	-75.4%
Investment ratio	2.1%	9.1%	-7.0% points
Depreciation	4.2	6.0	-30.0%
Employees as of December 31	659	655	0.6%

[1] Before consideration of purchase or sale of available for sale securities

SUSS MicroTec is a leading supplier of equipment and process solutions for microstructuring in the semiconductor industry and related markets. In close cooperation with research institutes and industry partners SUSS MicroTec contributes to the advancement of next-generation technologies such as 3D Integration and nanoimprint lithography as well as key processes for MEMS and LED manufacturing.

SEGMENTS

Photomask Equipment

- Photomask processing systems

Order entry: EUR 20.2 million
Sales: EUR 20.8 million
EBIT: EUR 4.7 million

Lithography

- Mask Aligner
- UV projection lithography systems
- Laser processing tools
- Spin and Spray Coater

Order entry: EUR 91.5 million
Sales: EUR 96.7 million
EBIT: EUR 10.7 million

Substrate Bonder

- Substrate (Wafer) Bonder

Order entry: EUR 17.2 million
Sales: EUR 22.4 million
EBIT: EUR -2.4 million

Others

- Micro-optics and Lenses
- C4NP
- Centralized Group functions

Order entry: EUR 5.4 million
Sales: EUR 5.4 million
EBIT: EUR -4.5 million

As of December 31, 2014

CONTENT

Interview with the Management Board	Poster
Networking	Poster
Focus	Poster
Report of the Supervisory Board	2
Investor Relations	6
Corporate Governance	10
Combined Group Management Report	16
Consolidated Financial Statements (IFRS)	64
Notes to the Consolidated Financial Statements	80
Glossary	123
Service	128

WORLDWIDE

• Production
• Sales

Employees by Region

EMEA	419
North America	118
Japan	18
Rest of Asia	104

Sales by Region in EUR million

EMEA	42.7
North America	21.5
Japan	10.2
Rest of Asia	70.9

As of December 31, 2014

01

Interview with the Management Board

A few years ago, the Management Board introduced a corporate strategy that is still valid today. Can you discuss it with us briefly?

Michael Knopp: I would be happy to do so! We began to rework our strategy with a critical evaluation of the situation in the first half of 2009. After a comprehensive analysis of the business model in place at the time and considering the expected market development as well as the competitive situation, we undertook important initiatives for the strategic reorientation of the Group.

Our goal was to focus the Company on its core expertise in Lithography and Substrate Bonders, to expand the portfolio sensibly, and to separate ourselves from highly competitive or unprofitable peripheral areas. Given this strategy, we divested the loss-generating Test Systems division at the beginning of 2010. In 2011, we sold SUSS MicroTec Precision Photomask Inc. in an asset deal because it offered few synergies with the core business. With the acquisition of HamaTech APE, we added the core expertise of photomask cleaning in order to round out our product portfolio in the area of wet processing. As a result, not only did we optimize the Group portfolio but we also succeeded in significantly reducing the complexity of the corporate structure and the cost basis. Today the Company consists of the Lithography, Substrate Bonder, and Photomask Equipment divisions.

Walter Braun: In order to facilitate the strategic reorientation, it was necessary to adjust the organizational structure. Therefore, production, research and development, and the areas of purchasing and logistics of the three product lines Coater / Developer, Substrate Bonder, and Photomask Equipment were successfully consolidated at the Sternenfels site. In a major logistical project, the segment Substrate Bonder was relocated from Waterbury, Vermont in the United States to Germany. Prior to the move to Sternenfels, the Coater / Developer product line was housed in Vaihingen an der Enz, which is 15 kilometers away. Here, the move could be completed in a very short time. We also further advanced the topic of generating synergies in the design of our tools by using a platform strategy. By taking these steps, we have created an innovative and cross-divisional competence center for wet processing at the Sternenfels site. Along with the positive market environment, the strategic reorientation contributed to the encouraging earnings situation in the 2010 – 2012 period.

In addition to the steps you just mentioned, in the 2012 fiscal year you acquired Tamarack Scientific in Corona, California (USA). How pleased are you with this investment?

Michael Knopp: With the acquisition of Tamarack Scientific (today SUSS MicroTec Photonic Systems) in April 2012, we brought promising technological expertise in UV projection lithography and laser technology in house. I am convinced that we took the right step

MICHAEL KNOPP HAS SERVED AS CHIEF FINANCIAL OFFICER AT SUSS MicroTec SINCE AUGUST 1, 2007.

Goal of the management board: return to former strength and profitability.

with the acquisition, even though the operational performance until now has fallen short of our expectations. However, we are very confident that this area will make a positive contribution to corporate performance in the future. An important indicator for this is the market launch of new products, for which we were already able to book initial orders from major international customers in the 2014 fiscal year.

Why did you take the surprising step (for us) of terminating the Bond Cluster Systems product line in the 2013 fiscal year? Don't you expect 3D integration to drive future growth precisely in this area?

Michael Knopp: In our Substrate Bonder division, one must distinguish between permanent and temporary bonding systems. The correction of our strategic orientation at the end of 2013 applies to permanent bonding systems, and specifically only to fully-automated permanent bond clusters. The decision to terminate the production of permanent bond clusters resulted from a reevaluation of the business situation and the sustained unsatisfactory earnings situation in this area. We continue to offer manual permanent bonders, which are successful in the market, as part of our product portfolio. Recently, in October 2014, we successfully launched the second generation of the semi-automated permanent wafer bonder SB6 / 8 Gen2 in the market and are already seeing tremendous interest from customers.

At the same time, temporary bonders are an important part of the processing chain in 3D integration. As we announced in our press releases, we were able to obtain important orders from industrial customers and research institutes in the past. So far, the market for 3D integration has developed much more slowly than initially anticipated, but we remain confident that this area will make significant contributions to corporate sales and earnings growth in the future.

Last year there was a change in the Management Board. Can you tell us more about that? What impact will it have on the corporate strategy?

Michael Knopp: The Supervisory Board of SUSS MicroTec AG had canceled the appointment of Mr. Frank Averdung as Chief Executive Officer of SUSS MicroTec AG as of August 24, 2014 because of differing opinions about the strategic orientation of the Company and its implementation. Actually, it was less a matter of the fundamental strategic orientation of the Company than the way in which the defined strategy could be successfully implemented. Until the new CEO begins his work, Walter Braun and I will temporarily assume these duties. Our shareholders can be assured that the Management Board and Supervisory Board will continue to make a concerted effort to implement the corporate strategy and be consistent in maintaining our course. For now, this means strengthening our core business and the systematic expansion of new and promising technologies. The Management Board and Supervisory Board review our corporate strategy regularly. We will examine the strategic course again when the newly appointed Chief Executive Officer Dr. Per-Ove Hansson assumes office, and make adjustments if necessary.

Walter Braun: The second change at the Management Board level involves the area of production. On July 1, 2014, I began my role as Chief Operating Officer at SUSS MicroTec. This position was newly created in order to give more weight to production-related topics and intensify the focus on internal flows, processes, and process optimization, as well as the supply chain.

You have now been Chief Operating Officer at SUSS MicroTec for more than half a year. What situation did you discover?

Walter Braun: In the reported fiscal year, we've operated in an environment characterized by strong competition. Among other things, the exchange rate development of the Japanese yen and increasing competition from Chinese equipment manufacturers hampered several areas of our business. Nevertheless, we succeeded in achieving sales growth of eight percent and a stable order entry level compared to the previous year. On the earnings side, we were able to exceed our own expectations and generate EBIT of EUR 8.4 million.

What were and still are your most pressing tasks for you?

Walter Braun: With the consolidation of synergistic product lines at the Sternenfels site, SUSS MicroTec has already taken a big step toward flexibility and efficiency. The standardization and platform concept as well as cross-product line development activities are beginning to have an impact. My most pressing task consists of systematically implementing and advancing this strategy. In addition, there is a need to catch up with project documentation and I also see the potential for optimization of the Company's process management.

Supply chain management is another area in which I will become more strongly involved in the future because it has been noted recently that our customers increasingly order on a short-term basis. Orders are placed very late and at the same time quick delivery times are demanded. In order to meet this challenge successfully, we must occupy ourselves more intensively with topics like purchasing, inventory, process optimization, and logistics. In this connection, the early and close integration of the operations area in current development projects – and above all new development projects – is very important to me. In addition, in the future we will focus even more on a few promising technologies and projects in order to be able to employ our resources efficiently and serve the markets in an even more targeted manner.

In conclusion, we would like to have an overview of the financial figures of the reported fiscal year.

Michael Knopp: Sales in the 2014 fiscal year were at the high end of our own expectations and reached a level of EUR 145.3 million. This is an increase from the previous year of eight percent. Order entry of EUR 134.3 million was only EUR 0.7 million less than the EUR 135.0 million of the previous year. This resulted in an order backlog of EUR 75.6 million (previous year: EUR 85.7 million) as of the reporting date of December 30, 2014. Earnings before interest and taxes (EBIT) of EUR 8.4 million were well above the EUR -19.4 million of the previous year. EBIT for 2013 included extraordinary effects of EUR -13.2 million from refocusing the Permanent Bonding product line. You will find detailed information about this in the Management Report and Notes of this report. Net liquidity on the reporting date was EUR 38.0 million (December 30, 2014: EUR 35.7 million). Free cash flow before considering the purchase and sale of securities amounted to EUR 2.1 million (previous year: EUR 4.1 million).

For the current 2015 fiscal year, the Management Board expects sales of approximately EUR 130 – 140 million and a break-even EBIT. For the first quarter of 2015, we expect order entry to be within the range of EUR 25 – 35 million.

AS CHIEF OPERATING OFFICER WALTER BRAUN HAS BEEN RESPONSIBLE FOR THE PRODUCTION AREA SINCE JULY 1, 2014.

02

Networking

In the past several years, mobile devices have replaced the traditional PC as the key online medium and cellular telephones are used for much more than making calls.

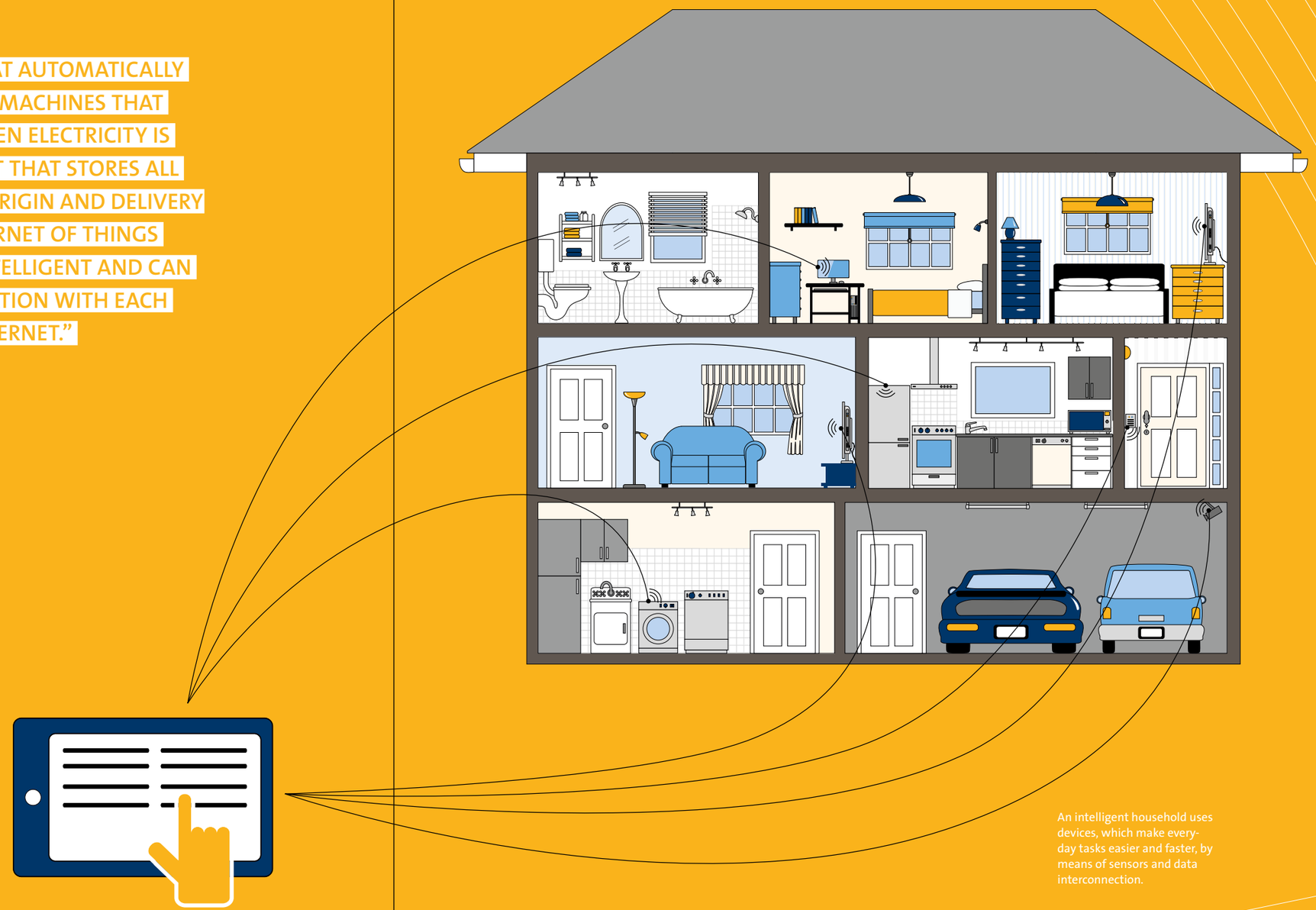
Not only will smartphones, tablets, and ultrabooks be online in the future, countless everyday objects will also suddenly be interconnected by means of electronic components and sensors, and able to communicate with each other. The personal household offers a broad application area for this. Washing machines and dishwashers will be connected to the electricity provider via the internet and turn on automatically when the price of electricity is most favorable. You will have access to your own house via the internet at any time by means of a surveillance camera and be able to contact security personnel immediately in case of an emergency by pressing a button. The refrigerator will notify you by email that the expiration date of the milk is coming up soon. Sensors in a smartwatch or wristband will continuously monitor your vital functions and trigger an alarm if certain parameters have been exceeded or not met. These are only a few examples of applications in which data capture and evaluation, mobile communication with other devices, and the corresponding feedback will play an important role. According to Gartner market research, the average household will use more than 500 interconnected devices by 2022.

This can only be accomplished through the use of countless electronic components and sensors. Data capture will be done, for example, via image sensors, RFID chips, or microelectromechanical systems (MEMS). These sensors will measure pressure, temperature, humidity, altitude, direction, or speed. The measured data will be processed, analyzed or relayed locally with the help of microchips, such as application-specific integrated circuits (ASICs), analog circuits, and memory chip components. Data

transmission will generally be done via mobile communications, WiFi, Bluetooth, or radio frequency communications. In order to send and receive this information, frequency filters will be indispensable components; they are used in WiFi modules, radio remote control, or as independent units in cellular telephones. Many of these electronic components are based on (compound) semiconductor technology and thus belong to one of the core markets served by SUSS MicroTec. Particularly with our lithographic solutions, we facilitate, for example, the production of MEMS sensors and microchips. Our Substrate Bonders are also used in MEMS production. The market for electronic components is expected to grow rapidly in the future due to increasing connectivity, mobile communications, and rapidly increasing data transfers and memory requirements. SUSS MicroTec will facilitate the cost-effective production of high-quality components with its innovative and customized solutions for micro patterning.

"REFRIGERATORS THAT AUTOMATICALLY STOCK UP, WASHING MACHINES THAT WASH PRECISELY WHEN ELECTRICITY IS CHEAPEST, AND MEAT THAT STORES ALL THE DETAILS OF ITS ORIGIN AND DELIVERY ROUTES: IN THE INTERNET OF THINGS OBJECTS BECOME INTELLIGENT AND CAN EXCHANGE INFORMATION WITH EACH OTHER OVER THE INTERNET."

Source: Fraunhofer IML



An intelligent household uses devices, which make everyday tasks easier and faster, by means of sensors and data interconnection.

Focus on our core business areas

03

Focus

In recent years, SUSS MicroTec has experienced significant changes. We have separated ourselves from peripheral areas, and through acquisitions we have obtained new capabilities that offer synergies with the existing business.

The product portfolio of the Lithography division was meaningful expanded by technological expertise in UV projection lithography and laser technology. With the acquisition of HamaTech APE in 2010, we entered the front end of semiconductor manufacturing for the first time and expanded our capabilities in the area of wet processing with photomask cleaning. Furthermore, we have refined promising technologies in-house and brought them to series-production readiness. In particular, tools and solutions for permanent and temporary bonding for 3D integration promise to be a significant growth area in the future. For this reason, in addition to the integration of new business fields, we have invested considerable resources into the development of our temporary bonding solutions for 3D integration. Through targeted cooperation with research institutes and a special closeness to our customers, we have created an outstanding starting position for ourselves. It is vital to maintain and expand this position.

At the same time, the core market for our lithographic products has changed – short-term customer decisions, stronger competition, and the unfavorable currency situation with respect to Japan at times have made our business more difficult. In addition, we – as a medium-sized business with limited resources – have focused in recent years on very promising new technologies e.g., temporary bonding, UV projection lithography, and laser technology. In these areas, the major development work is now behind us and we are focusing on customer-oriented issues such as process improvements, the use of materials, throughput, and yield. Our goal is to offer a favorable cost of ownership so that new technologies and processes will be attractive for customers from an economic perspective as well.

In the future, we should and will pay increased attention again to the area of Coaters / Developers as well as the Mask Aligner product line. These are our core areas in which we have decades of experience and are leading in the world market. As already addressed in the interview with the Management Board, we will intensify our work on internal processes and the cost structure. We are placing special focus on increasing competitiveness. Another goal is the optimization as well as the reduction of manufacturing costs, while directing our activities particularly to the optimization of the supply chain. Increased flexibility and thus shorter delivery times, as frequently demanded by our customers, is also important.

Our goal must be to expand the globally leading and high-margin Mask Aligner product line further and to return the recently only moderate performing Coater / Developer product lines to their former margin strength and attractiveness through an innovation offensive. For years, many customers have chosen the quality and customized solutions of SUSS MicroTec and rejected inexpensive standard products from places such as China. Additionally, we can offer our customers a global network of sales and service sites. We have to use this advantageous market position in order to lead our core business back to its former strength and profitability.

The Management Board and Supervisory Board review our corporate strategy regularly. We will examine the strategic course again when Dr. Per-Ove Hansson assumes office at the latest and make adjustments if necessary.

OUR GOAL IS TO RETURN TO OUR FORMER STRENGTH AS WELL AS TO FOCUS ON INNOVATIVE TECHNOLOGIES AND GROWTH MARKETS.

REPORT OF THE SUPERVISORY BOARD

In the following report, the Supervisory Board would like to inform you, dear shareholders, about its activities in the 2014 fiscal year.

DEAR SHAREHOLDERS,

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in the reported fiscal year by advising the Management Board on directing the Company and monitoring its activities. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with the Supervisory Board and provided it with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained in detail and reviewed by the Supervisory Board based on available documents and information. The Supervisory Board discussed significant business events extensively with the Management Board. Furthermore, the Supervisory Board gave its consent to the transactions requiring its approval. During the 2014 fiscal year, the Supervisory Board held a total of seven ordinary meetings and two extraordinary meetings. Except for the meeting on May 6, 2014, all members of the Supervisory Board routinely participated in the meetings. The ordinary Supervisory Board meeting on May 6, 2014 was held without the participation of Mr. Pegam. When necessary, the Supervisory Board adopted its decisions by means of document circulation.

As in previous years, in addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. In addition, the Deputy Chairman of the Supervisory Board interacted regularly with the Management Board and the auditors, the BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office Munich, regarding accounting topics and the auditing of the annual financial statements.

Dr. Stefan Reineck
Chairman of the Supervisory Board

MEETINGS AND MAIN TOPICS OF DISCUSSION

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

On February 11, 2014, the first ordinary Supervisory Board meeting of the 2014 fiscal year was held. At this meeting, the Supervisory Board held intensive discussions about the Management Board's report on the fourth quarter of 2013 and about the preliminary figures for the 2013 fiscal year. Plans for the 2014 fiscal year were discussed intensively and adopted by resolution. In addition, discussions were held on the medium-term plans for 2014–2016 and the Company's strategic orientation. Deliberations continued with the Management Board on the targets and bonus plan for the 2014 fiscal year. In addition, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code.

After an orderly selection process and thorough interviews, on March 6, 2014 the appointment of Mr. Walter Braun as a member of the Management Board was approved by circular resolution and his employment contract was agreed upon.

Representatives of the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 26, 2014. The auditor informed the Supervisory Board about the key results of the audit of the annual and consolidated financial statements for the 2013 fiscal year. The auditor explained to the Supervisory Board the main findings of the audit of the separate and consolidated financial statements. The Supervisory Board acknowledged the Management Board's report for the 2013 fiscal year and on the current business situation in the first quarter of 2014. Following an in-depth examination, the Supervisory Board approved the annual and consolidated financial statements of SUSS MicroTec AG prepared for the 2013 fiscal year by the Management Board. In addition, the Supervisory Board's report for the reported fiscal year was adopted by resolution. The Management Board gave the Supervisory Board an update on the status of the Substrate Bonder division and the situation at SUSS MicroTec Photonic Systems. The topic of sustainability at SUSS MicroTec was also discussed in detail. The Supervisory Board adopted a resolution regarding the bonus for the Management Board for the 2013 fiscal year. In addition, the agenda and proposals for the Shareholders' Meeting on June 17, 2014 were discussed and adopted by resolution. Furthermore, in the meeting on March 26, 2014, a resolution was adopted regarding the sale of capital shares in Electron Mec S.R.L., Milan, Italy, in which the Management Board was authorized to determine and decide upon all additional details of the transaction under the agreed upon conditions and to negotiate and conclude the necessary contracts.

On May 6, 2014, the third ordinary Supervisory Board meeting was held. The Supervisory Board addressed the current figures for the first quarter of 2014 and the forecast for the entire year. During this meeting, the Management Board provided the Supervisory Board with an update on the situation at SUSS MicroTec Photonic Systems and reported about a visit to the Fraunhofer Institute for Reliability and Microintegration in Berlin.

In the meeting on June 17, 2014, immediately prior to the ordinary Shareholders' Meeting, the Management Board informed the Supervisory Board about the current business situation and gave a short briefing on the upcoming ordinary Shareholders' Meeting. During this meeting, the Supervisory Board received another update on the situation at SUSS MicroTec Photonic Systems, particularly for the scanner systems and laser tools. Mr. Walter Braun participated in the meeting as a guest.

On July 3, 2014, the Supervisory Board approved by circular resolution the granting of joint procuration to Mr. Walter Braun for all German subsidiaries.

On August 5, 2014, the fifth ordinary Supervisory Board meeting was held. In this meeting, the Supervisory Board was given an update on ongoing business operations and the outlook for the entire year. The Management Board and Supervisory Board discussed the status of the strategic orientation of individual product lines, particularly coaters / developers and the area of exposure. Here the Supervisory Board was introduced, among other things, to the newly established Exposure Task Force. The Supervisory Board also approved the schedule of responsibilities for the Management Board. Another focal point was SUSS MicroTec's positioning given the current situation in the markets for the manufacturers of semiconductor equipment, particularly in the mid- and Back-end. The intensification of the M & A activities of other companies in SUSS MicroTec's sector and their impact on the Company were discussed in the process.

After an intensive discussion within the Supervisory Board, a resolution to revoke the appointment of Mr. Frank Averdung as a member of the Management Board was adopted in an extraordinary Supervisory Board meeting (by telephone) on August 24, 2014.

On August 28, 2014, the second extraordinary Supervisory Board meeting of 2014 was held. At this meeting, the initial results of the Exposure Task Force were presented and the Supervisory Board was given an update on the status of SUSS MicroTec Photonic Systems. The Supervisory Board approved the schedule of responsibilities for the Management Board.

On November 4, 2014, the sixth ordinary Supervisory Board meeting was held. The Management Board reported on the current business situation in the third quarter and provided an updated outlook for the entire year. The focal points of the meeting were the area product development and the development road map for 2015 as well as the termination agreement with the former member of the Management Board Mr. Frank Averdung. In addition, a resolution was adopted to extend the appointment of Mr. Michael Knopp, whose term would have expired on July 31, 2015, until July 31, 2020, as well as the conclusion of a new employment contract with Mr. Knopp for this period and an addendum to the existing employment contract. During the meeting, the declaration of compliance and the auditing issues for the 2014 annual financial statements were discussed. The meeting also addressed Industry 4.0 and the related challenges and opportunities for SUSS MicroTec.

The last meeting of the 2014 fiscal year, which was held on December 11, 2014, focused on the current business situation and preliminary planning for the 2015 fiscal year. Furthermore, the Supervisory Board dealt extensively with corporate governance, particularly with the topics of the declaration of compliance and the fraud catalog of BDO AG Wirtschaftsprüfungsgesellschaft. In addition, the Supervisory Board addressed risk management at SUSS MicroTec. Other Management Board affairs were on the agenda.

COMMITTEES

The Supervisory Board did not form any committees because it consisted of only three members in the 2014 fiscal year.

CORPORATE GOVERNANCE

During the 2014 fiscal year, the Supervisory Board again concerned itself with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and structure of remuneration for the Management and Supervisory Boards is provided in the Remuneration Report section of the condensed Management Report on pages 41 et seq. In January 2014, the Management and Supervisory Boards approved the annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

In its meeting on February 11, 2014, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

In the 2014 fiscal year, there were no conflicts of interest of members of the Management and Supervisory Boards which required disclosure to the Supervisory Board and at the Shareholders' Meeting.

AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office Munich, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2014 prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of December 31, 2014, and issued an unqualified audit opinion for both. The consolidated financial statements and consolidated management report were prepared in accordance with Section 315 a of the HGB based on the International Financial Reporting Standards, as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW).

The audit reports of BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office Munich, were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 26, 2015 in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations on the net assets, financial position, and results of operations of the Company and the Group and was available to the Supervisory Board in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit. The focal points of this year's group audit included the valuation of impairment of assets in the Bonding business and the business of SUSS MicroTec Photonic Systems Inc. (USA), the recognition and measurement of provision requirements, the measurement of deferred tax assets, the assessment of potential risks from plan derivations and decreased margins in the individual product segments as well as foreign currency risks in Asia, especially in Japan.

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

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

COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

There were two changes in the composition of the Management Board in the 2014 fiscal year. On July 1, 2014, Mr. Walter Braun was appointed as Chief Operating Officer to the Management Board of SUSS MicroTec AG. In an extraordinary meeting on August 24, 2014, the Supervisory Board revoked the appointment of Mr. Frank Averdung as a member of the Management Board. By resolution on November 4, 2014, Mr. Michael Knopp's contract was extended until July 31, 2020.

The Supervisory Board remained unchanged in the 2014 fiscal year.

THANKS

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

Garching, Germany, March 26, 2015

Dr. Stefan Reineck
Chairman of the Supervisory Board

INVESTOR RELATIONS

According to the latest autumn report of leading German economic research institutes, the world economy grew at a moderate pace in 2014. In the USA and Great Britain, the recovery turned out to be robust, whereas economic growth in the eurozone could not sustain itself, particularly in the second half of the year. The tense geopolitical situation in Russia, Ukraine, Syria, and Israel, as well as the continued impact of the financial and debt crisis, were negative factors here. Time will tell the extent to which a sustained low oil price will affect the world economic climate. Overall, the stock markets benefited from world economic growth, but this positive trend was stymied by the political environment.

THE GERMAN STOCK MARKET ROSE DURING THE YEAR

After a volatile year for the stock market in 2014, all the important indices of the Deutsche Börse AG, such as the DAX, MDAX, and TecDAX, gained ground. Although the DAX was able to record only a slight gain from the previous year, the general mood in the stock market brightened. According to a study by the auditing company PWC, there were more than 340 initial public offerings in Europe in the reported fiscal year, which generated a total issue volume of more than EUR 50 billion. After several years in which there were no, or scarcely any, noteworthy IPOs in Germany or Europe, the primary market revived noticeably.

Overall, the markets suffered from the tense geopolitical situation, a renewed threat from terrorist networks, and ongoing debt problems in several European countries. Particularly in the eurozone, the tense political situation in Greece is currently the center of attention. In addition, the recent sharp drop in the price of oil and the exchange rate strength of the US dollar have caused renewed movement in the markets, particularly toward the end of 2014.

THE SUSS MICROTEC SHARE

After a disappointing stock market year for our shareholders in 2013, the SUSS MicroTec share was able to rise in the first quarter of 2014, performing much better than the TecDAX benchmark index. After beginning the stock market year on January 2 at a closing price of 6.38 EUR, the share subsequently moved well above the 7 EUR threshold, reaching a closing XETRA price of 7.81 EUR on February 10, 2014. As a result of the restrained outlook for the entire year and the intensifying situation in Crimea and Ukraine at that time, the share, which had been moving within the range of EUR 6.80 EUR and 7.20 EUR since the end of February 2014, lost value again. The SUSS MicroTec share ended the first quarter at a closing price of 6.99 EUR.

In the second quarter, the upward trend continued and was impaired only by isolated daily fluctuations. It was possible to move to above the 8 EUR threshold and the SUSS MicroTec share ended the first half of the year on June 6, 2014 at an XETRA closing price of 8.75 EUR, representing a price increase of 35 percent. The two benchmark indexes TecDAX and Prime IG Semiconductor also performed well compared with the previous year. The TecDAX was able to increase over the same period by twelve percent, while the Prime IG Semiconductor even gained 24 percent. The reasons for the price increase were varied. First, the sustained low interest rate policy of the European Central Bank made investing in shares much more attractive. Second, the Company could benefit from the improved mood in the semiconductor sector. With the publication of figures for the first quarter, the Company confirmed its outlook for the year and raised the prospect of rising order entry for the second quarter. Aside from the general market trend, this had a positive impact on the stock price.

In July and early August 2014, the share price essentially moved within a range of 8–9 EUR. With the publication of mid-year figures on August 7, 2014, SUSS MicroTec slightly raised its outlook for annual earnings in 2014, which was positively received in the market. At the same time, the Company published a forecast for order entry in the second half of 2014, giving an initial indication of the sales outlook for 2015 which was below expectations. Following the report, the stock price fell sharply, recording a decline of approximately 46 percent by the end of the third quarter to a closing price of 4.76 EUR on September 9, 2014. In

addition, as described at the outset, the geopolitical situation became more tense over the course of the third quarter and the stock markets responded with significantly higher volatility and, at times, sharp price declines. The German leading index, DAX, again fell below the level of 9,000 points after achieving a record of 10,000 points as recently as July 2014.

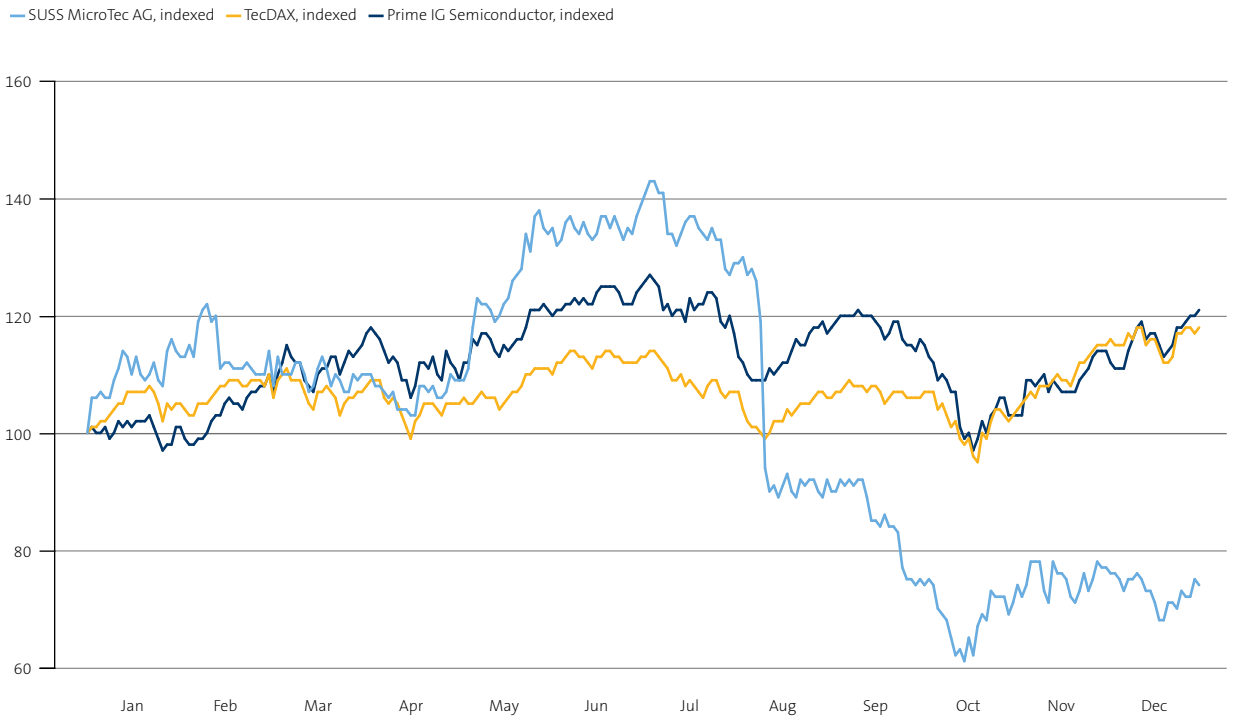
In the fourth quarter, the situation scarcely eased from a geopolitical perspective. The DAX closed the fiscal year at 9,883.10 points, recording a slight gain of almost three percent from the beginning of 2014. The price of the SUSS MicroTec share stabilized in the fourth quarter at a level of around 4.50 EUR and ended the year at closing price of 4.70 EUR. This corresponds to a loss of approximately 27 percent since the beginning of the year.

The average number of SUSS MicroTec shares traded daily on the Frankfurt exchange and on XETRA was 114,596 in 2014 (previous year: 104,569 shares on average per day).

The following graphs and tables offer an overview of share price performance in 2014.

The Price Performance of the SUSS MicroTec Share in 2014

SUSS MicroTec share price on January 2, 2014: € 6.38



Comparison of the Share Performance of SUSS MicroTec, TecDAX, and Prime IG Semiconductor in the 2014 fiscal year

	12/30/2014	12/30/2013	Change
TecDAX	1,371	1,167	+17%
Prime IG Semiconductor	184	153	+20%
SUSS MicroTec	4.70	6.46	-27%

An Overview of the SUSS MicroTec Share

Securities identification number	A1K023
ISIN	DE000A1K0235
Reuters code	SMHN
Bloomberg code	SMHN:GR
Stock exchange segment	Prime Standard
Number of issued shares (as of 12/31/2014)	19,115,538
Description of securities	Registered shares
Designated sponsor as of 12/31/14	equinet Bank AG
Initial public offering	5/18/99
Opening/closing price for the year in €	€ 6.38/€ 4.70
Yearly high/low in euros [1]	€ 9.15/€ 3.90

[1] XETRA closing price

INVESTOR RELATIONS ACTIVITIES

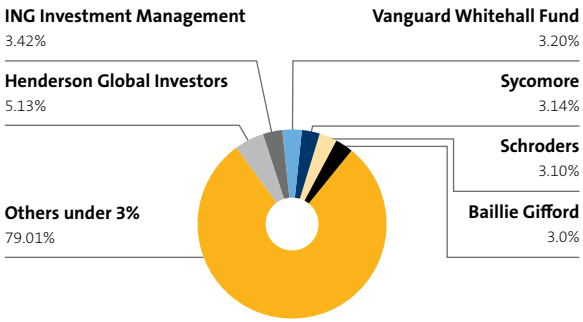
Investor relations activities encompass all measures that serve to maintain the relationships of an exchange-traded company with investors. IR activities involve providing the capital markets with timely information about the company and thus ensuring an appropriate valuation for the share on the stock exchange. Capital market participants and thus direct contacts include, for example, private shareholders, fund managers, financial analysts in investment banks, and also the financial press.

The Management Board of SUSS MicroTec AG is committed to this task. Thus in 2014, the Management Board and Investor Relations team attended a total of seven capital market conferences, including three international conferences, and completed several road shows.

The capital markets conferences were held in Munich, Frankfurt, Berlin, Zurich, Paris, and New York. In addition, numerous individual conversations offered the opportunity for a personal exchange of views with institutional investors and analysts. Conference calls for investors and analysts were also held on the occasion of events such as the publication of quarterly results.

In 2014, there were various changes in shareholder structure. For example, over the course of the year Credit Suisse announced a reduction in share ownership of below three percent. Newly added are ING Investment Management with a 3.42 percent share ownership, Vanguard Whitehall Fund with 3.20 percent, Sycomore with 3.14 percent, and Baillie Gifford with 3.0 percent. Over the course of the year, Henderson Global Investors from London increased its share ownership from 3.14 percent to 5.13 percent. Free float as of the end of 2014 continues to amount to 100 percent.

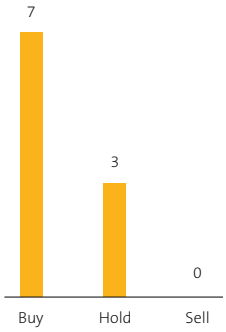
Ownership Information as of December 31, 2014



ANALYST RECOMMENDATIONS MOSTLY POSITIVE AFTER THE PRICE DECLINE

At the end of 2014, the Company was covered by a total of ten banks and research firms. In December 2014, seven out of ten analysts recommended the SUSS MicroTec share as a buy, while three rated it as a hold. At the end of the year, there were no sell recommendations. An overview of current research reports about the SUSS MicroTec share is available on the internet at › *www.suss.com* › *Investor Relations*.

Analyst Estimates as of December 31, 2014



SHAREHOLDERS' MEETING

On June 17, 2014, the ordinary Shareholders' Meeting was held at the Haus der Bayerischen Wirtschaft (House of the Bavarian Economy) in Munich. In total, more than 60 shareholders, shareholder and bank representatives, and guests accepted the Company's invitation to the event in Munich. Thus, 25.03 percent of the Company's equity capital was present. In addition to the decision about the discharge of liability for the Management Board and the Supervisory Board, votes were held on a revision to the profit and loss transfer agreement between SUSS MicroTec AG and SUSS MicroTec Lithography GmbH as well as a revision of the profit and loss transfer agreement between SUSS MicroTec AG and SUSS MicroTec REMAN GmbH. The shareholders of the Company approved all of the resolution proposals presented by the Management Board and the Supervisory Board at this year's ordinary Shareholders' Meeting.

In his report, former Chief Executive Officer Frank P. Averdung discussed the key developments and results of the reported fiscal year and the first quarter of 2014 and confirmed the outlook for the entire 2014 fiscal year. The focus of his remarks was on the global positioning and technological innovative strength of the Company.

CORPORATE GOVERNANCE

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

AN OVERVIEW OF CORPORATE GOVERNANCE

Given the clearly defined goal of not only maintaining the continued existence of the Company, but also achieving a sustainable increase in the Company's enterprise value through responsible and long-term corporate management, corporate governance continues to be of great importance to the Company. The Management Board and Supervisory Board of SUSS MicroTec AG have renewed their strong interest in the topic of corporate governance in the 2014 fiscal year. In its entrepreneurial activity, SUSS MicroTec strives to reinforce the confidence that investors, financial markets, business partners, employees, and the public have put in us and to continuously enhance corporate governance within the Group. More information on this topic can be found on our website at > *www.suss.com* > *Corporate Governance*.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

On January 9, 2015, the Management Board and Supervisory Board of SUSS MicroTec AG made the following declaration of compliance in accordance with Section 161 (1) of the German Stock Corporation Law (AktG):

SUSS MicroTec AG will comply with the recommendations of the German Corporate Governance Code in the version from June 24, 2014 with the following enumerated exceptions and has complied with the recommendations of the Code in the version from May 13, 2013 since the issuance of the most recent annual declaration of compliance on January 10, 2014 with the exceptions specified therein.

DEDUCTIBLE FOR D&O INSURANCE

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

VERTICAL REMUNERATION COMPARISON

In Section 4.2.2, the German Corporate Governance Code recommends taking into account the ratio of Management Board remuneration to upper management remuneration as well as to that of the overall staff in setting Management Board remuneration, including the trend over time. In the process, the Supervisory Board decides how upper management and the relevant staff are defined.

The Supervisory Board of SUSS MicroTec AG is of the opinion that determining senior management and the relevant staff, taking the trend over time into account can, in practice, lead to substantial legal uncertainties. Therefore, SUSS MicroTec AG is declaring a deviation from the Code as a precaution to this extent.

PENSION COMMITMENTS

Under Section 4.2.3, the German Corporate Governance Code recommends that the Supervisory Board take into account the respective targeted remuneration level in pension commitments – also according to the length of service in the Management Board – and the resultant annual and long-term expense for the Company.

The Supervisory Board of SUSS MicroTec AG will deviate from this recommendation because no set "remuneration level" is targeted for Management Board members in retirement. Instead, the goal is remuneration in line with the market and the Company for active service. As a rule, no defined benefit commitments in which the Company provides the promised benefit are granted to members of the Management Board. To the extent that the Company makes a contribution to a pension plan and pays into a direct insurance policy (whole life insurance or retirement insurance), this is not linked to a commitment to a certain remuneration level.

CREATION OF COMMITTEES

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

TARGETS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

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

COMMUNICATION AND TRANSPARENCY

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

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

SHAREHOLDERS' MEETING

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

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

MANAGEMENT AND SUPERVISORY BOARD COOPERATION

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

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

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

As stipulated in the German Corporate Governance Code, only one former member of the Management Board belongs to the Supervisory Board of SUSS MicroTec AG (this being Dr. Stefan Reineck). In the 2014 reporting year, there were again no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company. No conflicts of interest among Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board occurred in the 2014 fiscal year.

SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

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

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

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

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

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

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

COMPANY BODIES

Members of the Management and Supervisory Board and their mandates:

Frank Averdung (until August 24, 2014)
- Diplom-Elektroingenieur (Electrical Engineer); resident of Feldkirchen; Chief Executive Officer

Further appointments:
- Semi European Advisory Board (member)
- IMS Nanofabrication AG, Vienna (member of the Supervisory Board)

Michael Knopp
- Diplomkaufmann (Business Administration); resident of Ratingen; Chief Financial Officer; Speaker of the Management Board since August 24, 2014

Further appointments:
- none

Walter Braun (since July 1, 2014)
- Diplom-Ingenieur (Engineer); resident of Altensteig, Chief Operating Officer

Further appointments:
- none

Dr. Stefan Reineck
- Resident of Kirchardt; managing shareholder of RMC Dr. Reineck Management & Consulting GmbH; Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- AttoCube Systems AG, Munich (Vice Chairman of the Supervisory Board)
- AWS-Group AG, Heilbronn (Member of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board of Directors)
- Wittenstein AG, Igersheim (Member of the Supervisory Board)

Jan Teichert
- Resident of Metten; Member of the Board of Einhell Germany AG, Landau (Isar); Deputy Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- Kolb Technology GmbH, Hengersberg (from January 1, 2014) (Member of the Advisory Board)

Gerhard Pegam
- Resident of Au bei Bad Aibling; Managing Director of GPA Consulting GmbH, Au bei Bad Aibling; Member of the Supervisory Board of SUSS MicroTec AG

Other appointments:
- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (Member of the Administrative Board);
- Schaffner Holding AG, Solothurn, Switzerland (Member of the Administrative Board)

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

Effective July 1, 2014, Mr. Walter Braun was appointed to the Management Board of SUSS MicroTec AG. In his capacity, he is currently responsible for the areas of production, materials management, logistics, research and development, work safety, quality management, environmental protection, patents, and group strategy.

Effective August 24, 2014, the Supervisory Board canceled the appointment of Mr. Frank Averdung as Chief Executive Officer of SUSS MicroTec AG because of differing opinions about the strategic orientation of the Company.

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

The members of the Management and Supervisory Boards of SUSS MicroTec AG in office in the 2014 fiscal year owned the following number of shares and subscription rights as of the end of the fiscal year on December 31, 2014:

Ownership of shares and subscription rights

	Number of shares on 12/31/14	Change from 12/31/13	Number of stock options on 12/31/14	Change from 12/31/13
Supervisory Board				
Dr. Stefan Reineck	9,600	–	0	–
Jan Teichert	0	–	0	–
Gerhard Pegam	0	–	0	–
Management Board				
Michael Knopp	25,000	-3,100	0	–
Walter Braun	10,500	+10,500	0	–
Frank Averdung[1]	95,720	+5,180	0	–

[1] Member of the Management Board until 8/24/14

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

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

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

ACCOUNTING AND ANNUAL AUDIT

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

On June 17, 2014, the Shareholders' Meeting appointed BDO AG Wirtschaftsprüfungsgesellschaft headquartered in Hamburg, branch office in Munich, as auditors and Group auditors of SUSS MicroTec AG for the 2014 fiscal year. As a result, the annual financial statements and the consolidated financial statements of SUSS MicroTec AG have been audited by a company of the BDO Group for the third time in a row. Aside from auditing activities, the BDO AG Wirtschaftsprüfungsgesellschaft did not perform any consulting services for SUSS MicroTec in 2014. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality. Furthermore, the auditor agreed to inform the Supervisory Board of all material findings and circumstances that arise while conducting the audit. The lead auditor for the 2014 fiscal year was Mr. Thomas Steiner (Wirtschaftsprüfer – German Public Auditor), who was responsible for the audit of the financial statements and consolidated financial statements for SUSS MicroTec AG for the first time as lead auditor.

CORPORATE GOVERNANCE DECLARATION

The declaration regarding corporate governance in accordance with Section 289 a of the HGB is part of the management report and is made available on the Company's website at
› *www.suss.com* › *Investor Relations* › *Corporate Governance* › *Declaration on Corporate Governance*

REMUNERATION REPORT

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

CONDENSED MANAGEMENT REPORT

of SUSS MicroTec AG
for the 2014 fiscal year

Economic Report **18**
Business Activity, Corporate Control, and Strategic Orientation 18
Economic Environment 21
SUSS MicroTec in Figures 22
Earnings Position: Order Entry, Sales and EBIT 22
Development in the Individual Divisions 24
Development in the Most Important Regions 26
Assets and Financial Position 27
Capital Expenditure 30
Research and Development 30
The Holding Company – SUSS MicroTec AG 33
Significant Changes in the Assets and Financial Position 33
Significant Events with Influence on the Earnings Position of the Holding Company 34
Sustainability 35
Compliance 35
Quality Management 35
Environmental Responsibility 35
Employees 37
Disclosures of Takeover Provisions in Accordance with Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) **38**
Corporate Governance Declaration in Accordance with Section 289 a of the German Commercial Code (HGB) **41**
Remuneration Report **41**
Remuneration of the Management Board 41
Remuneration of the Supervisory Board 45
Subsequent Events **46**
Potential **46**
Opportunities and Risks for the Future Development of the SUSS MicroTec Group 46
Opportunities for the Group 46
Risk Management System 51
Risks for the Group 53
Overall Assessment 58
Forecast Report **59**

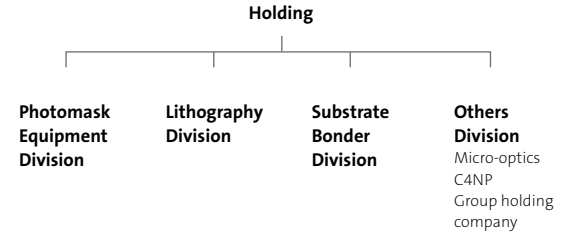
Economic Report

BUSINESS ACTIVITY, CORPORATE CONTROL, AND STRATEGIC ORIENTATION

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

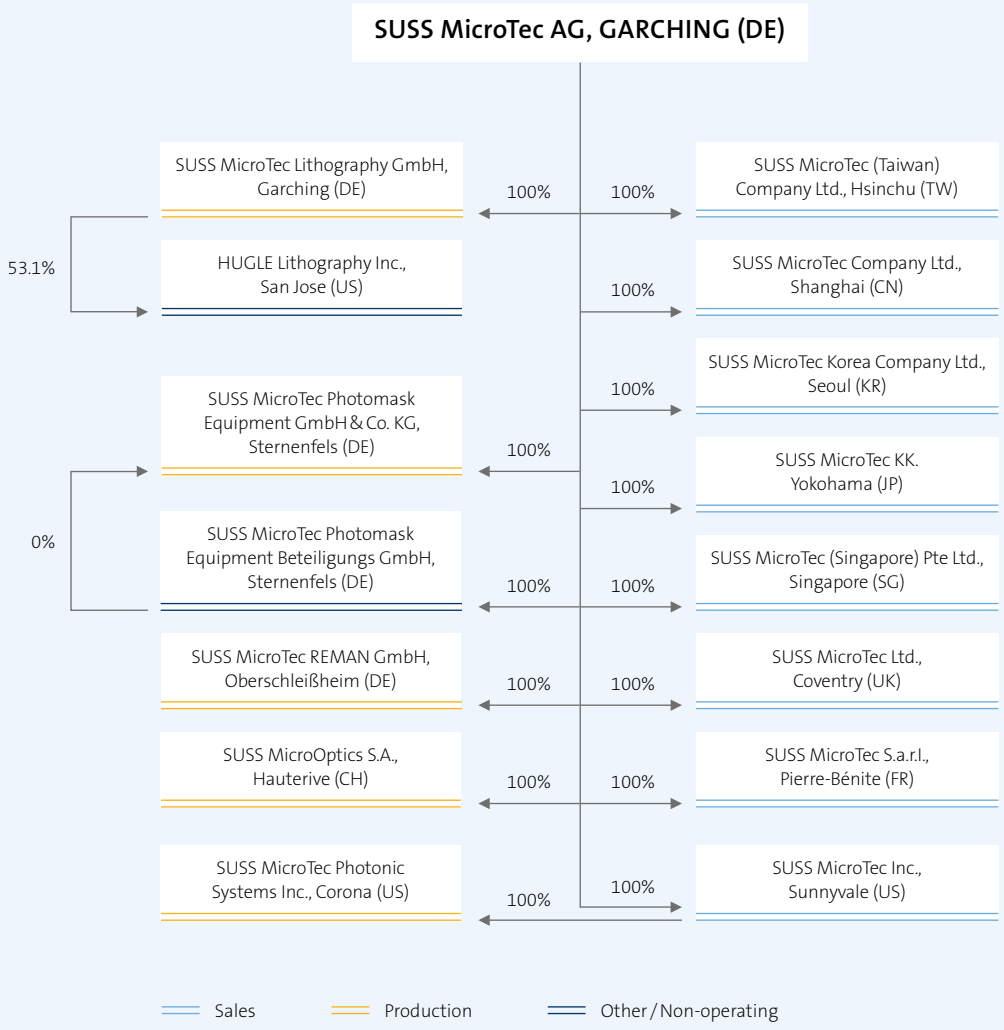
As of December 31, 2014, the Group is comprised of four divisions, with the Others division comprising several smaller separately managed subunits. Through the acquisition of HamaTech APE GmbH & Co. KG (now named: SUSS MicroTec Photomask Equipment GmbH & Co. KG), a new division – Photomask Equipment – was created in the 2010 fiscal year. Tamarack Scientific Co., Inc. (now named: SUSS MicroTec Photonic Systems Inc.), which was acquired in March 2012, is assigned to the Lithography division.

Group Structure



LEGAL STRUCTURE OF THE GROUP

The legal structure of the Group consists of the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries, which are majority owned by the proprietary company. The development and production activities as well as the local sales and service activities for the Group are each organized within the subsidiaries. The Group has locations in Germany, the United States, the United Kingdom, France, Switzerland, Japan, China, Singapore, Korea, and Taiwan. The non-controlling interest of 10% in ELECTRONMEC S.R.L., Milan (IT) was sold in the reported fiscal year since it was insignificant for the operational business.



MANAGEMENT AND CONTROL – REMUNERATION STRUCTURE FOR THE OFFICERS

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

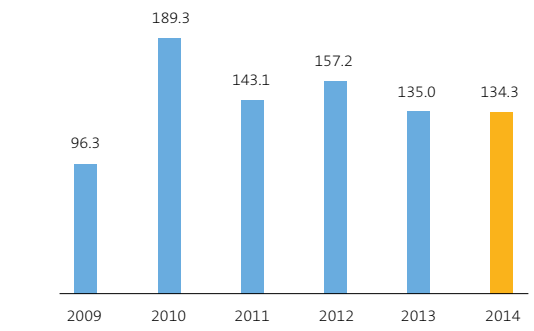
The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In accordance with Section 19 of the articles of incorporation, the members of the Supervisory Board receive the following remuneration: In addition to the reimbursement of expenses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

CORPORATE CONTROL, OBJECTIVES, AND CORPORATE STRATEGY

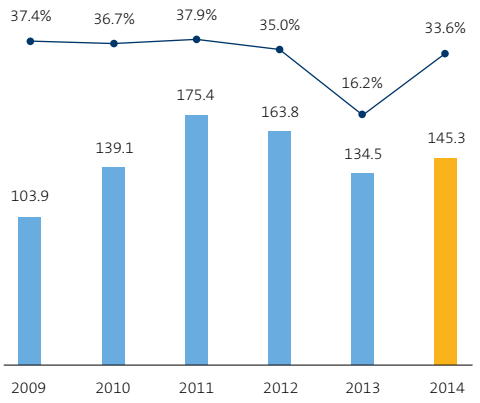
SUSS MicroTec pursues the strategy of occupying lucrative niche markets in the industry of semiconductor suppliers. The goal is to operate in the relevant markets by way of its clear positioning among the top three suppliers at all times. Partnerships with leading institutes and companies within the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

Corporate control is geared particularly toward the order entry, sales, and order backlog of the individual divisions. The performance of the divisions is thus primarily measured by observing the development of the gross profit margin (sales less manufacturing costs) as well as the division earnings. The presentation of the division earnings also includes income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's net income from operations (EBIT). Another key control figure is the net liquidity (cash plus interest-bearing securities less financial debt). This represents a significant key control figure for the holding company's financing function. The following charts show the development of key figures since 2009.

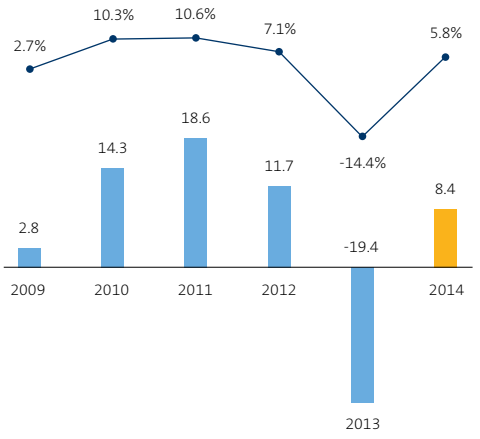
Order entry in € million



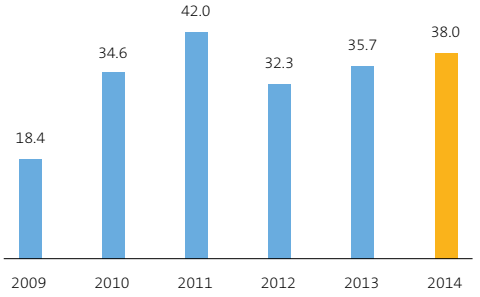
Sales in € million **and gross margin**



EBIT in € million **and EBIT margin**



Net liquidity in € million



ECONOMIC ENVIRONMENT

IN 2014, THE WORLD ECONOMY GREW BY 3.4%

According to the latest autumn report of leading German economic research institutes, the world economy grew at a moderate pace, prospectively by 3.4% from the previous year. The USA and Great Britain proved themselves to be particularly robust. For the 2015 fiscal year, the experts from the Kiel Institute for the World Economy expect slightly accelerated global economic growth of 3.7%.

In Europe, the dynamic in the individual countries is quite varied. In particular, the largest stumbling block for the economy was increased uncertainty resulting from geopolitical crises. First, through the Russia-Ukraine conflict, which led to tangible sanctions of the Western countries against Russia and thus to a darkening of the mood in Europe. Second, through the recently noticeably increased uncertainty about the economic development of the eurozone. However, the oil price fell significantly recently and the euro lost value against the US dollar. This serves – at least over the short term – as a minor stimulus program.

After a good start to the year, the German economy cooled perceptibly in the summer of 2014, but showed initial signs of a renewed recovery at the beginning of 2015. The business climate indicators provide hope for a turn in the economy. Thus, the Ifo Business Climate Index rose in December for the second time in a row and stood at 105.5 points in January.

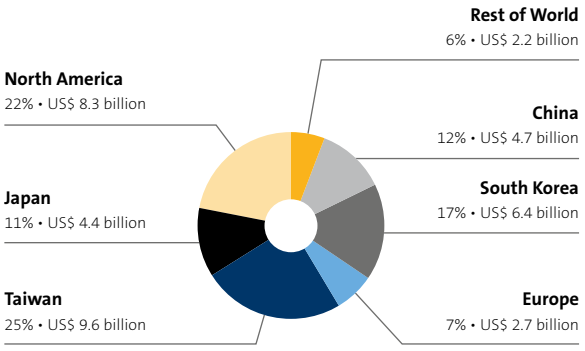
ANOTHER RECORD YEAR FOR THE SEMICONDUCTOR MARKET

The entire semiconductor market grew by 7.9% in the fiscal year. The total volume rose from US$ 315.0 billion in 2013 to approximately US$ 339.8 billion last year (source: Gartner, January 2015). Growth was driven by continued strong demand for DRAM memory chip components. The significant surplus demand combined with stable prices had already had a positive impact on the development of the semiconductor market in the previous year.

REBOUND IN THE SEMICONDUCTOR EQUIPMENT SECTOR

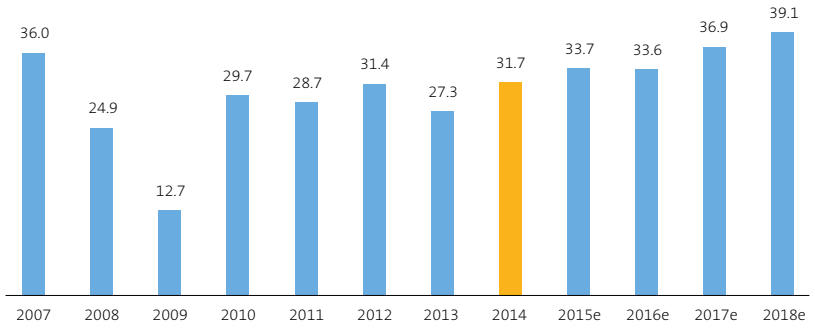
After a significant decline in 2013, the semiconductor equipment market was able to resume growth in the 2014 fiscal year. The entire market segment grew from approximately US$ 31.82 billion to US$ 37.97 billion. The US equipment market showed the most significant rebound with a gain of more than 57%, along with the European market with a gain of 38%. The largest Asian markets in Taiwan, Korea, and China were able to grow slightly overall, although Taiwan recorded slightly lower sales from the previous year (source: SEMI, December 2014). As can be seen in the following chart, the Asian sales region dominates the semiconductor equipment market with a share of much greater than 50%.

Semiconductor equipment market by region in 2014



Source: SEMI 2014

Sales development in wafer fab equipment since 2007 in USD billion



Source: Gartner 2015 / 2010

SUSS MICROTEC IN FIGURES

EARNINGS POSITION: ORDER ENTRY, SALES AND EBIT

Comparison of Overall Annual Figures 2014 – Forecast 2014

In the forecast report of the 2013 Management Report, the Company held out a prospect of sales of approximately € 135–145 million and earnings (EBIT) of € -5 million to € 0 million. In August 2014, the earnings forecast was increased for the current fiscal year to € 2–4 million. SUSS MicroTec concluded the 2014 fiscal year with sales of € 145.3 million. EBIT reached an amount of € 8.4 million, which was well above the Company's own expectations. The reasons for this were sales, which were at the upper end of expectations, a positive product mix, and a gross margin that was above expectations.

	Targets 2014	Adjusted targets 2014	Earnings 2014
Sales	€ 135–145 million	€ 135–145 million	€ 145.3 million
EBIT	€ -5–0 million	€ 2–4 million	€ 8.4 million
EBIT margin	–	1.4%–3.0%	5.8%

Corporate performance in 2014

In the 2014 fiscal year, order entry reached an amount of € 134.3 million, which was a minimal decline from the previous year, when order entry was € 135.0 million. As of December 31, 2014, there was an order backlog of € 75.6 million, approximately € 10.1 million below the order backlog of the previous year (€ 85.7 million). The ratio of newly received orders to realized sales (book-to-bill ratio) was 0.92 after 1.0 in the previous year.

In the 2014 fiscal year, the earnings position of the SUSS MicroTec Group showed a sales increase and significantly positive annual earnings. Sales increased from the previous year by approximately 8% and totaled € 145.3 million, while in the previous year sales of € 134.5 million were achieved. Earnings before interest and taxes (EBIT) in 2014 amounted to € 8.4 million. In 2013, negative EBIT of € -19.4 million was achieved. EBIT in the previous year included extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Bond Cluster systems for permanent bonding.

The largest sales increase of € 8.4 million was achieved in SUSS MicroTec's strongest sales division, Lithography. The Lithography division's share of sales amounted to approximately 67% of total Group sales in 2014. Sales in the Substrate Bonders division declined by approximately € 0.4 million. In the Photomask Equipment division, sales growth of € 2.3 million was recorded, while in the Others division it was possible to book a sales increase of € 0.5 million.

The cost of sales included write-downs on capitalized development costs in the amount of € 0.5 million. New capitalizations totaled € 0.1 million. Both the write-downs and new capitalizations of development costs related exclusively to the Lithography division. In the previous year, write-downs on capitalized development costs of € 2.3 million were recorded. Of this amount, € 1.2 million involved depreciation on development costs, which

were capitalized in the past in connection with the Permanent Bond Cluster area. In the previous year, new capitalizations similarly totaled almost € 0.1 million.

In the 2014, a gross profit of € 48.8 million was achieved, which corresponded to a gross profit margin of 33.6%. In the previous year, the gross profit was € 21.8 million; the gross profit margin in 2013 amounted to 16.2%. The gross profit in the previous year was burdened with extraordinary expenses related to the refocusing of the Permanent Bond Cluster area. Of the total extraordinary expenses of € 13.2 million, € 10.5 million was recorded in cost of sales. In addition, cost of sales in 2013 included unscheduled write-downs of € 1.9 million on tools held in inventory at SUSS MicroTec Photonic Systems, which were revalued as a result of the purchase price allocation done in 2012. The gross profit adjusted for extraordinary effects in the previous year amounted to € 34.2 million; the adjusted gross profit margin adjusted for extraordinary effects in the previous year would have amounted to approximately 25.4%.

In absolute terms, selling costs did not change significantly in the fiscal year. They were again € 17.5 million, representing an expense ratio of 12.1% (previous year: 13.0%) relative to sales generated.

Administration costs declined from € 15.0 million in the previous year to € 14.2 million, representing an administrative expense ratio of 9.8% (previous year: 11.1%).

Research and development costs increased slightly from € 10.2 million in the previous year to € 10.5 million.

Other operating income amounted to € 4.5 million in the fiscal year (previous year: € 5.5 million). As in the previous year, they included foreign currency gains that resulted from the conversion of foreign currency items into euros. Also in 2014, revenue of € 1.3 million could be generated from the reversal of value adjustments for trade receivables. The previous year's figures included revenue of € 2.1 million from the reduction of the earn-out liability for SUSS MicroTec Photonic Systems (previously: Tamarack Scientific). The reversal of the corresponding liability resulted from a reevaluation of the expected profit situation at SUSS MicroTec Photonic Systems, based on which the earn-out for the sellers and Photonic Systems employees had been determined. Also in 2014, revenue was recognized from the reversal of the Photonic Systems earn-out liability. This revenue totaled € 0.3 million in 2014. As a result, no earn-out liability remains as of December 31, 2014.

In 2014, other operating expenses amounted to € 2.7 million (previous year: € 4.1 million) and consisted primarily of expenses from foreign currency translation. The previous year's figures also included expenses of € 1.5 million for the formation of value adjustments on trade receivables. Of this amount, € 0.5 million related to trade receivables from a customer project in the Permanent Bond Cluster area, which were adjusted as a result of the refocusing of this area.

Earnings before interest and taxes (EBIT) in the reported fiscal year amounted to € 8.4 million. In 2013, negative EBIT of € -19.4 million was achieved. EBIT in the previous year included extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Permanent Bond Cluster systems. They involved impairments of inventories (€ 9.3 million), write-downs on capitalized development costs (€ 1.2 million), value adjustment on trade receivables (€ 0.5 million), and the formation of provisions for other liabilities (€ 2.2 million). Without these extraordinary expenses, EBIT in 2013 would have amounted to approximately € -6.2 million.

The financial result amounted to € -0.2 million in 2014 (after € -0.1 million in the previous year).

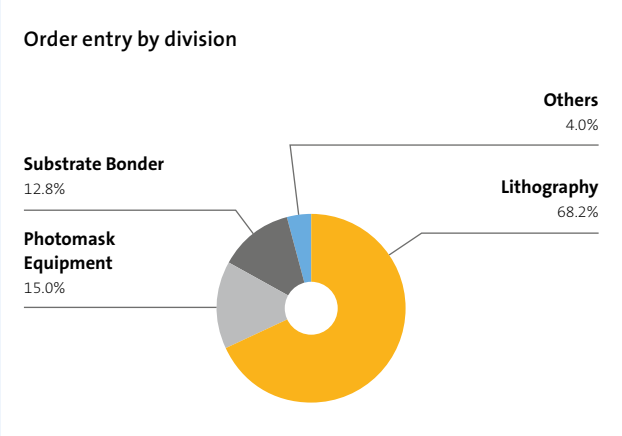
Group earnings before tax of € 8.2 million incurred a tax expense of € 3.6 million, which corresponds to an average tax expense rate of approximately 44%. The primary reason for the high tax expense rate (compared to the earnings before tax) were the high accumulated losses of foreign Group companies (particularly in the USA), for which no deferred tax assets were recognized in view of the current Group budget (similar to the previous years). Hence, no corresponding tax income is considered for the losses of the foreign companies.

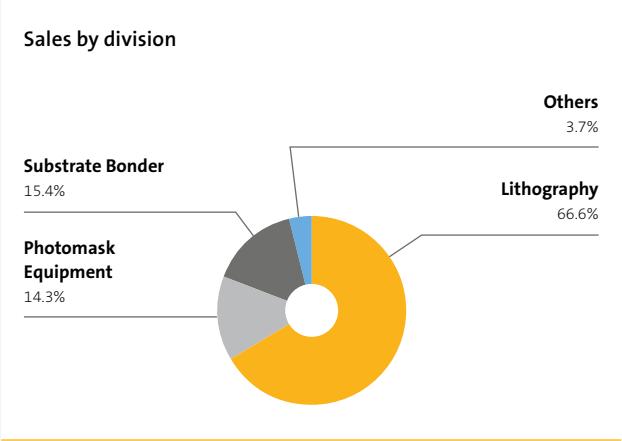
In previous year, Group earnings before tax of € -19.6 million incurred a tax income of € 3.6 million, which corresponded to an average tax expense rate of approximately -18%. Hence, the tax expense rate in the previous year also deviated considerably from the expected tax expense rate. The primary reason for the low tax income (compared to the loss before tax) were also the high accumulated losses of foreign Group companies (particularly in the USA), for which no deferred tax assets were recognized.

The Group generated a net profit after taxes of € 4.6 million. This compares to a loss of € -16.0 million in the previous year. The basic earnings per share totaled € 0.24 after € -0.84 in the previous year.

Sales per employee increased compared to the previous year by 7.6% from € 205 thousand to € 221 thousand (based on the respective number of employees as of the reporting date).

DEVELOPMENT IN THE INDIVIDUAL DIVISIONS





Lithography

The Lithography division comprises the development, manufacture, and sale of the Mask Aligner, UV projection scanner, laser processing tool, and Developer and Coater product lines. These product lines are manufactured in Germany at the locations in Garching near Munich and, since the beginning of 2010, in Sternenfels. The Lithography division was strengthened in the first quarter of 2012 by the acquisition of Tamarack Scientific Co., Inc. (now operating under the name SUSS MicroTec Photonic Systems Inc.). The company has its headquarters in Corona in southern California (USA). With a contribution to sales of 67%, the Lithography division is SUSS MicroTec Group's largest division. The components which are manufactured with these tools are sent primarily to the end markets of advanced packaging, microelectromechanical systems, compound semiconductors (LED), and 3D integration.

In the 2014 fiscal year, the Lithography division generated order entry of € 91.5 million and sales of € 96.7 million. This corresponds to a 4.1% increase in order entry and a 9.5% increase in sales compared to the previous year. The significant increase in sales was achieved almost exclusively with the Coaters product lines. In addition, significant sales growth was recorded from upgrades.

The gross profit of the Lithography division was much higher in the reported fiscal year than in the weak previous year. The gross margin was 35.7% in 2014 after 27.7% in the previous year. The significant improvement resulted from the gross profit of the Coaters sold, which for the most part generated a very good margin due to the favorable product mix. In the previous year, the gross profit margin was impacted by the negative gross profit of the UV Projection Scanners and Laser Processing product lines developed and produced in the USA, which formed a substantial sales contribution with sales of € 11.6 million. In addition, in the previous year the low sales volume of the Mask Aligner and Coater product lines and the unfavorable product mix negatively affected the gross profit margin.

The Lithography division contributed division earnings of € 10.7 million (previous year: € 3.2 million) to the Group's earnings before interest and taxes (EBIT). This resulted in a sales margin of 11.0% for the Lithography division, which improved significantly from the previous year (sales margin in the previous year: 3.6%). The significantly improved division earnings were primarily attributable to higher division sales than in the previous year and improved margins in the Coater product line.

Lithography Division Overview

in € million	2014	2013
Order entry	91.5	87.9
Division sales	96.7	88.3
Division earnings EBIT	10.7	3.2
Net assets	50.3	44.3

Substrate Bonder

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

The performance of the Substrate Bonder division was subdued with respect to both order entry of € 17.2 million (previous year: € 24.3 million) and sales of € 22.4 million (previous year: € 22.9 million).

The gross profit of the Substrate Bonder division was positive in the reported fiscal year. The gross margin improved significantly from -53.5% to 13.9%. In the previous year, the gross margin was burdened with extraordinary expenses of €10.5 million, which accrued in connection with the refocusing of the Permanent Bond Cluster area. Even without these extraordinary expenses, the gross margin in the previous year would have been negative. As a result, the margins achieved in 2014 in the temporary bonding and de-bonding area as well as the remaining business with permanent bonding systems have improved significantly, but remain below average due to overall low quantities.

In the Substrate Bonder division, division earnings (EBIT) of € -2.4 million were recorded after € -21.7 million in the previous year. Earnings in the previous year were burdened by extraordinary expenses of € 13.2 million, which accrued in connection with the halt in production of Permanent Bond Cluster systems.

Substrate Bonder Division Overview

in € million	2014	2013
Order entry	17.2	24.3
Division sales	22.4	22.9
Division earnings EBIT	-2.4	-21.7
Net assets	7.8	8.3

Photomask Equipment

The Photomask Equipment division, which is located at the Sternenfels site near Stuttgart, comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the Front-end.

The performance of the Photomask Equipment division in terms of order entry was better than in the previous year. At the end of December 2014, order entry was € 20.2 million (previous year: € 17.5 million). Division sales amounted to € 20.8 million after € 18.4 million in 2013.

The gross profit margin in the Photomask Equipment division was encouraging. As a result of several high-margin orders, the gross profit margin was much higher than in the previous year. The gross margin was 40.3% after 33.3% in the previous year.

The Photomask Equipment division contributed division earnings of € 4.7 million (previous year: € 1.6 million) to Group EBIT. The sales margin of 22.7% increased significantly from the previous year (sales margin 2013: 8.4%). The primary reason for the higher sales margin was the few high-margin orders which were filled in 2014.

Photomask Equipment Division Overview

in € million	2014	2013
Order entry	20.2	17.5
Division sales	20.8	18.4
Division earnings EBIT	4.7	1.6
Net assets	3.7	3.6

Others

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

Order entry increased slightly from € 5.3 million in the 2013 fiscal year to € 5.4 million in 2014. Division sales amounted to € 5.4 million after € 4.9 million in the corresponding period of the previous year. As in the previous year, the Micro-optics business had the largest share of sales and order entry. The business generated stable order entry of € 5.1 million (previous year: € 5.2 million) as well as an increase in sales from € 4.6 million to € 5.1 million.

Others Division Overview

in € million	2014	2013
Order entry	5.4	5.3
Division sales	5.4	4.9
Division earnings EBIT	-4.5	-2.4
Net assets	19.3	18.5

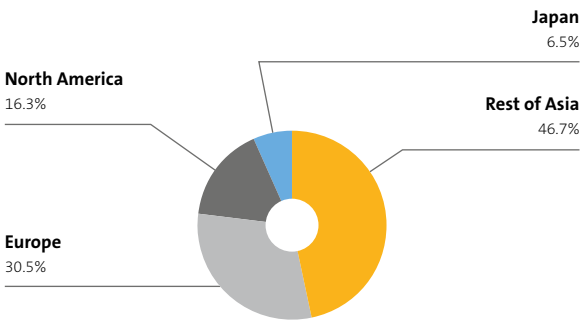
DEVELOPMENT IN THE MOST IMPORTANT REGIONS

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

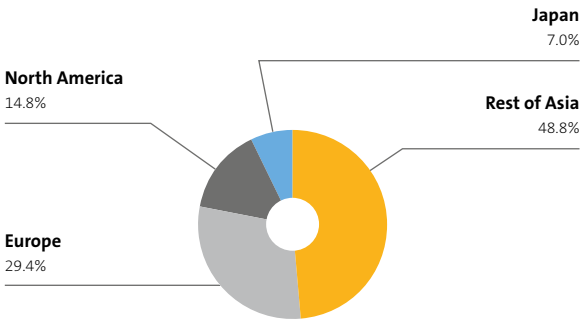
In the reported fiscal year, it was possible to generate significant growth in order entry in the regions of North America and Japan. Order entry in North America increased from € 18.9 million in 2013 to € 21.9 million in the 2014 fiscal year. This corresponds to growth of 15.9%. Japan actually grew by 31.8% from the previous year, increasing its order entry in the process to € 8.7 million. In the most important region, Rest of Asia (excluding Japan), the SUSS MicroTec Group recorded 7.2% lower sales totaling € 62.7 million (previous year: € 67.6 million). Europe hardly changed from the previous year, achieving order entry of € 41.0 million, which was a slight decline of 2.1% from the previous year.

All regions, with the exception of North America, could contribute an increase in sales from the previous year. In Europe, sales increased by 3.6% to € 42.7 million after € 41.2 million in the previous year. The region of North America recorded a decline of 4.9% from the previous year to € 21.5 million (previous year: € 22.6 million). By contrast, Japan generated € 10.2 million, which was a much higher amount than in the previous year (€ 5.2 million). The region of Rest of Asia recorded an 8.4% increase in sales to € 70.9 million (previous year: € 65.5 million).

Order entry by region



Sales by region

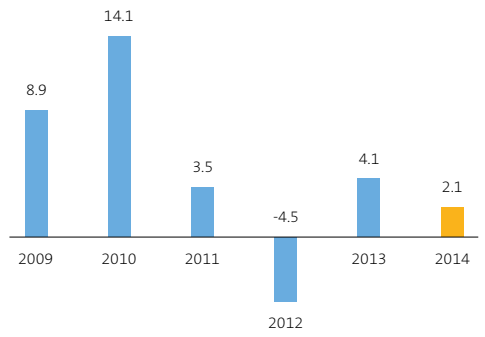


ASSETS AND FINANCIAL POSITION

SUSS MicroTec is characterized by a stable assets and financial position

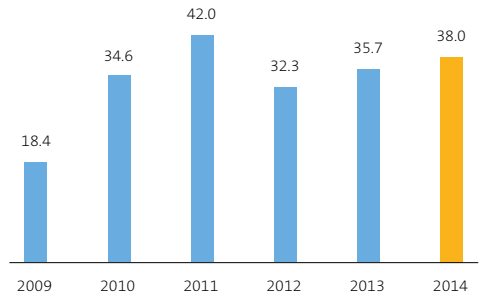
The Group's net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – increased from € 35.7 million in the previous year to € 38.0 million as of December 31, 2014. The amount of cash and interest-bearing securities increased from € 47.1 million in the previous year to € 48.3 million at the end of the reporting year.

Free cash flow in € million



[1] Before consideration of purchase or sale of available for sale securities

Net liquidity in € million



Cash flow from operating activities totaled € 5.1 million (previous year: € 16.3 million). Along with positive earnings, noticeable here was primarily a significant decline in inventories. Cash inflow of € 14.0 million resulted from lower inventories. Lower inventories of tools, which had already been delivered to end customers but for which final acceptance (and therefore revenue recognition) was still outstanding, accounted for most of this development. This amount totaled only € 6.8 million as of December 31, 2014, whereas it was still reported as € 22.6 million as of December 31 of the previous year. The lower inventories of customer down payments (decline of € 13.1 million) and low trade payables (decline of € 2.2 million) and other liabilities due as of the reporting date had an offsetting and therefore liquidity-reducing effect.

Cash flow from investing activities totaled € -3.0 million, excluding investments in securities. Investments in tangible assets involved in part the additional installation of fixtures in the leased business premises of SUSS MicroOptics (Hauterive, Switzerland), for which cash outflows of approximately € 0.4 million were recorded. In addition, new acquisitions were made of equipment and tools as well as operating and office equipment at the German companies. Investments in intangible assets primarily involved expansions of the Group-wide SAP system as well as the introduction of a new customer relationship management system. In the previous year, cash flow from investing activities totaled € -12.2 million, excluding investments in securities. Most of this was attributable to the acquisition of the Garching property, where SUSS MicroTec AG and SUSS MicroTec Lithography have their headquarters. The purchase price of the property and building as well as ancillary purchase costs totaled € 8.9 million.

As a result, free cash flow before considering the purchase and sale of securities amounted to € 2.1 million. In the previous year, free cash flow (adjusted for the effects of securities purchases and sales) of € 4.1 million was generated.

Cash flow from financing activities amounted to € -1.2 million, reflecting the repayments of both bank loans of SUSS MicroTec AG, which served to finance the two business properties in Garching and Sternenfels. In the previous year, cash flow from financing activities came to € 7.2 million. The amount in the previous year included the inflow of € 7.5 million from taking out a loan to finance the acquisition of the Garching property. In addition, cash flow from financing activities in the previous year reflected the scheduled repayment of the real estate loan in Sternenfels, which amounted to € 0.2 million.

Aside from cash and interest-bearing securities of € 48.3 million (previous year: € 47.1 million), the Group had domestic guarantee and credit lines of € 8.0 million at the end of the reporting year (previous year: € 8.0 million). In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 3.5 million.

Until December 15, 2014, a bank consortium led by BayernLB and with the participation of the Deutsche Bank AG and DZ Bank AG, sponsored a credit and guarantee line totaling € 4.5 million. SUSS MicroTec canceled the credit agreement with BayernLB on December 15, 2014. The credit and guarantee line has been continued with a newly assembled bank consortium since December 16, 2014. The Deutsche Bank AG is serving as lead manager; in addition, the DZ Bank AG and Baden-Württembergische Bank are participating in the consortium. The credit and guarantee line of the changed bank consortium still totals € 4.5 million. These lines can be used by SUSS MicroTec AG or SUSS MicroTec Lithography GmbH. They will remain in effect until further notice and were issued without covenants.

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

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

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

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

Goodwill amounted to € 15.5 million (previous year: € 15.3 million). A part of goodwill (US$ 2.4 million) is denominated in US dollars and is therefore subject to currency fluctuations. The entire amount of goodwill is assigned to the Lithography division.

As of December 31, 2014, capitalized development costs carried a book value of € 0.4 million, which was completely attributable to the Lithography division. In the previous year, capitalized development costs still amounted to € 0.8 million. They play only a subordinate role for the assets position of the Group.

In addition, noncurrent assets encompassed licenses and patents as well as the SAP system capitalized at SUSS MicroTec AG in an amount of € 2.7 million (previous year: € 2.3 million). The residual book value of € 2.7 million is composed of € 1.5 million (previous year: € 1.5 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 1.2 million (previous year: € 0.8 million) for the Others division. Furthermore, the technology obtained as part of the Photonic Systems acquisition, which carried a residual book value of € 1.4 million as of the reporting date (previous year: € 1.4 million), is recognized under intangible assets. The technology is valued in US dollars and is planned to be amortized over eight years. Due to the appreciation of the US dollar relative to the euro, the book value of the Group has not declined.

The two business properties in Garching and Sternenfels, which carried a residual book value of € 13.7 million at the end of the year (previous year: € 13.8 million), accounted for the bulk of tangible assets. SUSS MicroTec Lithography GmbH, SUSS MicroTec Photomask Equipment GmbH & Co. KG, and SUSS MicroTec AG are located there. The property in Sternenfels has been included in consolidated assets since 2010, while the property in Garching was acquired in 2013 for a total of € 8.9 million.

The remaining tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Capital expenditure (without land or buildings) amounted to € 1.3 million in the reporting year, as compared with € 2.4 million in the previous year.

In sum, tangible assets declined by € 0.7 million from the previous year.

Deferred tax assets amounted to € 3.9 million after € 5.7 million in the previous year. They decreased primarily through the utilization of deferred tax assets on loss carryforwards. The taxable entity in Germany (with SUSS MicroTec AG as the parent company and SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH as subsidiaries) achieved significant positive earnings in 2014, and utilized part of the loss carryforwards that arose in the previous year in the process. It should be assumed that the losses accumulated by the German companies in 2013 will be

fully utilized in the coming years. However, no deferred tax assets on loss carryforwards were recognized for the loss carryforwards of US companies in view of the current Group budget.

Current assets declined by € 9.7 million in the reporting year to € 123.2 million. This decline resulted primarily from much lower levels of inventories. The portfolio of securities similarly declined. By contrast, cash assets and trade receivables increased as of the reporting date.

Inventories declined from € 71.1 million as of the previous year's reporting date to € 58.9 million as of the end of the year. The decline was primarily attributable to much lower inventories of tools which had already been delivered to customers but for which final acceptance was still outstanding. Thus, this amount totaled only € 6.8 million as of December 31, 2014, whereas it was reported as € 22.6 million as of the reporting date of the previous year. Other finished goods increased by approximately € 0.6 million. The inventories of materials and supplies declined from € 25.2 million in the previous year to € 22.1 million. However, inventories of work in process increased from € 23.3 million in the previous year to € 26.1 million. The inventories of demonstration equipment decreased from € 21.5 million in the previous year to € 20.5 million.

Trade receivables increased from € 11.1 million in the previous year to € 13.4 million. The decline was primarily due to the reporting date.

The SUSS MicroTec Group's portfolio of securities decreased slightly in 2014 from € 2.1 million to € 1.0 million. The securities recognized consist of corporate and government bonds. By contrast, the amount of cash and cash equivalents increased from € 45.1 million to € 47.3 million.

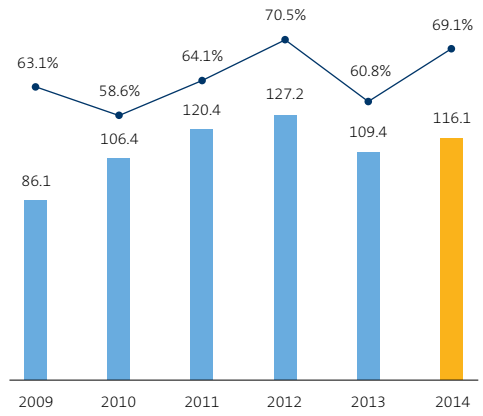
The decline in other assets from € 2.5 million in the previous year to € 1.7 million as of the end of the year was primarily attributable to a lower level of prepayments due as of the reporting date.

Noncurrent liabilities declined from € 14.6 million to € 13.9 million. Financial debts totaling € 9.1 million in the fiscal year (previous year: € 10.3 million) accounted for most of the noncurrent liabilities. Aside from the noncurrent part of the Sternenfels loan, the noncurrent part of the loan that serves to finance the Garching property is recognized here. Also recognized under other financial liabilities in the previous year was the noncurrent part of the earn-out liability of € 0.2 million for acquiring SUSS MicroTec Photonic Systems and the noncurrent part of the still outstanding purchase price liability for acquiring the minority interests in SUSS MicroOptics of € 0.1 million. The earn-out liability for acquiring SUSS MicroTec Photonic Systems was completely reversed with effect on net income in 2014. The still outstanding purchase price liability of € 0.1 million for acquiring the minority interests in SUSS MicroOptics now has a term of up to one year and is therefore recognized under current liabilities.

A significant decline was recorded in current liabilities from € 55.8 million in the previous year to € 38.0 million as of the reporting date. The level of customer down payments, which totaled € 18.0 million as of the end of the year (previous year: € 30.8 million), accounted for the bulk of this decrease. The decline was primarily due to the reporting date. In addition, other provisions decreased from € 5.9 million in the previous year to € 3.2 million as of the end of the year. Provisions in the previous year included € 2.0 million in provisions used in 2014 for liabilities related to the refocusing of the Permanent Bond Cluster area. Trade payables decreased by € 2.1 million to € 3.4 million due to the reporting date.

The shareholders' equity of the SUSS MicroTec Group increased since December 31, 2013 by € 6.6 million to € 116.1 million. The equity ratio rose compared with the previous year from 60.8% to 69.1%.

Shareholder's Equity in € million **and Equity Ratio**



CAPITAL EXPENDITURE

Targeted investments strengthen the Company

SUSS MicroTec AG is the owner of business properties in Garching and Sternenfels, where the Company headquarters as well as the offices of SUSS MicroTec Lithography GmbH and SUSS MicroTec Photomask Equipment GmbH & Co. KG are located. SUSS MicroTec AG invests continuously in Company buildings at both sites in order to maintain state-of-the-art storage, production and administrative areas.

Due to the structure of the Company, investments in equipment and tools are not a significant component of its development. Fundamental value is added through the design, assembly, and alignment of components, as well as the corresponding software management. Special equipment and tools are not required for these activities.

We assume that investments in tangible assets will be within the range of approximately 1% to 2% of sales in the long term. The only exception is the Micro-optics product line included in the Others division. This product line involves small-scale production, which requires corresponding production tools.

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

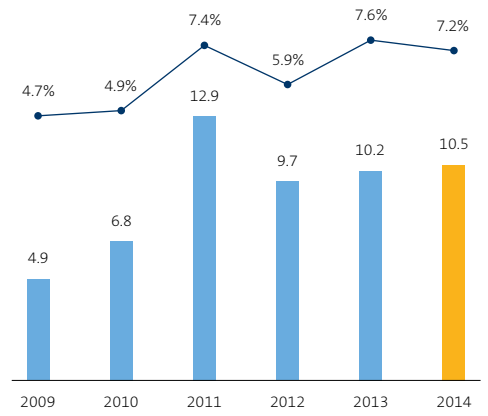
SUSS MicroTec AG is owner of a Group-wide SAP system, which is used by the German companies as well as SUSS MicroTec Inc. (Sunnyvale, USA) and SUSS MicroTec (Taiwan) Company Ltd. (Hsinchu, Taiwan). In 2014, the system underwent extensive expansion. First, in Germany a module for human resources management (employee self service and manager self service) was introduced. Second, it is planned to introduce SAP at SUSS MicroTec Photonic Systems (Corona, USA) in 2015. Comprehensive work for this was already completed in 2014 and capitalized as internal activity.

RESEARCH AND DEVELOPMENT

Research and Development – An Investment in the Future

The research and development expenditures increased from € 10.2 million in the previous year to € 10.5 million, which corresponds to an expense ratio to sales of 7.2% in 2014 (previous year: 7.6%). It affected the Lithography division at € 6.9 million (previous year: € 5.5 million) and the Substrate Bonder division at € 1.5 million (previous year: 3.0 million). € 1.6 million (previous year: € 1.4 million) was attributable to the Photomask Equipment division. The Others division was allocated € 0.5 million (previous year: € 0.3 million).

Research and development costs in € million
expense ratio in relation to sales



At the end of 2014, 128 employees – almost a fifth of the employees of SUSS MicroTec – were employed in the are of research and development (previous year: 127 employees).

The largest division, Lithography, combines the product lines Exposure (Mask Aligners, UV projectors), Laser Processing, and Coaters / Developers. The focus of research and development activity in the area of coating and developing systems in the reported fiscal year was on further increasing processing safety and reducing the ongoing operating costs of the equipment. Particular attention was also paid to improvements of existing, and the development of new, fabrication technologies.

In the reported fiscal year, the Mask Aligner product line launched a new tool generation of the fully automated MA200 Gen3 in the market and also introduced a new tool in the market with the semi-automated MA12.

The MA200 Gen3 features improvements relative to the predecessor model with respect to both throughput and innovative new functions. The loadport can be fed continuously without halting the tool during the loading process. In addition, the MA200 Gen3 introduced automatic correction routines that enable a stable exposure process even with damaged alignment marks without the intervention of an operator. The new active monitoring of the exposure distance also permits the automatic alignment of this key parameter. In sum, the many innovations in the third tool generation lead to a much improved cost of ownership and a reduced reject rate.

On the manual or semi-automated side, the innovative MA12 tool was developed for use in industrial research and production for 300 mm and 300x300 mm substrates. With respect to precision, optical performance, and flexibility, the MA12 employs the latest Mask Aligner technology. The operator-assisted tool offers the highest processing precision and alignment precision in the sub-micrometer range. Therefore, the MA12 rounds out the product portfolio of 300 mm tools. With the new Mask Aligner, sensitive substrates or even curved wafers can be reliably processed.

Work is continually being done on improvements in the area of wafer handling for Mask Aligners in order to continue to respond to the demanding requirements of modern exposure processes on challenging substrates. As a result, Taiko wafers and fragile wafers for MEMS applications can now also be reliably exposed through new patent-protected solutions.

Additional development highlights of the reported fiscal year are the enabling of gray-tone lithographic processes on the MA / BA8 Gen3, super-flat chucks, and integrated LED chuck exposure.

Coaters / Developers – An important component of both coater and development equipment are the dispensing systems for various processing chemicals. With the goal of significantly reducing processing costs, a system was developed that allows the dispensing of nearly 100% of the processing media from the containers being used. Until now a not insignificant portion of the frequently expensive chemicals remained behind in the supply tanks and it was necessary to dispose of them. Another focus was on optimizing the hotplates used in both the 200 mm and 300 mm systems. These modules are especially used to bake substrates after they have been coated. Several are frequently available in a production system. The optimizations are predominantly aimed at improved air flow in the modules, which prevents the condensation of the solvents eluted from the coatings. The work is based on simulation experiments conducted by SUSS MicroTec in-house and enable hotplate modules requiring a smaller design, a longer maintenance interval, and reduced maintenance expense.

Through intensive software development, it was possible to achieve a significant version upgrade in the operating system used at the core of the equipment. This ensures above all that available PC hardware will be usable in the future. Furthermore, the increased user-friendliness makes it possible to start operating equipment within the shortest possible time and to develop customer-specific software solutions efficiently. In several cases, patents are pending for the technical solutions that have been developed.

In the reported year, the research and development work in our SUSS MicroTec Photonic Systems subsidiary, which was acquired in 2012, focused primarily on the refinement of UV projection scanners and solutions for laser technology in view of the possible applications in advanced packaging. Thanks to these efforts, in 2014 it was possible to launch a total of two new products in the market.

It was possible to introduce the DSC300 Gen2 projection scanner in March 2014. This new platform for wafer sizes of up to 300 mm is based on the unique projection scan technology of SUSS MicroTec Photonic Systems. The tool combines the advantages of full-field exposure with conventional projection lithography. Equipped with a full-field mask and broadband projection optics, the scanner exposes the wafer in a single continuous exposure step (scan). Based on our successful Mask Aligner technology, available solutions and concepts could be transferred to handling highly curved or warped substrates. In addition, the new generation of projection scanners includes improvements and innovations with respect to overlay, resolution, automation and especially throughput increases.

With ELP300 Gen2, the second generation of the ELP300 platform, an improved Excimer Laser Ablation Stepper was launched in the market. The focus of the development work was mainly on improving the overlay performance of the system to less than 1µm. It was also possible to enhance the new tool generation with infrared alignment in order to support the most modern applications and processes. Furthermore, also in this product platform existing solutions and concepts were transferred to warped wafer handling.

In addition, SUSS MicroTec at the Corona site focused very strongly on the development of cost-effective cleaning processes for laser ablation technology. Initial successes have already been achieved and can now be marketed together with the laser tool.

Also in the 2014 fiscal year, two joint development projects could be conducted with a leading industrial partner and an established research institute to develop and qualify a laser ablation technology process.

The Substrate Bonder division is divided into the sub-areas of temporary and permanent bonding. In the area of temporary bonding, important milestones could be achieved in the 2014 fiscal year on the way to high-volume production. For example, production bond clusters, which were delivered to an Asian foundry in 2012 and 2013, were qualified for the serial production of innovative 3D MEMS solutions on 200 mm wafers. In addition, a production bond cluster for temporary bonding processes was completely qualified for the serial production of TSV-based 3D memory chips. These innovative memory chips are produced on 300 mm wafers. The customer, an Asian memory chip manufacturer, commenced serial production in the second half of 2014. In the qualification phase, continuous improvements have been initiated on the hardware and software side for which production support is being pursued in order to expand the competitive advantage. Also in the 2014 fiscal year, another memory chip manufacturer successfully qualified our innovative cleaning module to clean ultra-thin wafers on tape frames. This is part of the temporary bonder product line.

On the product side, we introduced to the market ELD300, a newly developed excimer laser debonder for 3D integration, in the 2014 fiscal year. This laser debonder can be used as a stand-alone semi-automated system or as an integrated process module in SUSS MicroTec's XBC300 Gen2 platform. In the de-bonding method using an excimer laser, the tape between the glass carrier and a mounted thinned wafer is separated using a 308 nm excimer laser. The advantages of excimer laser-supported de-bonding with the ELD300 consist of the very short processing times and related high throughputs, the selectivity of the process, the very resource-conserving process management for the thin wafer, and the high degree of automation, which is indispensable for high-volume applications.

In addition, in the 2014 fiscal year we developed a metrology station for the fully-automated measurement of tape thickness distribution for bonded wafers, which is now available to us as an additional module for the temporary production bond clusters. A joint development program with a leading European research institute, which involves the development, qualification, and optimization of temporary and permanent bonding processes, was extended until the end of 2015.

In the area of permanent bonding, a new, semi-automated wafer bonder was developed and launched in the market in the 2014 fiscal year. The semi-automated SB6 / 8 Gen2 system can process wafer sizes of up to 200 mm as well as various substrate sizes and types. The tool can be used for manual processes in the research and development area, but simultaneously enables the use of high-volume applications without difficulty. With its broad range, SB6 / 8 Gen2 supports adhesive bonding, thermal compression, and eutectic bonding. In the bonding chamber, various conditions, such as vacuum or overpressure, can be created. The extensive tool configuration enables the flexible adaptation to various requirements in the semiconductor industry. The main application areas of the SB6 / 8 Gen2 are MEMS, LED applications, and 3D integration. This second tool generation offers an improved heating and power control system as well as improved cooling rates. These new properties enable even more precise control of the bonding processes.

In the Photomask Equipment division, due to the delay in the introduction of extreme ultraviolet lithography (EUVL) for large-scale production in the semiconductor industry, it remains necessary to expand 193i immersion lithography through the multiple exposure process. As a result, directly related processing techniques, such as photomask cleaning, should be adjusted and expanded.

Patterns, which are becoming ever smaller with increasing integration density, require the extremely precise coordination and refinement of chemical and physical cleaning methods. As a result, there has been a focus on investigating new or expanded ultrasonic processes, which have already been in use at SUSS MicroTec for years. Thus, in the reported fiscal year, a combination of tiny droplet spraying processes and ultrasonic excitation has been successfully tested. In addition, the use of a special ultrasonic nozzle has been tested in order to increase the efficiency of removing the smallest particles.

Not only are particle size and efficiency becoming increasingly critical, the preservation of optical properties, particularly with EUVL photomasks, is also very important. Due to the fact that these photomasks do not have a pellicle, the active substrate surfaces are directly exposed to environmental conditions and consequently must be cleaned more frequently than optical 193i photomasks. Conventional wet chemical processes such as the use of SC1 or ozonized water can be used only conditionally since they attack, in particular, the highly sensitive Ru top layer of an EUVL photomask. Therefore, very gentle cleaning and surface handling methods, such as dry cleaning, are necessary. The use of plasma under atmospheric pressure offers many advantages here in particular since, aside from the cleaning effect, it exerts additional influence on the surface energy, thereby improving wettability for subsequent wet processing. In addition, by using plasma after the final cleaning, the passivation of the surface is achieved. The development of such a special plasma unit was a major project in 2014. After successful test runs, the prototype of this unit could be completed and installed at the first customer by the end of the year.

In view of the gentle surface cleaning, an innovative cleaning medium was identified during a cooperative project and tested on SUSS MaskTrackPRO cleaning equipment. It replaces aggressive handling using SPM (piranha) cleaning to remove photo resist remnants.

Progress was made on the development of the new MaskTrack GEN3 cleaning equipment platform, the next generation of the successful MaskTrack series. Here, important concepts were applied to the design, which ensure that it will be possible to develop new technologies in the future and integrate them into existing equipment. SUSS MicroTec will thus be able to meet the demands of the photomask industry in the future and assert its market supremacy.

THE HOLDING COMPANY – SUSS MicroTec AG

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

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

Holding in € thousand	SMT AG (HGB)			
	2014	**2013**	**Change**	**in %**
Annual net profit / loss	6,980	-20,601	27,581	–
Shareholders' equity	96,139	89,159	6,980	8
Total assets	139,443	132,869	6,574	5
Equity ratio in %	69	67		
Noncurrent assets	82,751	88,336	-5,585	-6
% of total assets	59	66		
Current assets	56,692	44,534	12,158	27
% of total assets	41	34		

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets increased in the reported fiscal year by € 0.2 million and amounted to € 1.6 million as of the reporting date. Expansions of the Group-wide SAP system as well as the introduction of a new customer relationship management system accounted for most of the increase in intangible assets. These new investments were still partially disclosed under prepayments.

Shares in affiliated companies amounted to € 52.9 million as of the reporting date and are thus € 0.3 million lower than in the previous year. The reason for the decline are write-downs on the investment in SUSS MicroTec Inc., Sunnyvale (USA). After the change in the business model, the company will only be able to achieve an EBIT margin that is customary for a sales company. Accordingly, the model used to conduct an impairment test on financial assets indicates a write-down of the valuation of the share in this company by approximately € 0.3 million.

Loans to affiliated companies declined by approximately € 5.3 million. The shareholder loan to SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels, which carried a book value of € 4.3 million in the previous year, was completely paid off by the company. However, additional loan amounts were extended to SUSS MicroTec Photonic Systems Inc., Corona, USA. On December 31, 2014, the loan amounted to US$ 22.6 million in total (previous year: US$ 15.0 million). Since negative earnings are expected for SUSS MicroTec Photonic Systems in the next three years based on the current Group budget, the model used to conduct an impairment test on financial assets indicates a write-down of this shareholder loan by approximately € 6.7 million. Accordingly, the loan was written down by this amount on December 31, 2014.

Current receivables from affiliated companies increased by € 10.2 million. The increase resulted primarily from the profit transfers of SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH.

In the reporting year, the liquidity position of SUSS MicroTec AG rose slightly. The growth was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The improved liquidity position can be seen in the rise in deposits with banks of € 2.9 million. By contrast, the portfolio of securities declined by approximately € 1.0 million. The securities concerned are primarily corporate and government bonds with an investment grade rating.

Liabilities to affiliated companies remained nearly unchanged in the reporting year. They declined by € 0.4 million.

Bank borrowings declined over the course of 2014 by € 1.2 million. This resulted from the scheduled repayment of a loan to finance the business property in Sternenfels and a loan to finance the business property in Garching.

The increase in shareholders' equity of € 7.0 million was entirely attributable to the annual net profit of € 7.0 million in the fiscal year.

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

In the annual financial statements of SUSS MicroTec AG under commercial law, a net profit of € 7.0 million was earned in the 2014 fiscal year (previous year: annual net loss of € 20.6 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which has been in effect since January 1, 2011, revenue from a profit assumption of € 8.8 million (previous year: expense from a loss assumption of € 18.2 million) was recognized at the holding company. As a result of the profit and loss transfer agreement with SUSS MicroTec REMAN GmbH, Oberschleißheim (Germany), which was concluded in the 2008 fiscal year, revenue from a profit assumption of € 1.1 million (previous year: € 0.8 million) was recognized at the holding company. In addition, the holding company generated investment income of approximately € 2.0 million from a dividend distribution of SUSS MicroTec (Taiwan) Company Ltd., Hsinchu (Taiwan).

Loans to affiliated companies in the previous year included a shareholder loan to SUSS MicroTec Photomask Equipment GmbH & Co. KG, which has a face value of € 11.9 million. The shareholder loan was acquired in February 2010 as a result of the acquisition of HamaTech APE GmbH & Co. KG (now: SUSS MicroTec Photomask Equipment GmbH & Co. KG) from the former shareholder Singulus Technologies AG for a purchase price of € 4.3 million. As of December 31, 2014, SMT Photomask Equipment had completely paid off the loan. SUSS MicroTec AG achieved a profit of € 7.0 million from the redemption of this loan, which is accounted for under revenue from the disposal of financial investments.

A value adjustment of a loan of € 6.7 million, which has been granted to SUSS MicroTec Photonic Systems Inc., Corona, had an offsetting effect. In addition, a value adjustment of € 0.3 million on the investment in SUSS MicroTec Inc. was recorded.

Other operating income primarily included rental income of € 1.9 million (previous year: € 1.5 million) and foreign currency gains of € 0.2 million (previous year: € 1.8 million).

Apart from current administrative expenses, other operating expenses included foreign currency losses of € 4.6 million (previous year: € 0.6 million).

Thereof, € 4.4 million result from the valuation of cash pooling clearing accounts with SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH which are denominated in USD and JPY. Both subsidiaries show corresponding currency gains of € 4.4 million in total in their individual financial statements.

Interest expense increased in the fiscal year by € 0.2 million, which was primarily attributable to the newly assumed bank loan of € 7.5 million in December 2013.

SUSS MicroTec AG had an average of 19 employees in the 2014 fiscal year (previous year: 20 employees).

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

SUSTAINABILITY

SUSS MicroTec has more than sixty years of experience in the manufacture of equipment and the development of process solutions for micropattern applications. The Company has set standards for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry. Another success factor is the topic of sustainability, which has a very high priority for us. As a technology leader and driver of innovation, we consider ourselves committed not only to first-class products, but also to sustainability. In management decisions, it is always necessary to bring the social, ecological, and economic aspects into harmony. We strive for a fair and socially responsible interaction with customers, employees, and competitors. In addition, we also apply the same high standards to suppliers and business partners. We are committed to sustainable economic development, and in the coming pages we would like to give the readers an overview of our activities regarding sustainable corporate development. You can find more information on the internet under › *www.suss.com* › *Company* › *Quality Management* › *Sustainability*

COMPLIANCE

Each employee bears responsibility for our Company's image and for ensuring that we meet our social responsibility. In addition, our self-image encompasses the integration of all employees, without regard to age, background, gender, disability, or religion. The Code of Conduct stipulates rules for SUSS MicroTec employees in their interaction with customers, suppliers, and other business partners as well as interaction with other employees. It helps to cope with the numerous legal and ethical challenges encountered in day-to-day work, creates clarity, and thus strengthens trust in the performance and integrity of the SUSS MicroTec Group. The employees commit themselves to abide by the Code of Conduct and compliance rules. In 2014, we also installed a web-based whistle-blowing system for possible compliance violations. The reports go by email directly to the legal department, either anonymously or with the name provided voluntarily.

QUALITY MANAGEMENT

SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-optics areas is rooted in a strong commitment to complying with the highest quality standards. Our quality goals are based on sustainable customer trust, respect for our customers, partnerships, and motivated employees. SUSS MicroTec provides high-quality products and services as well as innovative solutions. All SUSS MicroTec divisions share our commitment to the highest quality. Our processes are based on an effective quality management system, which is ISO 9001 certified for the production sites in Germany and Switzerland and is constantly being improved.

ENVIRONMENTAL RESPONSIBILITY

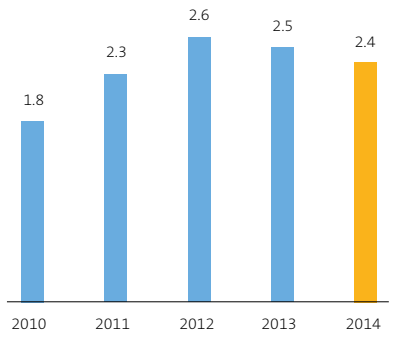
In recent years, SUSS MicroTec has begun to take measures on a broad scale and across sites to ensure a more efficient use of resources. They include, for example, optimizing the pump systems for heating and air conditioning, using air compressors with heat recovery, new illumination concepts, and a generally higher level of awareness in the use of natural resources. As a result of these steps, it was possible to reduce the consumption of electricity at the Garching location, for example, by nearly 20% since 2008.

Already during the 2013 fiscal year, the cooling units in the cleanrooms at the Garching site were renovated in several construction stages due to age-related functional deficits. The full savings effect of these measures was realized for the first time in the 2014 fiscal year. The two new cooling units, which are equipped with "free cooling," can conserve energy at outside temperatures of below 11°C. The new cooling equipment was installed in a network, which resulted in a redundant cooling capacity. For example, in the event of a breakdown (the failure of a cooling machine or maintenance work), production will no longer be disrupted.

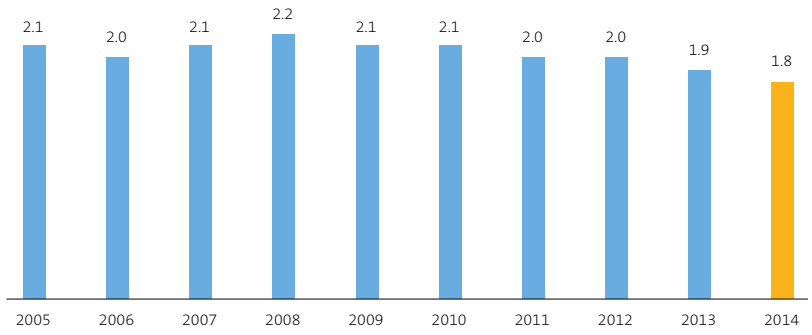
With these renovation projects, the Company increased production safety at the Garching site and simultaneously took another step toward a sustainable economy.

Following the acquisition of the Sternenfels site and the consolidation of three product lines at this site, electricity consumption initially increased significantly. In general, our electricity consumption is strongly dependent on production volumes. This means that in an economic expansion phase, we generally consume more energy than in an economically weaker phase. In the future, we will place even greater emphasis on resource conservation at the Sternenfels site.

Energy usage Sternenfels in GWh



Energy usage Garching in GWh



As a specialty tool manufacturer in the semiconductor sector, we have products on the market that make a significant contribution to the manufacturing of energy-efficient finished products and the reduction of CO^2 emissions. An example of this is the production of energy-saving, light-emitting diodes (LED). With MA100 / 150e Gen2, we offer a Mask Aligner platform specially for the processing of sensitive compound semiconductors, such as ultra-bright LEDs (UBH).

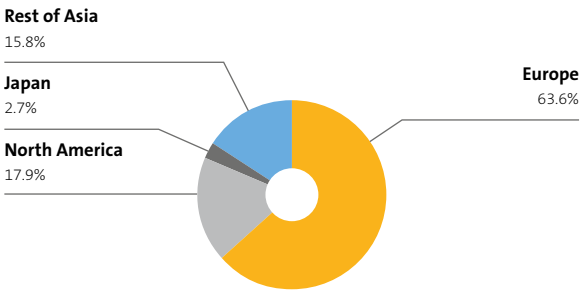
In addition, many components (e.g., high-performance ICs) manufactured in part using our tools are used in industrial applications for renewable energy, such as wind and solar power. But the improvements of the ecological properties and environmental impact of our products are themselves an important part of our development work. Therefore, we are attaching increasing importance to minimizing the use of chemicals and hazardous processing materials as much as possible during the manufacturing process and the operation of our tools. For coating and developing devices as well as photomask equipment, innovative process management and sophisticated tool design make it possible to reduce the consumption of materials used. This saves our customers cash and spares the environment.

EMPLOYEES

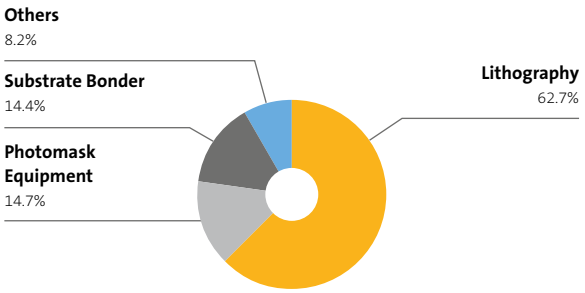
The employees and their expertise are a significant part of the Company's value. The training periods, particularly in the technical fields, are longer than one year given the highly specific products. For this reason, a motivational environment and performance-based payment are the basic requirements for retaining existing employees as well as recruiting qualified new employees. Our business is characterized by internationality, global positioning, and cultural diversity. We have employees distributed around the globe in development, production, administration, sales, and service, who constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We work in flat hierarchies with short decision-making processes, and enable our employees to play an active role and develop in accordance with their abilities and preferences. We respect personal dignity, privacy, and the personal rights of each individual.

As of the end of the 2014 fiscal year, the Group had 659 employees (previous year: 655).

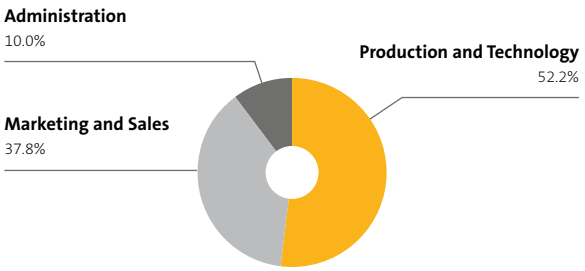
Employees by Region 2014



Employees by Division 2014



Employees by Area 2014



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

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

CUSTOMER RELATIONS

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

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

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

1. Composition of subscribed capital

As of December 31, 2014, the subscribed capital of the Company totaled € 19,115,538.00 (previous year: € 19,115,538.00). The equity capital is divided into 19,115,538 (previous year: 19,115,538) registered, no-par-value individual shares representing a pro rata amount of € 1.00 per share. The shares are fully paid in.

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

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

2. Restrictions with regard to voting rights or the transfer of shares

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

3. Investments in capital that exceed 10% of the voting rights

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

4. Shares with extraordinary rights that grant controlling authority

There are no shares with extraordinary rights that grant controlling authority.

5. The nature of voting rights control when employees have a stake in the Company's capital and do not exercise their control rights directly.

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

6. Legal provisions and rules in the articles of incorporation for appointing members to the Management Board and asking them to step down as well as making changes to the articles of incorporation

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

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

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

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

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

7. Authority of the Management Board to issue or buy back shares

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

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

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

8. Significant pending agreements on the part of the Company given a change of control resulting from a corporate takeover bid

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

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

9. Compensation agreements of the Company with Management Board members or employees in the event of a corporate takeover bid

There are no compensation agreements or the like with employees or members of the Management Board in the event of a corporate takeover bid.

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

Corporate Governance Declaration in Accordance with Section 289 a of the German Commercial Code (HGB)

On March 3, 2014, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289 a of the HGB and made it available on the Company's website at > *http://ir.suss.com/websites/suess/English/2010/declaration-on-corporate-governance.html*.

Remuneration Report

REMUNERATION OF THE MANAGEMENT BOARD

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

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

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

FIXED REMUNERATION

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

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration consists of variable remuneration.

VARIABLE REMUNERATION

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

VARIABLE REMUNERATION BASED ON ANNUAL TARGETS (VARIABLE REMUNERATION A)

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

Remuneration based on annual targets is determined annually. In the interest of promoting long-term corporate development, the Management Board members are permanently entitled to only half of variable remuneration A. As for the other half of the amount payable ("the qualified half"), the Management Board member is obligated to acquire Company shares during the first trading window after payment of the amount payable and to hold

them in a registered account in their name for a lock-up period of three years, commencing on the last day of the trading window in which the shares were acquired.

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

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

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

For the 2013 to 2015 fiscal years, multi-year targets were reset for three fiscal years in advance, whereby they can differ according to the function and area of responsibility of the Management Board member. The current multi-year targets relate to achieving the EBIT margins or milestones set for development projects in defined periods. If only 70% or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 150% of the target is achieved. If the achievement of a given target is between 70% and 150%, the variable remuneration is calculated proportionally to the amount achieved. Variable remuneration B, which is based on multi-year targets, is determined annually and is completely paid out in the respective fiscal year.

SEVERANCE PAYMENTS

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

MANAGEMENT BOARD REMUNERATION

The tables presented below on Management Board remuneration comply with the German Corporate Governance Code. The fixed remuneration and fringe benefits are geared to the agreed upon fixed amount. For variable remuneration, both a target value for reaching 100% and the achievable minimum and maximum remuneration are indicated.

The bonuses for Mr. Braun will be at least € 35,625.00 for the financial years 2014 and 2015 respectively.

AMOUNT OF THE MANAGEMENT BOARD COMPENSATION

The following tables ("Granted Contributions" and "Inflows") show the remuneration awarded to each Management Board member for the financial years 2014 and 2013 accordance with German Corporate Governance Code Number 4.2.5 (3). The information previously contained in the "Management Board Compensation" table according to Section 315 German Commercial Code (HGB) are now outlined in the "Inflow" table.

Target remuneration to the Management Board according to the German Corporate Governance Code

in €	**Michael Knopp** Chief Financial Officer (CFO); speaker of the Management Board since August 24, 2014			
Granted contributions	**2014 (100%)**	**2014 (min.)**	**2014 (max.)**	**2013**
Fixed remuneration	251,254.00	251,254.00	251,254.00	236,254.00
Ancilliary benefits (fix) [1]	21,502.56	21,502.56	21,502.56	20,549.52
Pension expenses [2]	2,148.00	2,148.00	2,148.00	2,148.00
Total	**274,904.56**	**274,904.56**	**274,904.56**	**258,951.52**
One year variable remuneration (A) [3]	128,625.00	–	257,250.00	120,750.00
Thereof variable share component [4]	64,312.50	–	128,625.00	60,375.00
Multi-year variable remuneration (B) (2013 – 2015)	55,125.00	–	110,250.00	51,750.00
Total	**458,654.56**	**274,904.56**	**642,404.56**	**431,451.52**
Service cost	–	–	–	–
Total remuneration	**458,654.56**	**274,904.56**	**642,404.56**	**431,451.52**

[1] Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance
[2] Pension expenses (direct insurance)
[3] Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year
[4] The vesting period for the variable share component is three years

in €	**Walter Braun** Chief Operating Officer (COO) since July 1, 2014			
Granted contributions	**2014 (100%)**	**2014 (min.)**	**2014 (max.)**	**2013**
Fixed remuneration	94,998.00	94,998.00	94,998.00	–
Ancilliary benefits (fix) [1]	9,993.66	9,993.66	9,993.66	–
Pension expenses [2]	2,148.00	2,148.00	2,148.00	–
Total	**107,139.66**	**107,139.66**	**107,139.66**	**–**
One year variable remuneration (A) [3]	49,875.00	35,625.00	99,750.00	–
Thereof variable share component [4]	24,937.50	17,812.50	49,875.00	–
Multi-year variable remuneration (B) (2013 – 2015)	21,375.00	–	42,750.00	–
Total	**178,389.66**	**142,764.66**	**249,639.66**	**–**
Service cost	–	–	–	–
Total remuneration	**178,389.66**	**142,764.66**	**249,639.66**	**–**

[1] Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance
[2] Pension expenses (direct insurance)
[3] Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year
[4] The vesting period for the variable share component is three years

Target remuneration to a former member of the Management Board according to the German Corporate Governance Code

in €	Frank Averdung Chief Executive Officer (CEO) until August 24, 2014			
Granted contributions	**2014 (100%)**	**2014 (min.)**	**2014 (max.)**	**2013**
Fixed remuneration	330,000.00	330,000.00	330,000.00	300,000.00
Ancilliary benefits (fix) [1]	23,789.28	23,789.28	23,789.28	23,506.80
Pension expenses [2]	2,148.00	2,148.00	2,148.00	2,148.00
Total	**355,937.28**	**355,937.28**	**355,937.28**	**325,654.80**
One year variable remuneration (A) [3]	173,250.00	–	346,500.00	157,500.00
Thereof variable share component [4]	86,625.00	–	173,250.00	78,750.00
Multi-year variable remuneration (B) (2013–2015)	74,250.00	–	148,500.00	51,750.00
Total	**603,437.28**	**355,937.28**	**850,937.28**	**534,904.80**
Service cost	–	–	–	–
Total remuneration	**603,437.28**	**355,937.28**	**850,937.28**	**534,904.80**

[1] Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

[2] Pension expenses (direct insurance)

[3] Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

[4] The vesting period for the variable share component is three years

Inflows to the Management Board according to the German Corporate Governance Code

in €	Michael Knopp Chief Financial Officer (CFO); speaker of the Management Board since August 24, 2014		Walter Braun Chief Operating Officer (COO) since July 1, 2014	
Inflow	**2014**	**2013**	**2014**	**2013**
Fixed remuneration	251,254.00	236,254.00	94,998.00	–
Ancilliary benefits (fix) [1]	21,502.56	20,549.52	9,993.66	–
Pension expenses [2]	2,148.00	2,148.00	–	–
Total	**274,904.56**	**258,951.52**	**104,991.66**	**–**
One year variable remuneration (A) [3]	191,758.96	98,202.12	74,355.51	–
Thereof variable share component [4]	95,879.48	49,101.06	37,177.76	–
Multi-year variable remuneration (B) (2013–2015)	104,107.89	–	16,648.99	
Total	**570,771.41**	**357,153.64**	**195,996.16**	**–**
Service cost	–	–	–	–
Total remuneration	**570,771.41**	**357,153.64**	**195,998.16**	**–**

in €	**Frank Averdung** Chief Executive Officer (CEO) until August 24, 2014	
Inflow	**2014**	**2013**
Fixed remuneration	330,000.00	300,000.00
Ancilliary benefits (fix) [1]	23,789.28	23,506.80
Pension expenses [2]	2,148.00	2,148.00
Severance payments	930,000.00	–
Total	**1,285,937.28**	**325,654.80**
One year variable remuneration (A) [3]	120,000.00	128,089.73
Thereof variable share component [4]	–	64,044.87
Multi-year variable remuneration (B) (2013–2015)	–	–
Total	**1,405,937.28**	**453,744.53**
Service cost	–	–
Total remuneration	**1,405,937.28**	**453,744.53**

1 Includes: contribution to voluntary pension insurance, non-cash benefits for company cars, and employer's share health insurance

2 Pension expenses (direct insurance)

3 Variable remuneration (one and multi-year) max. 150% of fixed remuneration of the fiscal year

4 The vesting period for the variable share component is three years

PENSION PLANS

No pension provisions exist for members or former members of the Management Board.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In addition to the reimbursement of their expenses and meeting attendance compensation of € 1,500.00 per meeting, each member of the Supervisory Board also receives a fixed remuneration based on the responsibilities and duties of the member. According to this, the Chairman of the Supervisory Board receives € 45,000, the Deputy Chairman receives € 40,000, and a regular member of the Supervisory Board receives € 35,000 per fiscal year as fixed compensation. The members of the Supervisory Board have reimbursed the Company for the notional per capita share of the D&O insurance premium paid by the Company.

Supervisory Board remuneration

2014 in €	**Remuneration**	**Attendance fee**	**Deduction for pro rata D&O insurance premium**
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	13,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	13,500.00	957.41
Gerhard Pegam	35,000.00	12,000.00	638.27

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

In the 2014 fiscal year, neither members of the Supervisory Board nor persons or companies affiliated with them received any remuneration or benefits for personal services, particularly consultation and placement services.

Subsequent Events

REPORT ON SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

There were no significant events after the reporting date that have had a material impact on the net assets, financial position and results of operations of the Group.

On February 17, 2015 the Supervisory Board of SUSS MicroTec AG appointed Dr. Per-Ove Hansson to the Management Board of SUSS MicroTec AG. Dr. Hansson will assume the office of Chief Executive Officer on May 1, 2015. Dr. Hansson holds a doctorate in physics and has gained extensive experience at well-known, globally operating semiconductor capital equipment firms.

Potential

OPPORTUNITIES AND RISKS FOR THE FUTURE DEVELOPMENT OF THE SUSS MICROTEC GROUP

The goal of our opportunity and risk management is to maintain and increase the enterprise value of the SUSS MicroTec Group. Our corporate goals include the early and successful detection of opportunities, the identification and suitable assessment of the related risks, and an appropriate response. The diverse opportunities for our Group result from technology leadership in our businesses, our broad spectrum of products and solutions for the semiconductor equipment industry, collaborations with international customers and research institutes, and our global positioning.

We define opportunities and risks as follows:

- Opportunities are possible future developments or events that can lead to a deviation from forecasts or targets that is positive for the Group.
- Under risks, we understand possible future developments or events that can lead to a deviation from forecasts or targets that is negative for the Group.

The analysis and assessment of opportunities and risks for the Group is the subject of continuous deliberations by the Management Board and the management of the Group. On the basis of an opportunity-oriented, but simultaneously risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify risks and to use them for the benefit of the Company and its shareholders.

OPPORTUNITIES FOR THE GROUP

The global business activities of the SUSS MicroTec Group within a dynamic market environment opens up new opportunities to support and advance the targeted growth of SUSS MicroTec. Therefore, the recognition and exploitation of these opportunities are among the essential components of our growth policy.

Macroeconomic Opportunities

SUSS MicroTec is represented worldwide with production, sales, and service subsidiaries and also cooperates with many external commercial partners. Its international presence offers the Group numerous opportunities to acquire new customers worldwide, to enter into new cooperative agreements, and to participate in the growth of industrial markets in the major and emerging economies.

Strategic Corporate Opportunities

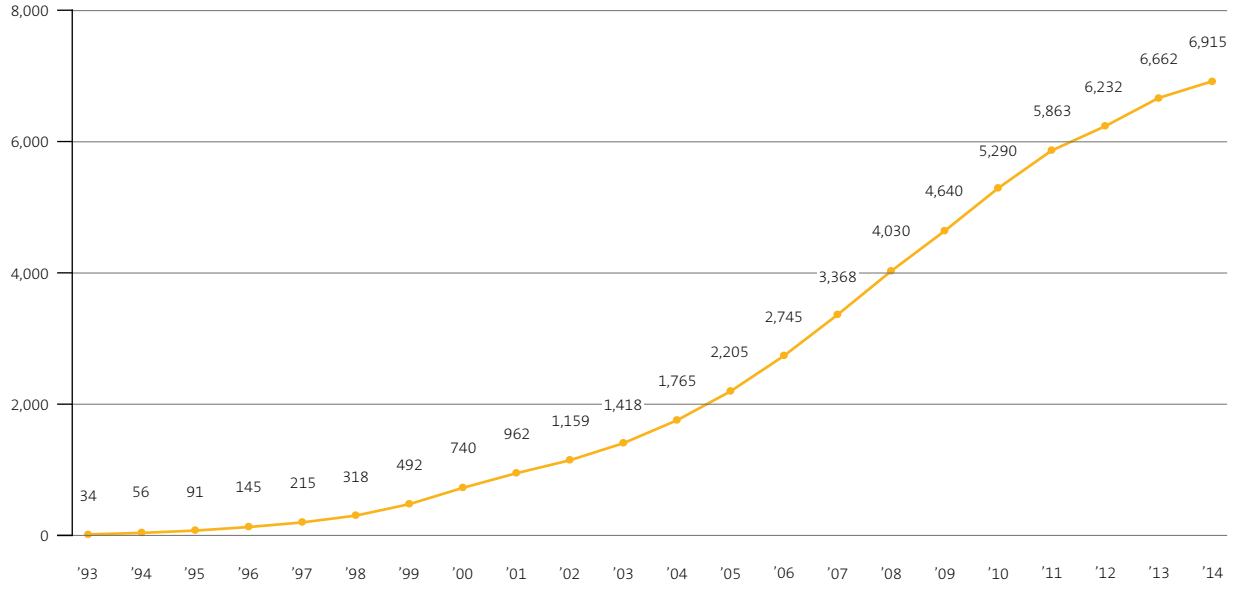
SUSS MicroTec has set standards for the manufacturing of processing equipment for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry. These strengths, together with a solid financial backing, give the Group the opportunity to carry out promising development projects and enter into auspicious cooperative agreements in order to expand the product range further and to refine applications and technologies. The SUSS MicroTec Group maintains numerous development partnerships with research institutes and universities. In particular, cooperation with research institutes offers tremendous potential for SUSS MicroTec because they usually work very closely with our customers and are financed to a significant extent by these customers. New basic technologies are frequently developed in the laboratories of research institutes and only then find their way into industry. It is all the more important for a high-tech company like SUSS MicroTec to participate in the development of new technologies and processes from the beginning. This increases the chances of being able to offer tools and solutions for industry on a large scale in the future.

Along with the refinement of its own technologies, SUSS MicroTec fundamentally also sees the opportunity to expand the Company with new businesses and technologies through external acquisitions.

Sector and Market-Specific Opportunities

The markets in the semiconductor equipment industry served by SUSS MicroTec are subject to constant change, which is driven primarily by rapid developments in the area of information and communication technology. Thus, the ever increasing number of smartphones and tablet computers is a significant growth driver for manufacturers of these products. The refinement of diverse electronic devices and the integration of high-tech applications into daily life are also leading to major changes in the markets. The largest growth rates here are not in the industrialized countries, but above all in the developing countries of Asia.

Number of mobile connections worldwide 1993 to 2014 in millions



Source: Statista 2015

Important parts of the global semiconductor industry are focused on Asia. They include several large packaging houses (OSATs) as well as many of the globally operating manufacturers of storage media and MEMS components.

The strong market cycles in the semiconductor industry offer SUSS MicroTec – depending on the type of development – numerous new opportunities in the market, which could result in a sharp short-term increase in order entry and sales.

Our global network of sales employees, product engineers, and commercial partners is focused on fulfilling the sector and market-specific requirements of our customers worldwide. SUSS MicroTec is represented in the core markets of the semiconductor equipment industry in Taiwan, China, Japan, and South Korea with its own subsidiaries. Our subsidiaries always maintain direct contact with our customers and thereby have the opportunity to observe current developments in the semiconductor markets immediately. As a result, SUSS MicroTec can respond quickly to emerging developments and adjust its applications accordingly.

In order to perceive developments in the markets quickly at all times, direct and regular contact with partners, customers, and potential new customers is very important to us. Therefore, SUSS MicroTec is represented at trade fairs for the semiconductor industry and sponsors international technology forums. For example, SUSS MicroTec presents its new developments routinely at the Semicon trade fairs, which are held annually at various sites worldwide. In addition, SUSS MicroTec presents its developments at smaller, local trade fairs. In parallel with Semicon West, in 2014 SUSS MicroTec sponsored the SUSS Technology Forum in San Francisco, which has been very well attended by industrial partners from around the world, for the fifth time. Also in Grenoble – at the same time as Semicon Europe – SUSS Technology Forum MEMS was held in cooperation with SEMI right on the fair grounds.

Through close cooperation with SEMI and the incorporation of SUSS Technology Forums into the regular conference program of Semicon Europe, SUSS MicroTec can address a large audience. The international presence of SUSS MicroTec and the high level of recognition created by trade fairs and events make it possible for us to “keep our ear close to the market” and to respond quickly to technological progress and new developments.

Operational Opportunities

Lithography remains the SUSS MicroTec Group’s largest sales generator and accounts for approximately two-thirds of total Group sales. With the Mask Aligner and Coater / Developer product lines, SUSS MicroTec has been represented successfully in the market for many years, servicing customers from various sectors and markets. The consistent sales volume and relatively stable margins of these two product lines ensure that the SUSS MicroTec Group can maintain a constant work load at the Garching and Sternenfels production sites and generate regular positive cash flows. With refinements and improvements of the technologies of these two product lines, we are consolidating our market position and ensuring that stable margins and cash flows can still be achieved with Mask Aligners and Coaters / Developers in the future.

With the technologies gained from the acquisition of SUSS MicroTec Photonic Systems – UV projection lithography and laser processing – we have augmented and expanded our product portfolio in the Lithography division. In 2014, we were able to acquire additional customers for laser tools and have had no difficulty achieving customer acceptance of the tools installed in the current fiscal year without any complaints. We see the opportunity to obtain additional orders for laser tools and thus further strengthen our market position in the area of laser processing.

The scanner systems (DSC300, DSC500) similarly developed and produced by SUSS MicroTec Photonic Systems still need to gain a foothold in the market. In 2014, we could achieve several successes with these systems. We installed scanner systems at customers and also acquired new customers for evaluations. As a result, we expect additional positive impetus in the market environment and we assume that other customers will decide in favor of this technology. If we succeed in persuading more customers to use our systems, we could achieve substantial order volumes and sales with scanners in the coming years. Given correspondingly high quantities, sustainable positive margins could be reached in the future.

The Substrate Bonder division, which is divided into the sub-areas of temporary and permanent bonding, was realigned in 2013 and technical development in this segment was refocused. In the area of temporary bonding, important milestones could be achieved in 2014 on the way to high-volume production. In the area of permanent bonding, in the fourth quarter of 2014 we launched the new SB6 / 8 Gen2, a semi-automated system that can be used for both manual processes in research and development and high-volume applications. Through the extensive innovations that we introduced in 2014 and will continue to roll out in the following years, we expect a significant expansion of our market position in the future, higher sales volumes, and long-term positive margins.

In the Photomask Equipment division, we have achieved high sales and high margins since the acquisition of SUSS MicroTec Photomask Equipment in 2010. Most of the sales involved a few individual orders, each of which had a very high order value of several million euros. Therefore, sales per fiscal year display large fluctuations. We view our market position in this segment as very secure and assume that we will be able to achieve large profits in the future. However, we expect that sharp fluctuations in sales per fiscal year will continue over the long term, which can have a corresponding effect on division earnings per fiscal year.

Financial Opportunities

Significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The current devaluation of the euro against the US dollar gives SUSS MicroTec the opportunity to offer its products manufactured in Germany on the US dollar-dominated markets at attractive prices. The changes in value of the euro compared to the Japanese yen will influence sales and achievable margins in the Asian region in the future. An appreciation of the euro against the Japanese yen would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec.

Employee-Related Opportunities

SUSS MicroTec views itself as a small to medium-sized business that has flat hierarchies due to its relatively small size and therefore offers its employees short lines of communications and fast decision-making processes in all respects. Our SME structures together with our international orientation make SUSS MicroTec an attractive employer. The average period of employment of our globally active employees is nearly ten years. This shows the success of our efforts to offer our employees a good working environment, interesting assignments, and attractive remuneration. We are convinced that we will be able to fill all vacancies with qualified and motivated employees in the future. We will maintain our existing strategy to retain long-term employees.

Our remuneration system includes variable remuneration for our executives, the amount of which depends on the extent to which targets are achieved. The targets are redefined annually and are based on certain Group parameters (such as EBITDA, sales, and order entry), which are reset annually using current budget plans. In addition, personal targets are agreed upon with the employee. For sales employees, ordinarily targets are defined that are related to winning customer orders. The personal goals of employees of other departments mostly involve services or projects which add value to the respective department. By integrating budget planning into the remuneration system, we establish a financial incentive for our executives to contribute actively to the achievement of the established targets. In this way, we increase our chances of actually achieving our planned sales and earnings. In addition, the definition of personal targets for executives offers us the opportunity to implement numerous projects in various areas, even if a work effort is required of employees that goes beyond the normal day-to-day business.

As a globally successful technology company, SUSS MicroTec needs employees working in the area of research and development to advance targeted new product developments in order to satisfy the needs of our customers. For this purpose SUSS MicroTec establishes appropriate incentives and rewards employee ideas that are used in our products with annual inventor royalties.

Our international presence enables us to recruit highly qualified employees worldwide if current developments require it. For example, in the reported fiscal year we set up a new team of software developers at the site of our subsidiary in Taiwan that supports departments previously located in Garching and Sternenfels. We expect new impetus from the team for the refinement of the software used with our tools as well as more flexibility to satisfy the requirements of our customers in the Asian region.

Development-Specific Opportunities

In the coming 2015 fiscal year, we are planning significantly higher spending for development, above all for the Mask Aligner and Coater / Developer product lines as well as for the Photomask Equipment division. For this, we will hire more employees for our development departments, but will also resort to external service providers and partners. Our goal is to technically overhaul these product lines, in order to adapt them to the latest developments in the market, and satisfy new customer demands. In the process, we intend to consolidate and further expand our market position.

The overall intent is to lend more weight to the research and development area at SUSS MicroTec. The Supervisory Board of SUSS MicroTec AG has appointed a new member of the Management Board, Dr. Per-Ove Hansson, who will assume the office of Chief Executive Officer on May 1, 2015. Dr. Hansson holds a doctorate in physics and has gained extensive experience at well-known, globally operating semiconductor capital equipment firms. He will, among other responsibilities, take over and supervise the research and development department at SUSS MicroTec. SUSS MicroTec expects new impetus from this and is convinced that it will be able to benefit from the specialized knowledge and wealth of experience that Dr. Hansson brings.

RISK MANAGEMENT SYSTEM

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

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

Risk Management Organization and Documentation

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

The established early risk identification system is examined externally on an annual basis within the scope of the audits of the annual financial statements. The auditor reports on this to the Management Board and Supervisory Board.

Risk Identification

All Group units subject to reporting organize a workshop at least once per year which, in addition to past events, primarily addresses future developments. Moreover, the workshops serve to ensure that uniform valuation principles are maintained throughout the Group. Within the framework of a structured process, all identified risks are recorded and evaluated quarterly using an intranet-based IT solution. Next, risk reports are prepared that subject the known risks to a critical appraisal and address new topics.

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

Information is processed by the risk management officer, who reports to the Management Board. The results of the overall process are presented to the Supervisory Board at least once a year.

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

Risk Assessment

Risks are assessed in part by indicating the maximum amount of damage if no countermeasures are taken. The risk value is determined on this basis by including a probability of occurrence, taking the corresponding countermeasures into account. The indication of the risk value pertains to the next 12 or 24 months in each case.

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

The combination of the likelihood of occurrence and the extent of impact determines which risk categories should be regarded as significant from the Group's perspective. In this regard, a distinction is made between low (green category), medium (yellow category), and high (red category) risks.

low medium high

			Likelihood				
			very low	**low**	**medium**	**high**	**very high**
			0% to ≤5%	**>5% to ≤10%**	**>10% to ≤25%**	**>25% to ≤50%**	**>50% to ≤100%**
Impact	threatening the existence	>€ 10 million to ≤€ 20 million	medium	high	high	high	high
	critical	>€ 2 million to ≤€ 10 million	medium	medium	high	high	high
	serious	>€ 500 thousand to ≤€ 2 million	low	medium	medium	medium	high
	marginal	>€ 20 thousand to ≤€ 500 thousand	low	low	medium	medium	medium
	negligible	€ 0 to ≤€ 20 thousand	low	low	low	medium	medium

According to our method of risk assessment, only the high risks are categorized as significant.

Risk Management

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

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

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

Description of the Key Features of the Accounting-related Internal Control and Risk Management System in Accordance with Sections 289 (5) and 315 (2) no. 5 of the German Commercial Code (HGB)

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

The effectiveness of the early risk detection system is reviewed at the end of the year by the auditor during the audit. In the process, selected accounting-related internal controls are investigated and their effectiveness evaluated. In addition, checks are made of selected aspects of the IT systems in use.

The management of SUSS MicroTec AG is responsible for the establishment and effective maintenance of suitable controls over financial reporting. At the end of each fiscal year, management evaluates the suitability and effectiveness of the control system. As of December 31, 2014, management had confirmed the effectiveness of internal controls over financial reporting. However, certain limitations exist regarding the effectiveness of any control system. Absolute certainty cannot be assured even with appropriate, functioning systems.

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

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

RISKS FOR THE GROUP

Macroeconomic Risks

SUSS MicroTec is represented worldwide, has a broad customer network, and offers its customers seven different product lines which can be used in various industries and sectors. Therefore, SUSS MicroTec is fundamentally not dependent on either individual markets or individual customers. Economic downturns in a region or sector can be at least partially offset. Due to its flexible positioning, SUSS MicroTec would be able to respond immediately to market events in the event of major economic disruptions and to adjust cost structures in a timely manner. Flextime accounts and the use of temporary works are available as tools. In addition, the option exists of reducing working hours. In addition, purchasing departments routinely review and adjust procurement quantities.

Political decisions, new laws, and other regulations in the countries in which SUSS MicroTec operates can negatively impact our business. These include tax laws in the respective countries, export restrictions, and tightened requirements in the areas of product liability, competition law, work safety, and patent and brand law.

Currently, for example, the Russian embargo in place is hindering the sale of our products in Russia. Nevertheless, we succeeded in achieving all of the planned sales with Russian customers in the 2014 fiscal year. Due to the loss in value of the Russian ruble against the euro, however, we assume that we will generate significantly lower sales with Russian customers in the near future.

SUSS MicroTec routinely participates in public tenders and counts universities and government research facilities, for example, among its worldwide customers. Regulations for participating in public tenders and the criteria for awards differ from country to country and can make it much more difficult to win and consummate public orders.

In general, significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The current devaluation of the euro against the US dollar gives SUSS MicroTec the opportunity to offer the products that it manufactures in Germany at attractive prices in the US dollar-dominated markets. The changes in value of the euro against the Japanese yen will influence sales and achievable margins in the Asian region in the future. An appreciation of the euro against the Japanese yen would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec.

SUSS MicroTec does not expect any impact on the order behavior of its customers in the Lithography, Substrate Bonder, and Photomask Equipment divisions from the decision by the Swiss Central Bank (SNB) on January 15, 2015 to abandon the minimum exchange rate for the Swiss franc relative to the euro, which led to a significant appreciation of the franc. However, the margins for MicroOptics products, which are manufactured by SUSS MicroOptics S.A. at the Hauterive, Switzerland site, are expected to be reduced significantly. In addition, SUSS MicroTec presumably will have to accept lower sales of MicroOptics products.

In the last few months, a value depreciation of the euro against most Asian currencies has been observed. Thus in early 2015, the euro lost significant value relative to the Taiwanese dollar, the Singapore dollar, the South Korean won, and the Chinese renminbi yuan. The SUSS MicroTec Group conducts minimal business in these currencies. Instead, the Group subsidiaries located in Taiwan, Singapore, South Korea, and China issue euro-denominated receivables to customers and other SUSS MicroTec companies. Depending on the volume and due date, significant currency losses can result from the valuation of these receivables in the respective country currency.

Sector and Market-Specific Risks

The difficulty in assessing the short and medium-term market development is still one of the greatest risks to the Company. The semiconductor industry in particular, which is among the Company's sales markets, is characterized by strong market cycles. A sharp drop in the entire semiconductor market would cause lower sales at SUSS MicroTec and harm corporate earnings. The Company is countering the related risks with lean structures, which can be adjusted quickly in the case of a weak business development and can be potentially supplemented with outsourcing.

Employee-Related Risks

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

Development-Specific Risks

The business model of the SUSS MicroTec Group is based on its strong innovative culture and technological leadership. As the manufacturer of specialized tools, SUSS MicroTec delivers customer-specific solutions and conducts its product policies according to rapidly changing conditions in the semiconductor market. Nevertheless, we see the risk that in individual cases our technical developments could deviate from the preferences of the markets and our customers. In these cases, the danger might exist that the affected customers might turn away from SUSS MicroTec and seek alternative technical solutions from our competitors.

Aside from developing customer-specific solutions, the engineers of SUSS MicroTec Group are continuously working on long-term development projects designed to anticipate future market developments so that the products of SUSS MicroTec will be able to satisfy future technical requirements. The risk exists that individual development projects will not lead to the desired result or that the result achieved does not correspond to market expectations. In these cases, the danger exists that SUSS MicroTec cannot offer an innovative product in the target market. The affected customers might turn away from SUSS MicroTec and seek alternatives in the market. In addition, SUSS MicroTec may have used scarce resources in the area of development unproductively.

For several of our products, we view ourselves as the market leader because we satisfy the exact requirements of our customers with technically sophisticated solutions. In order to maintain market leadership and customer satisfaction, refinements and improvements are routinely required for our existing products (for example, to keep up with the ongoing miniaturization of patterns in the semiconductor industry). The risk exists that we will not recognize or implement technical innovations in time. In these cases, we see the risk that SUSS MicroTec could lose its market leadership in individual areas and might have to accept lower long-term sales.

Operating Risks

In view of the high level of cash and cash equivalents, the high equity ratio, and the lean cost structure, the risks that could arise for SUSS MicroTec from the current assets and earnings position are limited. With an EBIT of € 8.4 million, the SUSS MicroTec Group achieved significant positive earnings in 2014. However, taking into account the present order backlog at the end of 2014 and the subdued outlook for the semiconductor equipment sector in 2015, we must assume that we will generate only break-even or even achieve slightly negative earnings in 2015.

As of December 31, 2014, SUSS MicroTec records goodwill of approximately € 15.5 million, which is entirely attributable to the Lithography division. The Lithography division generated more than half of the Group sales and positive division earnings. The Lithography division will once again generate more than half of the total Group sales next year and will remain profitable. We therefore see no signs of impairment in the Lithography division.

The Mask Aligner product line, which belongs to the Lithography division, is one of the high-sale product lines of the SUSS MicroTec Group and has made a significant contribution to Group earnings. We are absolutely convinced that this product line will produce a large contribution to sales and stable margins in coming years. Nevertheless, the risk exists that Mask Aligner will no longer be able to satisfy the technical requirements of customers in the future and could be replaced by other technologies. However, we regard the risk as minimal. In addition, SUSS MicroTec could offer its customers alternative solutions with laser and scanner system product lines located in the USA.

The Coater product line, which similarly belongs to the Lithography division, has also made a significant contribution to Group sales and earnings. Since mid-2013, we have taken increasing note of Chinese competitors, who could win customer orders in the market especially for technically less demanding tools. Japanese manufacturers, who were previously active only in the Front-end market, are increasingly supplying 300 mm systems in the mid- and Back-end market and offering customers good technical solutions. The manufacturers from Japan have gained significantly in competitiveness due to changes in exchange rates for the Japanese yen. The risk exists that this trend could continue and that both Japanese and Chinese manufacturers will successfully offer these technically demanding tools in the market, which is the segment in which SUSS MicroTec has so far held a high market share. Should this scenario occur, we would have to reduce the prices for our tools, which in turn would lead to lower sales and margins. Despite these measures, the possibility of losing market share cannot be ruled out should competing manufacturers from Asia make further inroads in this market.

Since the acquisition of SUSS MicroTec Photonic Systems in March 2012, the Lithography division has included the product lines for UV projection lithography and laser processing. In 2014, these product lines generated a loss. The Photonic Systems product lines can generate a positive contribution to earnings only if SUSS MicroTec particularly succeeds in establishing the scanner systems in the market. In 2014, it was possible to conduct additional promising installations and evaluations at customers. However, much higher sales volumes will be necessary for the scanner systems to make a positive contribution to earnings in the future. If SUSS MicroTec does not achieve substantial sales and positive margins with laser and scanner systems, the earnings of the Lithography division and the company earnings would be further negatively influenced. Moreover, additional value adjustment requirements on the loans to SUSS MicroTec Photonic Systems Inc. could result in separate financial statements of SUSS MicroTec AG if the product lines produced in the USA produce negative earnings on an ongoing basis.

In the reported fiscal year, the Substrate Bonder division produced another loss, generating division EBIT of € -2.4 million. We assume that the Substrate Bonder division will also produce a loss in the coming year since only a low level of sales is anticipated in 2015. In 2013, SUSS MicroTec halted the production and marketing of Permanent Bond Cluster systems. This strategic step will have a temporary negative impact on the order behavior of customers for manual permanent bonders since several customers in the market no longer perceive SUSS MicroTec as a manufacturer of Substrate Bonders. In order to counter this, we have significantly intensified our activities in the area of research and development in the reported fiscal year. In the area of permanent bonding, in the fourth quarter of 2014 we launched the SB6 / 8 Gen2, a semi-automated system that can be used for both manual processes in research and development and high-volume applications. Further product innovations are planned. We assume that we will recover lost market share in the permanent bonding market and expand our market position with these measures. Nevertheless, the risk exists that we will not be able to reach the required quantities in the permanent bonding market. In this case, permanent bonders would also make a negative contribution to division earnings in the future. In addition, other product lines could be negatively affected by this. Thus, research institutes and universities in particular, but also customers in the MEMS area, expect that they will be able to obtain Mask Aligners, Coaters / Developers, and Permanent Bonders from one supplier. Should we not succeed in establishing our permanent bonding systems in the market on a sustainable basis, lower sales would also be conceivable in the Coater / Developer and Mask Aligner product lines.

Also in the area of temporary bonding, we could achieve important milestones in 2014 on the way to high-volume production. In general, 3D integration is still not used for high-volume production by our customers. In addition, there is the risk that other technologies and processes will gain popularity in the market than the ones that are being developed and offered by SUSS MicroTec. The success of our temporary bonding and de-bonding technology depends decisively on whether the technologies and processes we have developed gain popularity in the market and whether 3D integration establishes itself in industrial-scale manufacturing and production. Only through the sale of high quantities will we be able to improve our margins in the Substrate Bonder division and achieve sustainable positive earnings.

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

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. The liability risk for SUSS MicroTec may increase given the use of the products in the manufacturing environment of companies with rising demands on product quality. In addition to other types of insurance, SUSS MicroTec also has product liability insurance for the Group. This limits as much potential risk as possible. The suitability of these insurance policies, which also protect the Group companies, are reviewed regularly regarding the covered risks and coverage amounts and modified if necessary. In addition, we also endeavor to include the limitations of liability in contracts with all contractual partners.

Information Technology Risks

We fundamentally view our IT infrastructure as well constructed and we believe that we have taken adequate precautions to prevent data manipulation, data loss, or data misuse. In addition, we routinely invest in new hardware and software in order to minimize the failure of IT systems and software solutions. With virus scanners and virus protection programs, which are continually updated, we protect our IT systems from damage and unauthorized access. Nevertheless, we cannot exclude the possibility of data manipulation, data loss, or data misuse in individual cases. It is also conceivable that new viruses or Trojans which are not detected by our security programs could penetrate our IT systems.

Financial Risks

Credit risks

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

Of the gross amount of accounts receivable totaling € 13.7 million (previous year: € 12.9 million), a total of € 9.5 million (previous year: € 6.1 million) was neither overdue nor impaired as of the reporting date. As of December 31, 2014, there were no indications of payment defaults occurring.

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

in € thousand	2014	2013
Age structure of overdue receivables without impairment		
1 – 30 days	2,448	2,232
31 – 60 days	546	294
61 – 90 days	626	1,038
91 – 180 days	116	226
Overdue receivables without impairment	**3,736**	**3,790**

As of the reporting date, a total of € 0.5 million (previous year: € 3.0 million) of the gross inventory of receivables was overdue and impaired. The gross amount of the previous year takes into account receivables of € 1.1 million for two special customer projects, for which the contractually guaranteed specifications could not be achieved.

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

in € thousand	2014	2013
Age structure of overdue receivables with impairment		
< 91 days	0	73
91 – 180 days	179	767
181 – 360 days	36	1,404
> 360 days	250	765
Overdue receivables with impairment	**465**	**3,009**

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

Liquidity risks
As of the end of the year, SUSS MicroTec Group held net cash of € 38.0 million (previous year: € 35.7 million). Free cash flow in the previous financial year (adjusted for the effects of securities purchases and sales) totaled € 2.1 million (previous year: € 4.1 million).

A loan agreement exists between SUSS MicroTec AG and IKB Deutsche Industriebank AG in order to finance the business property in Garching. The loan was originally valued at € 7.5 million. It was made available and drawn down on December 16, 2013 and features a term lasting until June 30, 2021. Another loan agreement exists between SUSS MicroTec AG and a local cooperative bank in order to finance the business property in Sternenfels. The loan was originally valued at € 4.5 million. It was made available and drawn down on July 6, 2010 and has a term lasting until June 30, 2020. As of December 31, 2014, the SUSS MicroTec Group recognized bank borrowings of € 10.3 million for both of these loans. The annual repayment of both loans will amount to € 1.2 million per year in the coming years. In addition, normal bank interest will be charged for both loans.

The SUSS MicroTec Group has access to credit and guarantee lines with national and international banks and insurance companies totaling € 8.0 million. Three banks forming a bank consortium are providing credit and guarantee lines totaling € 4.5 million to SUSS MicroTec Lithography GmbH. These credit and guarantee lines are granted until further notice. An additional credit line of € 1.0 million is available to SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition, a bond line of € 2.5 million exists in connection with a bond insurance agreement. The line can be used by SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH. At present, the Company is making use of these credit and guarantee lines in order to offer down payment guarantees in the operational business. As of December 31, 2014, only € 3.5 million of these credit and guarantee lines are being utilized in the form of guarantees.

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

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

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

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

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

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

OVERALL ASSESSMENT

No risks that threaten the Company's continued existence were identified in the Group in the 2014 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

An overview of the main risks for the SUSS MicroTec Group are presented in the following table. The risks were valued according to the likelihood of occurrence and the potential financial impact (as measured by the amount of the possible liquidity outflow).

	Likelihood					Impact				
	very low	low	medium	high	very high	negligible	marginal	serious	critical	threatening the existence
	0% to ≤ 5%	>5% to ≤ 10%	> 10% to ≤ 25%	> 25% to ≤ 50%	> 50% to ≤ 100%	€ 0 to ≤ € 20 k	> € 20 k to ≤ € 500 k	> € 500 k to ≤ € 2 mill.	> € 2 mill. to ≤ € 10 mill.	> € 10 mill. to ≤ € 20 mill.
Macroeconomic Risks										
Negative Impacts due to Changes in the Currency Market			X					X		
Development-Specific Risks										
Product Policy, Customer Satisfaction				X					X	
Insufficient Innovativeness, Failed Development Projects				X					X	
Loss of Market Leadership in Individual Areas			X						X	
Operating Risks										
Sales Drop with Mask Aligners	X							X		
Loss of Market Shares for Coaters				X					X	
No Profitability of UV Projection Lithography Systems and Laser Processing Tools			X					X		
Permanent Bonding – Market Share cannot be increased			X					X		
Temporary Bonding – Technology developed by SUSS MicroTec cannot be established in the Market			X					X		
Product Liability	X							X		
Information Technology Risks										
Data Security			X				X			

Forecast Report

According to the "autumn 2014 joint economic forecast" of leading German economic research institutes, the global recovery lost momentum slightly and the world economy expanded in the reported year only at a moderate pace. For the coming quarters, an improved economic environment and therefore more growth is forecast. After the world economy prospectively grew by 3.4% in 2014, a slight acceleration to 3.7% is assumed for 2015 (Kiel Institute for the World Economy). An important part of the recovery will stem from the advanced economies, while the dynamic here will continue to differ significantly between individual countries and regions. The USA will be able to display the strongest growth in the advanced economies with an expected gain of 3.2% in 2015.

In comparison, modest 1.2% growth is forecast for the entire eurozone for 2015. Along with the long-term effects of the debt crisis and the efforts at budget consolidation, Europe is suffering from the geopolitical situation – particularly from the ongoing Russia-Ukraine conflict. The overall economic dynamic in Europe will remain moderate for the time being. The revival that has been expected for a long time has not manifested itself yet and the economic forecast institutes were gradually forced to correct their forecast downward. In particular, the indicators in France and Italy are poor for economic confidence, according to the autumn 2014 report. Time will tell what the long-term economic impact of the lower oil price and the current euro weakness in Europe will be. However, the reignited fear of terrorist attacks, as happened in Paris in January, will have a negative effect.

For Germany, the Kiel Institute for the World Economy expects a slight upward trend for the coming two years. For 2015 and 2016, gross domestic product growth of 1.7% and 1.9%, respectively, is expected. This upturn is driven primarily by domestic demand, particularly by private consumption. The collapse of the oil price is leading to a significant increase in purchasing power, at least temporarily. In addition, the continued favorable financing environment and an expected – partially currency related – revival of exports are playing an important role.

SEMICONDUCTOR INDUSTRY

The entire semiconductor market grew by 7.9% in the reported fiscal year. The total volume rose from US$ 315.0 billion in 2013 to approximately US$ 339.8 billion last year (source: Gartner, January 2015). Growth was driven by continued strong demand for DRAM memory chip components. Here, the significant surplus demand combined with stable prices already had a positive effect on the development of the semiconductor market in the previous year.

For the 2015 fiscal year, Gartner analysts expect another rise in demand in the semiconductor sector. The market should grow by an additional 5.8% in 2015. The primary growth drivers will remain DRAM chips for smartphones and tablet computers. The performance of the PC market was subdued in 2014, as expected, but is indicating a clear trend toward stability after several difficult years.

As has been shown in recent years, the precision of the forecast is very limited due to the special features and pronounced cyclical nature of the semiconductor sector. Therefore, several estimates of the market research institutes as of the end of 2014 also differ significantly compared to those at the beginning of the year. Against this backdrop, the following discussions involve estimates made on the basis of information available at the current time, but they do not provide a guarantee that the forecasts will actually materialize.

SEMICONDUCTOR EQUIPMENT INDUSTRY

After a significant decline in 2013, the semiconductor equipment market was able to resume growth in the 2014 fiscal year. The entire market segment grew from approximately US$ 31.82 billion to US$ 37.97 billion, corresponding to an increase of 19.3%. The US equipment market showed the most significant rebound with a gain of more than 57%, along with the European market with a gain of 38%. For 2015, the SEMI industry association expects additional growth of approximately 15%. A substantial part of the demand will continue to come from Taiwan, South Korea, and the region of North America.

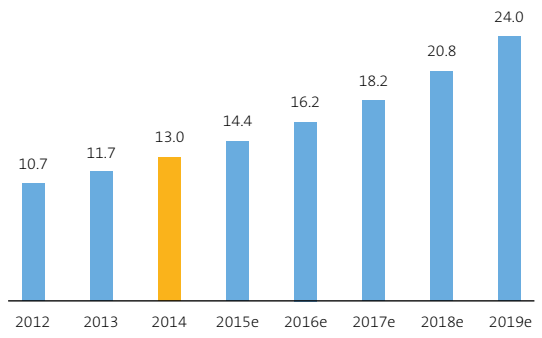
EXPECTED DEVELOPMENT ON THE MAJOR MARKETS

MICROELECTROMECHANICAL SYSTEMS (MEMS)

The market for microelectromechanical systems has developed very dynamically in recent years and will continue to grow rapidly, at least in terms of volume growth. The market researchers from Yole, for example, expect average annual volume growth (CAGR) of 20% in the MEMS industry sector until 2019. However, this is offset by the projected pricing pressure, which will amount to approximately 7% per year, according to Yole. This results in MEMS market growth of approximately 13% annually until 2019. The most rapidly growing industry sectors are expected to be the areas of consumer electronics and medical technology.

If one analyzes the impact of this development on equipment manufacturers, it becomes clear that growth for tool builders – and thus also for SUSS MicroTec – will fall short of the 13% market growth. The main reasons for this are pricing pressures, which are passed along by the MEMS manufacturers, and continually demanded improvements of tools in order to increase throughput and yield. The MEMS market will remain a very attractive business for SUSS MicroTec in the future, but the high growth rates, such as with MEMS unit volume, will not be reached in the equipment market.

Market for MEMS in USD billion



Source: Yole, April 2014

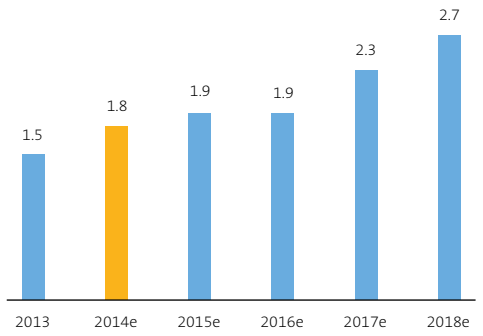
ADVANCED PACKAGING AND 3D INTEGRATION

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

Aside from shorter connecting paths and faster connecting speeds, another advantage is reduced space requirements, which play an important role in smartphones, tablet computers, ultrabooks, and smartwatches. Furthermore, the sleek form factors of many modern devices could not be achieved without advanced packaging technologies.

According to an analysis of the Gartner market research institute, the market for wafer level packaging and assembly equipment grew in 2014 by 19.4% to approximately US$ 1.8 billion. In a study from January 2015, Gartner expected weaker growth of 8.9% in 2015 to a total volume of approximately US$ 1.9 billion. For 2016, market volume is projected to decline slightly.

Market for Wafer Level Packaging and Assembly Equipment in USD billion

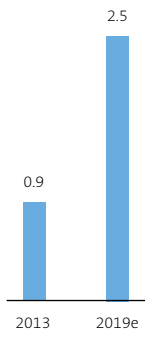


Source: Gartner, January 2015

3D integration is a refinement of today's large-scale use of advanced packaging technologies. In the process, thinned microchips are stacked on top of each other and connected by means of Thru Silicon Vias (TSVs). The decisive advantages are the high packing density and enormous complexity that can be achieved in the smallest space. Through 3D integration, it is also possible to integrate various options, such as memory and processor, in one package. According to the Yole market research institute, the year 2015 will have a special significance. Thus, market analysts expect that in this year initial orders could be placed for the transition to volume production, following the announcement in 2014 by various memory chip manufacturers of their entry into preserial production or the production of prototypes. The next step will be the market entry of manufacturers of logic components.

With its solutions for thin wafer handling, particularly for temporary bonding, SUSS MicroTec offers an enabling technology that is used extensively in 3D integration. The Company is continuously working on modifying the technology and processes in such a way that the tools achieve the highest possible throughput and a simultaneous high yield. The growth outlook in the advanced packaging and 3D integration market segment is particularly attractive with an expected average annual growth of more than 20%.

Global equipment market forecast for 3D-IC and Wafer Level Packaging in USD billion



Source: Yole, November 2014

COMPOUND SEMICONDUCTORS (LEDS)

Except for the years 2010 and 2011, the market for compound semiconductors (LED) has always played a rather subordinate role for SUSS MicroTec. The share of total sales of the Company in the 2014 fiscal year was well below 10% and from today's perspective a renewed and noteworthy increase in the share is not anticipated. The main reason for this is increased competition, particularly from China. Here, equipment suppliers can deliver adequate quality for the LED market at much more favorable prices than SUSS MicroTec. SUSS MicroTec focuses on technologically demanding niche markets, which are much less price sensitive. Overall, the Yole market research institute expects that the equipment market for LEDs will grow further in 2015 and 2016, but assumes a significant decline in the market volume for equipment beginning in 2017.

ENDOGENOUS INDICATORS

Along with the development in the target markets, innovative potential is decisive for business success. In the 2014 fiscal year, SUSS MicroTec entered into important cooperative development agreements with well-known partners from industry and research. A notable example here is the expansion of the joint development agreement with IBM, which we announced in a press release in January 2014. Aside from innovation potential, customer satisfaction is an additional success factor. Due to the extraordinary achievements of SUSS MicroTec employees, the Company was also able to obtain important orders from Asian packaging houses as well as the designation of preferred supplier of the NANIUM firm in the 2014 fiscal year.

On the product side, we were able to introduce important new product generations from SUSS MicroTec Photonic Systems to the market in the 2014 fiscal year. This included the launch of the second generation of the DSC300 projection scanner. Equipped with a full-field mask and broadband projection optics, the scanner exposes the wafer in a single exposure step (scan). Additional functions, such as the exposure of substrate edges, are already being integrated into the design of the mask layout. This is an important step before carrying out additional processing steps. The second generation of projection scanners has been enhanced with improvements and new features to meet the latest overlay, resolution, and automation requirements of emerging advanced packaging applications like Cu pillar bumping and Wafer Level Chip Scale Packaging (WLCSP). With DSC300 Gen2 and Mask Aligner MA300 Gen2, SUSS MicroTec now offers two complementary lithography solutions that enable the customer to optimize price and performance.

One of our most important markets, the wafer level packaging industry, has long sought alternative technologies to manufacture vias that enable the development of higher performance packages. SUSS MicroTec is addressing these requirements with the market launch of the Excimer Laser Stepper ELP300 since organic polymers, which offer advantages in terms of their mechanical, physical, thermal, and chemical properties, can be used with excimer laser ablation. The Company is expecting substantial growth potential from both of these technologies.

Over the course of 2014, additional important product innovations were launched in the market, including two new generations of Mask Aligners, the MA200 Gen3 and the MA12. In the Substrate Bonder division, ELD 300, an innovative laser debonder for 3D integration, was introduced to the market. In addition, in fall 2014, SB6 / 8 Gen2, a new semi-automatic permanent wafer bonder, was launched in the market.

In the 2014 fiscal year, much was achieved on the product side, but without the commitment and creativity of employees at all sites, these achievements would not have been possible. Only the personal commitment of each and every employee makes the Company what it is: a leading supplier of products and solutions in the semiconductor and semiconductor-related industry.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP – OUTLOOK FOR 2015

Based on the order backlog as of the end of 2014 and the expected order entry development for the first half of 2015, the Company forecasts sales for the current fiscal year in the range of between € 130 million and € 140 million and balanced earnings (EBIT). A substantial reason for the expected reduction in earnings compared to 2014 are the clearly increased expenses for research and development. Order entry in the amount of € 25 – 35 million is expected for the first quarter of the financial year 2015. We expect that order entry for the whole financial year 2015 will reach a similar level as in 2014. Free cash flow for 2015 is anticipated to be slightly negative.

The Lithography division will once again provide the largest share of sales and earnings for the Group in the 2015 financial year. On the basis of the order backlog booked at the end of 2014 and the order entry expectations for the first quarter of 2015, we anticipate virtually no change to a slight decline in sales compared to 2014. Due to the increased expenses for research and development, we assume a reduced EBIT in the single digit million euro range compared to the previous year. In the Substrate Bonder segment, we expect a decline in sales compared to the previous year since the Permanent Bond Cluster product line was stopped due to the refocusing in the Permanent Bonding area. Earnings will prospectively once more move to the negative mid-digit million euro range. In the coming year, the sales in the Photomask Equipment division will lie on a similar level as in the previous year, and the division will show a positive EBIT. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

FORWARD-LOOKING STATEMENTS

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

Garching, Germany, March 10, 2015

Michael Knopp
Chief Financial Officer
(Speaker of the
Management Board)

Walter Braun
Chief Operating Officer

CONSOLIDATED FINANCIAL STATE-MENTS (IFRS)

of SUSS MicroTec AG
for the 2014 fiscal year

Consolidated Statement of Income (IFRS) **66**

Statement of Comprehensive Income (IFRS) **67**

Consolidated Balance Sheet (IFRS) **68**

Consolidated Statement of Cash Flows (IFRS) **70**

Consolidated Statement of Changes in Shareholders' Equity (IFRS) **72**

Fixed Assets Movement Schedule 2014 **74**

Fixed Assets Movement Schedule 2013 **76**

Segment Reporting (IFRS) **78**

Notes to the Consolidated Financial Statements (IFRS) **80**

- Comments on the IFRS Consolidated Statement of Income 90
- Explanations on the Assets Side 97
- Explanations on the Equity & Liabilities Side 100
- Other Disclosures 108

Responsibility Statement by the Legal Representatives **121**

Auditors' Report **122**

Glossary **123**

Service **128**

Consolidated Statement of Income (IFRS)

in € thousand	Note	01/01/2014–12/31/2014	01/01/2013–12/31/2013
Sales	(3)	145,331	134,508
Cost of sales	(4)	-96,519	-112,724
Gross profit		**48,812**	**21,784**
Selling costs		-17,520	-17,493
Research and development costs		-10,490	-10,186
Administration costs		-14,189	-14,976
Other operating income	(5)	4,478	5,501
Other operating expenses	(6)	-2,695	-4,053
Analysis of net income from operations (EBIT):			
EBITDA (Earnings before interest and taxes, depreciation and amortization)		12,645	-13,400
Depreciation and amortization of tangible assets, intangible assets and financial assets	(10)	-4,249	-6,023
Net income from operations (EBIT)		**8,396**	**-19,423**
Financial income		349	464
Financial expenses		-545	-597
Financial result	**(7)**	**-196**	**-133**
Profit / loss before taxes		**8,200**	**-19,556**
Income taxes	(8)	-3,587	3,584
Net profit / loss		**4,613**	**-15,972**
thereof equity holders of SUSS MicroTec AG		4,613	-15,972
thereof non-controlling interests		0	0
Earnings per share (basic)	**(9)**		
Earnings per share in €		0.24	-0.84
Earnings per share (diluted)	**(9)**		
Earnings per share in €		0.24	-0.84

Statement of Comprehensive Income (IFRS)

in € thousand	01/01/2014–12/31/2014	01/01/2013–12/31/2013
Net profit/loss	**4,613**	**-15,972**
Items that will not be reclassified to profit and loss		
Remeasurements on defined benefit pension plans	-982	-89
Deferred taxes	199	6
Other comprehensive income after tax for items that will not be reclassified to profit and loss	**-783**	**-83**
Items that will be reclassified to profit and loss in later periods		
Fair value fluctuations of available for sale securities	-19	-218
Foreign currency adjustment	2,918	-1,657
Cash flow hedges	-144	163
Deferred taxes	53	7
Other comprehensive income after tax for items that will be reclassified to profit and loss	**2,808**	**-1,705**
Total income and expenses recognized in equity	**2,025**	**-1,788**
Total income and expenses reported in the reporting period	**6,638**	**-17,760**
thereof equity holders of SUSS MicroTec AG	6,638	-17,760
thereof non-controlling interests	0	0

Consolidated Balance Sheet (IFRS)

Assets in € thousand	**Note**	**12/31/2014**	**12/31/2013**
Noncurrent assets		**44,718**	**46,995**
Intangible assets	(11)	4,471	4,517
Goodwill	(12)	15,546	15,318
Tangible assets	(13)	20,198	20,906
Tax refund claims	(19)	50	65
Other assets	(14)	563	522
Deferred tax assets	(8)	3,890	5,667
Current assets		**123,246**	**132,872**
Inventories	(15)	58,883	71,133
Trade receivables	(16)	13,390	11,073
Other financial assets	(17)	204	320
Securities	(18)	1,026	2,072
Tax refund claims	(19)	725	721
Cash and cash equivalents		47,309	45,059
Other assets	(20)	1,709	2,494
Total assets		**167,964**	**179,867**

Liabilities & Shareholders' Equity in € thousand	**Note**	**12/31/2014**	**12/31/2013**
Equity		**116,070**	**109,432**
Total equity attributable to shareholders of SUSS MicroTec AG		116,070	109,432
Subscribed capital	(21)	19,116	19,116
Reserves	(21)	98,584	93,971
Accumulated other comprehensive income	(21)	-1,630	-3,655
Noncurrent liabilities		**13,929**	**14,613**
Pension plans and similar commitments	(22)	4,751	3,760
Provisions	(23)	29	62
Financial debt	(24)	9,100	10,280
Other financial liabilities	(25)	49	496
Deferred tax liabilities	(8)	0	15
Current liabilities		**37,965**	**55,822**
Provisions	(26)	3,238	5,939
Tax liabilities	(29)	1,495	651
Financial debt	(24)	1,187	1,191
Other financial liabilities	(27)	5,807	6,366
Trade payables		3,446	5,563
Other liabilities	(28)	22,792	36,112
Total liabilities and shareholders' equity		**167,964**	**179,867**

Consolidated Statement of Cash Flows

in € thousand	01/01/2014–12/31/2014	01/01/2013–12/31/2013
Net profit/loss (after taxes)	4,613	-15,972
Amortization of intangible assets	1,515	3,464
Depreciation of tangible assets	2,734	2,558
Profit/loss on disposal of intangible and tangible assets	6	68
Profit/loss on disposal of available for sale securities	0	8
Change of reserves on inventories	-177	10,465
Change of reserves for bad debts	-1,493	1,198
Non-cash income from the reversal of provisions	-512	-10
Other non-cash effective income and expenses	-340	1,531
Change in inventories	14,030	-145
Change in trade receivables	362	8,187
Change in other assets	860	-293
Change in pension provisions	991	-359
Change in trade payables	-2,199	-900
Change in down payments received	-13,110	13,575
Change in other liabilities and other provisions	-4,521	-2,339
Change of tax refund claims and tax liabilities	2,324	-4,729
Cash flow from operating activities	**5,083**	**16,307**

in € thousand	01/01/2014–12/31/2014	01/01/2013–12/31/2013
Disbursements for the acquisition of property in Garching (land and buildings)	0	-8,939[1]
Disbursements for other tangible assets	-1,766	-2,679
Disbursements for intangible assets	-1,190	-588
Purchases of current available for sale securities	1,028	9,097
Cash flow from investing activities	**-1,928**	**-3,109**
Proceeds from bank loans	0	7,500
Repayment of bank loans	-1,180	-180
Repayment of promissory notes	0	-97
Change in current bank liabilities	-4	-21
Cash flow from financing activities	**-1,184**	**7,202**
Adjustments to funds caused by exchange rate fluctuations	279	-533
Change in cash and cash equivalents	**2,250**	**19,867**
Funds at the beginning of the year	**45,059**	**25,192**
Funds at the end of the period	**47,309**	**45,059**
Cash flow from operating activities includes:		
Interest paid during the period	427	189
Interest received during the period	309	592
Tax paid during the period	1,179	1,146
Tax refunds during the period	63	41

[1] The amount for 2013 comprises the purchase price of € 8,600 thousand and ancillary costs of € 339 thousand.

Consolidated Statement of Changes in Shareholders' Equity (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	Earnings reserve	Retained earnings
As of 01/01/2013	**19,116**	**97,614**	**433**	**11,896**
Net income/loss				-15,972
Total income and expenses recognized in equity				
Total comprehensive income/loss				-15,972
As of 12/31/2013	**19,116**	**97,614**	**433**	**-4,076**
As of 01/01/2014	**19,116**	**97,614**	**433**	**-4,076**
Net income/loss				4,613
Total income and expenses recognized in equity				
Total comprehensive income/loss				4,613
As of 12/31/2014	**19,116**	**97,614**	**433**	**537**

	Accumulated other comprehensive income						Total equity attributable to shareholders of SUSS MicroTec AG	Non-controlling interests	Equity
	Items that will not be reclassified to profit and loss		Items that will be reclassified to profit and loss in later periods						
	Remeasurements on defined benefit pension plans	Deferred taxes	Foreign currency adjustment	Cash flow hedges	Fair value fluctuations of available for sale securities	Deferred taxes			
	-1,242	**327**	**-768**	**-505**	**248**	**73**	**127,192**	**0**	**127,192**
							-15,972	0	-15,972
	-89	6	-1,657	163	-218	7	-1,788	0	-1,788
	-89	6	-1,657	163	-218	7	-17,760	0	-17,760
	-1,331	**333**	**-2,425**	**-342**	**30**	**80**	**109,432**	**0**	**109,432**
	-1,331	**333**	**-2,425**	**-342**	**30**	**80**	**109,432**	**0**	**109,432**
							4,613		4,613
	-982	199	2,918	-144	-19	53	2,025		2,025
	-982	199	2,918	-144	-19	53	6,638	0	6,638
	-2,313	**532**	**493**	**-486**	**11**	**133**	**116,070**	**0**	**116,070**

Fixed Assets
Movement Schedule 2014

The fixed assets movement schedule is part of the notes to the consolidated financial statements.

	Acquisition and manufacturing costs				
in € thousand	01 / 01 / 2014	Translation adjustment	Additions	Reclassifications	Disposals
I. Intangible assets					
1. Concessions, intellectual property rights	16,729	178	1,145	0	828
2. Development costs	29,360	91	45	0	95
3. Capitalized leased property					
Software	166	-1	0	0	0
4. Other intangible assets	2,840	249	0	0	0
	49,095	**517**	**1,190**	**0**	**923**
II. Goodwill	**29,731**	**228**	**0**	**0**	**4,426**
III. Tangible assets					
1. Land, buildings, fixtures	16,482	112	447	37	156
2. Technical equipment and machinery	8,767	313	569	0	4
3. Other equipment, office and plant furnishings	9,887	85	734	14	307
4. Motor vehicles	400	7	14	0	0
5. Facilities under construction	52	0	2	-52	0
6. Capitalized leased property					
Land, buildings, fixtures	0	0	0	0	0
Technical equipment and machinery	610	43	0	0	52
Other equipment, office and plant furnishings	18	0	0	0	0
Fleet of cars	26	0	0	0	0
	36,242	**560**	**1,766**	**-1**	**519**
IV. Financial assets					
Other investments	2,263	0	0	0	143
	2,263	**0**	**0**	**0**	**143**

	Depreciation and amortization							Net book value	
	12/31/2014	**01/01/2014**	**Translation adjustment**	**Additions**	**Reclassifications**	**Disposals**	**12/31/2014**	**12/31/2013**	**12/31/2014**
	17,224	14,431	88	801	0	828	14,492	2,298	2,732
	29,401	28,567	91	456	0	95	29,019	793	382
	165	166	-1	0	0	0	165	0	0
	3,089	1,414	60	258	0	0	1,732	1,426	1,357
	49,879	**44,578**	**238**	**1,515**	**0**	**923**	**45,408**	**4,517**	**4,471**
	25,533	**14,413**	**0**	**0**	**0**	**4,426**	**9,987**	**15,318**	**15,546**
	16,922	2,019	57	617	0	156	2,537	14,463	14,385
	9,645	4,659	132	1,176	0	3	5,964	4,108	3,681
	10,413	7,660	57	917	0	302	8,332	2,227	2,081
	421	359	4	14	0	0	377	41	44
	2	0	0	0	0	0	0	52	2
	0	0	0	0	0	0	0	0	0
	601	607	43	3	0	52	601	3	0
	18	18	0	0	0	0	18	0	0
	26	14	0	7	0	0	21	12	5
	38,048	**15,336**	**293**	**2,734**	**0**	**513**	**17,850**	**20,906**	**20,198**
	2,120	2,263	0	0	0	143	2,120	0	0
	2,120	**2,263**	**0**	**0**	**0**	**143**	**2,120**	**0**	**0**

Fixed Assets
Movement Schedule 2013

The fixed assets movement schedule is part of the notes to the consolidated financial statements.

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

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

Segment Reporting (IFRS)
Segment Information by Business Segment

The Segment Reporting is part of the notes to the consolidated financial statements.

	Lithography		Substrate Bonder	
in € thousand	**2014**	**2013**	**2014**	**2013**
External Sales	96,719	88,305	22,436	22,854
Internal Sales	0	0	0	0
Total Sales	**96,719**	**88,305**	**22,436**	**22,854**
Result per segment (EBIT)	10,661	3,156	-2,435	-21,687
Income before taxes	10,618	2,821	-2,439	-21,689
Significant non-cash items	-1,169	240	2,851	-12,019
Segment assets	68,139	67,872	10,243	21,764
thereof goodwill	15,546	15,318	0	0
Unallocated assets				
Total assets				
Segment liabilities	-17,801	-23,567	-2,435	-13,445
Unallocated liabilities				
Total liabilities				
Depreciation and amortization	1,979	2,093	349	2,098
thereof scheduled	1,979	2,093	349	942
thereof impairment loss	0	0	0	1,156
Capital expenditure	**979**	**523**	**178**	**98**
Workforce on December 31	413	404	95	99

Segment Information by Region

	Sales		Capital expenditure		Assets (without goodwill)	
in € thousand	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
EMEA	42,740	41,258	2,708	11,925	76,649	86,526
North America	21,472	22,577	196	145	16,829	15,464
Japan	10,171	5,196	8	55	955	3,055
Rest of Asia	70,948	65,477	44	81	2,788	2,652
Consolidation effects	0	0	0	0	-278	-66
Total	**145,331**	**134,508**	**2,956**	**12,206**	**96,943**	**107,631**

	Photomask Equipment		Other		Consolidation effects		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	20,763	18,438	5,413	4,911	–	–	145,331	134,508
	0	0	4,979	5,870	-4,979	-5,870	0	0
	20,763	**18,438**	**10,392**	**10,781**	**-4,979**	**-5,870**	**145,331**	**134,508**
	4,707	1,557	-4,537	-2,449	–	–	8,396	-19,423
	4,702	1,552	-4,681	-2,240	–	–	8,200	-19,556
	415	-781	-1,190	-237	–	–	907	-12,797
	12,673	12,518	21,434	20,795	–	–	112,489	122,949
	0	0	0	0	–	–	15,546	15,318
							55,475	56,918
							167,964	**179,867**
	-8,974	-8,880	-2,142	-2,287	–	–	-31,352	-48,179
							-20,542	-22,256
							-51,894	**-70,435**
	168	299	1,753	1,533	–	–	4,249	6,023
	168	299	1,753	1,533	–	–	4,249	4,867
	0	0	0	0	–	–	0	1,156
	269	**136**	**1,530**	**11,449**	**–**	**–**	**2,956**	**12,206**
	97	100	54	52	–	–	659	655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

of SUSS MicroTec AG for the 2014 fiscal year

(1) DESCRIPTION OF BUSINESS ACTIVITY

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION

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

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

The consolidated financial statements and the Group Management Report for the year ending on December 31, 2014 will be submitted to and published in the electronic Federal Gazette.

B) STANDARDS AND INTERPRETATIONS THAT HAVE BEEN APPLIED FOR THE FIRST TIME

As of December 31, 2014, SUSS MicroTec AG applied IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," and IFRS 12 "Disclosure of Interests in Other Entities" in the consolidated financial statements for the first time. The subsequent revisions to IAS 27 (2011) "Separate Financial Statements" and IAS 28 (2011) "Investments in Associates and Joint Ventures" were also applied in the consolidated financial statements for the first time as of December 31, 2014. IFRS 10 creates a uniform definition for the concept of control and thus also a uniform basis for the existence of a parent-subsidiary relationship and the associated definition of the scope of consolidation. IFRS 11 governs the accounting for situations in which one entity exercises joint control over a joint venture or a joint operation. IFRS 12 indicates the disclosures on business combinations in the consolidated financial statements (new IFRS 10) and joint arrangements (new IFRS 11).

In the consolidated financial statements as of December 31, 2014, SUSS MicroTec AG also applied the amended IAS 32 "Financial Instruments: Presentation," the revised IAS 36 "Impairment of Assets," and the revised IAS 39 "Financial Instruments: Recognition and Measurement" for the first time. The amendment to IAS 32 governs the offsetting of financial instruments. The revisions to IAS 36 regard the disclosure of the recoverable amount for non-financial assets. The revisions to IAS 39 deal with novations of derivatives.

The initial application of the specified standards had no material impact on the consolidated financial statements.

C) STANDARDS AND INTERPRETATIONS THAT HAVE NOT BEEN APPLIED PRIOR TO THE MANDATORY APPLICABLE DATE

The IASB has published the following standards and amendments to existing standards, which are still awaiting endorsement in EU law:

IFRS 9: "Financial Instruments"

In November 2009, the IASB published an initial version of the new standard IFRS 9 "Financial Instruments" on the classification and measurement of financial assets. Following several refinements and revisions, the IASB published the final version of the standard on July 24, 2014.

IFRS 9 "Financial Instruments" contains guidelines for the recognition, measurement, and derecognition of financial instruments as well as for hedge accounting. The previous accounting of financial instruments under IAS 39 "Financial Instruments: Recognition and Measurement" can now be completely replaced by accounting under IFRS 9.

The key requirements of the final IFRS 9 can be summarized as follows:

- Compared with IAS 39, the rules of IFRS 9 provide for a new classification model for financial assets. The subsequent measurement of financial assets will be conducted according to three categories with different measures of value and a different recognition of changes in value.
- For financial liabilities, the existing guidelines of IAS 39 were adopted by IFRS 9 almost unchanged. The only significant update involves the fair value option for financial liabilities.
- IFRS 9 provides for three stages that will determine the amount of recognized losses and interest collection in the future.
- In addition to comprehensive transitional requirements, IFRS 9 is also tied to comprehensive disclosure requirements both during transition and ongoing application.

The new IFRS 9 will presumably be applicable to all fiscal years beginning on or after January 1, 2018.

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

IFRS 11: "Joint Arrangements"

On May 6, 2014, IASB published revisions to IFRS 11 "Joint Arrangements" regarding accounting for the acquisition of shares in a joint operation, which represents a business operation in the spirit of IFRS 3 "Business Combinations." In such cases, the acquirer should apply the accounting principles for business combinations in accordance with IFRS 3. In addition, the disclosure requirements of IFRS 3 apply in these cases.

The revisions are applicable to the fiscal years beginning on or after January 1, 2016. An earlier application is permitted.

SUSS MicroTec does not expect any effects from initial application of the revisions if they are endorsed by the EU in this form.

IFRS 15: "Revenue from contracts with customers"

On May 28, 2014, the IASB published the new IFRS 15 "Revenue from Contracts with Customers," which prescribes when and in what amount revenue is to be recognized. The new standard also requires the disclosure of additional information on contracts with customers. IFRS 15 should be applied generally to all contracts with customers. Exceptions are made for the following contracts:

- Leases that fall under IAS 17.
- Financial instruments and other legal rights and obligations that fall under IFRS 9, IFRS 10, IFRS 11, IAS 27, or IAS 28.
- Insurance contracts in the scope of IFRS 4; and
- Non-financial swap transactions between companies in the same sector, which aim to ease sales to customers or potential customers.

In contrast to the current valid guidelines, the new standard provides for a single, principle-based five-stage model, which is applicable to all contracts.

The revisions are applicable to the fiscal years beginning on or after January 1, 2017.

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

IAS 16 "Property, Plant and Equipment" und IAS 38 "Intangible Assets"

On May 12, 2014, IASB published changes to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets." The changes clarify that sales-based depreciation methods for property, plant and equipment and intangible assets is essentially inappropriate.

The revisions are applicable to the fiscal years beginning on or after January 1, 2016.

SUSS MicroTec does not expect any effects from initial application of the revisions if they are endorsed by the EU in this form.

Amendments to IAS 1 – "Disclosure Initiative"

On December 18, 2014, IASB published revisions to IAS 1 in the scope of the "Disclosure Initiative," which should limit an excessively restrictive reading of the standard in regards to the disclosure requirements regulated in IAS 1 and should enable proper discretionary decisions.

The revisions are applicable to the fiscal years beginning on or after January 1, 2016.

SUSS MicroTec does not expect any effects from initial application of the revisions if they are endorsed by the EU in this form.

Annual improvements of the IFRS – 2012 to 2014 cycle

On September 25, 2014, IASB published annual improvements of the IFRS – 2012 to 2014 cycle. The amendments are mandatory for fiscal years beginning on or after January 1, 2016.

SUSS MicroTec does not expect any effects from initial application of the revisions if they are endorsed by the EU in this form.

The EU Commission has already adopted the following new and amended standards into EU law, but they are not mandatory for the fiscal year 2014. An application of the new and amended standards is foreseen beginning with the obligatory initial application deadlines. The new and amended standards have not been applied early.

IAS 19 "Employee Benefits"

On November 21, 2013, the IASB published revisions to IAS 19 "Employee Benefits," which clarifies how to account for employee contributions or the contributions of third parties to defined benefit plans.

Decree 2015 / 29 was announced in the Official Gazette of the European Union dated December 17, 2014. With it, the amendments to IAS 19 published by IASB were adopted.

The revised IFRS 19 is mandatory for all fiscal years beginning on or after July 1, 2014.

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

Annual improvements of the IFRS – 2011 to 2013 cycle

On December 12, 2013, IASB published annual improvements of the IFRS – 2011 to 2013 cycle. Decree 1361 / 2014 was announced in the Official Gazette of the European Union dated December 18, 2014. With it, the annual improvements published by IASB were adopted. The amendments are mandatory for fiscal years beginning on or after July 1, 2014.

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

Annual improvements of the IFRS – 2010 to 2012 cycle

On December 12, 2013, IASB published annual improvements of the IFRS – 2010 to 2012 cycle. Decree 2015 / 28 was announced in the Official Gazette of the European Union dated December 17, 2014. With it, the annual improvements published by IASB were adopted. The amendments are mandatory for fiscal years beginning on or after July 1, 2014.

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

IFRIC 21 "Levies"

On May 20, 2013, IASB published the new IFRIC 21 "Levies," which contains the regulations for the accounting of payment obligations for public levies which do not constitute levies in the sense of IAS 12 "Income Taxes." Decree 634/2014 was announced in the Official Gazette of the European Union dated June 13, 2014. With it, the interpretation was adopted. The amendments are mandatory for fiscal years beginning on or after July 17, 2014.

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

D) SIGNIFICANT ACCOUNTING POLICIES

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

Goodwill

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

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

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

Other intangible assets

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

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

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

Tangible Assets

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

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

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

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

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

Impairment of intangible assets and depreciation of tangible assets

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

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

Inventories

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

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

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

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

Financial instruments

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

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

The categories "held to maturity" and "fair value option" are not used.

Receivables and other financial assets

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

Securities

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

Cash and Cash equivalents

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

Pension plans and similar commitments

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

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

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

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

Provisions

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

Financial debt

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

Other financial Liabilities

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

Trade payables

Accounts payable are allocated to the category "Financial liabilities" and measured at amortized cost.

Leasing

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

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

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

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

Discontinued operations

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

Sales recognition

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

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

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

Cost of sales

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

Research and development costs

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

Other operating expenses and income

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

Deferred taxes

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

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

Earnings per Share (EPS)

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

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

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

Derivative financial instruments

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

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

Cash flow hedges

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

Treatment of subsidies

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

Transactions in foreign currency

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

E) USE OF ESTIMATES

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

Trade receivables

Adjustments on doubtful receivables involve considerable estimates and judgments of individual receivables that are based on the creditworthiness of the individual customer, the current development of the economy and an analysis of historical defaults on portfolios of receivables. If the Company derives the adjustment from historical default rates on a portfolio basis, any decrease in the volume of receivables decreases such provisions correspondingly, and vice versa. As of December 31, 2014, the total adjustment on accounts receivable was € 323 thousand (previous year: € 1,815 thousand).

Impairments

SUSS MicroTec AG examines the goodwill for possible impairment at least once annually. The determination of the recoverable amount of a cash generating unit that the goodwill is allocated to is associated with estimates by management. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use. The Company generally determines these figures using measurement methods based on discounted cash flows. These discounted cash flows are determined for a period of five years. The basis used for the immediate future is the cash flow derived from the Group budget. For cash flow forecasts beyond the period of detailed planning, suitable forecasts from the semiconductor sub-supplier industry are used. On the basis of these forecasts, a growth rate is determined for each year of the period under consideration. For the five-year period, the Lithography cash generating unit, which the goodwill accounted for is assigned to, calculates average annual growth of 8.8% (previous year: 9.7%). The forecast net cash flow is discounted using a risk-adjusted interest rate of 9.5% (previous year: 10.0%). These premises and the underlying method may have a considerable influence on the values in question and, finally, on the amount of any possible impairment of goodwill.

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

Pension plans and similar commitments

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

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

Provisions

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

Other financial liabilities

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

Purchase price allocation

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

F) CONSOLIDATION

Consolidation principles

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

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

Translation of financial statements in foreign currency

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

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

	2014		2013	
	Statement of Financial Position	Statement of Income	Statement of Financial Position	Statement of Income
1 EUR vs. 1 USD	1.216	1.326	1.377	1.329
1 EUR vs. 1 JPY	145.040	140.805	144.510	128.878
1 EUR vs. 1 GBP	0.779	0.806	0.833	0.848
1 EUR vs. 1 CHF	1.202	1.214	1.227	1.227
1 EUR vs. 1 TWD	38.635	40.278	41.337	39.609
1 EUR vs. 1 SGD	1.606	1.683	1.739	1.663
1 EUR vs. 1 CNY	7.480	8.156	8.418	8.250
1 EUR vs. 1 KRW	1,336.150	1,397.795	1,463.890	1,456.471

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

Disclosures on the scope of consolidation

Compared with the consolidated financial statements as of December 31, 2013, there were no changes to the scope of consolidation.

Therefore the following subsidiaries and associates of SUSS MicroTec AG (ultimate proprietary company) were included in the consolidated financial statements as of December 31, 2014 (figures on capital and net profit or loss of the individual companies according to local law and in local currency):

Company / based in	Currency	Subscribed capital	Investment	Shareholders' equity	Annual earnings	Consolidation
SUSS MicroTec AG, Garching [1]	EUR	19,115,538.00	Holding	86,220,048.68	-2,938,872.18	full
SUSS MicroTec Lithography GmbH, Garching [2]	EUR	2,000,100.00	100%	49,495,358.10	8,768,881.85	full
SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels	EUR	3,000,000.00	100%	2,991,623.68	2,619,337.56	full
SUSS MicroTec Photomask Equipment Beteiligungs GmbH, Sternenfels	EUR	25,000.00	100%	14,331.21	-1,553.92	full
SUSS MicroTec Ltd., Coventry	GBP	10,000.00	100%	1,207,384.90	56,230.49	full
SUSS MicroTec KK, Yokohama	JPY	30,000,000.00	100%	-522,151,046.00	-5,245,156.00	full
SUSS MicroTec S.a.r.l., Pierre-Bénite	EUR	114,750.00	100%	894,894.16	-68,400.00	full
SUSS MicroOptics S.A., Hauterive	CHF	500,000.00	100%	8,426,256.39	310,920.20	full
SUSS MicroTec Inc., Sunnyvale	USD	4,197,000.00	100%	19,804,212.05	-357,857.87	full
SUSS MicroTec (Taiwan) Company Ltd., Hsinchu	TWD	5,000,000.00	100%	182,946,723.00	44,803,088.00	full
SUSS MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100%	37,607,948.80	5,430,357.55	full
HUGLE Lithography Inc., San Jose [3]	USD	1,190,442.00	53.1%	-39,579.00	-2,063.00	at cost
SUSS MicroTec REMAN GmbH, Oberschleissheim [2]	EUR	25,564.59	100%	1,333,360.98	1,150,488.92	full
SUSS MicroTec (Singapore) Pte Ltd., Singapore	SGD	25,000.00	100%	2,408,284.74	1,790,007.93	full
SUSS MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100%	2,846,586,944.00	762,073,723.00	full
SUSS MicroTec Photonic Systems Inc., Corona	USD	10,400.00	100%	-9,795,262.20	-6,747,839.77	full

[1] Equity and net income before profit and loss transfer agreement with SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH
[2] Equity and net income before profit and loss transfer agreement with SUSS MicroTec AG
[3] Entity considered at cost due to immateriality

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

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

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

Comments on the IFRS Consolidated Statement of Income

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

(3) SALES

The sales are composed as follows:

in € thousand	2014	2013
Machines	107,913	102,107
Spare parts and upgrades	23,779	18,332
Services	8,467	9,481
Others	5,172	4,588
Sales	**145,331**	**134,508**

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

(4) COST OF SALES

Cost of sales includes total amortization of capitalized development costs of € 456 thousand, which accrues completely to the Lithography division. The residual book value as of December 31, 2014 for capitalized development costs of € 382 thousand exclusively involves the Lithography division.

The cost of sales in the previous year included scheduled amortization of capitalized development costs of € 1,110 thousand and write-downs of capitalized development costs of € 1,156 thousand. Amortization of € 552 thousand related to development projects in the Lithography division and € 558 thousand related to the Substrate Bonder division. Write-downs were taken on development costs, which were capitalized in the past in connection with the Permanent Bond Cluster product line.

In addition, the cost of sales in the current fiscal year includes amortization of € 258 thousand for the acquired technology of SUSS MicroTec Photonic Systems (previous year: € 228 thousand). This technology carried a residual book value of € 1,357 thousand as of December 31, 2014. Also in the previous year, the cost of sales recognized amortization of € 43 thousand for the acquired technology of SUSS MicroTec Photomask Equipment. The technology of SUSS MicroTec Photomask Equipment has already been completely written down as of December 31, 2013.

The cost of sales also includes impairments of inventories (demonstration equipment, raw materials, supplies and consumables as well as finished and semi-finished products) of € 4,652 thousand (previous year: € 17,194 thousand). In the process, € 2,978 thousand (previous year: € 4,161 thousand) accrues to inventories in the Lithography division and € 1,447 thousand (previous year: € 12,729 thousand) accrues to inventories of the Substrate Bonder division. The inventories of the Photomask Equipment division were marked down by € 227 thousand (previous year: € 251 thousand). There were no markdowns of inventories in the Others division in the current fiscal year (previous year: € 52 thousand). In the previous year, write-downs in the Lithography division included € 1,904 thousand for a total of four demonstration tools of SUSS MicroTec Photonic Systems, which were revalued as a result of the purchase price allocation in 2012. Impairments in the Substrate Bonder division in the previous year included special write-downs of € 9,337 thousand, which were taken in connection with the refocusing of the Permanent Bond Cluster systems.

(5) OTHER OPERATING INCOME

Other operating income was comprised as follows:

in € thousand	2014	2013
Income from the reversal of value adjustments for trade receivables	1,280	253
Foreign currency gains	1,265	2,127
Commissions	397	430
Reduction in the earn-out liability for SUSS MicroTec Photonic Systems	293	2,136
Company cars	245	274
Capitalization of internal activities	217	0
Income from storage of machines for customers	198	0
Reversal of other liabilities	241	0
Income from the release of provisions	0	10
Partial reversal of the conditional purchase price liability for acquiring the remaining shares of SUSS MicroOptics	82	0
Revenue from the sale of the 10% holding in Electron Mec	40	0
Insurance reimbursements	35	40
Other subsidies	31	130
Rental income	25	19
Release of asset retirement obligation of cleanroom in Garching	0	75
Others	129	7
Other operating income	**4,478**	**5,501**

The foreign currency gains stemmed primarily from various business transactions in the operational area that were conducted in foreign currency (primarily in USD and JPY) and from exchange rate changes during the year. Here revenue is also recognized from the reporting date measurement of intra-Group clearing accounts, which exist in foreign currency from the perspective of the reporting company.

The commissions were obtained by our subsidiary in China.

Capitalized own work involves own work related to the expansion of the Group-wide SAP system. First, in Germany a module for human resources management (employee self service and manager self service) was introduced. Second, it is planned to introduce SAP at SUSS MicroTec Photonic Systems (Corona, USA) in 2015. In addition, a new customer relationship management system was introduced. For all three projects, extensive own work was performed by employees of SUSS MicroTec AG and SUSS MicroTec Lithography GmbH.

The income from the reduction of the earn-out liability for SUSS MicroTec Photonic Systems resulted from the complete reversal of the still remaining earn-out liability, which was recognized as a liability during the initial consolidation of Tamarack Scientific Co., Inc. Also in the previous year, the Group had already realized an amount from the reversal of part of this earn-out provision.

In the previous year, revenue resulted from the reversal of provisions from SUSS MicroTec AG.

From the sale of the 10% interest in Electron Mec S.r.l. based in Milan, Italy, SUSS MicroTec Lithography GmbH generated proceeds of € 40 thousand. The interest has belonged to the SUSS MicroTec Group since 1996 and was completely impaired.

Other subsidies of approximately € 30 thousand were obtained by our subsidiary in China. Subsidies in the previous year of approximately € 80 thousand involved subsidies from the Canton of Neuchâtel, which were granted to SMO, and approximately € 50 thousand of subsidies to SMT China.

(6) OTHER OPERATING EXPENSES

Other operating expenses were comprised as follows:

in € thousand	2014	2013
Foreign currency losses	2,021	1,485
Other taxes	546	391
Allowances for value adjustments for doubtful debts	44	1,451
Losses on disposals of assets	6	68
Additions to contract loss provisions	0	45
Expenses for reduction of Japan office	0	295
Expenses for Tamarack earn-out	0	201
Others	78	117
Other operating expenses	**2,695**	**4,053**

The foreign currency losses arose – as in the previous year – mainly from changes in measurement of customer receivables in US dollars on account of changes in the exchange rates during the year as well as from measurement changes to intra-Group clearing accounts in foreign currency. € 103 thousand of the foreign currency losses resulted from the repayment of intra-Group foreign currency loans by SUSS MicroTec AG to SUSS MicroTec Inc., Sunnyvale. This amount was recorded in other comprehensive income (OCI) until the loans were repaid.

In connection with the acquisition of SUSS MicroTec Photonic Systems, individual employees of SUSS MicroTec Photonic Systems were granted performance-based remuneration, which are set to be paid within the next three years. In contrast to the earn-out liabilities of the shareholders, these earn-out liabilities to the employees were recorded as an expense. In the previous year, an expense of € 201 thousand was recorded for this. A reevaluation of the sales planning decisive for the earn-out of SUSS MicroTec Photonic Systems led to a complete reversal of the remaining earn-out liabilities. As a result, no additional expenses were recognized in 2014 in connection with the earn-out liability.

Additions to value adjustments for doubtful receivables were primarily formed by SUSS MicroTec Lithography GmbH and SUSS MicroTec Inc. Of the expenses in the previous year for the addition of value adjustments for doubtful receivables, € 490 thousand involved receivables related to the refocusing of the Permanent Bond Cluster area. Another € 645 thousand resulted from value adjustments for a trade receivable of SUSS MicroTec Photomask Equipment. The remaining value adjustments for doubtful receivables were primarily formed by SUSS MicroTec Lithography in the previous year.

(7) FINANCIAL RESULT

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

Financial income of € 349 thousand (previous year: € 464 thousand) resulted mainly from interest income for money market investments and securities.

The financial expenses are comprised as follows:

in € thousand	2014	2013
Bank loans	428	198
Commissions on bank guarantees	37	37
Accounting loss of redemption of available for sale securities	28	0
Compounding of noncurrent liabilities	29	350
Other interest and financial expense	23	12
Financial expense	**545**	**597**

Interest for bank liabilities increased from the previous year and primarily involved interest expense for financing the property in Sternenfels (loan status as of December 31, 2014: € 3,780 thousand) and Garching (loan status as of 12/31/14: € 6,500 thousand). In the reporting year, € 154 thousand of interest accrued for the loan for financing the Sternenfels property (previous year: € 161 thousand). The loan for financing the Garching property was paid out in December 2013 and caused interest expense of € 260 thousand in the reporting year (previous year: € 11 thousand). Interest expense for the compounding of noncurrent liabilities result from determining the present value of earn-out liabilities related to the acquisition of SUSS MicroTec Photonic Systems Inc. and to a limited extent from determining the present value of the conditional purchase price liability for acquiring the remaining shares of SUSS MicroOptics.

(8) INCOME TAXES

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

in € thousand	2014	2013
Current taxes	1,570	587
Deferred taxes	2,017	-4,171
thereof on temporary differences	1,067	-886
Total	**3,587**	**-3,584**

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

in %	2014	2013
Expected tax rate		
Corporate income tax rate	15.00	15.00
Solidarity surcharge	5.50	5.50
Trade income tax rate	12.43	12.43
Composite tax rate	**28.25**	**28.25**

in € thousand	2014	2013
Earnings before taxes	**8,200**	**-19,556**
Expected income taxes	**2,317**	**-5,525**
Different foreign tax rates	-875	-1,216
Minimum taxation	94	0
Remeasurement of German tax rates	13	33
Other non-deductible expenses	181	195
Income taxes from previous years	111	-453
Change of valuation allowance on deferred taxes	2,499	3,789
Use of loss carryforwards adjusted in full	-435	9
Non-taxable income	-292	-639
Others	-26	223
Effective income taxes	**3,587**	**-3,584**

A comparison of the expected and effective income taxes shows a deviation of € -1,270 thousand (previous year: € -1,941 thousand). Instead of the expected tax expense of € 2,317 thousand, a tax expense of € 3,587 thousand resulted at the Group level in the reporting year.

In the reporting year, additional value adjustments of € 2,499 thousand were made on deferred tax assets. The largest need for value adjustment arose at the US companies SUSS MicroTec Inc., Sunnyvale (California, USA), and SUSS MicroTec Photonic Systems Inc., Corona (California, USA). Both US companies, SUSS MicroTec Inc. and SUSS MicroTec Photonic Systems Inc., form a tax group whose taxable income in the USA is subject to Group taxation. Based on the current Group budget, negative earnings are expected for SUSS MicroTec Photonic Systems in the next three years. The reasons for the negative earnings are predominantly due to the low gross profit margin expected for 2015 and a subdued sales outlook until 2016. Earnings for SUSS MicroTec Inc. are expected to be slightly positive beginning next year. Overall, the US tax group will generate negative earnings until 2016. Beginning in 2017, earnings in the USA are expected to be positive.

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

The negative effect from tax for previous years resulted primarily from SUSS MicroTec AG (proprietary company) and SMT Taiwan.

Due to positive earnings in 2014, SUSS MicroTec Singapore and SUSS MicroTec KK (Japan) could claim loss carryforwards, which were completely written down in the previous year.

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

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

	Assets		Liabilities	
in € thousand	**2014**	**2013**	**2014**	**2013**
Other current liabilities	57	555	0	0
Pension plans and similar commitments	1,127	959	0	0
Trade receivables	4	0	20	17
Other noncurrent provisions	11	9	3	3
Intangible assets	2,184	2,653	0	0
Other current assets	64	64	0	0
Financial debt	0	1	0	0
Goodwill	0	0	2,064	2,064
Adjustment item SMT Photomask Equipment	0	0	336	370
Inventories	495	338	0	68
Tangible assets	0	0	1	5
Others	134	315	96	0
Loss carryforward	2,334	3,285	0	0
Balancing	-2,520	-2,512	-2,520	-2,512
Total	**3,890**	**5,667**	**0**	**15**

The Group has tax loss carryforwards of € 46,646 thousand (previous year: € 43,907 thousand). Of this amount, a total of € 4,589 thousand will have lapsed by December 31, 2022. In the period from 2028 to 2034, a total of € 32,911 thousand will lapse. Loss carryforwards of € 9,146 thousand can be used indefinitely.

The increase in loss carryforwards compared with the previous year resulted primarily from the annual loss of the US tax group composed of SUSS MicroTec Inc. and SUSS MicroTec Photonic Systems Inc. As of December 31, 2014, this tax group in the USA had loss carryforwards of US$ 40,003 thousand. By contrast, the loss carryforwards in Germany declined due to the positive earnings of the entities SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH and the similar positive earnings of SUSS MicroTec Photomask Equipment GmbH & Co. KG to € 8,263 thousand (previous year: € 11,627 thousand).

No deferred tax assets were recognized on loss carryforwards of € 38,383 thousand (previous year: € 32,280 thousand) and temporary differences of € 10,031 thousand (previous year: € 4,651 thousand).

According to IAS 12.74 et seq., deferred tax assets and liabilities are offset if the possibility to do so exists according to civil law and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. As of December 31, 2014, deferred tax assets and liabilities of € 2,520 thousand (previous year: € 2,512 thousand) were offset.

(9) EARNINGS PER SHARE

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

in € thousand	2014	2013
Profit / loss which accrue to shareholders of SUSS MicroTec AG	4,613	-15,972
Weighted average number of outstanding shares	19,115,538	19,115,538
Effect of the (potential) exercise of stock options (number of options)	0	0
Adjusted weighted average number of outstanding shares	19,115,538	19,115,538
Earnings per share in € – basic –	**0.24**	**-0.84**
Earnings per share in € – diluted –	**0.24**	**-0.84**

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

EXPENSES FOR RESEARCH AND DEVELOPMENT

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

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

in € thousand	2014	2013
R & D expense	**10,490**	**10,186**
R & D amortization	456	2,266
R & D capitalization	45	62
R & D net capitalization	**-411**	**-2,204**

PERSONNEL EXPENSES

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

in € thousand	2014	2013
Wages and salaries	43,016	45,458
Social security expenses	4,106	3,875
Pension expenses	2,749	3,028
Personnel expenses	**49,871**	**52,361**

Salaries and wages in the previous year included additions to the earn-out liabilities for SUSS MicroTec Photonic Systems employees of € 201 thousand.

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

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

COST OF MATERIALS

The cost of materials in 2014 came to € 54,851 thousand (previous year: € 62,550 thousand).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are composed as follows:

in € thousand	2014	2013
Intangible assets	1,515	3,465
Tangible assets	2,734	2,558
Depreciation and amortization	**4,249**	**6,023**

During the fiscal year, concessions, intellectual property rights and similar rights and assets as well as licenses to such rights and assets of € 801 thousand (previous year: € 854 thousand) and capitalized development costs of € 456 thousand were depreciated on schedule. Write-downs of capitalized development costs of € 2,266 thousand in the previous year included unscheduled write-downs on capitalized development costs of € 1,156 thousand in the Substrate Bonder division.

In the previous year, amortization of € 74 thousand was taken for the last time on the SAP software that was sold to a leasing company on October 1, 2009, and leased back. At this point, the leasing agreement for the SAP software had expired. In January 2013, SUSS MicroTec AG reacquired the SAP software from the leasing company. The purchase price amounted to € 228 thousand.

In the previous year, amortization of € 43 thousand was taken for the last time on the technology obtained with the acquisition of SUSS MicroTec Photomask Equipment. Therefore, this technology had already been completely written down as of December 31, 2013. The technology recognized with the initial consolidation of SUSS MicroTec Photonic Systems and other acquired intangible assets were depreciated on schedule in the amount of € 258 thousand (previous year: € 228 thousand).

Explanations on the Assets Side

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

(11) INTANGIBLE ASSETS

The intangible assets show patents, licenses, and similar rights of € 2,732 thousand (previous year: € 2,298 thousand), development costs of € 382 thousand (previous year: € 793 thousand), and the technology of SUSS MicroTec Photonic Systems of € 1,357 thousand (previous year: € 1,426 thousand) as of the reporting date. The technology will be written down over eight years as scheduled and have a remaining useful life until March 31, 2020. Patents, licenses, and similar rights include the Group-wide SAP system.

The capitalized development costs mainly relate to the development of new tools. The residual book value as of December 31, 2014 involves only the Lithography division.

Technology acquired through the acquisition of SUSS MicroTec Photonic Systems is disclosed with a residual book value of € 1,357 thousand (previous year: € 1,426 thousand) under intangible assets. Since the value of the technology was recorded and continues to be denominated in US dollars, the change in the exchange rate of the US dollar to the euro had the effect of increasing its value as of December 31, 2014.

(12) GOODWILL

The goodwill presented as of the reporting date in the amount of € 15,546 thousand (previous year: € 15,318 thousand) is allocated entirely to the Lithography cash generating unit.

(13) TANGIBLE ASSETS

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

The tangible assets also include, with a residual book value of € 5 thousand (previous year: € 15 thousand), leased equipment and tools, leased operating and business equipment, and leased vehicles which, on account of the design of the lease agreements on which they are based ("finance leases"), are attributable to the Group as economic owner.

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

(14) OTHER (NONCURRENT) ASSETS

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

in € thousand	**2014**	**2013**
Reinsurance policies	150	145
Deposits	413	377
Other noncurrent assets	**563**	**522**

(15) INVENTORIES

The inventories can be broken down as follows:

in € thousand	2014	2013
Materials and supplies	22,091	25,204
Work in process	26,109	23,332
Finished goods	8,971	24,156
Demonstration equipment	20,490	21,467
Merchandise	838	700
Value adjustments	-19,616	-23,726
Inventories	**58,883**	**71,133**

Of the total inventories of € 58,883 thousand as of December 31, 2014 (previous year: € 71,133 thousand), € 37,885 thousand (previous year: € 37,173 thousand) are accounted for at net realizable value.

The amount of inventories, which were recorded as an expense in the fiscal year, totaled approximately € 85,580 thousand (previous year: € 85,316 thousand).

(16) TRADE RECEIVABLES

Trade receivables break down as follows:

in € thousand	2014	2013
Trade receivables – gross	13,713	12,888
Value adjustments	-323	-1,815
Trade receivables	**13,390**	**11,073**

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

in € thousand	2014	2013
Valuation allowance as of beginning of fiscal year	**1,815**	**617**
Derecognition of trade receivables	-256	-89
Payments received and recoveries of previously written-off receivables	-1,280	-164
Additions	44	1,451
Valuation allowance as of end of fiscal year	**323**	**1,815**

(17) OTHER FINANCIAL ASSETS

The following items are presented under other financial assets:

in € thousand	2014	2013
Capitalized interest	29	104
Subsidized projects	31	56
Supplier bonuses	57	37
Tender guarantees	41	71
Claims against Employees	24	0
Others	22	52
Other financial assets	**204**	**320**

Deferred interest primarily relates to interest claims from securities.

(18) SECURITIES

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

As of the reporting date, the Company had securities of € 1,026 thousand (previous year: € 2,072 thousand).

(19) TAX REFUND CLAIMS

The noncurrent tax refund claims result exclusively from the capitalization of the corporation tax credits of German Group companies in the amount of € 50 thousand (previous year: € 65 thousand) as a result of the SE introductory legislation (SEStEG) (this deals with tax measures in connection with the introduction of the European Company (SE) as well as with amendments to other fiscal regulations). The credit will be disbursed in ten equal annual amounts in the years 2008 to 2017. Since the disbursement amount does not bear interest, a corresponding discount has been made. The average effective interest rate used for this was 3.1% p.a.

Current tax refund claims are composed as follows:

in € thousand	2014	2013
Advance tax payments	691	518
Tax subsidies	34	45
Tax refund claim due to a tax loss carryback	0	158
Tax refund claims	**725**	**721**

(20) OTHER (CURRENT) ASSETS

The following items are presented under other current assets:

in € thousand	2014	2013
Deferred items	1,061	592
Payments in advance	172	1,357
VAT	312	514
Security deposits	59	20
Bidding securities	71	0
Receivables from funding projects	0	5
Others	34	6
Other current assets	**1,709**	**2,494**

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

Payments in advance in the previous year primarily related to prepayments by SUSS MicroTec Lithography GmbH for a cooperative project with a research institute.

Explanations on the equity & liabilities side

(21) SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

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

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

The authorized capital as of the reporting date was € 9,000 thousand (previous year: € 9,000 thousand).

in € thousand	2014	2013
Subscribed capital	19,116	19,116
Authorized capital	9,000	9,000

RESERVES

The Group's reserves are composed as follows:

in € thousand	2014	2013
Additional paid-in capital	97,614	97,614
Earnings reserve	433	433
Retained earnings	537	-4,076
Reserves	**98,584**	**93,971**

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

The earnings reserve is unchanged over the previous year.

The net profit of € 4,613 thousand results in retained earnings for the year of € 537 thousand as of December 31, 2014.

ACCUMULATED OTHER COMPREHENSIVE INCOME

The development of accumulated other comprehensive income is as follows:

in € thousand	2014	2013
Remeasurement on defined benefit pension plans	-1,331	-1,242
Foreign currency adjustments	-2,426	-769
Cash flow hedges	-342	-505
Unrealized gains / losses from available for sale securities	30	248
Tax effects		
Remeasurement on defined benefit pension plans	333	327
Unrealized gains / losses from available for sale securities	0	-69
Cash flow hedges	81	143
Status at the beginning of the period	**-3,655**	**-1,867**
Pre-tax changes		
Remeasurement on defined benefit pension plans	-982	-89
Foreign currency adjustments	2,918	-1,657
Cash flow hedges	-144	163
Unrealized gains / losses from available for sale securities	-19	-218
Tax effects		
Remeasurement on defined benefit pension plans	199	6
Unrealized gains / losses from available for sale securities	13	69
Cash flow hedges	40	-62
Status at the end of the period	**-1,630**	**-3,655**

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

MANAGEMENT OF EQUITY

The shareholders' equity of the SUSS MicroTec Group – comprised of subscribed capital, reserves, and accumulated other comprehensive income – totaled € 116,070 thousand as of December 31, 2014 (previous year: € 109,432); this corresponds to an equity ratio of 69.1% (previous year: 60.8%). Along with an appropriate return on equity, the SUSS MicroTec Group pursues a sustained high equity ratio and a high liquidity reserve in order to ensure future growth and increase the enterprise value. In order to maintain or adjust the capital structure, the Group can exploit all the options associated with having SUSS MicroTec AG listed on the stock exchange.

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

(22) PENSION PLANS AND SIMILAR COMMITMENTS

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

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

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

The pension obligations are composed as follows:

in € thousand	2014	2013
Defined benefit obligation	7,278	5,935
Fair value of plan asset	-2,527	-2,175
Net pension obligation	**4,751**	**3,760**

DEFINED BENEFIT PLANS

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

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

in %	2014	2013
Discount factor	1.93	3.10
Return on plan assets	1.93	3.10
Salary increase	0.00	0.00
Pension increase	2.00	2.00

Life expectancy according to tables by Dr. Heubeck, 2005 G

Salary-related increases have not been included since there are no longer any active claimants waiting under the German plans.

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

The main actuarial assumptions are shown below:

in %	2014	2013
Discount factor	1.10	2.30
Return on plan assets	1.10	2.30
Salary increase	1.50	1.50
Pension increase	0.00	0.00

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

The main actuarial assumptions are shown below:

in %	2014	2013
Discount factor	1.00	2.00
Salary increase	1.63	1.62
Pension increase	0.00	0.00

The present values of defined benefit obligations and the fair values of the plan assets developed in the 2014 and 2013 fiscal years as follows:

in € thousand	2014	2013
Defined benefit obligation as of January 1	**5,935**	**6,086**
Service cost	351	277
Interest cost	156	132
Pension payments	-206	-438
Actuarial (-) gain / (+) loss due to changes in financial assumptions	879	-264
Actuarial (-) gain / (+) loss due to changes in demographic assumptions	-55	176
Actuarial (-) gain / (+) loss due to experience adjustments	176	185
Foreign exchange fluctuations	42	-219
Defined benefit obligation as of December 31	**7,278**	**5,935**

in € thousand	2014	2013
Plan assets as of January 1	**2,175**	**1,967**
Expected return on plan assets	56	43
Fund allocations paid	253	162
Actuarial (+) gain / (-) loss	15	21
Foreign exchange fluctuations	28	-18
Plan assets as of December 31	**2,527**	**2,175**

The essential components of plan assets are reinsurance policies. In connection with pension obligations in Germany, corresponding reinsurance policies were arranged with Allianz Lebensversicherungs-AG. The pension obligations in Switzerland are backed by the Helvetia Sammelstiftung, which has arranged corresponding reinsurance policies for them. Both reinsurance policies are regarded as a conservative, low-risk form of investment, whose value is subject to only minimal market fluctuations.

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

in € thousand	2014	2013
Defined benefit obligation	**7,278**	**5,935**
Fair value of plan asset	-2,527	-2,175
Net pension obligation	**4,751**	**3,760**

The present value of the pension obligations of € 4,987 thousand (previous year: € 3,767 thousand) applies to pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2014	2013
Service cost	227	172
Personnel expenses component	**227**	**172**
Interest cost	125	110
Expected return on plan asset	-25	-21
Actuarial (+) gain / (-) loss	85	-13
Interest expenses component	**185**	**76**

For 2015, the Group expects to make payments totaling € 332 thousand to meet pension obligations.

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

in € thousand	2014
Present value of all defined benefit obligations if	
interest rate is 50 base points lower	7,824
interest rate is 50 base points higher	6,806
salary increase is 50 base points lower	7,188
salary increase is 50 base points higher	7,378
rate of pension increase is 0.50% lower	7,248
rate of pension increase is 0.50% higher	7,596

DEFINED CONTRIBUTION PLANS

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

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

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

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

In the 2014 fiscal year, the expenses to the Group for the 401(k) plan came to US$ 185 thousand (previous year: € 145 thousand).

Furthermore, in the reported fiscal year employer contributions were paid into the statutory retirement insurance in the amount of € 2,611 thousand (previous year: € 2,919 thousand).

(23) (NONCURRENT) PROVISIONS

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

	As of 01/01/2014	Utilization	Additions	As of 12/31/2014
Pre-retirement arrangements	62	-33	0	29

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

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

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

(24) FINANCIAL DEBT

The table below shows the maturity structure of the bank borrowings and liabilities from finance leases as of December 31, 2014, and the previous year's reporting date:

12/31/2014 in € thousand	Remaining period to maturity	Remaining period to maturity more than one year to five years	Remaining period to maturity more than five years	Total
Bank borrowings	1,180	4,720	4,380	10,280
Liabilities from finance lease	7	0	0	7
Total	**1,187**	**4,720**	**4,380**	**10,287**

12/31/2013 in € thousand	Remaining period to maturity	Remaining period to maturity more than one year to five years	Remaining period to maturity more than five years	Total
Bank borrowings	1,180	4,720	5,560	11,460
Liabilities from finance lease	11	0	0	**11**
Total	**1,191**	**4,720**	**5,560**	**11,471**

BANK BORROWINGS

Bank borrowings include liabilities from a long-term loan agreement of € 3,780 thousand (previous year: € 3,960 thousand), which serves to finance the company property in Sternenfels. The loan agreement was concluded on May 25–28, 2010 between SUSS MicroTec AG and a local bank. The loan amounted to € 4.5 million and has a term until June 30, 2020. It was made available and disbursed on July 6, 2010.

It also includes liabilities of € 6,500 thousand (previous year: € 7,500 thousand), which serves to finance the business property in Garching acquired in 2013. The loan agreement was concluded on October 23–28, 2013 between SUSS MicroTec AG and a local bank. The loan's term is until June 30, 2021. It was made available and disbursed on December 16, 2013.

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

Group company in € thousand	**2014**	**2013**	**Interest rate**	**Maturity**
SUSS MicroTec AG	3,780	3,960	3.98%	6/30/2020
SUSS MicroTec AG	6,500	7,500	3.65%	6/30/2021
Total	**10,280**	**11,460**		
thereof due current	1,180	1,180		
thereof due noncurrent	9,100	10,280		
due in 2015	1,180			
2016	1,180			
2017	1,180			
2018	1,180			
2019	1,180			
later	4,380			
	10,280			

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

in € thousand	**2014**	**2013**
Credit line	8,000	8,000
Utilization	3,484	3,347
Available credit line	**4,516**	**4,653**

Until December 15, 2014, the bank consortium led by BayernLB and with the participation of the Deutsche Bank AG and DZ Bank AG, sponsored a credit and guarantee line totaling € 4.5 million. SUSS MicroTec canceled the credit agreement with BayernLB on December 15, 2014. Since December 16, a newly constituted bank consortium has been maintaining the credit and guarantee line. The Deutsche Bank AG is serving as lead manager; in addition, the DZ Bank AG and Baden-Württembergische Bank are participating in the consortium. The credit and guarantee line of the changed bank consortium still totals € 4.5 million. The lines were granted until further notice and were issued without covenants.

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

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

As of the reporting date the line was utilized in an amount of € 3,484 thousand (previous year: € 3,347 thousand) in the form of guarantees.

The average interest rate for the utilization of the credit lines in the form of guarantees was 1.09% (previous year: 1.01%).

FINANCE LEASE LIABILITIES

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

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

in € thousand	Finance Lease	Operating Lease
Depreciation / Expenses 2014	11	1,190
Depreciation / Expenses 2013	98	2,112
Future liabilities due in 2015	7	1,007
2016		712
2017		516
2018		29
2019		0
later		0
Total future	**7**	**2,264**
thereof interest	0	
Liability as of 12 / 31 / 2014	**7**	
due current	7	
due noncurrent	0	

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

(25) OTHER (NONCURRENT) FINANCIAL LIABILITIES

Other noncurrent financial liabilities are composed as follows:

in € thousand	2014	2013
ERA adaptation fund	0	140
Others	49	39
Conditional purchase price liability SMO	0	115
Earn-out liability of SUSS MicroTec Photonic Systems	0	202
Other (noncurrent) financial liabilities	**49**	**496**

(26) (CURRENT) PROVISIONS

Current provisions are composed as follows:

in € thousand	2014	2013
Warranty provisions	1,434	2,098
Severance provisions	1,050	451
Miscellaneous provisions	754	3,390
Current provisions	**3,238**	**5,939**

The warranty provisions were set up in the amount of their probable utilization for statutory and contractually agreed guarantees and warranty claims of customers arising from deliveries of machines.

The provisions for severance payments apply in the full amount to a departing member of the Management Board. The expense for forming the provision is contained in the administration costs.

The remaining provisions essentially include provisions for follow-up costs and provisions for personnel expenses.

Current provisions have developed as follows:

in € thousand	As of 01/01/2014	Utilization	Reversal	Additions	As of 12/31/2014
Warranty provisions	2,098	-2,098	0	1,434	1,434
Severance provisions	451	-451	0	1,050	1,050
Miscellaneous provisions	3,390	-3,390	0	754	754
Current provisions	**5,939**	**-5,939**	**0**	**3,238**	**3,238**

(27) OTHER (CURRENT) FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

in € thousand	2014	2013
Premiums and commissions	2,684	1,724
External services	1,566	3,235
Supervisory Board remuneration	159	148
Negative market values from interest swaps	488	344
Contingent purchase price obligation SMO	163	247
Earn-out liability of SUSS MicroTec Photonic Systems	0	138
Outstanding wage tax	527	438
License fees	70	0
Others	150	92
Other (current) financial liabilities	**5,807**	**6,366**

Under other financial liabilities, the Company shows the negative market values from interest derivatives. Further details on interest hedges are provided in paragraph 30 "Additional information on financial instruments."

(28) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

in € thousand	2014	2013
Down payments received	17,964	30,773
Accrued personnel expenses	3,826	4,138
Deferred income	233	266
VAT	569	553
Others	200	382
Other current liabilities	**22,792**	**36,112**

The prepayments received comprise deposit payments by customers for tools prior to their final acceptance. When delivery has been completed and the corresponding realization of sales has taken place, the deposit payments are offset against the receivables.

The accrued personnel expenses contain mainly obligations for vacation arrears and credit accounts under the flexible hours scheme.

(29) TAX LIABILITIES

The tax liabilities are made up of domestic income taxes of € 991 thousand (previous year: € 69 thousand) and foreign income taxes of € 504 thousand (previous year: € 582 thousand).

Other Disclosures

(30) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Under IAS 32, financial instruments generally comprise all economic occurrences performed on a contractual basis that include a claim for cash. They include original financial instruments such as trade receivables and payables as well as financial receivables and liabilities. The financial instruments also comprise derivative instruments that are used to hedge currency and interest rate risks. The estimated market values of the financial instruments do not necessarily represent the values that the Company would realize in an actual transaction under present market conditions. The following section provides a comprehensive overview of the significance of financial instruments for the Company and supplies additional information on statement of financial position items containing financial instruments.

The following table shows the book values of all categories of financial assets and liabilities:

in € thousand	2014	2013
Financial assets		
Cash and cash equivalents	47,309	45,059
Financial assets held for sale	1,026	2,072
Loans and receivables	13,594	11,393
Financial assets held for trading	0	0
	61,929	**58,524**
Financial liabilities		
Financial liabilities held for trading	488	344
Financial liabilities	19,101	23,552
	19,589	**23,896**

The table below presents the market values and the book values of the financial assets and liabilities.

	2014					
in € thousand	**Book value**	**Fair value**	**Measurement category according to IAS 39**	**Thereof fair value, level 1**	**Thereof fair value, level 2**	**Thereof fair value, level 3**
Financial assets						
Cash and cash equivalents	47,309	47,309	Loans and receivables	47,309		
Trade receivables	13,390	13,390	Loans and receivables			
Other financial assets	204	204	Loans and receivables			
denominated at amortized costs	204	204	Loans and receivables			
denominated at fair value	0	0	Loans and receivables			
Securities, denominated at fair value	1,026	1,026	Held for sale	1,026		
Financial liabilities						
Trade payables	3,446	3,446	Amortized costs			
Financial debt	10,287	11,769				
bank borrowings	10,280	11,762	Amortized costs			
liabilities from finance lease	7	7	Amortized costs			
Other financial liabilities	5,856	5,856				
denominated at amortized costs	5,368	5,368	Amortized costs			
denominated at fair value	488	488	Derivatives		488	

in € thousand	2013 Book value	2013 Fair value	Measurement category according to IAS 39	Thereof fair value, level 1	Thereof fair value, level 2	Thereof fair value, level 3
Financial assets						
Cash and cash equivalents	45,059	45,059	Loans and receivables	45,059		
Trade receivables	11,073	11,073	Loans and receivables			
Other financial assets	320	320	Loans and receivables			
denominated at amortized costs	320	320	Loans and receivables			
denominated at fair value	0	0	Loans and receivables			
Securities, denominated at fair value	2,072	2,072	Held for sale	2,072		
Financial liabilities						
Trade payables	5,563	5,563	Amortized costs			
Financial debt	11,471	12,341				
bank borrowings	11,460	12,330	Amortized costs			
liabilities from finance lease	11	11	Amortized costs			
Other financial liabilities	6,862	6,862				
denominated at amortized costs	6,518	6,518	Amortized costs			
denominated at fair value	344	344	Derivatives		344	

The following methods and assumptions apply in determining the market values:

Cash and cash equivalents
On account of the short-term nature of the investments, the book values correspond to the market values of the instruments.

Receivables / trade payables
On account of the short-term nature of the receivables and payables, the book values correspond approximately to the market values of the instruments.

Other financial assets / liabilities
Because of the short-term nature of the assets and liabilities, the book values of the other financial assets and liabilities, which are measured at adjusted acquisition costs, correspond roughly to their market value.

The measurement of other financial assets and liabilities that are measured at market value depends on their category. The market value of forward currency transactions is determined by the rates for forward currency transactions. The market value of interest derivatives is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the interest structure graph.

Securities

The market value of the financial assets available for sale corresponds to their prices in an active market.

Bank borrowings

The market value of the financial liabilities with regard to bank borrowings was calculated by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

Finance lease liabilities

The market value of the liabilities from finance leases was determined by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

The net gains and losses on financial instruments have developed as follows:

in € thousand	2014	2013
Loans and receivables	1,236	-1,198
Financial assets held for sale	-47	-226

Net gains or losses from loans and receivables contain changes in the value adjustments, gains and losses from retirements and receipts of payments for loans and receivables that had been written off.

In the reporting year, the market value change of € -28 thousand (previous year: € -8 thousand) recorded under accumulated other comprehensive income – after accounting for deferred taxes – in the financial assets available for sale was reclassified from equity to the statement of income since these securities had matured in the meantime.

DERIVATIVE FINANCIAL INSTRUMENTS

For purposes of risk management, derivative financial instruments are used to limit the effects of fluctuations in exchange rates and interest rates.

The direct market values of the different kinds of derivative financial instruments have developed as follows:

	2014		2013	
in € thousand	Positive market value	Negative market value	Positive market value	Negative market value
Currency forwards	0	0	0	0
Interest rate swaps	0	488	0	344

Purchasing and sales obligations in foreign currencies arise due to cross-border supply relationships between SUSS MicroTec companies in the eurozone and external customers or suppliers who are not based in the eurozone. This applies above all to customers or suppliers in countries using the US dollar and the Japanese yen that obtain products from SUSS MicroTec companies in the eurozone or sell to them. At the time an order is placed, forward currency transactions are concluded in order to hedge against currency changes during the period until payment is made. Since the underlying transaction has not yet occurred at the time the forward currency transaction is concluded and will only come into being on realization of the sale, the purpose here is the hedging of planned transactions. The change in market values is shown under other operating income or other operating expenses. Potential risks arise from the fluctuation of the currency exchange rates and in the creditworthiness of the contractual partners, which are exclusively German financial institutions with a first-rate credit standing.

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

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

	2014		
in € thousand	**USD**	**JPY**	**Total**
Cash and cash equivalents	2,045	3,065	5,110
Trade receivables	2,545	786	3,331
Trade payables	-938	-230	-1,168
Customer down payments	-4,889	-2	-4,891
Net exposure	**-1,237**	**3,619**	**2,382**
Effect of a 10% appreciation of the euro on annual net income	112	-329	-217

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

The Company seeks to limit interest risks arising from the sensitivity of financial debt to fluctuations in the level of market interest rates by deploying interest derivatives such as interest swaps. Thus, the Company has hedged the variable rate loan taken out in 2010 to finance the property in Sternenfels with a term-congruent swap. The interest swap evens out the effect of future changes in the interest rates on the cash flows of the underlying variable rate investment. In order to model the market value fluctuations of the interest swap for the real estate loan under accumulated other comprehensive income, the Company has used hedge accounting for this interest swap. The term of the interest swap related to the property financing lasts until June 30, 2020.

(31) RELATED PARTIES

IAS 24 requires the disclosure of people that control or are controlled by SUSS MicroTec AG unless already included in the consolidated financial statements.

Control exists if a shareholder has more than half of the voting shares of SUSS MicroTec AG or has the possibility, on the strength of the articles of incorporation or contractual agreement, to control the financial and business policies of SUSS MicroTec AG.

Furthermore, the obligation of disclosure set out in IAS 24 also covers transactions with joint ventures and transactions with persons that exercise a substantial influence on the financial and business policies of SUSS MicroTec AG, including close family members or intermediate entities. A substantial influence on the financial and business policy of the Group may rest on a shareholding in SUSS MicroTec AG of 20% or more, a seat on the Management Board or Supervisory Board of SUSS MicroTec AG or another key management position.

With the exception of disclosures on the remuneration of the corporate bodies, the Group was not affected by the disclosure obligations set out under IAS 24 “Related Parties” in the fiscal year.

(32) FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Other financial obligations and contingent liabilities are composed as follows:

in € thousand	**2014**	**2013**
Purchase contingencies	13,543	10,266
Obligations from rental contracts	926	1,334
Total	**14,469**	**11,600**

The order obligation commits the Company to purchase services or materials from third parties.

(33) EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the consolidated statement of cash flows of the SUSS MicroTec Group, a distinction is made in accordance with IAS 7 ("Statement of Cash Flows") between payment flows from operating activities and from investing and financing activities.

The item cash and cash equivalents in the statement of cash flows comprises all of the liquid funds shown in the statement of financial position, i.e., cash in hand, checks and deposits with banks, provided they are available within three months without significant fluctuations in value. In the reporting year, part of the liquid funds, € 350 thousand (previous year: € 350 thousand) as of the reporting date served as collateral for a deposit insurance contract. This amount can be settled at any time through the placement of a countersecurity.

The cash flows from investing and financing activities are computed on the basis of payments. On the other hand, the cash flow from operating activities is derived indirectly from the net result for the year.

Under the indirect computation, effects due to currency translation are eliminated from the relevant changes in statement of financial position items. The changes in the relevant statement of financial position items can, therefore, not be reconciled with the corresponding figures on the basis of the consolidated statement of financial position.

The other non-cash income and expenses in an amount of € -340 thousand (previous year: € 1,531 thousand) contain mainly currency effects. Here the reported fiscal year also reflects the effects from the addition of a provision for severance payments of € 1,050 thousand. The amount in the previous year includes recognition of the effects from adjusting the earn-out liability for SUSS MicroTec Photonic Systems of € -2,136 thousand and extraordinary expenses related to the refocusing of the Permanent Bond Cluster area of € 2,987 thousand.

Cash flow from investing activities in the previous year also included cash outflows of € 8,939 thousand, involving the acquisition of the property at the Company headquarters in Garching. Along with the purchase price of € 8,600 thousand, ancillary costs of € 339 thousand were included.

(34) SEGMENT REPORTING

INFORMATION ABOUT THE SEGMENTS

The activities of the SUSS MicroTec Group are analyzed in the segment reporting in accordance with the rules of IFRS 8 "Operating Segments" by product line and by region. This analysis is aligned with the internal controlling and reporting to the Management Board and takes the different risk and earnings structures of the divisions into consideration.

The activities of the SUSS Group are divided into the Lithography, Substrate Bonder, and Photomask Equipment operating divisions. The Others division combines further activities of the Group and the non-allocable costs of the Group functions.

In the Lithography division, the SUSS MicroTec Group develops, produces, and sells the product lines Mask Aligner, Developer, and Coater as well as the product lines UV Projection and Laser Processing. The development and production activities are located in Germany in Garching near Munich and Sternenfels near Stuttgart. The development and production of the UV projection and laser processing product lines are conducted in Corona (USA). Substantial parts of the distribution organizations in North America and Asia are active for the Lithography division. Lithography represents distinctly more than half of the entire business of the Group and is represented in the advanced packaging, MEMS, and compound semiconductors markets.

The Substrate Bonder division encompasses the development, production and distribution of the Substrate Bonder product line. The activities of this division are concentrated at Sternenfels near Stuttgart. Distribution for the Substrate Bonder division occurs from Sternenfels itself and worldwide in small units at locations in Europe, the USA and Asia. In this division, the XBC300 Gen2 and the XBS300, both production bonders for wafer sizes up to a diameter of 300 mm, offers the launch platform in the area of 3D integration (one of our future markets) for the temporary and permanent bonding as well as the debonding and cleaning of wafers. Among the enabling technologies requiring 3D integration is also the handling of extremely fragile substrates ("thin wafer handling"). In addition, manual tools especially for 6 and 8 inch wafer applications are also offered.

The Photomask Equipment division includes the development, manufacture, and sale of the HMx, ASx, MaskTrack, and MaskTrack Pro product lines of SUSS MicroTec Photomask Equipment GmbH & Co. KG. The development and production of specialized systems for the cleaning and processing of photomasks for the semiconductor industry are conducted at the Sternenfels site.

Besides covering the non-allocable costs of SUSS MicroTec AG, the Others division shows the operational activities that are not allocated to the other divisions in the area of Micro-optics.

OTHER COMMENTS ON SEGMENT REPORTING

Division data was collated using the accounting and measurement methods applied in the consolidated financial statements. Due to the division of the Group by product line across companies, there are no material inter-division transactions. One exception is the reallocation of costs by SUSS MicroTec AG, recorded in the Others division, to the other divisions for the performance of certain Group functions such as financing and strategic matters. These charges also contained the expenses incurred by the holding company in connection with the introduction and operation of the SAP system.

In compliance with the requirements of IFRS 8 "Operating Segments", the segment reporting contains disclosure of the pre-tax result per segment. This enables the sum of the segment results to be reconciled with the overall consolidated result before tax.

In this fiscal year as in the previous year, all sales of SUSS MicroTec with individual customers remained below 10% of total sales.

Among the principal non-cash expenses and income are value adjustments on trade receivables, write-downs on inventories, and the addition and release of provisions and other liabilities.

Segment assets represent the necessary operational assets of the individual divisions. These comprise the intangible assets (including goodwill), tangible assets, inventories, and trade receivables.

The segment liabilities include the operating debts and provisions of the individual divisions.

The investments relate to additions of both tangible and intangible assets.

For the geographical segment reporting, sales are segmented according to the location of the customers. In the reported fiscal year, SUSS MicroTec generated sales of € 18,388 thousand (previous year: € 21,608 thousand) in Germany.

The assets and investments were calculated on the basis of the location of the group entity concerned. The Group's noncurrent assets primarily consist of intangible assets, goodwill, and tangible assets. Of noncurrent assets, € 32,297 thousand (previous year: € 32,297 thousand) are attributable to companies in Germany; € 7,918 thousand (previous year: € 8,444 thousand) accrue to foreign companies. In the reported fiscal year, the SUSS MicroTec Group invested € 2,242 thousand (previous year: € 10,513 thousand) in Germany.

(35) SUBSEQUENT EVENTS

There were no significant events after the reporting date that have had a material impact on the net assets, financial position and earnings position of the Group.

(36) MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD OF THE ULTIMATE PROPRIETARY COMPANY

The Members of the Management Board of SUSS MicroTec AG in the 2014 fiscal year were:

Frank Averdung (until August 24, 2014)
Diplom-Elektroingenieur (Electrical Engineer); resident of Feldkirchen; Chief Executive Officer

Responsible for the areas:
Sales, marketing, production, research & development, investor relations, work safety, quality management, environmental protection, patents, and Group strategy

Further appointments:
- Semi European Advisory Board (member)
- IMS Nanofabrication AG, Vienna (member of the Supervisory Board)

Michael Knopp
Diplomkaufmann (Business Administration); resident of Ratingen; Chief Financial Officer; Speaker of the Management Board since August 24, 2014

Responsible for the areas:
Finance and accounting, information technology, law, tax and insurance, human resources, facility management, materials management and logistics (until July 1, 2014). Since August 24, 2014, also marketing and sales, Group strategy, and investor relations.

Further appointments:
- none

Walter Braun (since July 1, 2014)
Diplom-Ingenieur (Engineer), resident of Altensteig, Member of the Management Board

Responsible for the areas:
Production, work safety, quality management, environmental protection, materials management and logistics. Since August 24, 2014, also patents, Group strategy, and research and development

Further appointments:
- none

SUPERVISORY BOARD

The Members of the Supervisory Board in the 2014 fiscal year were:

Dr. Stefan Reineck
Resident of Kirchardt; managing shareholder of RMC Dr. Reineck Management & Consulting GmbH; Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- AttoCube Systems AG, Munich (Vice Chairman of the Supervisory Board)
- AWS-Group AG, Heilbronn (Member of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board of Directors)
- Wittenstein AG, Igersheim (Member of the Supervisory Board)

Jan Teichert
Resident of Metten; Member of the Board of Einhell Germany AG, Landau (Isar); Deputy Chairman of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- from January 1, 2014 Kolb Technology GmbH, Hengersberg (Member of the Advisory Board)

Gerhard Pegam
Resident of Au bei Bad Aibling; Managing Director of GPA Consulting GmbH, Au bei Bad Aibling; Member of the Supervisory Board of SUSS MicroTec AG

Further appointments:
- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (Member of the Administrative Board);
- Schaffner Holding AG, Solothurn, Switzerland (Member of the Administrative Board)

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board received cash remuneration of € 2,173 thousand (previous year: € 811 thousand). The amount of Management Board remuneration contained a severance payment in the amount of € 1,050 thousand for Mr. Averdung, who departed on August 24, 2014.

The remuneration of the members of the Supervisory Board, including meeting attendance fees and expense allowances, amounted to € 159 thousand (previous year: € 152 thousand).

Individualized information about the remuneration of the Management Board and the Supervisory Board is presented in the Remuneration Report, which is part of the condensed Management Report.

Share and option holdings of the officers at year end:

	2014		2013	
	Shares	Options	Shares	Options
Michael Knopp	25,000	0	28,100	0
Walter Braun	10,500	0	0	0
Frank Averdung	95,720	0	90,540	0
Dr. Stefan Reineck	9,600	0	9,600	0

(37) EMPLOYEES

In the fiscal year, the SUSS MicroTec Group had an average of 651 employees (previous year: 675 employees).

Status at the end of the year:

	2014	2013
Administration	66	65
Sales and marketing	249	263
Operations	344	327
Total	**659**	**655**

(38) AUDITOR'S FEES

In the current fiscal year, SUSS MicroTec recorded a fee of € 260 thousand (previous year: € 250 thousand) for the auditor of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Munich, pursuant to Section 314 (1) No. 9 HGB. The expenses cover the audit of the financial statements exclusively.

The expenses for the audit of the financial statements includes the entire fee for the audit of the annual financial statements of SUSS MicroTec AG as well as the audit of the consolidated financial statements and annual financial statements of subsidiaries by BDO AG Wirtschaftsprüfungsgesellschaft. Of the auditor's fee, € 227 thousand goes directly to the assigned auditor and € 33 thousand goes to network partners of the auditor.

No consulting services were performed by BDO AG Wirtschaftsprüfungsgesellschaft in the fiscal year or the previous year.

(39) CORPORATE GOVERNANCE

As in the previous years, in January 2014 the Management Board and Supervisory Board submitted a declaration of compliance pursuant to Section 161 German Stock Corporation Law (AktG) and declared that they would comply with the recommendations of the German Corporate Governance Code in the version of May 13, 2013, with five exceptions – a deductible for D&O insurance, vertical remuneration comparison, pension commitments, formation of committees, and goals for the composition of the Supervisory Board – and have complied with the recommendations of the Code in the version of May 15, 2012 since the last annual declaration of compliance was issued in January 2013 with the exceptions stated therein.

In January 2015, the Management Board and Supervisory Board issued a declaration of compliance pursuant to Section 161 AktG and declared that they would comply with the recommendations of the German Corporate Governance Code in the version of June 24, 2014 with the following exceptions – deductible for D&O insurance, vertical remuneration, pension commitments, formation of committees, and goals for the composition of the Supervisory Board. Furthermore, the Management Board and Supervisory Board have declared that they have complied with the recommendations of the Code in the version of May 13, 2013 since the issuance of the last annual declaration of compliance in January 2014 with the exceptions stated therein.

The declaration of compliance has been made permanently available online at › *www.suss.com*.

(40) DISCLOSURES PURSUANT TO SECTION 160 NO. 8 AKTG

In the fiscal year, the following notifications were made to the Company pursuant to Section 21 (1) of the German Securities Trading Law (WpHG) in conjunction with Section 32 (2) InvG (investment law):

On January 27, 2014, Henderson Group Plc, London, UK notified us pursuant to Section 21 (1) WpHG that on January 23, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 5% and amounted on this day to 5.13% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 5.13% (982,355 voting rights) of the voting rights are attributable to it.

Correction of the voting rights announcement of 1 / 28 / 14

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

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

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

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

Correction of the voting rights announcement of 1 / 28 / 14

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

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

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

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

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

On April 22, 2014, Henderson Horizon Fund, SICAV, Luxembourg, Luxembourg notified us pursuant to Section 21 (1) WpHG that on January 23, 2014 the share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.18% (606,922 voting rights).

On April 22, 2014, Henderson Global Investors (Holdings) Plc, London, UK notified us pursuant to Section 21 (1) WpHG that on January 23, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 5% and amounted on this day to 5.14% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 5.14% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund, SICAV.

On April 22, 2014, Henderson Global Investors Limited, London, UK notified us pursuant to Section 21 (1) WpHG that on January 23, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 5% and amounted on this day to 5.14% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG, 5.14% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund, SICAV.

On April 22, 2014, Henderson Group Plc, London, UK notified us pursuant to Section 21 (1) WpHG that on January 23, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 5% and amounted on this day to 5.14% (982,355 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 5.14% (982,355 voting rights) of the voting rights are attributable to it. Of these voting rights, 3% or more are directly held by Henderson Horizon Fund, SICAV.

On July 9, 2014, Dimensional Fund Advisors LP, Austin, Texas, USA notified us pursuant to Section 21 (1) WpHG that on July 7, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.01% (574,432 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 2.86% (546,861 voting rights) and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 0.17% (33,256 voting rights) are attributable to it.

On July 9, 2014, Dimensional Holdings Inc., Austin, Texas, USA notified us pursuant to Section 21 (1) WpHG that on July 7, 2014, its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.01% (574,432 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.01% (574,432 voting rights) of the voting rights are attributable to it.

On July 15, 2014, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1)(1) WpHG that on July 15, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.07% (585,900 voting rights).

On August 12, 2014, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1)(1) WpHG that on August 12, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany fell short of the threshold of 3% and amounted on this day to 2.64% (505,188 voting rights).

On August 13, 2014, Credit Suisse Fund Management S.A, Luxembourg notified us pursuant to Section 21 (1) WpHG that on August 11, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany fell below the threshold of 3% and amounted on this day to 2.97% (566,933 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG, 0.39% (74,640 voting rights) of the voting rights are attributable to it.

On August 12, 2014, ING Investment Management Belgium S.A., Brussels, Belgium notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights).

On August 12, 2014, ING Investment Management Luxembourg S.A., Luxembourg notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights).

On August 12, 2014, ING Fund Management B.V., Den Haag, Netherlands notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights).

Correction of the voting rights announcement of 8 / 15 / 14
On August 12, 2014, ING Investment Management Belgium S.A., Brussels, Belgium notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights). Pursuant to Section 22 (2) WpHG, 3.42% (654,298 voting rights) of the voting rights are attributable to it.

On August 12, 2014, ING Investment Management Luxembourg S.A., Luxembourg notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights). Pursuant to Section 22 (2) WpHG, 2.35% (448,348 voting rights) of the voting rights are attributable to it.

On August 12, 2014, ING Fund Management B.V., Den Haag, Netherlands notified us pursuant to Section 21 (1) WpHG that on August 8, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.42% (654,298 voting rights). Pursuant to Section 22 (2) WpHG, 1.08% (205,950 voting rights) of the voting rights are attributable to it.

On August 21, 2014, Sycomore Asset Management, Paris, France notified us pursuant to Section 21 (1) WpHG that on August 12, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 3.14% (600,000 voting rights).

On August 28, 2014, Dimensional Fund Advisors LP, Austin, Texas, USA notified us pursuant to Section 21 (1) WpHG that on August 26, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 2.99% (572,286 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 2.83% (540,460 voting rights) and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 0.20% (37,511 voting rights) are attributable to it.

On August 28, 2014, Dimensional Holdings Inc., Austin, Texas, USA notified us pursuant to Section 21 (1) WpHG that on August 26, 2014 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 2.99% (572,286 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.99% (572,286 voting rights) of the voting rights are attributable to it.

On January 8, 2015, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) WpHG that on January 2, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 4.44% (848,291 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 1.59% (304,356 voting rights) and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 2.57% (492,000 voting rights) are attributable to it.

On February 3, 2015, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) WpHG that on January 30, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 5% and amounted on this day to 5.04% (964,360 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 2.32% (444,356 voting rights) and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 2.62% (500,000 voting rights) are attributable to it.

On February 4, 2015, Schroders PLC, London, UK notified us pursuant to Section 21 (1) WpHG that on February 3, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 2.96% (564,820 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.96% (564,820 voting rights) of the voting rights are attributable to it.

On February 4, 2015, Schroder Administration Limited, London, UK notified us pursuant to Section 21 (1) WpHG that on February 3, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany exceeded the threshold of 3% and amounted on this day to 2.96% (564,820 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.96% (564,820 voting rights) of the voting rights are attributable to it.

On February 4, 2015, Schroder Investment Management Ltd., London, UK notified us pursuant to Section 21 (1) WpHG that on February 3, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany fell short of the threshold of 3% and amounted on this day to 2.96% (564,820 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 1.34% (256,507 voting rights) and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 1.61% (308,313 voting rights) are attributable to it.

On February 10, 2015, Vanguard Whitehall Funds, Delaware, USA notified us pursuant to Section 21 (1) WpHG that, on February 5, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany fell short of the threshold of 3% and amounted on this day to 2.919% (558,034 voting rights).

On February 18, 2015, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) WpHG that on February 13, 2015 its share of voting rights in SUSS MicroTec AG, Garching, Germany fell short of the threshold of 5% and amounted on this day to 4.89% (933,859 voting rights). Pursuant to Section 22(1)(1)(6) WpHG, 2.37% (453,856 voting rights), and pursuant to Section 22(1)(1)(6) WpHG in connection with Section 22(1)(2) 2.51% (479,965 voting rights) are attributable to it.

(41) APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of SUSS MicroTec AG approved the IFRS consolidated financial statements for forwarding to the Supervisory Board on March 10, 2015. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

Garching, Germany, March 10, 2015

The Management Board

Michael Knopp

Walter Braun

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that in accordance with applicable accounting principles, the consolidated financial statements convey an accurate view of the net assets, financial position, and results of operations of the Group and that the Group Management Report, which has been combined with the Management Report of SUSS MicroTec AG, conveys an accurate view of the business performance, including the earnings and condition of the Company, and describes the essential opportunities and risks for the Group's future development.

Garching, Germany, March 10, 2015

SUSS MicroTec AG

Michael Knopp
CFO
(Speaker of the Board)

Walter Braun
COO

AUDITORS' REPORT

We have audited the consolidated financial statements – comprising the statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes – as well as the Group Management Report, which has been combined with the Management Report of SUSS MicroTec AG, for the fiscal year from January 1, 2014 to December 31, 2014. The preparation of consolidated financial statements in accordance with IFRS, as they are to be applied in the EU, as well as the supplementary regulations under commercial law according to Section 315a (1) of the German Commercial Code (HGB), is the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We have conducted our audit of the consolidated financial statements in accordance with Section 317 HGB, taking into account the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW). Accordingly, the audit has been planned and executed in such a manner that any errors or violations which have a material effect on the presentation of the net assets, financial position, and results of operations in the consolidated financial statement, taking into account the applicable principles of accounting, as well as in the Group Management Report are detected with reasonable assurance. The process of determining the audit actions has taken into account the knowledge about the business activities and the economic and legal environment of the Group as well as expectations of possible errors. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and Group Management Report are examined primarily on a spot-check basis within the framework of the audit. The audit consists of an evaluation of the annual financial statements of the companies included in the consolidated financial statements, the specification of the scope of consolidation, the applied accounting and consolidation principles, the significant estimates made by the legal representatives, and an assessment of the overall presentation of the consolidated financial statements and the Group Management Report. We are of the opinion that our audit has provided a sufficient basis for our assessment.

Our audit has not led to any objections.

In our opinion, based on the knowledge gained in the audit, the consolidated financial statements of SUSS MicroTec AG, Garching, comply with IFRS as they are to be applied in the EU as well as the supplementary regulations under commercial law according to Section 315a (1) of HGB, and convey in accordance with these principles an accurate view of the net assets, financial position, and results of operations of the Group. The Group Management Report is consistent with the consolidated financial statements, conveys an overall accurate picture of the condition of the Group, and presents the opportunities and risks of future development accurately.

Munich, March 11, 2015

BDO AG
Wirtschaftsprüfungsgesellschaft

M. Oppel
Auditor

T. Steiner
Auditor

GLOSSARY

3D INTEGRATION

3D integration is divided into two main categories: 3D packaging and 3D interconnect. 3D packaging is used to describe components stacked on a wafer-level packaging strata without being connected using through-silicon vias (TSVs). 3D packaging is comprised of technologies such as SOC (system-on-chip) and other processes for which the connection is normally based on wire bonding. 3D interconnect on the other hand includes components joined by TSVs. This refers to vertical vias through the massive silicon which, as a general rule, is heavily thinned.

300 mm TECHNOLOGY

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manufacturing microchips. The vast majority of silicon wafers (~42%) used around the world today have a diameter of 300 mm. The larger the wafer diameter, the more chips that can be made on one wafer. The more chips that can be manufactured on a wafer, the lower the production costs per individual chip.

ADVANCED PACKAGING

This term describes modern technologies to "package" microchips in their housing. All microchip contacts must be guided individually to the outside of the housing to ensure a connection to the printed circuit board. Advanced packaging involves packaging processes that generally employ methods previously used only in the Front-end manufacturing of microchips themselves, such as lithography and photoresist technologies.

BACK-END

This term is used to describe the second (rear) link in the microchip production chain. The Back-end process begins once the wafer has passed through all Front-end process steps in the manufacture of the microchip itself. In this process, microchips are tested on the wafer and, if required, prepared for bonding. The wafers are then sawed into individual microchips that are packaged in their housing. For cost reasons, Back-end process work is primarily done in Asia, where semiconductor manufacturers have Back-end facilities of their own or allow foundries to handle testing and packaging.

BONDING

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer's silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

BUMP

A metallic (solder, gold, or similar) three-dimensional contact on a chip. In simple terms, it is described as a ball of solder on a single microchip contact.

C4NP

IBM paved the way for flip chip bonding in the late 1960s. This technology was used for the first time in 1973 in IBM System 3. Since then, billions of chips have made contact with the outside world via this process under the name IBM C4. C4 stands for "controlled collapse chip connection" and is sometimes also used as a synonym for flip chip bonding. C4NP is the next generation technology, which IBM developed in conjunction with SUSS MicroTec on the basis of the proven C4 process. "NP" stands for "new process."

CHIP

General term used for semiconductor components. In electronics, a chip or microchip is understood to mean an integrated circuit embedded in housing. From the outside, all one generally sees is the black housing and the connection point that links the chip and printed circuit board (by wire or flip chip bonding). The piece of silicon in the housing is frequently also referred to as the chip or microchip.

CLUSTER
A group of individual process modules (e.g., Coater, Aligner), which is fed wafers for processing by a central robot.

COATER
A Coater is a special machine for the production of semiconductors. It disperses photosensitive resist to the wafer by way of rotational power.

COMPOUND SEMICONDUCTOR
Semiconductor composed of several elements, such as gallium arsenide, indium phosphide, silicon germanium, etc. Advantages over simple semiconductors include: speed, high temperature compatibility, and lower energy consumption.

COST OF OWNERSHIP
This assesses acquisition and operating costs as well as the costs of cleanroom space and wear and tear and maintenance of the machines. These costs are then calculated in relation to the proportion of functioning components at the end of the production process. The higher the output of perfect chips, the better the cost of ownership of the machines for the customers. An outstanding Cost of Ownership is of major significance, especially in mass production.

DIE
Die, IC (integrated circuit), and chip are terms often used synonymously. Integrated circuits are known as dies until the point at which they are integrated into housing. Wafers are referred to as dies long as they are going through the individual process steps. The term “chips” is only used after the dies are isolated and packaged.

DRAM
DRAM = dynamic random access memory. Electronic memory chip components primarily used in computers. This is the world’s most widely used memory chip.

FAB
This is a manufacturing facility which specializes in the production of ICs on wafers (chips). Today, building a large, modern fab complete with the required cleanrooms and equipment costs approximately US$ 1.5 billion to US$ 4 billion.

FLIP CHIP BONDING
An advanced bonding technique between chip and housing that makes higher clock frequencies possible in signal transmission. The active side of the chip is face down and therefore has to be “flipped” before assembly.

FOUNDRY
A chip factory where microchips are manufactured to a circuit design that is specified by the customer. Making goods to order in this way, the foundry operators have no chip design or product sales / marketing costs and can therefore focus their R & D resources entirely on the process technology. The globally leading foundries are located in Taiwan and Singapore.

FRONT-END
Front-end processes are the production steps carried out on the wafer as a whole. This is where the chip itself is made. Back-end processes in which chips are tested on the wafer follow. There, the wafer is cut into individual chips that are then inserted into housing.

IC
An integrated circuit (IC) consists of electronic components such as transistors, resistors, and capacitors that are integrated on a tiny microchip. Today, tens of millions of this type of cell are housed in circuits on a single chip. This high integration density has led to a high degree of chip performance.

LASER PROCESSING

New developments in solid-state laser technology, such as high-performance UV lasers with high pulse rates in picoseconds, have expanded potential applications for lasers through microstructuring. SUSS MicroTec offers two laser technologies:

Excimer Laser Ablation: In microstructuring, the use of excimer lasers primarily offers options for material evaporation. Through bombardment with pulsed laser radiation, material can be removed from a surface. In the process, a photochemical reaction sets off electron excitation, which results in a sudden rise in pressure and an explosive removal of material in the form of monomers and gases. The thermal effect here is minimal – the process technology protects materials that are sensitive to temperature. The systems use a Photomask that is exposed with a laser beam. Projection optics between the mask and the wafer project the mask patterns onto the wafer, similarly to a projection stepper in lithography. The material, however, is not exposed but rather removed directly. The entire wafer is patterned using a step and repeat process.

Processing with solid-state laser: Solid-state laser technology promises all the advantages of laser processing: It achieves high resolutions of up to 2 µm and ensures extremely precise results. Patterning processes are conducted without thermal side effects. The systems do not require a mask and use a direct writing method.

LED

Light-emitting diode. LEDs are semiconductor components that can generate light. They emit a very bright light yet at the same time consume very little energy. Moreover, their life span is over ten times that of a conventional light bulb.

LITHOGRAPHY

The electrical circuits of ICs are created by structuring individual strata on a silicon wafer in a type of layer structure. To create very small structures in the individual strata, the wafer is coated with a light-sensitive material (photoresist) and then exposed using a mask. The structures on the mask are, thus, superimposed on the wafer by means of casting a shadow. Where the mask blocks the light, the photoresist on the wafer is not exposed. Where it is transparent, light falls onto the wafer and the photoresist is exposed. During development after exposure, the exposed photoresist areas are cleared above the strata and can be accessed by the following process step. Nowadays, typical structure sizes for Front-end lithography applications are between 32 nm (0.032 micrometers) and 0.6 micrometers. In the Back-end, structure sizes ranging from several microns to tens of microns are generated by photolithography to create, for example, bumps for flip chip bonding.

MASK

A plate of glass or quartz glass on which the patterns needed to manufacture an IC are mapped. These patterns consist of transparent and opaque areas that correspond in size and shape to the circuits required.

MASK ALIGNER

Mask Aligners align a glass mask to a wafer (covered with photosensitive material previously spun or sprayed on by a coater) with sub-micrometer accuracy. The glass mask is patterned with the structures that need to be transferred onto the wafer. These structures will then build electrical circuits, grooves, and bridges – all the various things that the chip needs in order to function. The pattern is transferred onto the wafer by means of exposure not unsimilar to a photographic procedure.

MEMS
Microelectromechanical systems (MEMS) is the term used primarily in North America for microsystems technology (MST), a term more common in Europe. Semiconductor production technologies and processes are used to manufacture mechanical and other non-electrical elements. MEMS products are used, for example, in the automobile industry, telecommunications, optoelectronics, and medical technology.

MICROMETER / MICRON
A metric unit of length, symbol: µm. A micron is a millionth of a meter. The diameter of a human hair is approximately 60 µm.

MICROSYSTEM
A system made up of various components each less than 1 mm in size.

MICROSYSTEMS TECHNOLOGY
This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1 mm. In contrast, in the United States and Asia microsystems technology or the more frequently used microelectromechanical systems (MEMS) refers to the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

NANOIMPRINTING / NANOIMPRINT – LITHOGRAPHY (NIL)
A mechanical method to create two or three-dimensional structures in the nanometer range with a casting or stamping tool. In contrast to the photolithographic production of devices on semiconductor wafers, the structures are formed by stamping patterns in soft polymers. The future importance of nanoimprinting will be in cost savings. Classical photolithography equipment will, if extended to extremely short wavelengths of light (EUV, x-ray), become too expensive.

NANOTECHNOLOGY
(Greek. nãnos = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter (10^{-9} m) and defines a border range where the typical dimensions of a single molecule are found. Nanotechnology is a stringent continuation and expansion of microtechnology with mostly unconventional, new approaches. The tasks of nanotechnology include creating materials and structures in the nano-meter range.

OPTOELECTRONICS
By deliberately combining semiconductor electronics technologies and III-V materials such as gallium arsenide, light can be generated or detected (semiconductor lasers, LEDs, photodiodes, etc.). This technology is primarily used in telecommunications to transmit very large quantities of data (fiber-optic networks). LEDs are also increasingly being used in automotives and domestically due to their many advantages, such as their low energy requirement, extreme brightness, and very long lifespan.

PACKAGING FOUNDRIES
See Back-end.

PHOTORESIST
A light-sensitive material that is first applied as a layer to the wafer and then exposed through a mask using ultraviolet light. In exposed areas, the ultraviolet light brings about chemical changes. These areas are dissolved from the layer during development, leaving a relief-like structure in the photoresist coating. This process is highly similar to photography.

PROJECTION LITHOGRAPHY
While the complete wafer is exposed in one step during full-field lithography (Mask Aligner), during projection lithography processes only individual sections of the wafer are typically exposed using projection optics. The complete exposure of the wafer is then carried out in steps (step and repeat) or continuously (scan). SUSS MicroTec manufactures 1:1 projection scanners for the semiconductor mid- and Back-end. Here a full-field mask is used and the wafer is exposed in one scanning step. There is no reduction in pattern sizes from the mask to the wafer. The projection scanner technology of SUSS MicroTec combines the advantages of full-field exposure and traditional projection lithography and offers an alternative to Mask Aligner and projection steppers.

SEMICONDUCTOR
A monocrystalline material of which the electrical resistance can be changed by implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

SENSOR
A component used to record and convert measurements such as temperature, pressure, and acceleration. These measurements are converted into electrical signals and relayed to a signal evaluation unit.

SILICON
A material with the structure of a crystal lattice with semiconducting properties. Semiconducting means that the material can be used as a conductor or non-conductor depending on the inclusion of certain foreign atoms. In the semiconductor industry, the most common base material used is silicon in monocrystalline disk form.

SUBSTRATE BONDER
The substrate bonder connects two or more substrates (primarily wafers) aligned to one another in an extremely precise manner. This is done using soldering, adhesion, or another physicochemical process. Many MEMS components require this processing step, as it is the only way to ensure that airbags, tire pressure sensors, GPS sensors, ink-jet printers, etc. work.

SYSTEM ON A CHIP
Highly complex ICs incorporating many different functions. Until recently, these functions had to be accommodated on several ICs. The enormous innovative momentum in process technology that has made it possible to manufacture ICs with ever smaller structure widths now means that different kinds of memory, digital signal processors, and analog functions can be accommodated on one chip. The advantage is that instead of many chips, only a handful or even a single one is needed, thereby reducing the space needed, the assembly requirements (and therefore the cost of the finished product) and, most importantly, the power consumption. This prolongs the battery life in battery-powered equipment such as laptops and cellular telephones. The trend towards ever smaller and more portable devices, which should also be less and less expensive, makes system on a chip increasingly important.

THROUGH-SILICON VIAS (TSVS)
Individual chip components are stacked on top of one another and joined with this technology. This shortens the path of the data stream between the individual chip components and allows for significantly less capacity loss. As such, through-silicon vias contribute to lowering the overall size of chips combined with a simultaneous rise in performance.

TOOL
Machines, instruments, robots, etc. Tools are all individual systems that comprise a production line in a semiconductor factory.

WAFERS
Slices of the purest silicon, for example, or compound semiconductors (gallium arsenide, indium phosphide, etc.) on which chips are produced. Over the past ten years, their diameter has increased from 150 mm to 200 mm and today to even 300 mm. Twice as many chips fit onto the surface area of the latest 300 mm wafers than onto a 200 mm wafer, thereby cutting production costs by approximately 30%.

WIRE BONDING
A common contact process that connects chips with housing via metal wires.

YIELD
One of the key parameters in semiconductor production. It measures the output of functioning microchips in relation to the total number of microchips on a wafer. The higher the yield, the more efficient and cost-effective the chip production for the customer.

Financial Calendar 2015

Annual Report 2014	March 30
Quarterly Report 2015	May 7
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, Munich	June 2
Interim Report 2015	August 6
Nine-month Report 2015	November 5

CREDITS

Published by	SUSS MicroTec AG
Edited	Finance, Julia Natterer
	Investor Relations, Franka Schielke
Auditor	BDO AG Wirtschaftsprüfungsgesellschaft
Concept and design	Whitepark GmbH & Co., Hamburg
Printer	Eberl Print GmbH, Immenstadt
Photos	SUSS MicroTec AG, Creativ Fotostudio Allan Richard Tobis, iStock
Translation	English Business AG , Hamburg

CONTACT

SUSS MicroTec AG
Schleißheimer Straße 90
85748 Garching, Germany
Phone: +49 (0)89-32007-0
Email: info@suss.com

Investor Relations
Phone: +49 (0)89-32007-161
Email: ir@suss.com

Forward-looking statements: These reports contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based oncurrent plans, estimates, and projections,and should be understood as such. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution readers that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement.

SUSS MicroTec AG
Schleissheimer Straße 90
85748 Garching, Germany
Phone: +49 (0)89-32007-0
Email: info@suss.com

www.suss.com