Notes

1. GENERAL PRINCIPLES

AIXTRON SE is incorporated as a European Company (Societas Europaea) under the laws of the Federal Republic of Germany. The Company is domiciled at Dornkaulstraße 2, 52134 Herzogenrath, Germany. AIXTRON SE is registered in the commercial register of the District Court ("Amtsgericht") of Aachen under HRB 16590.

The consolidated financial statements of AIXTRON SE and its subsidiaries ("AIXTRON" or "Company") have been prepared in accordance with, and fully comply with

- International Financial Reporting Standards (IFRS), and the interpretations as published by the International Accounting Standards Board (IASB); and also
- International Financial Reporting Standards (IFRS) as adopted for use in the European Union; and also
- the requirements of Section 315a of HGB (German Commercial Law).

AIXTRON is a leading provider of deposition equipment to the semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in fibre optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, signalling and lighting, displays, as well as a range of other leading-edge technologies.

These consolidated financial statements have been prepared by the Executive Board and have been submitted to the Supervisory Board at its meeting held on February 23, 2015 for approval and publication.

2. SIGNIFICANT ACCOUNTING POLICIES

A COMPANIES INCLUDED IN CONSOLIDATION

Companies included in consolidation are the parent company, AIXTRON SE, and 8 companies, in which AIXTRON SE has a 100% direct shareholding or control. The balance sheet date of all consolidated companies is December 31. A list of all consolidated companies is shown in note 31.

B BASIS OF ACCOUNTING

The consolidated financial statements are presented in Euro (EUR). The amounts are rounded to the nearest thousand Euro (kEUR). Some items in the consolidated statement of financial position and consolidated income statement have been combined under one heading to improve the clarity of presentation. Such items are disclosed and commented on individually in the notes.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if this revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments which have a significant effect on the Company's financial statements are described in Note 37.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each consolidated company.

C BASES OF CONSOLIDATION

(I) SUBSIDIARIES

Entities over which AIXTRON SE has control are treated as subsidiaries (see note 31). Control exists when the Company is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(II) TRANSACTIONS ELIMINATED ON CONSOLIDATION

All intercompany income and expenses, transactions and balances have been eliminated in the consolidation.

D FOREIGN CURRENCY

The consolidated financial statements have been prepared in Euro (EUR). In the translation of financial statements of subsidiaries outside the Euro-Zone the local currencies are also the functional currencies of those companies. Assets and liabilities of those companies are translated to EUR at the exchange rate as of the balance sheet date. Revenues and expenses are translated to EUR at average exchange rates for the year or at average exchange rates for the period between their inclusion in the consolidated financial statements and the balance sheet date. Net equity is translated at historical rates. The differences arising on translation are disclosed in the Consolidated Statement of Changes in Equity.

Exchange gains and losses resulting from fluctuations in exchange rates in the case of foreign currency transactions are recognised in the income statement in “Other operating income“ or “Other operating expenses“.

E PROPERTY, PLANT AND EQUIPMENT

(I) ACQUISITION OR MANUFACTURING COST

Items of property, plant and equipment are stated at cost, plus ancillary charges such as installation and delivery costs, less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

Costs of internally generated assets include not only costs of material and personnel, but also a share of directly attributable overhead costs, such as employee benefits, delivery costs, installation, and professional fees.

Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

(II) SUBSEQUENT COSTS

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing components or enhancement of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. All other costs such as repairs and maintenance are expensed as incurred.

(III) GOVERNMENT GRANTS

Government grants related to the acquisition or manufacture of owned assets are deducted from original cost at the date of capitalisation.

(IV) DEPRECIATION

Depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Useful lives, depreciation method and residual values of property, plant and equipment are reviewed at the year-end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Buildings	25 - 33 years
Machinery and equipment	3 - 14 years
Other plant, factory and office equipment	2 - 14 years

F INTANGIBLE ASSETS

(I) GOODWILL

Business combinations are accounted for by applying the purchase method. In respect of business combinations that have occurred since January 1, 2004, goodwill represents the difference between the fair value of the consideration for the business combination and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (j)).

(II) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding using scientific methods, is recognised as an expense as incurred.

Expenditure on development comprises costs incurred with the purpose of using scientific knowledge technically and commercially. As not all criteria of IAS 38 are met AIXTRON did not capitalise such costs.

(III) OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)).

Intangible assets acquired through business combinations are stated at their fair value at the date of purchase.

Expenditure on internally generated goodwill, trademarks and patents is expensed as incurred.

(IV) SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(V) AMORTISATION

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets, except for goodwill. Goodwill has a useful life which is indefinite and is tested annually in respect of its recoverable amount. Other intangible assets are amortised from the date they are available for use. Useful lives and residual values of intangible assets are reviewed at the year-end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Software	2 - 5 years
Patents and similar rights	5 - 18 years
Customer base and product and technology know how	6 - 7 years

G FINANCIAL INSTRUMENTS

(I) FINANCIAL ASSETS

Financial assets are classified into the following specific categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity investments', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised at the contract date, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(II) FINANCIAL ASSETS AT FVTPL

Financial assets are classified as at FVTPL where the asset is either

- held for trading or
- it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(III) HELD TO MATURITY INVESTMENTS

Investments with fixed or determinable payments and fixed maturity dates that the Company intends to and has the ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

(IV) TRADE RECEIVABLES

Trade receivables and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

(V) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(VI) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits with banks with a maturity of less than three months at inception.

(VII) EQUITY INSTRUMENTS

Equity instruments, including share capital, issued by the company are recorded at the proceeds received, net of direct issue costs.

(VIII) FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(IX) FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL where the liability is either

- held for trading or
- it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(X) OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

(XI) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company's activities expose it to the financial risks of changes in foreign exchange currency rates (seenote 26). The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by policies approved by the Executive Board, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the derivative financial instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the derivative financial instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

H INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Cost is determined using weighted average cost.

The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes direct material and production cost, as well as an appropriate share of overheads based on normal operating capacity.

Allowance for slow moving, excess and obsolete, and otherwise unsaleable inventory is recorded based primarily on either the Company's estimated forecast of product demand and production requirement or historical usage. When the estimated future demand is less than the inventory, the Company writes down such inventories.

I OPERATING RESULT

Operating result is stated before finance income, finance expense and tax.

J IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill purchased as part of a business acquisition is tested annually for impairment, irrespective of whether there is any indication of impairment. For impairment test purposes, the goodwill is allocated to cash-generating units. Impairment losses are recognised to the extent that the carrying amount exceeds the higher of fair value less cost to sell or value in use of the cash-generating unit.

Property, plant and equipment as well as other intangible assets are tested for impairment, where there is any indication that the asset may be impaired. The company assesses at the end of each period whether there is an indication that an asset may be impaired. Impairment losses on such assets are recognised, to the extent that the carrying amount exceeds either the fair value that would be obtainable from a sale in an arm's length transaction, or the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks associated with the asset.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals are made only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

K EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of issued common shares (see note 21) for the year. Diluted earnings per share reflect the potential dilution that could occur if options issued under the Company's stock option plans were exercised and convertible bonds were converted, unless such conversion had an anti-dilutive effect.

L EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(II) DEFINED BENEFIT PLANS

The obligation from defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

(III) SHARE-BASED PAYMENT TRANSACTIONS

The stock option programs allows members of the Executive Board, management and employees of the Company to acquire shares/ADS (see note 23) of the Company. These stock option programs are accounted for by AIXTRON according to IFRS 2. The fair value of options granted after November 7, 2002 is recognised as personnel expense with a corresponding increase in additional paid-in capital. The fair value is calculated at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a mathematical model, taking into account the terms and conditions upon which the options were granted. In the calculation of the personnel expense options forfeited are taken into account.

M PROVISIONS

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

(I) WARRANTIES

The Company normally offers one, occasionally two, year warranties on all of its products. Warranty expenses generally include cost of labor, material and related overhead necessary to repair a product free of charge during the warranty period, and are recorded as a selling expense. The specific terms and conditions of those warranties may vary depending on the equipment sold, the terms of the contract and the locations from which they are sold. The Company establishes the costs that may be incurred under its warranty obligations and records a liability in the amount of such costs at the time revenue is recognised. Factors that affect the Company’s warranty liability include the historical and anticipated rates of warranty claims and cost per claim.

The Company accrues material and labor cost for systems shipped based upon historical experience. The Company periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary.

(II) ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected economic benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognised as a provision is determined as the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received. Before making that provision any impairment loss that has occurred on assets dedicated to that contract are recognised. The provision is discounted to present value if the adjustment is material.

N REVENUE

Revenue is generated from the sale and installation of equipment, spare parts and maintenance services and is recognised when the Company satisfies a performance obligation by transferring goods or services to the customer and it is probable that the ecomonic benefits associated with the transaction will flow to the entity.

The sale of equipment involves a customer acceptance test at AIXTRON´s production facility. After successful completion of this test, the equipment is dismantled and packaged for shipment. Upon arrival at the customer site the equipment is reassembled and installed, which is a service generally performed by AIXTRON engineers. AIXTRON gives no general rights of return, discounts, credits or other sales incentives within its terms of sale. However, occasionally some customers of AIXTRON have specifically negotiated terms and conditions of business.

Revenues from the sale of products that have been demonstrated to meet product specification requirements are recognised upon shipment to the customer, if a full customer acceptance test has been successfully completed at the AIXTRON production facility and the significant risks and rewards of ownership has passed to the customer.

Revenue relating to the installation of the equipment at the customer's site is recognised when the installation is completed and the final customer acceptance has been confirmed.

The portion of the contract revenue related to equipment deferred until completion of the installation services is determined based on either the fair value of the installation services or, if the company determines that there may be a risk that the economic benefits of installation services may not flow to the Company, the portion of the contract amount that is due and payable upon completion of the installation.

Fair value of the installation services is determined based on the price that would be received in an orderly transaction in the principal market for such equipment at the measurement date under current market conditions.

Revenue related to products where meeting the product specification requirements has not yet been demonstrated, or where specific rights of return have been negotiated, is recognised only upon final customer acceptance.

Revenue on the sale of spare parts is recognised when title and risk passes to the customer, generally upon shipment. Revenue from maintenance services is recognised as the services are provided.

The consideration from contracts which include combinations of different performance obligations such as equipment, spares and services is allocated to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for transferring the goods or services to the customer. The company uses a combination of methods such as an estimated cost plus margin approach, and allocating discounts proportionately to each performance obligation when determining the consideration for each performance obligation.

O EXPENSES

(I) COST OF SALES

Cost of sales includes such direct costs as materials, labor and related production overheads.

(II) RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred. Project funding received from governments (e.g. state funding) and the European Union is recorded in other operating income, if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

(III) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised as expense on a straight-line basis over the term of the lease.

P OTHER OPERATING INCOME

Government grants

Government grants awarded for project funding are recorded in "Other operating income" if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

Q TAX

The tax expense represents the sum of the current and deferred tax.

Deferred tax assets and liabilities are recorded for all temporary differences between tax and commercial balance sheets and for losses brought forward for tax purposes as well as for tax credits of the companies included in consolidation. The deferred taxes are calculated, based on tax rates applicable at the balance sheet date or known to be applicable in the future. Effects of changes in tax rates on the deferred tax assets and liabilities are recognised upon substantively enacted amendments to the law.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits can be set off against tax credits and tax losses carried forward. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realised. The recoverability of deferred tax assets is reviewed at least annually.

R SEGMENT REPORTING

An operating segment is a component of the Company that is engaged in business activities and whose operating results are reviewed regularly by the Chief Operating Decision Maker, which the Company considers to be its Executive Board, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Aixtron has only one reportable segment.

Accounting standards applied in segment reporting are in accordance with the general accounting policies as explained in this section.

S CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7. Cash flows from operating activities are prepared using the indirect method. Cash inflows and cash outflows from taxes and interest are included in cash flows from operating activities.

T RECENTLY ISSUED ACCOUNTING STANDARDS

In the current year, the following new and revised standards have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities	The changes relate to consolidation of companies by investment entities.
Amendments to IAS 36 – Recoverable amount Disclosures for Non Financial Assets	The amendments improve disclosures related to the recoverable amount of an asset measured at fair value less costs of disposal.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	The standard relates to derivatives subject to novation. The Group has no such derivatives.
IFRIC 21- Levies	This interpretation relates to Government levies and has had no effect on the Group
Amendments to IAS 32 – Offsetting financial assets and financial liabilities	The amendment clarifies the requirement for offsetting financial assets and liabilities.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 11 (amendments)	Accounting for Interests in Joint Operations
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 19 (amendments)	Defined Benefit Plans: Employee Contributions
IAS 27 (amendments)	Equity method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvement to IFRSs: 2010-2012; 2011 – 2013; 2012 - 2014	Amendments to various IFRSs

The company does not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

3. SEGMENT REPORTING AND REVENUES

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Board, as chief operating decision maker, in order to allocate resources to the segments and to assess their performance.

The Executive Board regularly reviews financial information to allocate resources and assess performance only on a consolidated group basis since the various activities of the group are largely integrated from an operational perspective. In accordance with IFRS, AIXTRON has only one reportable segment.

The company's reportable segment is based around the category of goods and services provided to the semiconductor industry.

Revenues are recognised as disclosed in Note 2 (n).

The company values the revenue deferred for installation services, using a market based approach, based on observed transactions for all such contracts involving two elements where revenue has been recognised during the financial year. This is level 2 within the fair value hierarchy described in IFRS 13. The fair value of the installation services is taken as the most frequently observed (modal value) percentage of the contract price payable upon completion of the installation service.

For contracts where revenue is recognised in two elements, the same method is also used to determine the fair value of products delivered, which is taken to be the most frequently observed (modal value) percentage of the contract value payable upon delivery of the equipment to the customer. This is also level 2 in the fair value hierarchy.

Segment revenues and results

in EUR thousands	Note	2014	2013	2012
Equipment revenues		148,543	138,044	176,865
Spares and service revenue		45,254	44,819	50,967
Revenue from external customers		**193,797**	**182,863**	**227,832**
Inventories recognized as an expense	16	134,940	117,900	113,083
Obsolescence and valuation allowance expense for inventories	16	3,016	17,885	40,947
Personnel expense	7	66,409	67,548	81,076
Depreciation	11	15,591	16,314	11,165
Impairment	6 / 11	0	9,888	2,756
Amortization	12	1,409	1,609	2,720
Other expenses		33,366	74,864	104,496
Foreign exchange losses	5	1,276	206	6,977
Other operating income	5	-3,901	-27,610	-3,121
Segment profit /loss		**-58,309**	**-95,741**	**-132,267**
Finance income	8	1,168	839	2,353
Finance expense	**8**	**0**	**-313**	**-29**
Profit/loss before tax		**-57,141**	**-95,215**	**-129,943**

The accounting policies of the reportable segment are identical to the Group's accounting policies as described innote 2. Segment profit represents the profit earned by the segment without the allocation of investment revenue, finance costs and income tax expense. This is the measure reported to the Executive Board for the purpose of resource allocation and assessment of performance.

Segment assets and liabilities

in EUR thousands	12/31/2014	12/31/2013
Semi-conductor equipment segment assets segment assets	260,693	246,708
Unallocated assets	272,854	316,485
Total Group assets	**533,547**	**563,193**

in EUR thousands	12/31/2014	12/31/2013
Semi-conductor equipment segment liabilities segment liabilities	115,842	96,802
Unallocated liabilities	2,003	988
Total Group liabilities	**117,845**	**97,790**

For the purpose of monitoring segment performance and allocating resources all assets other than tax assets, cash and other financial assets are treated as allocated to the reportable segment. All liabilities are allocated to the reportable segment apart from tax liabilities and post-employment benefit liabilities.

Additions to Property, Plant and Equipment, to Goodwill and to Intangible assets, and the depreciation and amortization expenses are given in notes 11 and 12. Other non-current assets decreased by kEUR 525 during 2014 (increased by kEUR 230 in 2013).

Information concerning other material items of income and expense for personnel expenses and R&D expenses can be found in notes 7 and 4.

GEOGRAPHICAL INFORMATION

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below. Revenues from external customers are attributed to individual countries based on the country in which it is expected that the products will be used.

in EUR thousands	2014	2013	2012
Asia	160,240	141,785	177,490
Europe	25,189	24,213	21,352
Americas	8,368	16,865	28,990
Total	193,797	182,863	227,832

Sales from external customers attributed to Germany, Aixtron's country of domicile, and to other countries which are of material significance are as follows:

in EUR thousands	2014	2013	2012
Germany	6,621	7,210	10,105
USA	8,162	14,805	28,868
Korea	18,641	30,578	29,759
China	106,568	56,788	71,611
Taiwan	20,580	43,177	47,147

Revenues from all foreign countries outside of Germany were kEUR 187,176, kEUR 175,653 and kEUR 217,727 for the years ended December 31, 2014, 2013 and 2012 respectively.

Sales to four customers in 2014 exceeded 10% of Group revenue, representing 12.2%, 10.9%, 10.4% and 10.1% respectively. In 2013 sales to one customer amounted to 14.4% of Group revenues. In 2012 sales to one customer accounted for 11% of Group revenues.

in EUR thousands	**12/31/2014**	**12/31/2013**
Asia	2,591	5,181
Europe excluding Germany	12,619	13,052
Germany	127,536	127,977
Americas	2,205	1,736
Total Group non current assets	**144,951**	**147,946**

Non-current assets exclude deferred tax assets, financial instruments, post-employment benefit assets and rights arising under insurance contracts.

4. RESEARCH AND DEVELOPMENT

Research and development costs, before deducting project funding received, were kEUR 66,739, kEUR 57,153 and kEUR 72,862 for the years ended December 31, 2014, 2013 and 2012 respectively.

After deducting project funding received and not repayable, net expenses for research and development were kEUR 64,944, kEUR 54,627 and kEUR 70,201 for the years ended December 31, 2014, 2013 and 2012 respectively.

5. OTHER OPERATING INCOME

in EUR thousands	2014	2013	2012
Research and development funding	1,795	2,526	2,661
Income from resolved contract obligations	0	225	0
Income from the reversal of provisions and the write-off of debts	4	33	78
Gain from the disposal of fixed assets	0	43	0
Insurance recoveries	52	22,638	11
Foreign exchange gains	979	746	136
Other	1,071	1,399	235
	3,901	**27,610**	**3,121**

In June 2013 inventory belonging to Aixtron with an original cost of kEUR 22,284 was destroyed by a fire in a third party warehouse in the United Kingdom. The inventory valuation had been written down by a provision of kEUR 17,127 to a net amount of kEUR 5,157. Insurance proceeds related to the incident amounting to kEUR 22,479 are included within Insurance recoveries in Other operating income. The destroyed inventory, net of the provision, is expensed in cost of sales.

The total amount of exchange gains and losses (see also note 6) recognised in profit or loss was a loss of kEUR -297, (2013 gain kEUR 540; 2012 loss kEUR -6,841).

in EUR thousands	2014	2013	2012
Foreign exchange gains	979	746	136
Foreign exchange losses (see note 6)	-1,276	-206	-6,977
Net foreign exchange gains (losses)	**-297**	**540**	**-6,841**
Gains (losses) arising on financial instruments at FVTPL	0	0	-6,774
Other foreign exchange gains (losses)	-297	540	-67
Net foreign exchange gains (losses)	**-297**	**540**	**-6,841**

6. OTHER OPERATING EXPENSES

in EUR thousands	2014	2013	2012
Foreign exchange losses	1,276	206	6,977
Impairment of building	0	9,888	0
Losses from the disposal of fixed assets	29	54	149
Additions to allowances for receivables or write-off of receivables	327	142	1,449
Other	42	1,341	0
	1,674	**11,631**	**8,575**

7. PERSONNEL EXPENSE

in EUR thousands	2014	2013	2012
Payroll	57,403	58,783	67,179
Social insurance contributions	6,560	6,444	8,732
Expense for defined contribution plans	1,667	1,340	1,712
Share based payments	779	981	3,453
	66,409	**67,548**	**81,076**

Personnel expenses include restructuring costs related to reductions in personnel in a number of the Group's activities. During 2015 we expect to implement these plans with the effect on future earnings and cash flow following their completion. Costs are included in expenses as set out in the table below.

in EUR thousands	2014	2013	2012
Cost of sales	729	2096	1964
Selling expenses	424	525	497
General administration expenses	577	1,680	274
Research and development costs	4,086	930	2,319
	5,816	**5,231**	**5,054**

8. NET FINANCE INCOME

in EUR thousands	2014	2013	2012
Interest income from financial assets			
On financial assets measured at amortised cost	1,168	839	2,274
Other financial assets	0	0	79
	1,168	**839**	**2,353**
Interest expense from financial liabilities			
On financial liabilities not at fair value through profit or loss	0	-313	-29
	0	**-313**	**-29**
Net finance income	**1,168**	**526**	**2,324**

Interest income relates to interest on cash and cash equivalents and held to maturity investments.

9. INCOME TAX EXPENSE/BENEFIT

The following table shows income tax expenses and income recognised in the consolidated income statement:

in EUR thousands	2014	2013	2012
Current tax expense (+)/current tax income (-)			
for current year	4,093	5,697	-4,508
for prior years	719	-539	-204
Total current tax expense/income	**4,812**	**5,158**	**-4,712**
Deferred tax expense (+)/deferred tax income (-)			
from temporary differences	989	55	22,868
-Income/expense from changes in local tax rate	0	4	-56
from reversals and write-downs	-431	584	-2,607
Total deferred tax expense/income	**558**	**643**	**20,205**
Taxes on income/loss	**5,370**	**5,801**	**15,493**

Income/loss before income taxes and income tax expense relate to the following regions:

in EUR thousands	2014	2013	2012
Income/loss before income taxes			
Germany	-61,568	-104,284	-101,617
Outside Germany	4,427	9,069	-28,326
Total	**-57,141**	**-95,215**	**-129,943**
Income tax expense			
Germany	1,249	353	21,143
Outside Germany	4,121	5,448	-5,650
Total	**5,370**	**5,801**	**15,493**

The Company's effective tax rate is different from the German statutory tax rate of 30.55% (2013: 30.54%; 2012: 30.54%) which is based on the German corporate income tax rate, including solidarity surcharge, and trade tax.

The following table shows the reconciliation from the expected to the reported tax expense:

in EUR thousands	2014	2013	2012
Net result before taxes	**-57,141**	**-95,215**	**-129,943**
Income tax expense/benefit (German tax rate)	**-17,451**	-29,079	-39,685
Effect from differences to foreign tax rates	**-2,291**	-1,768	1,250
Non-deductible expenses	**1,848**	338	1,343
Non-consideration of tax claims from loss carryforwards	**27,277**	36,089	55,062
Reversal of Allowance / write-off against deferred tax assets	**-431**	662	-2,607
Effect from changes in local tax rate	**0**	4	-56
Effect of the use of loss carryforwards	**-1,390**	-1,752	-1,482
Effect of permanent differences	**-24**	-25	152
Other	**-2,168**	1,332	1,516
Taxes on income/loss	**5,370**	**5,801**	**15,493**
Effective tax rate	**-9.4%**	**-6.1%**	**-11.9%**

10. CURRENT TAX RECEIVABLE AND PAYABLE

As of December 31, 2014 the current tax receivable and payable, arising because the amount of tax paid in the current or in prior periods was either too high or too low, are kEUR 543 (2013: kEUR 5,388) and kEUR 1,969 (2013: kEUR 688) respectively.

11. PROPERTY, PLANT AND EQUIPMENT

in EUR thousands	**Land and buildings**	**Technical equipment and machinery**	**Other plant, factory and office equipment**	**Assets under construction**	**Total**
Cost					
Balance at January 1, 2013	64,839	70,937	20,359	5,375	**161,510**
Acquisitions	282	5,273	443	3,608	**9,606**
Disposals	1,476	639	859	745	**3,719**
Transfers	0	3,896	25	-3,921	**0**
Effect of movements in exchange rates	-106	-752	-213	-26	**-1,097**
Balance at December 31, 2013	**63,539**	**78,715**	**19,755**	**4,291**	**166,300**
Balance at January 1, 2014	63,539	78,715	19,755	4,291	**166,300**
Acquisitions	428	2,894	644	8,681	**12,647**
Disposals	29	504	2,172	47	**2,752**
Transfers	119	3,200	130	-3,474	**-25**
Effect of movements in exchange rates	311	2,452	271	153	**3,187**
Balance at December 31, 2014	**64,368**	**86,757**	**18,628**	**9,604**	**179,357**
Depreciation and impairment losses					
Balance at January 1, 2013	13,786	37,845	12,327	0	**63,958**
Depreciation charge for the year	2,383	11,602	2,329	0	**16,314**
Impairment	6,264	3,450	174	0	**9,888**
Disposals	1,471	639	810	0	**2,920**
Effect of movements in exchange rates	-59	-611	-136	0	**-806**
Balance at December 31, 2013	**20,903**	**51,647**	**13,884**	**0**	**86,434**
Balance at January 1, 2014	20,903	51,647	13,884	0	**86,434**
Depreciation charge for the year	1,940	11,762	1,889	0	**15,591**
Disposals	16	400	2,146	0	**2,562**
Effect of movements in exchange rates	204	2,151	240	0	**2,595**
Balance at December 31, 2014	**23,031**	**65,160**	**13,867**	**0**	**102,058**
Carrying amounts					
At January 1, 2013	51,053	33,092	8,032	5,375	**97,552**
At December 31, 2013	42,636	27,068	5,871	4,291	**79,866**
At January 1, 2014	42,636	27,068	5,871	4,291	**79,866**
At December 31, 2014	41,337	21,597	4,761	9,604	**77,299**

DEPRECIATION

Depreciation expense amounted to kEUR 15,591 for 2014 and was kEUR 16,314 and kEUR 11,164 for 2013 and 2012 respectively.

During each financial year, asset useful lives are reviewed in accordance with IAS 16. The effect of the changes in assets useful lives has been to increase the depreciation expense in 2014 by kEUR 561 (2013 kEUR 2,160, 2012 kEUR nil) compared with the depreciation which would have occurred had the asset useful lives remained unchanged. The changes relate to test equipment which is no longer used.

IMPAIRMENTS

In 2014 there were no impairments of Fixed Assets.

In 2013 impairment charges of kEUR 9,888 were made in respect of a building and specific equipment contained in that building in Herzogenrath, Germany. The impairment losses are recorded in Other operating expenses in the Income Statement, within Aixtron's one operating segment, and are also shown in the table above.
The company decided to relocate its main activities from its Kaiserstrasse facility in Herzogenrath to a purpose built building nearby. Consequently, the recoverable amount of the Kaiserstrasse facility was re-assessed as its fair value less costs of disposal, which is kEUR 5,500.
The valuation was carried out by a professionally qualified valuer (CIS Immobiliengutachter HypZert fuer finanzwirtschaftliche Zwecke) and is level 2 in the hierarchy of valuations in IFRS 13. The valuation was based on observable inputs from comparable property transactions. The valuation given of the building was kEUR 5,670 and an allowance for the costs of disposal of kEUR 170 has been made against this.
The building is expected to be put on the market for sale in the near future.

In 2012 impairment charges of kEUR 2,756 were made in respect of specific test equipment for discontinued products. They are reported within the line item research and development costs in the Income Statement.

ASSETS UNDER CONSTRUCTION

Assets under construction relates mainly to self-built systems for development laboratories in 2014 and 2013.

12. INTANGIBLE ASSETS

in EUR thousands	**Goodwill**	**Other intangible assets**	**Total**
Cost			
Balance at January 1, 2013	81,829	37,968	**119,797**
Acquisitions	0	464	**464**
Disposals	0	718	**718**
Effect of movements in exchange rates	-325	-881	**-1,206**
Balance at December 31, 2013	**81,504**	**36,833**	**118,337**
Balance at January 1, 2014	81,504	36,833	**118,337**
Acquisitions	0	759	**759**
Disposals	0	1,990	**1,990**
Transfers	0	25	**25**
Effect of movements in exchange rates	982	2,620	**3,602**
Balance at December 31, 2014	**82,486**	**38,247**	**120,733**
Amortisation and impairment losses			
Balance at January 1, 2013	17,483	33,750	**51,233**
Amortisation charge for the year	0	1,609	**1,609**
Disposals	0	718	**718**
Effect of movements in exchange rates	-94	-866	**-960**
Balance at December 31, 2013	**17,389**	**33,775**	**51,164**
Balance at January 1, 2014	17,389	33,775	**51,164**
Amortisation charge for the year	0	1,409	**1,409**
Disposals	0	1,990	**1,990**
Effect of movements in exchange rates	284	2,595	**2,879**
Balance at December 31, 2014	**17,673**	**35,789**	**53,462**
Carrying amounts			
At January 1, 2013	64,346	4,218	**68,564**
At December 31, 2013	64,115	3,058	**67,173**
At January 1, 2014	64,115	3,058	**67,173**
At December 31, 2014	64,813	2,458	**67,271**

AMORTISATION AND IMPAIRMENT EXPENSES FOR OTHER INTANGIBLE ASSETS

Amortisation and impairment expenses for other intangible assets are recognised in the income statement as follows:

in EUR thousands	**2014**	**2013**	**2012**
	Amortisation	Amortisation	Amortisation
Cost of sales	0	0	202
Selling expenses	1	1	5
General administration expenses	1,261	1,461	1,915
Research and development costs	147	147	598
	1,409	**1,609**	**2,720**

In 2014, 2013 and 2012, no impairment losses were incurred and no reversals of impairment losses were made.

The amortisation expected to be charged on other intangible assets in the future years is as follows:

in EUR thousands	
2015	933
2016	586
2017	315
2018	168
2019	100
After 2019	121

The actual amortisation can differ from the expected amortization.

IMPAIRMENT OF GOODWILL

At the end of 2014 the Group assessed the recoverable amount of goodwill and determined that no impairment loss had to be recognized (2013: kEUR 0; 2012 kEUR 0).

The carrying value of goodwill was kEUR 64,813 (2013 kEUR 64,115; 2012 kEUR 64,346).

As at the end of 2014 the cash generating unit, to which the goodwill has been allocated, is the Aixtron Group operational segment.

The recoverable amount of the cash-generating unit is determined through a fair value less cost to sell calculation. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As Aixtron has only one cash generating unit (CGU), market capitalisation of Aixtron, adjusted for a control premium, has been used to determine the fair value less cost to sell of the cash generating unit. This is level 2 in the hierarchy of fair value measures set out in IFRS 13.

As at December 31, 2014 the market capitalisation of Aixtron was Euro 1,045.6 million, based on a share price of Euro 9.37 and issued shares (excluding Treasury Shares) of 111,591,036. In an orderly selling process costs are incurred. Aixtron has used 1.5% to account for the costs to sell.

A control premium of 20% has been applied to adjust the market capitalization to the fair value. Market capitalisation was also adjusted for net debt and tax assets prior to comparing it to the carrying amount of the CGU. The analysis shows that the fair value less costs to sell of the CGU Aixtron exceeds its carrying amount and that Goodwill is not impaired.

Euro millions	Impairment Test	Impairment Test	Sensitivity Analysis
	2014	**2013**	**2014**
Market capitalisation as of December 31	1,045.6	1,172.8	422.0
Costs to sell in percentage	1.50%	1.50%	1.50%
Costs to sell	-15.7	-17.6	-6.3
Market capitalisation less cost to sell	1,029.9	1,155.2	415.7
Control premium in percentage	20.00%	20.00%	0.00%
Control premium	206.0	231.0	0.0
Market capitalisation and control premium less cost to sell	1,235.9	1,386.2	415.7
Net debt	-268.1	-306.3	-268.1
Tax assets	-2.8	-9.2	-2.8
Fair value less costs to sell of CGU	965.0	1,070.7	144.8
Carrying amount of the CGU	144.8	149.9	144.8
Surplus of fair value less cost to sell over carrying amount	820.2	920.8	0.0
Surplus of fair value less cost to sell over carrying amount as a percentage	566%	614%	0%

The fair value less costs to sell, which is the recoverable amount, exceeds the carrying amount of the CGU by 566% (2013 614%).

A sensitivity analysis of the impairment test, in which the control premium is reduced to zero, shows that the carrying amount of the CGU would equal the recoverable amount should the market capitalisation of AIXTRON fall by 60% (2013 60%) to Euro 422.0 million (2013 Euro 472.5 million).

13. OTHER NON-CURRENT ASSETS

Other non-current assets totalling kEUR 382 (2013: kEUR 907) include mainly rent deposits for buildings.

14. DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised at the level of individual consolidated companies in which a loss was realised in the current or preceding financial year, only to the extent that realisation in future periods is probable. The nature of the evidence used in assessing the probability of realisation includes forecasts, budgets and the recent profitability of the relevant entity. The carrying amount of deferred tax assets for entities which have made a loss in either the current or preceding year was kEUR 2,281 (2013: kEUR nil).

Deferred taxes for tax losses in the amount of kEUR 129,544 (2013: kEUR 88,664) and on deductible temporary differences in the amount of kEUR 12,164 (2013: kEUR 27,021) were not recognised. Tax losses in the amount of kEUR 110,550 can be used indefinitely (2013: kEUR 71,811), kEUR nil expire by 2019 (2013: kEUR 10,309, by 2018) and kEUR 18,994 expire after 2019 (2013: kEUR 6,544 after 2018).

The following table shows the development of temporary differences during the financial year:

in EUR thousands	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	624	124	0	0	624	124
Trade receivables	-29	693	0	0	-29	693
Inventories	939	959	0	0	939	959
Employee benefits	318	209	0	0	318	209
Currency translation	-37	29	0	0	-37	29
Provisions and other liabilities	80	53	0	0	80	53
Intangible assets	0	-711	0	0	0	-711
Other	-56	-71	-34	-300	-90	-371
Tax losses	2,281	3,328	0	0	2,281	3,328
Deferred tax assets (+) liabilities (-)	**4,120**	**4,613**	**-34**	**-300**	**4,086**	**4,313**

in EUR thousands	Balance at January 1, 2014	Recognised in income statement	Directly recognised in Other Comprehensive Income	Balance at December 31, 2014
Property, plant and equipment	124	500	0	**624**
Trade receivables	693	-722	0	**-29**
Inventories	959	-20	0	**939**
Employee benefits	209	109	0	**318**
Currency translation	29	-397	331	**-37**
Provisions and other liabilities	53	27	0	**80**
Intangible assets	-711	711	0	**0**
Other	-371	281	0	**-90**
Tax losses	3,328	-1,047	0	**2,281**
	4,313	**-558**	**331**	**4,086**

in EUR thousands	Balance at January 1, 2013	Recognised in income statement	Directly recognised in Other Comprehensive Income	Balance at December 31, 2013
Property, plant and equipment	53	71	0	**124**
Trade receivables	0	693	0	**693**
Inventories	1,690	-731	0	**959**
Employee benefits	191	18	0	**209**
Currency translation	12	326	-309	**29**
Provisions and other liabilities	-638	691	0	**53**
Intangible assets	0	-711	0	**-711**
Other	-139	-232	0	**-371**
Tax losses	4,096	-768	0	**3,328**
	5,265	**-643**	**-309**	**4,313**

15. LONG TERM RECEIVABLE FROM CURRENT TAX

Long term receivables from current tax consist of a receivable from corporate tax which will be refunded over a period of up to five years. The amount included in long term receivables is for the amount receivable after more than one year from the balance sheet date.

16. INVENTORIES

in EUR thousands	2014	2013
Raw materials and supplies	32,019	23,307
Work in process	42,269	38,606
Inventories at customers' locations	7,406	4,270
	81,694	66,183

in EUR thousands	Note	2014	2013
Inventories recognised as an expense during the period	3	134,940	117,900
Reversals of write-downs recognised during the year	3		-17,127
		134,940	100,773
Write-down of inventories during the year	3	3,016	35,012
Inventories measured at net realisable value		5,665	17,959
Carrying amount of inventories pledged as security for liabilities		0	0

On June 28th, 2013 a fire at a warehouse in the United Kingdom destroyed inventory with an original cost of kEUR 22,284. At that date, the inventory valuation had been written down by a provision of kEUR 17,127 to kEUR5,157. The provision was reversed because the inventory was expensed at that time.

Inventories recognised as an expense during the period includes the inventory destroyed in the fire in 2013 (2014 nil).

17. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Current Assets

in EUR thousands	2014	2013
Trade receivables	27,269	29,475
Allowances for doubtful accounts	-945	-1,821
Trade receivables - net	**26,324**	**27,654**
Prepaid expenses	1,152	735
Reimbursement of research and development costs	1,485	1,196
Advance payments to suppliers	2,010	61
VAT recoverable	1,865	2,187
Other assets	1,211	746
Total other current assets	**7,723**	**4,925**
	34,047	**32,579**

Additions to allowances against trade receivables are included in other operating expenses, releases of allowances are included in other operating income. Allowances against receivables developed as follows:

in EUR thousands	2014	2013
Allowance at January 1	1,821	1,819
Translation adjustments	21	-10
Impairment losses recognised	2	89
Used	-866	-25
Impairment losses reversed	-33	-52
Allowance at December 31	945	1,821

Ageing of past due but not impaired receivables

in EUR thousands	**2014**	**2013**
1-90 days past due	1,891	1,437
More than 90 days past due	2,084	2,023

Due to the worldwide spread of risks, there is a diversification of the credit risk for trade receivables. Generally, the Company demands no securities for financial assets. In accordance with usual business practice for capital equipment however, the Company mitigates its exposure to credit risk by requiring payment by irrevocable letters of credit and substantial payments in advance from most customers as conditions of contracts for sale of major items of equipment.

At the balance sheet date four customers each accounted for more than 10% of the company's net trade receivables, representing respectively 30.4%, 16.2%,11.5% and 10.5% of trade receivables. In 2013 one customer accounted for 16% of the company's net trade receivables, no other single customer accounted for more than 10% of trade receivables. In determining concentrations of credit risk the company defines counterparties as having similar characteristics if they are connected entities.

Included in the Company's trade receivable balance are debtors with a carrying amount of kEUR 3,975 (2013: kEUR 3,460) which are past due at the reporting date for which the Company has not provided. As there has not been a significant change in credit quality, and although the company has no collateral, the amounts are still considered recoverable.

In determining the financial assets which may be individually impaired the Company has taken into account the likelihood of recoverability based on the past due nature of certain receivables, and our assessment of the ability of all counter-parties to perform their obligations.

18. OTHER FINANCIAL ASSETS

Other financial assets of kEUR 151,494 (2013: kEUR 138,853) are fixed deposits with banks with a maturity of more than three months at inception of the contracts.

An analysis of the maturities at December 31, 2014 and 2013 is as follows:

In EUR thousands	**2014**	**2013**
Maturity up to 180 days	111,494	38,853
Maturity 181 days to 365 days	40,000	100,000
	151,494	**138,853**

19. CASH AND CASH EQUIVALENTS

in EUR thousands	2014	2013
Cash-in-hand	3	5
Bank balances	116,577	167,449
Cash and Cash equivalents	**116,580**	**167,454**

Cash and cash equivalents comprise short-term bank deposits with an original maturity of 3 months or less. The carrying amount and fair value are the same.

Bank balances included kEUR 0 given as security (2013: kEUR 0) at December 31, 2014.

20. SHAREHOLDERS'EQUITY

FULLY PAID CAPITAL

	2014	2013
January 1	112,613,445	101,975,023
Shares issued during the year	81,110	10,638,422
Issued and fully paid capital at December 31, including Treasury Shares	112,694,555	112,613,445
Treasury shares	-1,103,519	-1,078,925
Issued and fully paid share capital at December 31 under IFRS	**111,591,036**	**111,534,520**

The share capital of the company consists of no-par value shares and was fully paid-up during 2014 and 2013. Each share represents a portion of the share capital in the amount of EUR 1.00.

AUTHORISED SHARE CAPITAL

Authorised share capital, including issued capital, amounted to EUR 219,214,144 (2013: 203,422,077).

ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital mainly includes the premium on increases of subscribed capital as well as cumulative expense for share-based payments.

In 2014 all shares issued were the result of stock options being exercised.

In 2013 the company issued 10,638,422 shares. Of these, 10,223,133 were issued to qualified investors under an accelerated book-building process in October 2013, the remainder were issued as a result of the exercise of stock options during the year.

The Company regards its shareholders' equity as capital for the purpose of managing capital. Changes in Shareholders' equity are shown in the Consolidated Statement of Changes in Equity. The Company considers its capital resources to be adequate.

INCOME AND EXPENSES RECOGNISED IN OTHER COMPREHENSIVE INCOME

in EUR thousands	Currency translation	Derivative financial instruments	Total
Balance at December 31, 2011	**-4,065**	**-6,438**	**-10,503**
Change in currency translation	1,512		1,512
Change in unrealised gains/losses before taxes		9,226	9,226
Deferred taxes		-2,788	-2,788
Balance at December 31, 2012	**-2,553**	**0**	**-2,553**
Change in currency translation	-6,130		-6,130
Balance at December 31, 2013	**-8,683**	**0**	**-8,683**
Change in currency translation	11,815		11,815
Balance at December 31, 2014	**3,132**	**0**	**3,132**

The foreign currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is not the Euro.

The item “derivative financial instruments” comprises the gain or loss on foreign currency hedge contracts deferred in other comprehensive income.

21. EARNINGS/LOSS PER SHARE

BASIC EARNINGS/LOSS PER SHARE

The calculation of the basic earnings/loss per share is based on the weighted-average number of common shares outstanding during the reporting period.

DILUTED EARNINGS/LOSS PER SHARE

The calculation of the diluted earnings/loss per share is based on the weighted-average number of outstanding common shares and of common shares with a possible dilutive effect resulting from share options being exercised under the share option plan.

	2014	2013	2012
Earnings/loss per share			
Net loss attributable to the shareholders of AIXTRON SE in kEUR	-62,511	-101,016	-145,436
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share	112,107,905	103,016,618	100,805,804
Basic earnings/loss per share (EUR)	**-0.56**	**-0.98**	**-1.44**
Earnings/loss per share (diluted)			
Net loss attributable to the shareholders of AIXTRON SE in kEUR	-62,511	-101,016	-145,436
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share	112,107,905	103,016,618	100,805,804
Dilutive effect of share options	0	0	0
Weighted average number of common shares and ADS for the purpose of Earnings/Loss Per Share (diluted)	112,107,905	103,016,618	100,805,804
Diluted earnings/loss per share (EUR)	**-0.56**	**-0.98**	**-1.44**

The following securities issued were not included in the computation of the diluted earnings per share, as their effect would be anti-dilutive:

Number of shares	2014	2013	2012
Share options	3,521,639	3,289,025	3,366,396

22. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

The Company grants retirement benefits to qualified employees through various defined contribution pension plans. The expenses incurred for defined contribution plans mainly arise from two pension plans in subsidiaries. The contributions made do not exceed 10% of qualified employees' base salaries. In 2014 the expense recognised for defined contribution plans amounted to kEUR 1,667 (2013: kEUR 1,340, 2012: kEUR 1,712).

In addition to the Company's retirement benefit plans, the company is required to make contributions to state retirement benefit schemes in most of the countries in which it operates. The company is required to contribute a specified percentage of payroll costs to the retirement schemes in order to fund the benefits. The only obligation of the group is to make the required contributions.

DEFINED BENEFIT PLAN

The Company's obligation in respect of defined benefit pension commitments to two former members of the Executive Board of AIXTRON SE were contracted out to an insurance company during 2010. The company does not expect to have any further obligation under these schemes.

23. SHARE-BASED PAYMENT

The Company has different fixed option plans which reserve shares of common stock and AIXTRON American Depository Shares (ADS) for issuance to members of the Executive Board, management and employees of the Company. Each AIXTRON ADS represents the beneficial ownership in one AIXTRON common share. The following is a description of these plans:

AIXTRON stock option plan 1999

In May 1999, options were authorized to purchase 3,000,000 shares of common stock (after giving effect to capital increases, stock splits, and the EURO conversion). The stock options can be exercised when 15 years have elapsed since their issue. Under the terms of the 1999 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date. Under this plan 750,081 options for the purchase of 979,824 common shares were outstanding as of December 31, 2014.

AIXTRON STOCK OPTION PLAN 2002

In May 2002, options were authorized to purchase 3,511,495 shares of common stock. The options are exercisable in equal instalments of 25% per year after the second anniversary of the date of grant, subject to certain conditions. Options expire ten years from date of grant. Under the terms of the 2002 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. No grants were issued with a strike price less than fair market value. A total of 116,950 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2014.

AIXTRON STOCK OPTION PLAN 2007

In May 2007, options were authorized to purchase 3,919,374 shares of common stock. 50% of the granted options may be executed after a waiting period of not less than two years, further 25% after three years and the remaining 25% after at least four years. The options expire 10 years after they have been granted. Under the terms of the 2007 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. A total of 1,282,465 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2014.

AIXTRON STOCK OPTION PLAN 2012

In May 2012, options were authorized to purchase shares of common stock. The granted options may be exercised after a waiting period of not less than four years. The options expire 10 years after they have been granted. Under the terms of the 2012 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 30%. A total of 1,142,400 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2014.

GENUS STOCK OPTION PLAN 2000

With the acquisition of Genus, Inc. the company adopted the Genus Incentive Stock Option Plan 2000. Under this plan at the date of acquisition options were authorized to purchase the equivalent of 2,013,487 AIXTRON ADS. Options granted before October 3, 2003 vest over a three-year-period and expire five years from the date of grant. Options granted after October 3, 2003 vest over a four-year-period and expire ten years from the date of grant.
No options to purchase AIXTRON ADS remain outstanding under this plan as of December 31, 2014. Upon exercise of options new shares are issued from the trust (see note 20).

SUMMARY OF STOCK OPTION TRANSACTIONS

AIXTRON share options	Number of shares	Average exercise price (EUR)	Number of shares	Average exercise price (EUR)
	2014		2013	
Balance at January 1	3,283,435	23.47	4,274,126	21.68
Granted during the year	1,150,400	13.19	0	0.00
Exercised during the year	81,110	5.53	415,289	5.31
Forfeited during the year	831,086	21.35	575,402	23.29
Outstanding at December 31	3,521,639	21.02	3,283,435	23.47
Exercisable at December 31	1,564,214	28.91	2,014,503	26.22

GENUS SHARE OPTIONS

Genus share options	Number of shares	Average exercise price (USD)	Number of shares	Average exercise price (USD)
	2014		2013	
Balance at January 1	5,590	6.55	6,610	7.44
Expired during the year	5,590	6.55	1,020	12.35
Outstanding at December 31	0	0.00	5,590	6.55
Exercisable at December 31	0	0.00	5,590	6.55

AIXTRON STOCK OPTIONS AS OF DECEMBER 31, 2014

Exercise price per share (EUR)	Underlying shares represented by outstanding options	Shares represented by exercisable options	Average option life (in years)
67.39	306,324	306,324	0.5
26.93	265,000	0	1.5
7.48	408,500	0	2.5
3.83	116,950	116,950	1.5
10.09	169,875	169,875	3.0
4.17	101,390	101,390	4.0
24.60	478,100	478,100	5.0
26.60	500,100	375,075	6.0
12.55	8,000	4,000	7.0
15.75	25,000	12,500	8.0
14.01	57,000	0	10.0
13.14	1,085,400	0	10.0
	3,521,639	**1,564,214**	

ASSUMPTIONS USED TO CALCULATE FAIR VALUES AND SHARE-BASED PAYMENT EXPENSES

The fair value of services received in return for stock options granted is measured by reference to the fair value of the stock options granted. The fair value of the stock options is determined on the basis of a mathematical model. In accordance with IFRS 2 the measurement includes only options which were granted after November 7, 2002.

In 2014, the personnel expenses from share-based payments, all of which were equity settled share based payments, were kEUR 779 (2013: kEUR 981; 2012: kEUR 3,453).

As of December 31, 2014 an amount of kEUR 4,104 relating to stock options granted prior to that date had not yet been recognised as a personnel expense. This amount will be charged over the periods to 2018. The expected allocation of the expense is as follows: 2015: kEUR 1,153, 2016: kEUR 1,093, 2017: kEUR 1,088 and 2018 kEUR 770.

AIXTRON SHARE OPTIONS GRANTED

	in 2014 (October)	in 2014 (June)	in 2012
Fair value on grant date	3.79 €	4.26 €	4.66 €
Price per share	10.11 €	10.77 €	12.74 €
Exercise price	13.14 €	14.01 €	15.75 €
Expected volatility	50.53%	50.92%	55.96%
Option life	10.0 years	10.0 years	10.0 years
Expected dividend payments	0.13 €	0.13 €	0.33 €
Risk-free interest rate	1.03%	1.46%	1.47%

The expected volatility is based on historical volatility.

24. PROVISIONS

Development and breakdown of provisions

in EUR thousands	01.01. 2013	Exchange rate differences	Usage	Reversal	Addition	31.12. 2013	Current	Non-current
Personnel expenses	8,244	-120	5,808	925	4,314	**5,705**	5,705	0
Warranties	6,252	29	1,107	2	7,417	**12,589**	10,846	1,743
Onerous contracts	4,669	-6	2,021	0	2,760	**5,402**	5,402	0
Commissions	2,170	-1	1,623	106	813	**1,253**	1,253	0
Other	8,075	-69	5,113	191	6,406	**9,108**	8,874	234
Total	**29,410**	**-167**	**15,672**	**1,224**	**21,710**	**34,057**	**32,080**	**1,977**

in EUR thousands	01.01. 2014	Exchange rate differences	Usage	Reversal	Addition	31.12. 2014	Current	Non-current
Personnel expenses	5,705	202	4,661	715	9,135	**9,666**	9,666	0
Warranties	12,589	172	5,477	3,921	4,320	**7,683**	6,695	988
Onerous contracts	5,402	27	3,444	13	1,380	**3,352**	3,352	0
Commissions	1,253	8	1,380	20	821	**682**	682	0
Other	9,108	169	9,355	1,275	9,233	**7,880**	7,662	218
Total	**34,057**	**578**	**24,317**	**5,944**	**24,889**	**29,263**	**28,057**	**1,206**

PERSONNEL EXPENSES

These include mainly provisions for holiday pay, payroll and severance costs, which are financial liabilities.

PROVISIONS FOR ONEROUS CONTRACTS

These include provisions associated with contracts where the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received. These mainly relate to supply contracts for materials which are excess to the forecast future requirements.

COMMISSIONS

Commissions are payable to sales agents and are recorded as financial liabilities.

WARRANTIES

Warranty provisions are the estimated unavoidable costs of providing parts and service to customers during the normal warranty periods.

OTHER PROVISIONS

Other provisions consist mainly of the estimated cost of services received.

For provisions existing at both December 31, 2014 and December 31, 2013, the economic outflows resulting from the obligations that are provided for are expected to be settled within one year of the respective balance sheet date for current provisions and within two years of the respective balance sheet date, but more than one year, for non-current provisions.

25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The liabilities consist of the following:

in EUR thousands	**2014**	**2013**
Trade payables	**16,397**	**13,517**
Liabilities from grants	2,015	1,507
Payroll taxes and social security contributions	769	1,111
VAT and similar taxes	52	94
Other liabilities	356	236
Other current liabilities	**3,192**	**2,948**
	19,589	**16,465**

The carrying amount of trade payables and other current liabilities approximates their fair value. Trade payables, grant liabilities, taxes and other liabilities fall due for payment within 90 days of receipt of the relevant goods or services.

26. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods, the basis of measurement that are used in preparing the financial statements and the other accounting policies that are relevant to an understanding of the financial statement are disclosed in note 2 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The group seeks to minimise the effects of any risk that may occur from any financial transaction. Key aspects are the exposures to liquidity risk, credit risk, interest rate risk and currency risk arising in the normal course of the Company’s business.

The AIXTRON Group's central management coordinates access to domestic and international financial institutions and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposure to risk by likelihood and magnitude. These risks cover all aspects of the business, including financial risks; and the risk management system is in accordance with the corporate governance recommendations specified in the German Corporate Governance Code.

Where the Company uses derivative financial instruments it does so to hedge exposure to fluctuations in foreign exchange rates.

Liquidity risks

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk is one of the central tasks of AIXTRON SE. In order to be able to ensure the Group's solvency and flexibility at all times cash and cash equivalents are projected on the basis of regular financial and liquidity planning.

As at December 31, 2014 the group had no borrowings (2013 nil). Financial liabilities, all due within one year, of kEUR 19,589 (2013 kEUR 16,465) consisting of trade payables and other liabilities and are shown in Note 25, together with an analysis of their maturity.

As at December 31, 2014 the group had kEUR 116,580 cash and cash equivalents (2013 kEUR 167,454) and a further kEUR 151,494 of fixed deposits with banks (2013 kEUR 138,853).

CREDIT RISKS

Financial assets generally exposed to a credit risk are trade receivables (see note 17) and cash and cash equivalents.

The Group's cash and cash equivalents are kept with banks that have a good credit standing. Central management of the Group assesses the counter-party risk of each financial institution dealt with and sets limits to the Group's exposure to those institutions. These credit limits are reviewed from time to time so as to minimise the default risk as far as possible and to ensure that concentrations of risk are managed.

The maximum exposure of the Group to credit risk is the total amount of receivables, financial assets and cash balances as described in notes 17, 18 and 19.

For receivables measured at fair value, the maximum amount of the exposure to credit risk is the amount of receivables measured at fair value as disclosed in note 26. There are no credit derivatives or similar instruments which mitigate the maximum exposure to credit risk and there has been no change during the period or cumulatively in the fair value of such receivables that is attributable to changes in the credit risk.

MARKET RISKS

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rate risks. Interest rate risks are not material as the company only receives a minor amount of interest income. The Company does not use derivative financial instruments to manage its exposure to interest rate risk. Cash deposits are made with the company's bankers at the market rates prevailing at inception of the deposit for the period and currency concerned. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk.

FOREIGN CURRENCY RISK

The Company may enter into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts to hedge the exchange rate risk arising on the export of equipment, the Company did not use derivative financial instruments during either 2014 or 2013. The main exchange rates giving rise to the risk are those between the US Dollar, Pound Sterling and Euro.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

in EUR thousands	**Liabilities**		**Assets**	
	2014	**2013**	**2014**	**2013**
US Dollars	-62,064	-44,424	123,852	83,781
GB Pounds	-3,158	-1,612	13,218	15,227

Exposures are reviewed on a regular basis and are managed by the Company through sensitivity analysis.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to US Dollar exchange rate risks through its worldwide activities.

The following table details the company's sensitivity to a 10% change in the value of the Euro against the Dollar. A positive number indicates an increase in profit and other equity, a negative number indicates a reduction in profit and other equity.

Increase in value of Euro by 10%	**USD Currency Effect**	
kEUR	**2014**	**2013**
Profit or loss	-3,529	530
Other comprehensive income	-2,429	-2,924
Decrease in value of Euro by 10%	**USD Currency Effect**	
kEUR	**2014**	**2013**
Profit or loss	3,529	-530
Other comprehensive income	2,429	2,924

The sensitivity analysis represents the foreign exchange risk at the year-end date only. It is calculated by revaluing the Group's financial assets and liabilities, existing at 31 December, denominated in US-Dollars by 10%. It does not represent the effect of a 10% change in exchange rates sustained over the whole of the financial year, only the effect of a different rate occurring on the last day of the year.

FORWARD FOREIGN EXCHANGE CONTRACTS

The company had no forward foreign exchange contracts with banks at December 31, 2014 or December 31, 2013.

FOREIGN CURRENCY CASH FLOW HEDGES

As of 31st December 2014, the aggregate amount of unrealised gains on forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on anticipated future transactions is kEUR nil (2013: kEUR nil).

There were no unrealised losses or gains included in income and expenses recognised in equity as of December 31, 2013 (2012 kEUR nil). The losses actually realised in 2014 were kEUR nil (2013: losses kEUR nil).

FOREIGN CURRENCY OPTION CONTRACTS

The company had no option contracts as at December 31, 2014 or December 31, 2013.

FAIR VALUES

Cash and cash equivalents, Loans and receivables and Held to maturity investments are stated at amortised cost. At FVTPL are classed as at fair value through profit or loss and are designated as such upon initial recognition. At FVTPL includes accrued receivables arising as the difference between the fair value of revenue (note 3) and the invoiced amounts. The fair value is level 2 in the fair value hierarchy.

The fair values and the carrying amounts of the financial instruments shown in the balance sheet are shown in the following table. Financial assets are classified into categories.

FINANCIAL ASSETS 2014

in EUR thousands	**Cash and cash equivalents**	**Loans and receivables**	**Held to-maturity investments**	**At FVTPL**	**Total Carrying amount and fair value**
	at amortised cost	**at amortised cost**	**at amortised cost**	**at fair value**	
Cash and cash equivalents	116,580	0	0	0	116,580
Other financial assets	0	0	151,494	0	151,494
Other non-current assets	0	382	0	0	382
Trade receivables	0	23,374	0	2,950	26,324
Total	**116,580**	**23,756**	**151,494**	**2,950**	**294,780**
At amortized cost	**116,580**	**23,756**	**151,494**		**291,830**
At fair value				**2,950**	**2,950**

FINANCIAL LIABILITIES 2014

in EUR thousands	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Trade payables	0	0	16,397	0	0	16,397
Advance payments from customers (not in scope of IFRS 7)	0	0	66,928	0	0	66,928
Total	**0**	**0**	**83,325**	**0**	**0**	**83,325**
At amortized cost	**0**	**0**	**83,325**			**83,325**
At fair value				**0**	**0**	**0**

FINANCIAL ASSETS 2013

in EUR thousands	Cash and cash equivalents	Loans and receivables	Held to-maturity investments	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Cash and cash equivalents	167,454	0	0	0	0	167,454
Other financial assets	0	0	138,853	0	0	138,853
Other non-current assets	0	907	0	0	0	907
Trade receivables	0	27,266	0	388	0	27,654
Total	**167,454**	**28,173**	**138,853**	**388**	**0**	**334,868**
At amortized cost	**167,454**	**28,173**	**138,853**			**334,480**
At fair value				**388**	**0**	**388**

FINANCIAL LIABILITIES 2013

in EUR thousands	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Trade payables	0	0	13,517	0	0	13,517
Advance payments from customers (not in scope of IFRS 7)	0	0	46,188	0	0	46,188
Total	**0**	**0**	**59,705**	**0**	**0**	**59,705**
At amortized cost	**0**	**0**	**59,705**			**59,705**
At fair value				**0**	**0**	**0**

TRADE RECEIVABLES/PAYABLES

For trade receivables/payables due within less than one year, measured at amortised cost, the fair value is taken to be the carrying amount. All other receivables/payables, measured at amortised cost, are discounted to determine the fair value.

27. OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

in EUR thousands	
Not later than one year	3,957
Later than one year and not later than five years	4,646
Later than five years	222
	8,825

The Company leases certain office and plant facilities, office furniture and motor vehicles under various operating leases. Under most of the lease commitments for office and plant facilities the Company has options to renew the leasing contracts. The leases typically run for a period between one and fifteen years. None of the leases include contingent rentals.

The expenses for leasing contracts were kEUR 4,150, kEUR 3,957 and kEUR 4,393 for 2014, 2013 and 2012 respectively.

28. CAPITAL COMMITMENTS

As of December 31, 2014, the Company had entered into purchase commitments with suppliers in the amount of kEUR 38,998 (2013: kEUR 30,270) for purchases within the next 12 months. Commitments for capital expenditures for fixed assets are kEUR 1,977 (2013: kEUR 831) as of December 31, 2014.

29. CONTINGENCIES

The Company is involved in various legal proceedings or can be exposed to a threat of legal proceedings in the normal course of business. The Executive Board regularly analyses these matters, considering any possibilities of avoiding legal proceedings or of covering potential damages under insurance contracts and has recognised, where required, appropriate provisions. It is not expected that such matters will have a material effect on the Company's net assets, results of operations and financial position.

30. IDENTITY OF RELATED PARTIES

Related parties of the Company are members of the Executive Board and members of the Supervisory Board.

EXECUTIVE BOARD AND SUPERVISORY BOARD REMUNERATION

The disclosures for key management personnel compensation required according to IAS 24 contains the remuneration of the Executive Board and the Supervisory Board.

Remuneration of the members of the Executive Board:

in EUR thousands	**2014**	**2013**	**2012**
Short-term employee benefits	**1,387**	1,555	1,124
Termination benefits	**0**	780	0
Share based payments	**628**	250	0
	2,015	**2,585**	**1,124**

Share based payments refer to the fair value of share options at grant date and also includes that portion of bonus agreements which is settled in shares.

Remuneration of the members of the Supervisory Board:

in EUR thousands	**2014**	**2013**	**2012**
Fixed remuneration (incl. attendance fee)	**293**	290	303
	293	**290**	**303**

Individual amounts and further details regarding the remuneration of the members of the Executive Board and Supervisory Board are disclosed in the Remuneration Report which is an integral part of the Group Management Report.

31. CONSOLIDATED ENTITIES

AIXTRON S.E. controls the following subsidiaries:

	Country	Share of capital in %	
		2014	2013
AIXTRON Inc	USA	100	100
AIXTRON Ltd.	England & Wales	100	100
AIXTRON Korea Co. Ltd.	South Korea	100	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100	100
AIXTRON AB	Sweden	100	100
AIXTRON KK	Japan	100	100
AIXTRON China Ltd	P. R. China	100	100
Nanoinstruments Ltd	England & Wales	n.a.	100
Genus trust *	USA	n.a.	n.a.

* The shares held in the Genus trust are attributed, as beneficial owner, to AIXTRON, as control exists through the trust relationship with Aixtron SE

** Nanoinstruments Ltd was dissolved on October 14, 2014. Until that date it was included in the consolidated financial statements. Because the company had been dormant for a number of years with no material assets its dissolution had no effect on the financial statements.

All companies in the Group are engaged in the supply of equipment to the semiconductor industry. Design and manufacture of equipment takes place at the entities in Germany, UK and USA. Service and distribution takes place at all locations.

32. EVENTS AFTER THE REPORTING PERIOD

There are no events which have occurred after the balance sheet date, of which the directors have knowledge, which would result in a different assessment of the Company's net assets, results of operation and financial position.

33. AUDITORS'FEES

Fees expensed in the income statement for the services of the group auditor Deloitte & Touche are as follows:

in EUR thousands	**2014**	**2013**
for audit	699	719
for other confirmation services	34	35
for tax advisory services	173	299
for other services	53	30
	959	**1,083**

Included in the total amount of fees are fees for the group auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Duesseldorf, in the amount of kEUR 416 for audit (2013: kEUR 444), kEUR 34 for other confirmation services (2013: kEUR 32), kEUR 76 for tax services (2013: kEUR 34) and kEUR 53 for other services (2013: kEUR nil).

34. EMPLOYEES

Compared to last year, the average number of employees during the current year was as follows:

EMPLOYEES BY FUNCTIONS

	2014	2013
Sales	65	70
Research and Development	285	297
Manufacturing and Service	331	373
Administration	86	88
Employees (§ 314 HGB)	**767**	**828**
Executive board members	2	3
	769	**831**
Apprentices	16	16
	785	**847**

35. STATEMENT OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In 2014, Executive and Supervisory Boards have made the declaration of compliance in accordance with Section 161 of AktG and this is permanently available on the Company's web site at http://www.aixtron.com/en/investors/corporate-governance/principles.

36. SUPERVISORY BOARD AND EXECUTIVE BOARD

Composition of the Supervisory Board as of December 31, 2014

- Dipl.-Kfm. Kim Schindelhauer
  - Aachen / businessman /Chairman of the Supervisory Board since 2002
- Prof. Dr. Wolfgang Blättchen
  - Leonberg / Managing Director of Blättchen Advisory Group GmbH / member of the Supervisory Board since 1998 / Deputy Chairman of the Supervisory Board since February 27, 2013

    Membership of Supervisory Boards and controlling bodies:

    - Pfisterer Holding AG, Winterbach - Chairman of the Supervisory Board
    - APCOA Parking AG, Leinfelden-Echterdingen– member of the Supervisory Board (until December 15, 2014)
    - FAS AG, Stuttgart - member of the Supervisory Board
- Prof. Dr. Rüdiger von Rosen
  - Frankfurt/Main / businessman / member of the Supervisory Board since 2002

    Membership of Supervisory Boards and controlling bodies:

    - PriceWaterhouseCoopers AG, Frankfurt/Main -member of the Supervisory Board (until February 2014)
    - ICF Bank AG, Frankfurt/Main – Deputy Chairman of the Supervisory Board
    - Paladin Asset Management Investment AG, Hannover – Chairman of the Supervisory Board
    - AKO Capital AG, Thalwil/Switzerland – member of the Board (since April 2014)

- Prof. Dr. Petra Denk
    - Unterschleißheim / Professor of Energy Economics / member of the Supervisory Board since 2011
- Dr. Andreas Biagosch
    - Munich / Managing Director Impacting I GmbH & Co KG / member of the Supervisory Board since May 2013

      Membership of Supervisory Boards and controlling bodies
        - Lürssen Maritime Beteiligungen, Bremen, Advisory Board member
        - Ashok Leyland Limited, Chennai/Indien - non-executive director
        - Wacker Chemie AG, Munich – member of the Supervisory Board (since February 4, 2015)
- Dr. Ing. Martin Komischke
    - Morgarten/Switzerland / Group Chief Executive Officer, Hoerbiger Holding AG, Zug/Switzerland / member of the Supervisory Board since May 2013

      Membership of Supervisory Boards and controlling bodies
        - Adcuram Group AG, Munich - member of the Supervisory Boarvd (since July 2014)

The composition of the Company's Executive Board is:

- Martin Goetzeler, Aachen, businessman, Chairman, President and Chief Executive Officer since March 1, 2013
- Dr. Bernd Schulte, Aachen, physicist, Executive Vice President and Chief Operating Officer since 2002
- Dipl.-Kfm.Wolfgang Breme, Aachen, business graduate, Executive Vice President and Chief Financial Officer until May 31, 2014

37. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of AIXTRON's Consolidated Financial Statements requires the Company to make certain estimates, judgments and assumptions that the Company believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts and related disclosures and are made in order to fairly present the Company's financial position and results of operations. The following accounting policies are significantly impacted by these estimates and judgments that AIXTRON believes are the most critical to aid in fully understanding and evaluating its reported financial results:

REVENUE RECOGNITION

Revenue is generally recognised in two stages for the supply of equipment to customers, partly on delivery and partly on final installation and acceptance (see note 2 (n)). The Company believes, based on past experience, that this method of recognising revenue fairly states the revenues of the Company. The judgements made by management include an assessment of the point at which substantially all of the risks and rewards of ownership have passed to the customer.

VALUATION OF INVENTORIES

Inventories are stated at the lower of cost and net realisable value. This requires the Company to make judgments concerning obsolescence of materials. This evaluation requires estimates, including both forecasted product demand and pricing environment, both of which may be susceptible to significant change. The carrying amount of inventories is disclosed in note 16.

As disclosed in notes 3 and 16, during the years 2014, 2013 and 2012 the Company incurred expenses of kEUR 3,016, kEUR 35,012 and kEUR 40,947 respectively arising mainly from changes to past assumptions concerning net realisable value of inventories and excess and obsolete inventories. In future periods, write-downs of inventory may be necessary due to (1) reduced demand in the markets in which the Company operates, (2) technological obsolescence due to rapid developments of new products and technological improvements, or (3) changes in economic or other events and conditions that impact the market price for the Company's products. These factors could result in adjustment to the valuation of inventory in future periods, and significantly impact the Company's future operating results.

INCOME TAXES

At each balance sheet date, the Company assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to future taxable income. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits. The carrying amount of deferred tax assets is disclosed in note 14.

PROVISIONS

Provisions are liabilities of uncertain timing or amount. At each balance sheet date, the Company assesses the valuation of the liabilities which have been recorded as provisions and adjusts them if necessary. Because of the uncertain nature of the timing or amounts of provisions, judgement has to be exercised by the Company with respect to their valuation. Actual liabilities may differ from the estimated amounts. Details of provisions are shown in Note 24.