

CONTENT

At a glance in figures	4
At a glance in words	5
Foreword (by the management board)	6
Group management interim report (IFRS)	9
First Sensor share	16
Consolidated balance sheet (IFRS)	18
Consolidated statement of comprehensive income (IFRS)	20
Consolidated Statement of Changes in Equity (IFRS).....	21
Consolidated statement of cash flow (IFRS)	22
Notes to the consolidated interim financial statements (IFRS)	23
Assurance of the legal representatives	24
Legal notice, financial calendar, contact	25

AT A GLANCE IN FIGURES

in € thousand, unless otherwise indicated	6M 2014	6M 2013	Δ	Δ in %	Q2 2014	Q2 2013	Δ	Δ in %
Sales revenues	59,302	53,403	5,899	11.0	30,328	27,295	3,033	11.1
Medical	6,739				3,938			
Mobility	11,947				6,156			
Industrial	19,378				11,184			
E ² MS	29,691				13,218			
Consolidation	-8,453				-4,168			
Gross profit	31,189	28,504	2,685	9.4	15,628	14,563	1,065	7.3
Medical	3,161				1,980			
Mobility	4,213				2,330			
Industrial	10,293				6,483			
E ² MS	13,903				5,248			
Consolidation	-381				-413			
Gross margin (%)	51.3	54.4	-3.1		50.3	54.0	-3.7	
Medical	46.7				46.2			
Mobility	34.8				34.6			
Industrial	51.6				53.5			
E ² MS	45.6				46.7			
EBITDA	6,765	6,161	604	9.8	3,278	2,878	400	13.9
EBITDA margin (%)	11.1	11.8	-0.7		10.5	10.7	-0.2	
EBIT*	3,794	3,126	668	21.4	1,770	1,345	425	31.6
EBIT margin (%)*	6.2	6.0	0.2		5.7	5.0	0.7	
Net profit for the period*	2,348	1,874	-474	25.3	1,082	736	346	47.0
Cash flow from operating activities	3,599	7,003	-3,404	-48.6	2,479	5,659	-3,181	-56.2
Cash flow from investment activities	-2,403	-5,298	2,895	54.6	-1,467	-5,122	3,655	71.4
Free Cash flow	1,195	1,705	-510	-29.9	1,012	537	474	88.3
Number of shares in thousand	10,093	9,940	153	1.5	10,093	9,940	153	1.5
Earnings per share (€)*	0.23	0.19	0.04		0.11	0.07	0.04	
Incoming orders	78,818	66,348	12,470	18.8	48,402	39,307	9,095	23.1
Book-to-bill-ratio	1.33	1.24	0.09		1.60	1.44	0.16	

* For purposes of better comparability adjusted by PPA-amortization in the respective financial period.

in € thousand, unless otherwise indicated	June 30, 2014	Dec. 31, 2013	Δ	Δin%
Orders on hand	93,541	73,672	19,869	27.0
Shareholders' equity	71,980	70,006	1,974	2.8
Balance sheet total	148,808	146,735	2,073	1.4
Equity ratio (%)	48.4	47.7	0.7	
Net debt	-34,554	-35,787	1,233	-3.5
Number of employees	775	757	18	2.4
Medical	61	59	2	3.4
Mobility	75	69	6	8.7
Industrial	74	74	0	0
E ² MS	483	477	6	1.3
Holding, Specialist Areas, Sales	82	78	4	5.1

AT A GLANCE IN WORDS

- Year-on-year sales growth of 11.0% to €59.3 million.
- Operating result (EBITDA) improves by 9.8% to €6.8 million.
- EBIT before write-downs on purchase price allocations up 21.4% to €3.8 million.
- Incoming orders for the first six months increase by €12.5 million to €78.8 million compared to the previous period.
- First-time presentation of segment sales and gross margins broken down by business units.
- Equity ratio improves by 0.7 percentage points to 48.4%
- Forecast for 2014 confirmed: sales of €114–119 million, EBITDA of €13–15 million.

FOREWORD (BY THE MANAGEMENT BOARD)

*Dear shareholders and business partners,
Dear employees,*

Our company enjoyed extremely successful development in the first six months of financial year 2014.

We recorded year-on-year sales growth of 11.0% to around €59.3 million and improved our operating result (EBITDA) by 9.8% to €6.8 million. EBIT adjusted for write-downs on purchase price allocations also increased significantly as against the previous year, rising by 21.4% to €3.8 million. As a result, the net profit for the period doubled year-on-year to €1.1 million.

Based on the order development in the year to date, we are extremely confident for the rest of 2014. Incoming orders in the first six months increased by 18.8% to around €78.8 million, while orders on hand improved by 27.0% to total €93.5 million.

We would like to thank all of our employees for their performance and commitment, which made a major contribution to the First Sensor Group's results for the first half of 2014.

MARKET LEADERS

Profitable growth in core business areas

The positive business development in the first half of 2014 is also the result of the strategic and operational realignment that we initiated at the end of financial year 2013. This involved structuring the company on the basis of the four rapidly growing business areas of medical, industrial, mobility and development and production services, for which we created dedicated business units within the company at the start of April 2014. Within the dynamically growing future market for sensors and sensor solutions, our aim is to be one of the market leaders in each of these four business areas within the next five years.

To this end, we initiated a comprehensive strategic program in financial year 2014. In addition to a systematic market and customer focus and the establishment and expansion of sales activities in the high-growth regions of Europe and North America, this program involves in particular the structural and organizational adjustments to the company that are necessary for us to achieve our goals.

Another aim is to further increase First Sensor's earnings strength. To achieve this, various efficiency improvement measures were continued, initiated and realized in the period under review.

This included the lean production project, which seeks to increase the efficiency of our production activities and reduce the corresponding costs.

We are also working to leverage additional synergies within the First Sensor Group in all of our staff departments and business units. In the area of procurement, for example, further savings will be generated through the targeted bundling of orders on a Group-wide basis.

Our aim is for our continued growth over the coming years to be primarily financed internally. We will achieve this by working efficiently and in a cost-effective manner in all areas of the company. Today, First Sensor is one of the world's technical leaders in the area of sensor technology, fulfilling the highest quality standards. In order to maintain this position in future and gain additional market share, we require ongoing investment in our development, our production, manufacturing and testing facilities, and our employees' expertise. Accordingly, profitable growth in all of our core business areas is the basic condition for achieving our strategic and operational targets.

FIRST-TIME SEGMENT REPORTING

Transparent reporting of results on the basis of business units

The new organizational structure of the First Sensor Group will also be reflected in our company's financial reporting in future. The interim financial report for the period ended July 30, 2014 contains segment reporting on the basis of business units for the first time.

At the same time, however, this segment reporting should be seen as indicative for the time being, as there may be further adjustments or changes to the allocation of sales or expenses.

STATEMENT BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD ON THE TAKEOVER BID

Joint statement in accordance with section 27 (1) WpÜG

On June 24, 2014, FS Technology Holding S.à r.l. announced its decision to submit an offer to the shareholders of First Sensor AG for the acquisition of all of the shares in First Sensor AG in the form of a voluntary public takeover bid. The corresponding documentation was published by FS Technology Holding S.à r.l. on July 28, 2014. According to the documentation, FS Technology Holding S.à r.l. is making a purchase offer of €10.33 per share to the shareholders of First Sensor AG. The acceptance period will end at midnight (CET) on August 26, 2014.

The Supervisory Board and Management Board of First Sensor AG carefully examined and discussed the voluntary takeover bid at a joint meeting.

Following this meeting, the Supervisory Board and we, the Management Board of First Sensor AG, issued a joint statement in accordance with section 27 (1) of the German Securities Acquisition and Takeover Act (WpÜG). In this statement, we started by welcoming the intention of FS Technology Holding S.à r.l. to allow First Sensor to continue as an independent company and to support the Management Board in its current strategy. Even after obtaining extensive financial analyses from equinet Bank AG, however, we were unable to recommend that our shareholders accept the takeover bid at an offering price of €10.33 per share. Please refer to the published version of the joint statement, which can be found in the Investor Relations section of our website.

FINANCIAL YEAR 2014

Positive forecast for the year confirmed

We have made good progress and achieved key milestones in the strategic and organizational realignment of First Sensor over recent months, and we will continue to systematically press ahead on our clear and profitable growth path in the months to come.

In light of the positive growth prospects in our core business areas and our strong order performance, we are confirming the forecasts for 2014 as a whole that we issued on March 18, 2014, with total sales of between €114 million and €119 million and an expected operating result (EBITDA) of between €13 million and €15 million.



Dr. Martin U. Schefter
CEO



Joachim Wimmers
CFO

GROUP MANAGEMENT INTERIM REPORT (IFRS)

BUSINESS MODEL

First Sensor is a developer and manufacturer of customer-specific high-end sensor solutions. These innovative specialized sensor solutions are used for the high-quality conversion of non-electric variables (radiation, light, pressure, flow rate, position, speed, fill level, etc.) into electric variables that are then used in our customers' electronic systems.

First Sensor's sensor solutions are mostly used as key components in a wide range of applications in several different industries.

Our core competencies include solutions in the area of optoelectronics, industrial cameras and MEMS sensor technology.

First Sensor's future strategy for its sensor products will focus on four growing areas of business: technical applications in the fields of medicine, industry, mobility and engineering and production services (Electronic Engineering & Manufacturing Services). Four business units has been created as part of this plan, which will ensure a consistent focus on markets and customers. The company will also systematically expand its international sales in Europe, Asia and North America. We have identified the changes that we needed to make to our organizational structure and have been implemented these. First Sensor is aiming to become one of the market leaders in all areas of business within the next five years.

Medical

- Ventilators and anesthesia equipment
- Blood glucose monitors
- Cancer diagnosis
- Measurement systems for the pharmaceutical and environmental technology industries

Mobility

- LIDAR (optical distance and speed measurement)
- Tank pressure and sun angle sensors for motor vehicles
- Air conditioning systems

Industrial

- Fill level measurements in industry
- X-ray machines for baggage screening
- Machine controls
- Aerospace technology
- Truck toll monitoring

E²MS Electronic & Manufacturing Services

- Consultation and design for customer-specific sensor solutions
- Complete development services in the micro-system technology incl. hard- and software
- State-of-the-art production capacities and technologies
- Technology specialists in the disciplines of application-specific measuring technology, test benches and calibration services in accordance with sector-specific quality standards and certifications

First Sensor is one of the world's technology leaders, developing and producing optoelectronic and MEMS-based high-end sensor solutions for the most stringent specifications.

First Sensor is active in a future market, and the broad mix of sectors means that the company is generally independent of cyclical developments in the individual sectors.

The market for high-end sensor solutions that First Sensor addresses is generally regarded as a strong global growth market, not least because the number of measurements required in each area of application is also increasing ever further. This means it is important to fit more and more sensors into the smallest possible space. To achieve this, the sensors must become smaller. The market is also demanding robust solutions that are as affordable as possible. First Sensor's broad technological expertise and experience allows it to develop solutions on the basis of technologies other than those that were previously standard. With the new LDE pressure sensor and the new T-bridge, for example, two innovative products that address precisely this demand have just reached market maturity.

ECONOMIC REPORT

Changes in the basis of consolidation

There were no changes in the basis of consolidation in the half year under review.

Earnings situation

In the period under review, First Sensor's **total sales** increased by 11.0% year-on-year to €59.3 million. This is primarily due to the higher level of sales in the Mobility segment and increased sales from production services, which more than offset the deferred sales from the substitution of trading business.

In addition to sales, the **total performance** of €60.8 million (previous year: €52.4 million) includes capitalized own work and changes in inventories of finished goods and work in progress. The increase is primarily due to increased sales and positive changes in inventories.

The increase of €0.2 million in **other operating income** to €1.8 million (previous year: €1.6 million) was mainly the result of proceeds from subsidies and allowances from successfully completed development projects.

The **gross margin** amounted to 51.3%, 3.1 percentage points lower than in the previous year. This was primarily due to the change in the product mix in the first half of the year due to expansion in the Mobility segment, which tends to have lower margins.

Personnel expenses increased by €1.9 million year-on-year to €-19.4 million due to various effects such as the appointment of new production staff, the realignment in connection with the business unit organization and individual personnel measures, as well as the non-cash personnel expenses resulting from the share matching scheme exercised by the Management Board. Despite this, the personnel expenses ratio improved to a level of under 32% due to the increase in total performance (previous year: 33.5%).

Other operating expenses increased by €0.4 million to €-6.8 million, largely as a result of increased consultation services in connection with the business unit realignment.

This resulted in a year-on-year improvement in earnings before interest, taxes, depreciation and amortization (**EBITDA**) to €6.8 million (previous year: €6.2 million), which corresponds to an EBITDA margin in relation to total performance of 11.1% (previous year: 11.8%).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to €-4.2 million (previous year: €-4.4 million). The reduction is due to write-downs on purchase price allocations and property, plant and equipment.

The **financial result** improved to €-0.2 million in the period under review due to the more favorable interest rate of the promissory note loan compared with the syndicated loan agreement to €1.2 million.

This resulted in a duplication of the **consolidated profit** after tax of €1.1 million for the first half of 2014 (previous year: €0.5 million).

Order book

Orders on hand in the Group amounted to €93.5 million as of June 30, 2014, an increase of almost €20 million as against December 31, 2013 (€73.7 million). **Incoming orders** recorded encouraging growth of €12.5 million (18.8%) to €78.8 million compared with €66.3 million in the same period of the previous year. The ratio of incoming orders to sales (book-to-bill) as a leading indicator improved to 1.33 (previous year: 1.24).

in € thousand	6M 2014	6M 2013
Sales revenues	59,302	53,403
Incoming orders	78,818	66,348
Orders on hand (as at June 30)	93,541	78,827
Book-to-bill-ratio	1,33	1,24

This is a solid basis for the achievement of our growth targets for 2014.

Financial analysis

The aim of First Sensor's financial management is to ensure adequate liquidity at all times for the production processes, growth and investments.

Promissory note loans totaling €31.0 million issued at the end of the 2013 financial year matured, resulting in loan repayments and interest payments for current loans in the first quarter of 2014.

The following table shows net debt:

in € thousand	Q2 2014	2013
Non-current financial liabilities	-41,899	-42,927
Current financial liabilities	-4,040	-4,217
Cash and cash equivalents	11,385	11,357
Net debt	-34,554	-35,787

Non-current financial liabilities fell by €1.0 million in the first half year of 2014 on account of loan repayments. In the area of current financial liabilities, the short-term overdraft facilities that had been utilized were settled. Cash and cash equivalents remained unchanged. This resulted in a further improvement in net debt of €1.2 million.

Investment analysis

Cash flow from investment activities of €-2.4 million mainly relates to investments in machinery and equipment for the capacity expansion of production facilities. The comparatively high prior-year figure is due to the scheduled borrowing for the payment of the subsequent purchase price installment of €4.8 million in connection with the acquisition of the Sensortechnics Group.

The sale of the equity interest in Vereta GmbH also impacted the prior-year cash flow from investment activities in the amount of €0.6 million.

Depreciation and amortization was largely unchanged as against the previous year. There was a slight reduction due to the depreciation and amortization of assets as a result of purchase price allocation for the Sensortechnics Group and the write-downs on assets.

in € thousand	6M 2014	6M 2013
Intangible assets	-379	-52
Property, plant and equipment	-2,247	-1,262
Investments	-2,626	-1,315
Desinvestment of Vereta GmbH	0	550
Acquisition of subsidiaries	0	-4,750
Investment grants	197	185
Other effects	26	32
Cash flow from investment activities	-2,403	-5,298
Intangible assets	-1,590	-1,662
Property, plant and equipment	-2,655	-2,727
Depreciation and amortization	-4,245	-4,389

Liquidity analysis

In order to be able to assess First Sensor's solvency, the following table shows the company's liquidity in the form of liquidity ratios. To calculate the cash ratio, cash and cash equivalents are shown in relation to current liabilities. The quick ratio includes current receivables, while the current ratio takes into account inventories as well. The changes compared with the previous year show an improvement in all areas. This results in a sufficient liquidity status to fulfill the outstanding liabilities.

in %	Q2 2014	2013
Cash ratio	56.5	60.8
Quick ratio	125.2	117.9
Current ratio	275.4	277.3

The following table shows the condensed consolidated statement of cash flows:

in € thousand	6M 2014	6M 2013
Cash flow from operating activities	3,599	7,003
Cash flow from investment activities	-2,403	-5,298
Cash flow from financing activities	-1,176	1,091
Exchange differences	8	-170
Change in cash and cash equivalents	20	2,796
Cash and cash equivalents at the beginning of the financial year	11,357	12,201
Cash and cash equivalents at the end of the financial year	11,385	14,827
Free cash flow	1,195	1,705

Cash flow from operating activities at €3.6 million was down slightly on the previous year's figure.

This was primarily attributable to the factoring that was introduced in June 2013, which led to a significant reduction in working capital due to the first-time sale of receivables and hence a high cash flow from operating activities at the reporting date. Cash flow from operating activities as of June 30, 2014 was impacted by the €3.4 million increase in accounts receivable to €10.0 million and the higher level of working capital as a result.

Free cash flow, which consists of the total of cash flow from operating activities and cash flow from investment activities, amounted to €1.2 million in the period under review (previous year: €1.7 million). The higher prior-period figure is primarily due to the positive effects of the introduction of factoring and the negative effect due to the payment of the purchase price installment.

Analysis of asset structure

Compared with the consolidated annual financial statements for 2013, **total assets** increased from €146.7 million to €148.8 million. The main changes related to the following items:

Intangible assets fell by €1.6 million, from €22.9 million to €21.7 million, as a result of scheduled amortization. This was offset by investments totaling €0.4 million.

Internally generated intangible assets are reported separately for greater clarity. This item amounted to €2.8 million at the reporting date (previous year: €2.9 million).

The amount of **goodwill** remained unchanged year-on-year at €29.8 million. The carrying amounts were subjected to impairment testing in the 2013 annual financial statements and no valuation allowances were found to be necessary; this was confirmed at the reporting date.

Property, plant and equipment fell by €0.4 million in the first half of the year to €37.1 million. This was due to higher depreciations caused by previous investments comparing to current depreciations, which led to the current carrying amount. Investments of €2.2 million were offset by depreciation in the amount of €2.6 million.

Inventories increased by €0.5 million to €30.2 million on the back of the improved order situation and the higher sales generated as a result. This development was offset by the improvements in working capital in the 2014 financial year as a result of the completed purchasing project.

The significant year-on-year increase in **accounts receivable** of €3.4 million to €10.0 million is largely due to the higher level of sales in the Mobility segment and the service production area in the E²MS segment.

Cash and cash equivalents remained unchanged at €11.4 million at the reporting date, with increased purchases of materials to serve the higher sales volume and the rise in personnel expenses being offset by reduced repayments of principal and the utilization of supplier credit.

Accounts payable increased by €1.2 million year-on-year to €8.9 million.

Other current liabilities totaled €6.3 million at the reporting date. The €0.4 million increase compared with the end of the previous year is due in part to value-added tax liabilities and the rise in other provisions.

Group equity increased by €2.0 million as against December 31, 2013 to €72.0 million at the reporting date. Further information can be found in the statement of changes in equity. The proportional increase in net profit meant that this improved the equity ratio by 0.7 percentage points to 48.4% (previous year: 47.7%).

SEGMENT REPORTING

First Sensor manages the company on the basis of business segments using the management approach set out in IFRS 8. The reporting segments are combined to reflect the actual management structure and managed on a uniform basis in the company's business units.

The segments are being reported in accordance with the new structure for the first time following their realignment as business units at the start of the second quarter. The segment figures discussed below reflect the current status following the reorganization. There may be further adjustments in future periods or changes to the allocation of sales or expenses to the respective business units. No prior-year comparative figures are provided as this segment approach was not yet applied in the previous year. In future, comparative figures will be calculated using the same methods and procedures as the current figures and supplemented successively in the subsequent financial reports.

Based on the corresponding economic sectors, the business units are structured into **Medical**, **Mobility** and **Industrial** and the fourth business unit, **E²MS**, which encompasses production and development services. Employees are allocated on a functional basis. Holding functions, specialist areas and the sales force are reported together in a separate item.

As a matter of principle, there will be no general intragroup allocations. In future, clearly allocable expenses, e.g. marketing, insurance and IT services, will be allocated to the business units in which they originate. To ensure the unambiguous comparability of future segment results, the presentation of segment EBIT has been discontinued with effect from this financial report. However, gross profit calculated using the nature of expense method and the corresponding gross margins are shown in order to allow an assessment of profitability.

Number of employees

number	June 30, 2014	Dec 31, 2013
Medical	61	59
Mobility	75	69
Industrial	74	74
E ² MS	483	477
Holding, Specialist Areas, Sales	82	78
Total	775	757

Segment Sales

The following table shows the allocation of sales to the segments in the first six months of the financial year:

in € thousand	6M 2014	6M 2013
Medical	6,739	-
Mobility	11,947	-
Industrial	19,378	-
E ² MS	29,691	-
Consolidation	-8,453	-
Total	59,302	-

Segment gross profit and gross margin

Gross profit for the segments is calculated as sales less the cost of materials and purchased services and capitalized own work and changes in inventories.

Gross profit in € thousand	6M 2014	6M 2013
Medical	3,161	-
Mobility	4,213	-
Industrial	10,293	-
E ² MS	13,903	-
Consolidation	-381	-
Total	31,189	-

Gross margin

in %	6M 2014	6M 2013
Medical	46.7	-
Mobility	34.8	-
Industrial	51.6	-
E ² MS	45.6	-
Consolidated gross margin	51.3	-

Incoming orders, orders on hand and book-to-bill-ratio

As a matter of principle, incoming orders and orders on hand are allocated in accordance with the allocation of the respective customers to the segments. In some cases, segment allocation is finalized only when the item sold is combined with information on the customer, as identical items can be sold in different segments. The full segment allocation of incoming orders and orders on hand was not yet complete at the reporting date, meaning that these items cannot yet be accurately assigned to the relevant segments.

The Group reported incoming orders of €78.8 million and orders on hand of €93.5 million in the first half of the year. With respect to sales of €59.3 million this resulted in a book-to-bill-ratio of 1.33 as a leading indicator.

Asset structure and investments

The allocation of non-current assets and investments to the segments requires the evaluation of a Group-wide cost center structure. This had not yet been implemented in full at the reporting date. The total amounts are shown in the consolidated balance sheet and the consolidated statement of cash flows.

Medical

The Medical segment specializes in medical applications containing optical or pressure sensor solutions. This includes applications in the field of ventilator and anesthesia technology and the optical measurement of blood oxygen levels. First Sensor continues to have a positive assessment of the growth rates and earnings strength of this segment.

Business development in this segment in the first half of the year focused on the realignment in the Medical business unit. Extensive product development projects are currently being planned with customers and, in particular, the production segment E²MS. Segment sales amounted to €6.7 million in the period under review, meaning that Medical remained the smallest segment of the First Sensor Group with a share of sales of around 10%. Gross profit amounted to €3.2 million as of June 30, 2014, corresponding to a margin of 46.7%. The Medical segment had 61 employees at the reporting date.

Mobility

The Mobility segment focuses on sensor solutions for applications in the automotive and transport sectors. Broadly speaking, two technologies are used in this segment: optical sensors are fitted in cameras as support for driver assistance systems, while pressure sensors are used in applications such as tank pressure monitoring. In the period under review, the Mobility segment presented a robust new digital CMOS megapixel camera from the Blue Eagle series for the recognition of obstacles, distances and road signs and blind spot monitoring in motor vehicles, forklift trucks and agricultural and construction machinery.

In regional terms, products are primarily sold in the rest of Europe. In the first half of the year, a regional expansion strategy led to initial sales success in the USA. Cooperation with customers is based on long-term agreements, meaning that this segment enjoys considerable stability.

In the first half of the year, the Mobility segment generated sales of €11.9 million and a gross margin of 34.8%. A total of 75 employees were allocated to the segment at the reporting date.

Industrial

The Industrial segment specializes in industrial sensor solutions for a broad range of applications. The core markets and the focus of the segment's development activities are radiation detectors and safety technology, distance measurement, air conditioning and building services technology, industrial process control, and sensor systems for the food, agriculture and aviation industries. Technologies and products from various locations of the First Sensor Group are used. For example, new silicon avalanche photodiodes (APD) for applications with high sensitivity in the red and green wavelength range were introduced in the first half of the year. These photodiodes are particularly suited to applications requiring a quick rise time and low capacity. They can be installed in SMD ceramic housings or hermetically sealed TO housings.

The innovative, flow rate-based LBA/LDE differential pressure sensors for air and gases in pressure ranges from 25 Pa (0.25 mbar) open up entirely new possibilities. Thanks to patented technology based on thermal measurement, these sensors combine rapid response behavior and extremely high sensitivity with a high resistance to dust and humidity.

In the first half of the year, the Industrial segment generated sales of €19.4 million. This corresponds to around 29% of Group sales.

SUPPLEMENTARY REPORT

There are no important situations that have arisen since the end of the reported period.

The joint statement by the Management Board and Supervisory Board of First Sensor AG in accordance with

OUTLOOK, OPPORTUNITY AND RISK REPORT

For reporting on the outlook, opportunity and risk report please refer to the information contained in the business report for the 2013 financial year, which was published at the end of March 2014.

The gross profit amounted to €10.3 million, resulting in a gross margin of 51.6%. The Industrial segment had 74 employees at the reporting date.

E²MS Electronic Engineering and Manufacturing Services

The E²MS segment is the Group specialist for the development and production of custom sensors, electronics, modules and complex systems. As a solution provider, E²MS offers complete development services from first draft and proof of concept via prototype development through to series manufacture. The segment offers comprehensive applications expertise, state-of-the-art assembly and packaging technology and cleanroom production, from thick-film technology, bare dice processing and the mounting of discrete components through to encapsulation and sealing in hermetic housings.

This segment generated sales of €29.7 million and a gross profit of €13.9 million, corresponding to a gross margin of 45.6%. With a share of sales of almost 44%, E²MS is the largest segment within the First Sensor Group. This is also reflected in its workforce of 483 employees as of June 30, 2014.

section 27 of the German Securities Trading Act (WpHG) on the voluntary public takeover bid by FS Technology Holding S.à r.l. was published on July 31, 2014. Further details are provided on the homepage of the company.

No material changes to the situations described therein have occurred during the first six months of financial year 2014.

FIRST SENSOR SHARE

Share price in first half year of 2014 up 33% on year-end closing price / Positive price trend continues after end of quarter

Market and index comparison of the performance of the First Sensor share in H1 2014

All in all, the First Sensor share price increased by around 13 percent in the **first quarter**; this corresponds to a Xetra closing price of €9.39 as at March 31, 2014. The total number of First Sensor shares traded each day averaged around 7,800 in the first quarter (XETRA + Frankfurt).

The positive share performance continued after the end of the quarter, with substantial price growth recorded in the first trading days in **April**. Both the announcement of the implementation of the new organizational structure and the share purchase by the Chief Financial Officer were welcomed by market participants. The share price was unaffected by the uncertainty on the stock markets resulting from the sustained crisis in Ukraine. The share recorded a high for the month of €11.06 (April 29) before closing the month at €10.77 (Xetra).

From a chart perspective, share price development in **May** was calmer on the whole. Following the publication of the preliminary figures for the first quarter of 2014 (May 9), the share price reached a high for the month of €11.20. However, there was no sustainable improvement on this trend, with the share price moving sideways at the same level for the rest of May. Volatility during this period was limited. The share price closed the month up around 2 percent at €10.98 (Xetra).

Development in **June** was calmer on the whole. The share price remained within a narrow range of €10.80 to €11.00 until well into the second half of the month, enjoying valid support at €10.80. In the last trading days of June, the share price finally broke through the €11.00 barrier to reach a high for the month of €11.10.

Neither the announcement of the issue of new subscription rights to Management Board members with shareholders' pre-emptive subscription rights disappplied (June 18) nor the announcement by FS Technology Holding S.á r.l. of its intention to submit a voluntary public takeover bid to shareholders of First Sensor AG (June 24) had a direct impact on share price performance. The shares closed at €10.98 on June 30.

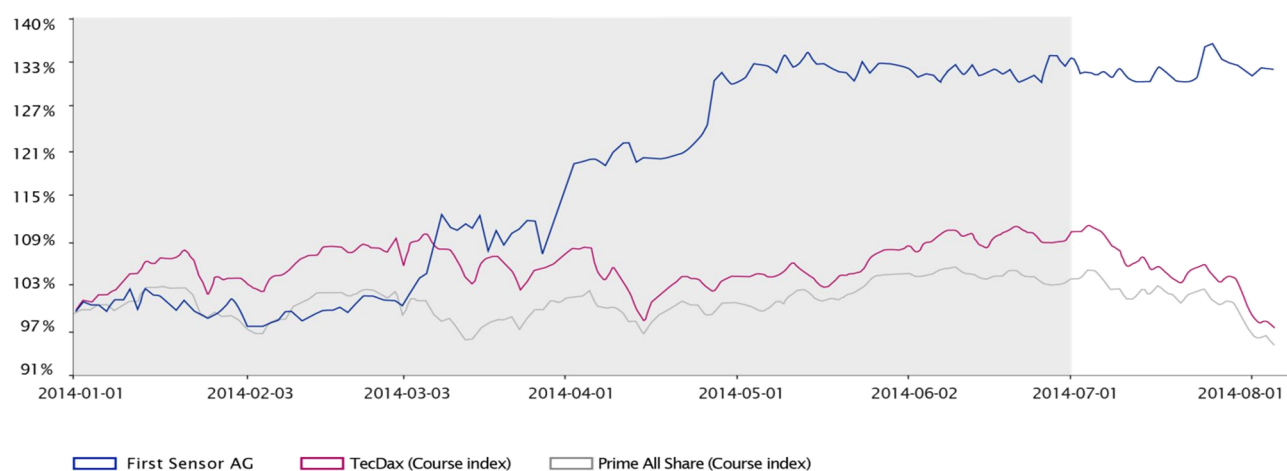
All in all, the First Sensor share price increased by around 33 percent in the **first half of the year** compared with December 31, 2013; this corresponds to a Xetra closing price of €10.975 at June 30, 2014. The total number of First Sensor shares traded each day averaged around 9,200 in the first half of the year and around 10,600 in the second quarter (both XETRA + Frankfurt).

In **July**, the share price briefly broke out of its sustained sideways movement to reach a new high for the year of €11.32.

The overall performance of the benchmark indices TecDAX and Prime All Share Index in the first quarter was weaker than that of the First Sensor share. In the first six months of the year, the TecDAX recorded growth of around 12 percent, while the Prime All Share Index rose by around 3 percent.

The company's share capital amounted to €50,467,915.00 as at the balance sheet date, divided into 10,093,583 no-par value bearer shares each with a nominal interest in the share capital of €5.00. This results in market capitalization of around €110.87 million based on a closing price of €10.98 per share as at June 30.

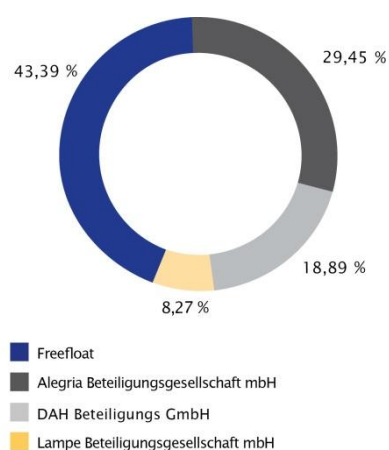
Performance of the First Sensor share from January 1 to July 31, 2014



First Sensor share key figures

in € thousand, unless otherwise specified	June 30, 2014	June 30, 2013	Δ	Δ%
Share capital (€)	50,467,915	49,701,365	785,050	1.6
Market capitalization	110,868	82,504	28,364	34.4
Share price (€), XETRA closing price	10.98	8.30	2.68	32.3
Net profit attributable to shareholders*	2,219	1,805	414	22.9
Number of shares, weighted	9,983,933	9,940,273	43,660	0.4
Earnings per share (€)*	0.22	0.18	0.04	0.7

* For purposes of better comparability adjusted by PPA-amortization in the respective financial period.

Shareholder structure as at June 30, 2014
(according to available voting rights notifications)

First Sensor Share key data

ISIN	DE0007201907
Abbreviation	SIS
Class of security	No-par value ordinary bearer share
Market segment	Regulated market
Transparency level	Prime Standard
Trading centers	XETRA, all German stock exchanges
Industry	Technology
IPO	1999
Designated sponsor	equinet Bank AG
Analysts	Warburg Research, Hauck & Aufhäuser Institutional Research

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS

ASSETS in € thousand	June 30, 2014	Dec. 31, 2013	Δ
Intangible assets	21,756	22,931	-1,175
Internally-generated intangible assets	2,839	2,875	-36
Goodwill	29,816	29,816	0
Property, plant and equipment	37,120	37,528	-408
Other non-current assets	21	21	0
Deferred taxes assets	1,796	1,791	5
Total non-current assets	93,348	94,962	-1,614
Inventories	30,244	29,765	479
Trade accounts receivables	9,993	6,577	3,416
Tax refund claims	666	717	-51
Other current assets	3,172	3,357	-185
Cash and cash equivalents	11,385	11,357	28
Total current assets	55,460	51,773	3,687
TOTAL ASSETS	148,808	146,735	2,073

EQUITY AND LIABILITIES

EQUITY AND LIABILITIES in € thousand	June 30, 2014	Dec. 31, 2013	Δ
Share capital	50,468	49,907	561
Capital reserves	16,243	15,960	283
Earning reserves	1,004	1,004	0
Currency translation	-530	-570	40
Revaluation reserves	-478	-495	17
Retained earnings	4,963	4,018	945
Minority interest	310	182	128
Total shareholders' equity	71,980	70,006	1,974
Non-current post-employment benefit obligation	305	310	-5
Other non-current provisions	150	195	-45
Long-term loans, excluding current portion	41,899	42,927	-1,028
Other non-current liabilities	5,766	5,944	-178
Deferred tax liabilities	6,454	6,835	-381
Total non-current liabilities	54,574	56,211	-1,637
Income tax provisions and liabilities	1,600	1,299	301
Other current provisions	516	550	-34
Short-term loans and current portion of long-term loans	4,040	4,217	-177
Payments received on account of orders	870	865	5
Trade accounts payables	8,947	7,706	1,241
Other current liabilities	6,281	5,881	400
Total current liabilities	22,254	20,518	1,736
TOTAL EQUITY AND LIABILITIES	148,808	146,735	2,073

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

CONSOLIDATED INCOME STATEMENT

in € thousand	6M 2014	6M 2013	Δ	Q2 2014	Q2 2013	Δ
Sales revenues	59,302	53,403	5,899	30,328	27,295	3,033
Other operating income	1,775	1,559	216	610	912	-302
Change in inventories of finished goods and work in progress	1,226	-1,393	2,619	652	-370	1,022
Other own work capitalized	267	368	-101	102	15	87
Costs of materials/ purchased services	-29,607	-23,874	-5,733	-15,454	-12,377	-3,077
Personnel expenses	-19,417	-17,519	-1,898	-9,709	-9,021	-688
Other operating expenses	-6,781	-6,383	-398	-3,251	-3,576	325
PROFIT FROM OPERATIONS (EBITDA)	6,765	6,161	604	3,278	2,878	400
Depreciation of property, plant and equipment and amortization of intangible assets	-4,245	-4,389	144	-2,146	-2,188	42
EARNINGS BEFORE INTEREST AND TAX (EBIT)	2,520	1,772	748	1,132	690	442
Interest income	7	17	-10	4	7	-3
Interest expenses	-1,147	-1,328	181	-588	-724	136
Currency gains	81	116	-35	55	84	-29
Currency losses	-129	-210	81	0	-79	79
INCOME BEFORE TAX AND MINORITY INTEREST	1,332	367	965	603	-22	625
Income tax expenses	-259	153	-412	-159	104	-263
NET PROFIT FOR THE PERIOD	1,073	520	553	444	82	362
Net profit for the period attributable to First Sensor AG shareholders	945	451	494	372	20	352
Net profit for the period attributable to minority interest	128	69	59	72	62	10
Earnings per share in € (basic = diluted)	0.09	0.05	0.04	0.04	0.00	0.04

OTHER COMPREHENSIVE INCOME

NET PROFIT FOR THE PERIOD	1,073	520	553	444	82	362
Actuarial gains and losses on defined benefit plans	0	0	0	0	0	0
Taxes on other comprehensive income	0	0	0	0	0	0
Items not subsequently reclassified to the income statement	0	0	0	0	0	0
Changes from currency translation	53	-45	97	103	-33	136
Revaluation of derivative financial instruments	17	262	-245	2	173	-171
Taxes on other comprehensive income	0	-52	52	0	-52	52
Items that can be subsequently reclassified to the income statement	69	165	-96	105	88	17
TOTAL COMPREHENSIVE INCOME	1,142	685	457	549	170	379
Thereof attributable to shareholders of First Sensor AG	1,014	616	398	477	108	369
Thereof attributable to minority interest	128	69	59	72	62	10

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

JUNE 30, 2013

in € thousand	Number of shares in thou.	Capital stock	Capital reserves	Earning reserves	Currency translation	Revaluation reserves	Retained earnings	Minority interest	Total shareholders' equity
As at January 1, 2013	9,940	49,701	15,699	1,004	-329	-821	4,537	125	69,916
Net profit for the period							451	69	520
Other comprehensive income					-46	236			190
Total comprehensive income					-46	236	451	69	710
Share-based remuneration			26						26
Capital increase									0
Appropriation of earnings									0
As at June 30, 2013	9,940	49,701	15,725	1,004	-375	-585	4,988	194	70,652

JUNE 30, 2014

in € thousand	Number of shares in thou.	Capital stock	Capital reserves	Earning reserves	Currency translation	Revaluation reserves	Retained earnings	Minority interest	Total shareholders' equity
As at January 1, 2014	9,981	49,907	15,960	1,004	-570	-495	4,018	182	70,006
Net profit for the period							945	128	1,073
Other comprehensive income					40	17			57
Total comprehensive income					40	17	945	128	1,130
Share-based remuneration			207						207
Capital increase	112	561	76						637
Appropriation of earnings									0
As at June 30, 2014	10,093	50,468	16,243	1,004	-530	-478	4,963	310	71,980

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

in € thousand	6M 2014	6M 2013	Δ	Q2 2014	Q2 2013	Δ
INCOME BEFORE TAX AND MINORITY INTEREST	1,332	367	965	603	-22	625
Interest paid	1,140	-18	1,158	584	-8	592
Depreciation of property, plant and equipment and amortization of intangible assets	4,245	4,389	-144	2,146	2,188	-42
Income from investment grants	-197	-273	76	-98	-119	21
Income/ loss from the disposal of fixed assets	-19	9	-28	-4	5	-9
Other non-cash expenses/ income	275	26	249	209	13	196
Changes in provisions	-959	59	-1,018	-318	192	-510
Changes in working capital	-2,649	3,195	-5,844	-650	4,199	-4,849
Changes in other assets and liabilities	130	-479	609	-160	-532	372
Income tax paid	301	-272	573	167	-257	424
CASH FLOW FROM OPERATING ACTIVITIES	3,599	7,003	-3,404	2,479	5,659	-3,180
Payments for investments in property, plant and equipment and intangible assets	-2,626	-1,315	-1,311	-1,573	-445	-1,128
Payments for acquisition of subsidiaries	0	-4,750	4,750	0	-4,750	4,750
Proceeds from disposal of property, plant and equipment, intangible assets and investments	19	570	-551	4	0	4
Payments for acquisition of other financial assets	0	-6	6	0	-3	3
Proceeds from investment grants	197	185	12	98	68	30
Interest received	7	18	-11	4	8	-4
CASH FLOW FROM INVESTMENT ACTIVITIES	-2,403	-5,298	2,895	-1,467	-5,122	3,655
Proceeds from shareholders	636	69	567	636	62	574
Repayments of financial liabilities	-2,430	-4,545	2,115	-1,387	-1,347	-40
Proceeds from loans	1,225	5,567	-4,342	680	5,340	-4,660
Interest paid	-607	0	-607	-401	0	-401
CASH FLOW FROM FINANCING ACTIVITIES	-1,176	1,091	-2,267	-472	4,055	-4,527
NET CHANGE IN CASH AND CASH EQUIVALENTS	20	2,796	-2,776	540	4,592	-4,052
Currency differences from converting funds	8	-170	178	12	-199	211
CASH FUNDS AT THE BEGINNING OF THE FINANCIAL PERIOD	11,357	12,201	-844	10,833	10,434	399
CASH FUNDS AT THE END OF THE FINANCIAL PERIOD	11,385	14,827	-3,442	11,385	14,827	-3,442

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS)

Presenation of the situation at the group

The parent company is First Sensor AG, domiciled in Berlin, Peter-Behrens-Straße 15, 12459 Berlin, and entered in the commercial register of Berlin in department B under the number HRB 69326. First Sensor AG is listed in the regulated market on the Frankfurt Stock Exchange in the Prime Standard segment under ISIN DE0007201907.

First Sensor AG and its subsidiaries, referred to hereinafter as “First Sensor”, operate in the sensor production and microsystems technology industries. The company’s business mainly focuses on the development, manufacture and distribution of customer-specific optical and non-optical semiconductor sensors and sensor systems.

First Sensor also develops and manufactures highly reliable customized hybrid circuits and products for microsystem engineering and advanced packaging.

The consolidated financial statements for 2013 were approved by the Supervisory Board on March 25, 2014, and were published on the First Sensor AG website.

Reporting principles

First Sensor’s consolidated financial statements for 2013 have been prepared in accordance with the applicable International Financial Reporting Standards (IFRS) as at the balance sheet date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that must be applied in the European Union.

In the consolidated interim financial report as at June 30, 2014, which was prepared on the basis of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, the same accounting policies were used as in the consolidated financial statements for financial year 2013.

The interim financial statements were prepared in euro (€). Unless otherwise indicated, all amounts have been stated in thousands of euros (€ thousand). The financial year of First Sensor AG and its consolidated subsidiaries corresponds to the calendar year.

The half-yearly financial report has not been audited or reviewed by the company’s auditor.

The statement of comprehensive income has been prepared using the nature of expense method.

The business model is not seasonal in nature, meaning that no cyclical fluctuations are anticipated.

To improve clarity, individual items have been summarized in the balance sheet and the statement of comprehensive income. Rounding differences in the presentation may result in divergence from the exact mathematical values.

Important discretionary decisions and uncertainty of estimates

In preparing the interim financial statements, some assumptions and estimates have been made which affected the amount and the disclosure of reported assets and liabilities, earnings and expenses. In individual cases, the actual values may deviate from these assumptions or estimates at a later stage. Relevant changes will be made once more accurate information is available.

All assumptions and estimates are made to the best of our knowledge and belief in order to provide a true and fair view of the Group’s net assets, financial position and results of operations.

Basis of consolidation

There were no changes to the Group’s basis of consolidation compared with the consolidated financial statements for 2013.

Discontinued operations

No operations were discontinued in the first half year of 2014.

Corporate Governance

The company has issued a declaration of compliance pursuant to Article 161 AktG (German Stock Corporation Act) and the declaration of business management pursuant to Article 289a German Commercial Code HGB. These declarations are permanently available on the company's website www.first-sensor.com/en/investor-relations.

ASSURANCE OF THE LEGAL REPRESENTATIVES

according to Articles 264 (2) sentence 3, 289 (1) sentence 5 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the consolidated management report includes a fair review of the

development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Berlin, August 28, 2014

First Sensor AG



Dr. Martin U. Schefter
CEO



Joachim Wimmers
CFO

LEGAL NOTICE, FINANCIAL CALENDAR, CONTACT

Legal disclaimer

This report contains statements of a predictive nature and does not represent any incitement to purchase shares of First Sensor AG, but rather is intended exclusively for information purposes with regard to possible future developments at the company.

All future-oriented specifications in this consolidated financial report were produced on the basis of a probability-based plan and represent statements regarding the future which cannot be guaranteed.

Financial calendar 2014

Date	Topic	Location
August 28, 2014	Publication of consolidated interim financial report as at June 30, 2014	
November 24 – 26, 2014	Analysts' conference First Sensor AG/ German Equity Capital Forum 2014	Congress Center at Messe Frankfurt, Frankfurt am Main
November 27, 2014	Publication of consolidated interim financial report as at September 30, 2014	

As we cannot rule out the possibility of delays, we recommend that you consult the latest set of dates at <http://www.first-sensor.com/en/investor-relations/events>

Internet, information, contact

This consolidated interim financial report as at June 30, 2014 is available in German and English. Both versions are also available for download on the internet at www.first-sensor.com.

Investor Relations

T +49 30 639923-760

F +49 30 639923-719

ir@first-sensor.com

www.first-sensor.com/en/investor-relations

First Sensor AG
Peter-Behrens-Str. 15
12459 Berlin

T +49 30 6399 2399
F +49 30 6399 2333
contact@first-sensor.com

www.first-sensor.com