

Third Quarter Report 2008

Third quarter results show year-on-year revenue and earnings growth, weakened demand environment expected for remainder of 2008 due to economic headwinds

Ladies and Gentlemen

Our third quarter results reflect the strategic focus on our target markets as a supplier of high performance analog ICs to a global customer base.

The third quarter 2008 shows year-on-year revenue growth with group revenues up 6% at EUR 54.0 million from EUR 51.1 million in the same quarter 2007. On a constant currency basis, current revenues grew by 9% compared to the third quarter last year. Gross margin was strong at 51%, up from 50% in the same period 2007. Despite an impact from the unfavorable EUR/USD exchange rate throughout most of the quarter, the result from operations (EBIT) for the third quarter was up 10% at EUR 10.0 million (EUR 9.1 million in the third quarter 2007). The third quarter net result grew by 8% to EUR 9.4 million (EUR 8.7 million in the same period 2007). Basic and diluted earnings per share for the third quarter were CHF 1.38 / EUR 0.86 (CHF 1.31 / EUR 0.79 in the same period 2007). Our backlog which does not reflect high volume consignment stock agreements stood at EUR 45.0 million on September 30, 2008 (EUR 55.0 million on September 30, 2007). Operating cash flow in the third quarter was strong at EUR 17.9 million (EUR 3.7 million in third quarter 2007).

Our business showed a solid performance in the third quarter despite the negative developments in the macroeconomic and capital markets environment towards the end of the quarter. In the industrial market, we recorded good volumes, particularly in industrial sensors, rotary encoders and sensor interfaces for medical applications, from a broad range of customers. The industrial market continued to be a strong contributor to our business offering opportunities to increase our market position in the future. In communications, we again saw attractive volumes and significant run rates for lighting and power management products at top tier handset manufacturers as well as for MEMS microphone products. Despite negative news flow from the automotive end market, our automotive business showed another solid performance in the third quarter, mainly driven by sensor interfaces for critical systems.

We expect the recent deterioration of the macroeconomic outlook for important markets to impact our business going forward due to customers showing increased cautiousness, delayed order patterns and shortened order cycles. We therefore foresee our business to show a more flattish sequential revenue development in the fourth quarter. As a result, we anticipate full year 2008 revenues at around last year's levels and the full year 2008 operating result to be approx. 10% below full year 2007, based on current information. Looking out into 2009, we are not yet able to assess how the macroeconomic outlook and the uncertainties in our target markets will affect our business in the coming year. We are, however, taking necessary steps including cost reductions to reflect a demanding environment.

Key figures	EUR thousands (except earnings per share)	Q3 2008	Q3 2007	Q2 2008	9 months 2008	9 months 2007
Revenues		54,039	51,116	46,315	141,495	134,458
Gross margin in %		51%	50%	51%	51%	50%
Result from operations		10,019	9,139	6,441	20,132	17,137
Net income/loss		9,371	8,653	5,868	18,487	16,274
Basic = diluted earnings per share in CHF ¹⁾		1.38	1.31	0.87	2.72	2.45
Basic = diluted earnings per share in EUR		0.86	0.79	0.54	1.69	1.49
Total backlog (excluding consignment stock)		45,001	54,963	54,497	45,001	54,963

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Consolidated Profit and Loss Statement (unaudited)

EUR thousands (except earnings per share)	Q3 2008	9 months 2008	Q3 2007	9 months 2007
Revenue Products	44,162	119,875	42,075	112,092
Revenue Foundry & Other	9,877	21,619	9,041	22,366
Total revenues	54,039	141,495	51,116	134,458
Cost of sales	- 26,492	- 69,331	- 25,409	- 67,745
Gross profit	27,547	72,163	25,707	66,714
Gross margin in %	51%	51%	50%	50%
Research and development	- 11,420	- 31,795	- 10,346	- 30,903
Selling, general and administrative	- 7,503	- 24,983	- 7,890	- 22,897
Other operating income	1,801	5,575	1,954	4,783
Other operating expenses	- 339	- 681	- 286	- 560
Result from equity investments	- 66	- 149	0	0
Result from operations	10,019	20,132	9,139	17,137
Net financing costs	- 336	- 937	- 283	- 386
Income before tax	9,683	19,194	8,856	16,751
Income tax expense	- 312	- 707	- 203	- 477
Net income	9,371	18,487	8,653	16,274
Basic = diluted earnings per share in CHF ¹⁾	1.38	2.72	1.31	2.45
Basic = diluted earnings per share in EUR	0.86	1.69	0.79	1.49

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Consolidated Balance Sheet (unaudited)

EUR thousands	as of	September 30, 2008	December 31, 2007
Assets			
Cash and cash equivalents		13,420	19,138
Short-term Investments		3,968	3,968
Trade receivables		44,984	55,974
Inventories		59,404	49,087
Other receivables and assets		5,249	6,226
Total current assets		127,025	134,393
Property, plant and equipment		131,675	136,211
Intangible assets		7,093	8,640
Investments at equity		4,080	0
Deferred tax assets		30,953	30,953
Other long-term assets		2,339	1,172
Total non-current assets		176,139	176,975
Total assets		303,164	311,368
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		28,325	34,231
Trade liabilities		16,786	21,411
Provisions		11,620	13,900
Other liabilities		17,923	15,595
Total current liabilities		74,655	85,137
Interest-bearing loans and borrowings		16,220	15,940
Employee benefits		9,755	9,119
Deferred government grants		2,553	3,228
Other long-term liabilities		862	820
Total non-current liabilities		29,389	29,107
Shareholders' equity			
Issued capital		26,698	26,697
Share premium		97,629	95,570
Treasury shares		- 3,073	- 703
Translation adjustment		76	- 104
Retained earnings		77,789	75,664
Total shareholders' equity and reserves		199,119	197,124
Total liabilities and shareholders' equity		303,164	311,368

Consolidated Cash Flow Statement (unaudited)

EUR thousands	Q3 2008	9 months 2008	Q3 2007	9 months 2007
Operating activities				
Income before tax	9,683	19,194	8,856	16,751
Depreciation (net of government grants)	5,615	16,759	5,293	15,936
Changes in employee benefits	223	636	193	573
Expenses from stock option program (acc. IFRS 2)	672	2,045	686	1,510
Changes in other long-term liabilities	- 133	- 634	- 402	64
Gain/loss from sale of plant and equipment	0	0	- 6	62
Gain/loss from sale of investments and securities	0	0	0	- 94
Result from equity investments	66	149	0	0
Net financing cost	336	937	283	480
Changes in current assets	3,835	520	- 12,038	- 21,340
Changes in short-term operating liabilities and provisions	- 2,441	- 3,594	905	- 1,363
Tax payments	0	- 29	- 109	- 129
Cash flows from operating activities	17,856	35,983	3,660	12,449
Investing activities				
Acquisition of intangibles, property, plant and equipment	- 3,105	- 12,312	- 5,585	- 32,613
Acquisition of investments	- 2,445	- 6,508	0	0
Proceeds from sale of plant and equipment	0	0	6	20
Proceeds from the sale of investments and securities	42	75	6	1,241
Interest received	271	871	587	1,330
Cash flows from investing activities	- 5,237	- 17,873	- 4,986	- 30,021
Financing activities				
Proceeds from borrowings	3,187	15,735	3,151	10,844
Repayment of debt	- 8,012	- 20,995	- 2,316	- 5,568
Repayment of finance lease liabilities	- 114	- 452	- 184	- 632
Interest paid	- 647	- 1,770	- 487	- 1,232
Dividends paid	0	- 16,362	0	0
Changes resulting from capital increase	9	16	188	291
Cash flows from financing activities	- 5,576	- 23,828	352	3,703
Net increase/decrease in cash and cash equivalents	7,042	- 5,718	- 974	- 13,869
Cash and cash equivalents at begin of period	6,378	19,138	4,847	17,742
Cash and cash equivalents at end of period	13,420	13,420	3,873	3,873

This report is also available in German. All figures are unaudited.

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