

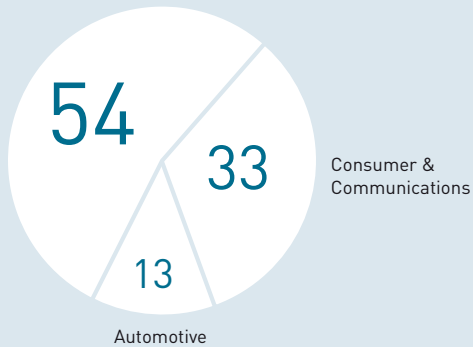


Key Figures

in millions of EUR	2010	Changes to 2009	2009	2008
Revenues	209.4	+ 53%	137.2	184.7
Gross margin	48%		35%	51%
R & D expense	42.4	+ 6%	40.1	43.6
Operating result (EBIT)	27.1	+ 242%	-19.0	25.0
EBIT margin	13%		-14%	14%
Net income	23.1	+ 239%	-16.7	12.3
Earnings per share (in EUR, basic)	2.25	+243%	-1.57	1.13
Earnings per share (in CHF, basic)	3.08	+231%	-2.36	1.78
Operating cash flow	45.7	+ 125%	20.3	47.5
Total order backlog (as of December 31)	66.4	+ 46%	45.6	29.8
Capital expenditure	13.2	+ 28%	10.3	14.4
Total assets (as of December 31)	291.8	+ 1%	288.2	307.4
Equity ratio	65%		60%	62%
Employees (average)	1,119	+ 3%	1,087	1,129

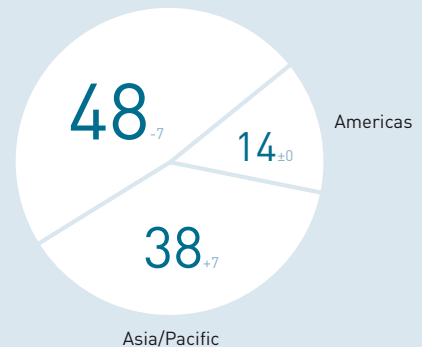
Revenues by market 2010 in %

Industry & Medical

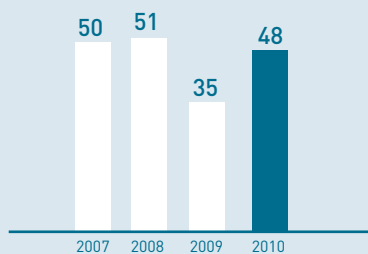


Revenues by region 2010 in %

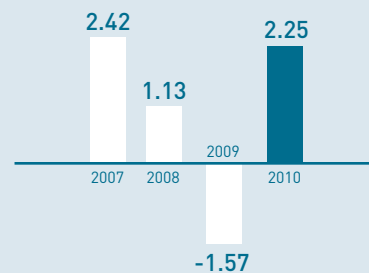
EMEA (Europe, Middle East, Africa)



Gross margin in %



Earnings per share (EPS) in EUR (basic)





Highlights 2010

More than 50% revenue growth and return to attractive profitability

Growing significantly faster than the market, austriamicrosystems achieves record revenues in 2010. Margins and profitability increase in the course of the year and approach historic levels as austriamicrosystems returns to nearly full capacity utilization.

Successful in all target markets, attractive momentum continues in current year

austriamicrosystems is successful in its markets, wins new customers and is able to maintain excellent delivery performance in a tight market environment. Since the second half all business areas show robust demand momentum which appears to continue in the current year.

Innovations bolster leadership role, market position expands

Important innovations strengthen austriamicrosystems' technological leadership position in the global analog market. austriamicrosystems is able to grow its worldwide market position through new and existing products.

Wafer fab optimized and capacity for further growth secured

Targeted investments optimize austriamicrosystems' wafer fab for the expected future product mix. Close production partnerships with TSMC and IBM secure austriamicrosystems' growth potential for the coming years despite tight manufacturing capacity worldwide.

Significant reduction of net debt and dividend proposal of EUR 0.52 per share

austriamicrosystems is able to reduce net debt to a residual amount underpinning the company's financial strength. The dividend proposal of EUR 0.52 per share for 2010 underlines austriamicrosystems' long-term distribution policy.

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Austria

FRANZISKA LANGMANN
Production Wafer Fab





Preface by the Management Board

Dear shareholders, customers and employees,
ladies and gentlemen



Michael Wachslers-Markowitsch and John A. Heugle

We look back on a successful fiscal year 2010 characterized by more than 50% revenue growth for the year and a return to attractive profitability. We experienced a strong upswing in all business areas and were able to grow significantly faster than the analog semiconductor market.

High growth rates in important product groups and new technologies, products and customers were the pillars of our success in 2010 which allowed us to improve our global market position.

We maintained our focused investment in R&D further building our pipeline of best-in-class analog solutions. Our results demonstrate the strength of austriamicrosystems as a leading supplier of high performance analog ICs.

Robust demand in the course of 2010 and return to virtually full capacity utilization

Consumer & Communications and Automotive recorded solid demand throughout the year while driving our growth in the first half of 2010. Demand in the industrial market picked up in the second half after a hesitant start into the year showing a dynamic development that continues to the present. By year-end 2010 we returned to virtually full utilization of our production capacity with strong positive effects on profitability and margins.

Success story: MEMS microphone interfaces show dynamic growth

More than 600 million MEMS microphone ICs shipped last year speak for themselves: 80% volume growth compared to 2009 and the success story goes on. We are the market leader with over 90% market share in MEMS microphone amplifiers and continue to grow with the dynamic growth of the market. As the new standard for mobile phones, smartphones, and similar devices MEMS microphones see rapidly increasing adoption offering a strong growth outlook for the coming years.

LCD backlighting growing strongly, leader in power management for mobile devices

The rapid development of LED backlighting for LCD TVs continued last year. The share of new LCD TVs with LED technology is increasing quickly and our sales in this area grew substantially in 2010. We are the technology leader in LED drivers for LCD TVs and consolidated our



market position with new product additions. Given LED technology's clear advantages also for 3D TVs, we expect demand for LED based LCD TVs to show continuing healthy growth. We are also one of the world's leading suppliers of lighting management for mobile phones and hold a solid market position in high performance power management ICs for mobile devices. Here we achieved our first successes in applications for the new growth market of tablet devices.

Innovation delivered: 3D Hall, new imaging sensor, mobile infotainment solutions

Our 3D Hall technology for magnetic encoders brought a technological break-through in contactless position measurement last year. 3D Hall enables new measurement techniques and opens up additional opportunities in the industrial and automotive markets. Another milestone in technology, our innovative image sensor solution for computer tomography offers substantially lower radiation doses, higher image quality and attractive cost reductions for the customer. We are one of the first semiconductor manufacturers able to bring the TSV (Through Silicon Via) technology which is at the heart of the solution into volume production.

In Mobile Infotainment, products like the EasyPoint™ contactless joystick and our fully analog solution for suppression of background noise demonstrate our best-in-class analog expertise. For our ultra-compact UTAF™ autofocus camera module which allows HD video recording in smartphones we won a first-rate industrial partner to manufacture and market the solution.

Production model for performance and responsible growth, market reach expanded

Analog manufacturing capacity remains constrained on a worldwide basis but even in this tight environment we ensured excellent delivery performance to our customers last year. Together with our production partners TSMC and IBM, we have put sufficient resources in place to support our growth in the coming years. We also made investments to optimize our wafer production for the current and expected process mix. Clearly focused on specialty processes, our foundry activities were again successful last year providing an attractive contribution to our overall result.

True to our corporate responsibilities, we reduced our CO₂ emissions further in 2010 as we pursue our medium-term goal of becoming fully CO₂ neutral and published our first progress report as member of the UN Global Compact initiative.

We significantly expanded our business in Asia last year and won numerous new customers including in the demanding Japanese market. We are focusing on Asia as this dynamic region offers ever more attractive growth opportunities for austriamicrosystems. Considerably strengthening our worldwide market presence, we added two leading global distributors which greatly increased our addressable customer base.

Return to our profit distribution policy: EUR 0.52 dividend proposal

We propose a dividend of 25% of the net result, i.e. EUR 0.52 per share, marking the return to our long-term profit distribution policy. 2011 will also see the first distribution from our worldwide profit-sharing program for all employees. Our financial position is solid; we reduced net debt to a residual amount and strengthened our balance sheet ratios in the past fiscal year.

The Supervisory Board provided constructive assistance for our activities and supported the implementation of our strategy. We would also like to thank our customers, partners, shareholders and, above all, the employees of austriamicrosystems. Their commitment and teamwork made the decisive difference for our success in 2010.

Excellent basis for profitable growth and stronger market position

We have every reason to look ahead with confidence to 2011 and the coming years. austriamicrosystems is today stronger than ever: outstanding products, attractive design-ins, quality customers, both long-standing and new, and a future-proof manufacturing model drive our success worldwide. We are convinced that these advantages will allow austriamicrosystems to substantially expand its position in the analog semiconductor market in the years to come.



John A. Heugle
CEO



Michael Wachslar-Markowitsch
CFO

YUKIKO KOREN
Product Management





Preface by the Supervisory Board

Dear shareholders, ladies and gentlemen

2010 was a very successful year for austriamicrosystems. Characterized by the remarkable recovery of the global semiconductor industry, the past business year marked a record level of revenues and an important step towards austriamicrosystems regaining its former margin strength. Earnings momentum picked up significantly in the second half enabling austriamicrosystems to record strong financial results for the year. We are pleased to see the company benefit from the dynamic upswing of demand in all its target markets and further strengthen its market position by launching a range of technological innovations.

austriamicrosystems is confident about its future and is enjoying a good tailwind in the current year as demonstrated by the positive development in the seasonally influenced first quarter. austriamicrosystems continues to follow an attractive business model which today offers an even better framework for profitable growth and worldwide success. austriamicrosystems' clear strategy and the know-how and expertise of its employees form a strong basis for a marked expansion of the company's business volume in the coming years.

With its broad product portfolio austriamicrosystems is excellently positioned and is focused on further penetration of its target markets after very successfully managing the industry crisis in 2009. The company's in-house production facilities represent a significant competitive advantage in the analog market which continues to exhibit tightness in manufacturing capacity. The Asia/Pacific region in particular offers important opportunities for austriamicrosystems and the investment in the expansion of the sales organization in this region is already showing very positive results.

We are therefore convinced that austriamicrosystems' strategic focus and its concentration on clearly defined markets and technological leadership in advanced solutions will allow a sustainable increase in value.

The Management Board and the Supervisory Board continued their constructive and trusting collaboration over the past year. The Management Board kept us informed at all times while we fulfilled our tasks in our advisory and supervisory capacity. In the current year we will work together with the



Management Board to enable the company's long-term success by creating structures for a secure future. The successful strategy of austriamicrosystems will continue unchanged.

On behalf of the Supervisory Board and as the shareholders' representative I would like to express our thanks to the management for their dedicated efforts and the excellent success achieved in 2010 and to the employee representatives for their support. My special thanks go to all employees for their commitment which made a decisive contribution to austriamicrosystems' success. I would also like to thank our shareholders, customers and business partners for their continued support and the long-term trust they place in austriamicrosystems.

A handwritten signature in black ink, appearing to read 'Guido Klestil'.

DI Guido Klestil
Chairman of the Supervisory Board

Company

Strategy
Human Resources
Corporate Responsibility
Technology and Manufacturing

PRAMOD SINGNURKAR
Engineering





Strategy

The success of austriamicrosystems is based on a clear corporate strategy that builds on 30 years of analog know-how and on the unrivalled expertise of its employees.

Global partner for advanced analog applications

As a designer and manufacturer of high performance analog ICs, austriamicrosystems has been a technology leader in the global analog semiconductor market for many years. austriamicrosystems' analog ICs target complex applications in the communications, consumer, industrial, medical and automotive markets. An increasing number of leading OEMs and a wide range of customers of all sizes around the globe rely on austriamicrosystems' products.

Our mission: Innovative solutions for a leap ahead in analog

austriamicrosystems lives by its mission of offering innovative analog IC solutions for the most demanding applications in its individual target markets to be "a leap ahead in analog" for the long term. In many market areas this objective has already been reached with austriamicrosystems being more than a step ahead of its competitors. The driving force behind all efforts is the company's vision of becoming the most innovative provider of high performance analog semiconductor solutions in the areas of power management, sensors and sensor interfaces, and mobile infotainment.

Our strategy: Innovation, technology, close customer relationships

Innovation is a central element of austriamicrosystems' strategy. Consistent investments in research and development safeguard the company's lead in innovation in the high performance analog IC market and strengthen its standing as a technology leader. austriamicrosystems' standard products and customized solutions offer excellent analog performance and differentiate through low power consumption, highest accuracy and small form factor design.

In pursuing its strategy, austriamicrosystems focuses on key customers for market penetration and aligns its product development to the demands of defined key applications and customers. As a result, austriamicrosystems is able to build up system and application know-how to swiftly and cost-efficiently extend product families through its system of platforms and derivatives. This approach allows austriamicrosystems to bring innovation to the marketplace more rapidly and to quickly develop new market segments.

Proximity to customers plays a major role in all efforts: austriamicrosystems' global network with more than 20 locations in 17 countries guarantees excellent local customer service. Sales and technical support work hand-in-hand as a global team with the objective of offering customers optimum support in their markets.



In-house wafer production at the highest quality level is a key factor in the development of advanced high performance analog ICs: Proprietary process technologies and 30 years of experience in analog semiconductor manufacturing allow austriamicrosystems to compete successfully in the top tier of analog IC vendors. In-house manufacturing capabilities are therefore a long-term element within the corporate strategy.

austriamicrosystems' strategy is built around its employees. austriamicrosystems values their long-time experience and technological expertise and regards its staff as the foundation of its leading position in the analog semiconductor market. In addition, the company proactively assumes responsibility towards society, being a pioneer in sustainable environmental management and the considerate use of resources.

Our objective: Best-in-class analog company

In 2010, austriamicrosystems successfully continued on its path towards becoming a best-in-class provider of high performance analog ICs. With this objective in mind, austriamicrosystems focuses on targeted, profitable growth in the years to come.

Human Resources

A global team of more than 1,100 highly qualified employees share the objective of being successful in the global analog semiconductor market and work together to implement austriamicrosystems' strategic goals. Inspired by a common vision, they develop, produce and market innovative semiconductor solutions and focus on offering the best possible support to austriamicrosystems' customers' most challenging applications.

Our people are the greatest single asset of austriamicrosystems. Their know-how and creativity are key factors in extending our market position in a competitive international environment. The number of austriamicrosystems employees in Europe, North America and Asia increased to 1,119 staff in 2010 (annual average; 1,087 in 2009), of whom nearly 850 employees work at the company's headquarters in Unterpemstätten.

An international team with the best options for career development

austriamicrosystems lives by the principle that its employees play a central role in the company achieving long-term success. austriamicrosystems has therefore set itself the objective of developing its employees' skills and supporting them in reaching their full potential. austriamicrosystems offers its staff a wide range of in-

house training and development courses, plus numerous external training opportunities. The company attaches great importance to providing its employees with opportunities for professional development and various career paths within the company. Not only were many vacancies filled internally in 2010, in the majority of cases this also resulted in significant professional advancement for the employees concerned.

Working in a global market, austriamicrosystems' focus has always been international, which is also reflected in the increasing internationalization of its staff. More than 200 members of staff are currently employed in Asia and - together with their colleagues in North America and Europe - underline austriamicrosystems' global approach. Given the excellent opportunities for growth in the Asian markets, austriamicrosystems has made good use of the recent industry crisis adding highly qualified colleagues in Asia to its team in order to be close to its customers in these important countries. At the same time, market-oriented competences outside Europe are being shifted to the regional level to meet specific regional market demands by leveraging the know-how of local employees.

Responsibility as a global employer

austriamicrosystems is fully aware of its responsibility as a major employer in Austria as well as





internationally, and attaches great importance to transparency and openness in staff communications. The company's worldwide Code of Conduct constitutes the basis of cooperation within the company. Together with the commitments defined by the UN Global Compact, the Code sets recognized standards for a relationship based on mutual trust.

The differentiated remuneration scheme in place at austriamicrosystems also reflects austriamicrosystems' responsibility as an employer. The profit-sharing model for all employees that was introduced in 2009 emphasizes their importance for austriamicrosystems and enables staff to participate directly in the company's performance. The program's first payout will take place for the financial year 2010 totaling more than EUR 2 million.

austriamicrosystems works with many academic institutions in the fields of research and development in order to gain insight into the latest scientific findings and build direct links with potential new employees. In addition, austriamicrosystems provides regular vocational training opportunities at its location in Unterpemstätten.

Employees are key to market success

austriamicrosystems' employees are of key importance to the company's success in the analog semiconductor market. austriamicrosystems values the dedication of its staff to the company's customers and remains committed to offering all employees opportunities for personal and career development.



Corporate Responsibility

Environmental protection and social responsibility are essential elements of all entrepreneurial activity for austriamicrosystems. Consequently, austriamicrosystems has always attached great importance to the conservation of resources, responsible relationships with stakeholders, and sustainable business practices.

UN Global Compact as a real-life commitment

austriamicrosystems has always been committed to the idea of sustainability and decided to openly document this by joining the UN Global Compact in 2009. Over 6,000 member firms in more than 130 countries constitute the largest initiative worldwide for responsible business practices and sustainability. As a member of the Global Compact, austriamicrosystems is committed to the ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption measures. The efficient use of energy and resources, excellent environmental standards, fair labor conditions and role-model business practices are all part of this commitment.

In 2010, austriamicrosystems published the first "Communication on Progress" report (COP) under the Global Compact scheme. The purpose of COP reports is the ongoing documentation of the company's activities and progress in implementing the Global Compact principles.

Social responsibility defined by the Code of Conduct

In 2009, the introduction of a worldwide Code of Conduct at austriamicrosystems created a transparent framework for the company's

conduct both internally and externally. The Code of Conduct is binding for all staff and is based on the principles of the UN Global Compact. It defines the company's social responsibility, its relationship with stakeholders and similar segments – primarily, the company's position with regard to employees, environment, and the community. The Code of Conduct has since been comprehensively integrated into the company, as many of its principles have long been firmly anchored in the values of austriamicrosystems.

The goal: becoming a CO₂-neutral company

For many years, austriamicrosystems has been committed to high environmental standards and has striven to continually improve its environmental management policies. In particular, austriamicrosystems is focusing on permanently lowering the company's CO₂ emissions. As the industry-wide pioneer in this field, austriamicrosystems has formulated the measurable goal of becoming a fully CO₂-neutral company in the medium term.

After a company-wide analysis of CO₂ emissions in 2009, optimization measures were implemented in 2010 that reduced CO₂ emissions by another 3,000 tons compared to 2008. Emissions that cannot be avoided as the company continues to grow are expected to be offset with self-generated emission certificates and other compensation models. Several concepts and projects are currently at detailed review stage.

Focus on environmentally sound management

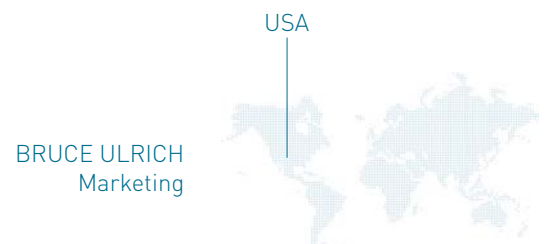
Efficient use of energy is another important aspect of environmental management activities for austriamicrosystems. Ongoing analyses and targeted measures helped austriamicrosystems reduce electricity and gas consumption on a permanent basis again in 2010.

austriamicrosystems has long been certified according to major environmental standards and had its ISO 14001 certification for its locations in Unterpremstätten and Calamba (Philippines) renewed in 2010. External partner companies must comply with the company's stringent environmental and safety regulations. In addition, austriamicrosystems renewed its commitment to the standards of the Forest Stewardship Council for wood products and the Marine Stewardship Council for staff catering last year.

Acting responsibly

austriamicrosystems is aware of its responsibility towards people, the environment and society, and sees this responsibility as an integral part of its business activities. The wide range of initiatives austriamicrosystems has committed to is clear evidence of this belief. By joining the Global Compact, austriamicrosystems has taken responsibility on a long-term basis and is committed to ongoing improvements as outlined by the principles of the scheme.

The goal of CO₂ neutrality shows that austriamicrosystems continues to pioneer responsible management and business practices in the global semiconductor industry.





Technology and Manufacturing

austriamicrosystems' leading position in the global analog semiconductor market is inseparably linked with its in-house production capabilities and the cutting-edge technologies internally developed, because only a close relationship between design and manufacturing allows the creation of world-class analog solutions.

In-house manufacturing plus partnerships for best-in-class analog solutions

austriamicrosystems' 200mm wafer production capabilities at the company headquarters in Unterpremstätten, Austria, combines state-of-the-art analog semiconductor technology with the highest efficiency as customer audits regularly confirm. Depending on the product needs the wafer fab produces line widths of down to 0.35 μ m, supported by optimized statistical techniques for modeling analog processes. austriamicrosystems has built up equally sophisticated know-how in wafer and final test, which is especially important for analog ICs. Final testing activities have been concentrated in the Philippines for some years; a location that offers cost and logistics advantages.

austriamicrosystems supplements its own wafer production through close partnerships with the leading foundries TSMC and IBM. In contrast to the usual foundry models, the installation of austriamicrosystems processes at the partner facilities assures a level of control of process and chip performance which is comparable to in-house manufacturing. This allows austriamicrosystems to optimize the utilization of the internal production capacity for products with special process and quality requirements while

retaining very high flexibility and reducing risk through multi-site manufacturing.

Recognized in the industry for process know-how and specialty processes

With almost 30 years experience in design and production, austriamicrosystems is proficient in every aspect of analog semiconductor manufacturing. Using process technologies developed in-house, austriamicrosystems has enhanced its base CMOS process with special functionalities. austriamicrosystems is a technological leader especially in processes for high-voltage applications, but also in radio frequency SiGe technologies and the integration of robust EEPROM memory. This know-how enables the development of innovative chip solutions which allows austriamicrosystems to solve the most challenging applications faced by its customers.

As one of the first IC manufacturers, austriamicrosystems employs the complex TSV (Through Silicon Via) technology in volume production. In a ground-breaking sensor solution, this technology links sensor and signal processing at chip level by means of an innovative concept. With the new solution, austriamicrosystems has realized a technological quantum leap achieving significantly higher sensitivity and signal quality.

High-voltage process development with IBM confirms technology leadership

IBM's decision to license the high-voltage CMOS technology from austriamicrosystems and to jointly develop an innovative 0.18 μ m high-voltage CMOS process has clearly demonstrated



austriamicrosystems' expertise in sophisticated analog processes. The development project was successfully concluded last year and austriamicrosystems now possesses a technically advanced, future-proof 0.18 μ m technology.

Focused foundry services for specialty processes as a complement

In its Full Service Foundry business, austriamicrosystems gives IC vendors lacking their own wafer capacity access to selected process technologies. As a production partner, austriamicrosystems manufactures analog and mixed signal ICs with a focus on advanced specialty processes. Thanks to a broad range of long-time customer relationships this business area is recognized as a leading analog foundry partner for specialty processes offering an extensive service portfolio from design support through to testing.

Complementary to the product businesses, austriamicrosystems' foundry activities provide an attractive contribution to the overall performance of the company and also permit an optimized utilization of in-house capacity. Full service foundry achieved very positive results again last year, showing added momentum given the capacity situation in the global analog market.

Outstanding reputation in quality management

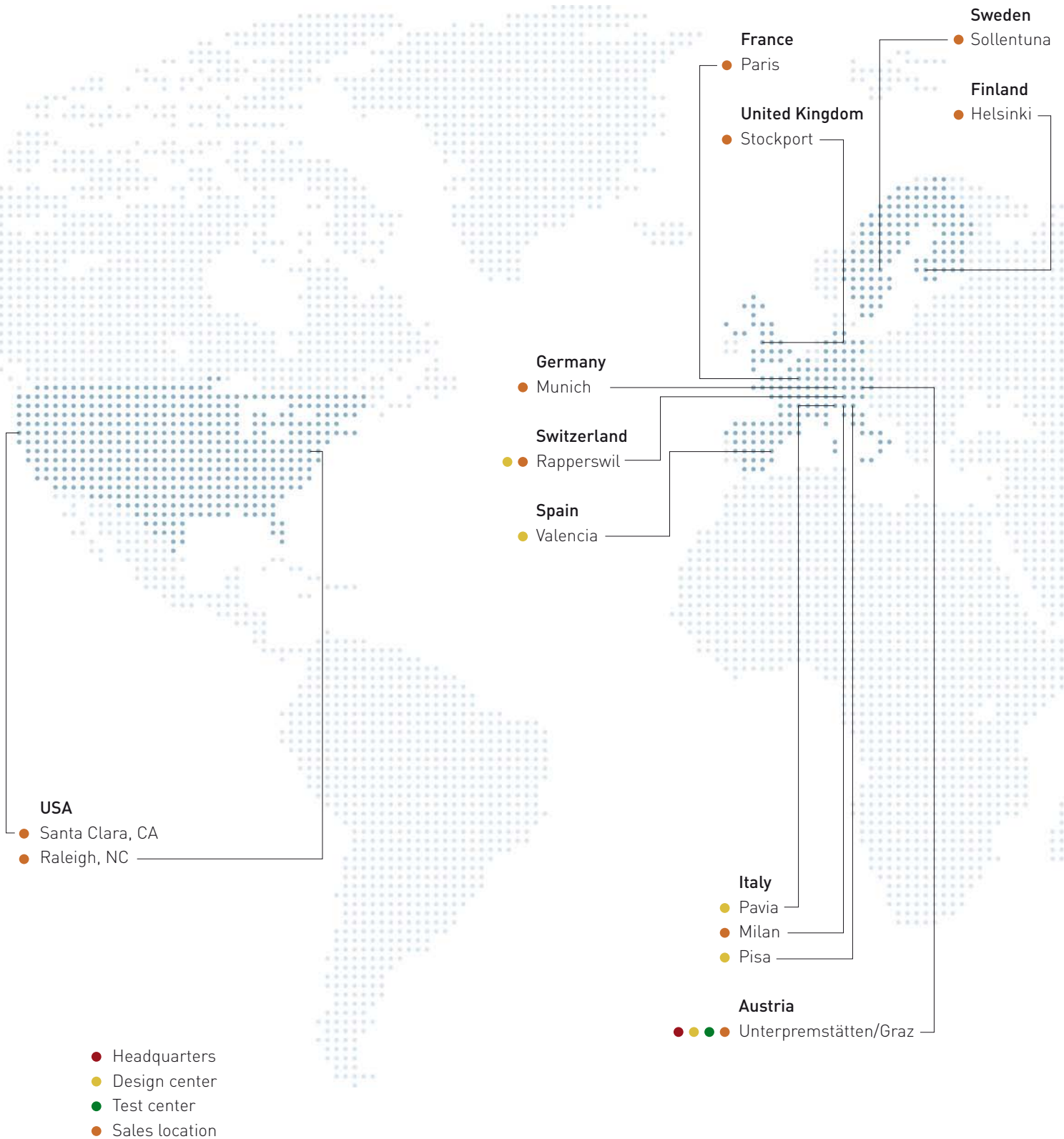
Quality is an important success factor for austriamicrosystems in global competition. austriamicrosystems' quality management enjoys a high reputation throughout the industry

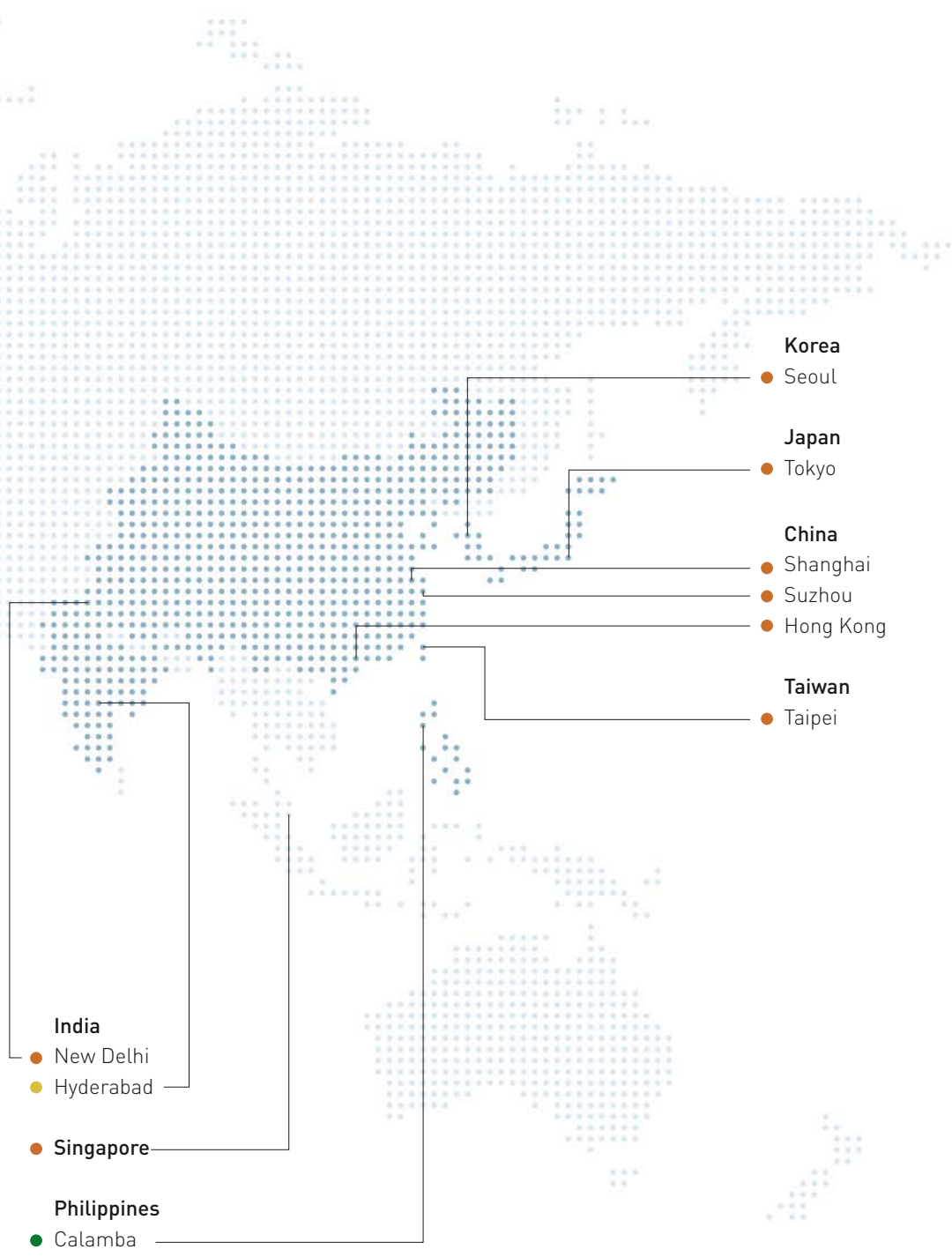
which represents a competitive advantage in winning new customers. All group locations are certified to the latest international quality standards and linked in a quality process network. austriamicrosystems continuously develops its quality management and implements innovative concepts such as the 5S method for workplace organization. The 5S program which was expanded last year improves the efficiency, quality and safety of work flows in manufacturing.

Best-in-class for low product field failure rate

Uncompromising quality in production and at the customer is the key target of austriamicrosystems' quality strategy. austriamicrosystems was able to reduce its already extremely low product failure rate still further in 2010 and achieved a customer rejection rate of merely 0.08 ppm. This quality level puts austriamicrosystems in the top tier of the analog semiconductor industry, and represents on average only one defective part in more than 12 million devices shipped.

Global Presence





Business Areas

Power Management
Sensors and Sensor Interfaces
Mobile Infotainment

ALOIS KAUFMANN
Lithography Wafer Fab





Power Management

Power Management is playing an increasingly important role in our modern world because more efficient power supply means less energy consumption. Whether prolonged battery life for mobile electronic devices, reduced power consumption of LCD TVs, industrial motors and computer tomographs or improved battery technology to reduce automotive fuel consumption – austriamicrosystems' Power Management ICs enable significant energy savings. The highest efficiency, lowest power consumption and smallest dimensions all illustrate austriamicrosystems' comprehensive expertise in Power Management.

Power management technologies optimize the power supply of advanced electronic devices in all of austriamicrosystems' target markets, from consumer electronics and communications to the industrial, medical and automotive sectors.

Continued growth in lighting management for mobile phones

Mobile phones are equipped with an increasing variety of lighting functions, which require efficient control to maximize battery life. As a leading provider of lighting management ICs, austriamicrosystems supplies a number of major mobile phone vendors and was able to further expand its position over the past year. Flexible programming and high efficiency with very small form factors are outstanding features of austriamicrosystems' lighting management

solutions. The product portfolio ranges from drivers to control individual LEDs to the management of all lighting effects.

Smart phones with high-resolution cameras of 8 megapixels and more are today fully equal to digital compact cameras, pushing ahead the convergence of camera and mobile phone. The flash performance using LED or Xenon lights must keep up with this development and enable high quality photos while keeping battery drain as low as possible. austriamicrosystems meets these complex demands with highly efficient and compact flash drivers and strengthened its market position in camera flash control in 2010.

Tablet devices offer new opportunities for growth

New mobile devices create new fields of application for austriamicrosystems' power management ICs. Optimizing power consumption for long battery life is a key priority also for tablet devices. austriamicrosystems achieved the first design wins with major OEMs in this quickly developing market last year. Power management components from austriamicrosystems were chosen to ensure the efficient power supply of touch screen modules.

Strong position in the growth market for LCD backlighting

A remarkable image quality and an equally impressive reduction in power consumption are





the essential advantages of LED backlighting for LCD TVs. The new standard technology is quickly gaining acceptance and is expected to be incorporated in more than fifty percent of all new LCD TVs next year. austriamicrosystems is a technology leader in special LED drivers for backlighting and enjoys a strong market position in this rapidly growing market. Thanks to highest precision in LED control, austriamicrosystems creates cost advantages for TV manufacturers and enables even higher image contrast. The driver ICs support all lighting techniques employed in ever thinner TV sets and are already optimized for the requirements of 3D TVs.

In addition, efficient austriamicrosystems LED drivers are core components of new, high-resolution LED video walls used in stadiums and at large events. These walls consist of tens of thousands of LEDs and can reach more than hundred square meters in size.

Power management in IC solutions for healthcare and industry

austriamicrosystems understands the stringent quality specifications for medical technology and develops power supply solutions for battery-driven medical devices. Here the ever increasing use of mobile medical devices for patient self care offers attractive opportunities for growth. austriamicrosystems' specific power management expertise is decisive for leading medical device vendors whose products create more freedom in patients' daily lives, particularly for diabetics. New customer relationships underline austriamicrosystems' strong position in this area. austriamicrosystems owes its market success in particular to its highly reliable and

safe solutions which realize significant power savings. Power management technologies for increased energy efficiency also play an important role in austriamicrosystems' IC solutions for large medical devices and applications in industrial electronics, measurement technology and automation.

New automotive technologies call for comprehensive power management

Active battery and power management is gaining importance in conventional vehicles, as complex mechanical or hydraulic systems are replaced by electro-mechanical concepts. For new drive technologies, such as hybrid or electric systems, power and battery charge management is evolving into a central element of vehicles' electronics systems. austriamicrosystems employs its power management know-how to develop innovative solutions in battery management for all drive technologies and cooperates closely with vehicle manufacturers and battery specialists.

Sensors and Sensor Interfaces

Sensors are (virtually) everywhere. Even though they often work unnoticed in the background, one cannot imagine our lives without them as they are part of just about every electronic system we use in our jobs, private lives, in sports and entertainment. We find ourselves in the first phase of a long-term trend: augmented by new technologies, the possibilities offered by sensors to make our lives simpler, safer, more comfortable and easier on the environment are only slowly becoming apparent.

austriamicrosystems is well aware of the dynamics of this development, for sensors and sensor interfaces for advanced applications are one of the company's core competencies. austriamicrosystems has been a leader in highly accurate sensor solutions for years and enjoys an excellent reputation as sensor expert in the global analog market.

MEMS microphone ICs – the success story continues

austriamicrosystems has been writing a remarkable success story in the target market Consumer & Communications with sensor interfaces for MEMS miniature microphones. MEMS (Micro Electromechanical Systems) technology enables high-quality electronic microphones of miniature size; thanks to their impressive advantages, these microphones are replacing older technologies at a quickly growing pace. The experience from several product generations is a clear competitive advantage in the market for MEMS microphone ICs where austriamicrosystems almost doubled shipments in 2010 compared to the year before. This success underscored austriamicrosystems' position as

the uncontested market leader holding over 90% market share worldwide.

MEMS microphones are an example of sensor technology that works unseen and without being noticed by the majority of users in their daily lives. Besides the main markets mobile phones and smartphones that in most cases employ several microphones per phone, the benefits of MEMS microphones also create advantages in the new market for tablet devices. The growth trend for MEMS microphones is continuing upwards, as the penetration of the mobile phone market where MEMS microphones have become the new standard offers room for further meaningful growth.

Innovative RFID reader IC in volume production

austriamicrosystems is redefining the market for RFID (Radio Frequency Identification) readers with a highly integrated single-chip solution: a significant reduction in system costs paves the way for attractive applications in contactless identification that were not feasible so far for cost reasons. Last year austriamicrosystems began shipping volume quantities of its pioneering RFID reader solution. In addition, the company's sensor expertise is also applied in innovative products for the target market Mobile Infotainment.

Industry: Recovery of demand for sensors, 3D Hall as technological breakthrough

Sensors and sensor interfaces for industrial automation, building control and measure-

ment technology have been a core segment of austriamicrosystems' business for many years, including a high proportion of customer-specific solutions. After a slow first half of 2010, the demand in the industrial market gained significant momentum and returned to previous levels by year-end. Control systems for alternative energies are becoming a new area of growth for austriamicrosystems here. Gaining a tier 1 customer in Japan was a major success among the many new sensor projects for industrial automation since the attractive Japanese market is difficult to develop for international suppliers.

Offering the widest portfolio of magnetic encoder solutions for position measurement, austriamicrosystems is the acknowledged technology leader in this area worldwide. Last year austriamicrosystems presented a significant innovation in its 3D Hall technology with the new products marking a technological breakthrough: 3D Hall enables the use of contactless sensors in entirely new applications and measurement methods in three dimensions that so far have been impossible to realize. Consequently, the new technology opens up additional growth opportunities for austriamicrosystems.

New medical imaging sensor as a milestone of technology

Virtually no area has more rigorous demands on high-precision sensors and sensor interfaces than healthcare and medical technology. This underlines the value of austriamicrosystems' global leadership position for particularly demanding sensor applications. austriamicrosystems supplies leading system providers with complex sensor interfaces for the medical imag-

ing markets of computer tomography, digital X-ray and ultrasound. Last year saw the start of volume production of an innovative medical imaging sensor that combines sensor and signal processing by means of TSV (Through Silicon Via) technology. Marking a technological milestone, this development enables higher image quality at extremely reduced radiation doses and offers major cost benefits for the manufacturer. Sensor solutions in portable devices for patient self-care and contactless sensors for surgical robots are other attractive markets with good potential for growth.

Automotive profits from trend to sensors and industry upswing

The number of sensor applications in cars is exploding; they are used to increase efficiency, implement functions for comfort and convenience and achieve higher levels of safety. With sensors and sensor interfaces being the focus of austriamicrosystems' automotive business, all this means appealing opportunities for growth going forward. austriamicrosystems supports innovative automotive applications through contactless sensors for high-precision position measurement, the new 3D Hall technology, sensor solutions for novel safety systems and FlexRay interfaces for in-car data networks. austriamicrosystems profited from the dynamic upswing of the global automotive industry and recorded strong demand for products such as gas pedal position sensors last year. austriamicrosystems was able to strengthen its pipeline with newly-won projects and also scored success in the demanding Japanese market.



Mobile Infotainment

The “digital lifestyle” is setting the important trends in consumer electronics worldwide. New technologies and ever more powerful devices are pushing the demand for high performance analog ICs in this growth segment. austriamicrosystems designs mobile infotainment solutions tailored for application in smartphones, tablet devices, high-quality accessories, portable electronic game consoles and other portable devices. In Mobile Infotainment, austriamicrosystems focuses on innovation and technology for advanced applications.

EasyPoint™ - compact joystick for mobile infotainment devices

Precise input device and robust joystick for mobile infotainment – that’s EasyPoint™, the contactless 360-degree navigation module for portable devices such as mobile phones, mobile game consoles and similar applications. EasyPoint™ uses austriamicrosystems’ successful encoder technology for an innovative, easy-to-integrate input solution with full joystick functionality. Resistant to dust and dirt, EasyPoint™ opens up new design possibilities given its extremely small form factor. The enhanced EasyPoint™ module is now available in volume production and is recording strong design-in activities.

Power-saving components for mobile applications

austriamicrosystems’ extensive experience in power management for battery-powered devices plays a decisive role in the development of highly efficient power management ICs. With first design-ins for touch screen modules austriamicrosystems is expanding its presence into the fast growing market for tablet devices. Global brand names choosing these modules for their devices strengthen austriamicrosystems’ position as an expert partner in mobile power management applications.

ANC suppresses ambient noise in the accessory market

Ambient noise can diminish the pleasure of listening to music or watching podcasts or videos on the move; but Active Noise Cancellation (ANC) by austriamicrosystems for active suppression of background noise can help. Contrary to competing digital concepts, the purely analog solution has no annoying delay in signal adjustment and offers considerably lower power consumption, an aspect that is always of importance in mobile devices. austriamicrosystems’ audio expertise forms the basis of this technological innovation in mobile infotainment. The ANC technology achieves very noticeable reductions particularly

for uniform ambient noise as experienced in a plane or other means of transport, which in turn improves the acoustic quality of the audio signal. The award-winning chip solution is already successful in accessory headsets and earphones; with its low power consumption the ANC system is also suitable for integration in Bluetooth headsets.

Continuous camera autofocus supports digital lifestyle

The UTAF™ camera module for digital lifestyle devices combines the world's smallest piezo motors by U.S. specialist New Scale Technologies with austriamicrosystems' position sensor technology. UTAF™ (Ultra Thin Autofocus) is a power-saving, low-noise solution for continuous autofocus in high-quality integrated cameras, which are a prerequisite for recording HD video in smartphones or tablets. The latest chip generation in the UTAF™ module allowed a further reduction of the form factor last year, at the same time austriamicrosystems was able to win a first-rate industrial partner for marketing and volume production of the camera module. Real innovation and technical elegance combined: UTAF™ opens up new market perspectives for austriamicrosystems in Mobile Infotainment.

RUGGERO LEONCAVALLO
Engineering





Investor Relations and Corporate Governance

Investor Relations
Corporate Governance
Executive Bodies

JEAN MARC LUCCHINI
Marketing





Investor Relations

The austriamicrosystems' shares enjoyed a very positive development in 2010 and by year-end the share price had almost doubled compared to the beginning of the year. The share price trend reflected the continuing recovery of the global semiconductor industry that became evident in all of austriamicrosystems' markets in the course of the year. austriamicrosystems' business development triggered increased interest among investors in the second half of the year, resulting in an attractive performance of the share towards year-end.

austriamicrosystems continues to pursue its successful corporate strategy focusing on leading-edge technological products and markets with promising potential for the future. The ongoing expansion of its product portfolio, the acquisition of new key customers and the increasing revenues through distributors will remain important success factors for austriamicrosystems in the global market. austriamicrosystems is therefore well positioned to offer its shareholders continued attractive potential for value appreciation.

At the Annual General Meeting on 6 May 2010, all agenda items subject to a vote were unanimously adopted. austriamicrosystems has instituted a dividend policy that proposes a dividend pay-out of 25% of the annual net result. Since the company returned to profit in the year under review, the Management Board will propose a dividend of EUR 0.52 per share for the year 2010. Based on a further positive development of the company during the current and the coming years, the Management Board intends to con-

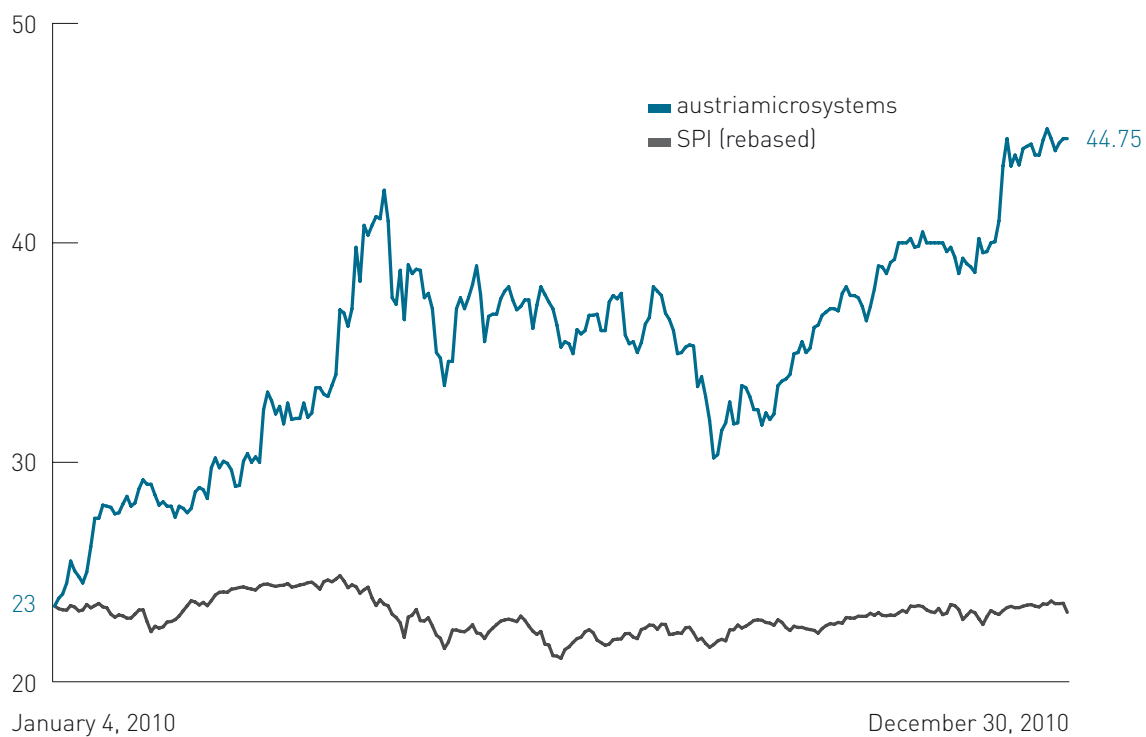
sistently continue dividend distributions under its dividend policy.

The current austriamicrosystems share buyback scheme was adopted at the Annual General Meeting 2009 and will end in October 2011. In 2010, 400,195 shares, i.e. 3.62% of issued shares, with a nominal value of EUR 8.52 million were bought back under the scheme. These shares are held as short-term securities in the treasury and are primarily designated to cover the employee share option plan adopted in 2009 that will end in 2017. In order to be able to continue to buy back shares the Management Board intends to propose a renewal of the share buyback scheme to the extent permitted by law.

austriamicrosystems maintained its pro-active investor relations communications policy on the basis of international standards of financial communications during 2010. Quarterly reports, regular presentations to analysts, institutional investors and the financial press along with the participation in investor conferences in Europe provide current and potential investors with comprehensive information about the austriamicrosystems share and its corporate strategy. austriamicrosystems held road shows in financial centers such as Zurich, London, Frankfurt, the Benelux countries and Vienna to present austriamicrosystems and discuss the development of its business. Interested parties and shareholders are invited to visit the "Investors" section of the company's website at www.austriamicrosystems.com, where all press releases plus additional information relating to the austriamicrosystems share are available.



austriamicrosystems share price development in CHF



Share details

ISIN	AT0000920863
Securities code	1808109
Ticker symbol	AMS (SIX Swiss Exchange)
Reuters / Bloomberg	AMS.S / AMS SW

Corporate Governance

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

In this context, austriamicrosystems AG points out that Austrian Corporate Law differs from the Swiss model in terms of the structure of its corporate bodies, their duties and their accountability. Hereinafter, the Austrian terms for the corporate bodies will be used. Corporations that are not constituted according to the Swiss Code of Obligations are required correspondingly to meet the regulations of the Swiss Corporate Governance Directive, which is formulated in close correspondence with the Swiss Code of Obligations. Consequently there follows a brief description of the particular features of the Austrian organizational structure:

– The Management Board is responsible for company management and representation of the company; it holds the monopoly on company management and representation. It is not subject to instructions by the shareholders or the Supervisory Board, acting rather on its own responsibility and without instructions. Where the Swiss Corporate Governance Directive calls for information on the Executive Board, corresponding details on the Management Board are provided. Nevertheless, the function of the Management Board does not correspond exactly with that of the Swiss Executive Board.

– The Supervisory Board is in charge of appointing and dismissing the Management Board and, in particular, supervising it. Furthermore, specific legal transactions also require the Supervisory Board's approval. Where the Swiss Corporate Governance Directive calls for information on the Administrative Board, corresponding details on the Supervisory Board are provided. Nevertheless, the function of the Supervisory Board does not correspond exactly with that of the Swiss Administrative Board.

– The Annual General Meeting, functioning as the supreme means of decision-making body for a company, is responsible for appointing and dismissing the members of the Supervisory Board and the appointment of the auditor. Where the Swiss Corporate Governance Directive calls for information on the General Meeting, corresponding details on the Annual General Meeting are provided. The Swiss and Austrian legal systems differ with regard to these two institutions.

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

1. Corporate Structure and Shareholders

1.1 Corporate Structure

austriamicrosystems AG, with headquarters in Unterpremstätten, Austria, has been officially listed on the main segment of the SIX Swiss Exchange since May 17, 2004 (securities number 1808109; ISIN AT0000920863). On the date of reporting, the company had a market capitalization of approximately 493 million CHF. austriamicrosystems AG's business activity is divided into the business segments Products and Foundry. The Products business segment consists of the Consumer & Communications, Industry & Medical and Automotive market areas, while the Foundry business segment

comprises the Full Service Foundry area. The business areas are headed by business area managers responsible for managing the business area within the framework of the strategy defined by the Management Board. They report directly to the Management Board of austriamicrosystems AG. Further information on the business segments is provided in the Notes to the Consolidated Financial Statements under item 1.

The company has active unlisted subsidiaries; there are no listed subsidiaries.

Company	Head office	Equity in EUR	Percentage of shares held
austriamicrosystems Germany GmbH	Munich	438,161	100 %
austriamicrosystems Switzerland AG	Rapperswil	349,360	100 %
austriamicrosystems France S.à.r.l.	Vincennes	-85,288	100 %
austriamicrosystems Italy S.r.l.	Milan	355,756	100 %
austriamicrosystems United Kingdom Ltd.	Launceston	126,939	100 %
austriamicrosystems USA, Inc.	San Jose	599,848	100 %
austriamicrosystems Japan Co., Ltd.	Tokyo	151,009	100 %
austriamicrosystems (Philippines) Inc.	Calamba City	1,804,157	100 %
austriamicrosystems India Private Ltd.	Hyderabad	130,422	100 %
austriamicrosystems Spain SL	Valencia	24,558	100 %
Aspern Investment Inc.	County of Kent	964,486	100 %
austriamicrosystems Korea, Ltd.	Seoul	166,461	100 %

1.2 Major Shareholders

In April 2008 the company was notified that the shareholder Schroders plc, London, United Kingdom, held 4.6% of the share capital. In September 2008 the company was notified that Dr. Berger, Vienna, Austria, held 8.3% of the share capital as trustee. In July 2009 the company was notified that the shareholder Dr. Johannes Heidenhain GmbH, Traunreut, Germany, held 3.2% of the share capital and that the shareholder Kempen Capital Management, Edinburgh, United Kingdom, held 9.2% of the share capital. In August 2009 the company was notified that the shareholder Odin Fund Management, Oslo, Norway held 4.3% of the share capital and that the shareholder Pictet Asset Management, Zurich, Switzerland held 4.1% of the share capital. In February 2010, the company was notified that the shareholder The Capital Group Companies, Inc., Los Angeles, USA, held 3.0% of the share capital. In July 2010, the company was notified that the shareholder FMR LLC, Boston, USA, held 4.8% of the share capital.



1.3 Cross Shareholding

No cross shareholdings exist at this time.

2. Capital Structure

2.1 Capital

As of December 31, 2010, austriamicrosystems AG's ordinary capital amounted to nominally EUR 26,758,748.01, divided up into 11,046,252 no-par-value shares with a calculated nominal value of EUR 2.42 per share.

2.2 Authorized and Conditional Capital in Particular Authorized Capital

At the Annual General Meeting on March 29, 2006, the Management Board was authorized to increase the company's share capital by up to nominally EUR 10,925,024.00 through issuing up to 4,510,000 new no-par-value shares and to set the issue price and terms of issue in consultation with the Supervisory Board.

Conditional Capital

In May 2005, the Annual General Meeting authorized the Management Board to increase the share capital by EUR 2,398,203.53 by issuing 990,000 new bearer shares for cash to provide cover for stock options granted to staff members and senior executives in the company and its subsidiaries, excluding the subscription rights of existing shareholders. The terms of issue are based on the provisions of the stock option plan approved by the Management Board on April 22, 2005 (Stock Option Plan 2005).

2.3 Changes in Capital

In total, the austriamicrosystems Group's shareholders' equity amounted to EUR 191.08 million as of December 31, 2008, EUR 173.62 million as of December 31, 2009 and EUR 191.02 million as of December 31, 2010. Information about the changes in shareholders' equity over the last two reporting years is provided in the section entitled "Consolidated Statement of Changes in Shareholders' Equity according to IFRS as of December 31, 2010" in the financial part of this Annual Report.

2.4 Shares and Participation Certificates

On the date of reporting, austriamicrosystems AG's share capital consisted of 11,046,252 common no-par-value shares issued to bearer with a calculated nominal value of EUR 2.42 per share. Every bearer of a common share has the right to vote and is entitled to receive dividends; there are no preferential rights. All shares are equal in terms of the company's residual assets; all capital was paid in. There are no participation certificates.

2.5 Profit Sharing Certificates

There are no profit-sharing certificates.

2.6 Restrictions on Transferability and Nominee Registration

The company only has bearer shares outstanding. There are no restrictions on transferability or corporate rules on nominee registration.

2.7 Convertible Bonds and Option Plan

On October 31, 2002, the Management Board approved a stock option plan for senior executives and important staff members of the company and its subsidiaries. From 2002 to 2005, 200,790 options were issued at an exercise price of 6 EUR (18 EUR prior to share split) per share. One option entitles the bearer to buy one share in the company. 33% of the options can be exercised on the first day

of grant at the earliest, 33% one year later at the earliest and 34% after two years at the earliest. The last possible exercise date is January 1, 2012. In 2006, the company exercised an existing option by repurchasing 174,375 of its own shares at 6 EUR each to cover its obligation under Stock Option Plan 2002. As a result, exercising of the options from SOP 2002 leads to no increase in the number of shares issued and no dilution effect. In 2010 9,694 of these shares were transferred to employees or executive bodies of the company as a result of options being exercised. On April 22, 2005, the Management Board approved a stock option plan for staff members and senior executives in the company and its subsidiaries (Stock Option Plan 2005). This provides for the issue of a total of 990,000 options over a period of four years. According to the conditions of SOP 2005, options forfeited back to the company may be re-issued until the end of the plan period. In 2010 19,500 options were granted, so a total of 903,816 options have been granted (after deduction of forfeited options). One option entitles the bearer to buy one share in the company. 20% of the options issued can be exercised a year after issue at the earliest and the remainder in 20% installments for each further year after issue at the earliest. The last possible exercise date is June 30, 2015. The options' strike price is calculated from the average market price of the austriamicrosystems share over the three months prior to granting of the stock options, minus a discount of 25%. To fund the options issued, the conditional capital increase described in section 2.2 will be used. Share options (SOP 2005) granted in 2010 were provided by options forfeited to the company. Differing from the practice in previous years, options (SOP 2005) were not subject to a discount of 25% with respect to average market price over the three months prior to granting of the option. The options are non-transferable.

An additional Stock Option Plan (SOP 2009) was resolved in spring 2009. Under the terms of SOP 2009, over a period of 4 years a total not exceeding 1,100,000 options on no-par company shares will be granted, corresponding to around 10% of the company's current stock. It is planned that the options will be granted over a period of four years. Every option granted entitles the participant to purchase a no-par share in austriamicrosystems AG. Exercise of options will be possible annually to the extent of 25% on the days of the first, second, third and fourth anniversaries of granting, i.e. in four equal tranches. The preferential price of the options is calculated from the average stock market price over the 3 months prior to granting of the stock options. All options granted must be exercised by June 30, 2017. In 2010 262,122 stock options were distributed from SOP 2009.

3. Supervisory Board

On the date of reporting, the company Supervisory Board was composed of nine members, of whom three were employee representatives. The members were not employed as members of the company's or a subsidiary's management board and are therefore non-executive.

3.1 / 3.2 / 3.3 / 3.4 Members of the Supervisory Board, Other Activities, Vested Interests, Cross-Involvement, Election and Terms of Office

Insofar as nothing to the contrary is mentioned below, no material activities, vested interests or cross-involvements exist regarding the members of the Supervisory Board.

Under the Corporate Governance Directive and the relevant comment by SIX Swiss Exchange, activities and vested interests are

only indicated in listed Swiss and foreign organizations or ones that operate in the same or a related industry sector as the company.

DI Guido Klestil (Chairman), born in 1942, Austrian citizen. Chairman of the Supervisory Board since 1988. Re-elected in 2009, current term of office until 2014. After completing his studies in Communications Engineering, during his almost 40-year career Guido Klestil held management positions in major international companies in the electrical and electronics industry, including General Manager of ITT Austria, General Manager of Alcatel Austria and member of the Management Board of Austrian Industries. He is member of the Supervisory Board of Vienna Insurance Group AG (Austria) and member of the Board of Advisors of the American Chamber of Commerce in Austria.

Prof. Dr. Siegfried Selberherr (Deputy Chairman), born in 1955, Austrian citizen. Member of the Supervisory Board since March 2001, Deputy Chairman since July 2001. Re-elected in 2009, current term of office until 2014. After completing his studies in Electrical Engineering, Prof. Selberherr earned a doctorate in Technical Sciences. He has been a full professor at the Institute of Microelectronics at Vienna University of Technology since 1988 and was Dean of the Faculty of Electrical Engineering and Information Technology from 1998 to 2005. Prof. Selberherr is internationally recognized for his research in microelectronics, particularly in the field of technology computer-aided design (TCAD), and advises several international semiconductor companies.

Dipl. Wirtsch. Ing. Klaus Iffland, born in 1956, German citizen. Member of the Supervisory Board since March 2006. Re-elected in 2009, current term of office until 2014. Having graduated in Mechanical Engineering and Business Studies, Klaus Iffland held executive positions at Audi AG in production, development and purchasing, and was head of purchasing from 1996. Since 2002 he has held executive positions at Magna International, a leading worldwide automotive supplier, first as a member of the management board of Magna Steyr Fahrzeugtechnik, then as President of Intier Automotive Europe and Magna Closures, VP Purchasing at Magna International Europe and VP Procurement & Supply at Magna Steyr. Since 2008 he is VP Global Purchasing Magna International Europe.

Dipl. Kfm. Michael Grimm, born in 1960, German citizen. Member of the Supervisory Board since 2009, current term of office until 2014. Dipl. Kfm. Grimm studied Management at the University of Frankfurt and then worked as a tax consultant and auditor at Arthur Andersen Wirtschaftsprüfungsgesellschaft, lately as a partner and head of the Leipzig office. From 1997 until 2001 he was at Hoechst AG with responsibility for group accounts and was involved in the transformation of Hoechst AG into Aventis. From 2002 until 2005 Dipl. Kfm. Grimm was director of finance, accounting and investments at Grohe Water Technology AG & Co. KG, then Managing Director of Triton Beteiligungsberatung GmbH, an investment company with holdings in medium-size companies in Germany and Sweden. Since 2008 Dipl. Kfm. Grimm has been Commercial Director of Dr. Johannes Heidenhain GmbH.

Mag. Hans Jörg Kaltenbrunner, born in 1957, Austrian citizen. Member of the Supervisory Board since 2009, current term of office until 2014. Having studied at Vienna University of Business and Economics, Mag. Kaltenbrunner began his professional career at the Trade Delegation in Taipei, Taiwan as deputy trade delegate for Austria until, from 1985-1994, he assumed management positions in the

area of international commerce at the Hong Kong office and in asset management at Creditanstalt-Bankverein. Following appointments to the management boards of RHI AG and Austria Mikro Systeme AG, since 2002 Mag. Kaltenbrunner has been a partner at Andlinger & Company and, in this capacity, has served as a member of the management and supervisory boards of international industrial companies.

Dr. Kurt Berger, born in 1966, Austrian citizen. Member of the Supervisory Board since 2009, current term of office until 2014. Having studied law in Graz, Dr. Berger was an assistant professor and member of teaching staff at Vienna University of Business and Economics. In 1996 he was awarded a doctorate by Vienna University. Since 1999 Dr. Berger has worked as an attorney at the firm of Berger Ettel & Partner in Vienna focusing on company law and associated capital market law, corporate transactions, acquisitions, funding and business law. He is Vice President of the supervisory board of Binder + Co. AG and a member of the supervisory boards of Waagner-Biro AG and Waagner-Biro Stahlbau AG (all in Austria).

Johann C. Eitner (Employee Representative), born in 1957, Austrian citizen. Member of the Supervisory Board since July 1994. Last delegation in 2010, current term of office until 2014. Chairman of the Workers' Council and Employee Representative on the Supervisory Board since 1994. During his more than 35-year career, Johann Eitner has been employed as an electrician in various positions and, since 1984, as supervisor in the mask lithography department at austriamicrosystems. He was trained as an electrician.

Ing. Mag. Günter Kneffel (Employee Representative), born in 1968, Austrian citizen. Member of the Supervisory Board since March 1999. Last delegation in 2011, current term of office until 2015. Since 1999, Chairman of the Employee Council and Employee Representative on the Supervisory Board. After completing his studies in RF Engineering and Electronics, Ing. Mag. Günter Kneffel gained more than 15 years of professional experience as a process engineer for photolithography and graduated in law in 2010 (Magister der Rechtswissenschaften).

Dipl. Ing. Kurt Layer (Employee Representative), born in 1953, Austrian citizen. Member of the Supervisory Board since 2009. Last delegation in 2011, current term of office until 2015. Member of the Employee Council since 1984. Dipl. Ing. Kurt Layer studied Electrical Engineering at Graz University of Technology and received a degree in Medical Electronics. He has worked for more than 25 years at austriamicrosystems in areas including Design, Quality and Research & Development.

Unless decided otherwise by the Annual General Meeting, members of the Supervisory Board are elected for the longest term possible in accordance with the Austrian Stock Corporation Act, i.e. until the end of the Annual General Meeting that decides on their discharge for the fourth business year after the election. For this purpose, the business year in which they were elected is not included in the calculation. The Articles of Association do not stipulate any staggering of the Supervisory Board members' terms of office.

3.5 Internal Organization

3.5.1 Allocation of tasks in the Supervisory Board

Both the Management Board and the Supervisory Board have rules of procedure. The Supervisory Board has a chairman and a deputy chairman. The Supervisory Board can appoint one or more com-

mittees from its midst for the purpose of preparing its negotiations and resolutions or monitoring the implementation of its resolutions. The Supervisory Board of austriamicrosystems AG has formed the following committees: Staff Committee, Financial Audit Committee, Nomination Committee and Emergency Committee.

3.5.2 Members list, tasks and area of responsibility for all committees of the Supervisory Board

– Staff Committee:

The Staff Committee is responsible for negotiating and passing resolutions on the relationship between the company and the members of the Management Board except resolutions on appointments and dismissals of members of the Management Board (signing, adaption and termination of the employment contracts for members and remuneration for the Management Board, etc.) The members of this committee are DI Guido Klestil (Chairman), Prof. Dr. Siegfried Selberherr and Johann C. Eitner.

– Financial Audit Committee:

The Financial Audit Committee is, amongst other things, in charge of examining the annual financial statements, the management report and the proposal on the appropriation of profits, preparing the reports to be submitted to the Annual General Meeting and discussing the audit report with the auditor. The members of this committee are Mag. Hans Jörg Kaltenbrunner (Chairman), DI Guido Klestil and Johann C. Eitner.

– Nomination Committee:

The Nomination Committee is responsible for preparing proposals to the Supervisory Board regarding appointments to executive positions that become available on the Management Board, strategies for succession planning and proposals to the Annual General Meeting regarding appointments to positions that become available on the Supervisory Board. The members of this committee are DI Guido Klestil (Chairman), Prof. Dr. Siegfried Selberherr, Mag. Hans Jörg Kaltenbrunner and Johann C. Eitner.

– Emergency Committee:

This committee was formed as part of the implementation of Rule 39 of the Austrian Corporate Governance Code (see section “Austrian Corporate Governance Code” at the end of this chapter). The Emergency Committee is set up to discuss the affairs of the Supervisory Board in cases of imminent danger (“danger in delay”) and, if the situation absolutely requires it, to decide on them. The members of this committee are DI Guido Klestil (Chairman), Prof. Dr. Siegfried Selberherr, Mag. Hans Jörg Kaltenbrunner and Ing. Mag. Günter Kneffel.

3.5.3 Working procedures of the Supervisory Board and its committees

The meetings of the Supervisory Board are presided over by the Chairman and, in his absence, by the Deputy Chairman. Resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Chairman’s vote is decisive. In principle the Management Board also attends the Supervisory Board’s meetings. Unless the chairman of the meeting decides otherwise, the Management Board is merely granted an advisory vote. The Supervisory Board is entitled to request written reports on corporate affairs and managerial issues from the Management Board at any time. A committee is entitled to adopt a resolution which is binding for the Supervisory Board only in cases where the committee has been granted such decision-making power by the Supervisory Board in advance. The Supervisory Board appoints a committee member as Committee Chairman and

an additional committee member as the Chairman’s deputy. Committee resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Committee Chairman’s vote is decisive. The Supervisory Board normally convenes five times a year. During the past year, the Supervisory Board convened a total of five times with sessions lasting an average of around four hours. The Staff Committee convened a total of five times with sessions lasting an average of around two hours. The Financial Audit Committee convened a total of three times with sessions lasting an average of around two hours. The Nomination Committee did not convene. The Emergency Committee did not convene.

3.6 Definition of Area of Responsibility

The Management Board of austriamicrosystems AG acts on its own responsibility and is not subject to instructions from the shareholders or the Supervisory Board. Specific legal transactions individually listed in the Austrian Stock Corporation Act require approval by the Supervisory Board. The Supervisory Board supervises the business conduct of the Management Board. The Management Board clears the company’s strategic orientation with the Supervisory Board and discusses the status of strategy implementation with the Supervisory Board at regular intervals.

3.7 Information and Control Instruments vis-à-vis the Management Board

The company possesses a Risk Management System and a Management Information System (MIS). Within the framework of the Risk Management System, recognizable risks in numerous areas of the company are regularly compiled and assessed. The principal results are subsequently evaluated by the Management Board and brought to the attention of the Supervisory Board. The company’s MIS compiles a multitude of performance indicators from various areas of the company as well as comprehensive financial information and promptly makes them available to Management as processed files in electronic form.

4. Management Board

4.1 / 4.2 Members of the Management Board, Other Activities and Vested Interests

Insofar as nothing to the contrary is mentioned below, no material activities or vested interests exist regarding the members of the Management Board.

John A. Heugle, MSc, born in 1958, U.S. citizen. Chairman of the Management Board since April 2002. Contract term until 2013. During his more than 25-year career, John A. Heugle worked in Europe, the United States and Asia and has been with austriamicrosystems AG since 2002. He has held a series of management positions in companies in the electronics and telecommunications sectors, such as Molex Inc., Stocko Metallwarenfabriken GmbH and Krone AG. John A. Heugle studied Metallurgical Engineering at the University of Oklahoma (Bachelor of Science) and Material Science at Northwestern University (Master of Science) in the United States.

Mag. Michael Wachsler-Markowitsch, born in 1968, Austrian citizen. Member of the Board responsible for finance since February 2004. Contract term until 2013. He has been with austriamicrosystems AG since 2001, holding the position of Chief Financial Officer since 2003. During his more than ten-year career, Michael Wachsler-Markowitsch was finance director of Ahead Communications AG and worked as a consultant and auditor for international mandates at KPMG Austria. He has extensive experience in accounting, corporate

finance and tax consultancy. Michael Wachslar-Markowitsch studied Business Administration at Vienna University of Business and Economics (Magister degree) and founded Dynaconsult GmbH, an IT consulting firm, during the same period. He is member of the Management Board of the Styrian Federation of Industry and heads the representative body for the electrical and electronics industries at the Styrian Chamber of Commerce.

4.3 Management Contracts

There are currently no management contracts.

5. Compensation, Shareholdings and Loans

5.1 Content and Method of Determining Compensation and Share Ownership Programs

The Annual General Meeting is in charge of determining the remuneration of the company's Supervisory Board. A shareholder may submit a proposal for resolution to the Annual General Meeting.

The remuneration and share ownership programs of the individual Management Board members are determined annually by the Supervisory Board's Staff Committee. The Supervisory Board is not informed separately about the developments in this process. The Management Board members do not have a right to attend the Staff Committee meetings. External advisers are not consulted.

The amount of the variable part of the remuneration is determined according to the fulfillment of annually determined performance targets for the members of the Management Board. This was based on targets for turnover and operating result (EBIT), with the level of achievement taking into account 50% each for turnover and operating result (EBIT). The determination of the annual compensation includes an external benchmarking of the remuneration and remuneration structure with respect to comparable positions in the electronics sector in Austria, Germany and Switzerland.

Further details are given in the Notes to the Consolidated Financial Statements under item 26. In the period under review, the variable part of the remuneration was 100% of the basic remuneration for the CEO and 100% of the basic remuneration for the CFO. In addition, a profit sharing program for all employees including the Management Board was instituted at the end of 2009. Under the program, starting in 2010 up to 5% of yearly pre-tax profit plus up to 100% top-up bonus based on certain sales growth criteria will be allocated relative to employees' yearly gross remuneration and distributed not exceeding a maximum of 15% of each employee's yearly gross remuneration.

The Management Board members receive a severance pay of two gross monthly salaries per year of service. In case of termination of their Board membership they have a claim in the amount of the severance pay except if the contract is terminated by the Management Board member. There are no further claims from company pension schemes or in case of termination of Board membership. D&O insurance is in place for members of the Management Board.

5.2 Transparency in Compensation, Shareholdings and Loans for Issuers Based Abroad

Regarding compensation for acting Board members, further details are given in the Notes to the Consolidated Financial Statements under item 26.

Retired Board members were not granted any termination pay. In the year under review, former Board members were not granted any compensation.

6. Shareholders' Right of Participation

6.1 Voting Rights and Representation Restrictions

All shareholders of austriamicrosystems AG hold common bearer shares. Every share entitles its bearer to one vote at the Annual General Meeting. There are no voting right restrictions. Voting by proxy is only possible with a written power of attorney which remains with the company.

6.2 Statutory Quorums

The resolutions passed by the Annual General Meeting require the majority of the votes cast (simple majority) insofar as the Austrian Stock Corporation Act or the Articles of Association do not foresee a larger majority or additional requirements. austriamicrosystems AG's Articles of Association do not call for a higher number of votes than those required by the Austrian Stock Corporation Act.

6.3 Convocation of the Annual General Meeting

Pursuant to the Austrian Stock Corporation Act, the Annual General Meeting is convened by the Management Board. In accordance with the company's Articles of Association, the Annual General Meeting shall be convened at least 28 days prior to the appointed date. The convocation is published in the "Wiener Zeitung" and announced in "Finanz & Wirtschaft".

6.4 Agenda

In compliance with the Austrian Stock Corporation Act, the agenda proposed for the Annual General Meeting is published in connection

Austria

GOTTFRIED SCHERZ
Facility Management Wafer Fab





with the convocation of said meeting. In any case, the agenda must be disclosed at least seven days prior to the day on which the shares must be deposited for participating in the Annual General Meeting. Should the passing of a certain resolution require a qualified majority, this resolution must be disclosed 14 days prior to the day of the Annual General Meeting. A minority of 5% of the ordinary capital may demand that the agenda of a previously convened Annual General Meeting be supplemented, but only in the event that the request is filed sufficiently early to allow compliance with the above-mentioned time limits. Those proposing must have been in possession of the shares for at least three months prior to making their proposal and must hold the shares until the decision is reached regarding the proposal.

6.5 Inscriptions into the Share Register

The company only has bearer shares outstanding and therefore does not keep a share register.

7. Changes of Control and Defense Measures

7.1 Duty to Make an Offer

Since austriamicrosystems AG is an Austrian corporation listed in Switzerland, the regulations of the Swiss Federal Law on Securities Exchanges and Securities Trading regarding offer obligations do not apply. Furthermore, the regulations of Austrian takeover law relating to offer obligations do not apply to austriamicrosystems AG. The Articles of Association of austriamicrosystems AG do not contain any provisions regarding offer obligations.

7.2 Clauses on Change of Control

There are no change of control clauses.

8. Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor

The existing auditing mandate was assumed by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on May 6, 2010. The responsible auditor for the year under review is Mag. Dr. Johannes Bauer who assumed the mandate in 2010.

8.2 Auditing Fees

The auditing firm charged auditing fees amounting to EUR 98,000 during the year under review.

8.3 Additional Fees

The auditing firm charged fees for additional consulting services amounting to EUR 8,369 during the year under review.

8.4 Supervisory and Control Instruments Pertaining to the Audit

The auditor reports regularly to the Supervisory Board's Financial Audit Committee both orally and in writing. In the period under review, the auditor attended one Supervisory Board meeting and two Financial Audit Committee meetings.

The auditor is monitored and evaluated by the Supervisory Board's Financial Audit Committee at regular intervals. The auditor is

selected on the basis of a tendering process that takes a catalog of criteria into account. The auditor's remuneration is checked regularly against prevailing market fees. The lead auditor for the company rotates every five years.

9. Information Policy

austriamicrosystems AG is committed to an open and transparent information policy towards the stakeholders. All important information on the development of business and the share price (reports, financial calendar and share price data) is available on the company website www.austriamicrosystems.com under the "Investors" tab. The company's ad-hoc publications are available via www.austriamicrosystems.com/eng/Investor/Financial-News/Ad-hoc and can be subscribed via www.austriamicrosystems.com/eng/Investor/Investor-Contact/Subscribe. Share-price-influencing events are published promptly through the media and on the website. austriamicrosystems AG issues quarterly reports regarding the development of its business. The publications are made available in electronic form. The Annual Report can also be obtained in a printed version. For the company's contact details, refer to the publishing information at the end of this Annual Report.

Advancement of Women

austriamicrosystems is generally committed to facilitating the career development of women in management positions and to increasing the share of women in its workforce in the medium-term. However, being a highly technical company in a high-tech industry it remains difficult for austriamicrosystems to increase the ratio of women in management positions in Austria as well as internationally. The share of women in management positions (except Management Board members) was 9% in fiscal year 2010 (9% in fiscal year 2009) while the overall share of women in the company's workforce was 25% last year. According to its Code of Conduct, austriamicrosystems refrains from any form of discrimination based on, for example, race, religion, political affiliation, and in particular gender.

Austrian Corporate Governance Code

As an Austrian stock company, austriamicrosystems AG has committed itself to compliance with the Austrian Corporate Governance Code in a declaration of commitment. This code represents a voluntary commitment of companies to the principles of transparent corporate governance and contains corresponding recommendations. The code is available on the internet in electronic form at www.corporate-governance.at. However, since austriamicrosystems AG is not listed in Austria, it has – in compliance with the principle of the Preamble of the Austrian Corporate Governance Code – in its declaration of commitment exempted itself from those guidelines of the Austrian Corporate Governance Code which are based on the provisions of the Austrian Stock Corporation Act or closely associated with it. Furthermore, austriamicrosystems AG has stated the following additional deviations from the L and C rules of the Austrian Corporate Governance Code:

– Rules 53, 54: Application of these rules cannot be determined by the company because the Annual General Meeting decides upon

membership of the Supervisory Board without restrictions. Oriented on Appendix 1 of the Austrian Corporate Governance Code, the members of the Supervisory Board are to be seen as independent for the purpose of rules 53 and 54.

– Rule 28: The passing of a resolution on stock option plans for the Management Board required by this rule is effected by the Supervisory Board's Staff Committee in the interest of a consistent remuneration policy for members of the Management Board. In the interest of a consistent implementation of the share-based compensation schemes the members of the Management Board participate in the employee stock option plans (SOP) detailed in pt. 2.7 of this chapter.

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

External Evaluation

According to rule 62 of the Austrian Corporate Governance Code, austriamicrosystems AG commissioned an external evaluation of compliance with the respective rules of the Code and correctness of the related public reporting. Conducted in early 2011 by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, the evaluation did not reveal information contradicting the Management Board and Supervisory Board statement on the present Corporate Governance chapter (respectively report) regarding compliance with the C and R rules of the Code.

Executive Bodies

Management Board

John A. Heugle (CEO)

Michael Wachslar-Markowitsch (CFO)

Supervisory Board

Guido Klestil (Chairman)

Hans Jörg Kaltenbrunner (Deputy Chairman)

Siegfried Selberherr (Deputy Chairman)

Kurt Berger

Michael Grimm

Klaus Iffland

Johann Eitner (employee representative)

Günter Kneffel (employee representative)

Kurt Layer (employee representative)



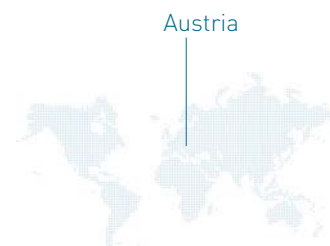
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CARINA BIERBAUMER
Customer Service / Inside Sales





Group Management Report 2010

1 Overview of the economic environment and the past financial year

After a year of crisis in 2009, the worldwide semiconductor industry experienced a very attractive recovery and substantial growth in the past year. Consequently, the global semiconductor market grew by 32.7% to USD 300bn last year compared to 2009 when, as a result of the worldwide financial and economic crisis, the market volume had contracted by -9.0% to USD 226bn. The relevant market segment for austriamicrosystems, analog semiconductors, also showed strong growth in 2010, expanding by 32.5% to USD 42.4bn (previous year: USD 32.0bn).¹

austriamicrosystems was able to benefit strongly from the positive development of the overall market and noticeably outperformed the market in the past year. Group revenues increased by 53% to EUR 209.4m last year compared to the previous year's EUR 137.2m. The order intake showed a sustained positive trend and reached new historic highs during the year. This helpful development was reflected in the capacity utilization of the production areas which continued to improve in the course of the year and increased to nearly 100% in the fourth quarter 2010.

More than 25 years of experience in the analog segment and leading solutions together with a global presence give austriamicrosystems a competitive edge. Its clear positioning in the analog semiconductor market and continuing high strategic investments in research and development allowed austriamicrosystems to

strengthen its position as a market-leading supplier of both high-performance standard and customized products in the past year. The company's customers value austriamicrosystems' expert know-how in the development of analog ICs offering low power consumption and very high accuracy.

In 2010, the company's strategic focus on broadening its standard product portfolio and expanding its worldwide customer base was once again a determining factor in austriamicrosystems' market success. The concept of developing platforms with derivative products forms a key part of austriamicrosystems' product strategy. This approach allows the company to distribute development costs across product families, achieve higher contribution margins, and reduce risks at the same time. The company's worldwide sales network and global customer support are also important success factors for austriamicrosystems. Together they enable the company to fully participate in the attractive development of the markets in Europe, Asia and North America and form a solid foundation for profitable growth.

The Products business segment includes the Consumer & Communications, Industry & Medical and Automotive markets.

Within the Consumer & Communications market area, the company's activities in the market for mobile lighting and power management focus on advanced high-efficiency

¹) Source: WSTS, December 2010

solutions for mobile phones, smartphones and other mobile devices. austriamicrosystems holds a strong worldwide market position in mobile phone lighting management, based on products such as high power LED flash drivers which performed well again last year. In the market for LED backlighting for LCD TVs which continued its rapid growth in 2010 the company strengthened its leading position by launching additional products. As technology leader, austriamicrosystems is well positioned for the further evolution of this dynamic market. In the area of MEMS microphone interfaces, austriamicrosystems recorded significant increases last year. The company stands to benefit strongly from the expected further growth in this market, being the market leader. Novel solutions for mobile phones and smartphones include ultra-thin autofocus camera modules based on magnetic position sensors, the purely analog ANC technology for the suppression of ambient noise, and the input solution Easy-Point™ built around a magnetic encoder and ideally suited also for other mobile devices. Together, they confirm the company's leading role in innovative products for the next generation of devices. The RFID reader product area is developing well and offers substantial growth potential as the company's products make the deployment of RFID technology notably cheaper and easier. While creating new markets offers excellent growth opportunities for austriamicrosystems in Consumer & Communications, the strong performance of its business in 2010 reinforced the company's solid position as a specialized analog IC provider in this market.

In the industrial electronics market area, the first months of 2010 were still characterized by

the crisis-related decline in customer demand for sensor interfaces for industrial automation and similar applications. Consequently, the recovery of demand in this area happened at a noticeably slower pace before becoming more and more dynamic in the second half of the year. A significant increase in order intake allowed shipment rates in nearly all industrial markets to move back to pre-crisis levels until year-end. The magnetic encoder product area showed a particularly positive development last year. Moreover, the 3D Hall technology introduced an outstanding innovation to the market which enables inventive sensor solutions for industrial measurement and control and overcomes previous technical barriers. As the leading provider with the broadest product portfolio, austriamicrosystems has excellent growth opportunities in this area where the range of applications continues to expand every day.

The medical market area recorded another robust performance last year. In the market for 'digital imaging' which comprises imaging technologies such as computer tomography, digital X-ray and ultrasound, austriamicrosystems supplies complex sensor interfaces to top-tier system vendors. Continuing a long-term strategic partnership, a highly innovative product solution providing substantial competitive advantages to the customer was transferred to mass production. In addition, portable medical devices for personal use will gain even more importance for austriamicrosystems going forward.

The Automotive market area benefited from the dynamic growth of the global automotive sector in 2010. From the beginning of the year, customers' order patterns continued to

gain strength which culminated in the return to high current run rates in the second half of 2010. austriamicrosystems' automotive business focuses on complex sensor interfaces for security systems, battery management solutions, components for entry systems and contactless position encoders. A number of new projects broadened the basis for future growth in this area last year. First FlexRay systems using the company's transceivers for the new data bus standard in vehicles will begin to ramp in full-production volume before long.

The Foundry business segment which provides manufacturing services for analog and mixed-signal ICs designed by its customers concentrates on advanced specialty processes. The business segment offers a wide range of services besides production based on own state-of-the-art process technologies. As a full service provider from development support to final testing austriamicrosystems fulfills customer needs through tailored solutions. With this concept, the business segment was able to record a very successful year and expanded its position as leading analog foundry for specialty processes.

In operations, capacity utilization stayed below historic levels in the first months of last year as a result of the industry-wide slump of demand in the previous year. Particularly in the first half of 2010, this situation created negative effects from unabsorbed fixed costs which impacted gross margin. In the course of the year these effects disappeared as capacity utilization increased expeditiously in the second half of the year up to nearly full utilization levels. The strong gross

margin increase in the course of the second half mirrored this positive development. The cost reductions in the previous year resulted in the expected permanent improvements in production efficiency. In the first half of 2010, targeted investments in the wafer fab were made to optimally align the production infrastructure to the current and expected process mix. These investments already had a positive impact on the development of gross margin in the second half of last year.

2 Business results

2.1 Development of revenues

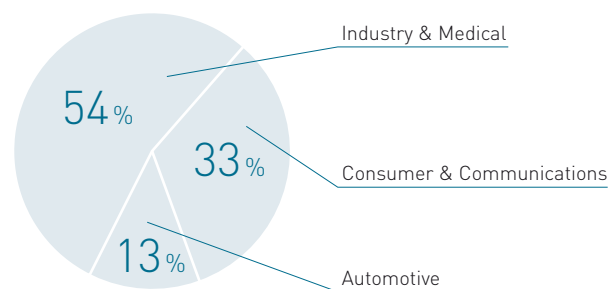
Revenues for the financial year 2010 showed an increase of 53% compared to 2009. Primarily responsible for this positive development was the strong upswing in demand in important markets for the company which went hand in hand with the worldwide recovery of the semiconductor industry over the course of last year. Starting with

the first quarter 2010, revenues showed strong growth compared to the relevant quarters in the previous year which reflects the dynamic market situation in 2010. Consolidated group revenues thus increased to EUR 209.4m in 2010 (2009: EUR 137.2m).

The revenue breakdown by markets is as follows:

in millions of EUR	2010	% of revenue	2009	% of revenue	Change in %
Consumer & Communications	68.4	33%	40.5	30%	+69%
Automotive	27.8	13%	21.2	15%	+31%
Industry & Medical	113.2	54%	75.4	55%	+50%
	209.4		137.2		

Revenue breakdown by market



The distribution of revenues by region was affected by the timing of the demand recovery in important market segments and the EUR/USD currency exchange rate development. In Europe (EMEA) revenue growth was subject to a timing delay due to the recovery profile of this region's key markets while busi-

ness volumes in the U.S. showed a sizeable increase, albeit on a lower level. Business in the Asia/Pacific region showed a strong development with revenues growing substantially compared to the previous year; this led to a meaningful increase of the region's share of total revenues.

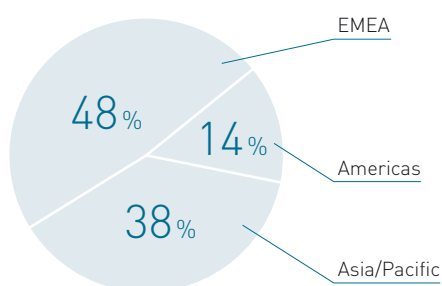
The expansion of the sales and distribution network continued last year enabling the acquisition of new customers and creating a stronger market presence in all regions. Consequently,

the company expects all regions to become a growth driver for austriamicrosystems again in the future.

The revenue breakdown by region is as follows:

in millions of EUR	2010	% of revenue	2009	% of revenue	Change in %
EMEA	101.3	48%	75.5	55%	+34%
Americas	28.0	14%	19.0	14%	+47%
Asia/Pacific	80.2	38%	42.6	31%	+88%

Revenue breakdown by region



2.2 Orders received and order backlog

Given robust order patterns in key markets orders received increased strongly over the course of the year, growing from EUR 153.0m to EUR 228.9m which is an increase of 50% compared to the previous year. austriamicrosystems'

year-end order backlog rose by 46% from EUR 45.6m in 2009 to EUR 66.4m in 2010 due to a sustained positive development in demand which created an attractive basis for the current year.

Development of revenues and orders:

in millions of EUR	2010	2009	Change in %
Revenues	209.4	137.2	+53%
Orders received	228.9	153.0	+50%
Total order backlog	66.4	45.6	+46%

2.3 Earnings

The gross profit on revenues increased substantially to EUR 100.3m in 2010 compared to EUR 47.4m in the previous year. This increase was particularly due to the broad-based sizeable improvement in demand and the strong growth in revenues in the second half of 2010.

As a result, full year gross margin rose to 48% in 2010 compared to 35% in the previous year. This attractive margin increase was driven by the full utilization in the production areas over the course of the year. At the same time, prices for the company's products remained stable. Research and development costs showed a slight increase in 2010 compared to the previous year while personnel costs continued to increase last year. Sales and administrative costs were also slightly higher than in 2009, inter alia due to investments into the expansion of the company's sales network.

Due to the strong increase in revenues and the reduction of underutilization in the production areas, the operating result (EBIT) increased by EUR 46.1m to EUR 27.1m in 2010. With the increase in EBIT, EBITDA (earnings before interest and taxes plus depreciation) rose by EUR 46.7m to EUR 49.1m.

The utilization of certain historic write-downs since 2005 and the result for fiscal year 2010 together resulted in a tax expense of EUR -0.3m.

Net income increased to EUR 23.1m in 2010 from a loss of EUR -16.7m in 2009. The return on equity rose accordingly to 12% from -10% for 2009 while the return on revenues grew to 11% from -12% for the year before.

in millions of EUR	2010	2009	Change in %
Gross profit on revenues	100.3	47.4	+112%
Gross margin	48%	35%	
EBITDA	49.1	2.3	+2,008%
Operating result (EBIT)	27.1	-19.0	+242%
EBIT margin	13%	-14%	
Financial result	-3.7	1.1	-422%
Result before tax	23.4	-17.9	+231%
Net result	23.1	-16.7	+239%
Return on equity	12%	-10%	
Return on revenues	11%	-12%	

2.4 Assets and financial position

The balance sheet structure shows a high ratio of fixed to total assets, common to the semiconductor industry. The share of intangibles and property, plant and equipment in the total assets declined slightly from 43% in 2009 to 40% in 2010. The investments in fixed assets affecting cash (capital expenditures) of EUR 13.2m were significantly below the current depreciation of EUR 22.9m. The ratio of investments affecting cash to revenues was lower than in the previous year at 6% for 2010. The equity to fixed assets ratio reached 150% in the last year compared to 130% in the previous year.

The fixed assets include a deferred tax asset of EUR 31.8m (previous year: EUR 31.2m). Under the current tax legislation this tax asset can be carried forward indefinitely but is expected to be used to offset corporate income tax within the next five years.

Inventories amounted to EUR 46.7m at the end of 2010 (2009: EUR 48.4m). This slight decrease

compared to the previous year resulted from improvements in inventory management despite a higher level of capacity utilization.

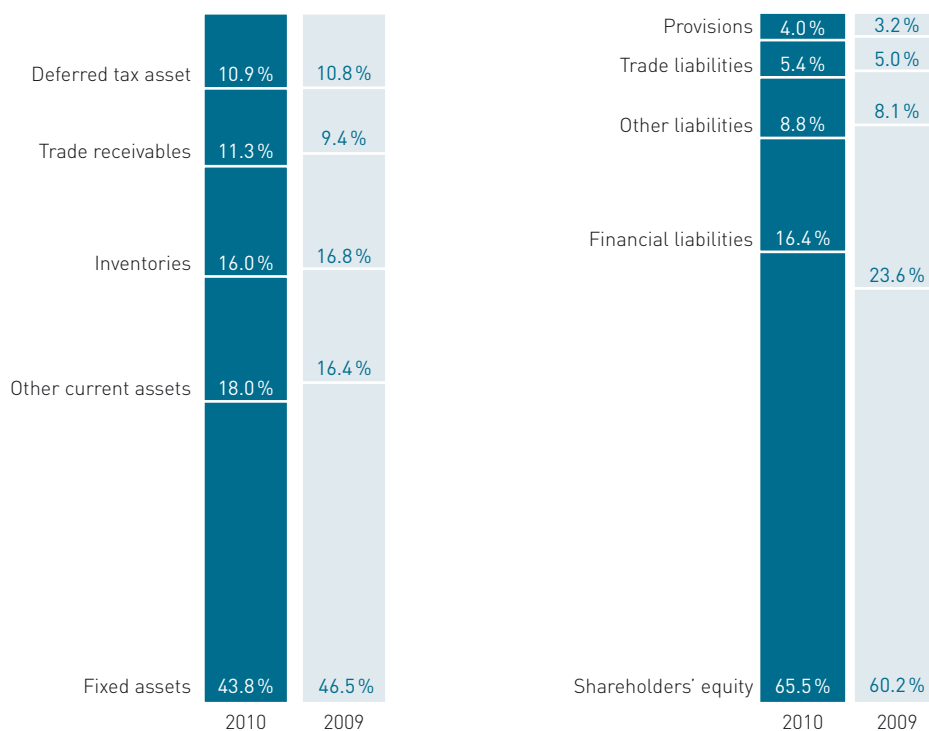
Trade receivables only showed a moderate increase given the considerable increase in revenues last year. At year-end 2010, trade receivables amounted to EUR 33.0m (2009: EUR 27.2m).

As a consequence of the positive net result, group equity increased by 10% to EUR 191.0m with the equity ratio rising to 65% (2009: 60%).

Over the same period, financial liabilities decreased by EUR 20.1m to EUR 47.8m from EUR 67.9m in the year before. The debt to equity ratio therefore declined to 25% from 39% in the previous year. As of the balance sheet date net debt amounted to EUR 3.5m, which was 86% lower than the previous year's level of EUR 25.7m.

Assets (in millions of EUR)	2010	2009
Inventories	46.7	48.4
Trade receivables	33.0	27.2
Other current assets	52.5	47.4
Fixed assets	127.7	134.0
Deferred tax asset	31.8	31.2
Total assets	291.8	288.2

Equity and liabilities (in millions of EUR)	2010	2009
Financial liabilities	47.8	67.9
Trade liabilities	15.7	14.3
Other liabilities	25.6	23.3
Provisions	11.7	9.1
Shareholders' equity	191.0	173.6
Total liabilities	291.8	288.2



	2010	2009
Equity ratio	65%	60%
Debt to equity ratio	25%	39%
Equity to fixed assets ratio	150%	130%

2.5 Cash flow

The operating cash flow reached EUR 45.7m in 2010 compared to EUR 20.3m in the previous year. The increase resulted primarily from the considerable growth in operating result. The cash flow from investing activities was EUR -18.4m (2009: EUR -22.9m) with expenditures of EUR 13.2m for additions to intangible assets, property, plant and equipment (2009: EUR 10.3m). Of the cash flow from financing

activities, EUR 34.6m (2009: EUR 25.3m) were used to repay outstanding long-term debt. The free cash flow amounted to EUR 27.3m (2009: EUR -2.6m).

The company's liquidity increased in 2010. Cash including short-term investments grew from EUR 42.2m at the end of 2009 to EUR 44.2m at the end of 2010.

in millions of EUR	2010	2009	Change in %
Operating cash flow	45.7	20.3	+125%
Cash flow from investing activities	-18.4	-22.9	+20%
Free cash flow	27.3	-2.6	+1,150%
Cash flow from financing activities	-31.0	2.5	+1,353%
Cash and cash equivalents	23.0	26.7	-14%

3 Research and development

austriamicrosystems' technological leadership in the design and manufacturing of high performance analog ICs is based on intensive research and development activities for more than 25 years. In order to secure and strengthen this leading position, the company invests strongly in research and development on a continuous basis. This strategy was maintained even in difficult years such as 2009 and continued last year. Research and development expenses reached EUR 42.4m last year compared with EUR 40.1m in 2009. Research and development activities comprise product development and the ongoing focus on specialty variants of CMOS and SiGe processes for high-voltage and high-frequency applications.

In doing so, the improvement and continued refinement of advanced manufacturing processes supports the ongoing development of innovative products and leading technologies. Consequently, the systematic implementation of our platform and derivative methodology allowed

a substantial number of new standard products to be introduced last year. The development partnership with IBM for a novel 0.18µm high voltage CMOS process technology was successfully completed in 2010. The process technology is now available at the company's manufacturing partner IBM.

austriamicrosystems was successful in recruiting additional highly qualified and experienced employees in 2010 who are of particular importance for research and development in the analog segment of the semiconductor market. On average, the number of employees in research and development was 295 in 2010 (2009: 305).

The research findings again allowed filing a number of international patents as well as the publication of numerous papers in international specialist journals and at trade conferences last year.

4 Purchasing and manufacturing

In purchasing, increased costs for assembly services created an additional cost burden last

year which also had a negative effect on gross margin. Given continuously increasing person-

nel costs the cost pressures in manufacturing remain high.

Production capacity remained not fully utilized during the first half of 2010 with the underutilization of capacity showing a continuing decrease over time. In the course of the second half, capacity utilization increased quickly returning to nearly 100% at the end of last year. The unabsorbed fixed costs due to underutilization have been recorded in the income statement; besides

the strong revenue increase their near complete elimination in the course of the year was a key reason for the strongly positive development of last year's net result.

An average capacity utilization of well over 90% was achieved across all manufacturing areas in 2010 (2009: approx. 66%). For 2011, the company assumes continued high levels of capacity utilization given the sustained positive demand situation in the semiconductor industry.

5 Employees

On average, the austriamicrosystems group had 1,119 employees in 2010 (2009: 1,087) of which 846 worked at the premises in Unterpremstätten (2009: 850).

austriamicrosystems recognizes its responsibility as one of the most important employers in the region. The company again offered a wide range of internal and external training and development programs for all employee groups last year and provided training positions for apprentices.

austriamicrosystems attempts to retain its employees with long-term remuneration systems. The introduction of a profit sharing program for all austriamicrosystems employees in 2009 augmented the existing employee stock option plan with a path-breaking direct component. As part of its comprehensive compensation model this program honors every employee's contribution to austriamicrosystems' success in the global market.

Given the positive business results in 2010, a first distribution to employees under the profit sharing program will take place in the current year. The amount available for distribution is based on the ratio of last year's operating profit to full year revenues (EBT margin) and totals EUR 2.1m for 2010 (2009: EUR 0). The profit sharing program expresses austriamicrosystems' belief that its employees are the most important success factor for the company as emphasized in the company strategy.

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

6 Environment

A responsible attitude towards the environment is a basic ethical principle at austriamicrosystems. The company is dedicated to meeting the highest quality and ecological standards as well as making conservative use of resources and the environment. austriamicrosystems has been certified to ISO 14001:2004 for a number of years and was one of the first companies receiving a certification under EMAS (Eco-Management and Audit Scheme), the European system for environmental management.

Sustainability and efforts to preserve environmental resources, to reduce energy costs and carbon dioxide emissions are serious and major concerns for austriamicrosystems which have

been supported by a range of activities for many years. A thorough analysis of austriamicrosystems' carbon dioxide emissions sources in 2009 forms the basis for the definition of measures to achieve continuing further reductions in carbon dioxide emissions. Here austriamicrosystems has set itself the mid-term goal of becoming fully carbon-neutral as a company.

In addition, austriamicrosystems submits information regarding its carbon dioxide emissions to the Carbon Disclosure Project, a world wide initiative which has created the world's largest freely available database of corporate carbon dioxide emissions.

7 Subsidiaries and branch facilities

austriamicrosystems currently has subsidiaries in Switzerland, Italy, Germany, France, the United Kingdom, Spain, the USA, the Philippines, Japan, Korea and India. The subsidiaries in Switzerland, Italy, Spain, India and the United Kingdom carry out development and sales activities, while the subsidiaries in Germany, France, the USA, Japan and Korea are active in sales and technical support. The subsidiary in Korea was set up in 2010 to strengthen sales activities in this important market. The subsidiary in the Philippines is responsible for production activities in testing. Branch facilities exist in Hong Kong, Singapore, China, Taiwan and Malaysia.

During the financial year 2010 the existing shareholding in FlipChip Holdings LLC, Phoenix, Arizona (USA), was increased to 33.5% through the acquisition of further shares. Based on its patented Wafer-Level Packaging (WL-CSP) technology, FlipChip Holdings develops high end packaging technologies and offers advanced packaging services. In addition, the existing shareholding in New Scale Technologies, Inc., Victor, New York (USA), was increased to 32.3% through the acquisition of further shares in 2010. New Scale Technologies develops piezo-based miniature motor technologies and licenses products and technologies to industrial partners.

8 Risk management

Operating on a global basis, the austriamicrosystems Group is exposed to a variety of risks that are inextricably linked to business activities. In order to identify, evaluate and counteract these risks in a timely manner, austriamicrosystems has developed and implemented tight internal risk management systems. This risk management system was implemented and benchmarked against best practices in conjunction with the company's auditors. The risk management process in place requires the business

units to constantly monitor and evaluate risks. Regular risk reports are prepared for the management and supervisory boards. This ensures that major risks are identified and counteraction can be taken at an early stage.

The internal audit function complements the risk management process. In close alignment with the supervisory board's audit committee it aims to analyse internal processes and if necessary propose improvements.

Business interruption risk

The company's state-of-the-art 200mm manufacturing facility only went into operation in 2002, therefore the risk of breakdowns or prolonged downtime is relatively low. In addition, this risk is being further minimized by adopting a proactive approach to preventive maintenance. The

business interruption risk is also insured for the replacement price and against loss of earnings for 18 months. austriamicrosystems' insurer, FM Global, has awarded the company – as one of a select few semiconductor manufacturers – the HPR (highly protected risk) status.

Financial risks

Risk management is handled centrally by the treasury department in accordance with guidelines issued by the management board. These detailed internal guidelines regulate responsi-

bility and action parameters for the areas affected. The treasury department evaluates and hedges financial risks in close cooperation with the business units.

Receivables and credit risk

austriamicrosystems operates a strict credit policy. The creditworthiness of existing customers is constantly checked and new customers undergo a credit evaluation. Under austriamicrosystems' treasury and risk management policy, investments in liquid securities

and transactions involving derivative financial instruments are only carried out with financial institutions that have high credit ratings. As of the balance sheet date there were no significant concentrations of credit risk.

Interest rate risk

Interest rate risk – the possible fluctuation in value of financial instruments due to changes in market interest rates – arises in relation to medium and long-term receivables and payables (especially borrowings). austriamicrosystems' treasury policy ensures that part of the interest rate risk is reduced by fixed-interest borrowings. On the liability side, 18% of all amounts owed to financial institutions are at fixed rates.

Of the remaining borrowings on a floating rate basis (82%), 97% will be repaid over the next two years. The remaining floating rate borrowings undergo continual checks with regard to the interest rate risk. On the asset side, the interest rate risks are primarily with time deposits and securities in current assets that are tied to the market interest rate.

Foreign exchange risk

Financial transactions in the semiconductor industry are predominantly carried out in US dollars. To hedge the currency risk, all transaction and conversion risks are constantly monitored. Within the group, cash flow streams in the same currency are offset (netting). Currency fluctuations during foreign currency transactions mainly concern the US dollar. In order to hedge the remaining receivables positions, the company employs derivative financial instruments to a certain extent. These instruments mainly

involve forward exchange transactions, interest and currency options as well as interest and currency swaps. The use of derivative financial instruments and contracts to fix future exchange rates for foreign currency assets and liabilities substantially reduces the risk of changes in currency exchange rates for austriamicrosystems. At the same time, due to the extreme volatility in the currency markets, it is not possible to engage in economically feasible efficient and low risk currency hedges.

Product liability and quality risk

The products manufactured by austriamicrosystems are integrated in complex electronic systems. Faults or functional defects in the products produced by austriamicrosystems may have a direct or indirect effect on the property, health or life of third parties. The company is not in a position to reduce or exclude its liability towards consumers or third parties in sales agreements. Every product that leaves the company undergoes several qualified checks regarding

quality and function. In spite of quality control systems certified to ISO/TS 16949, ISO/TS 13485, ISO 9001 und ISO 14001, product defects may occur and possibly only show up after installation and use of the finished products. Although this risk has been appropriately insured, quality problems could negatively impact austriamicrosystems' assets, financial and earnings position.



Patent infringement risk

austriamicrosystems manufactures complex microchips using various process technologies, line widths and production facilities. Like industry competitors, the company constantly has to develop these technologies further. Should austriamicrosystems infringe any additional patents while consistently monitoring processes,

production methods and design blocks protected under patent law as well as related comprehensive licensing, this may negatively impact the assets, financial and earnings position of the company as well as the austriamicrosystems share price.

9 Events after the balance sheet date

No transactions had a significant effect on austriamicrosystems' financial position, assets or earnings after the closing of the fiscal year.

10 Outlook

In light of the continued positive outlook for the world economy and the global semiconductor industry austriamicrosystems expects higher business volumes for 2011 based on an attractive order situation. This situation creates a favorable environment for the company to record further growth in the current year. Looking at the analog segment of the worldwide semiconductor industry, market researchers assume moderate growth in the middle single-digit percentage range for 2011 (WSTS, December 2010). In contrast, austriamicrosystems attempts to achieve a revenue growth rate exceeding the market growth rate for 2011. At the same time, the company expects a positive development of the operating and net result for the current year. For the mid-term, adding further key accounts in all markets and growing revenues with worldwide distributors remain strategic focus areas for the company. Should, however, the worldwide demand for semiconductors show a significantly weaker performance in 2011 than currently anticipated and the US dollar see a further decline then the development of austriamicrosystems' business would be noticeably affected. A number of market trends, such as the integration of high quality camera and other new functionalities into mobile handsets, smartphones and similar devices, the further growth of MEMS microphone deployment in mobile devices, the rapidly increasing share of LCD TVs with newest LED technology, new medical devices and systems as well as inventive sensor systems for industrial and automotive applications, create meaningful short- and mid-term growth opportunities for the company.

In these areas, austriamicrosystems is well positioned with innovative products and development projects. Actively broadening the company's international customer base should be a significant factor supporting the company's continuing success in the coming years.

With increased revenues and continued high capacity utilization in 2011 austriamicrosystems anticipates an improvement in gross profit margin and further earnings growth for the current year.

11 Other Information

Regarding the information related to equity and investments according to § 243a Austrian Commercial Code please refer to the notes of the financial statements.

Unterpremstätten, February 4, 2011



John A. Heugle
CEO



Michael Wachsler-Markowitsch
CFO

Consolidated Income Statement

acc. to IFRS from January 1, 2010 until December 31, 2010

in thousands of EUR (except earnings per share which are in EUR)	Note	2010	2009 ^{1) 2)} adjusted
Revenues	1	209,419	137,166
Cost of sales		-109,158	-89,799
Gross profit		100,261	47,367
Research and development		-42,363	-40,096
Selling, general and administrative		-37,640	-32,141
Other operating income	2	7,962	7,452
Other operating expense	3	-1,001	-891
Result from investments in associates		-134	-735
Result from operations		27,085	-19,044
Finance income	4	1,411	3,314
Finance expenses	4	-5,090	-2,171
Net financing result		-3,679	1,143
Result before tax		23,406	-17,901
Income tax result	5	-299	1,236
Net result		23,107	-16,665
Basic earnings per share in EUR	22	2.25	-1.57
Diluted earnings per share in EUR	22	2.21	-1.57

1) The accounting principles for presenting foreign currency transactions have been changed – please refer to pt. (c) (i) in the Notes on the Financial Statements.

2) The accounting principles for presenting actuarial gains / losses from employee benefits have been changed – please refer to pt. (c) (ii) in the Notes on the Financial Statements.



Consolidated Statement of Comprehensive Income

acc. to IFRS from January 1, 2010 until December 31, 2010

in thousands of EUR	Note	2010	2009 ^{1) 2)} adjusted
Net result		23,107	-16,665
Actuarial gains and losses from employee benefits		-443	-1,339
Exchange differences on translating foreign operations		631	-100
Other comprehensive income		188	-1,438
Total comprehensive income		23,295	-18,103

Consolidated Balance Sheet

acc. to IFRS as of December 31, 2010

in thousands of EUR	Note	Dec. 31, 2010	Dec. 31, 2009 ¹⁾²⁾ adjusted
Assets			
Cash and cash equivalents	6	23,042	26,726
Financial assets	12	21,198	15,486
Trade receivables	7	33,007	27,246
Inventories	8	46,740	48,417
Other receivables and assets	9	8,284	5,183
Total current assets		132,270	123,057
Property, plant and equipment	10	110,943	118,694
Intangible assets	11	4,432	5,550
Investments in associates	13	6,443	5,481
Deferred tax assets	14	31,768	31,191
Other long-term assets	15	5,928	4,264
Total non-current assets		159,514	165,180
Total assets		291,784	288,237
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings	16	7,011	14,946
Trade liabilities		15,660	14,270
Provisions	17	11,707	9,086
Other liabilities	19	12,610	10,405
Total current liabilities		46,987	48,707
Interest-bearing loans and borrowings	16	40,766	53,001
Employee benefits	20	12,483	10,854
Deferred government grants	18	528	1,428
Other long term liabilities	19	0	631
Total non-current liabilities		53,777	65,915
Shareholders' equity			
Issued capital	21	26,759	26,698
Additional paid-in capital	21	102,624	100,638
Treasury shares	21	-15,276	-7,339
Other reserves (translation adjustment)	21	672	41
Retained earnings		76,240	53,577
Total shareholders' equity and reserves		191,019	173,615
Total liabilities and shareholders' equity		291,784	288,237



Consolidated Statement of Cash-flows

acc. to IFRS from January 1, 2010 until December 31, 2010

in thousands of EUR	Note	2010	2009 ^{1) 2)} adjusted
Operating activities			
Result before tax		23,406	-17,901
Depreciation (net of government grants)	10, 11	22,872	22,273
Changes in employee benefits	20	1,629	2,090
Expense from stock option plan (acc. to IFRS 2)		1,801	2,346
Changes in other long-term liabilities		-1,531	-1,080
Result from sale of plant and equipment	2	-341	-8
Result from investments in associates		134	735
Net financing result		3,679	-1,143
Changes in assets		-9,251	18,482
Changes in short-term operating liabilities and provisions		3,474	-5,289
Tax payments		-184	-231
Cash flows from operating activities		45,688	20,274
Investing activities			
Acquisition of intangibles, property, plant and equipment		-13,169	-10,305
Acquisition of financial investments		-14,663	-17,877
Proceeds from sale of plant and equipment		365	166
Proceeds from the sale of investments		8,229	4,000
Interest received		845	1,145
Cash flows from investing activities		-18,393	-22,871
Financing activities			
Proceeds from borrowings		13,582	31,401
Repayment of debt		-34,635	-25,273
Acquisition of treasury shares		-8,522	-3,057
Sale of treasury shares		525	1,353
Interest paid		-1,369	-1,513
Expenses from financial instruments		-803	-438
Changes resulting from capital increase		245	0
Cash flows from financing activities		-30,979	2,472
Change in cash and cash equivalents		-3,684	-125
Cash and cash equivalents at January 1		26,726	26,851
Cash and cash equivalents at December 31		23,042	26,726

Consolidated Statement of Changes in Shareholders' Equity

acc. to IFRS as of December 31, 2010

in thousands of EUR	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings ²⁾	Total shareholders' equity
Total equity as of January 1, 2009	26,698	98,292	-5,635	141	71,580	191,076
Net result adjusted ²⁾	0	0	0	0	-16,665	-16,665
Actuarial gains / losses adjusted ²⁾	0	0	0	0	-1,339	-1,339
Translation adjustment	0	0	0	-100	0	-100
Comprehensive income	0	0	0	-100	-18,004	-18,103
Share based payments	0	2,346	0	0	0	2,346
Capital increase	0	0	0	0	0	0
Purchase of treasury shares	0	0	-3,057	0	0	-3,057
Sale of treasury shares	0	0	1,353	0	0	1,353
Total equity as of December 31, 2009	26,698	100,638	-7,339	41	53,577	173,616
Net result	0	0	0	0	23,107	23,107
Actuarial gains / losses adjusted ²⁾	0	0	0	0	-443	-443
Translation adjustment	0	0	0	631	0	631
Comprehensive income	0	0	0	631	22,664	23,295
Share based payments	0	1,986	0	0	0	1,986
Capital increase	60	0	0	0	0	60
Purchase of treasury shares	0	0	-8,522	0	0	-8,522
Sale of treasury shares	0	0	585	0	0	585
Total equity as of December 31, 2010	26,759	102,624	-15,276	672	76,240	191,019

An amount of EUR -334 thousand (2009: EUR -99 thousand) recognized within translation adjustment is related to the currency translation of investments at equity.

Notes to the Consolidated Financial Statements

Significant accounting policies

austriamicrosystems AG („the Company“) is a company located in 8141 Unterpremstätten, Austria. The Company is a global leader in the design, manufacture and sale of high performance analog and analog intensive mixed signal integrated circuits tailored to meet specific customer applications. The consolidated financial statements for the year ended December 31, 2010 represent the parent company austria-

microsystems AG and its subsidiaries (together referred to as the „Group“).

On February 4, 2011 the consolidated financial statements as per December 31, 2010 were completed and released to the supervisory board for approval. The consolidated financial statements were approved by the supervisory board on February 28, 2011.

(a) Statement of compliance

The consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and all obligatory Interpretations as issued by the International Financial Interpretations Committee. Furthermore these consolidated financial statements are in accord-

ance with the International Financial Reporting Standards as to be applied in the European Union.

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

Standard	Content	Effective date ³⁾
New standards and interpretations		
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009/ November 1, 2009
IFRIC 18	Transfers of Assets from Customers	July 1, 2009/ November 1, 2009
Revised standards		
IFRS 3 (2008)	Business Combinations	July 1, 2009
IAS 27 (2008)	Consolidated and Separate Financial Statements	July 1, 2009
Amendments to standards and interpretations		
IFRS 2	Group Cash-settled Share-based Payment Transactions	January 1, 2010
IAS 39	Eligible Hedged Items	July 1, 2009
all standards	Improvements to IFRSs 2009	January 1, 2010

3) The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation. In case of two dates the earlier date indicates the effective date according to the publication of the International Accounting Standards Board.

The material changes based on the first time application of IFRS 3 (2008) – Business Combinations – are, that the option to recognize the non-controlling interest at fair value (Full Goodwill Method) has been amended to the standard text, acquisition costs shall not be capitalized but shall be accounted for as expenses, no adjustment of Fair Value after subsequent adjustment of the purchase price and if a business combination is achieved in stages a remeasurement has to be done. The first time application of IFRS 3 (2008) did not substantially change the presentation of the financial statements. The Full Goodwill Method is not applied.

According to IAS 27 (2008) – Consolidated and Separate Financial Statements – non-controlling interests are presented in the consolidated statement of financial position within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and at-

tributed to the owners of the parent. The first time application of this amended standard has no material effect on the financial position of the group.

The improvements of IFRS 2009 affect necessary, but not urgent changes for 12 standards and interpretations. These changes have no material effect on the financial position of the group.

The first time application of the remaining standards that have to be applied for the first time during the business year 2010 did not substantially change the presentation of the financial statements.

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

Standard	Content	Effective date ⁴⁾
New standards and interpretations		
IFRS 9	Financial Instruments	January 1, 2013 ⁵⁾
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010 ⁴⁾
Revised standards		
IAS 24 (2009)	Related Party Disclosures	January 1, 2011 ⁴⁾
Amendments to standards and interpretations		
IFRS 7	Reclassification of Financial Assets	July 1, 2011 ⁵⁾
IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012 ⁵⁾
IAS 32	Classification of Rights Issues	February 1, 2010 ⁴⁾
IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011 ⁴⁾
all standards	Improvements to IFRSs 2010	January 1, 2011 ⁴⁾

4) Effective date according to the respective EU regulation.

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

No premature application of the mentioned changes or amendments of standards and interpretations is made. The management is already evaluating the effect of these changes and

amendments of standards on the consolidated financial statements. A premature application is not planned.

(b) Basis of preparation

The financial statements are presented in EUR and rounded to the nearest thousand. The use of automated calculation systems may lead to rounding differences in totals of rounded amounts and percentages.

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial positions: Derivative financial instruments are stated at their value, investments and securities are stated at their fair value.

(c) Changes in accounting policy

(i) austriamicrosystems uses derivative financial instruments to hedge negative effects from currency fluctuations. The criteria for the application of IAS 39 are not fulfilled. The presentation of results from currency fluctuations of the fair value of such derivative financial instruments is not stipulated under IFRS. Until the business year 2009 such results were presented as part of the result from operations.

Beginning with 2010 the management of austriamicrosystems has decided to present the results from changes of the fair value of foreign currency hedging instruments as part

of the net financing cost. The management is convinced that this presentation shows the effect of currency fluctuations more clearly, because the hedging instruments cannot be designated to a specific transaction. Moreover, currency fluctuations are also hedged by means of foreign currency debt whose results from currency fluctuations have already been presented as part of the financing cost. As required by IAS 8 the prior year comparative information has been adjusted accordingly.

The described change in accounting policy results in the following changes in the profit and loss statement:

in thousands of EUR	2010	2009
Selling, general and administrative	-462	-1,782
Result from operations	-462	-1,782
Finance income	462	1,782
Net financial result	462	1,782
Total	0	0

(ii) In addition the management decided to recognize actuarial gains and losses from employee benefits in equity acc. to IAS 19.93A.

The described change in accounting policy results in the following changes in the profit and loss statement:

in thousands of EUR	2010	2009
Income statement		
Cost of sales	216	455
Selling, general and administrative	203	469
Research and development	172	415
Result from operations	591	1,339
Balance sheet		
Retained earnings	0	0

In all following tables the respective changes of the accounting policy that have an impact on previous year's figures are indicated with num-

bers 1) and 2) as also indicated in the Income Statement.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all operative enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any results from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in an identical manner as unrealized gains, but only to the extent that there is no evidence of impairment.

(iii) Investments in associates

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

During the business year 2010 the existing 30% investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), has been increased by 3.5% (carrying amount as per Dec. 31, 2010: EUR 2,790 thousand; 2009: EUR 2,508 thousand), which is accounted using the equity method.

In addition the existing investment in New Scale Technologies, Inc., Victor, New York (USA) has been increased by acquisition to 32.3% (carrying amount as per Dec. 31, 2010: EUR 3,653 thousand; 2009: EUR 2,973 thousand).

(e) Foreign currency

(i) Foreign currency transactions

The functional currency of the Company is the EUR. Transactions in foreign currencies are translated into EUR at the average foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into EUR at the foreign exchange rate at that date and provided by the ECB. Foreign exchange rate differences are recognized in the income statement amounting to EUR 426 thousand in 2010 and amounting to EUR 1,782 thousand in 2009.

(ii) Financial statements of economic independent foreign entities

The functional currency of the entities domiciled outside the EUR zone is their respective domestic currency. Accordingly, the assets and liabilities of these entities are translated into EUR at the average foreign exchange rates at the balance sheet date. Revenues and expenses of foreign entities are translated into EUR at the average foreign exchange rates of the year. Translation differences are recognized directly within the other comprehensive income.

(f) Derivative financial instruments and hedging instruments

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

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

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

(g) Hedging

As not all of the criteria for hedge accounting outlined in IAS 39 are met, all changes in the

fair value of derivative financial instruments are recognized in the income statement.

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (m)) and net of related govern-

ment grants. The cost of self-constructed assets includes the cost of materials, direct labor, directly attributable proportion of production overheads and borrowing costs for qualified assets.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to accounting policy (m)). Lease payments are accounted for in accordance with accounting policy (t).

(iii) Subsequent expenditures

Expenditure incurred to replace a component of an item of property, plant and/or equipment that is accounted for separately, including inspection and overhaul costs, are capitalized. Other subsequent expenditures are capitalized only if

(i) Intangible assets

(i) Research and development

Expenditures on research activities, expecting to gain new scientific or technical knowledge and understanding, are expensed as incurred and are recognized as expenses for research and development.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The company has not capitalized any expenditures on research and development activities.

(ii) Intangible assets acquired by the Group

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

the future economic benefits associated with the item of property, plant and equipment increases. All other expenditures are recognized in the income statement as an expense when incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The estimated useful life is as follows:

Buildings	15 –33 years
Plants, technical equipment and machines	4 – 12 years
Other equipment	4 – 10 years

Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions.

(iii) Subsequent expenditures

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

(iv) Amortization

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

Patents and licenses	5 years
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Due to the application of the cost of sales method the annual depreciation is distributed over all cost positions. All intangible assets have a limited useful economic life.

(j) Investments in securities and in associates

Investments in securities held by the Group and classified as available-for-sale are stated at fair value, with any resultant gain or loss recognized in other operating income (equity). Investments in securities held for trading whose performance is continuously monitored are stated at fair value with any resultant gain or loss recognized in the profit and loss statement. Held-to-maturity investments are stated at cost less accumulated depreciation with any resultant gain or loss recognized in the income statement. The fair value of investments held for trading and investments available-for-sale is their quoted bid price at the balance sheet date. Investments in securities are recorded at the transaction date. During the business year 2010 financial assets have been designated at fair value through profit and loss which are monitored and controlled by the management on the basis of their fair value.

As per December 31, 2010 the Group holds only investments in securities which are recognized at fair value through profit and loss. The investment in Austria Mikro Systeme International Ltd. which is not consolidated due to non-materiality is recorded under the available-for-sale category and is measured at amortized cost due to non-materiality.

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

(k) Trade and other receivables

Trade and other receivables are initially stated at fair value at their transaction date and subse-

quently stated at cost less impairment losses (refer to accounting policy (m)).

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The cost of inventories is based on the moving average price principle and includes expenditures incurred in their acquisition as well as bringing them to their existing location and condition. For manufactured inventories and work in progress, cost includes an appropriate share of overhead based on normal operating capacity.

(m) Cash and cash equivalents

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

(n) Impairment

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

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

(i) Calculation of recoverable amount

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

(o) Dividends

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

(p) Interest-bearing borrowings

Interest-bearing borrowings are initially recognized at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with

The recoverable amount of other assets is the higher value of their fair value less transaction costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss on available-for-sale investments or receivables is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. In respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

any difference between cost and redemption value being recognized in the income statement over the borrowing period on an effective interest basis.

(q) Employee benefits

(i) Defined benefit plans

According to Austrian labor regulations, employees who joined the Company prior to December 31, 2002, are entitled to receive severance payments – depending on the job tenure – equal to a multiple of their monthly compensation, which comprises fixed plus variable amounts such as overtime and bonus payments. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation.

The obligation for such severance payments is measured using the projected unit credit method. The discount rate is the yield at the balance sheet date on AAA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. All actuarial gains and losses are recognized immediately. Actuarial gains and losses are recognized in equity acc. to IAS 19.93 A – see also pt. (c) Changes of accounting policy.

(ii) Defined contribution plans

For all employees who entered into an employment contract after December 31, 2002, the Company is obliged to contribute 1.53% of their monthly remuneration to an employee benefit fund. There is no additional obligation for the Company. Therefore, this plan constitutes a defined contribution plan. Contributions are recognized as an expense in the income statement as incurred. These amounts are paid in cash to authorities; the company's obligations are therefore fully funded.

(iii) Other long-term employee benefits

All employees are eligible for long-term service benefits. Under this plan, eligible employees receive a cash payment after a specified service period. This payment equals one to three

months salary, depending on the number of years of service. The amount recognized as a liability from this compensation is measured using the projected unit credit method. Actuarial assumptions are identical to those applied for defined benefit plans. All actuarial gains and losses are recognized immediately. Actuarial gains and losses are recognized in equity acc. to IAS 19.93 A – see also pt. (c) Changes of accounting policy.

(iv) Stock Option Plan

In 2002 the supervisory board approved a Stock Option Plan ("SOP 2002") for the purposes of providing 142,500 stock options to key employees. The maximum number of Options for issuance was later reduced to 76,500. After the share split in 2004 (1:3) this number now is 229,500. One Option entitles the holder to receive one share of the Company at a strike price of EUR 6.00 (EUR 18.00 before share split) per share. On the first day of issue 33 % of the Options may be exercised, 33 % one year later and 34 % after two years.

Due to the resolution of the SOP 2002 before coming into force of IFRS 2 the plan is not subject to this standard.

The purpose of the SOP 2002 was the increase of motivation of key people in connection with the economic situation of the Company in 2002 and the intended IPO. The Company has concluded an agreement with its major shareholder (former parent), AMS Holding S.à.r.l., under which the issued Options are provided to the Company at the strike price. In 2006 these shares were bought by the Company for a strike price of EUR 6.00 to cover the obligations from SOP 2002.

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

Within the SOP 2005 a total of 990,000 Options of no-par-value shares may be issued over 4 years. This reflects 9% of the issued capital at the time of approval. The SOP 2005 is administered by the SOP Committee. The Committee may define terms for allocation and exercise of the Options. It is envisaged to grant the Options during a 4-year-program. One Option entitles the holder to receive one no-par-value share of austriamicrosystems AG. The Options may be exercised during each of the next succeeding five years on the first, second, third, fourth and fifth anniversary of the grant date to the maximum extent of 20% of the total number of shares covered thereby (vesting

period). The strike price for each tranche will be defined based on a 3-month-average price of the austriamicrosystems share prior to the grant date with a further 25% discount taken from that price. All granted options under the SOP 2005 must be exercised prior to June 30, 2015. According to the SOP 2005 options reverted to the company can be issued again until the end of the term.

In 2010, 19,500 Options (SOP 2005) were granted to one employee of the company (2009: 20,000 Options to two employees and one executive). The granted options (SOP 2005) were options that reverted to the company. Differently to the years 2005 to 2008, no 25% discount from the 3-month-average price of the share prior to the issue date has been granted.

The main basis data of the granted options according to the Stock Option Plan 2005 structures as follows:

Valuation of Options (weighted average)		2010	2009
Market price at granting	in EUR	28.08	8.52
Term of options	in years	5	6
Risk-free interest rate	in %	0.5	1.3
Expected volatility	in %	30.72	28.91
Present value of Option	in EUR	3.53	1.12

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

The shareholders approved a further Stock Option Plan (SOP 2009) in the annual general meeting on April 2, 2009.

Within the SOP 2009 a total of up to 1,100,000 Options of no-par-value shares may be issued over 4 years. This reflects 10% of the actual issued capital. The SOP 2009 is administered by the SOP Committee. The Committee may define terms for allocation and exercise of the

Options. It is envisaged to grant the Options during a 4-year program. One Option entitles the holder to receive one no-par-value share of austriamicrosystems AG. The Options may be exercised during each of the next succeeding four years on the first, second, third and fourth anniversary of the grant date to the maximum extent of 25% of the total number of shares covered thereby (vesting period). The strike price for each tranche will be defined based on the 3-month-average price of the austriamicrosystems share prior to the grant date. All granted options under the SOP 2009 must be exercised prior to June 30, 2017.

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

Valuation of Options (weighted average)		2010	2009
Market price at granting	in EUR	28.21	8.66
Term of options	in years	7	8
Risk-free interest rate	in %	0.5	1.3
Expected volatility	in %	30.72	28.91
Present value of Option	in EUR	3.58	1.13

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

In 2010 262,122 options (SOP 2009) were granted to 468 employees and executives of the company (2009: 236,030 options to 428 employees and executives of the company).

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

The Options were measured based on the Black-Scholes option-pricing model. The interpretation of market information necessary for the estimation of market values also requires a certain degree of subjective judgement. The expected volatilities were extrapolated from the historical stock-exchange price of the austriamicrosystems share (source: Bloomberg). This can result in a difference between the figures shown here and values subsequently realized on the marketplace.

The Options developed in the fiscal years 2010 and 2009 as follows:

SOP 2009				
	2010		2009	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	235,940	7.83	0	-
Granted during the period	262,122	27.94	236,030	7.83
Forfeited during the period	11,538	14.92	90	7.68
Exercised during the period	19,019	7.68	0	-
Expired during the period	0	-	0	-
Outstanding at the end of the period	467,505	18.94	235,940	7.83
Exercisable at the end of the period	38,081	7.90	0	-
Weighted average share price at the date of exercise (in EUR)	28.64		-	
Range of exercise prices (in EUR)	7.68		-	
Remaining contractual life	to June 30, 2017		to June 30, 2017	
SOP 2005				
	2010		2009	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	887,447	27.59	937,761	28.10
Granted during the period	19,500	27.92	20,000	7.68
Forfeited during the period	24,486	28.80	70,314	28.80
Exercised during the period	24,897	19.07	0	-
Expired during the period	0	-	0	-
Outstanding at the end of the period	857,564	27.81	887,447	27.59
Exercisable at the end of the period	548,761	28.82	472,249	28.88
Weighted average share price at the date of exercise (in EUR)	27.98		-	
Range of exercise prices (in EUR)	7.68 – 34.25		-	
Remaining contractual life	to June 30, 2015		to June 30, 2015	

SOP 2002

	2010		2009	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	51,893	6.00	75,893	6.00
Granted during the period	0	-	0	-
Forfeited during the period	0	-	24,000	6.00
Exercised during the period	9,694	6.00	0	-
Expired during the period	0	-	0	-
Outstanding at the end of the period	42,199	6.00	51,893	6.00
Exercisable at the end of the period	42,199	6.00	51,893	6.00
Weighted average share price at the date of exercise (in EUR)	20.67		-	
Range of exercise prices (in EUR)	6.00		-	
Remaining contractual life	to January 1, 2012		to January 1, 2012	

(r) Provisions

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

(i) Warranties

A provision for warranties is recognized when a

warranty claim is received from a customer. The amount recognized is the best estimate of the expenditure required to settle the claim based on historical experience.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(s) Trade and other payables

Trade and other payables are stated at compounded historical cost.

(t) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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

(ii) Government grants

A government grant is initially recognized in the balance sheet when there is reasonably high assurance that it will be received and that the Group will comply with the underlying conditions. Grants that compensate for expenses incurred are recognized as gain in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate for the cost of an asset are deducted from the initial cost of an asset and recognized in the income statement as reduced depreciation on a systematic basis over the useful life of the asset.

In 2002, the Austrian Government introduced a specific grant (valid until 2004) based on the increase of capital expenditures made during a business year in comparison to the average investments of the three previous years. This grant was paid in 2003 through a credit to the Company's income tax account and is presented on the balance sheet as deferred income. The recognition of this income as other operating income is according to the related depreciation and impairment charges, if any, of the underlying capital expenditures.

(u) Expense

(i) Operating lease payments

Payments made under operating leases are recognized in the income statement in the period they occur.

(ii) Net financing cost

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income, foreign exchange gains and losses, and gains and losses on derivative financial instruments related to financing activities.

Interest income is recognized in the income statement as it accrues, taking into account the asset's effective yield. Dividend income is recognized in the income statement on the date that the dividend is declared.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing cost. The interest expense component of finance lease payments is recognized in the income statement using the effective interest method.

(v) Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in this case it is recognized in equity.

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

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for IFRS financial reporting purposes and the amounts used for tax purposes as well as for tax assets existing at the balance sheet date. Deferred tax assets and liabilities for temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foresee-

able future are not recognized. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are recognized to the extent - according to the actual business plan - that a realization of the tax benefit is probable during the next five years.

Under current Austrian corporate tax law, tax losses can be carried forward for an unlimited period of time.

1 Segment reporting and revenues

Segment information is presented on the basis of the internal reporting structure for the segments "Products" and "Foundry" and determined according to valuation and accounting regulations of the IFRS. The Segment "Products" comprises the development and distribution of analog Integrated Circuits ("ICs"). The segment's customers are mainly in the Communications, Industrial, Medical and Automotive markets. In the "Foundry" segment the company reports the contract manufacturing of analog/mixed signal ICs based on its customers' designs.

The geographic segments are structured by the three regions in which sales occur: "EMEA" (Europe, Middle East and Africa), "Americas" and "Asia/Pacific". In presenting information on the basis of geographical segments, segment revenue is based on the geographical billing location of customers.

The segment measure "Result from operations" consists of gross profit, expenses for research and development, expenses for selling, general and administrative as well as other operating income and expenses.

The segment assets in principle comprise the allocatable assets, i.e. customer receivables as well as segment specific tangible and intangible assets. The reconciliations comprise items which by definition are not part of the segments.

Segment capital expenditure is the total cost incurred (net of government grants) during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

in thousands of EUR	2010			2009		
	Products	Foundry	Total	Products	Foundry	Total
Revenues from external customers	179,810	29,609	209,419	113,574	23,592	137,166
Result from operations	25,253	6,248	31,501	-1,252	4,780	3,528
Segment assets	32,351	4,449	36,799	27,831	4,536	32,367

Reconciliation of segments results to income statement

in thousands of EUR	2010	2009 ¹⁾
Result from operations per segment reporting	31,501	3,528
Result from investments in associates	-134	-735
Subsidies for research and development	4,880	5,014
Unallocated corporate costs	-9,162	-26,851
Result from operations	27,085	-19,044
Financial result	-3,679	1,143
Result before tax	23,406	-17,901

Reconciliation of segment assets to total assets

in thousands of EUR	2010	2009
Assets per segment reporting	36,799	32,367
Property, plant and equipment	107,893	115,368
Inventories	46,740	48,417
Cash, cash equivalents and short-term investments	44,240	42,211
Deferred tax asset	31,768	31,191
Investments in associates	6,443	5,481
Intangible assets	3,232	3,780
Other assets	14,670	9,422
	291,784	288,237

Revenues per geographical segments

in thousands of EUR	2010	2009
EMEA	101,256	75,500
Americas	27,993	19,036
Asia/Pacific	80,170	42,631
	209,419	137,166

Long-term assets per geographical segments

in thousands of EUR	2010	2009
Austria	114,290	123,186
Philippines	737	718
Other countries	348	339
	115,375	124,244

Revenues by operation

in thousands of EUR	2010	2009
Revenues from production	196,816	122,855
Revenues from research and development projects	12,603	14,311
	209,419	137,166

The sales volume with one single customer does not exceed 10% of the company's total revenues.

2 Other operating income

in thousands of EUR	2010	2009
Government grants related to R&D expenses	6,291	6,225
Amortization of government grants related to assets	900	900
Insurance refunds	21	22
Gain from disposal of assets	350	8
Other	400	297
	7,962	7,452

3 Other operating expense

in thousands of EUR	2010	2009
Allowance for bad debts	-856	-796
Expenses for monetary transactions	-110	-95
Other	-35	0
	-1,001	-891

4 Net financing cost

in thousands of EUR	2010	2009 ¹⁾
Interest expense	-2,201	-1,989
Interest income	948	1,041
Exchange differences	462	1,782
Securities held for sale		
Revaluation to fair value	-151	0
Result from sale	1	0
Loans		
Revaluation to fair value	-983	42
Result from sale	-1,173	0
Derivative financial instruments		
Revaluation to fair value	-583	449
Expenses from financial instruments	0	-182
	-3,679	1,143

5 Income tax

Recognized in the income statement:

in thousands of EUR	2010	2009
Current tax		
Current year	-851	-169
Under/(over) provided in prior years	-25	1,077
	-876	908
Deferred tax		
Change in temporary differences	-1,457	5,162
Change in capitalized tax losses carried forward	2,034	-4,834
	577	328
Total income tax result in income statement	-299	1,236

Reconciliation of effective tax expense:

in thousands of EUR	2010	2009 ⁽¹⁾⁽²⁾
Result before tax	23,406	-17,901
Income tax using the domestic corporation tax rate (25%)	-5,958	4,475
Effect of tax rates in foreign jurisdictions	7	2
Non-deductible expenses / tax exempt income	975	264
Tax incentives (mainly for R&D)	1,123	1,067
Corporate tax	-701	-21
Current year result for which no deferred tax asset was recognized	3,703	-6,003
Effect of first time recognition of tax benefits	0	47
Change in temporary differences	-1,457	5,162
Change in capitalized tax losses carried forward	2,034	-4,834
Under/(over) provided in prior years	-25	1,077
	-299	1,236

Deferred tax credit recognized directly in equity:

in thousands of EUR	2010	2009
Relating to changes in accounting policy	0	0
Relating to net loss not recognized in income statement	148	0
	148	0

Deferred tax assets are recognized for all temporary differences and tax losses carry forwards only to the extent that it is probable that future taxable profit will be available within a foresee-

able period. Therefore approximately EUR 17,595 thousand (2009: EUR 21,845 thousand) are not recognized in the balance sheet.

6 Cash and cash equivalents

in thousands of EUR	2010	2009
Bank deposits	23,035	26,714
Cash on hand	7	12
	23,042	26,726

7 Trade receivables, net

in thousands of EUR	2010	2009
Trade receivables gross	33,924	27,949
Allowance for bad debt	-917	-702
	33,007	27,246

Allowance for bad debt developed as follows:

In thousands of EUR	2010	2009
Balance at the beginning of the period	702	310
Consumptions during the year	-30	0
Reversals during the year	-5	0
Additions during the year	250	392
Balance at the end of the period	917	702

Trade receivables by regions:

in thousands of EUR	2010	2009
Region		
EMEA	14,809	14,834
Americas	3,223	3,317
Asia/Pacific	14,974	9,095
	33,007	27,246

Concentration of credit risks

On the balance sheet date of December 31, 2010 no trade receivable attributable to a single customer exceeded 5% of all trade receivables.

In the previous year no trade receivable attributable to a single customer exceeded 5% of all trade receivables.

Ageing analysis for trade receivables:

in thousands of EUR	2010		2009	
	Receivables gross	Impairment	Receivables gross	Impairment
Receivables more than 30 days overdue and not impaired	1,690	0	2,173	0
Receivables more than 30 day overdue and impaired	917	917	952	702
Receivables not overdue or less than 30 days overdue and not impaired	31,317	0	24,823	0
Total trade receivables not adjusted	33,924	917	27,949	702

The impairment for "Receivables more than 30 days overdue and impaired" comprises a collective impairment assessment amounting to EUR 180 thousand (2009: EUR 180 thousand).

For not overdue receivables not collected before the balance sheet date and which were not impaired, no evidence for a possible bad debt loss was existent at the balance sheet date.

8 Inventories

in thousands of EUR	2010	2009
Unfinished goods	28,921	31,560
Finished goods	12,232	13,100
Raw materials and supplies	2,607	1,906
Work in progress	2,979	1,851
	46,740	48,417

Inventories stated at net realizable value were EUR 8,161 thousand as per December 31, 2010 and EUR 12,997 thousand as per December 31, 2009 respectively.

The valuation allowance from inventories amounts to EUR 10,432 thousand as of December 31, 2010 and to EUR 11,308 thousand as of December 31, 2009 respectively.

The amount of inventories recognized as an expense amounts to EUR 53,213 thousand in 2010 and EUR 31,735 thousand in 2009 respectively.

Since the result of work in progress (research and development contracts) cannot be estimated reliably, all costs incurred are recognized as R&D expenses. Accruals for onerous contracts are being made if necessary.

9 Other receivables and assets

in thousands of EUR	2010	2009
Financial assets		
Government grants related to R&D expenses	4,718	2,395
Derivative financial instruments at fair value	236	235
Other	934	583
	5,887	3,213
Non-financial assets		
Amounts due from tax authorities	1,602	1,336
Prepaid expenses	338	403
Deferred interests	456	230
	2,396	1,969
Total other receivables and assets	8,284	5,183

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

10 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
Cost						
Balance at January 1, 2010	70,665	327,407	22,637	3,603	-28,677	395,635
Currency translation differences	0	0	254	0	0	254
Additions	241	9,236	1,239	1,668	0	12,384
Transfers	0	3,565	25	-3,590	0	0
Disposals	0	-3,394	-7,644	0	409	-10,629
Balance at December 31, 2010	70,906	336,814	16,510	1,681	-28,268	397,643
Depreciation and impairment losses						
Balance at January 1, 2010	42,047	238,204	18,768	0	-22,077	276,941
Currency translation differences	0	0	133	0	0	133
Depreciation	1,572	18,557	1,457	0	-1,380	20,206
Disposals	0	-3,365	-7,619	0	405	-10,579
Balance at December 31, 2010	43,619	253,396	12,738	0	-23,052	286,701
Carrying amount						
At January 1, 2010	28,619	89,203	3,869	3,603	-6,600	118,694
At December 31, 2010	27,287	83,418	3,772	1,681	-5,216	110,943

	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
Cost						
Balance at January 1, 2009	70,665	321,476	21,744	1,343	-28,677	386,551
Currency translation differences	0	0	16	0	0	16
Additions	0	5,596	974	3,603	0	10,173
Transfers	0	910	67	-1,343	0	-367
Disposals	0	-575	-164	0	0	-739
Balance at December 31, 2009	70,665	327,407	22,637	3,603	-28,677	395,635
Depreciation and impairment losses						
Balance at January 1, 2009	40,477	220,740	17,452	0	-20,688	257,981
Currency translation differences	0	0	5	0	0	5
Depreciation	1,569	17,880	1,405	0	-1,390	19,465
Disposals	0	-416	-94	0	0	-510
Balance at December 31, 2009	42,047	238,204	18,768	0	-22,077	276,941
Carrying amount						
At January 1, 2009	30,188	100,736	4,292	1,343	-7,990	128,570
At December 31, 2009	28,619	89,203	3,869	3,603	-6,600	118,694

As of December 31, 2010, commitments for the acquisition of property, plant and equipment EUR 4,586 thousand (2009: EUR 894 thousand) and intangible assets amounted to EUR 360 thousand (2009: EUR 89 thousand).

For the government grants recognized certain conditions such as evidence of the actual costs incurred and a future minimum number of employees apply.

11 Intangible assets

No internally generated intangible assets exist.

in thousands of EUR	Patents & licenses	In development	Total
Cost			
Balance at January 1, 2010	44,572	88	44,660
Additions	1,216	333	1,549
Disposals	-960	0	-960
Balance at December 31, 2010	44,828	421	45,249
Amortization and impairment losses			
Balance at January 1, 2010	39,111	0	39,111
Amortization	2,666	0	2,666
Disposals	-960	0	-960
Balance at December 31, 2010	40,817	0	40,817
Carrying amount			
At January 1, 2010	5,461	88	5,550
At December 31, 2010	4,011	421	4,432
	Patents & licenses	In development	Total
Cost			
Balance at January 1, 2009	42,160	1,126	43,286
Additions	919	88	1,008
Transfers	1,492	-1,126	367
Balance at December 31, 2009	44,572	88	44,660
Amortization and impairment losses			
Balance at January 1, 2009	36,303	0	36,303
Amortization	2,808	0	2,808
Balance at December 31, 2009	39,111	0	39,111
Carrying amount			
At January 1, 2009	5,858	1,126	6,983
At December 31, 2009	5,461	88	5,550

12 Investments and securities

in thousands of EUR	2010	2009
Non-current investments		
Shares in affiliated companies	1	1
	1	1
Current investments		
Investment funds designated as at fair value through profit and loss	21,198	15,486
	21,198	15,486

Current investments are government backed corporate bonds issued by banks. Maturity dates

are October 27, 2011; December 2, 2011 and January 23, 2012.

13 Investments at equity

in thousands of EUR	Balance Dec. 31, 2009	Additions	Translation adjustment	Result	Balance Dec. 31, 2010
NewScale Technologies, Inc.	2,973	573	334	-228	3,653
FlipChip Holdings LLC	2,508	0	188	94	2,790
	5,481	573	522	-134	6,443

Summary of financial information for associated companies:

in thousands of EUR	2010			2009		
	NewScale Technologies, Inc.	FlipChip Holdings LLC	Total	NewScale Technologies, Inc.	FlipChip Holdings LLC	Total
Reporting date	Sep. 30, 2010	Sep. 30, 2010		Sep. 30, 2009	Sep. 30, 2009	
Ownership	32.3%	33.5%		25%	30%	
Assets	2,819	10,270	13,089	2,640	9,069	11,709
Liabilities	1,116	6,851	7,967	911	6,335	7,246
Equity	1,703	3,419	5,122	1,729	2,733	4,462

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

During the business year 2010 the existing investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), has been increased to 33.5% due to a restructuring with the shareholders. Based on its patented Wafer-Level Packaging (WL-CSP) technology, FlipChip Holdings LLC researches and produces high-end packaging technologies. In addition the existing investment in New Scale Technologies, Inc., Victor, New York (USA), has been increased by acquisition of shares to

32.3%. New Scale Technologies, Inc. creates disruptively small motion systems. Based on its patented micro-motor technology, New Scale Technology, Inc. invents, manufactures and sells miniature ultrasonic motors and integrated positioning systems.

The pro rata result 2010 (EUR 143 thousand) (2009: EUR 121 thousand) has been recorded in the balance sheet as per December 31, 2010.

14 Deferred tax assets

Deferred tax assets are attributable to the following items:

in thousands of EUR	2010	2009
Intangible assets, property, plant and equipment	2,962	3,905
Other long-term assets	-122	0
Trade receivables and other assets	-74	-855
Employee benefits	-67	2,102
Liabilities	64	-2
Provisions	0	0
Tax value of loss carry-forwards and write down of investments	29,005	26,041
	31,768	31,191

In Austria tax loss carry forwards do not expire. Tax losses carried forward can be offset with a maximum of 75% of the current taxable income.

Based on the business plan and the related tax planning of the Company it is probable that deferred tax assets recognised in the balance sheet are recovered within the next years.

15 Other long-term assets

Other long-term assets are mainly related to licensing prepayments. Also included is an option for the purchase of another 9.4% of shares of New Scale Technology, Inc., Victor, New York (USA) (EUR 68 thousand). As the value of this

option cannot be measured reliably at the balance sheet date due to uncertainties during the start-up phase, no measurement at fair value has been made.

16 Interest-bearing loans and borrowings

in thousands of EUR	2010	2009
Non-current liabilities		
Bank loans	40,766	53,001
	40,766	53,001
Current liabilities		
Current portion of bank loans	7,011	14,946
	7,011	14,946

Terms and debt repayment schedule 2010

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	8,652	1,739	6,913	0
EUR – floating rate loans	4,668	2,568	2,100	0
CHF – floating rate loans	4,539	2,185	2,353	0
Unsecured bank facilities				
EUR – floating rate	19,400	0	19,400	0
USD – floating rate	10,518	518	10,000	0
	47,777	7,011	40,766	0

Terms and debt repayment schedule 2009

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	6,160	882	5,278	0
EUR – floating rate loans	6,394	2,800	3,594	0
CHF – floating rate loans	5,207	1,077	4,130	0
Unsecured bank facilities				
EUR – floating rate	40,000	10,000	30,000	0
USD – floating rate	10,187	187	10,000	0
	67,948	14,946	53,001	0

The bank loans are secured as follows:

in thousands of EUR	2010	2009
Registered mortgages on land	0	0
Assignment of debt	0	0

17 Provisions

in thousands of EUR	Warranties	Onerous contracts	Other person- nel provisions	Other	Total
Balance at January 1, 2010	0	7,407	1,300	379	9,086
Provisions made during the year	0	5,294	5,492	780	11,565
Provisions used during the year	0	-6,338	-1,102	-301	-7,741
Provisions reversed during the year	0	-1,069	-135	0	-1,204
Balance at December 31, 2010	0	5,294	5,554	858	11,707

	Warranties	Onerous contracts	Other personnel provisions	Other	Total
Balance at January 1, 2009	826	7,467	1,226	1,615	11,133
Provisions made during the year	0	7,407	1,250	375	9,032
Provisions used during the year	-200	-5,446	-910	-467	-7,023
Provisions reversed during the year	-626	-2,020	-267	-1,144	-4,057
Balance at December 31, 2009	0	7,407	1,300	379	9,086

Warranties

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

Onerous contracts

Provisions for onerous contracts are set up when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognized as of December 31, 2010, EUR 5,294 thousand (2009: EUR 7,407 thousand), relates to several engineering contracts.

Other personnel provisions

Provisions for other personnel costs include profit sharing and bonuses payable within twelve months after the respective balance sheet date and sales incentives for current employees.

Other provisions

Other provisions represent a provision for corporate taxes amounting to EUR 500 thousand (2009: 0) mainly and provisions for outstanding invoices amounting to EUR 230 thousand (2009: EUR 132 thousand).

18 Deferred government grants

In 2004, in connection with the construction of the wafer manufacturing facility Fab B, the Company obtained a government grant. This grant awards the Company for the increase in capital expenditure over those of the previous years. The grant is accounted for as deferred in-

come and recognized as other operating income in line with the average depreciation charge for the underlying assets. The income recognized in 2010 amounted to EUR 900 thousand (2009: EUR 900 thousand).

19 Other liabilities

in thousands of EUR	Current		Non-current	
	2010	2009	2010	2009
Employee related liabilities	1,731	1,618	0	0
Liabilities from license agreements	1,207	1,364	0	0
Derivative financial instruments	755	172	0	0
Liabilities from operating leasing agreement	314	228	631	631
Financial liabilities	4,007	3,793	631	631
Accrued vacation days	3,184	2,834	0	0
Deferred income	2,869	2,008	0	0
Liabilities against tax authorities	1,343	954	0	0
Accrued expenses	963	816	0	0
Other	244	411	0	0
Non-financial liabilities	8,603	6,612	0	0
Total other liabilities	12,610	10,405	631	631

20 Employee benefits

Movements in the net liability recognized in the balance sheet:

in thousands of EUR	2010		2009 ²⁾	
	Severance payments	Long service benefits	Severance payments	Long service benefits
Present value of obligation (DBO) January 1	9,522	1,332	7,975	1,233
Expense recognized in the income statement	1,288	174	862	166
Actuarial gains / losses recognized in comprehensive income	527	64	1,239	100
Payments during the year	-365	-59	-555	-167
Present value of obligation (DBO) December 31	10,972	1,511	9,522	1,332

The value of the obligation is not financed by a fund.

Expense recognized in the income statement:

in thousands of EUR	2010		2009 ²⁾	
	Severance payments	Long service benefits	Severance payments	Long service benefits
Current service cost	862	108	459	99
Interest cost	425	66	403	67
	1,288	174	862	166

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

in thousands of EUR	2010		2009 ²⁾	
	Severance payments	Long service benefits	Severance payments	Long service benefits
Cost of sales	470	64	293	57
Selling, general and administrative expenses	442	60	302	58
Research and development	376	51	267	52
	1,288	174	862	166

Principal actuarial assumptions at the balance sheet date:

	2010	2009
Discount rate at December 31	4.70%	5.10%
Future salary increases	2.70%	2.70%
Fluctuation < 40 years of age	10%	10%
Fluctuation > 40 years of age	6%	7%
Retirement age - women	56.5-60	56.5-60
Retirement age - men	61.5-65	61.5-65

The total personnel expense amounted to EUR 77,611 thousand in 2010 and EUR 67,430 thousand in 2009. In 2010 the amount shown includes EUR 1,801 thousand (2009: EUR 2,346 thousand) for the SOP 2005 and SOP 2009.

The average number of employees was 1,119 in 2010 and 1,087 in 2009. Expenses for the severance payment fund were EUR 221 thousand (2009: EUR 211 thousand).

Historical information:

in thousands of EUR	2010	2009	2008	2007	2006
Present value of obligation (DBO) December 31 for severance payments	10,972	9,522	7,975	7,829	7,637
Present value of obligation (DBO) December 31 for long service benefits	1,511	1,332	1,233	1,290	1,069
	12,483	10,854	9,208	9,119	8,706

21 Shareholders' equity

Share capital and share premium:

in thousands of EUR	2010	2009
Share capital	26,759	26,698
Additional paid-in capital	102,624	100,638
	129,383	127,336

In April 2004, the general meeting resolved a share split of 1:3, resulting in a share capital of EUR 21,801,850.25 divided into 9,000,000 shares. In May 2004 the capital was increased by 2,000,000 shares up to 11,000,000 shares, resulting in a share capital of EUR 26,646,705.86 and an increase of additional paid-in capital (share premium) of EUR 37,399,281.40 (premium on capital stock minus transaction cost of the capital increase). All shares have no notional par value and are fully paid-in. Since May 2004, the Company's shares are listed on the SIX Swiss Exchange.

In May 2005, the executive board has been authorized to increase the share capital from EUR 26,646,705.86 by EUR 2,398,203.53 to EUR 29,044,909.39 by issuing 990,000 shares. This represented 9% of the issued share capital at the time of approval. Purpose of this capital increase was the grant of Stock Options to employees of the Company.

Based on this authorization 46,252 shares have been issued between 2006 and 2010. This led to an increase of the share capital by EUR 112,042.14 to EUR 26,758,748,01. In the annual general meeting on March 29, 2006, the executive board was authorized to increase the share capital up to a total of EUR 10,925,024.00 by issuing 4,510,000 shares. Price and conditions for any increase are subject to supervisory board approval.

In 2006, 174,375 treasury shares at a price of EUR 6.00 per share were acquired by the company exercising an option privilege in order to fulfill the obligations deriving from SOP 2002. Thereof 9,694 shares (2009: none) were transferred to employees of the company in 2010. In total the number of treasury shares amounted to 859,630 per the end of the year (2009: 488,148).

During the course of the financial year 2010 the company issued 24,897 (2009: none) shares in order to meet its obligations with respect to the execution of stock options regarding the stock option plans (SOP 2005 and SOP 2009).

The holders of ordinary shares are entitled to receive dividends based on the distributable net income („Bilanzgewinn“) presented in the separate financial statements of the parent company compiled in accordance with the Austrian Commercial Code (UGB) and as declared by shareholders' resolution and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The position Other reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

Management of equity

The economic equity matches equity as shown in the Company's balance sheet. The management board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Amongst other financial ratios the management board monitors equity ratio and return on equity. For establishing adequate capital resources, dividend payments and share buy-backs are considered appropriate. These goals have not changed during the business year 2010. None of the group companies are subject to certain capital requirements.

Long-term goal of the company is to maintain a balance between profitability and liquidity. For this purpose a yearly return on equity of 25-30% (2010: 12%; 2009: -10%), a return on assets of 15-20 % (2010: 10%; 2009: -5%) and an average net liquidity of 0.3x-0.5x revenues (2010: -0.02; 2009: -0.19) should be achieved.

22 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders.

Net result attributable to ordinary shareholders:

in EUR	2010	2009 ¹⁾
Net profit for the year	23,106,868	-16,665,866
Weighted average number of shares outstanding	10,171,304	10,635,525
Earnings per share (basic)	2.25	-1.57
Weighted average number of shares diluted shares	10,454,177	10,635,525
Earnings per share (diluted)	2.21	-1.57

The options granted according to the SOP 2005 and SOP 2009 will dilute in general. The dilution only occurs if the strike price is below the average stock-exchange price. Considering the requirements to be fulfilled by the employees during the vesting period of SOP 2005 and SOP 2009 a dilution will occur. Going forward the

SOP 2002 will be covered by treasury shares therefore a marginal dilution could exist. In 2009, considering the dilution, a reduction of the loss per share occurred. Therefore according to the regulations in IAS 33 no dilution has to be considered for SOPs 2002, 2005 and 2009.

	2010	2009
Reconciliation of ordinary shares		
Outstanding shares as of January 1	10,533,207	10,672,039
Purchase and sale of treasury shares	371,482	138,832
Capital increase regarding stock option plan 2005	24,897	0
Outstanding shares as of December 31	10,186,622	10,533,207

23 Financial instruments

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

All transactions related to derivative financial instruments are carried out centrally by the Group's treasury department. In connection with these financial instruments, the Company utilizes advisory services from national and international financial institutions.

Credit risk

According to the Management's credit policy the exposure to credit risk is continuously monitored. Credit evaluations are performed on all customers applying for a certain term of payment.

According to the Company's treasury and risk management policy, investments are allowed in liquid securities only, and solely with counter parties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counter parties with high credit ratings and with whom the Group has a signed netting agreement.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including

derivative financial instruments in the balance sheet.

Interest rate risk

Interest rate risk – the possible fluctuations in value of financial instruments and changes in future cash flows – arises in relation to medium and long-term receivables and payables (especially borrowings). austriamicrosystems' treasury policy ensures that part of the cash flow risk is reduced by fixed-interest borrowings. On the liability side, 18% (2009: 9%) of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (82% (2009: 91%)), 97% (2009: 61%) will be repaid over the next two years. The remaining floating rate borrowings are checked on a continuing basis with regard to the interest rate risk. On the asset side, the interest rate risks are primarily with time deposits that are tied to the market interest rate.

Foreign currency risk

Foreign currency risks result from the Group's extensive buying and selling of products outside of the EUR zone. As a result, significant and frequent cash flows from operating activities (e.g. trade receivables and payables) denominated in foreign currencies are hedged. These hedges concern primarily transactions in US dollar.

In order to avoid currency risk, the Company regularly utilizes forward currency contracts,

option contracts as well as interest swaps. Transaction risk is calculated for each foreign currency and takes into account significant foreign currency receivables and payables as well as highly probable purchase commitments.

As per December 31, 2010 and December 31, 2009 respectively, austriamicrosystems holds foreign currency forwards, options and swaps to minimize its foreign currency exposure with respect of trade receivables, trade payables and forecasted purchase commitments.

Liquidity risk

Liquidity risk is the risk for the Company not to be able to fulfill its financial obligations on maturity. The management's approach is to assure sufficient liquidity for the Company under ordinary and extraordinary conditions. The management constantly monitors the cash demand and optimizes the cash-flow. Detailed planning occurs for a period of 12 months in which also due payables and extraordinary circumstances as far as foreseeable are considered. Additionally the company has unused credit lines available.

Summary of financial instruments recorded on the balance sheet as per Dec. 31, 2010:

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and receivables	Cash	Carrying amount	Fair value
Short-term financial assets							
Cash and cash equivalents	0	0	0	0	23,042	23,042	23,042
Financial assets	0	0	21,198	0	0	21,198	21,198
Trade receivables	0	0	0	33,007	0	33,007	33,007
Other receivables and assets	0	236	0	5,162	0	5,398	5,398
Long-term financial assets							
Other long-term financial assets	1	68	4,086	296	0	4,451	4,451
	1	304	25,284	38,465	23,042	87,096	87,096

in thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings		0	7,011	6,918
Trade payables		0	15,660	15,660
Other liabilities		755	3,252	4,007
Long-term financial liabilities				
Interest bearing loans and borrowings		0	40,766	40,227
Other long-term liabilities		0	0	0
		755	66,689	66,812

Summary of financial instruments recorded on the balance sheet as per Dec. 31, 2009:

in thousands of EUR	Available for sale	Held for trading	Designa- ted at fair value	Loans and receiva- bles	Cash	Carrying amount	Fair value
Short-term financial assets							
Cash and cash equivalents	0	0	0	0	26,726	26,726	26,726
Financial assets	0	0	15,486	0	0	15,486	15,486
Trade receivables	0	0	0	27,246	0	27,246	27,246
Other receivables and assets	0	235	0	2,395	0	2,630	2,630
Long-term financial assets							
Other long-term financial assets	1	68	4,195	0	0	4,264	4,264
	1	303	19,681	29,641	26,726	76,352	76,352
Short-term financial liabilities							
Interest bearing loans and borrowings			0		14,946	14,946	14,850
Trade payables			0		14,270	14,270	14,270
Other liabilities			172		3,210	3,382	3,382
Long-term financial liabilities							
Interest bearing loans and borrowings			0		53,001	53,001	52,659
Other long-term liabilities			0		631	631	631
			172		86,058	86,230	85,792

The fair value calculations are based on the respective cash flows discounted on the balance sheet date with interest rates applicable to similar financial instruments.

2010 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	21,198	0	0	21,198
Other receivables and assets	0	236	0	236
Long-term financial assets				
Financial assets	0	4,086	0	4,086
	21,198	4,322	0	25,520
Short-term financial liabilities				
Other liabilities	0	755	0	755
	0	755	0	755

2009 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	15,486	0	0	15,486
Other receivables and assets	0	235	0	235
Long-term financial assets				
Financial assets	0	4,195	0	4,195
	15,486	4,430	0	19,916
Short-term financial liabilities				
Other liabilities	0	172	0	172
	0	172	0	172

Financial instruments designated at fair value are measured at their respective market value. The valuation of financial instruments held for trading is based on valuations done by the external contractors.

As per year-end 2010 the interest swaps shown under derivative financial instruments is a USD interest-rate swap with a nominal value of USD 13,000 thousand and a EUR interest-rate

swap with a nominal value of EUR 10,000 thousand. For the USD interest-rate swap austriamicrosystems pays a fixed rate of 2.57% and gets the 3M-USD Libor with a maturity date of April 29, 2014. For the EUR interest-rate swap the Company pays a fixed rate of 2.73% and gets the 3M-EUR Libor with a maturity of April 29, 2014.

The remaining term of the other derivative financial instruments is less than one year.

Net gains and losses from financial instruments:

2010 in thousands of EUR	Result from valuation	Foreign currency valuation	Result from divestment
Financial assets			
At fair value through profit & loss held for trading	-151	1	108
Designated as at fair value through profit & loss	0	0	0
Loans and receivables	0	109	780
	-151	109	888
Financial liabilities			
At fair value through profit & loss held for trading	-583	0	0
At amortized costs (other financial liabilities)	0	-767	-1,923
	-583	-767	-1,923

2009 in thousands of EUR	Result from valuation	Foreign currency valuation	Result from divestment
Financial assets			
At fair value through profit & loss held for trading	50	81	482
Designated as at fair value through profit & loss	0	0	190
Loans and receivables	0	485	-487
	50	566	185
Financial liabilities			
At fair value through profit & loss held for trading	-129	0	-525
At amortized costs (other financial liabilities)	0	-258	1,641
	-129	-258	1,116

Interest and dividends were not included in the tables above.

Interest income and interest expenses

Interest income and expenses from financial assets which are valued at fair value and are not affecting net income are as follows:

in thousands of EUR	2010	2009 ¹⁾
Interest income	948	2,823
Interest expenses	-2,201	-1,989

Effective interest rates and liquidity analysis

The following are the contractual maturities of financial liabilities including interest payments and the effective interest rates at the balance sheet date.

2010 in thousands of EUR	Interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
R & D loans						
EUR – fixed rate loans	2.17%	8,652	9,091	1,911	7,180	0
EUR – floating rate loans	1.57%	4,668	4,747	2,626	2,121	0
CHF – floating rate loans	0.77%	4,539	4,583	2,209	2,374	0
Unsecured bank facilities						
EUR – floating rate loan	1.77%	19,400	19,870	362	19,508	0
USD – floating rate loan	1.65%	10,518	10,738	675	10,063	0
Interest swaps						
EUR – fixed rate		367	374	178	197	0
USD – fixed rate		387	406	214	192	0
		48,532	49,809	8,174	41,635	0

2009 in thousands of EUR	Interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
R & D loans						
EUR – fixed rate loans	2.34%	6,160	6,472	1,014	5,458	0
EUR – floating rate loans	1.43%	6,394	6,520	2,868	3,651	0
CHF – floating rate loans	1.07%	5,207	5,322	1,121	4,201	0
Unsecured bank facilities						
EUR – floating rate loan	2.66%	40,000	41,841	10,919	30,922	0
USD – floating rate loan	2.35%	10,187	10,479	408	10,071	0
Interest swaps						
EUR – fixed rate		172	178	193	-16	0
USD – fixed rate		0	-29	188	-217	0
		68,120	70,782	16,711	54,071	0

Risk of change of interest rates

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

in thousands of EUR	2010	2009
Financial assets		
Fixed rate financial instruments	21,198	15,486
Floating rate financial instruments	0	0
Interest rate swaps	0	0
Financial liabilities		
Fixed rate loans	8,652	6,160
Floating rate loans	39,125	61,788
Interest rate swaps	755	172

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes

that all other variables, in particular currency rates, remain constant. This analysis is performed on the same basis for 2009.

2010 in thousands of EUR	Profit & loss statement			Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	
Financial assets					
Fixed rate financial instruments	-111	114	0	0	

2009 in thousands of EUR	Profit & loss statement			Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	
Financial assets					
Fixed rate financial instruments	-280	301	0	0	

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes

that all other variables, in particular currency rates, remain constant. This analysis is performed on the same basis for 2009.

2010 in thousands of EUR	Profit & loss statement			Equity
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Variable rate financial instruments	0	0	0	0
Interest rate swaps	0	0	0	0
Financial liabilities				
Floating rate loans	-499	499	0	0
Interest rate swaps	722	-648	0	0

2009 in thousands of EUR	Profit & loss statement			Equity
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Variable rate financial instruments	0	0	0	0
Interest rate swaps	302	-431	0	0
Financial liabilities				
Floating rate loans	-1,003	1,003	0	0
Interest rate swaps	350	-414	0	0

Foreign currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

2010 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	28,508	-27	0
Trade liabilities and other liabilities	-11,116	-10	-5,768
Interest bearing loans	-13,971	-5,647	0
	3,422	-5,685	-5,768
Currency options	-10,000	0	0
	-10,000	0	0
Net foreign currency risk	-6,578	-5,685	-5,768



2009 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	23,026	-27	0
Trade liabilities and other liabilities	-6,863	-5	-31,989
Interest bearing loans	-14,570	-7,752	0
	1,593	-7,784	-31,989
Currency options	-15,500	0	0
	-15,500	0	0
Net foreign currency risk	-13,907	-7,784	-31,989

Sensitivity analysis

A 10 percent strengthening/weakening of the EUR against the following currencies on December 31 would have increased (decreased) equity

and profit loss by the amounts shown below. The effects shown in equity also comprise the effects shown in profit and loss.

2010 in thousands of EUR	Profit & loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
USD	379	-395	379	-395
CHF	413	-505	413	-505
JPY	5	-6	5	-6

2009 in thousands of EUR	Profit & loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
USD	612	-96	0	0
CHF	475	-581	0	0
JPY	22	-27	0	0

This analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2009.

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

	Annual average exchange rate		Period end exchange rate	
	2010	2009	2010	2009
USD	1.3207	1.3963	1.3362	1.4406
CHF	1.3700	1.5076	1.2504	1.4836
JPY	115.26	130.63	108.65	133.16

24 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2010	2009
Less than one year	5,110	4,765
Between one and five years	1,212	5,850
More than five years	0	0
	6,322	10,615

Some of the Group's subsidiaries lease office space. In addition, the Group leases the "gas farm" as well as automobiles under operating leases. The lease agreements typically run for an initial period of four to ten years, typically including an option for the lessee to renew the lease after that date. Since January 1, 2007 a

leasing contract for semiconductor equipment is in force. Lease payments are adapted annually to reflect market rentals. None of the leases includes contingent rentals. The expenses for operating lease amounted to EUR 5,581 thousand in 2010 (2009: EUR 4,843 thousand).

25 Contingencies

The preparation of the consolidated financial statements according to IFRS requires discretionary decisions and business assumptions by management concerning future developments, thus materially determining the method and value of assets and liabilities, the disclosure of other obligations at the balance sheet date and the resulting earnings and expenditures within the year.

Within the following assumptions there exist risks which could lead to changes in the value of assets or liabilities during the following fiscal year:

- the valuation of provisions for severance payments and long service benefits is made using assumptions concerning the discount rate, retirement age, fluctuations and future salary increases.
- the application of deferred tax assets is under the assumption that taxable income will be available to take advantage of existing tax loss carry forwards in the future.
- the impairment test of the tangible fixed assets is based on forecasted future cash-flows in the years to come utilizing an industry and company related discount rate.

26 Related parties

Identity of related parties

The Company has a related party relationship with:

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

As of December 31, 2010 and December 31, 2009 respectively, the remuneration for the management board was as follows:

Remuneration (in thousands of EUR)	CEO		CFO		Management board total	
	2010	2009	2010	2009	2010	2009
Salary						
Salary, not variable	399	357	249	220	648	577
Salary, variable	330	165	231	116	561	281
Options						
Options (value at allocation)	71	24	35	10	106	34
Non cash benefit						
Car	7	7	7	7	14	14
Expense for precautionary measures						
Contribution to accident insurance	2	2	1	1	3	3

The Company recorded an amount of EUR 208 thousand for the accrual for severance payments (2009: EUR 73 thousand).

During the business year 20,000 call options (2009: 21,000) for the CEO, 10,000 (2009: 9,000) for the CFO and 30,000 (2009: 30,000) call options of SOP 2009 for the management board as a whole were allocated during the year. The strike price amounts to EUR 27.92 (2009: EUR 7.68).

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

Persons related to the management board held 2,318 shares and no options of austriamicrosystems AG as per December 31, 2010 and 4,960 shares and no options as per December 31, 2009, respectively.

The remuneration of the company's Supervisory board amounted to EUR 339 thousand (2009: EUR 237 thousand). All remunerations were or are to be paid directly by the Company. The Company has no consulting agreements with members of their Supervisory Board and the Company's known shareholders.

The Company's Executive Officers hold 191,355 shares and call options for the purchase of 169,750 shares as of December 31, 2010 (191,355 shares and call options for the purchase of 145,000 shares as of December 31, 2009).

The breakdown for the individual members of the Supervisory Board for the year 2010 is as follows:

Name	Function	Directors' gross remuneration fixed	Number of shares held as per Dec. 31	Number of options held as per Dec. 31
		in thousands of EUR		
Dipl. Ing. Guido Klestil	Chairman	85	34,280	0
Prof. Dr. Siegfried Selberherr	Vice chairman	63	15,000	0
Mag. Hans Jörg Kaltenbrunner	Vice chairman	61	0	0
Dr. Kurt Berger	Member	42	0	0
Michael Grimm	Member	41	0	0
Dipl. Wirtsch. Ing. Klaus Iffland	Member	42	1,000	0
Johann Eitner	Employee representative	2	0	0
Ing. Mag. Günter Kneffel	Employee representative	1	0	0
Dipl. Ing. Kurt Layer	Employee representative	1	40	0
		339	50,320	0

The shown remunerations show the amounts actually paid during the business year. The remuneration for the business year 2010 will be determined at the general meeting on May 26, 2011.

No person related to the supervisory board held shares or options of austriamicrosystems AG as of December 31, 2010.

The breakdown for the individual members of the Supervisory Board for the year 2009 is as follows:

Name	Function	Directors' gross remuneration fixed	Number of shares held as per Dec. 31	Number of options held as per Dec. 31
		in thousands of EUR		
Dipl. Ing. Guido Klestil	Chairman	83	34,280	0
Prof. Dr. Siegfried Selberherr	Vice chairman	63	15,000	0
Mag. Hans Jörg Kaltenbrunner	Vice chairman (since April 2, 2009)	1	0	0
Dr. Kurt Berger	Member (since April 2, 2009)	2	0	0
Dr. Felix Ehrat	Member (until April 2, 2009)	41	X	0
Michael Grimm	Member (since April 2, 2009)	1	0	0
Dipl. Wirtsch. Ing. Klaus Iffland	Member	42	1,000	0
Johann Eitner	Employee representative	2	0	0
Ing. Mag. Günter Kneffel	Employee representative	2	0	0
Dipl. Ing. Kurt Layer	Employee representative (since April 2, 2009)	1	40	0
		237	50,320	0

No person related to the supervisory board held shares or options of austriamicrosystems AG as of December 31, 2009.

There are no unsettled financial liabilities between members of the supervisory board or the board of directors and austriamicrosystems.

Related party transactions

in thousands of EUR	Transaction value for the year ended Dec. 31		Balance outstanding as at Dec. 31	
	2010	2009	2010	2009
New Scale Technologies, Inc., Victor, New York (USA)				
Sale of goods and services	6	207	0	87
Purchased services	55	0	-15	0

Identity of associated companies

New Scale Technologies, Inc., Victor, New York (USA): Creates disruptively small motion systems. Based on its patented micro-motor technology, New Scale Technology, Inc. invents, manufactures and sells miniature ultrasonic motors and integrated positioning systems.

Flip Chip Holdings LLC, Phoenix, Arizona (USA): Based on its patented Wafer-Level Packaging (WL-CSP) technology, FlipChip Holdings LLC, researches and produces high-end packaging technologies.

27 Remuneration for the auditors

The expense for the auditor's remuneration for the audit of the financial statements and annual consolidated financial statements 2010

amounted to EUR 98,000.00. For other consultancy services EUR 8,368.55 have been expensed.

28 Group enterprises

	Accounting method	Country of incorporation	Ownership interest	
			2010	2009
austriamicrosystems France S.à.r.l.	fully consolidated	France	100%	100%
austriamicrosystems Germany GmbH	fully consolidated	Germany	100%	100%
austriamicrosystems Italy S.r.l.	fully consolidated	Italy	100%	100%
austriamicrosystems Switzerland AG	fully consolidated	Switzerland	100%	100%
austriamicrosystems (United Kingdom), Ltd.	fully consolidated	U. K.	100%	100%
austriamicrosystems Spain SL	fully consolidated	Spain	100%	100%
austriamicrosystems USA, Inc.	fully consolidated	USA	100%	100%
austriamicrosystems Japan Co., Ltd.	fully consolidated	Japan	100%	100%
austriamicrosystems (India), Pvt. Ltd.	fully consolidated	India	100%	100%
austriamicrosystems (Philippines) Inc.	fully consolidated	Philippines	100%	100%
Aspern Investment Inc.	fully consolidated	USA	100%	100%
austriamicrosystems Korea, Ltd.	fully consolidated	Korea	100%	-
Austria Mikro Systeme International Ltd.	at cost	China	100%	100%

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

29 Events after the balance sheet date

No transactions had significant effect on austriamicrosystems' financial position, assets or earnings after the closing of the fiscal year.

Unterpremstätten, February 4, 2011



John A. Heugle
CEO



Michael Wachsler-Markowitsch
CFO

Independent Auditor's Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of austriamicrosystems AG, Unterpremstätten, for the year period from 1 January 2010 to 31 December 2010. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, and the consolidated income statement/

consolidated statement of comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity for the year ended 31 December 2010 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements and accounting system

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This

responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of 31 December 2010 and its financial performance and its cash flows for the year from

1 January 2010 to 31 December 2010 in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on other legal requirements (Group Management Report)

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report

also has to contain a statement as to whether the management report of the Group is consistent with the consolidated financial statements. In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Vienna, February 4, 2011

KPMG
Wirtschaftsprüfungs- und Steuerberatungs GmbH

signed by:

Dr. Johannes Bauer
Austrian Chartered Accountant

Mag. Yann Georg Hansa
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.

Publication of the consolidated financial statements together with our auditor's opinion may

only be made if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Section 2 UGB (Austrian Commercial Code) applies.

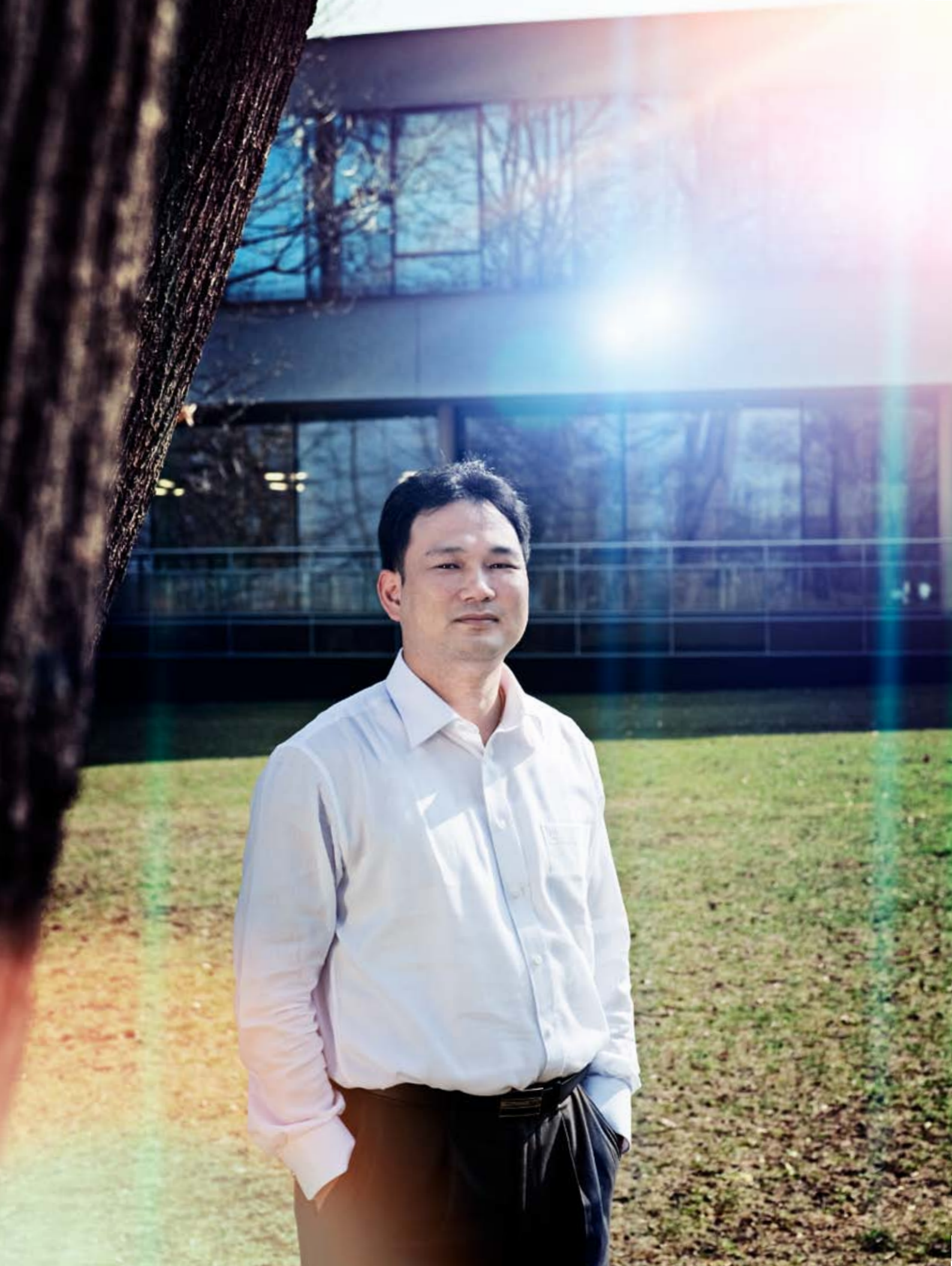
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austriamicrosystems AG
Moritz M. Gmeiner
Investor Relations
8141 Schloss Premstätten
Austria
Phone +43 3136 500-5970
Fax +43 3136 500-5420
investor@austriamicrosystems.com
www.austriamicrosystems.com

Photographs: Toni Muhr, Graz (www.tonimuhr.at)

Design and layout: Rubikon Werbeagentur, Graz (www.rubikon.at)







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