

First Quarter Report 2006

First quarter on track

Ladies and Gentlemen

Our first quarter results clearly show our ongoing success in the global analog semiconductor market, the strength of our business model and the good demand for our broad portfolio of high performance customized and standard products.

In the first quarter 2006 our business continued to grow with revenues and earnings increasing compared to same quarter last year. Consolidated group revenues increased to EUR 38.8 million from EUR 35.2 million in the first quarter 2005, growing slightly more than 10%. Our gross margin for the first quarter reached 45%, compared to 43% for the same period last year. The result from operations (EBIT) for the first quarter grew to EUR 4.3 million, an increase of 5% compared to the same quarter last year. The net result for the first quarter moved up to EUR 3.9 million, an increase of 38% from EUR 2.9 million in the same period of 2005. Earnings per share for the first quarter 2006 were CHF 0.56 / EUR 0.36. Total backlog grew further reaching EUR 58.3 million on March 31, 2006 compared to EUR 46.1 million on March 31, 2005.

The strength of our business is demonstrated by our continuing success in our target markets Communications, Industry & Medical and Automotive. We see, for example, growing demand for our advanced lighting and power management solutions for mobile handsets and other portable devices given that these products offer attractive performance and cost benefits due to their high levels of integration. At the same time, our high performance portable audio solutions for MP3-based audio players and related devices are very successful in the marketplace with major customers ramping production with our products. In this area, we are strongly positioned both in complete system solutions and analog front-ends which integrate advanced audio and power management functionalities. Our Industry & Medical and Automotive units also continue to see good demand for their products. Across an expanding range of applications, they deliver a wide portfolio of analog ICs and system solutions to a worldwide base of high quality customers. In operations, the preparations for setting up our new international locations, a second design center in India and a test center in the Philippines, are progressing as planned.

We foresee our business to continue to develop well in the current year. Based on available information, we confirm our expectation of increasing full year revenues for 2006 by between 10 and 15% compared to last year, accompanied by further strong growth in earnings.

Key figures	EUR thousands (except earnings per share)	Q1 2006	Q1 2005	Q4 2005
Revenues		38,758	35,231	56,427
Gross margin in %		45%	43%	46%
Result from operations		4,258	4,082	11,327
Net income/loss		3,945	2,856	10,780
Basic = diluted earnings per share in CHF ¹⁾		0.56	0.40	1.52
Basic = diluted earnings per share in EUR		0.36	0.26	0.98
Total backlog		58,348	46,125	54,241

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

Consolidated Profit and Loss Statement (unaudited)

EUR thousands (except earnings per share)	Q1 2006	Q1 2005
Revenue Products	32,939	29,685
Revenue Foundry & Other	5,819	5,546
Total revenues	38,758	35,231
Cost of sales	- 21,271	- 20,247
Gross profit	17,487	14,984
Gross margin in %	45%	43%
Research and development	- 7,881	- 6,717
Selling, general and administrative	- 6,423	- 5,932
Other operating income	1,103	1,790
Other operating expenses	- 28	- 44
Result from operations	4,258	4,082
Net financing costs	- 313	- 302
Income/loss before tax	3,945	3,781
Income tax expense	- 1	- 925
Net income/loss	3,945	2,856
Basic = diluted earnings per share in CHF ¹⁾	0.56	0.40
Basic = diluted earnings per share in EUR	0.36	0.26

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

Consolidated Balance Sheet (unaudited)

EUR thousands	as of	March 31, 2006	December 31, 2005
Assets			
Cash and cash equivalents		23,864	22,295
Trade receivables		34,625	42,994
Inventories		31,069	26,765
Other receivables and assets		7,550	5,107
Total current assets		97,109	97,161
Property, plant and equipment		115,572	116,316
Intangible assets		7,830	8,519
Investments and securities		1	1
Deferred tax assets		30,953	30,953
Other long-term assets		0	0
Total non-current assets		154,355	155,789
Total assets		251,464	252,950
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		34,293	36,100
Trade liabilities		17,310	16,865
Provisions		11,417	14,102
Other liabilities		12,427	11,401
Total current liabilities		75,447	78,469
Interest-bearing loans and borrowings		21,817	24,283
Employee benefits		8,665	8,478
Deferred government grants		4,803	5,028
Other long term liabilities		562	640
Total non-current liabilities		35,847	38,429
Shareholders' equity			
Issued capital		26,647	26,647
Share premium		91,965	91,774
Translation adjustment		- 92	- 75
Retained earnings		21,650	17,706
Total shareholders' equity and reserves		140,170	136,052
Total liabilities and shareholders' equity		251,464	252,950

Consolidated Cashflow Statement (unaudited)

EUR thousands	Q1 2006	Q1 2005
Operating activities		
Income before tax	3,945	3,781
Depreciation (net of government grants)	5,341	5,538
Changes in employee benefits	187	228
Expenses from stock-option program (acc. IFRS 2)	191	0
Changes in other long-term liabilities	- 303	- 55
Gain from sale of plant and equipment	- 109	0
Net financing cost	313	302
Changes in current assets	1,597	3,319
Changes in short-term operating liabilities and provisions	- 2,652	- 7,992
Tax payments	- 7	- 5
Cash flows from operating activities	8,503	5,116
Investing activities		
Acquisition of intangibles, property, plant and equipment	- 3,219	- 4,388
Proceeds from sale of plant and equipment	834	0
Interest received	89	209
Cash flows from investing activities	- 2,295	- 4,179
Financing activities		
Proceeds from borrowings	0	1,750
Repayment of borrowings	- 4,024	- 4,254
Repayment of finance lease liabilities	- 219	- 216
Interest paid	- 396	- 531
Cash flows from financing activities	- 4,639	- 3,251
Net increase/decrease in cash and cash equivalents	1,568	- 2,313
Cash and cash equivalents at begin of period	21,271	17,323
Cash and cash equivalents at end of period	22,840	15,010

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

austriamicrosystems

A-8141 Schloss Premstaetten | Austria

Phone +43/3136/500-0 | Fax +43/3136/500-5420

investor@austriamicrosystems.com

www.austriamicrosystems.com