

# Third Quarter Report 2007

## Successful in our target markets, growing in 2007, positioned for stronger growth in 2008

Ladies and Gentlemen

Our third quarter results reflect our continuing focus on growing our business and increasing profitability with new products, existing ICs and derivatives in our target markets. We are experiencing ongoing good demand for our analog semiconductor solutions from Europe, North America and Asia.

The third quarter 2007 shows a positive development of revenues and earnings compared to the previous year. Consolidated group revenues reached EUR 51.1 million, compared to EUR 49.8 million in the same quarter 2006. Gross margin rose by more than two percentage points to 50%, from 48% in the same period last year. Despite ongoing R&D investments for product platform and process developments and an unstable exchange rate environment, the result from operations (EBIT) for the third quarter increased by 12% to EUR 9.1 million, from EUR 8.2 million in the same quarter last year. The third quarter net result reached EUR 8.7 million, an increase of 9% compared to the same period last year. Basic and diluted earnings per share for the third quarter were CHF 1.31 / EUR 0.79, compared to CHF 1.14 / EUR 0.72 in the same period 2006. Total backlog which does not reflect consignment stock agreements and is therefore not fully comparable to previous years stood at EUR 55.0 million on September 30, 2007 (EUR 65.1 million on September 30, 2006).

Our business performed well and in some areas slightly ahead of expectations in the third quarter. In communications, the ramp-up of our lighting management products at Nokia and SonyEricsson is developing positively with several released handset models very successful in the market and attaining high volume levels. We were able to broaden our product reach into these OEMs through additional design-wins for power management, mobile entertainment and lighting products. While our total mobile entertainment business for this year is impacted by delayed ramp-ups, SanDisk released new highly successful miniature MP3 players based on our solution. The industrial and automotive markets showed continuing good performance with strength across a large number of product segments, including industrial sensors, rotary encoders and sensor interfaces for automotive and medical. In operations, we saw further improvements in our manufacturing efficiency which coupled with product mix enhancements drove the positive development of gross margin.

We anticipate strong increases in revenues and earnings in the fourth quarter, reflecting typical seasonality. Our full year revenues and earnings for 2007 are expected to be impacted by the continuing weakness of the US dollar with full year revenue growth currently expected as a low single-digit percentage and full year earnings expected slightly below last year's level, based on available information. Full year gross margin for 2007 is foreseen to improve meaningfully over last year. Looking forward into 2008, we are well positioned in our target markets and confident about our growth opportunities with designed-in products and new projects. Consequently, we expect higher percentage revenue growth as well as earnings growth in 2008, compared to 2007.

Key figures	EUR thousands (except earnings per share)	Q3 2007	Q3 2006	Q2 2007	9 months 2007	9 months 2006
Revenues		51,116	49,808	43,893	134,458	134,440
Gross margin in %		50%	48%	50%	50%	47%
Result from operations		9,139	8,187	4,306	17,137	18,593
Net income/loss		8,653	7,917	4,095	16,274	17,523
Basic = diluted earnings per share in CHF <sup>1)</sup>		1.31	1.14	0.62	2.45	2.50
Basic = diluted earnings per share in EUR		0.79	0.72	0.38	1.49	1.59
Total backlog (excluding consignment stock)		54,963	65,133	54,466	54,963	65,133

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

## Consolidated Profit and Loss Statement (unaudited)

EUR thousands (except earnings per share)	Q3 2007	9 months 2007	Q3 2006	9 months 2006
Revenue Products	42,075	112,092	41,026	111,153
Revenue Foundry & Other	9,041	22,366	8,782	23,287
<b>Total revenues</b>	<b>51,116</b>	<b>134,458</b>	<b>49,808</b>	<b>134,440</b>
Cost of sales	- 25,409	- 67,745	- 26,120	- 71,743
<b>Gross profit</b>	<b>25,707</b>	<b>66,714</b>	<b>23,687</b>	<b>62,697</b>
Gross margin in %	50%	50%	48%	47%
Research and development	- 10,346	- 30,903	- 9,700	- 26,559
Selling, general and administrative	- 7,890	- 22,897	- 6,619	- 20,139
Other operating income	1,954	4,783	1,060	3,145
Other operating expenses	- 286	- 560	- 241	- 551
<b>Result from operations</b>	<b>9,139</b>	<b>17,137</b>	<b>8,187</b>	<b>18,593</b>
Net financing costs	- 283	- 386	- 137	- 818
<b>Income before tax</b>	<b>8,856</b>	<b>16,751</b>	<b>8,050</b>	<b>17,775</b>
Income tax expense	- 203	- 477	- 134	- 252
<b>Net income</b>	<b>8,653</b>	<b>16,274</b>	<b>7,917</b>	<b>17,523</b>
Basic = diluted earnings per share in CHF <sup>1)</sup>	1.31	2.45	1.14	2.50
Basic = diluted earnings per share in EUR	0.79	1.49	0.72	1.59

<sup>1)</sup> 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	September 30, 2007	December 31, 2006
<b>Assets</b>			
Cash and cash equivalents		3,873	17,742
Short-term investments		3,968	5,022
Trade receivables		56,627	52,886
Inventories		49,611	32,179
Other receivables and assets		4,927	5,199
<b>Total current assets</b>		<b>119,006</b>	<b>113,028</b>
Property, plant and equipment		138,490	135,825
Intangible assets		9,258	9,575
Investments and securities		1	1
Deferred tax assets		30,953	30,953
Other long-term assets		0	0
<b>Total non-current assets</b>		<b>178,702</b>	<b>176,353</b>
<b>Total assets</b>		<b>297,708</b>	<b>289,381</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Interest-bearing loans and borrowings		32,301	25,826
Trade liabilities		25,457	42,137
Provisions		11,825	11,074
Other liabilities		14,753	14,020
<b>Total current liabilities</b>		<b>84,336</b>	<b>93,056</b>
Interest-bearing loans and borrowings		13,290	15,042
Employee benefits		9,279	8,707
Deferred government grants		3,453	4,128
Other long term liabilities		997	258
<b>Total non-current liabilities</b>		<b>27,019</b>	<b>28,134</b>
<b>Shareholders' equity</b>			
Issued capital		26,693	26,662
Share premium		94,851	93,080
Treasury shares		- 703	- 832
Translation adjustment		- 92	- 141
Retained earnings		65,603	49,421
<b>Total shareholders' equity and reserves</b>		<b>186,352</b>	<b>168,191</b>
<b>Total liabilities and shareholders' equity</b>		<b>297,708</b>	<b>289,381</b>

## Consolidated Cash Flow Statement (unaudited)

EUR thousands	Q3 2007	9 months 2007	Q3 2006	9 months 2006
<b>Operating activities</b>				
Income before tax	8,856	16,751	8,050	17,775
Depreciation (net of government grants)	5,293	15,963	5,517	16,515
Changes in employee benefits	193	573	193	580
Expense from stock option program (acc. IFRS 2)	686	1,510	401	783
Changes in other long-term liabilities	- 402	64	- 291	- 915
Gain/Loss from sale of plant and equipment	- 6	62	0	-109
Gain/Loss from sale of investments and securities	0	- 94	0	0
Net financing cost	283	480	137	818
Changes in current assets	- 12,038	- 21,340	- 10,235	- 10,965
Changes in short-term operating liabilities and provisions	905	- 1,363	6,371	4,336
Tax payments	- 109	- 129	- 7	- 23
<b>Cash flows from operating activities</b>	<b>3,660</b>	<b>12,449</b>	<b>10,137</b>	<b>28,794</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	- 5,585	- 32,613	- 6,837	- 16,151
Government grants receive	0	0	1,301	2,349
Acquisition of short term investments	0	0	- 3,968	- 5,014
Proceeds from sale of plant and equipment	6	20	0	834
Proceeds from sale of investments	6	1,241	112	163
Interest received	587	1,330	450	775
<b>Cash flows from investing activities</b>	<b>- 4,986</b>	<b>- 30,021</b>	<b>- 8,941</b>	<b>- 17,043</b>
<b>Financing activities</b>				
Proceeds from borrowings	3,151	10,844	402	730
Repayment of borrowings	- 2,316	- 5,568	- 11,334	- 19,714
Repayment of finance lease liabilities	- 184	- 632	- 220	- 657
Interest paid	- 487	- 1,232	- 411	- 1,282
Changes resulting from capital increase	188	291	65	65
<b>Cash flows from financing activities</b>	<b>352</b>	<b>3,703</b>	<b>- 11,498</b>	<b>- 20,858</b>
Net increase/decrease in cash and cash equivalents	- 974	- 13,869	- 10,302	- 9,108
Cash and cash equivalents at begin of period	4,847	17,742	22,466	21,271
<b>Cash and cash equivalents at end of period</b>	<b>3,873</b>	<b>3,873</b>	<b>12,164</b>	<b>12,164</b>

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

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