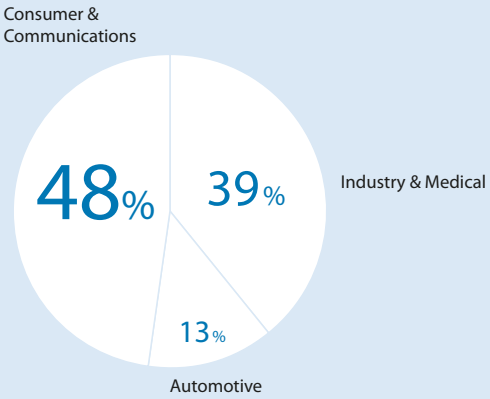
Report on 2011

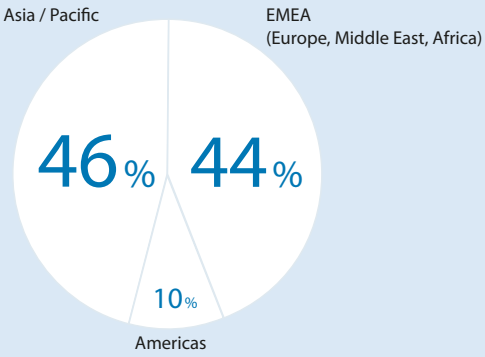
Key Figures

In millions of EUR	2011	Changes to 2010	2010	2009
Revenues	275.7	+32%	209.4	137.2
Gross margin	51%		48%	35%
R & D expense	50.8	+20%	42.4	40.1
Operating result (EBIT)	43.1	+59%	27.1	-19.0
EBIT margin	16%		13%	-14%
Net income	35.3	+53%	23.1	-16.7
Earnings per share (in EUR, basic)	3.04	+35%	2.25	-1.57
Earnings per share (in CHF, basic)	3.75	+22%	3.08	-2.36
Operating cash flow	70.3	+54%	45.7	20.3
Total order backlog (as of December 31)	90.0	+36%	66.4	45.6
Capital expenditure	17.7	+34%	13.2	10.3
Total assets (as of December 31)	558.6	+91%	291.8	288.2
Equity ratio	59%		65%	60%
Employees (average)	1,193	+7%	1,119	1,087

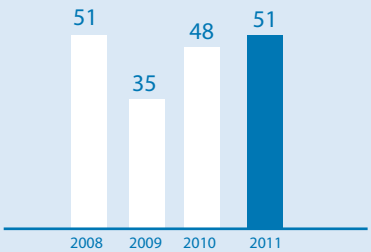
Revenues by market 2011 in %



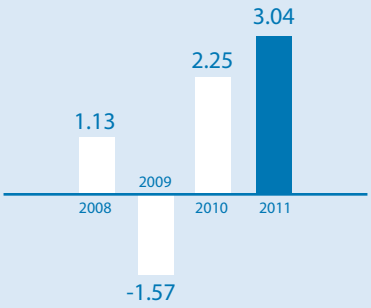
Revenues by region 2011 in %



Gross margin in %



Earnings per share (EPS) in EUR (basic)



austriamicrosystems is becoming ams

ams is an analog IC company that develops and manufactures high performance semiconductors.

We, the people of ams, provide high performance analog ICs for sensors and sensor interfaces, power management and wireless.

We work to enrich people's lives by helping them experience technology in a naturally intuitive way.

We take on the most difficult analog design and implementation challenges for the consumer, communications, industrial, medical and automotive markets.

Highlights 2011

Successful strategic combination with TAOS creates ams

Major strategic transaction to combine forces with Texas-based light sensor expert TAOS adds significant volume business, analog expertise and IP. The combined company decides to become ams to reflect its new position in the analog market.

World market leader in advanced light sensors for fast growth markets

Number One globally in high volume light sensor market, as expanding major OEM relationships drive ongoing shipment growth. Light sensors play an important role in smartphones and tablet PCs, the fastest growing markets in consumer electronics.

Growing in target markets with broad based sensor focus as a major growth driver

Rapid expansion of customer base adds leading OEMs and thousands of distribution clients. Attractive portfolio for lighting, magnetic, and imaging sensors and sensor interfaces; strong position in emerging markets, including RFID/NFC.

Excellent financial performance: strong growth in revenues, margins and cash flow

Another year of record revenues and faster-than-market growth while margins and operating cash flow reach historic highs. Product mix and customer demand at high utilization rates drive profitability increases going forward.

Fast reduction of transaction-related debt; proposed dividend of EUR 0.64 per share

High free cash flow allows continued swift reduction of debt since closing of the TAOS transaction. Proposed 2011 dividend of EUR 0.64 per share is an increase of 23%, demonstrating the company's earnings strength.

The 14 Senses
Touch

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The 14 Senses
Acceleration

Preface by the Management Board

Dear shareholders, customers and employees, ladies and gentlemen

Michael Wachsler-Markowitsch and John A. Heugle

We are becoming ams - the new brand name for our combined company. Last year saw our most important strategic transaction to date, combining with the Texas-based light sensor expert and market leader TAOS Inc. We enlarged austriamicrosystems with a business showing strong growth and offering excellent prospects for the future. Together we have significantly expanded our reach in high performance analog. This is what we are articulating through our new brand name and identity as ams.

By unifying our global presence as ams, we are also making it easier for customers to identify and work with us, particularly in Asia. At the same time our new brand name relates to more than 30 years of history, during which the name AMS was used before building a sound reputation for quality analog products. The new brand name also matches our share ticker on the SIX Swiss Exchange.

Our strategy and business in creating innovative high performance analog solutions for our rapidly expanding customer base remains unchanged.

As ams, our purpose is to enrich people's lives by helping them experience technology in a naturally intuitive way. To achieve this goal we take on the most difficult analog design and implementation challenges for the consumer, communications, industrial, medical, and automotive markets. Building on our extensive analog know-how, we create IC solutions sensing the world around us, managing power, and enabling new wireless technologies.

We took another big step on our way to being a leading high performance analog company last year. With over 30% revenue growth and a strong increase in profitability, 2011 was another successful year for our company, which again grew considerably faster than the overall analog semiconductor market.

As the global market leader in integrated light sensors, we added a fully complementary portfolio to our lighting and LED management expertise with strong IP and substantial customers in the fast growing smartphone and tablet PC markets. ams now offers a highly compelling vision as a key player in high value analog sensor technologies. Additionally, we are realizing significant benefits across our combined company, including production costs, key accounts, operational excellence, specialty processes for optical applications, and supply chain support for major OEMs.

In the past year we integrated the TAOS business in record time creating strong momentum for the company. We are excited about the market success of the light sensor product area and its growth opportunities in the

current and coming years. We again recorded high growth in major product groups and added new products, technologies and customers, expanding our global market position. We also maintained our investment in R&D, bolstering our development pipeline of best-in-class analog solutions.

With the addition of the light sensor business, which grew at a rapid pace, Consumer & Communications was our most important area of growth in 2011. Volume growth was realized across our other product areas as well, including our RFID solutions. Our Industrial business saw a very strong first half last year, driven by a high order intake across markets. During the second half of 2011, however, the area faced some deceleration in end demand, which is showing increasing signs of abating in the current year. Medical was again an area of strength in 2011, due to the success of our breakthrough imaging sensor solutions. Automotive developed very positively last year with new product ramps and high run rates for current products that reflected the robustness of the global automotive market. At the same time, very high utilization of our production capacity for the year, together with continuing product mix improvements, resulted in a significant increase in profitability and margins.

To mention just a few drivers of our business in 2011, the fast growth in light sensors clearly played a major role fueled by the expansion of the smartphone and tablet PC markets. As worldwide market leader we expanded our customer base by additional top tier OEMs. We also realized further strong growth in MEMS microphone ICs shipping more than 1 billion units last year. We remain the clear #1 in this market which continues to see increasing penetration across mobile devices. In other consumer applications, we are one of the leading suppliers of mobile lighting management solutions and an important provider of high performance power management ICs for mobile devices.

In Wireless we recorded fast growth for our authentication RFID reader solutions while NFC mobile payment emerged as a new area with excellent growth prospects. Here we presented an innovative solution integrating NFC functionality in SIM or SD memory cards without external antennas. Magnetic encoders for Industrial and Automotive including our 3D Hall technology that enables new measurement applications continued their expansion last year. Our computer tomography image sensor solution for lower radiation doses and higher picture quality saw a strong increase in run rates reinforcing our customer's market leadership.

Our customers can rely on a high quality supply chain, combining our in-house capacity with dedicated resources at our production partners. This robust model supports our continued growth and creates sourcing benefits for our customers. Focused on high value specialty processes, our foundry activities were again successful last year and made an attractive contribution to the overall result.

Living our commitment to responsible business practices we achieved another major reduction in CO_2 emissions in 2011 and are progressing well towards our 2015 goal of becoming fully CO_2 neutral as a company.

Asia continued to gain importance for our company last year, driven by new customers, a broad range of design-wins and further successes in the demanding Japanese market. With increased business opportunities in the region, we will continue to focus on sales and support for our growing Asian customer base building on the successful team we have assembled in Asia. To gain local insight into the dynamics, demands and customer mentalities of these markets, we based a large group of senior management in Shanghai last year where they worked and lived for almost six months together with their families. This experiment was a resounding success and a one-of-a-kind experience, opening new doors and developing close relationships at important accounts in the region.

Based on our 2011 business performance, we propose a dividend of 25% of the net result amounting to EUR 0.64 per share, which is an increase of 23% from 2010. Our financial position is strong; we already reduced the debt related to the TAOS combination by more than a third until year-end and are strengthening our balance sheet at a fast pace given our significant cash flow generation.

The Supervisory Board again offered constructive support for our activities and backed the implementation of our strategy including the combination with TAOS. Importantly, we would like to thank our customers, partners, shareholders and, above all, the people of ams. Their commitment and cooperation around the world was the key driver of our success in 2011.

More than ever, we look ahead with confidence to 2012 and the coming years. We have an outstanding platform for strong growth and significantly higher profitability as we open a new chapter in the company's history. With market-leading solutions, accelerating design-ins at major OEMs, a fast growing base of distribution customers, and a robust supply chain, ams is just starting to unfold its potential as a clear leader in high performance analog.

John A. Heugle
CEO

Michael Wachsler-Markowitsch
CFO

The 14 Senses
Color

Preface by the Supervisory Board

Dear shareholders, ladies and gentlemen

2011 was another very successful year for ams, marked by one of the most important strategic events in the company's history: the combination with the world market leader in advanced light sensors, U.S.-based TAOS Inc. With this move, ams has added an attractive, globally successful business with significant customer relationships and a strong product range. The company has thus taken another major step on its way to being a clear global leader in high performance analog solutions.

In addition to the combination with TAOS, the past business year was characterized by a significant expansion of ams' business volume, improved margins and record results. ams is confident about its future and is enjoying a strong start into the current year. This is reflected in the sequential revenue expansion in the normally seasonally influenced first quarter. We are pleased to see the company develop so positively and further increase its market position in attractive segments of the global analog market.

The Management Board has quickly and successfully integrated the former TAOS business into the combined company. By harnessing the expertise and IP of both companies, the Management Board has created a strong and sizeable player in high performance analog offering an excellent outlook for accelerated profitable growth. The enlarged ams is enjoying powerful momentum built on its attractive product portfolio and significant presence in growth markets. These include smartphones, tablet PCs and mobile devices, medical imaging and automotive safety.

The ever larger product portfolio continues to be an important success factor for the company, driving the expansion of its worldwide customer base. The broad range of products helped balance the more muted performance of some end markets in 2011 as strong growth was realized in areas like light sensors and medical imaging products. ams' robust production model includes its in-house specialty process capabilities and provides a further competitive advantage in the analog semiconductor market of today and tomorrow. To support ams' expected growth going forward, the test operations in the Philippines will see a significant expansion investment in the current year.

These strengths enhance the clear strategic focus of ams. Its concentration on innovation and advanced technological solutions, together with its attractive global customer base, form a powerful platform for a sustainable increase in value.

In an Extraordinary General Meeting following the TAOS transaction the Supervisory Board was extended to broaden the international semiconductor industry expertise available to the company. With Jacob Jacobsson and Gerald Rogers, ams has gained two experienced industry veterans as new members of the Supervisory Board. They offer valuable insights and strategic viewpoints from their extensive careers in the semiconductor sector, supporting the successful development of the company in the future.

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 as we fulfilled our tasks in our advisory and supervisory capacity. In the current year we are working closely with the Management Board to support future growth while safeguarding the long-term success of ams. Considerably strengthened by the addition of light sensors, ams will continue on its successful path with additional momentum.

On behalf of the Supervisory Board and as the shareholders' representative, I would like to express our thanks to management for their dedicated efforts and the excellent success achieved in 2011. I also thank the employee representatives for their support. My special thanks go to all employees for their commitment which continues to make a decisive contribution to ams' success. I would also like to thank our customers, shareholders, and business partners for their renewed support and the long-term trust they place in ams.

DI Guido Klestil
Chairman of the Supervisory Board

ams

Company and Strategy
People
Corporate Responsibility
Technology

The 14 Senses
Motion

Company and Strategy

austriamicrosystems is becoming ams - the new brand name of our combined company.

ams is an analog IC company that develops and manufactures high performance semiconductors.

The real world around us is analog and ams seamlessly connects the real world to the digital world.

ams is driven by its people. They provide high performance analog ICs for sensors and sensor interfaces, power management and wireless.

ams works to enrich people's lives by helping them experience technology in a naturally intuitive way. This is the purpose of ams and the force behind its business.

ams takes on the most difficult analog design and implementation challenges for the consumer, communications, industrial, medical, and automotive markets.

ams asks human questions to technology to understand where its technology will be needed in future. ams then works to create a solution that uses technology to provide the desired outcome naturally.

Looking around you, electronic devices are an integral part of our daily lives and offer steadily increasing sophistication and capabilities. A current smartphone has more computing power than the mainframes of the past. Family cars boast electronics systems and safety measures that once only race cars would have had. Precise electronic controls mean that industrial machines can create ever more complex products with far greater precision than seemed possible only a decade ago.

We live in the "age of sensors" surrounded by a web of invisible sensor technologies. In a similar way to electrical light, computing or the internet, sensors are becoming an established part of life. These technologies increase safety, health and environmental protection, enhance the experience of consumer electronics, and affect many other areas of our lives in positive ways. Technology has become a natural part of our modern lives.

The most naturally experienced analog sensor capabilities are our human senses. Every one of us has not only 5 but 14 senses. These are sight, hearing, touch, motion, balance, pain, temperature, sixth sense, acceleration, light, color, taste, direction, and smell. Sensing is the total experience of using all our senses.

Nothing yet can sense the richness of the world around us as naturally as our human senses. But we are getting closer to massively enhancing and almost perfectly replicating our sensing capabilities for a new experience of our world and technology.

ams envisions a world where technology is an integral, natural part of daily life – technology as nature intended. More and more, ams' analog technology is becoming a key enabler to expand, duplicate and support our human senses. Behind this are sensor solutions translating the richness and complexity of the physical world into the stringent format of

the digital world – and back. ams technology is creating the link that unites people and technology for a whole new array of applications that feel natural to you.

With over 30 years of experience and deep analog know-how in the sensor, power management and wireless space, ams takes on the most difficult design and implementation challenges to achieve this vision. The company goal and purpose of ams is to enrich people's lives by helping them experience technology in an intuitive and natural way. ams realizes this goal through a clear strategy as an analog company:

ams has a strong and consistent management commitment to excellence in analog technology. Through economic cycles and the inherent changes in the semiconductor business, ams has continued to invest in its people, its design, process and manufacturing capabilities, and its close relationships with customers around the world. An increasing number of leading OEMs and a fast growing distribution customer base rely on ams' expertise as a technology leader.

ams attracts and retains very high quality analog design engineers and specialists in all areas of business. The people of ams are the foundation of the company's success in the high performance analog market. Top engineers want to work on difficult and stimulating projects; they feel at home at ams, where solving challenging tasks and creating highly successful products goes hand in hand.

ams operates its own semiconductor production facilities at its headquarters in Austria and in the Philippines. Crucial to high performance analog design, advanced manufacturing processes developed by ams enable the high sensitivity, accuracy and integration of ams' analog solutions at the highest levels of quality.

ams sees sustainability, responsibility and environmental concern as key elements of its business. An industry pioneer in emission reduction, ams is on its way to becoming 100% CO_2 neutral by 2015. Through the UN Global Compact and ams Code of Conduct, ams realizes responsible business practices benefitting all stakeholders.

Creating intuitive technology for all areas of life, ams is quickly moving towards being a clear leader in high performance analog.

People

The creativity and ingenuity of ams' people powers the innovation in its products and solutions and plays a central role in the market success of the company. With extensive know-how and many years of experience in analog semiconductor design and manufacturing, the people of ams create the company's competitive edge and are therefore the greatest single asset of ams.

More than 1,200 people in Europe, North America and Asia Pacific share the idea of asking human questions to technology. Spanning more than 30 nationalities, the people of ams come together to serve its customers around the globe and build solutions for their most challenging applications. ams added over 100 new employees last year and welcomed the employees of TAOS into the ams family.

For ams, the advancement and development of its people are a clear priority. Attractive career options and a variety of career paths within the company are part of the ams approach, which includes a wide range of in-house and external training and development opportunities. Broadening its employees' skills and helping them reach their full potential are important objectives for ams to enable long-term success.

People at ams are encouraged to experiment and bring new ideas to all aspects of their work. ams actively promotes experimentation as a way to continuously improve the company and come up with new ways of solving challenges. This embrace of change, together with a focus on overcoming challenges, is a core quality of the global ams spirit. With design centers, production and sales locations around the world, ams' focus has always been international. The people of ams have a broad range of backgrounds that brings diversity to the company and encourages awareness of cultural differences.

Excellent technical skills are a decisive factor in extending ams' market position in a competitive international environment. By offering stimulating projects and broad responsibilities, ams is successful in attracting the best engineers to its research and development groups. More than 300 analog engineers worldwide form an outstanding pool of expertise which shapes ams' products and brings analog technology to life.

The 14 Senses
Sixth Sense

ams values transparent and open communications internally and externally. ams lives by a recognized Code of Conduct as the standard for cooperation within the company. Based on the commitments of the UN Global Compact, the ams Code of Conduct forms a solid foundation for trust throughout the company.

To stay close to the latest scientific findings and build links with potential new employees, ams supports ongoing programs at a number of international academic institutions in different areas of research and development. ams also takes care to provide regular vocational training opportunities at its headquarters in Unterpremstätten.

ams has built a comprehensive remuneration scheme to attract and retain highly qualified people and fulfill its responsibility as an employer. The concept includes a worldwide profit-sharing model for all ams staff and a broad-based employee stock option program. The profit-sharing model appreciates each employee's contribution to ams' success by allowing all ams people to participate directly in the company's performance. The employee stock option program helps align ams' people with the company's strategic goals by offering an attractive long-term perspective based on the ams share.

The people of ams are the company's face to customers, suppliers and partners. They are behind ams' success in the global high performance analog market and their dedication is driving the company forward each and every day. Offering engaging opportunities for personal and career development remains a clear commitment for ams today and tomorrow.

Corporate Responsibility

Environmental protection and responsibility as a business are essential elements of ams' company purpose. As an integral part of its business approach, ams has always attached high priority to the conservation of resources, responsible relationships with stakeholders, and sustainable business practices.

Joining the UN Global Compact was therefore a natural and obvious step for ams. The UN Global Compact is the world's largest corporate initiative for responsible business and sustainability. Over 8,000 participant firms in more than 130 countries share the UN Global Compact commitment to ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption measures. This commitment also encompasses the efficient use of energy and resources, highest environmental standards, fair labor conditions and ethical business practices.

In 2011 ams published its second yearly "Communication on Progress" report (COP) under the UN Global Compact scheme. Through the COP, ams publicly documents its activities related to the UN Global Compact and the year-to-year progress in implementing the UN Global Compact principles.

To guide the operational aspects of its business, ams has committed to the ams Code of Conduct, which serves as the transparent framework for the company's activities internally and externally. The ams Code of Conduct is anchored in the principles of the UN Global Compact and binding for all ams people worldwide. Built on the long-standing values of the company and lived every day, the Code of Conduct expresses ams' social responsibility and its relationship with stakeholders in the company. The Code of Conduct articulates ams' position with regard to employees, environment, and the community and forms part of conducting business at ams.

ams' stakeholder approach includes responsible relationships with both customers and suppliers. In case of unforeseen events or disasters, ams is ready to provide support. Last year, the company helped a supplier and its employees cope with the floods in Thailand, preventing negative effects on ams' customers.

ams follows the highest environmental standards and makes environmentally sound management part of its commitment to sustainability. With a history of focusing on permanent reductions in its CO_2 emissions, ams has set itself a clear goal: achieve a zero CO_2 footprint as a company by 2015 with projects that in total contribute to the profitability of the company. By defining a measurable target and timeframe, ams has expanded on its previous commitment of lowering its CO_2 emissions to emphasize the importance of significant reductions in worldwide CO_2 emissions.

ams has already taken major steps towards this demanding goal and in 2011 reduced total CO_2 emissions by another 15,000 tons compared to its 2008 reference year. Unavoidable emissions due to ams' continuing market success and business growth are expected to be fully offset by internally generated certificates and other forms of compensation. ams sees itself progressing well towards zero CO_2 emissions with a range of related activities and projects in implementation or underway.

As part of its program for environmental excellence ams has been promoting the efficient use of energy for many years. With targeted measures to improve energy efficiency, ams is finding ways to reduce its

electricity and gas consumption on a continuous yearly basis. These measures are based on a regular analysis of energy usage and combine notable improvements for the environment with cost benefits for the company.

By pursuing full CO_2 neutrality ams confirms its leadership role in sustainability for the semiconductor industry and its commitment to minimizing the environmental impact of its business activities.

ams has been a pioneer in environmental certification and is certified according to ISO 14001 for its locations in Unterpremstätten and Calamba (Philippines). ams' stringent rules on environment and safety extend to its external partners who have to comply with the same standards ams sets for itself. Committed to sustainability on all levels, ams also adheres to the standards of the Forest Stewardship Council for wood products and the Marine Stewardship Council for staff catering.

Taking responsibility for people, environment and society is natural for ams as shown by the broad range of initiatives across all aspects of its business.

The 14 Senses
Direction

Technology

ams is a technology-driven company. High performance analog semiconductor technology defines ams' business and is at the core of all ams activities. In high performance analog, design interacts with process technology so proprietary know-how and a deep understanding of both areas are the key to creating world-class analog solutions.

The engineering teams at ams are driven by a clear goal: to advance analog semiconductor technology for higher sensitivity, lower power consumption, better analog performance and higher integration. Outstanding analog design and manufacturing expertise is the foundation of ams' success in the global analog market and the driver of innovation for the company.

ams is a technology leader in high performance analog based on its proprietary CMOS process expertise, which ams develops in-house. Best-of-breed process technologies for high-voltage applications, radio frequency SiGe and EEPROM memory integration have ams spearheading the industry for better IC performance and new solutions to customers' challenges. As one of the first analog IC manufacturers, ams has realized full scale production of TSV (Through Silicon Via) technology for a high performance sensor application in 3D. The technology integrates sensor and signal processing at chip level in ams' latest medical imaging sensor solution resulting in dramatically higher sensitivity and significantly lower radiation doses.

ams operates its own 200mm wafer production at the company headquarters in Austria. The high efficiency facility plays a central role in ams' production concept. Manufacturing partnerships with the leading foundries TSMC, UMC and IBM provide ams with additional capacity and fully support ams' ongoing business growth. The installation of ams processes at the partner facilities enables process and chip performance on a level comparable to in-house manufacturing. Through this model ams remains highly flexible, benefits from a global supply platform and is able to offer customers an attractive and secure multi-site sourcing option.

Manufacturing at ams is based on state-of-the-art analog process technologies down to 0.35 µm and 0.18 µm line width and supported by sophisticated statistical techniques for modeling analog processes. ams developed its advanced 0.18µm high-voltage process jointly with IBM based on a licensing agreement for ams' high-voltage CMOS technology. The licensing partnership with IBM underlines ams' leading position in high performance analog processes. The combination of ams' process landscape and production model creates a long-term manufacturing and process roadmap which is at the heart of the company's technological edge.

Wafer and final test are important steps in analog IC manufacturing where ams benefits from its extensive test know-how and many years of experience. ams has concentrated its in-house final testing activities in the Philippines and complements internal test capacity with external test partners in Asia. The Philippines location offers cost and logistics advantages and is currently under expansion to support the continuing growth of ams' business.

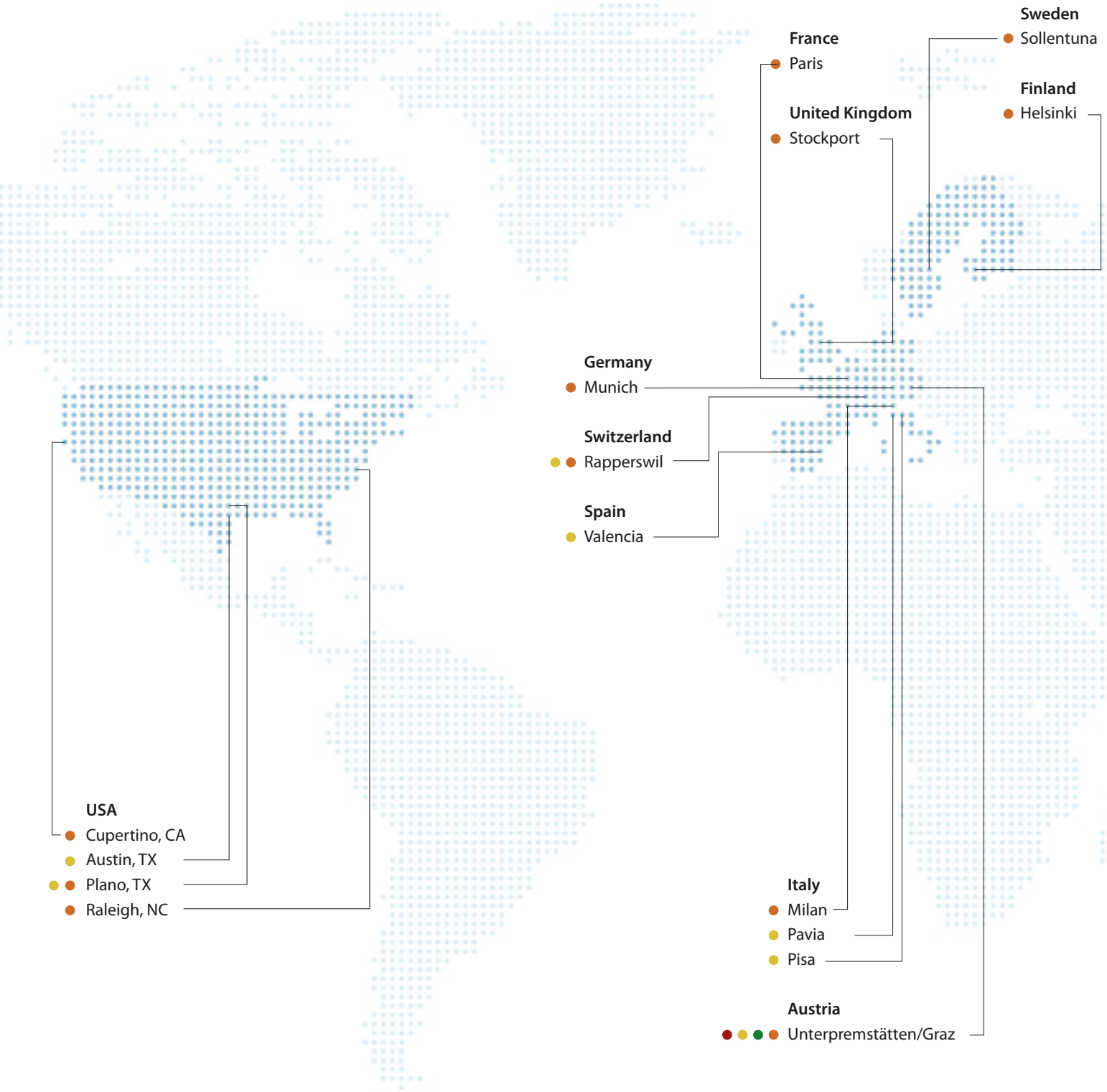
IC vendors lacking own analog production capacity can access selected ams process technologies through its Full Service Foundry business. Focused on advanced specialty processes, ams acts as production partner for analog and mixed signal ICs for a wide variety of customers. With extensive services from design support to testing ams' foundry

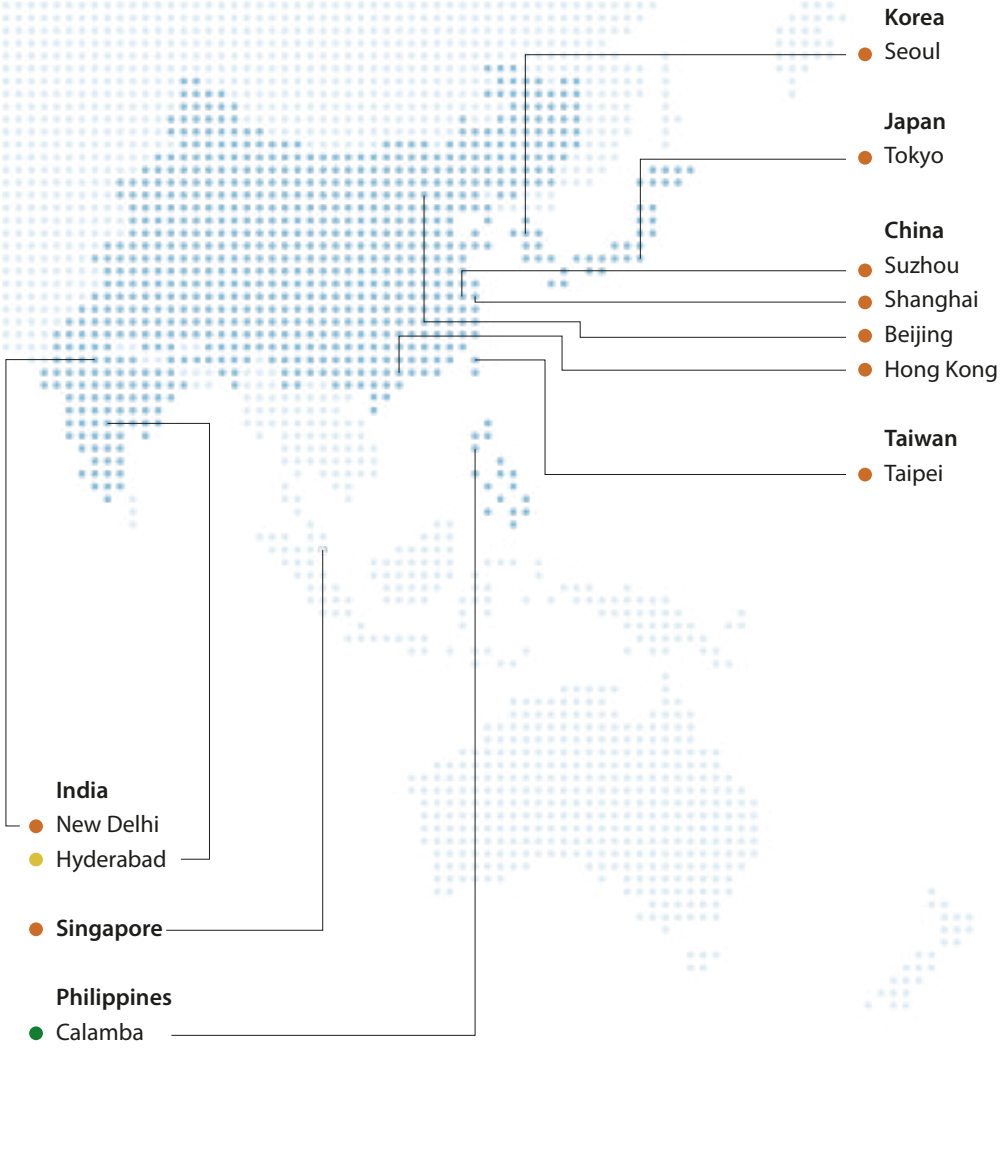
business is well-known as a leading analog foundry partner for specialty processes. The Full Service Foundry business was very successful in its markets last year and again made an attractive contribution to the overall company results.

ams is driven by quality and the goal of best-in-class in its production and at the customer. ams' quality management is respected throughout the analog industry and regularly receives top marks from quality auditors and the company's customers. Experience and sophisticated quality management tools create a strong combination for highest quality in design and manufacturing at ams. The company's locations are linked in a worldwide quality network and certified to the latest international quality and environmental standards. 5S concepts have been fully adopted within ams and rolled out throughout the company.

Building on its quality performance in 2011 ams continues to achieve uncompromising quality in the top tier of the analog industry.

Global Presence




Korea
Seoul
Japan
Tokyo
China
Suzhou
Shanghai
Beijing
Hong Kong
Taiwan
Taipei
India
New Delhi
Hyderabad
Singapore
Philippines
Calamba
Headquarters
Design center
Test center
Sales location

Business Areas

Sensors and Sensor Interfaces
Power Management
Wireless

The 14 Senses
Balance

Sensors and Sensor Interfaces

In today's "age of sensors", an invisible web of sensor technology surrounds you in ever more areas of your life. These technologies enhance your experience of electronic systems and devices, increase safety, health and environmental protection and positively impact more and more aspects of everyday life.

Sensors and sensor interfaces are at the core of ams' purpose as a high performance analog company. ams is dedicated to sensing the world around you and making this information available to sophisticated electronic systems in all areas of life. Creating analog IC solutions that enhance our sensing capabilities, ams helps you experience technology in a more natural and intuitive way. With over 30 years of analog experience ams is a clear leader in highly accurate sensor technology and recognized sensor expert in the worldwide analog market.

In your smartphone, tablet PC, TV or notebook you enjoy the crisp contrast of the display wherever you are. Although you do not notice their presence, ams sensors enable the intuitive use of your smartphone by increasing the display brightness when you are outside in the sun and by switching off the touchscreen when you pick up your phone to make a call.

Built on ams' many years of sensing know-how, ams light sensors detect and interpret light levels and the proximity of objects with the highest precision, making them a key component in your every day mobile companions. They are complemented by ams' color sensors as the accurate sensing of colors is opening new ways for the next generation of smartphones to enhance daily life.

Since last year, integrated light sensors have been expanding ams' sensor portfolio as a key product line and important driver of growth. ams holds a dominant share of this market and continues to realize major growth opportunities fueled by the fast adoption of smartphones and tablet PCs worldwide.

What could be more natural than using your voice to control your mobile device? Speech recognition, echo cancellation and personal assistant functions seem obvious to you as you intuitively interact with your smartphone. ams sensor know-how is at the center of making this happen: solid-state MEMS microphones rely on ams interface solutions to generate the high quality input signals needed for advanced audio functions in your mobile device. MEMS microphones are quickly replacing older technologies in smartphones, feature phones, tablet PCs,

The 14 Senses
Temperature

and notebooks with ams continuing to drive better sound quality and further miniaturization. ams shipped more than one billion MEMS microphone ICs last year and remains the clear leader in this market where current penetration levels offer excellent growth opportunities going forward.

To stay in touch, you use your new headset everywhere you go regardless of noisy environments around you. The people you call experience clear sound even when you are standing in a railway station or crowded bar, and they never complain about the noise. ams' active noise cancellation (ANC) solves this acoustic challenge as if by magic. The fully analog solution accurately senses your audio environment and significantly reduces unwanted background noise in a fraction of a second.

Behind ANC is ams' profound analog know-how, which allows advanced technology to become part of your everyday life. Combining high performance noise reduction and low power consumption, ams' ANC solution is particularly suited for headsets and is already shipping in volume.

You are also amazed by the exact focus of the pictures you take with your smartphone and the quality of the video sequences you record. Again, it's ams sensor technology making complex technology an intuitive experience that feels natural to you. You just point and shoot while ams analog ICs control the movement of the camera lens with amazing speed and accuracy, using a tiny piezo motor to correctly position the lens for you. This innovative technology and ams' position sensing expertise enable a new generation of fast and precise autofocus modules. They are included in upcoming high end smartphones and are opening a new growth market for ams.

How do you make buildings, electric motors and whole factory lines consume less energy? ams tackles these questions by more accurately sensing the world around us even beyond the limits of our human capabilities. Enabling better technology for the industrial world, ams sensor products play an important role in industrial automation, building control and measurement technology. They gather a wide variety of high quality data to increase productivity and efficiency and reduce cost, energy consumption, and environmental impact.

In automation, ams industrial sensors help control complex machinery, and help supervise the flow of materials and goods in production lines and similar environments. They act as sensing elements for technical systems and enhance human sensing abilities to enable higher quality and new manufacturing methods. ams' sensor expertise for building applications changes the way you experience your office and even your home; you hardly notice how sensor technologies manage climate, light, safety and other aspects for more energy efficiency and comfort, allowing you an intuitive interaction with the building's infrastructure.

Whether you are an early user of humanoid helper robots or an engineer designing high-tech equipment, you can easily be in touch with ams' contactless position sensing technology. Mostly unseen, but providing essential information, small-scale magnetic encoders make it seem natural to measure movement and position at the highest levels of accuracy. As the technology leader in the magnetic position measurement market, ams translates its magnetic sensor know-how into the industry's widest portfolio of magnetic encoders which includes the 3D Hall innovation. 3D Hall is a breakthrough technology that takes the sensing capabilities of

magnetic encoders to a new level. Embodying ams sensor excellence, contactless measuring in three dimensions opens a wealth of new applications that were unthinkable only a few years ago.

Helping find usable oil and gas resources, ultra-sensitive ams sensor interfaces detect sound reflections in seismic exploration at the lowest signal levels and provide detailed mapping data for further exploration steps. ams' sensor design expertise enables this technology, enhancing our human senses by magnitudes of sensitivity for a better understanding of the world around us.

You are more than thankful for your doctor's ability to identify health risks at an early stage and offer new treatments to your family based on medical imaging methods like computer tomography (CT). Invisible to you, it is ams' outstanding sensor know-how that is behind important recent advances in CT technology. Few can rise to the challenge of sensing barely detectable signals with the highest precision and lowest electronic noise, but ams harnessed its vast experience in high accuracy sensor design to create a breakthrough innovation.

For the first time, ams' CT sensor solution physically integrates signal detection and processing to offer significantly higher picture quality at radically lower radiation doses. With increasing shipment rates, the solution is a major market success, cementing ams' customer's market leadership. ams' sensing know-how is also opening new diagnostic possibilities in digital X-ray, mammography and ultrasound and helps doctors worldwide to detect health issues and treat patients more successfully.

Your car reacts effortlessly when you accelerate, but when you suddenly hit a dangerous patch, invisible help keeps you safely on the road. You are experiencing sensor technology that makes your car safer, more comfortable and increasingly fuel efficient. Although undetected, ams sensing solutions assist driving in more ways than you imagine.

Contactless sensors are inside your electronic gas pedal, assist your four wheel drive and help realize new fuel-efficient gearbox designs via 3D Hall. Invisible laser beams sense obstacles in front of your car to prevent pedestrian accidents while a sensor accurately detects the occupant of your passenger seat to ensure a safe ride for your child – more automotive innovation driven by ams' outstanding sensor expertise for all areas of life.

Power Management

Every day power management helps you interact with technology as electronic devices and systems in all areas of life depend on a reliable, optimized power supply. From consumer electronics and communications to the industrial, medical and automotive sectors, power management plays an important role for electronic devices in all ams target markets because higher energy efficiency means lower power consumption. ams has a long standing reputation for excellent power management technology derived from more than 30 years of analog experience, ultra-low power know-how and outstanding process technologies.

Battery-powered mobile devices have become part of our daily life and while power and lighting management work in the background, you experience them every time you pick up your device. At the same time, battery life plays a major role in your user experience for smartphones, tablet PCs and similar devices. ams' integrated and discrete power management ICs are responsible for optimizing the power consumption of all internal systems in these devices, bringing longer battery life and better features to your everyday digital companions. Making the most of available battery capacity, ams power management solutions also control the various lighting functions of your device. Displays, touchscreens, keypads and lighting effects demand sophisticated technologies for high power efficiency. This is an area of excellence for ams together with offering the smallest form factors and flexible programming.

You are used to taking high-resolution pictures with your smartphone regardless of lighting conditions, whether inside or even at night; built-in flash gives you excellent results in any light condition. To you, there is no difference between your smartphone and a compact camera, but powering the flash in a smartphone is not a trivial task at all. The high brightness flash LEDs draw high current, yet you are not willing to sacrifice battery life for the level of picture quality you have come to expect. Solving this challenge, ams' highly efficient flash driver ICs operate unseen to control the flash LED and ensure optimum balance between flash quality and battery consumption.

To make this happen requires extensive analog design expertise and a thorough understanding of the system environment in a smartphone or mobile device, both key elements of ams' power manage-

ment know-how for consumer and communications applications.

The vivid high contrast pictures of your HDTV leave a lasting impression as you enjoy an amazing 3D experience in your living room. At the same time your HDTV consumes far less power than LCD TV models did only a few years ago. ams is part of these advances as ams lighting management helps LCD TVs achieve higher picture quality and significant energy savings through precision LED control for LCD backlighting. Taking picture quality even higher, ams is coupling light sensor technology with its LED backlighting solutions to actively adapt the TV picture's brightness and contrast to the lighting environment in your room. This approach will also reduce power consumption of HDTVs even further to meet the most stringent energy saving requirements.

Beyond consumer applications, higher energy efficiency is also a universal theme in electronic systems for industrial, medical and automotive. You may not be aware of these applications, but ams' IC solutions for industrial electronics, automation and measurement technology incorporate sophisticated power management functions. They enable more efficient energy use which is an area of focus for OEMs and end users. Mostly unseen, these technologies help achieve better performance and lower power consumption in order to save costs and reduce environmental impacts.

For diabetics, portable glucose meters like many of today's mobile medical devices bring more freedom to daily life. ams' highly reliable power management allows glucose meters to become an integral part of diabetics' lifestyle, letting them experience technology in a more natural and intuitive way.

But also for large medical systems like computer tomography (CT) scanners, ams' power management know-how plays an important role in creating better technological solutions. ams' new breakthrough CT sensor means a significant reduction in total power consumption for the latest CT systems in addition to the advantages of higher picture quality and drastically lower radiation doses.

In your car, more and more mechanical and hydraulic systems like power steering are being replaced by electro-mechanical technologies, combining electric motors with mechanical elements. These systems save fuel through higher efficiency and lower weight at the same time they cause ever higher demands on the electric power supply in the car. This trend makes active vehicle power management an important concept in upcoming models. ams brings its in-depth power management expertise to automotive battery management for all drive technologies, an essential system working in the background and shaping the interaction of people and technology.

Driven by your wish to be mobile and minimize environmental impact, new drive concepts like hybrid, range extenders or fully electric systems require new methods to control and manage the battery and charging functions. Efficiently balancing electric loads and charge/discharge across a large number of battery elements is one challenging application in future cars. ams uses its power management know-how to develop innovative solutions enabling higher battery performance and longer battery life.

Answering the challenge to maximize the energy efficiency of the electronic systems in our life, ams continues to create better power management through its extensive analog expertise.

Wireless

As an ams core market area, Wireless reflects the trend to enhance how you interact with electronic devices in your daily life. The world is increasingly mobile, and ams is helping power this trend with advanced developments in wireless technology, particularly RFID (Radio Frequency Identification). RFID is a contactless data transmission method for communicating with unpowered remote devices. These devices can be used in a wealth of applications, including logistics, information, access control, payment, identification, and sensing.

At ams, Wireless means unique solutions for RFID, NFC, transceivers, and sensors enabled by ams' high performance semiconductor processes. Combining its extensive RF expertise and analog design know-how allows ams to offer real innovation in wireless ICs like RFID readers, opening new possibilities for you to experience technology in a natural, unobtrusive way.

RFID has long garnered attention for the ability to communicate with unpowered target devices which harvest the radio waves to power themselves and communicate back with a reader. ams' highly integrated RFID solutions helped pave the way for today's fast adoption of RFID by realizing a major reduction in system cost and complexity for simpler deployment.

It may seem futuristic to have a coffee machine adapt itself to your preferences and create the perfect cup of coffee after you insert your favorite type of coffee portion. However, ams' RFID technology makes this possible, turning your RFID-enabled appliance into an intuitive experience. After shipments started in 2011, the new method for capsule identification is being launched in more models this year and has already become a volume application for ams' RFID reader solution. More ways RFID may be integrated in the future include unlocking your car and adjusting to the driver's preferences, a smartphone able to wirelessly authenticate high value goods for you, or a point of sale system that dynamically adjusts to the user.

You are quickly becoming used to the new way of paying for your morning coffee on your way to work, for public transportation fares, or for your groceries at the supermarket: you simply hold your smartphone in front of a reader system, acknowledge the payment, and you're done. A significant new trend in RFID, NFC (Near Field Communications) puts contactless payment into the mobile phone, allowing you to use mobile payments in your everyday life. NFC enables faster payment transactions, increased ease of use and better security to reduce fraud. Using short-range RFID to transmit secure payment information, NFC is the contactless mobile payment standard for smartphones and mobile devices.

NFC deployment in phones is growing at a quick pace, but ams is enabling your existing phone to support NFC. Through ams' innovative integrated solution, your bank or service provider is able to send you a SIM or micro SD card which includes NFC functionality. Intuitively interacting with technology, you can now use your phone for established payment systems, identification, and access control without having to switch to a new device.

From tracking students to ensuring hygienic medical care, ams wireless transceivers create more applications for contactless systems. Tracking individuals is a challenge since users need to be tracked without altering their activities and the application requires battery powered transmitters which should last for years. ams' low power transceivers are able to locate

individuals as they near portals while offering very long battery life for high user acceptance. Hospitals are already starting to use this technology to ensure handwashing by medical staff before interacting with patients, helping prevent the spread of bacteria.

At your child's sports game, on a lake or in the mountains, an ams sensor will soon warn you of approaching danger in enough time to take refuge and protect your family. Based on a unique wireless technology, ams has developed a lightning sensor to highlight oncoming storms. With a range of up to 40 km the low power solution is ideal for portable devices or even Uninterruptible Power Supplies (UPS). In a power supply, the sensor may switch to battery power before a lightning storm to protect your valuable equipment.

ams brings analog expertise to wireless innovation, making technology a natural aspect of everyday life.

Investor Relations and Corporate Governance

Investor Relations
Executive Bodies
Corporate Governance

The 14 Senses
Smell

Investor Relations

The ams (austriamicrosystems AG) share is an attractive investment opportunity to participate in the growth of the global analog semiconductor market. ams is a sizeable participant in the global high performance analog market and continues on its successful strategic path for profitable growth and further expansion of its market position. Driven by its focus on leading-edge technologies and innovation in sensors, sensor interfaces, power management and wireless ams will continue to broaden its product portfolio and extend its global direct and distribution customer base. ams is therefore well positioned to offer its shareholders attractive potential for long-term value appreciation.

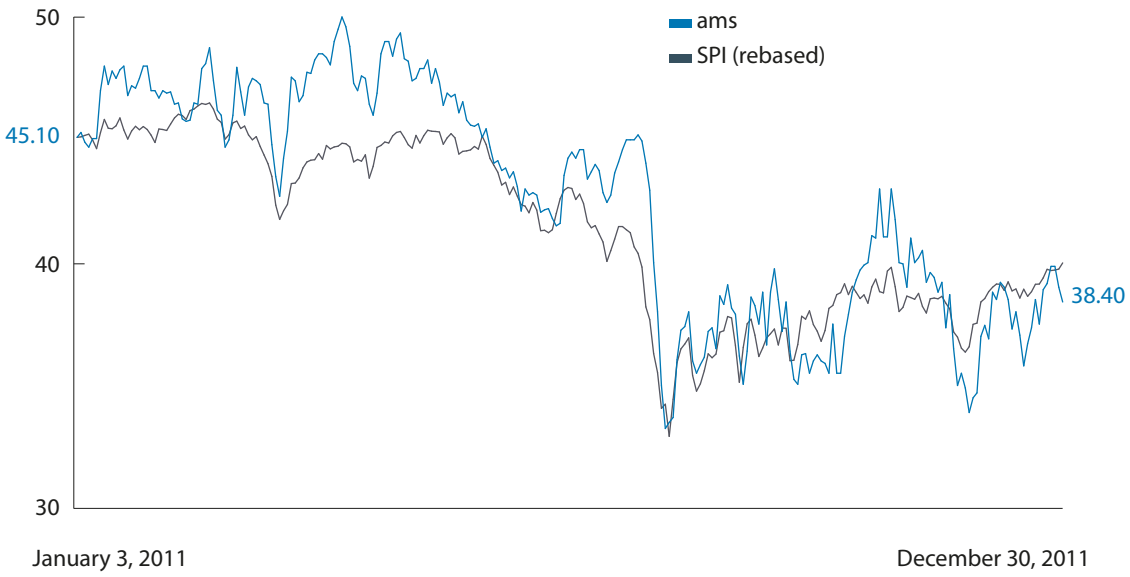
The ams share saw a range-bound price development in the first half of 2011 consistent with the majority of the global semiconductor industry. Following the announcement of the combination with TAOS Inc. the share price development was influenced by the increased number of shares from the related capital increase creating a dilutive effect for existing shareholders. As the success of the combination and the positive business development of the enlarged company became evident the ams share saw positive price momentum towards the end of the year which continued at a strong pace in the first months of the current year.

ams follows a dividend policy that proposes a dividend pay-out of 25% of the annual net result. As a result of the successful business development in 2011 the Management Board will propose a dividend of EUR 0.64 for the fiscal year 2011 which is an increase of EUR 0.12 or 23% compared to 2010. ams intends to continue a consistent distribution of dividends under its dividend policy based on the further positive development of the company during the current and the coming years. In addition, ams operates a share buyback scheme which was adopted at the Annual General Meeting 2011 and will end in November 2013. In 2011, ams bought back 272,616 shares with a nominal value of EUR 0.66 million under the scheme which equals 1.98% of total issued shares at year-end 2011. These shares are principally designated to cover the employee share option plan adopted in 2009 and ending in 2017 and are held as short-term securities in the treasury.

At the Annual General Meeting in May 2011, all agenda items subject to a vote were approved with a large majority or, in part, unanimously. Following the acquisition of TAOS Inc. in July 2011, an Extraordinary General Meeting in August 2011 unanimously resolved an extension of the Supervisory Board to make additional industry expertise available to ams.

ams continued its pro-active investor relations communications policy on the basis of international standards of financial communications during 2011. Quarterly reports, regular presentations to analysts, institutional investors and the financial press along with the participation in several investor conferences in Europe provide current and potential investors with comprehensive information about ams, its products, markets and strategy. Through the year ams held road shows in financial centers including London, Edinburgh, Zurich, Frankfurt, Paris, New York, Austria, Belgium, the Netherlands, Poland and Scandinavia to present the company and discuss the development of its business. Interested parties and shareholders are invited to visit the "Investor" section of the company's website at www.ams.com, where press releases, financial reports plus additional information relating to the ams share are available.

ams share price development (in CHF)



Share details

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

Executive Bodies

Management Board

John A. Heugle (CEO)
Michael Wachsler-Markowitsch (CFO)

Supervisory Board

DI Guido Klestil (Chairman)
Mag. Hans-Jörg Kaltenbrunner (Deputy Chairman)
Prof. Dr. Siegfried Selberherr (Deputy Chairman)
Dr. Kurt Berger
Dipl. Kfm. Michael Grimm
Dipl. Wirtsch. Ing. Klaus Iffland
Jacob Jacobsson (since October 19, 2011)
Gerald Rogers (since October 19, 2011)
Johann Eitner (employee representative)
Ing. Mag. Günter Kneffel (employee representative)
Dipl. Ing. Kurt Layer † (employee representative, until April 8, 2012)
Dr. Günther Koppitsch (employee representative, since October 19, 2011)

The 14 Senses
Hearing

Corporate Governance

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

In this context, ams 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 ams 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

ams, 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 530 million CHF. ams' 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 ams. 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	484,176	100 %
austriamicrosystems Switzerland AG	Rapperswil	506,972	100 %
austriamicrosystems France S.à.r.l.	Vincennes	-50,030	100 %
austriamicrosystems Italy S.r.l.	Milan	379,105	100 %
austriamicrosystems (United Kingdom) Ltd.	Launceston	158,545	100 %
austriamicrosystems USA, Inc.	San Jose	717,988	100 %
austriamicrosystems Japan Co., Ltd.	Tokyo	195,319	100 %
austriamicrosystems (Philippines) Inc.	Calamba City	1,966,706	100 %
austriamicrosystems India Private Ltd.	Hyderabad	136,544	100 %
austriamicrosystems Spain SL	Valencia	33,129	100 %
Aspern Investment Inc.	County of Kent	920,906	100 %
austriamicrosystems Korea, Ltd.	Seoul	68,155	100 %
AMS-TAOS USA Inc.	Plano	50,786,981	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.

Following the capital increase of July 2011 in connection with the acquisition of 100% of the shares of TAOS Inc., Twilight S, LLC, an entity owned by former shareholders of TAOS Inc., held 19.7% of the share capital as of December 31, 2011.

1.3 Cross Shareholding
No cross shareholdings exist at this time.

2. Capital Structure

2.1 Capital
As of December 31, 2011, ams' ordinary capital amounted to nominally EUR 33,424,503.84, divided up into 13,797,936 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 May 26, 2011, the Management Board was authorized to increase the company's share capital by up to nominally EUR 13,349,218.40 through issuing up to 5,510,677 new no-par-value shares and to set the issue price and terms of issue in consultation with the Supervisory Board. In connection with the acquisition of 100% of the shares of TAOS Inc., 2,706,840 new shares were issued under this authorization in July 2011 against contribution in kind.

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 ams Group's shareholders' equity amounted to EUR 173.62 million as of December 31, 2009, EUR 191.02 million as of December 31, 2010 and EUR 332.17 million as of December 31, 2011. 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, 2011" in the financial part of this Annual Report.

2.4 Shares and Participation Certificates
On the date of reporting, ams' share capital consisted of 13,797,936 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 EUR 6 (EUR 18 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. Share options (SOP 2002) granted in 2011 were differing from the practice in previous years as the options (SOP 2002) were not subject to a three year vesting period. In 2006, the company exercised an existing option by repurchasing 174,375 of its own shares at EUR 6 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 2011 91,699 of these shares were transferred to employees or executive bodies of the company as a result of options being exercised. The last possible exercise date was January 1, 2012. 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 2011 no options were granted, so a total of 892,071 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 approved at the Annual General Meeting of April 2, 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 ams. 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 2011 273,498 stock options were distributed from SOP 2009.

In connection with the acquisition of TAOS Inc., the company has committed to grant options to certain employees of TAOS Inc. by issuing a Stock Option Plan, which – as far as legally possible - matches the number of options and the option plan which has been granted to those employees under the TAOS Inc. - „Equity Incentive Plan 2000". To fulfill this obligation, the management board of ams has adopted a new Stock Option Plan 2011 (SOP 2011), which the company's Supervisory Board approved on July 9, 2011. The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS Inc. plan. This price is in the range of USD 0.94 and USD 19.81. Certain employees of TAOS Inc., who held a small number of TAOS Inc. shares („small Shareholders"), were granted exercisable options for shares of the Company as compensation for shares of TAOS Inc. held by them prior to the transaction (vested options). The option exercise price for these options is CHF 41.36 which is the average of the market price of the shares of the company on the SIX Swiss Exchange within 30 days following the date of grant of options. The term of the unvested options will remain unchanged compared to the original TAOS Inc. plan. The options will

expire between September 3, 2017 and June 8, 2021. The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

3. Supervisory Board

On the date of reporting, the company Supervisory Board was composed of twelve members, of whom four 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 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; in July 2011 he additionally assumed responsibility for Magna Logistics Europe and joined the Management Board of Magna 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 Rechtsanwälte in Vienna focusing on company law and associated capital market law, corporate transactions, acquisitions, funding and business law. Dr. Berger is co-author of „Kommentar zum Aktiengesetz" by Doralt/Nowotny/Kalss (2012) and „Handbuch für den Aufsichtsrat" by Kalss/Kunz (2011). He is Vice Chairman of the supervisory board of Binder + Co. AG and a member of the supervisory boards of Waagner-Biro AG, Waagner-Biro Austria Stage Systems AG, Waagner-Biro Bridge Systems AG and Waagner-Biro Stahlbau AG (all in Austria).

Jacob Jacobsson, born in 1953, Swedish and U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. Jacob Jacobsson has held CEO positions at Blaze DFM, Inc., Forte Design Systems and SCS Corporation, and executive positions at Xilinx Inc., Cadence Design Systems, and Daisy Systems. He has served on the board of directors at Actel Corp., and currently serves on the boards of a number of privately-held companies in the United States and Europe. He was a member of the board of directors for TAOS Inc. since 2003. Prior to his management career, Jacob Jacobsson was active in the fields of IC design and automated design of semiconductor chips. He holds M.S. degrees in Computer Science and Electrical Engineering from the Royal Institute of Technology (KTH, Stockholm) and a B.A. degree from the University of Stockholm.

Gerald Rogers, born in 1944, U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. A prolific engineer and successful businessman in the technology industry, he is Chairman of the board of directors for privately-held OnBoard Research, a musical instrument accessory company, and also serves as an advisor and investor to technology start-ups. He was a member of the board of directors for TAOS Inc. since 2003. Gerald Rogers began his career in 1969 at Texas Instruments in VLSI design and was promoted to Vice President and manager of the microprocessor division in 1981. In 1986, he became President and CEO of Visual Information Technologies. In 1987, he founded Cyrix, a highly successful microprocessor company focused on the PC market, serving as its CEO for almost a decade. Gerald Rogers earned his Bachelor's degree from the University of Houston.

Johann C. Eitner (Employee Representative), born in 1957, Austrian citizen. Member of the Supervisory Board since July 1994. Re-elected 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 ams. 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. Re-elected in 2011, current term of office until 2015. Chairman of the Employee Council and Employee Representative on the Supervisory Board since 1999. After completing his studies in RF Engineering and Electronics, Ing. Mag. 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, died April 8, 2012, Austrian citizen. Member of the Supervisory Board since 2009. Re-elected 2011, original term of office until 2015. Member of the Employee Council since 1984. Dipl. Ing. Layer studied Electrical Engineering at Graz University of Technology and received a degree in Medical Electronics. He worked for more than 25 years at ams in areas including Design, Quality and Research & Development.

Dr. Günther Koppitsch (Employee Representative), born in 1950, Austrian citizen. Member of the Supervisory Board since 2011, current term of office until 2015. Member of the Employee Council since 2007. Dr. Günther Koppitsch studied at Graz University of Technology and University of Graz and received a degree in Experimental Physics, Geophysical Science and Physical Chemistry. He joined ams in 1985 and, following assignments in Design and Process Technology, works in 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 committees from its midst for the purpose of preparing its negotiations and resolutions or monitoring the implementation of its resolutions. The Supervisory Board of AMS 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. 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 principal 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 seven times with sessions lasting an average of around four hours. The Staff Committee convened a total of four 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 ams 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, a Management Information System (MIS) and an internal audit function. Within the framework of the Risk Management System, recognizable risks in numerous areas of the company are compiled and assessed at least twice a year. 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. The Supervisory Board receives monthly and quarterly reports based on information from the MIS. The internal audit function compiles four audit reports per year which are made available to the Supervisory Board and cover specific areas of audit jointly defined by the Management and Supervisory Boards.

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 30-year career, John A. Heugle worked in Europe, the United States and Asia and has been with ams 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 ams since 2001, holding the position of Chief Financial Officer since 2003. During his 20-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 Wachsler-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 revenues and operating result (EBIT), with the level of achievement taking into account 50% each for revenues 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 27. 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, up to 5% of yearly pre-tax profit plus up to 100% top-up bonus based on certain sales growth criteria are 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 27.

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 ams 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. ams' 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 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 ams 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 ams. The Articles of Association of ams 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 Alpen-Treuhand GmbH, now 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 26, 2011. The chief auditor, Mag. Dr. Johannes Bauer, who is responsible for this mandate, took office in 2010.

8.2 Auditing Fees
The auditing firm charged auditing fees amounting to EUR 105,000 during the year under review.

8.3 Additional Fees
The auditing firm charged fees for additional consulting services amounting to EUR 163,694 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

ams 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.ams.com under the "Investor" tab. The company's ad-hoc publications are available via http://www.ams.com/eng/Investor/Financial-News/Ad-hoc and can be subscribed via http://www.ams.com/eng/Investor/Investor-Contact/Subscribe. Share-price-influencing events are published promptly through the media and on the website. ams issues quarterly reports

regarding the development of its business. The publications are made available in electronic form. The Annual Report may also be made available in a printed version. For the company's contact details, refer to the publishing information at the end of the Annual Report.

Advancement of Women

ams 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 ams 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 10% in fiscal year 2011 (9% in fiscal year 2010), while the overall share of women in the company's workforce was 26% last year. According to its Code of Conduct, ams 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, ams 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 ams is not listed in Austria, it has in its declaration of commitment exempted itself from guidelines of the Austrian Corporate Governance Code which are not based on or closely associated with mandatory provisions of the Austrian Stock Corporation Act or not applicable due to mandatory provisions arising in connection with the company's listing in Switzerland. Furthermore, ams 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, ams commissions an external evaluation of compliance with the respective rules of the Code and correctness of the related public reporting in regular intervals; the last evaluation was conducted in 2011.

Financial Information

The 14 Senses
Sight

1 Overview of the economic environment and the past financial year

Following the strong growth in 2010, the worldwide semiconductor industry experienced a more muted market development in the past year. This deceleration was particularly due to increasing macroeconomic uncertainty in the second half of the year. As a result, the global semiconductor market expanded by only 0.4% to USD 299.5bn last year compared to 2010 when the market volume had grown sharply by 31.8% to USD 298.3 bn thanks to a strong worldwide recovery. The relevant market segment for austriamicrosystems, analog semiconductors, also showed limited growth in 2011, expanding by only 0.1% to USD 42.3bn (previous year: USD 42.4bn).[1]

austriamicrosystems recorded a very positive business development for 2011 and outperformed the market again in the past year. Group revenues increased by 32% to EUR 275.7m last year compared to the previous year's EUR 209.4m. Capacity utilization of the production areas stayed at high levels throughout the year, ending the year at 97% for the fourth quarter 2011.

More than 30 years of experience in the analog segment, continuous innovation and high performance IC solutions give austriamicrosystems a competitive edge. The company's clear positioning in the analog semiconductor market and continuing significant investments in research and development allowed austriamicrosystems to expand its position as a market-leading supplier of high-performance standard and customized analog products in the past year. The company's customers value austriamicrosystems' expert know-how in sensors, sensor interfaces and power management products offering highest efficiency, accuracy and sensitivity for challenging applications.

austriamicrosystems' continuing market success in 2011 was once again driven by the company's strategic focus on broadening its standard product portfolio and expanding its worldwide customer base via the direct and distribution sales channels. austriamicrosystems' product strategy is based on the concept of developing platforms and derivative products to achieve faster time-to-market. Through this approach austriamicrosystems is able 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 additional success factors for austriamicrosystems and were both expanded in 2011. Together, these factors enable the company to fully participate in the attractive development of the markets in Asia, Europe and North America forming a solid foundation for further profitable growth.

In July 2011, austriamicrosystems acquired 100% of Texas Advanced Optical Solutions, Inc. (TAOS), Plano, Texas (USA), a leading provider of integrated light sensors, in a strategic transaction. TAOS offers highly accurate ambient light, proximity and color sensors for a range of applications, particularly in mobile devices such as smartphones and tablet PCs.

The former shareholders of TAOS received a total consideration of approx. USD 300m (EUR 210m)

1) Source: WSTS, December 2011

as a combination of cash and austriamicrosystems shares from a capital increase of 2.7m austriamicrosystems shares which excluded subscriptions rights.

The integration of the former TAOS business with the company's existing activities in the Consumer & Communications market area has been progressing at a rapid pace. The acquisition of TAOS marks a significant expansion of austriamicrosystems' sensor portfolio and overall business volume adding important new customer relationships and creating major opportunities for future growth. As a consequence, austriamicrosystems has considerably strengthened its position in the market for advanced analog sensor solutions.

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

Within the Consumer & Communications market area, the company retains a strong position in the market for mobile lighting and power management. High-efficiency solutions for mobile phones, smartphones and other mobile devices such as high power LED flash drivers support these devices' ever increasing performance and improve power consumption for extended battery life. Through the acquisition of TAOS austriamicrosystems has become the leading provider of advanced light sensors worldwide. Found in portable devices such as smartphones, tablet PCs, notebooks as well as in desktop PCs the company's ambient light and proximity sensors improve usability and user experience and are important components in mobile device power management. Leading world-wide smartphone and tablet PC vendors rely on austriamicrosystems' light sensor products for their high-performance devices while additional design-ins expanded the company's market reach. Driven by fast growth in the markets for smartphones and tablet PCs light sensors recorded a major increase in volume last year resulting in significant business growth for austriamicrosystems. MEMS microphone interfaces also showed strong growth last year underlining the company's market leader position and the compelling advantages of this technology. This positive development was due to continued end market growth and the ongoing market penetration of MEMS microphones which offers further attractive growth potential for austriamicrosystems. The company's purely analog ANC solution for the suppression of ambient noise began shipping into a leading player's new high-end Bluetooth headset thereby validating austriamicrosystems' innovative approach. Novel sensor-based solutions for mobile phones and smartphones such as the ultra-thin autofocus camera module and the input solution EasyPoint™ gained additional market acceptance for major vendor adoption. The market for LED backlighting for LCD TVs did not sustain the previous year's momentum due to delayed technology adoption and lower overall volume demand. Consequently, business volume in this area decreased while the company retained its technological lead. The RFID reader product area recorded very strong revenue growth in 2011 as the company's products began shipping in high volume. austriamicrosystems' RFID solutions make the deployment of RFID technology notably cheaper and easier thus enabling widespread adoption of RFID in new areas and applications. With additional product releases and innovative development projects for RFID and NFC the company is excellently positioned in an emerging volume market offering highly attractive growth potential in the years to come.

The strong performance of the Consumer & Communications business area in 2011 reflects the extension of austriamicrosystems' product portfolio as well as the company's sustained technological leadership. With the addition of TAOS austriamicrosystems has significantly expanded its market position becoming a major specialized analog IC provider for this growing market.

In the Industrial electronics market area, order intake continued to be strong in the first half of 2011. As leading provider of sensors and sensor interfaces for industrial automation and similar applications, austriamicrosystems introduced new magnetic encoder products last year which expanded the company's product portfolio and leadership position in this market. With ever increasing applications for these products growth in encoders continued at a good pace while the unique 3D-HallinOne technology offers significant additional growth potential for the future. As macroeconomic and end market uncertainty increased in the second half of the year austriamicrosystems saw a weakening of order patterns and deceleration in industrial demand which showed only limited signs of improvement at year-end.

The Medical market area showed another very good 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 world-leading system vendors. The new sensor solution for computer tomography systems which offers outstanding performance and cost advantages ramped into volume last year. Showcasing austriamicrosystems' capacity for innovation, the solution won accolades in the market and allowed the customer to significantly strengthen its competitive position. Additionally, austriamicrosystems continued to expand its presence in growth applications such as portable medical devices for personal use.
The Automotive market area performed well again last year as strong global automotive demand continued in 2011. austriamicrosystems' automotive business focuses on complex sensor interfaces for safety systems, battery management solutions, components for entry systems and contactless position encoders. These products showed high run rates throughout the year while an innovative light-based crash prevention system entered volume production. The automotive business added a number of valuable new projects supporting its future growth and was particularly successful in the demanding Japanese market.

The Foundry business segment which provides manufacturing services for analog and mixed-signal ICs designed by its customers recorded another successful year concentrating on advanced specialty processes. As a full service provider, the business segment offers its customers a wide range of additional services from development support to final testing. With solutions tailored to customer needs the business segment strengthened its position as leading analog specialty foundry.

In operations, capacity utilization remained at very high levels throughout the year driven by the positive demand development and high run rates for the company's products. Together with further improvements in production efficiency the high utilization of capacity was an important factor for the strong gross margin increase recorded in 2011. Through the acquisition of TAOS, UMC became an additional production partner for austriamicrosystems manufacturing the majority of the company's optical sensor products.

2 Business results

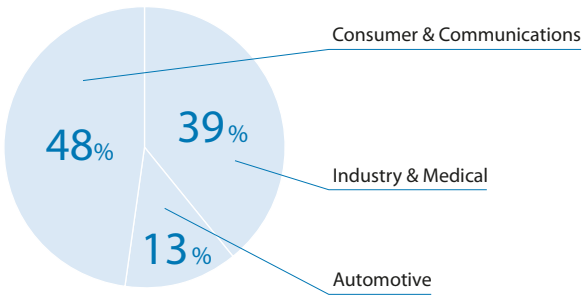
2.1 Development of revenues

Consolidated group revenues for the financial year 2011 showed an increase of 32% to EUR 275.7m compared to EUR 209.4m in 2010. Primarily responsible for this positive development was the consolidation of recently acquired AMS-TAOS and strong demand for the company's products in its target markets Consumer & Communications and Automotive. The Industry & Medical market showed some weakness in the second half of the year given the prevailing macroeconomic uncertainties.

The revenue breakdown by markets is as follows:

in millions of EUR	2011	% of revenues	2010	% of revenues	Change in %
Consumer & Communications	132.3	48%	85.9	41%	+54%
Automotive	36.9	13%	27.8	13%	+33%
Industry & Medical	106.5	39%	95.6	46%	+11%
	275.7		**209.4**		

Revenue breakdown by markets

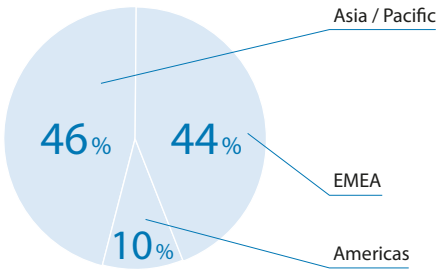


The distribution of revenues by region reflects the demand environment in the company's target markets as well as effects from the consolidation of AMS-TAOS. Business in the Asia / Pacific region (which comprises the vast majority of revenues from AMS-TAOS) showed a strong development in 2011 with revenues 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 addition of new customers and creating a stronger market presence in all regions. Consequently, the company expects all regions to remain growth drivers for austriamicrosystems in the coming years.

The revenue breakdown by region (based on billing location) is as follows:

in millions of EUR	2011	% of revenues	2010	% of revenues	Change in %
EMEA	123.0	44%	101.3	48%	+21%
Americas	26.6	10%	28.0	14%	-5%
Asia / Pacific	126.1	46%	80.2	38%	+57%
	275.7		**209.4**		

Revenue breakdown by regions



2.2 Orders received and order backlog

Given robust order patterns in several key markets as well as the acquisition of TAOS (included for the second half of 2011) orders received increased strongly over the course of the year, growing from EUR 228.9m to EUR 258.1m which is an improvement of 13% compared to the previous year.

austriamicrosystems' year-end order backlog rose by 36% to EUR 90.0m in 2011 from EUR 66.4m in 2010 due to a sustained positive development in demand and the addition of AMS-TAOS which created an attractive basis for full year 2012.

Revenues and orders developed as follows:

in millions of EUR	2011	2010	Change in %
Revenues	275.7	209.4	+32%
Orders received	258.1	228.9	+13%
Total order backlog	90.0	66.4	+36%

2.3 Earnings

Gross profit increased substantially to EUR 139.6m in 2011 compared to EUR 100.3m in the previous year. This increase was particularly due to a strong growth in revenues based on the company's success with existing and new products and customers as well as the additional revenues from the consolidation of AMS-TAOS.

As a result, full year gross margin rose to 51% in 2011 compared to 48% in the previous year. This attractive margin increase was mainly driven by the high utilization of the company's production facilities in 2011 and a more profitable product mix. At the same time, prices for the company's products remained largely stable.

Research and development costs as well as marketing and sales expenses showed an increase in 2011 compared to the previous year based on significant product development efforts, the expansion of the sales network, a continued increase in personnel costs and the consolidation of AMS-TAOS. Administrative costs were also higher than the year before, inter alia due to certain transaction expenses associated with the acquisition.

Given the increase in revenues, the addition of AMS-TAOS and high levels of utilization in the production areas, the operating result (EBIT) increased by EUR 16.0m to EUR 43.1m in 2011. With the increase in EBIT, EBITDA (Earnings before interest and taxes plus depreciation) rose by EUR 21.7m to EUR 70.8m.

Net income increased to EUR 35.3m in 2011 from EUR 23.1m in 2010. The return on equity reached 11% compared to 12% for 2010 while the return on revenues grew to 13% from 11% for the year before.

in millions of EUR	2011	2010	Change in %
Gross profit on revenues	139.6	100.3	+39%
Gross margin	51%	48%	
EBITDA	70.8	49.1	+44%
Operating result (EBIT)	43.1	27.1	+59%
EBIT margin	16%	13%	
Financial result	-6.6	-3.7	-78%
Result before tax	36.5	23.4	+56%
Net result	35.3	23.1	+53%
Return on equity	11%	12%	
Return on revenues	13%	11%	

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 increased from 40% in 2010 to 61% in 2011. The strong increase was mainly due to the acquisition-related allocation of the purchase price which created significant intangible assets.

The investments in fixed assets affecting cash (capital expenditures) of EUR 17.7m were significantly below the current depreciation and amortization of EUR 28.2m. The ratio of capital expenditures to revenues was 6% while the ratio of equity to fixed assets reached 94% in 2011 compared to 150% in the previous year.

The fixed assets include a deferred tax asset of EUR 32.2m (previous year: EUR 31.8m). 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.

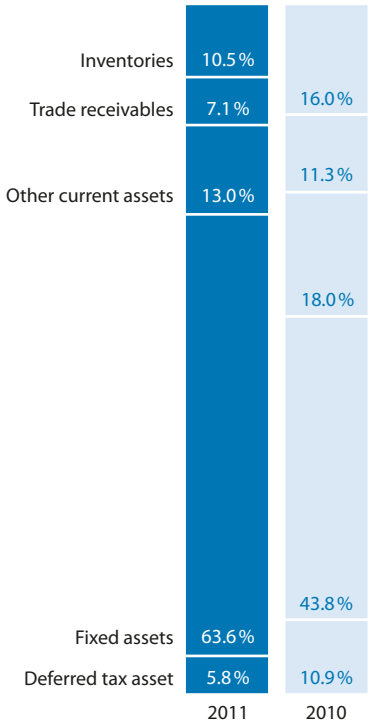
Inventories amounted to EUR 58.8m at the end of 2011 (2010: EUR 46.7m). This increase mainly resulted from the acquisition of AMS-TAOS. Improvements in inventory management despite a higher level of capacity utilization led to an increased inventory turnover compared to last year.

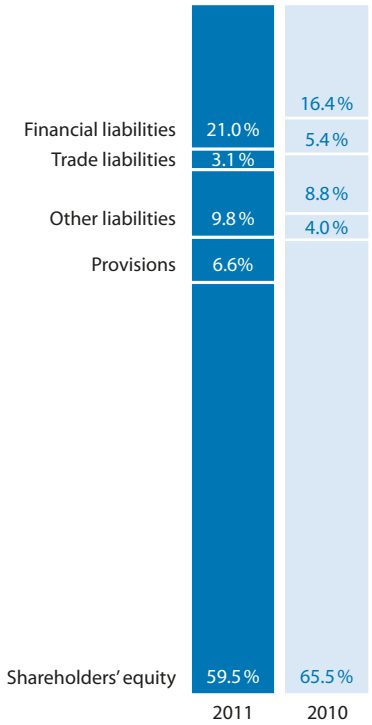
Trade receivables only showed a moderate increase to EUR 39.7m at year-end 2011 (2010: EUR 33.0m) in the face of a considerable expansion of revenues compared to the previous year.

Financial liabilities increased by EUR 69.7m to EUR 117.5m, up from EUR 47.8m in the year before, due to additional debt taken on to finance the acquisition of AMS-TAOS. As of the balance sheet date net debt amounted to EUR 52.6m (2010: EUR 3.5m). Group equity increased by 74% to EUR 332.2m as a consequence of the positive development of the net result and the acquisition of AMS-TAOS.

Assets in millions of EUR	2011	2010
Inventories	58.8	46.7
Trade receivables	39.7	33.0
Other current assets	72.8	52.5
Fixed assets	355.0	127.7
Deferred tax asset	32.2	31.8
Total assets	**558.6**	**291.8**

Equity and liabilities in millions of EUR	2011	2010
Financial liabilities	117.5	47.8
Trade liabilities	17.1	15.7
Other liabilities	54.9	25.6
Provisions	36.9	11.7
Shareholders' equity	332.2	191.0
Total equity and liabilities	**558.6**	**291.8**





Given the higher indebtedness the debt-to-equity ratio increased to 35% from 25% in the previous year. At the same time, the equity ratio declined to 59% (2010: 65%).

	2011	2010
Equity ratio	59%	65%
Debt to equity ratio	35%	25%
Equity to fixed assets ratio	94%	150%

2.5 Cash flow

The operating cash flow increased strongly to EUR 70.3m in 2011 compared to EUR 45.7m in the previous year. This improvement primarily resulted from the considerable growth of the operating result. The cash flow from investing activities was EUR -95.4m (2010: EUR -18.4m) comprising EUR 85.6m for the acquisition of AMS-TAOS and EUR 17.7m of expenditures for intangible assets, property, plant and equipment (2010: EUR 13.2m).

The cash flow from financing activities of EUR 53.8m (2010: EUR -31.0m) was mainly used for the acquisition of AMS-TAOS. The free cash flow amounted to EUR -25.1m (2010: EUR 27.3m). The company's liquidity increased in 2011. Cash including short-term investments grew from EUR 44.2m at the end of 2010 to EUR 65.0m at the end of 2011.

in millions of EUR	2011	2010	Change in %
Operating cash flow	70.3	45.7	+54%
Cash flow from investing activities	-95.4	-18.4	-418%
Free cash flow	-25.1	27.3	-192%
Cash flow from financing activities	53.8	-31.0	274%
Cash and cash equivalents	51.7	23.0	125%

3 Research and development

austriamicrosystems' technological leadership in the design and manufacture of high performance analog ICs is based on over 30 years of intensive research and development activities. In order to secure and strengthen its position, the company makes significant investments in research and development on a continuous basis. Research and development expenses were EUR 50.8m last year compared with EUR 42.4m in 2010. Research and development activities included product development mainly in the area of Sensors and Sensor Interfaces and Power Management and the development of specialty variants of CMOS and SiGe processes for high-voltage and high-frequency applications. The continuing refinement of advanced manufacturing processes helps expand the company's capacity for innovation. Consequently, the systematic implementation of our platform and derivative methodology allowed a high number of new standard products to be introduced last year. The novel 0.18µ high voltage CMOS process technology developed in partnership with IBM was successfully introduced to our customers in 2011 and is available at IBM's manufacturing facility.

austriamicrosystems successfully recruited additional highly qualified and experienced employees in 2011 to expand its research and development resources. The average number of employees in research and development exceeded 300 in 2011 (2010: 295).

Our R&D activities allowed the filing of various 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 raw materials and assembly services created an additional cost burden last year which also had a negative effect on gross margin. Given continuously increasing personnel costs the cost pressures in manufacturing remain high. Nevertheless our gross margin improved further to 51% for 2011 (2010: 48%) due to a favorable product mix in our in-house manufacturing and a focus on higher margin products.

Internal production capacity was fully utilized during most of 2011 with utilization showing some volatility in the course of the second half. Any unabsorbed fixed costs have been recorded in the income statement.

Across all manufacturing areas average capacity utilization was 97% in 2011. For 2012, the company assumes continued high levels of capacity utilization given the sustained positive demand situation for our products.

5 Employees

On average, austriamicrosystems had 1,193 employees in 2011 (2010: 1,119) of which 840 worked at the headquarters in Unterpremstätten (2010: 846). As part of the increase, about 90 people were added through the acquisition of AMS-TAOS.

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 opportunities for all employees last year and provided training positions for apprentices.

austriamicrosystems attempts to retain its employees with long-term remuneration systems. A profit sharing program for all austriamicrosystems employees augments the existing employee stock option program with an attractive direct component. As part of our comprehensive compensation model this program honors every employee's contribution to austriamicrosystems' success in the global analog market.

Given the further positive development of our results in 2011 the amount available for distribution under this program (based on the ratio of the year's operating profit before taxes to full year revenues) increased significantly and totals to EUR 4.1m for 2011 (2010: EUR 2.1m). The profit sharing program is an expression of austriamicrosystems' belief that its employees are the company's most important success factor as emphasized in the company's strategy.

Moreover, 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 business principle at austriamicrosystems. The company is dedicated to meeting the highest ecological standards as well as making conservative use of resources and the environment. Consequently, austriamicrosystems has been certified to ISO 14001:2004 for a number of years.

Sustainability and efforts to preserve environmental resources and reduce energy costs and carbon dioxide emissions are major concerns for austriamicrosystems which have been supported by a range of activities for many years. Based on a thorough analysis of austriamicrosystems' carbon dioxide emissions sources in 2009 measures to achieve continuing further reductions in carbon dioxide emissions are defined and implemented each year. Moreover, austriamicrosystems has set itself the mid-term goal of becoming fully carbon-neutral as a company.

austriamicrosystems submits information regarding its carbon dioxide emissions to the Carbon Disclosure Project, a worldwide transparency 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 Cayman Islands, the Philippines, Japan, Korea and India. The subsidiaries in USA, Switzerland, Italy, Spain and the United Kingdom carry out development, marketing and sales activities, while the subsidiaries in Germany, France and Japan are active in sales and technical support. One of the two subsidiaries in Korea was added through the acquisition of AMS-TAOS running the local operations of this business. The subsidiary in the Philippines is responsible for production activities in testing. Branch facilities exist in Hong Kong, Singapore, China and Taiwan.

The existing investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), remained unchanged at 33.5% in 2011. Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings develops high end packaging technologies and offers advanced packaging services. During the financial year 2011 the existing shareholding in New Scale Technologies, Inc., Victor, New York (USA), was subject to an impairment charge to reflect the current residual value of the shareholding of 34.5%. 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 analyze internal processes and if necessary propose improvements.

Business interruption risk

The company's state-of-the-art 200mm manufacturing facility 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 responsibility 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, 12% of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (88%), 45% 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

Despite increased uncertainty regarding the outlook for the world economy and industrial and private consumption austriamicrosystems expects meaningfully higher business volumes for 2012 based on an attractive demand environment in important end markets. This situation creates a favorable basis for the company to record further growth in the current year.

Looking at the analog segment of the worldwide semiconductor industry, market researchers assume very moderate growth in the low single-digit percentage range for 2012 (WSTS, December 2011). In contrast, austriamicrosystems attempts to achieve a revenue growth rate significantly above the expected market growth rate for the current year. At the same time, the company expects an even more positive development of the operating and net result for 2012.

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 2012 than currently anticipated and the US dollar see a further decline then the development of austriamicrosystems' business would be noticeably affected.

A number of trends, such as the market success of austriamicrosystems' ambient light and proximity sensors in smartphones and tablets, the integration of high quality camera and other new functionalities into mobile handsets and similar devices, the further growth of MEMS microphone deployment in mobile devices, an ever increasing number of applications for RFID readers, 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, the company 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.
The addition of AMS-TAOS and its highly successful optical sensor business creates meaningful new growth opportunities for austriamicrosystems, focusing mainly on the growing markets for smartphones, tablets, notebooks and other portable devices.

With increased revenues and continued high capacity utilisation in 2012 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 7, 2012

John A. Heugle
CEO

Michael Wachsler-Markowitsch
CFO

Consolidated Income Statement

acc. to IFRS from January 1, 2011 until December 31, 2011

in thousands of EUR (except earnings per share which are in EUR)	Note	2011	2010
Revenues	1	275,704	209,419
Cost of sales		-136,095	-109,158
Gross profit		**139,609**	**100,261**
Research and development		-50,807	-42,363
Selling, general and administrative		-52,024	-37,640
Other operating income	2	8,092	7,962
Other operating expense	3	-273	-1,001
Result from investments in associates		-1,457	-134
Result from operations		**43,140**	**27,085**
Finance income	4	4,370	1,411
Finance expenses	4	-10,975	-5,090
Net financing result		**-6,604**	**-3,679**
Result before tax		**36,536**	**23,406**
Income tax result	5	-1,250	-299
Net result		**35,286**	**23,107**
Basic earnings per share in EUR	23	3.04	2.25
Diluted earnings per share in EUR	23	2.98	2.21

Consolidated Statement of Comprehensive Income

acc. to IFRS from January 1, 2011 until December 31, 2011

in thousands of EUR	Note	2011	2010
Net result		**35,286**	**23,107**
Actuarial gains and losses		-574	-443
Exchange differences on translating foreign operations		22,371	631
Other comprehensive income		**21,797**	**188**
Total comprehensive income		**57,083**	**23,295**

Consolidated Balance Sheet

acc. to IFRS as of December 31, 2011

in thousands of EUR	Note	Dec. 31, 2011	Dec. 31, 2010
Assets			
Cash and cash equivalents	6	51,735	23,042
Financial assets	12	13,229	21,198
Trade receivables	7	39,734	33,007
Inventories	8	58,777	46,740
Other receivables and assets	9	7,823	8,284
Total current assets		**171,297**	**132,270**
Property, plant and equipment	10	117,196	110,943
Intangible assets	11	224,310	4,432
Investments in associates	13	6,295	6,443
Deferred tax assets	14	32,219	31,768
Other long-term assets	15	7,241	5,928
Total non-current assets		**387,262**	**159,514**
Total assets		**558,559**	**291,784**
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings	16	9,435	7,011
Trade liabilities		17,069	15,660
Provisions	17	15,578	11,707
Other liabilities	20	16,262	12,610
Total current liabilities		**58,344**	**46,987**
Interest-bearing loans and borrowings	16	108,090	40,766
Employee benefits	21	14,455	12,483
Deferred government grants	18	0	528
Provisions		21,284	0
Deferred taxes liabilities	19	19,423	0
Other long term liabilities	20	4,792	0
Total non-current liabilities		**168,044**	**53,777**
Shareholders' equity			
Issued capital	22	33,425	26,759
Additional paid-in capital	22	193,581	102,624
Treasury shares	22	-23,545	-15,276
Other reserves (translation adjustment)	22	23,044	672
Retained earnings		105,665	76,240
Total shareholders' equity and reserves		**332,170**	**191,019**
Total liabilities and shareholders' equity		**558,559**	**291,784**

Consolidated Statement of Cash Flows

acc. to IFRS from January 1, 2011 until December 31, 2011

in thousands of EUR	Note	2011	2010
Operating activities			
Result before tax		36,536	23,406
Depreciation (net of government grants)	10, 11	28,193	22,872
Changes in employee benefits	21	1,972	1,629
Expense from stock option plan (acc. to IFRS 2)		1,844	1,801
Changes in other long-term liabilities		4,820	-1,531
Result from sale of plant and equipment	2	0	-341
Result from sale of investments		86	0
Result from investments in associates		1,457	134
Net financing result		6,604	3,679
Changes in assets		-4,447	-9,251
Changes in short-term operating liabilities and provisions		-4,839	3,474
Tax payments		-1,891	-184
Cash flows from operating activities		**70,336**	**45,688**
Investing activities			
Acquisition of intangibles, property, plant and equipment		-17,685	-13,169
Acquisition of financial investments		-91,983	-14,663
Proceeds from sale of plant and equipment		0	365
Proceeds from the sale of investments		13,047	8,229
Interest received		1,192	845
Cash flows from investing activities		**-95,429**	**-18,393**
Financing activities			
Proceeds from borrowings		128,357	13,582
Repayment of debt		-59,287	-34,635
Repayment of finance lease liabilities		-90	0
Acquisition of treasury shares		-9,392	-8,522
Sale of treasury shares		1,124	525
Interest paid		-3,100	-1,369
Expenses from financial instruments		-52	-803
Dividends paid		-5,287	0
Changes resulting from capital increase		1,513	245
Cash flows from financing activities		**53,786**	**-30,979**
Change in cash and cash equivalents		28,693	-3,684
Cash and cash equivalents at January 1		23,042	26,726
Cash and cash equivalents at December 31		**51,735**	**23,042**

Consolidated Statement of Changes in Shareholders' Equity

acc. to IFRS from January 1, 2011 until December 31, 2011

in thousands of EUR	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total share-holders' equity
Total equity as of January 1, 2010	**26,698**	**100,638**	**-7,339**	**41**	**53,577**	**173,616**
Net result	0	0	0	0	23,107	23,107
Actuarial gains / losses	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**
Net result	0	0	0	0	35,286	35,286
Actuarial gains / losses	0	0	0	0	-574	-574
Translation adjustment	0	0	0	22,371	0	22,371
Comprehensive income	**0**	**0**	**0**	**22,371**	**34,712**	**57,083**
Share based payments	0	3,248	0	0	0	3,248
Dividends paid	0	0	0	0	-5,287	-5,287
Capital increase	6,666	0	0	0	0	6,666
Capital increase from business combination	0	87,709	0	0	0	87,709
Purchase of treasury shares	0	0	-9,392	0	0	-9,392
Sale of treasury shares	0	0	1,124	0	0	1,124
Total equity as of December 31, 2011	**33,425**	**193,581**	**-23,545**	**23,044**	**105,665**	**332,170**

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. The consolidated financial statements for the year ended December 31, 2011 represent the parent company austriamicrosystems AG and its subsidiaries (together referred to as the "Group").

On February 3, 2012 the consolidated financial statements as per December 31, 2011 were completed and released for approval by the supervisory board. The management board forwarded the consolidated financial statement to the supervisory board for approval on Febuary 7, 2012.

(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 accordance with the International Financial Reporting Standards as to be applied in the European Union as per the business year 2011.

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 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010 [4]
Revised standards		
IAS 24 (2009)	Related party disclosures	January 1, 2011
Amendments to standards and interpretations		
IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011 [4]
IAS 32	Classification of Rights Issues	February 1, 2010 [4]
all standards	Improvements to IFRSs 2010	January 1, 2011 and July 1, 2010 respectively

The improvements of IFRS 2010 affect necessary, but not urgent changes for 9 standards and interpretations. These changes have no material effect on the financial position of the group.

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.

4) Effective date according to the respective EU regulation.

The first time application of the remaining standards that have to be applied for the first time during the business year 2011 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
New standards and interpretations		
IFRS 9	Financial Instruments	January 1, 2013 [5]
IFRS 10	Consolidated Financial Statements	January 1, 2013 [5]
IFRS 11	Joint Arrangements	January 1, 2013 [5]
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013 [5]
IFRS 13	Fair Value Measurement	
Revised standards		
IAS 19	Employee Benefits	January 1, 2013 [5]
Amendments to standards and interpreations		
IAS 28	Investments in associates	January 1, 2013 [5]
IAS 27	Consolidated and Separate Financial Statements	January 1, 2013 [5]
IAS 1	Presentation of Financial Statements	July 1, 2012 [5]
IFRS 7	Transfers of Financial Assets	July 1, 2011 [5]
IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2014 [5]
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
all standards	Improvements to IFRSs 2010	January 1, 2011 [5]

No premature application of the mentioned changes or amendments of standards and interpretations are made. The management is currently 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 fair value
- Investments and securities are stated at their fair value.

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

(c) 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 the existing investment in New Scale Technologies, Inc., Victor, New York (USA) has been increased by acquisition to 34.5% (carrying amount as per December 31, 2011: EUR 2,629 thousand, 2010: EUR 3,653 thousand).

In the course of the acquisition of TAOS Inc., an investment in associate has been acquired. RFMicron is a developer of next generation RFID Micro Chips and platforms for itemized tracking applications.

An amount of EUR 38 thousand (2010: EUR -334 thousand) recognized within translation adjustment is related to the currency translation of investments at equity.

(iv) Business combinations
During the business year the Company acquired 100% of Texas Advanced Optoelectronic Solutions Inc., Plano, Texas, USA (TAOS) and its subsidiaries.

TAOS is recognized globally as an established innovator in light sensing technology and is a leading worldwide supplier of light sensing solutions to consumer, computer, industrial, medical and automotive markets. TAOS' industry-leading display management solutions including ambient light sensors, proximity sensors and color sensors have established the company as the sensor supplier of choice to many Fortune 100 global manufacturers of smartphones, tablet PCs, HDTVs, laptops/notebooks and desktop/all-in-one (AIO) computers. In each of these markets, TAOS has established a strong market position and attractive customer relationships including major smartphone vendors.

TAOS' market-leading products and outstanding customer base, which includes two of the world´s largest smartphone and tablet PCs manufacturers as major customers, offer excellent opportunities for the combined company to expand beyond current products and customers. TAOS is a successful high volume business with excellent profitability and continues to exhibit significant growth as it expands its market penetration. The combination of austriamicrosystems and TAOS creates a strong and important player in the high performance analog market and enables further margin improvements.

The following table gives an overview of assets and liabilities and a breakdown of the consideration at the date of the acquisition July 1, 2011:

In thousands of EUR	July, 2011
Cash and cash eqivalents	22,732
Other short-term assets	19,160
Property, plant and equipment	5,827
Intangible assets	
Goodwill	146,659
Customer relationship	36,140
Technology	18,553
Other intangible assets	41
Financial assets	665
Other long-term assets	388
Short-term provisions	-2,013
Other short-term liabilities	-4,451
Deferred tax	-18,596
Long-term provisions	-19,192
Other long-term liabilities	-30
Total consideration transferred	**205,883**
thereof cash	111,617
thereof issue of shares	92,404
thereof compensation of stock option program	1,862

The market price of the newly created austriamicrosystems shares (2,706,840 shares) against a contribution in kind of TAOS' shares has been determined on the basis of the valid market price (41.6 CHF) at the date of the acquisition. The shares were issued with usual lock-up provisions, which imply a lock-up period for the first six month and sales restrictions for up to 24 months after the conclusion of the transaction.

Goodwill is essentially attributed to the abilities of the management and employees as well as expected synergies deriving from the integration. No portion of the goodwill is expected to be deductible for tax purposes.

Costs incurred in connection with the acquisition amounted to EUR 2,268 thousand in the fiscal year and were included in selling, general and administrative expenses. Only immaterial issuance costs were incurred.

During the period between acquisition date and December 31, 2011, AMS-TAOS contributed a profit of EUR 16,934 thousand to the consolidated net result and EUR 55,029 thousand to the consolidated sales revenue. If the acquisition had taken place on January 1, 2011, AMS-TAOS would have contributed a profit of EUR 14,088 thousand to the consolidated net result and EUR 92,620 thousand to the consolidated sales revenue. These numbers do also already reflect the combination of the Mobile Lighting activities of austriamicrosystems AG with AMS-TAOS.

In the course of the transaction, unvested TAOS options were exchanged for options of the company under substantially the same conditions. The fair

value of both packages was calculated and the lower (of the company) was recognized as part of the purchase price (EUR 1,586 thousand).

Additionally, the company granted exercisable options to TAOS shareholders, who held less than 10,000 TAOS shares and only received cash. The fair value of these options was EUR 276 thousand at acquisition date and was recorded as part of the purchase price.

(v) Acquisition costs for business combinations
Acquisition costs for business combinations are not capitalized but accounted for as an expense. Subsequent adjustments of purchases prices for business combinations have not been made.

(d) 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 from the ECB (European Central Bank). Foreign exchange rate differences are recognized in the income statement amounting to EUR 2,918 thousand in 2011 and amounting to EUR 462 thousand in 2010.

(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 other comprehensive income.

(e) 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.

(f) 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.

(g) 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 government grants. The cost of self-constructed assets includes the cost of materials, direct labour, 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)). Operating 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 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.

(h) 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)).

(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:

Patent and Licenses	5 years
Customer base and technology	7 years

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.

(i) 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 2011 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, 2011 the group holds only investments in securities which are recognized at fair value through profit and loss. The investement in Austria Mikro Systeme International Ltd. which is not consolidated due to non-materiality are recorded under the available for sale category and are 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.

(j) Trade and other receivables

Trade and other receivables are initially stated at fair value at their transaction date and subsequently stated at cost less impairment losses (refer to accounting policy (m)).

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable 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 formula 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.

(l) Cash and cash equivalents

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

(m) 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.

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 estimated 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.

(n) Dividends

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

(o) Interest-bearing borrowings

Interest-bearing borrowings are initially recognized at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the borrowing period on an effective interest basis.

(p) Employee benefits

(i) Defined benefit plans
According to Austrian labour 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 19.93A – see also pt. (c) Changes of accounting policy.

(ii) Defined contribution plans
For all Austrian based 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. There are no further obligations for the Company.

(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 19.93A.

(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 6.0 (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 twenty percent (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 2011 no options (SOP 2005) were granted to employees and to exectutives of the company respectively (2010: 19,500 options to one employee). 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)		2011	2010
Market price at granting	in EUR	-	28.08
Term of options	in years	4	5
Risk-free interest rate	in %	-	0.5
Expected volatility	in %	-	30.72
Present value of option	in EUR	-	3.53

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 twentyfive percent (25%) 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. All granted options under the SOP 2005 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)		2011	2010
Market price at granting	in EUR	35.40	28.21
Term of options	in years	6	7
Risk-free interest rate	in %	0.9	0.5
Expected volatility	in %	15.93	30.72
Present value of option	in EUR	1.26	3.58

Other disbursement criteria, e.g. inclusion of a market condition for the validation of the present value, are not applicable.
In 2011 273,498 options (SOP 2009) were granted to 508 employees and executives of the company (2010: 262,122 options to 468 employees and executives of the company).
In connection with the acquisition of TAOS, the Company has committed to grant options to certain employees of TAOS – by issuing a Stock Option Plan, which – as far as legally possible - matches the number of options and the option plan which has been granted to those employees under the TAOS - "Equity Incentive Plan 2000". To fulfill this obligation, the management board of austriamicrosystems AG has adopted a new Stock Option Plan 2011 (SOP 2011), which the company's Supervisory Board approved on July 9, 2011.
The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS plan. This price is in the range of USD 0.94 and USD 19.81.

Certain employees of TAOS, who held a small number of TAOS shares ("Small Shareholders"), were granted exercisable options for shares of the Company as compensation for shares of TAOS held by them prior to the transaction (vested options). The option exercise price for these options is CHF 41.36 which is the average of the market price of the shares of the Company on the SIX Swiss Exchange within 30 days following the date of grant of options.

The term of the unvested options will remain unchanged compared to the original TAOS plan. The options will expire between September 3, 2017 and June 8, 2021.

The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

The options granted to the employees of austriamicrosystems according to the Stock Option Plan 2005, 2009 and 2010 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 2011 and 2010 as follows:

SOP 2011	2011		2010	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	0	-	0	-
Granted during the period	226,144	13.27	0	-
Forfeited during the period	0	-	0	-
Exercised during the period	0	-	0	-
Expired during the period	0	-	0	-
Outstanding at the end of the period	226,144	13.27	0	-
Exercisable at the end of the period	41,284	4.90	0	-
Weighted average share price at the date of exercise (in EUR)	-		-	
Range of exercise prices (in EUR)	-		-	
Remaining contractual life	From Sept. 3, 2017 until July 12, 2021		-	

SOP 2009	2011		2010	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	467,505	18.94	235,940	7.83
Granted during the period	273,498	37.35	262,122	27.94
Forfeited during the period	12,766	22.23	11,538	14.92
Exercised during the period	23,418	10.15	19,019	7.68
Expired during the period	0	-	0	-
Outstanding at the end of the period	704,819	26.31	467,505	18.94
Exercisable at the end of the period	132,438	16.99	38,081	7.90
Weighted average share price at the date of exercise (in EUR)	36.23		28.64	
Range of exercise prices (in EUR)	7.68-27.92		7.68	
Remaining contractual life	Until June 30, 2017		Until June 30, 2017	

SOP 2005	2011		2010	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	857,564	27.81	887,447	27.59
Granted during the period	0	-	19,500	27.92
Forfeited during the period	11,745	31.22	24,486	28.80
Exercised during the period	44,844	20.03	24,897	19.07
Expired during the period	0	-	0	-
Outstanding at the end of the period	800,975	28.19	857.564	27.81
Exercisable at the end of the period	635,676	29.42	548.761	28.82
Weighted average share price at the date of exercise (in EUR)	35.59		27.98	
Range of exercise prices (in EUR)	7.68 – 30.01		7.68 – 34.25	
Remaining contractual life	Until June 30, 2015		Until June 30, 2015	

SOP 2002	2011		2010	
	Options	Weighted average exercise price (in EUR)	Options	Weighted average exercise price (in EUR)
Outstanding at the beginning of the period	42,199	6.00	51,893	6.00
Granted during the period	49,500	6.00	0	-
Forfeited during the period	0	-	0	-
Exercised during the period	91,699	6.00	9,694	6.00
Expired during the period	0	-	0	-
Outstanding at the end of the period	0	-	42,199	6.00
Exercisable at the end of the period	0	-	42,199	6.00
Weighted average share price at the date of exercise (in EUR)	21.18		20.67	
Range of exercise prices (in EUR)	6.00		6.00	
Remaining contractual life	Until Jan. 1, 2012		Until Jan. 1, 2012	

(q) 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.

(r) Trade and other payables

Trade and other payables are stated at compounded historical cost.

(s) 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.

(t) Expenses

(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.

(u) 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 within 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 foreseeable future are not recognized. The amount of deferred tax provided is based on the expected manner of realisation 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 we report the contract manufacturing of analog/mixed signal ICs based on our 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			2011			2010
	Products	Foundry	Total	Products	Foundry	Total
Revenues gross	246,014	30,134	276,148	179,810	29,609	209,419
Eliminations of inter-segment revenues	-1	-442	-443	0	0	0
Consolidated revenues	**246,013**	**29,692**	**275,704**	**179,810**	**29,609**	**209,419**
Research & development	47,909	1,837	49,746	41,775	1,140	42,915
Result from operations	56,165	8,166	64,331	25,253	6,248	31,501
Segment assets	265,764	4,315	270,078	32,351	4,449	36,799

Within the products segment EUR 201,698 thousand were related to the addition of intangible assets due to the acquisition of TAOS.

Reconciliation of segments results to income statement

In thousands of EUR	2011	2010
Result from operations per segment reporting	64,331	31,501
Result from investments in associates	-1,430	-134
Depreciation due to business combinations	-3,907	0
Subsidies for research and development	6,589	4,880
Unallocated corporate costs	-22,443	-9,162
Result from operations	**43,140**	**27,085**
Financial result	-6,604	-3,679
Result before tax	**36,535**	**23,406**

Reconciliation of segment assets to total assets

in thousands of EUR	2011	2010
Assets per segment reporting	270,078	36,799
Property, plant and equipment	104,705	107,893
Inventories	58,777	46,740
Cash, cash equivalents and short-term investments	64,963	44,240
Deferred tax asset	32,219	31,768
Investments in associates	6,295	6,443
Intangible assets	3,675	3,232
Other assets	17,845	14,670
	558,559	**291,784**

Revenues per geographical segments

in thousands of EUR	2011	2010
EMEA	123,037	101,256
Americas	26,563	27,993
Asia / Pacific	126,105	80,170
	275,704	**209,419**

Long term assets per geographical segments

in thousands of EUR	2011	2010
Austria	330,744	114,290
USA	9,613	1
Philippines	814	737
Other countries	336	348
	341,507	**115,375**

Revenues by operation

in thousands of EUR	2011	2010
Revenues from production	259,132	196,816
Revenues from research and development projects	16,573	12,603
	275,704	**209,419**

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	2011	2010
Government grants related to R&D expenses	7,004	6,291
Amortization of government grants related to assets	528	900
Insurance refunds	55	21
Gain from disposal of assets	6	350
Other	500	400
	8,092	**7,962**

3 Other operating expense

in thousands of EUR	2011	2010
Allowance for bad debts	-171	-856
Expenses for monetary transactions	-101	-110
Other	-1	-35
	-273	**-1,001**

4 Net financing result

in thousands of EUR	2011	2010
Interest expense	-3,142	-2,201
Interest income	974	948
Exchange differences	2,915	462
Securities designated as at fair value		
Result from sale	-131	1
Revaluation to fair value	-691	-151
Loans		
Revaluation to fair value	-2,749	-983
Result from sale	-3,882	-1,173
Derivative financial instruments		
Revaluation to fair value	-380	-583
Loss from settlement of derivative financial instruments	482	0
	-6,604	**-3,679**

5 Income tax

Recognized in the income statement

in thousands of EUR	2011	2010
Current tax		
Current year	-2,512	-851
Under/(over) provided in prior years	-6	-25
	-2,518	**-876**
Deferred tax		
Change in temporary differences	-903	-1,457
Change in capitalized tax losses carried forward	2,170	2,034
	1,268	**577**
Total income tax result in income statement	**-1,250**	**-299**

Reconciliation of effective tax expense

in thousands of EUR	2011	2010
Result before tax	36,536	23,406
Income tax using the domestic corporation tax rate (25%)	-9,134	-5,852
Effect of tax rates in foreign jurisdictions	3,524	-99
Non-deductible expenses / tax exempt income	737	975
Tax incentives (mainly for R&D)	1,013	1,123
Corporate tax	-1,507	-701
Current year result for which no deferred tax asset was recognized	2,855	3,703
Change in temporary differences	-903	-1,457
Change in capitalized tax losses carried forward	2,171	2,034
Under/(over) provided in prior years	-6	-25
	-1,250	**-299**

Tax claim recognized in other comprehensive income

in thousands of EUR	2011	2010
Relating to net loss not recognized in income statement	191	148
	191	**148**

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 foreseeable period. Therefore approximately EUR 11,272 thousand (2010: EUR 17,595 thousand) are not recognized in the balance sheet.

6 Cash and cash equivalents

in thousands of EUR	2011	2010
Bank deposits	51,729	23,035
Cash on hand	5	7
	51,735	**23,042**

7 Trade receivables, net

in thousands of EUR	2011	2010
Trade receivables gross	40,629	33,924
Allowance for bad debt	-896	-917
	39,734	**33,007**

Allowance for bad debt developed as follows

In thousands of EUR	2011	2010
Balance at the beginning of the period	917	702
Consumptions during the year	-100	-30
Reversals during the year	0	-5
Additions during the year	79	250
Balance at the end of the period	**896**	**917**

Trade receivables by regions

in thousands of EUR	2011	2010
Region		
EMEA	15,282	14,809
Americas	3,255	3,223
Asia / Pacific	21,196	14,974
	39,734	**33,007**

Concentration of credit risks

On the balance date of December 31, 2011 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	2011		2010	
	Receivables gross	Impairment	Receivables gross	Impairment
Receivables more than 30 days overdue and not impaired	93	0	1,690	0
Receivables more than 30 day overdue and impaired	896	-896	917	917
Receivables not overdue or less than 30 days overdue and not impaired	39,640	0	31,317	0
Total trade receivables not adjusted	**40,629**	**-896**	**33,924**	**917**

The impairment for "Receivables more than 30 days overdue and impaired" comprises a collective impairment assessment amounting to EUR 180 thousand (2010: 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	2011	2010
Unfinished goods	33,779	28,921
Finished goods	18,178	12,232
Raw materials and supplies	3,460	2,607
Work in progress	3,360	2,979
	58,777	**46,740**

Inventories stated at net realisable value were EUR 8,903 thousand as per December 31, 2011 and EUR 8,161 thousand as per December 31, 2010 respectively.
The valuation allowance from inventories amounts to EUR 17,152 thousand as of December 31, 2011 and to EUR 10,432 thousand as of December 31, 2010 respectively. During the business year allowances amounting to EUR -6.242 thousand (2010: EUR 934 thousand) have been booked.

In 2011 the amount of inventories recognized as an expense amounts to EUR 74,335 thousand and to EUR 53,213 thousand in 2010 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	2011	2010
Financial assets		
Government grants related to R&D expenses	4,999	4,718
Derivative financial instruments at fair value	0	236
Other	1,102	934
	6,101	**5,887**
Non-financial assets		
Amounts due from tax authorities	1,122	1,602
Prepaid expenses	491	338
Deferred interests	109	456
	1,722	**2,396**
Total other receivables and assets	**7,823**	**8,284**

All other receivables and assets are neither overdue nor impaired. For details to derivative financial instruments please refer to pt. 24.

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, 2011	**70,906**	**336,814**	**16,510**	**1,681**	**-28,268**	**397,643**
Addition from business combinations	671	7,723	932	68	0	9,394
Currency translation differences	81	1,000	175	8	0	1,265
Additions	289	19,829	1,718	232	0	22,069
Transfers	12	1,702	0	-1,714	0	0
Disposals	0	-4,494	-1,024	0	0	-5,517
Balance at December 31, 2011	**71,960**	**362,575**	**18,312**	**276**	**-28,268**	**424,854**
Depreciation and impairment losses						
Balance at January 1, 2011	**43,619**	**253,396**	**12,738**	**0**	**-23,052**	**286,701**
Addition from business combinations	65	2,731	771	0	0	3,567
Currency translation differences	9	359	133	0	0	501
Depreciation	1,581	20,586	1,576	0	-1,372	22,370
Disposals	0	-4,494	-987	0	0	-5,480
Balance at December 31, 2011	**45,274**	**272,578**	**14,231**	**0**	**-24,425**	**307,658**
Carrying amount						
At January 1, 2011	**27,287**	**83,418**	**3,772**	**1,681**	**-5,216**	**110,943**
At December 31, 2011	**26,686**	**89,997**	**4,081**	**276**	**-3,843**	**117,196**

	Land and buildings	Plant and equipment	Fixtures and equipment	Under construc-tion	Govern-ment 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**

As of December 31, 2011, commitments for the acquisition of property, plant and equipment EUR 3,161 thousand (2010: EUR 4,586 thousand) and intangible assets amounted to EUR 877 thousand (2010: EUR 360 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	Goodwill	Customer base	Techno-logy	Patents & Licences	In develop-ment	Total
Cost						
Balance at January 1, 2011	**0**	**0**	**0**	**44,828**	**421**	**45,249**
Additions from business combinations	146,659	36,140	18,553	346	0	201,698
Currency translation differences	16,188	2,077	4,046	42	0	22,354
Additions	0	0	0	1,707	284	1,992
Transfers	0	0	0	102	-102	0
Disposals	0	0	0	0	0	0
Balance at December 31, 2011	**162,847**	**38,218**	**22,599**	**47.026**	**603**	**271,293**
Amortization and impairment losses						
Balance at January 1, 2011	**0**	**0**	**0**	**40,817**	**0**	**40,817**
Additions from business combinations	0	0	0	304	0	304
Currency translation differences	0	0	0	38	0	38
Amortization	0	2,581	1,325	1,917	0	5,823
Disposals	0	0	0	0	0	0
Balance at December 31, 2011	**0**	**2,581**	**1,325**	**43,076**	**0**	**46,982**
Carrying amount						
At January 1, 2011	**0**	**0**	**0**	**4.011**	**421**	**4,432**
At December 31, 2011	**162,847**	**37,605**	**19,305**	**3,950**	**603**	**224,310**

	Goodwill	Customer base	Techno-logy	Patents & Licences	In develop-ment	Total
Cost						
Balance at January 1, 2010	**0**	**0**	**0**	**44,572**	**88**	**44,660**
Additions	0	0	0	1,216	333	1,549
Transfers	0	0	0	-960	0	-960
Balance at December 31, 2010	**0**	**0**	**0**	**44,828**	**421**	**45,249**
Amortization and impairment losses						
Balance at January 1, 2010	**0**	**0**	**0**	**39,111**	**0**	**39,111**
Amortization	0	0	0	2,666	0	2,666
Disposals	0	0	0	-960	0	-960
Balance at December 31, 2010	**0**	**0**	**0**	**40,817**	**0**	**40,817**
Carrying amount						
At January 1, 2010	**0**	**0**	**0**	**5,461**	**88**	**5,550**
At December 31, 2010	**0**	**0**	**0**	**4,011**	**421**	**4,432**

The goodwill amounting to EUR 146,659 thousand, which was calculated in the course of the acquisition of TAOS Inc., has been assigned to the cash-generating unit Optical Sensors & Lighting. An impairment test was carried out at the effective date September 30, 2011 and did not result in any need for write-downs.

The recoverable amount was calculated on the basis of fair value less costs to sell. The calculation has been carried out using the discounted cash flow method with a detailed planning period up to 2016. Under an going concern assumption the payment surplus of the following planning periods is considered sustainable and used as a basis for the calculation of the present value of a perpetuity.

For extrapolation of cash flows in the perpetuity, a growth rate of 2% has been assumed. An USD interest rate of 11.3% has been applied when discounting the forecasted cash flows. The interest rate was determined based on the weighted average cost of capital (WACC).

Sensitivity analyses were carried out regarding the following important assumptions, the management considers to possibly change:

- Increase of discount rate by 2%
- Variation of growth rate of perpetual annuity +/-2%
- Variation of EBITDA margin of perpetual annuity +/-2%
- A change of the USD to EUR exchange rate by +/-10%

These changes – separate and cumulated – would not lead to impairment.

12 Investments and securities

in thousands of EUR	2011	2010
Non-current investments		
Shares in affiliated companies	1	1
	1	**1**
Current investments		
Investment funds designated as at fair value through profit and loss	13,229	21,198
	13,229	**21,198**

Current investments are government backed corporate bonds issued by banks. Maturity dates are December 30, 2013, February 13, 2014, July 28, 2014 and January 20, 2016.

13 Investments in associates

in thousands of EUR	Balance Dec. 31, 2010	Additions	Add. due to business combinations	Translation adjustment	Result	Balance Dec. 31, 2011
NewScale Technologies Inc.	3,653	531	0	-38	-1,516	2,629
FlipChip Holdings LLC	2,790	0	0	70	86	2,946
RF Micron Inc.	0	0	665	80	-24	721
	6,443	**531**	**665**	**112**	**-1,454**	**6,295**

Summary of financial information for associated companies

in thousands of EUR	2011				2010		
	NewScale Technologies Inc.	FlipChip Holdings LLC	RF Micron, Inc.	Total	NewScale Technologies Inc.	FlipChip Holdings LLC	Total
Reporting date	Sep. 30, 2011	Sep. 30, 2011	Sep. 30, 2011		Sep. 30, 2010	Sep. 30, 2010	
Ownership	34.47%	33.50%	14.28%		32.30%	33.50%	
Assets	2,201	10,543	341	13,084	2,819	10,270	13,089
Liabilities	457	7,439	21	7,917	1,116	6,851	7,967
Equity	1,744	3,104	320	5,167	1,703	3,419	5,122

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

In the course of the acquisition of TAOS Inc., an investment in associate has been acquired. RF Micron is a developer of next generation RFID Micro Chips and platforms for itemized tracking applications.

Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings LLC, Phoenix, Arizona (USA), researches and produces high end packaging technologies. The pro rata result 2011 (EUR 86 thousand) (2010: EUR 143 thousand) has been recorded in the balance sheet as per December 31, 2011.

In addition the existing investment in New Scale Technologies, Inc., Victor, New York (USA), has been increased by acquisition of shares to 34.47%. New Scale Technologies Inc. creates disruptively small motion systems. Based on its patented micro-motor technology, New Scale Technologies Inc. invents, manufactures and sells miniature ultrasonic motors and integrated positioning systems.

14 Deferred tax assets

Deferred tax assets are attributable to the following items:

in thousands of EUR	2011	2010
Intangible assets, property, plant and equipment	1,906	2,962
Other long term assets	-644	-122
Trade receivables and other assets	-269	-74
Employee benefits	-2,841	-67
Liabilities	-1,122	64
Provisions	1,081	0
Tax value of loss carry-forwards and write down of investments	34,108	29,005
	32,219	**31,768**

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 recognized 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 Technologies 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	2011	2010
Non-current liabilities		
Bank loans	108,090	40,766
	108,090	**40,766**
Current liabilities		
Current portion of bank loans	9,435	7,011
	9,435	**7,011**

Terms and debt repayment schedule 2011

in thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
R & D loans				
EUR – fixed rate loans	9,695	1,882	7,813	0
EUR – floating rate loans	4,400	2,100	2,300	0
CHF – floating rate loans	3,095	1,919	1,177	0
Unsecured bank facilities				
EUR – floating rate	44,400	0	44,400	0
USD – floating rate	55,935	3,534	52,401	0
	117,525	**9,435**	**108,090**	**0**
Financial lease liabilities				
USD – fixed rate	4,548	764	3,784	0
	122,073	**10,198**	**111,874**	**0**

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**
Financial lease liabilities				
USD – fixed rate	0	0	0	0
	47,777	**7,011**	**40,766**	**0**

17 Provisions

in thousands of EUR	Warranties	Onerous contracts	Other personnel provisions	Other	Total
Balance at January 1, 2011	**0**	**5,294**	**5,554**	**858**	**11,707**
Additions from business combinations	544	0	1,711	0	2,255
Provisions made during the year	182	5,927	8,206	484	14,800
Provisions used during the year	-713	-5,026	-256	-722	-6,718
Provisions reversed during the year	0	-268	-6,091	-106	-6,466
Balance at December 31, 2011	**13**	**5,927**	**9,124**	**514**	**15,578**

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, 2011 EUR 5,927 thousand (2010: EUR 5,294 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 173 thousand (2010: EUR 500 thousand) mainly and provisions for outstanding invoices amounting to EUR 305 thousand (2010: EUR 230 thousand).

18 Deferred government grants

In 2004, in connection with the construction of the wafermanufacturing 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 income and recognized as other operating income in line with the average depreciation charge for the underlying assets. The income recognized in 2011 amounted to EUR 528 thousand (2010: EUR 900 thousand). The deferred income has been used up.

19 Deferred tax liabilities

Deferred tax liabilities are attributable to the following items

in thousands of EUR	2011	2010
Intangible assets, property, plant and equipment	19,423	0
	19,423	**0**

20 Other liabilities

in thousands of EUR	Current		Non-current	
	2011	2010	2011	2010
Finance lease liabilities	764	0	3,784	0
Employee related liabilities	1,831	1,731	0	0
Liabilities from license agreements	1,191	1,207	0	0
Derivative financial instruments	899	755	0	0
Liabilities from operating leasing agreement	0	314	0	0
Financial liabilities	**4,685**	**4,007**	**3,784**	**0**
Accrued vacation days	4,109	3,184	0	0
Deferred income	3,567	2,869	0	0
Liabilities against tax authorities	978	1,343	0	0
Accrued expenses	2,457	963	0	0
Other	468	244	1,008	0
Non-financial liabilities	**11,577**	**8,603**	**1,008**	**0**
Total other liabilities	**16,262**	**12,610**	**4,792**	**0**

21 Employee benefits

Movements in the net liability recognized in the balance sheet

in thousands of EUR	2011		2010	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Present value of obligation (DBO) January 1	10,972	1,511	9,522	1,332
Expense recognized in the income statement	1,505	190	1,288	174
Actuarial gains / losses recognized in comprehensive income	725	41	527	64
Payments during the year	-427	-61	-365	-59
Present value of obligation (DBO) December 31	**12,774**	**1,681**	**10,972**	**1,511**

The value of obligation is not financed by a fund. The cumulated actuarial gains / losses amounted to EUR 1,357 thousand (2010: EUR 591 thousand).

Expense recognized in the income statement

in thousands of EUR	2011		2010	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Current service cost	1,059	120	862	108
Interest cost	446	70	425	66
	1,505	**190**	**1,288**	**174**

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

in thousands of EUR	2011		2010	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Cost of sales	542	68	470	64
Selling, general and administrative expenses	542	68	442	60
Research and development	421	53	376	51
	1,505	**190**	**1,288**	**174**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at December 31	4.6%	4.7%
Future salary increases	2.7%	2.7%
Fluctuation < 40 years of age	8%	10%
Fluctuation > 40 years of age	5%	6%
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 88,191 thousand in 2011 and EUR 77,611 thousand in 2010. In 2011 the amount shown includes EUR 1,844 thousand (2010: EUR 1,801 thousand) for the SOP 2005, SOP 2009 and SOP 2011.

Historical information

The average number of employees was 1,193 in 2011 and 1,119 in 2010. Expenses for the severance payment fund were EUR 258 thousand (2010: EUR 221 thousand).

in thousands of EUR	2011	2010	2009	2008	2007
Present value of obligation (DBO) December 31 for severance payments	12,774	10,972	9,522	7,975	7,829
Present value of obligation (DBO) December 31 for long service benefits	1,681	1,511	1,332	1,233	1,290
	14,455	**12,483**	**10,854**	**9,208**	**9,119**

22 Shareholders' equity

Share capital and share premium

in thousands of EUR	2011	2010
Share capital	33,425	26,759
Additional paid-in capital	193,581	102,624
	227,006	**129,383**

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 authorisation 91,096 shares have been issued between 2006 and 2011. This led to an increase of the share capital by EUR 220,673.50 to EUR 26,867,379.36.

In the annual general meeting on March 29, 2006 the executive board has been authorized to increase 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 (authorized capital 2006).

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 fulfil the obligations deriving from SOP 2002. Thereof 91,699 shares (2010: 9,694) were transferred to employees of the Company in 2010. In total the number of treasury shares amounted to 1,017,129 per the end of the year (2010: 859,630).

The authorized capital 2006 of austriamicrosystems AG expired in May 2011. For this reason, the management board was authorized in May 2011 to increase the share capital up to EUR 13,349,218.40 by issuing up to 5,510,677 new ordinary bearer and/or registered shares (no-par value shares) for contributions in cash or kind – if required, in several tranches and to determine issue price, conditions, and further details of the implementation of the

capital increase upon approval of the Supervisory Board.

In 2011, the share capital was increased by EUR 6,557,124.48 through issuing 2,706,840 shares to EUR 33,315,872.49 resp. 13,753,092 no-par value shares by utilizing the authorized capital 2011.

During the course of the financial year 2011 the company issued 44,844 (2010: 24,897) 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 and actuarial gains and losses from employee benefits.

Management of Equity

The economic equity matches equity as shown in the Company's balance sheet. The board of director'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 board of directors monitors equity ratio and return on equity. For establishing adequate capital resources, dividend payments and share buy-backs are considered appropriate.These aims have not changed during the business year of 2011. None of the group companies are subject to certain capital requirements.

Longterm aim of the company is to maintain a balance between profitability and liquidity. For this purpose a yearly return on equity of 25-30% (2011: 11%; 2010: 12%; 2009: -10%), a return on assets of 15-20% (2011: 8%; 2010: 10%; 2009: -5%) and a average net liquidity of 0.3x - 0.5x revenues (2011: -0.19; 2010: -0.02; 2009: -0.19) should be achieved.

23 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 profit attributable to ordinary shareholders

in EUR	2011	2010
Net profit for the year	**35,286,013**	**23,106,868**
Weighted average number of shares outstanding	11,603,103	10,171,304
Earnings per share (basic)	**3.04**	**2.25**
Weighted average number of shares diluted shares	11,837,369	10,454,177
Earnings per share (diluted)	**2.98**	**2.21**

The options granted according to the SOP 2005, SOP 2009 and SOP 2011 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 there will be a dilution for.

	2011	2010
Reconciliation of ordinary shares		
Outstanding shares as of January 1	10,186,622	10,533,207
Purchase and sale of treasury shares	157,499	371,482
Capital increase regarding stock option plan 2005	44,844	24,897
Issue in connection with business combination	2,706,840	0
Outstanding shares as of December 31	**12,780,807**	**10,186,622**

24 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 renowned 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 done 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, 12% (2010: 18%) of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (88% (2010: 82%)) 45% (2010: 97%) 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, 2011 austriamicrosystems holds no foreign currency forwards, options and swaps to minimize its foreign currency exposure.

As per December 31, 2010, austriamicrosystems held 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 monitors constantly the cash demand and optimizes the cashflow. Detailed planning occurs for a period of at least 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, 2011

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
Short-term financial assets							
Cash and cash equivalents	0	0	0	0	51,735	51,735	51,735
Financial assets	0	0	13,229	0	0	13,229	13,229
Trade receivables	0	0	0	39,734	0	39,734	39,734
Other receivables and assets	0	0	0	6,101	0	6,101	6,101
Long-term financial assets							
Other long-term financial assets	1	68	4,560	148	0	4,777	4,777
	1	**68**	**17,789**	**45,983**	**51,735**	**115,575**	**115,575**

in thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	9,435	9,435	9,308
Trade payables	0	17,069	17,069	17,069
Other liabilities	899	3,786	4,685	4,685
Long-term financial liabilities				
Interest bearing loans and borrowings	0	108,090	108,090	106,645
Other long-term liabilities	0	3,784	3,784	3,784
	899	**142,164**	**143,063**	**141,491**

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

iIn thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	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	7,011	6,918
Trade payables	0	15,660	15,660	15,660
Other liabilities	755	3,252	4,007	4,007
Long-term financial liabilities				
Interest bearing loans and borrowings	0	40,766	40,766	40,227
Other long-term liabilities	0	0	0	0
	755	**66,689**	**67,444**	**66,812**

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.

2011 in thousands of EUR	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	13,229	0	0	13,229
Other receivables and assets	0	0	0	0
Long-term financial assets				
Financial assets	0	4,560	0	4,560
	13,229	**4,560**	**0**	**17,789**
Short-term financial liabilities				
Other liabilities	0	899	0	899
	0	**899**	**0**	**899**

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**

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 2011 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 Net gains and losses from financial instruments 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.

2011 in thousands of EUR	Result from valuation	Foreign currency valuation	Result from divestment
Financial assets			
At fair value through profit & loss held for trading	-691	-236	351
Designated as at fair value through profit & loss	0	0	0
Loans and receivables	0	231	2,748
	-691	**-4**	**3,099**
Financial liabilities			
At fair value through profit & loss held for trading	-145	0	0
At amortized costs (other financial liabilities)	0	-2,887	-3,806
	-145	**-2,887**	**-3,806**

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**

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	2011	2010
Interest income	974	948
Interest expenses	-3,142	-2,201

Effective interest rates and liquidity analysis

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

2011 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	2.09%	9,695	10,203	2,070	8,133	0
EUR – Floating rate loans	2.20%	4,400	4,592	2,170	2,422	0
CHF - Floating rate loans	1.12%	3,095	3,120	1,938	1,182	0
Unsecured bank facilities						
EUR – Floating rate loan	2.32%	44,400	47,095	876	46,219	0
USD – Floating rate loan	2.51%	55,935	59,549	4,562	54,988	0
		117,525	**124,560**	**11.616**	**112,944**	**0**
Liabilities from finance lease						
USD – Fixed rate	3.74%	4,548	5,051	1,092	3,959	0
Interest swaps						
EUR – Fixed rate		429	435	162	273	0
USD – Fixed rate		471	465	195	269	0
		122,972	**130,510**	**13,066**	**117,445**	**0**

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
		47,777	**49,028**	**7,783**	**41,246**	**0**
Liabilities from finance lease						
USD – Fixed rate	0.00%	0	0	0	0	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**

Risk of change of interest rates

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

in thousands of EUR	2011	2010
Financial assets		
Fixed rate financial instruments	8,705	21,198
Floating rate financial instruments	4,524	0
Interest rate swaps	0	0
Financial liabilities		
Fixed rate loans	9,695	8,652
Floating rate loans	107,830	39,125
Fixed rate financial lease	4,548	0
Interest rate swaps	899	755

Fair value sensitivity analysis for fixed rate financial 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 2010.

2011 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	-214	217	0	0

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

Cash flow sensitivity analysis for variable rate financial 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 2010.

2011 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	-3	3	0	0
Interest rate swaps	0	0	0	0
Financial liabilities				
Floating rate loans	-2,723	2,723	0	0
Interest rate swaps	488	-378	0	0

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

Foreign currency risk

The company's exposure to foreign currency risk at the balance sheet date was as follows based on notional amounts:

2011 in thousands of	USD	CHF	JPY
Trade receivables and other receivables	38,204	-27	0
Trade liabilities and other liabilities	-39,466	-584	-18,779
Interest bearing loans	-55,935	-3,095	0
Liabilities from finance lease	-6,003	0	0
	-63,200	**-3,707**	**-18,779**
Currency options	0	0	0
	0	**0**	**0**
Net foreign currency risk	**-63,200**	**-3,707**	**-18,779**

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
Liabilities from finance lease	0	0	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**

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.

2011 in thousands of EUR	Profit & loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
USD	4,019	-4,912	4,019	-4,912
CHF	277	-339	277	-339
JPY	17	-21	17	-21

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

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

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

	Annual average exchange rate		Period end exchange rate	
	2011	2010	2011	2010
USD	1.4000	1.3207	1.2939	1.3362
CHF	1.2318	1.3700	1.2156	1.2504
JPY	111.32	115.26	100.20	108.65

25 Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2011	2010
Less than one year	2,574	5,110
Between one and five years	2,048	1,212
More than five years	0	0
	4,623	**6,322**

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. The expenses for operating lease amounted to EUR 2,752 thousand in 2011 (2010: EUR 5,581 thousand).

Finance lease

2011 In thousands of EUR	Future minimum lease payments	Interest cost	Present value of minimum lease payments
Less than a year	1,092	158	855
Between one and five years	3,959	254	3,784
More than five years	0	0	0
	5,051	**412**	**4,640**

2010 In thousands of EUR	Future minimum lease payments	Interest cost	Present value of minimum lease payments
Less than a year	0	0	0
Between one and five years	0	0	0
More than five years	0	0	0
	0	**0**	**0**

The operating lease contracts for semiconductor equipment as November 30, 2011 were replaced by finance lease contracts as of December 1, 2011. The lease contains no contingent rent.

26 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 cashflows in the years to come utilizing an industry and company related discount rate.

27 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, 2011 and December 31, 2010 respectively, the remuneration for the management board was as follows:

	CEO		CFO		Board of directors total	
Remuneration (in thousands of EUR)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Salary						
Salary, not variable	373	399	231	249	604	648
Salary, variable	298	330	200	231	498	561
Options						
Options (Value at allocation)	477	71	374	35	850	106
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 93 thousand for the accrual for severance payments (2010: EUR 208 thousand).

During the business year 20,000 and 17,500 call options (2010: 20,000) were allocated for the CEO, 10,000 and 14,000 for the CFO (2010: 10,000) and 30,000 and 31,500 call options (2010: 30,000) of SOP 2009 and SOP 2002 respectively for the management board
as a whole. The strike price amounts to EUR 37.51 (2010: EUR 27.92) and EUR 6.00 respectively. For conditions and valuations of the call options for shares of austriamicrosystems AG based on the SOP 2002, 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, 2011 and 2,318 shares and no options as per December 31, 2010, respectively.

The remuneration of the company's Supervisory Board amounted to EUR 379 thousand (2010: EUR 339 thousand). All remunerations were or are 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 209,355 shares and call options for the purchase of 199,750 shares as of December 31, 2010 (191,355 shares and call options for the purchase of 169,750 shares as of December 31, 2010).

The breakdown for the individual members of the Supervisory Board for the year 2011 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	84	14,580	0
Prof. Dr. Siegfried Selberherr	Vice chairman	63	15,000	0
Mag. Hans-Jörg Kaltenbrunner	Vice chairman	61	0	0
Dr. Kurt Berger	Member	43	100	0
Michael Grimm	Member	41	0	0
Dipl. Wirtsch. Ing. Klaus Iffland	Member	41	2,000	0
Jacob Jacobsson	Member (since Oct. 19, 2011)	27	23,321	0
Gerald Rogers	Member (since Oct. 19, 2011)	15	21,152	0
Johann Eitner	Employee representative	1	0	0
Ing. Mag. Günter Kneffel	Employee representative	1	0	0
Dipl. Ing. Kurt Layer	Employee representative	1	40	0
Dr. Günther Koppitsch	Employee representative (since Oct. 19, 2011)	1	100	0
		379	**76,293**	**0**

The shown remunerations show the amounts actually paid during the business year. The remuneration for the business year 2011 will be determined at the general meeting on May 24, 2012.

No person related to the Supervisory Board held shares or options of austriamicrosystems AG as of December 31, 2011.

The breakdown for the individual members of the Supervisory Board is as follows as of December 31, 2010:

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**

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

There are no unsettled financial liabilites 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	
	2011	2010	2011	2010
New Scale Technologies Inc., Victor, New York (USA)				
Sale of goods and services	1	6	0	0
Purchased services	69	55	-3	-15

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 Technlogy 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, Arizona, researches and produces high end packaging technologies.

RFMicron Inc., Austin, Texas (USA): The company is a developer of next generation RFID Micro Chips and platforms for itemized tracking applications.

28 Remuneration for the auditors

The expense for the auditor's remuneration for the audit of the finacial statements and annual consolidated financial statements 2011 amounted to EUR 105,000.00. For other consultancy services EUR 163,694.57 have been expensed.

29 Group enterprises

	Accounting method	Country of incorporation	Ownership interest	
			2011	2010
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 Spain SL	fully consolidated	Spain	100%	100%
austriamicrosystems (United Kingdom), Ltd.	fully consolidated	U. K.	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%	100%
AMS-TAOS USA Inc.	fully consolidated	USA	100%	-
TAOS International	fully consolidated	Cayman Islands	100%	-
TAOS Germany GmbH	fully consolidated	Germany	100%	-
TAOS Korea Co. 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.

30 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 7, 2012

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 2011 to 31 December 2011. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, 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 2011 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 Standards 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 2011 and its financial performance and its cash flows for the year from 1 January 2011 to 31 December 2011 in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards 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, 7 February 2012

KPMG
Wirtschaftsprüfungs- und Steuerberatungs GmbH

signed by:

Mag. Dr. Johannes Bauer
Austrian Chartered Accountant

Mag. Arno Alexander Gruner
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.

Imprint

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