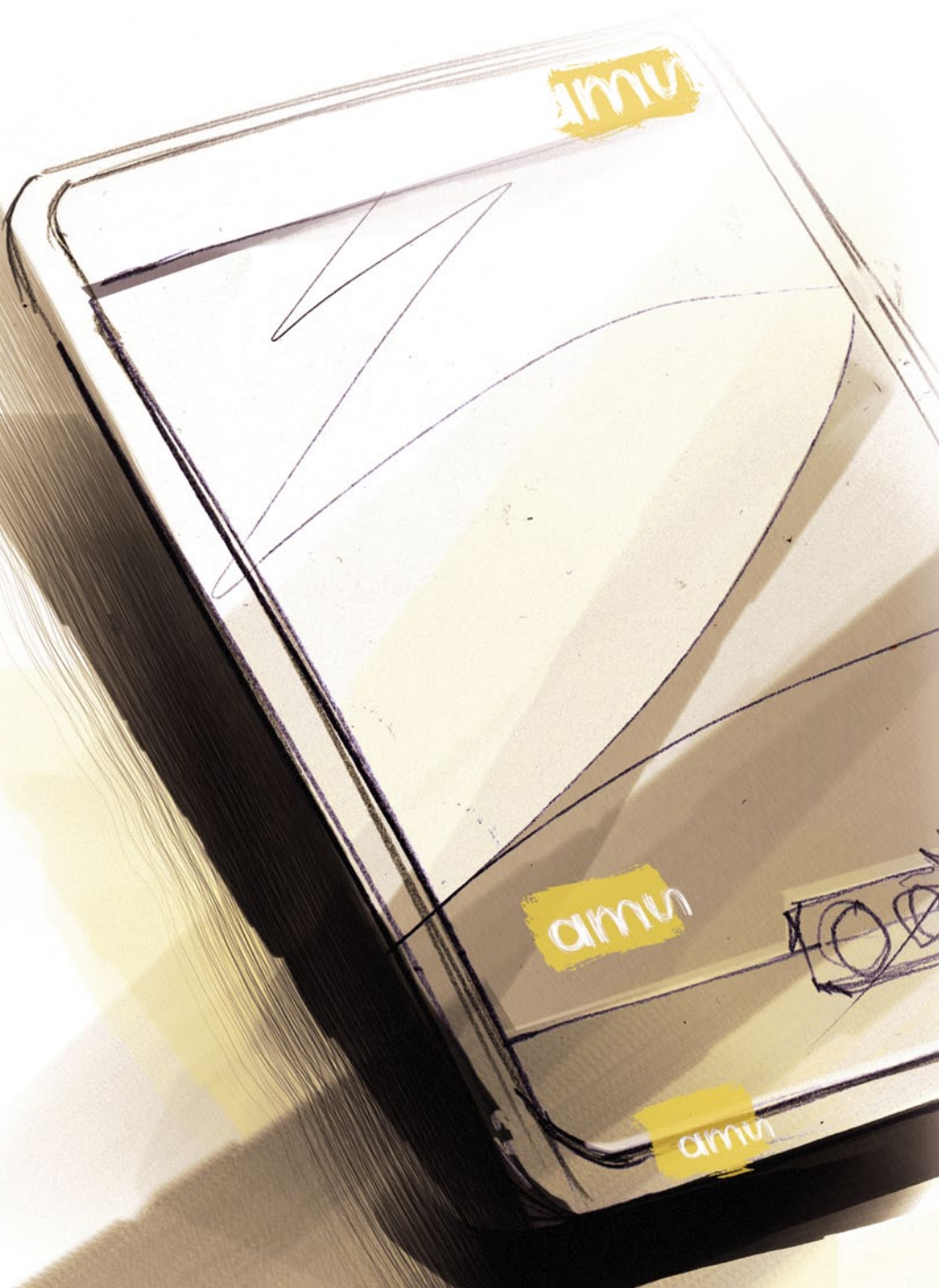


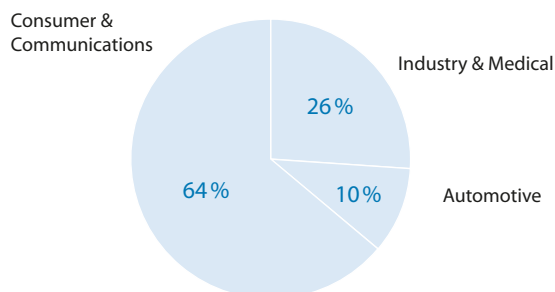
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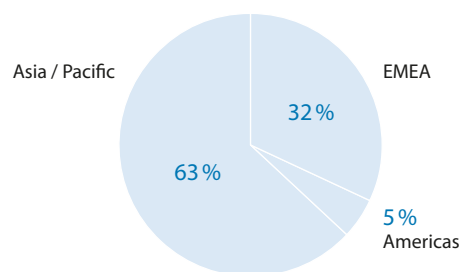
## Key Figures

In millions of EUR	2012	Changes to 2011	2011	2010
Revenues	387.6	41%	275.7	209.4
Gross margin (excluding acquisition-related costs)	55%		52%	48%
Gross margin (including acquisition-related costs)	52%		51%	48%
R & D expense	59.0	16%	50.8	42.4
Operating result (EBIT)	84.8	97%	43.1	27.1
EBIT margin in %	22%		16%	13%
Net income	81.9	132%	35.3	23.1
Earnings per share (in EUR, basic)	6.37	110%	3.04	2.25
Earnings per share (in CHF, basic)	7.67	105%	3.75	3.08
Operating cash flow	124.8	78%	70.3	45.7
Total order backlog (as of December 31)	90.9	1%	90.0	66.4
Capital expenditure	31.9	80%	17.7	13.2
Total assets (as of December 31)	634.0	14%	558.6	291.8
Equity ratio	65%		59%	65%
Employees (average)	1,282	7%	1,193	1,119

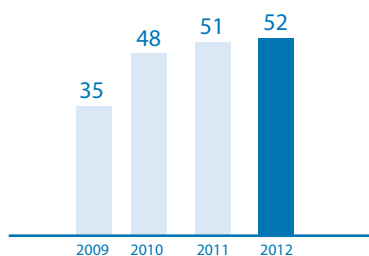
Revenues by market 2012 in %



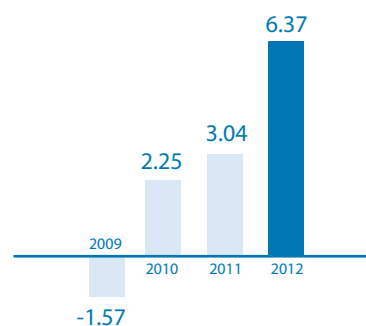
Revenues by region 2012 in %



Gross margin in %



Earnings per share (EPS) in EUR (basic)



## Highlights 2012

Major sensor supplier to leaders in  
smartphone and mobile device markets

Acquisition of RFID/NFC design house  
IDS adds world-class engineers and IP

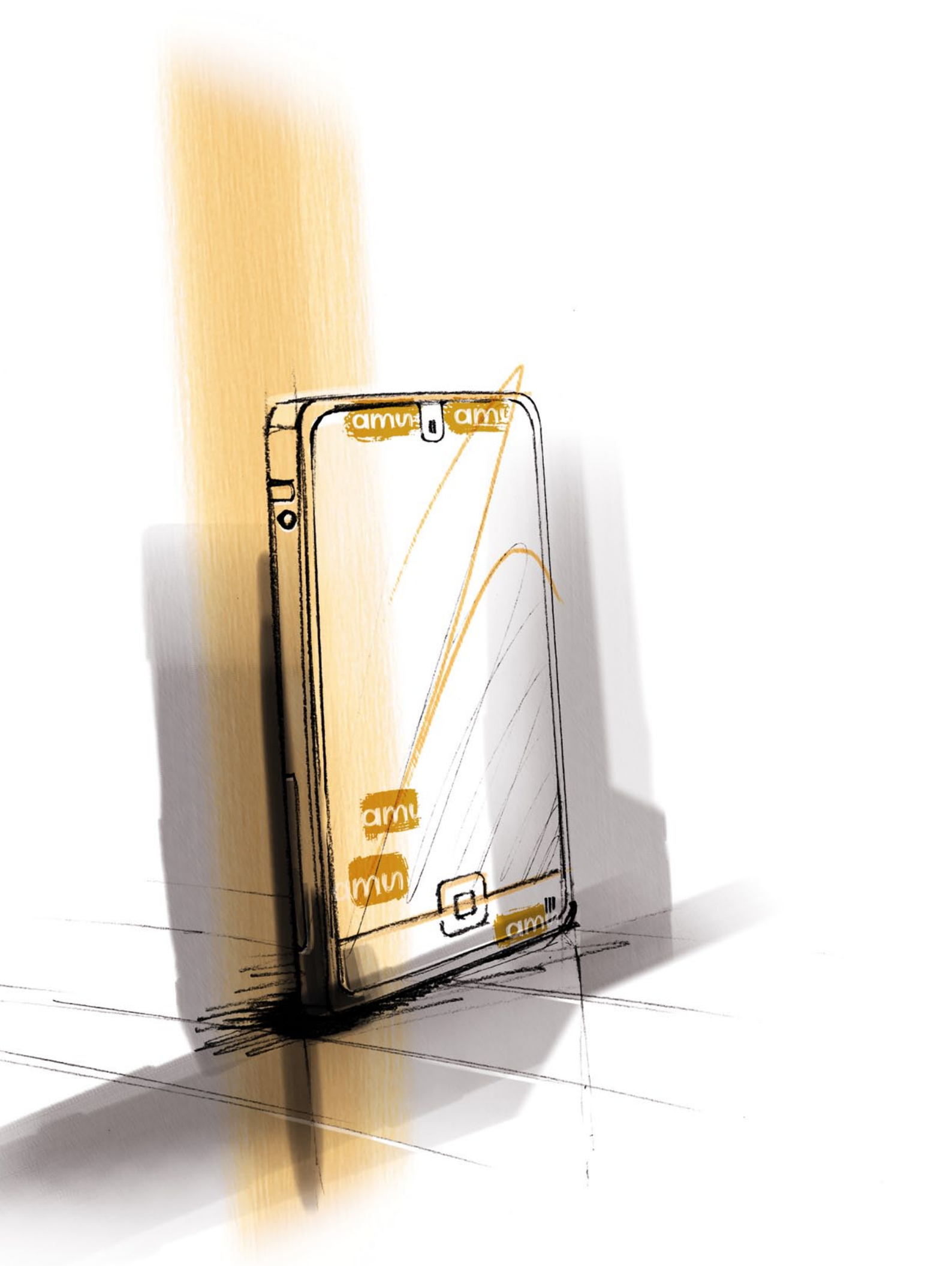
High growth in light sensors and Wireless solutions,  
good performance in other target markets

Strong financial results: 41% revenue increase,  
55% gross margin and 22% EBIT margin

Net cash position at year-end 2012,  
dividend proposal of EUR 1.43 per share

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## Preface by the Management Board

Dear shareholders, customers and employees,  
ladies and gentlemen



Michael Wachsler-Markowitsch and John A. Heugle

2012 was another very successful year for ams with over 40% revenue growth and an even stronger increase in profitability. Growing considerably faster than the overall analog semiconductor market we took another step on our way to being a leading high performance analog and sensor company.

Our clear strategy to create innovative high performance analog and sensor solutions for a global customer base remained unchanged. We continue to take on the most difficult analog design and implementation challenges for the consumer, industrial, medical, and automotive markets.

Building on our extensive analog know-how we serve an increasing number of leading OEMs and distribution clients worldwide.

We moved forward with building our new global brand “ams” last year and have seen excellent response by customers, employees and partners worldwide to our new branding and corporate design. We are excited about the success of the “ams” brand and the ongoing positive momentum the new brand is creating across our activities and markets as we emphasize the sensory, unconventional and human values within our brand.

In our consumer and communications business we enjoyed significant growth last year making it the most important contributor to 2012 revenues and earnings. We are the global market leader in integrated light sensors and recorded strong growth in this business at improved margins. We shipped very high volumes of ambient light and proximity sensors to major smartphone and mobile device vendors for a variety of global platforms and models. Through new RGB color sensing capabilities we increased the differentiation of our light sensor portfolio in the expanding smartphone and tablet PC markets.

In MEMS microphone ICs we saw a significant market expansion driven by the strong rise in smartphone and tablet volumes. We remain the clear leader in this market delivering more than 1.2 billion units last year and focusing on technology leadership for highest audio input quality at lowest noise.

We successfully launched a new power management solution for a leading graphics processor vendor in the past year which offers advanced high current handling for the next generation of mobile devices. Based on our proprietary process capabilities, the solution enables high efficiency at a minimized footprint to support high resolution display devices.

Our wireless business for RFID and NFC recorded fast growth as emerging applications saw increasing shipment volumes on their path to wider acceptance. Besides our authentication RFID reader products, we

offer a range of solutions allowing full integration of NFC in very small form factors at highest sensitivity. Here, we began volume shipments of our innovative antenna booster solution for NFC mobile payment and reader/tag functionality. As a key step to further enhance our technology leadership in the Wireless market, we acquired IDS, a leading design house for highly-integrated low-power RFID IC solutions and IP. We have worked closely with IDS over many years and are very excited about the addition of IDS' team which solidifies our strong R&D and IP position in the RFID and NFC markets.

Across our consumer and communications business we continue to pursue substantial opportunities for growth in the coming years. These new applications are based on increased sensor, wireless and power management content in smartphones and other mobile devices.

Our industrial, medical and automotive business saw a very solid performance in 2012 given our broad range of end markets and despite a mixed development of demand across product lines. Some industrial end markets including seismic sensors recorded strong results, while important areas in industrial automation were still impacted by muted customer demand. At the same time, we expanded our market position in industrial sensors, position measurement and building control. We continued to be successful in medical applications with advanced sensor and interface solutions, particularly in our core area Medical Imaging for computed tomography (CT), digital X-ray, ultrasound, and mammography. Our breakthrough CT imaging sensor was again an important driver for our medical business confirming our leadership in ultra-high accuracy signal processing. Our automotive business also grew in 2012 despite a difficult demand environment in the second half year driven by high performance sensor and encoder solutions and critical safety systems.

We maintained our investment in R&D and expanded our development pipeline of best-in-class solutions last year, laying the foundation for future market success. We offer our customers a high quality supply chain, combining our in-house capacity with dedicated resources at our production partners. This robust model supports further growth and enables supply security for our customers. As a leader in advanced 3D packaging we are seeing strong interest in these technologies for high volume consumer applications. We will therefore invest in our in-house manufacturing in the current year to insource 3D packaging steps and create meaningful margin benefits from 2014 onwards.

Our production capacity remained at very high utilization rates last year which together with continued product mix improvements resulted in a significant increase in profitability and margins. Based on our business performance we will propose a dividend of 25% of the net result or EUR 1.43 per share which is an increase of 123% from 2011. Our financial position is strong and supported by ongoing significant cash flow generation.

Committed to implementing responsible business practices we implemented further energy efficiency measures in 2012 and remain focused on our mid-term company goal of becoming fully CO<sub>2</sub> neutral.

The company's Supervisory Board again offered constructive support for our activities and backed our strategic initiatives. We would like to thank our customers, partners, shareholders and, above all, the people of ams. Their commitment and efforts were the key drivers of our success last year.

We are confident about the development of ams in 2013 and the coming years, building on our strong platform of leading technologies, a robust manufacturing supply chain, and a high quality global customer base. Together, these factors create significant opportunities for ams as a leading player in high performance analog.



John A. Heugle  
CEO



Michael Wachsler-Markowitsch  
CFO



## Preface by the Supervisory Board

### Dear shareholders, ladies and gentlemen

ams looks back on a very successful year which demonstrated the strength and growth momentum of the company following the complete integration of TAOS. Accordingly, 2012 was characterized by significant growth of ams' global business, increased margins and record results.

Through its enlarged product and customer portfolio, ams has established itself in the top tier of analog semiconductor vendors, building on a leading position in high performance analog solutions. Based on a strong pipeline of attractive customer projects, ams is confident about its future and long-term market success. We are pleased to see ams continuing to develop so positively and expanding its position in the global analog market.

The Management Board remains focused on profitable growth derived from high-value products and a significant presence in growth markets. The expansion of ams' customer base continued last year, offering new business opportunities worldwide. Strong demand for consumer and communications products and robustness in the medical and automotive markets balanced the more muted performance of certain industrial end markets in 2012.

ams' production model, including in-house manufacturing, offers a competitive advantage in the high performance analog market. To implement innovative packaging technologies for light sensors, ams will be making a significant investment in its wafer fab in Austria this year. We are certain that ams' clear strategy and its focus on innovation and high performance, together with its global customer base, form an excellent basis for a sustained increase in company value.

The Management Board and the Supervisory Board experienced intense collaboration over the past year, with the Management Board keeping us informed on a regular basis while we fulfilled our tasks in our advisory and supervisory capacity. We will continue our close collaborative efforts in 2013 to ensure ams' continued market success.

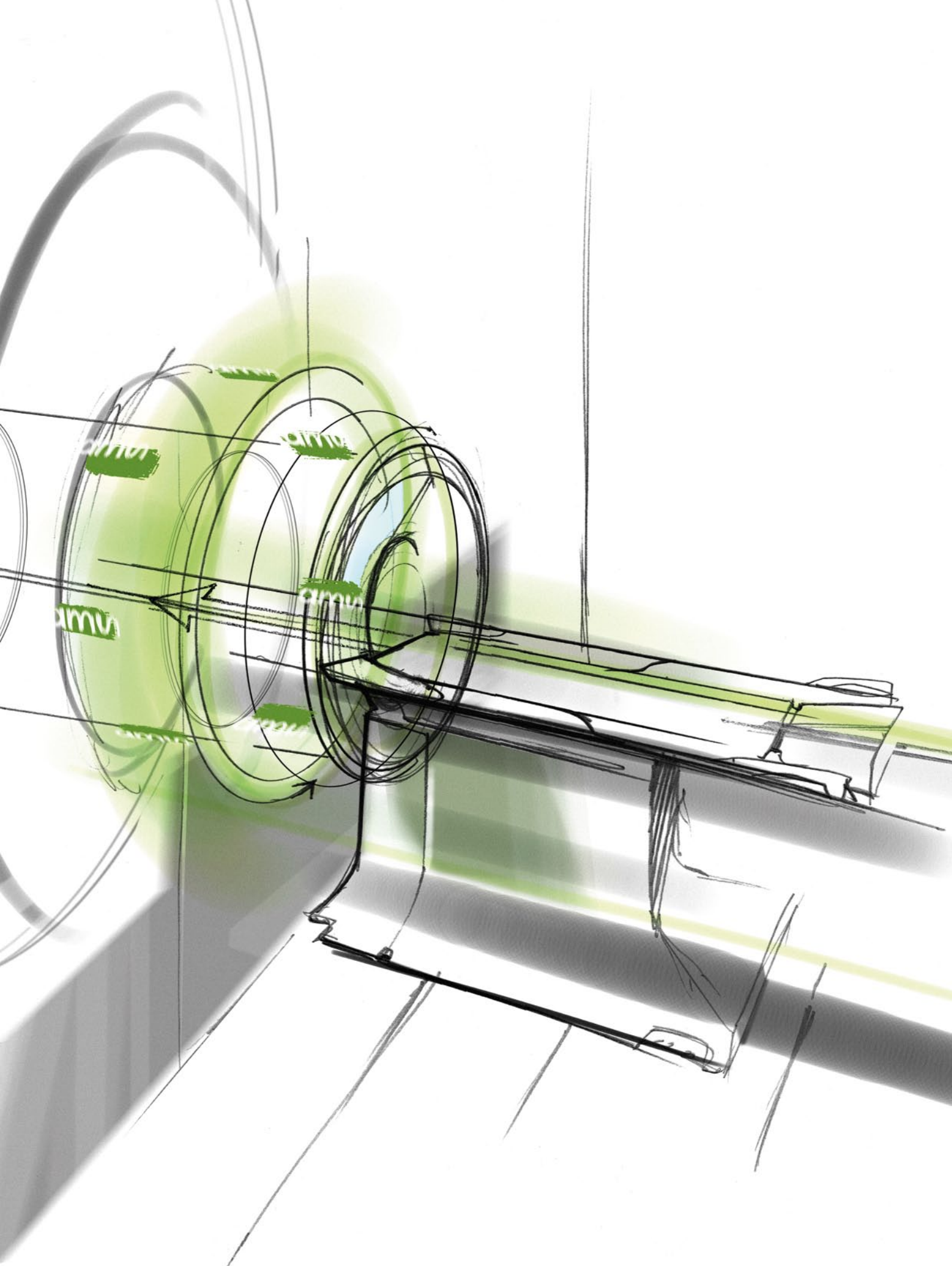
On behalf of the Supervisory Board and as the shareholders' representative, I would like to express our sincere thanks to both the management, for their strong efforts and achievements in 2012, and the employee representatives for their support. My special thanks go to all employees for their decisive contribution to ams' success. I would also like to thank our customers, shareholders, and business partners for the long-term trust they place in ams.



DI Guido Klestil  
Chairman of the Supervisory Board

## ams

Company and Strategy  
People  
Corporate Responsibility  
Technology



# Company and Strategy

## Our vision

ams envisions a world where technology is an integral and natural part of daily life, enhancing our experiences by making our day-to-day lives more convenient, safe, and environmentally sustainable. At ams, we extend the possibilities of analog and sensors in our quest to design technology

that responds intuitively and unobtrusively to our needs. We believe innovation must reflect human values and we are driven by the idea that technology should be a natural extension of who we are, contributing ultimately to a better quality of life.

## Our company and strategy

ams designs and manufactures high performance analog ICs for sensors and sensor interfaces, power management, and wireless.

Taking on the most difficult analog design and implementation challenges, ams provides highly-differentiated analog ICs for the consumer, industrial, medical, and automotive markets.

ams' analog technology seamlessly connects the physical world to the digital, creating products that are designed to revolve around our needs.

ams enhances people's lives by helping them experience technology as a natural extension of themselves.

From new smartphone sensor and wireless applications to breakthrough medical imaging to safer driving, ams is at the forefront of analog possibilities. Our analog technology is increasingly able to replicate and expand human sensory perception, translating the richness and complexity of the physical world into digital applications.

ams unites people and technology to enable a world that is safer, simpler to navigate and more convenient. With extensive know-how in the areas of sensors, power management and wireless, ams pursues its vision through a clear strategy as an analog company:

ams designs analog solutions for the most challenging applications in sensors and sensor interfaces, power management, and wireless, pushing the limits of analog technology to achieve real innovation.

The people of ams are the foundation of the company's success in the high performance analog market. ams attracts and retains talented analog design engineers and specialists in all areas of business. Top engineers feel at home at ams, where solving complex problems and creating highly differentiated products go hand in hand.

Retaining a long-term perspective to our business, ams will continue to invest in its people, its design and process and manufacturing capabilities, and its close relationships with customers around the

world even when buffeted by economic cycles and semiconductor industry volatility. An increasing number of global OEMs and a fast-growing distribution customer base rely on ams' expertise as a leader in analog semiconductors.

ams operates its own semiconductor production facilities at its headquarters in Austria and in the Philippines. ams' proprietary advanced manufacturing processes are critical to high performance analog design and enable the high sensitivity, accuracy, and integration of its analog solutions that meet the most stringent quality standards.

ams regards sustainability, responsibility, and environmental concerns as key elements of its business. An industry pioneer in emissions reduction, ams is on track to achieve its mid-term goal of becoming 100% CO<sub>2</sub>-neutral. Through the UN Global Compact and a Code of Conduct, ams implements responsible business practices benefitting all stakeholders.

Fuelled by the creativity and ingenuity of its people, ams is redefining the possibilities of analog and sensors.

## People

The people of ams are the company's greatest single asset. Fueled by their creativity and ingenuity, ams is at the leading edge of analog semiconductor design and manufacturing. Working within a culture of experimentation, the people of ams are encouraged to bring new ideas to all aspects of their work in order to build solutions for the most challenging applications in analog and sensor technology. ams owes its competitive edge and market success to the combined talents of its people, who continue to advance technology in the quest to improve and enhance our lives.

ams recognizes and values the contributions of all its employees. With a priority to provide everyone with advancement and development opportunities, ams offers a wide range of internal and external training programs in addition to many career paths within the company. ams also provides regular vocational training positions at its headquarters. ams is dedicated to helping all employees reach their full potential and understands that a stimulating and rewarding professional environment is key to continued success. In its desire to have its staff benefit from the financial performance of the company, ams also offers a worldwide profit-sharing model and a broad-based employee stock option program as part of its comprehensive remuneration model.

ams appreciates each employee's contribution to its success and cultivates a culture where its people can grow professionally and feel valued.

In addition to its dedication to retain and reward outstanding talent, ams is committed to attracting high quality engineers to join its research and development groups. ams provides challenging opportunities for top analog engineers, who are able to become part of a selective team of expertise at the forefront of analog technology.

ams lives by a recognized Code of Conduct based on the commitments of the UN Global Compact which governs all employee relations and forms a foundation of trust throughout the company.

With over 1,300 people in Europe, North America, and Asia-Pacific, ams embraces cultural diversity and a global perspective. The focus of ams has always been international, with design centers, production facilities, and sales locations around the world and a family of employees comprising over 30 nationalities. ams also understands the cultural traditions of its global customer base and fosters close relationships with its partners and employees built on the principles of cultural awareness and respect.

## Corporate Responsibility

Ethical professional practices and environmental responsibility are two fundamental principles that guide ams' business approach. ams believes that a culture built on respect for others and the environment is an essential corporate model for the 21st century.

ams is part of the UN Global Compact, the world's largest corporate initiative for responsible business and sustainability. With over 10,000 participants in more than 130 countries, the UN Global Compact is committed to human rights, just labor standards, environmental protection, and anti-corruption measures. Drawing on the ideals of the Compact, ams has implemented its own Code of Conduct, which articulates the stringent standards that guide all of the company's activities internally and externally. ams seeks to build relationships that are based on trust, transparency, and responsibility, and requires company-wide adherence to the tenets of its Code of Conduct.

Dedicated to protecting the environment and the sustainability of resources, ams has made a commitment to significantly reduce its CO<sub>2</sub> emissions and achieve a zero CO<sub>2</sub> footprint over the coming years. On its way to this ambitious target, ams implemented further measures to optimize energy consumption in the past year. ams is also aggressively promoting efficient energy use throughout its operations, where innovative ways to reduce electricity and gas consumption bring about both environmental as well as cost benefits.

A pioneer in environmental certification, ams is certified according to ISO 14001 for its locations in Unterpremstätten, Austria, and Calamba, Philippines. ams also adheres to the standards of the Forest Stewardship Council for wood products and the Marine Stewardship Council for staff catering.

ams operates from an intrinsic position of responsibility towards its stakeholders, its employees, and the environment, enacting initiatives that not only promote a positive corporate culture, but also a better world.

## Technology

What distinguishes ams as a semiconductor vendor are its best-in-class analog and sensor solutions and its proven commitment to providing customers with the highest quality support and service. As one of the leading analog IC companies, ams is at the forefront of industry innovation. Expertise in the design and manufacturing of high performance analog ICs enables ams to deliver leading edge solutions for its customers' most challenging applications.

ams operates its own highly efficient 200mm wafer production facility at the company headquarters in Austria. ams' business growth is also supported by manufacturing partnerships with the leading foundries TSMC, UMC and IBM. These partnerships enable ams to remain flexible in its production planning and to benefit from a global supply platform, offering customers attractive and secure sourcing options.

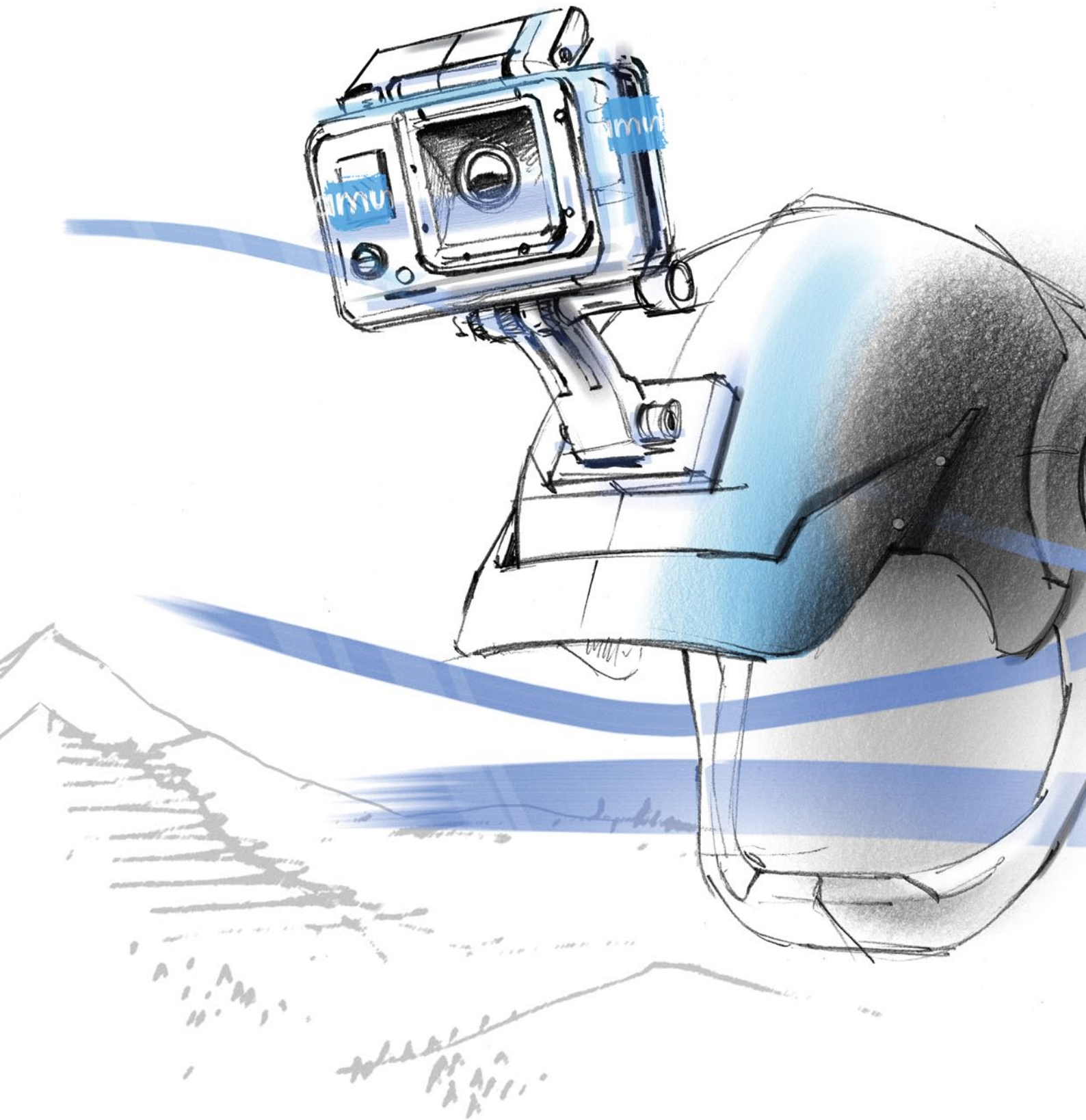
Specialty CMOS-based processes for high voltage, RF (silicon germanium), and other requirements allow ams to create highly differentiated solutions pushing the limits of analog performance in lowest noise, highest sensitivity and maximum accuracy.

ams has been a pioneer in full scale production of TSV (Through Silicon Via) 3D packaging for high accuracy sensor applications. ams' TSV technology was instrumental in developing the company's revolutionary medical imaging sensors that offer dramatically increased sensitivity at significantly lower radiation doses. Now, TSV 3D packaging is creating a significant form factor advantage for ams' optical sensor solutions in mobile device applications. As part of its manufacturing strategy, ams has concentrated its in-house final testing activities in the Philippines and recently completed a significant expansion to support the continued growth of the company.

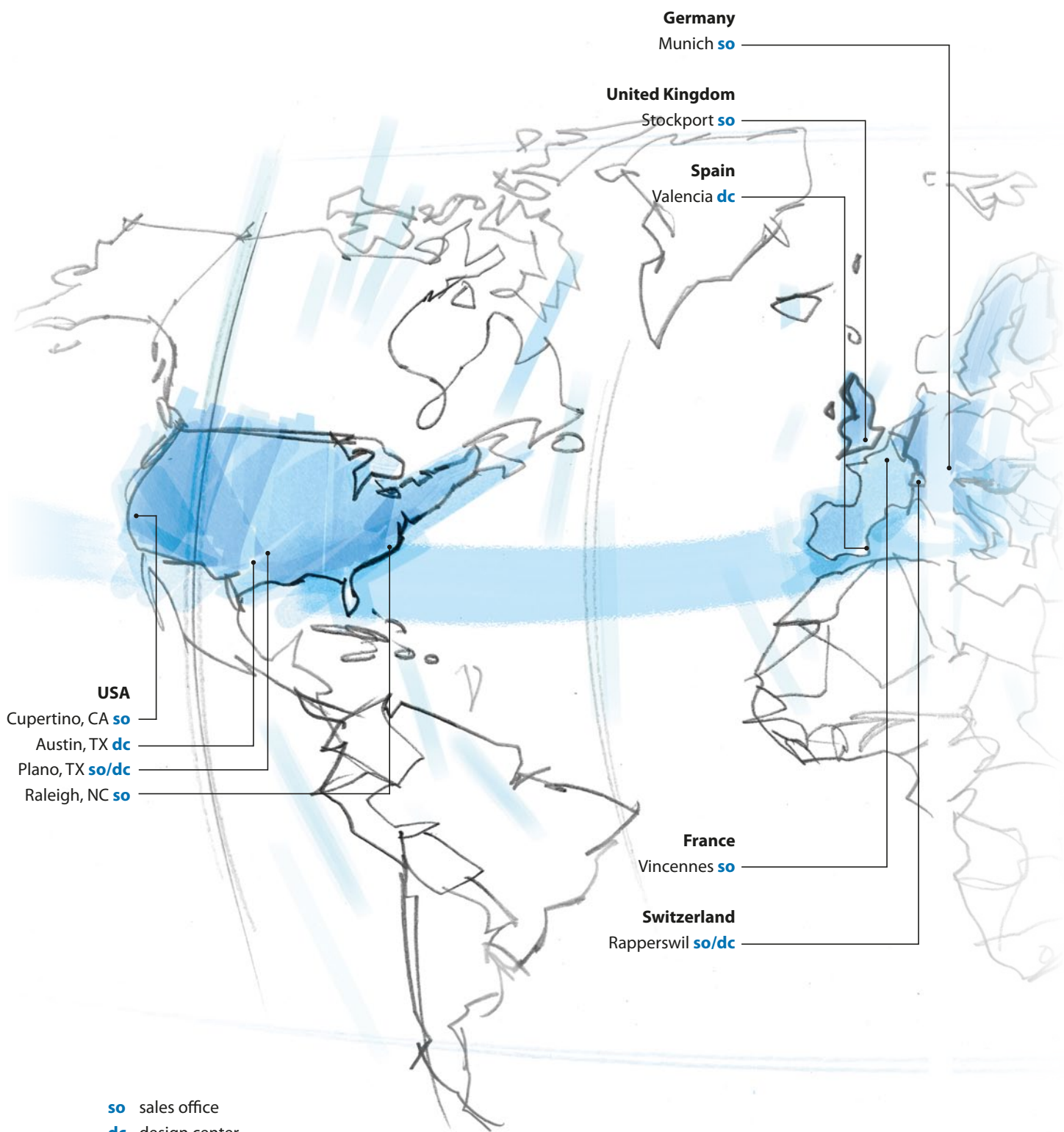
Highest quality in design and production is a key element of ams' market reputation. ams has built a global quality network with dedicated resources in important geographies and also holds stringent quality certifications for the automotive and medical markets.

More than 30 years of analog experience coupled with ams' process know-how ensure excellence in design and manufacturing. ams is driven to provide its customers with the most advanced analog and sensor technology of uncompromising performance.





# Global Presence



**so** sales office  
**dc** design center  
**tc** test center

ams  
Headquarters

Austria  
Unterpremstätten **so/dc/tc**

Sweden  
Sollentuna **so**

Finland  
Helsinki **so**

China  
HongKong **so**  
Shenzen **so**  
Shanghai **so**

Korea  
Seoul **so**

Japan  
Tokyo **so**

India  
Hyderabad **dc**

Slovenia  
Ljubljana **dc**

Singapore **so**

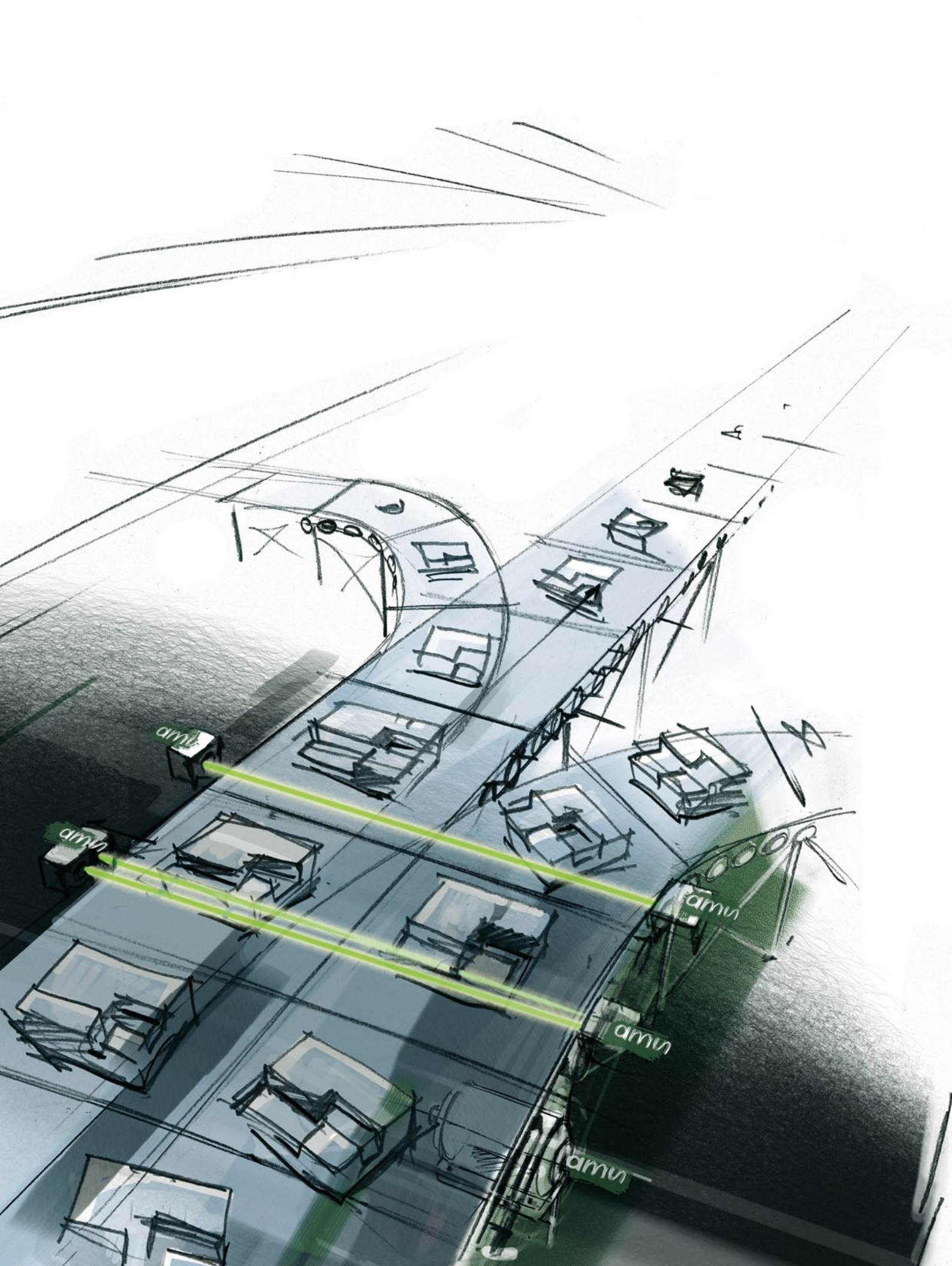
Italy  
Corsico **so**  
Pavia **dc**  
Pisa **dc**

Taiwan  
Taipei **so**

Philippines  
Calamba **tc**

## **Business Areas**

Sensors and Sensor Interfaces  
Power Management  
Wireless



## Sensors and Sensor Interfaces

ams is a worldwide leader in highly accurate sensor technology. Sensors and sensor interfaces are at the core of ams' purpose, translating the analog world into electronic systems that improve safety, health, and environmental protection, and enhance the overall quality of our lives.

The functionality and convenience of smartphones and tablet PCs have made these devices fully integrated into our everyday lives. ams' sensor technology is at the forefront of innovation extending our ability to seamlessly interact with our mobile devices. ams' light sensors enable the automatic adjustment of display parameters for a vibrant visual experience and detect the proximity of objects to toggle touchscreen activity.

As the world leader in advanced light sensors, ams offers new RGB color and UV sensing capabilities that enable innovative applications in the next generation of devices. At the same time, the use of light sensors for mobile couponing helps make shopping easier and more enjoyable. Optical sensor capabilities available from ams are also supporting new ways of interacting with mobile devices, such as gesturing, further advancing how we communicate with technology.

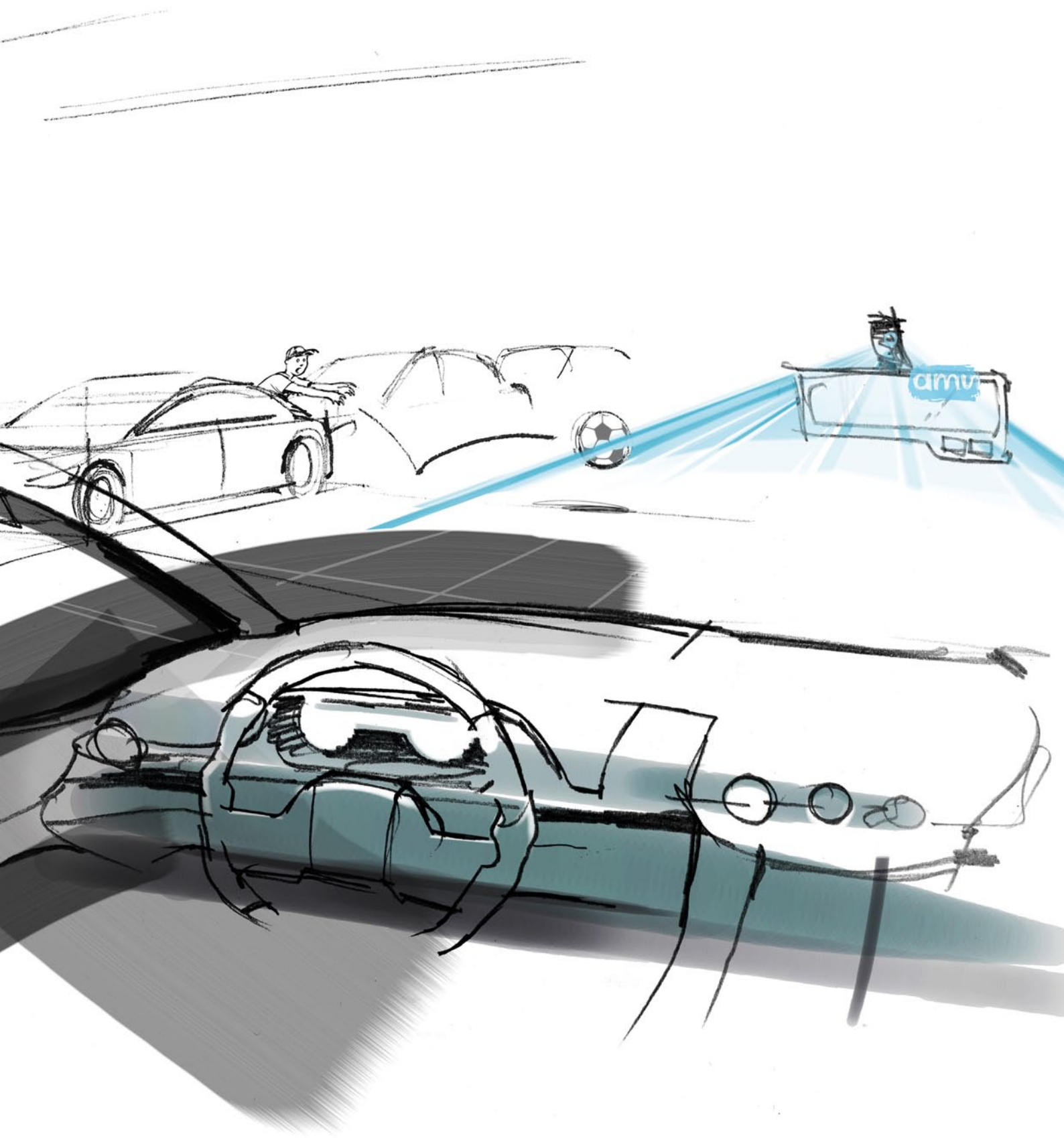
The user experience of mobile devices is enhanced by speech recognition and personal assistant functions. Low noise MEMS microphones, which generate the very high quality signals needed for these complex audio functions, rely on ams interface solutions for outstanding audio performance. ams' active

noise cancellation (ANC), a fully analog solution that provides clear sound regardless of noise levels from the surrounding environment, further increases the quality of mobile communication.

ams sensor technology is also behind many advances in industrial, medical, and automotive systems where highest sensitivity and integration help push the limits of technology. ams' industrial sensors enable more effective and efficient automation, which improves manufacturing quality while decreasing energy consumption and the environmental impact. ams' contactless position sensing technology measures movement and position with exact precision in applications for industrial tools, electrical motors, robotics, surgical systems, and automotive components. In specialty areas such as seismic exploration, ultra-sensitive ams sensor interfaces detect the lowest levels of sound reflection for the discovery of natural resources.

In the medical field, breakthrough sensor technology pioneered by ams has enabled new diagnostic possibilities for computed tomography (CT). With their ability to sense barely detectable signals with the highest accuracy, ams' sensors provide significantly higher picture quality at radically lower radiation doses. ams sensor solutions are also improving digital X-ray, mammography, and ultrasound diagnostics, helping doctors worldwide treat patients more successfully.

Automotive sensor solutions developed by ams are helping to increase safety and comfort by providing



a more secure and responsive driving experience. Contactless systems sense pedal position and improve fuel efficiency while innovative optical-based technology helps prevent collisions by detecting external obstacles in time to avoid them.

Across a wide range of applications, ams realizes innovation through leading-edge analog technology and sensor design.



## Power Management

The ease and convenience of technology is highly dependent on power management in electric and electronic systems. Greater energy efficiency is key to enhancing the usefulness of the array of technology that has become part of our everyday lives. ams' analog expertise and design experience in power management are extending the possibilities of electronic devices by enabling lower power consumption and higher performance in a wide range of products for consumer & communications, industrial, medical, and automotive systems.

As mobile devices play an increasingly central role in our private and professional lives, improving their power efficiency while expanding their capabilities becomes a critical design goal. ams' integrated and discrete lighting and power management solutions help optimize the power consumption of mobile devices, bringing longer battery life and exciting features, such as larger screen sizes, faster graphics support and better flash picture quality, to a broad range of designs.

ams successfully launched a new power management solution for a leading graphics processor vendor in the past year, supporting increased refresh rates for high-resolution display devices. The solution optimizes the performance of the graphics processor in a new device architecture for a variety of screen sizes. Built around ams' proprietary CMOS process capabilities, the solution enables high efficiency at a minimized footprint and answers the need for advanced high-current handling for the next generation of mobile devices.

ams power management is designed into the highly successful GoPro<sup>®</sup> outdoor video cameras where it extends battery life for maximum recording time. Enhancing the home entertainment experience, ams lighting solutions are bringing better picture quality

and energy efficiency to HDTVs. ams combines its light sensor technology with LED backlighting to adapt the TV picture to the surrounding lighting environment, further improving picture quality and reducing power consumption.

Optimized power management is equally important for electronic systems in the industrial, medical, and automotive markets. ams' IC solutions for industrial electronics, sensors and automation include power management technologies to facilitate better performance at lower power consumption, saving costs and reducing environmental impact. For large medical systems like computed tomography (CT) scanners, ams' power management know-how is creating major advances in energy efficiency. With its breakthrough medical imaging sensor solutions, ams enables not only higher picture quality and lower radiation doses but also a significant reduction in system power consumption.

In the area of automotive, dedicated power management is becoming a necessity to support the rising number of electronic and electro-mechanical systems in cars. These additional consumers are placing increasing demands on a car's electric power supply while new drive concepts like range extenders require advanced battery and charging control. Managing electric loads and system health, ams power management technology contributes to greater fuel efficiency and reduced environmental impact.

## Wireless

Wireless technology extends the possibilities and convenience of mobile devices as well as introduces new ways to interact with electronic systems in our everyday lives.

ams' high performance analog ICs make possible unique solutions for Radio Frequency Identification (RFID) and Near Field Communication (NFC), enabling technological innovation that enhances our lives. The ease of integration of ams RFID solutions significantly reduces the system cost and complexity of RFID-based systems, which allows for easier adoption in an expanding range of applications using ams' reader ICs. These include peer to peer systems, passive and active tag, and antenna boost systems.

At ams, RFID centers on authentication systems which are seeing increasing adoption in the areas of logistics, supply chain security, and specialty consumer goods. Here, ams' RFID technology helps identify authentic parts or high value goods, protecting against counterfeit, facilitates warehousing and shipping, and offers comfort and convenience in our home lives. From handheld terminals for logistics tracking clothing through to the retail store to the latest coffee machines that brew a higher quality cup using RFID coffee capsules, ams solutions are playing a central role in the emerging generation of widely-used RFID systems.

For the new world of NFC, ams offers a range of products based on years of wireless and RFID development expertise. ams' innovative antenna booster solution enables NFC mobile payment and reader / tag functionality to change the way we pay for goods and services, transforming mobile devices into convenient, secure, and fast means of payment. A quick swipe of a smartphone by a reader system significantly increases the ease of everyday monetary transactions eliminating the need for cash or a card exchange. ams' miniaturized solutions add the most advanced NFC technology to existing phones

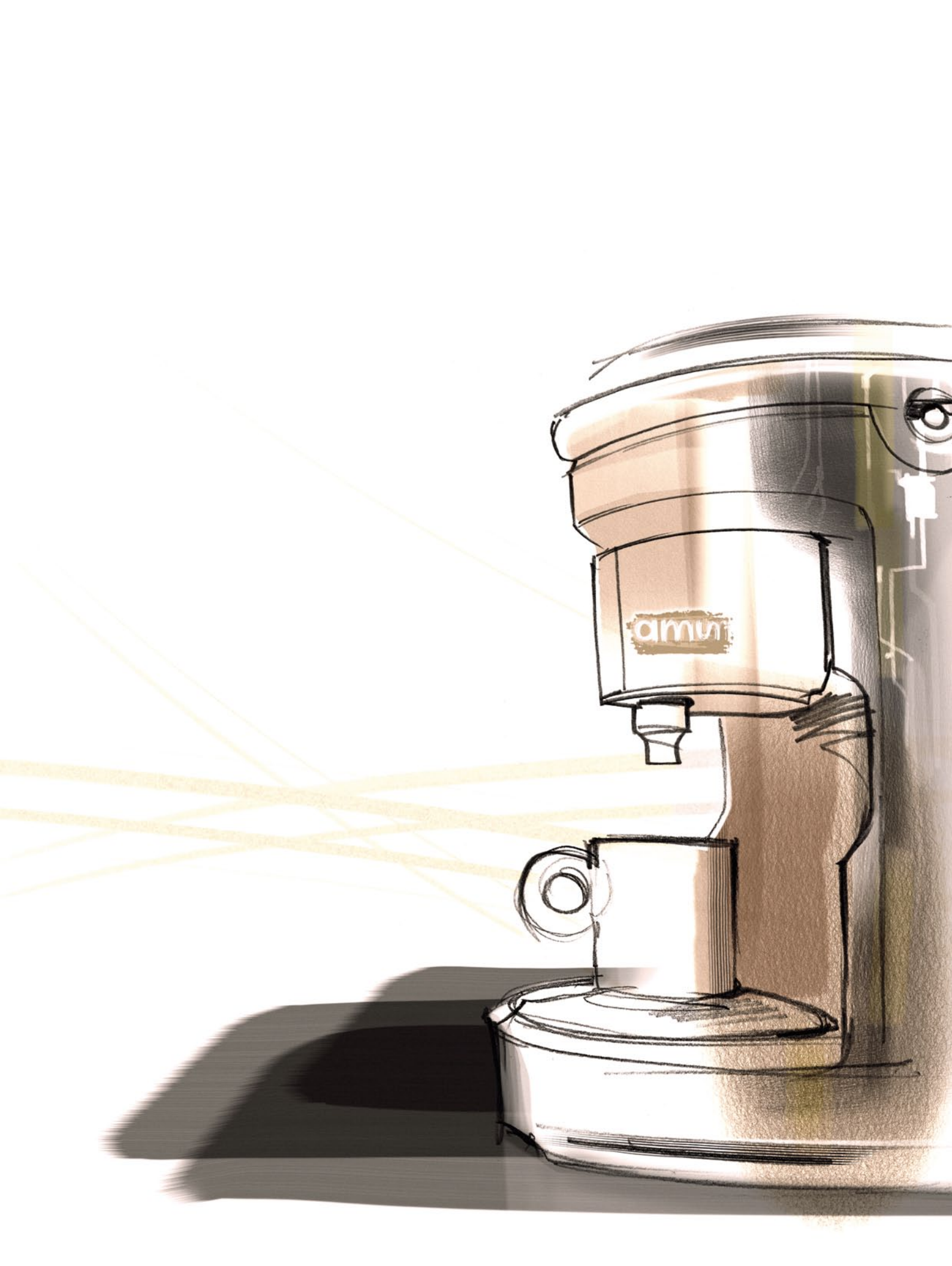
via a SIM or microSD card, enabling the convenience of mobile payment systems without requiring a new device. Alternatively, ams' NFC technology ensures the best reception and performance in new NFC-enabled smartphone designs as well.

Together with ams, OEMs are already looking beyond payment, creating NFC solutions for peer-to-peer and household applications. These efforts underscore that NFC is poised to become a major technology for interacting with technical systems and devices in our everyday lives. As an example, NFC-enabled home appliances simplify customer support in case of technical problems transmitting diagnosis data to a service center via a smartphone.

Wireless technology pioneered by ams is also enhancing our outdoor safety. ams' lightning sensor, which garnered numerous industry awards for analog innovation, can perceive the threat of a storm with a range of up to 40 km. This allows mobile devices to issue warnings ahead of potentially dangerous situations protecting people and shutting down critical equipment.

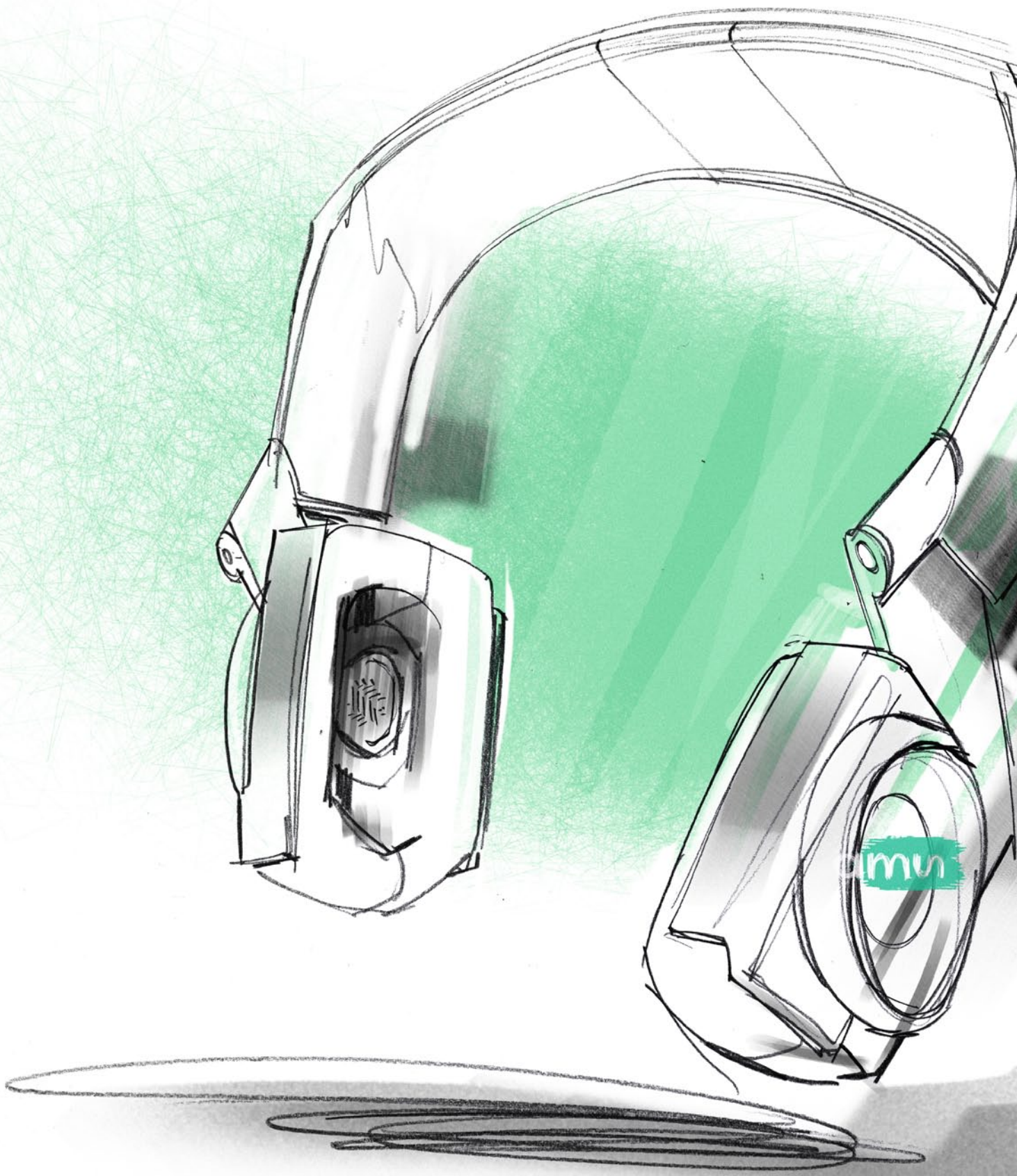
These emerging applications are propelling strong growth in Wireless for ams. ams took a critical strategic step in 2012 to further expand its position in the exciting RFID and NFC markets. Through the acquisition of IDS, a global design leader for highly-integrated, ultra-low power RFID IC solutions, ams has deepened its technology expertise and IP base for high performance wireless systems. ams is very strongly positioned in the fast-growing markets for authentication, mobile payment, and new mobile device applications, which offer exciting opportunities with major OEMs.

With the ability to offer the smallest form factors, the lowest power consumption, and the highest sensitivity, ams is helping shape the future of wireless technologies.



## Investor Relations and Corporate Governance

Investor Relations  
Executive Bodies  
Corporate Governance



## Investor Relations

The ams share offers attractive potential for long-term value appreciation as the company follows its successful strategic path for profitable growth and continued innovation. The ams share showed a very strong performance in 2012, appreciating by 155% over the course of the year. This positive development made ams the best performing semiconductor stock worldwide last year and allowed the company to broaden its international investor base.

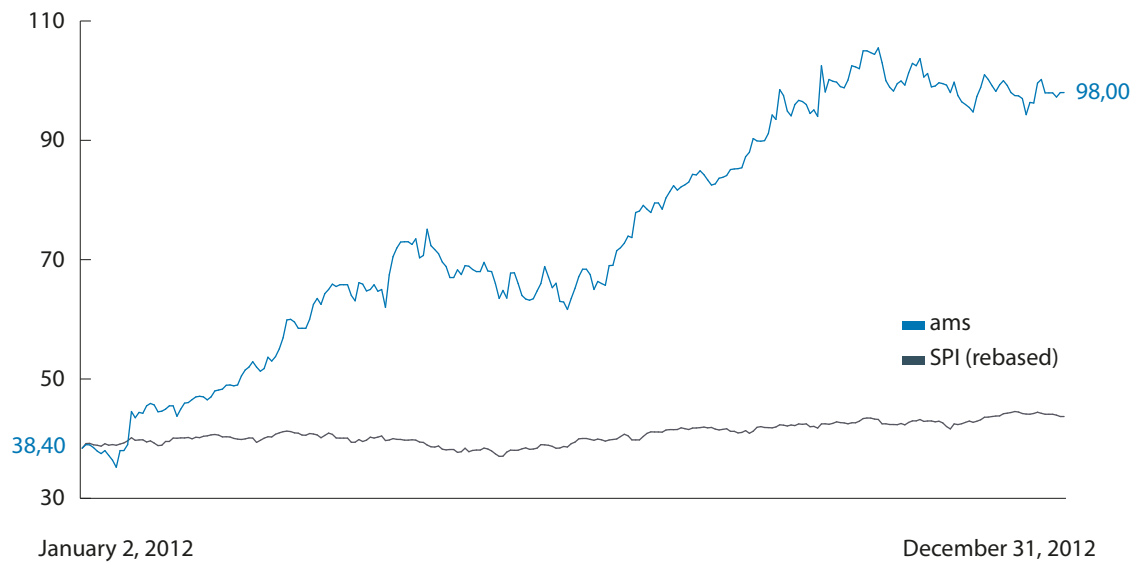
ams follows a dividend policy defining a payout of 25% of the annual net result. The Management Board will therefore propose a dividend of EUR 1.43 for the fiscal year 2012, which is an increase of EUR 0.79, or 123%, compared to 2011. ams intends to continue to distribute dividends in the coming years based on the further positive development of its business. ams also operates a share buyback scheme under which the company bought back 352,622 shares last year, equivalent to 2.5% of total issued shares at year end 2012. The shares are principally designated to cover the employee share option plan adopted in 2009. All agenda items at the Annual General Meeting in May 2012 which were subject to a vote were approved with a large majority or, in part, unanimously.

ams continued its extensive investor relations activities during 2012. Quarterly reports, regular presentations to analysts, press and institutional investors, and the participation in investor conferences in Europe and the U.S. provided comprehensive information about ams' business and strategy. ams held investor road shows in financial centers including London, Zurich, Frankfurt, Paris, Austria, Edinburgh, the Benelux countries, Poland, Scandinavia, and the United States East and West Coast regions. Financial reports, press releases, and additional information on the ams share are available in the "Investor" section of the company website [www.ams.com](http://www.ams.com).

### Share details

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

### ams share price development (in CHF)



# Executive Bodies

## Management Board

John A. Heugle, MSc (CEO)

Mag. Michael Wachslar-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

Gerald Rogers

Johann Eitner (employee representative)

Ing. Mag. Günter Kneffel (employee representative)

Dr. Günther Koppitsch (employee representative)

Dipl. Ing. Kurt Layer † (employee representative, until April 2012)

Dipl. Ing. Vida Uhde-Djefroudi (employee representative, since April 2012)



# Corporate Governance

As an Austrian company listed in Switzerland, ams 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 1.4 billion CHF. ams' business activity is divided into the business segments Products and Foundry. The Products business segment consists of the Consumer, Communications, Industrial, Medical, and Automotive market areas, while the Foundry business segment comprises the Full Service Foundry area. The company manages its business via an Executive Committee which includes managers responsible for managing the business areas 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 the following active unlisted subsidiaries; there are no listed subsidiaries:

Company	Head office	Equity in EUR	Percentage of shares held
ams Germany GmbH	Munich	541,914	100 %
ams International AG	Rapperswil	22,944,988	100 %
ams France S.à.r.l.	Vincennes	-167,176	100 %
ams Italy S.r.l.	Milan	399,819	100 %
ams R&D UK Ltd.	Launceston	192,781	100 %
AMS USA, Inc.	Raleigh	658,718	100 %
ams Japan Co., Ltd.	Tokyo	174,499	100 %
ams Asia Inc.	Calamba City	14,425,112	100 %
ams Semiconductors India Private Ltd.	Hyderabad	166,882	100 %
ams R&D Spain SL	Valencia	46,587	100 %
Aspern Investment Inc.	County of Kent	818,956	100 %
AMS-TAOS USA Inc.	Plano	4,188,059	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.

The shareholdings above relate to the time of notification or capital increase and may have changed subsequently as, at the reporting date, the company does not fall under the notification requirements stipulated by Swiss law.

### 1.3 Cross Shareholding

No cross shareholdings exist at this time.

## 2. Capital Structure

### 2.1 Capital

As of December 31, 2012, ams' ordinary capital amounted to nominally EUR 34,657,928.98, divided up into 14,307,105 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 191.02 million as of December 31, 2010, EUR 332.17 million as of December 31, 2011 and EUR 409.51 million as of December 31, 2012. 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 from January 1, 2012 until December 31, 2012" in the financial part of this Annual Report.

## 2.4 Shares and Participation Certificates

On the date of reporting, ams' share capital consisted of 14,307,105 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 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 2012 97,000 options were granted, so a total of 981,279 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% instalments 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 ams 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. Differing from the practice in previous years, these options were immediately exercisable at 60% at

grant date and will be exercisable in the amount of 20% on the first and second anniversary of grant date. 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 2012 293,250 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 electro-

tics 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, later 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 (Deputy Chairman)**, born in 1957, Austrian citizen. Member of the Supervisory Board since 2009, current term of office until 2014. Having studied at the Vienna University of Business and Economics, Mag. Kaltenbrunner began his professional career at the Austrian Trade Delegation in Taipei, Taiwan as Deputy Trade Delegate in 1982. From 1985-1994, he assumed management positions at the Hong Kong branch and in the asset management group of Creditanstalt-Bankverein. Following appointments to the management board of RHI AG and management board and supervisory board of Austria Mikro Systeme AG, he has been a partner of Andlinger & Company since 2002 and has served as a member of management and supervisory boards of international industrial companies in this capacity.

**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 Ettl 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).

**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. 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.

**Dipl. Ing. Vida Uhde-Djefroudi** (Employee Representative), born in 1959, Austrian citizen. Member of the Supervisory Board since 2012, current term of office until 2015. Member of the Employee Council since 2003. Dipl. Ing. Uhde-Djefroudi studied at Graz University of Technology and received a degree in Electrical Engineering. She joined ams in 1994 as an analog circuit designer and has been focusing on high voltage design since 2003.

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 two deputy chairmen. 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, Jacob Jacobsson, Johann C. Eitner, and Ing. Mag. Günter Kneffel.

##### **– 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, Jacob Jacobsson, Johann C. Eitner, and Ing. Mag. Günter Kneffel.

##### **– 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, Johann C. Eitner, and Ing. Mag. Günter Kneffel.

#### **3.5.3 Working procedures of the Supervisory Board and its committees**

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

The Supervisory Board normally convenes five times a year. During the past year, the Supervisory Board convened a total of seven times with sessions lasting an average of around five hours. The Staff Committee convened a total of eight 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 three hours. The Nomination Committee convened once. 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 2014. 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 2016. 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 informed about the developments in this process. The Management Board members do not

have a right to attend the Staff Committee meetings. In 2012, external advisers were 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 26.

In the period under review, the variable part of the remuneration was 115% of the basic remuneration for the CEO and 115% 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 up to a maximum of two yearly gross salaries. In case of termination of their Board membership they have a claim in the amount of the severance pay. 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 and for members of the Supervisory Board.

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

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

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

## 6. Shareholders' Right of Participation

### 6.1 Voting Rights and Representation Restrictions

All shareholders of 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 at the reporting date. 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 AG, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on May 24, 2012. 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 135,000 during the year.

### 8.3 Additional Fees

The auditing firm charged fees for additional consulting services amounting to EUR 73,901 during the year.

### 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](http://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 11% in fiscal year 2012 (10% in fiscal year 2011), 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](http://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:

– Rule 27a: Severance payments accrued under previous contracts may exceed the remuneration for the balance period of the contract. Severance pay accrued under previous contracts will be paid out in case of termination of the current contract due to gross misconduct.

– 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.

– 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, with the exception of one member of the Supervisory Board exceeding the recommended 15 year maximum service period.

– 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.

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# Group Management Report 2012

## 1 Overview of the economic environment and the past financial year

Following an already cautious year 2011, the worldwide semiconductor industry experienced a rather muted market development also in 2012. This deceleration was particularly due to the increasing macroeconomic uncertainty. As a result, the global semiconductor market declined by -2.7% to USD 291.6bn. In comparison, the market volume increased by 0.4% to USD 299.5bn in 2011. The relevant market segment for ams, analog semiconductors, also showed only negative growth of -7.1% to USD 39.3bn in 2012 (previous year: USD 42.3bn)<sup>1</sup>.

On the other hand, ams recorded an extremely positive business development for 2012 and again clearly outperformed the market in the previous year with a revenue growth of 41% to a record EUR 387.6m.

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

The expansion of its product portfolio and broadening its worldwide customer base via the direct and distribution sales channels remained strategic key aspects in 2012, which determined the market

success of ams. The company's worldwide sales and customer support network enables ams to fully participate in the attractive development of the markets in Asia, Europe and North America forming a solid foundation for further profitable growth.

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

Within the Consumer & Communications market, ams recorded strong growth last year which was particularly driven by the ongoing expansion of the markets for smartphones and tablet PCs. ams is a major supplier to leading smartphone, tablet PC and mobile device vendors and was able to expand its market reach in 2012 with existing and new accounts. ams sees strong design activities continuing across product lines as global OEMs turn to ams to support upcoming devices.

ams strengthened its position as the leading provider of advanced light sensors last year. ams shipped very high volumes of ambient light and proximity sensors to top-tier device vendors for a wide variety of major global platforms and models. New RGB color sensing capabilities increase the differentiation of ams' light sensor portfolio and offer additional opportunities in the growing smartphone and tablet PC markets. The company's MEMS microphone IC business expanded substantially again in 2012 driven by the need for high quality, low noise audio input for consumer devices. Shipping more than 1.2 billion units last year, ams remains the clear market leader in this area while the MEMS microphone market continues to grow due

1) Source: WSTS, December 2012

to smartphone and tablet PC growth and increasing market penetration. ams successfully launched a new power management solution for a leading graphics processor vendor in 2012 which offers advanced high current handling for the next generation of mobile devices including smartphones and tablet PCs. ams sees strong market interest for this vendor's new graphics processor range where ams' power management solution has been chosen for the processor reference design. Based on ams' proprietary CMOS process capabilities, the solution enables high efficiency at a minimized footprint to support refresh rates for high resolution display devices.

ams' wireless business for RFID (Radio Frequency Identification) and NFC (Near Field Communications) showed strong growth in 2012 as emerging applications see increasing shipment volumes on their path to wider acceptance. This includes volume shipments of the company's innovative antenna booster solution for NFC mobile payment and reader/tag functionality. In 2012, ams acquired IDS, a global design leader for highly-integrated, low-power RFID IC solutions and IP for HF and UHF applications, to further strengthen its Wireless business. Together with IDS, ams is very strongly positioned in the fast-growing authentication and payment markets and able to offer the smallest form factors, the lowest power consumption and the highest sensitivity.

ams' industrial business recorded very solid results for 2012 given its broad range of end markets and despite a mixed development of demand for major product lines. As a core business for ams, industrial brings the company's sensor, sensor interface and power management technologies to a wide variety of applications requiring high analog performance. Some industrial end markets such as seismic sensors showed a strong performance in 2012, while

important areas in industrial automation saw a continuing impact from muted end customer demand across geographies. ams was nevertheless able to strengthen its market position as a leader in industrial sensors, position measurement and building control.

In medical applications, ams continued to be very successful last year with advanced sensor and interface solutions, particularly in the core area Medical Imaging (computed tomography (CT), digital X-ray, ultrasound and mammography). The company's breakthrough CT imaging sensor was again an important driver for the medical business, confirming ams' technology leadership in CT solutions and ultra-high accuracy analog signal processing. Long-term in nature, ams' medical business is built around strategic partnerships with global leaders in medical device and system technology.

ams' automotive business showed growth in 2012 despite a difficult demand environment in the second half of the year. ams' market success continues to be driven by high performance sensor and encoder solutions, innovative battery power management, and critical safety systems. The company is seeing solid product run rates for major system suppliers as sensor and electronics penetration in vehicles continues to rise. ams enters 2013 with a healthy automotive revenue pipeline for the coming years, reflecting future platform launches and 2012 design-wins.

ams' specialty foundry activities for a wide range of customers again provided an attractive contribution to the company's results. The business segment offers additional services from development support to final testing as a full service provider and holds a leading market position as an analog specialty foundry.

## 2 Business Results

### 2.1 Development of revenues

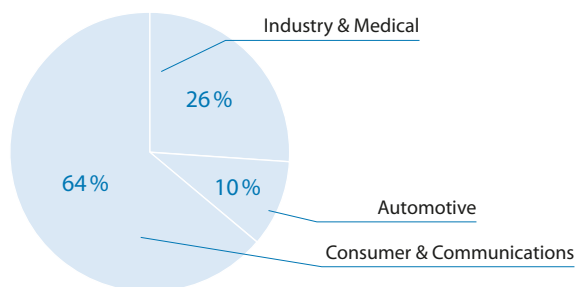
Consolidated group revenues for the financial year 2012 showed an increase of 41% to EUR 387.6m compared to EUR 275.7m in 2011. This extremely positive development is primarily based on the robust demand in the target market Consumer &

Communications and an overall good demand in the Automotive market. The Industry & Medical market showed an uneven development given the prevailing macroeconomic uncertainties in 2012.

The revenue breakdown by markets is as follows:

In millions of EUR	2012	% of revenues	2011	% of revenues	Change in %
Consumer & Communications	248.3	64%	132.3	48%	+88%
Automotive	40.5	10%	36.9	13%	+10%
Industry & Medical	98.9	26%	106.5	39%	-7%
	<b>387.6</b>		<b>275.7</b>		

#### Revenue breakdown by markets



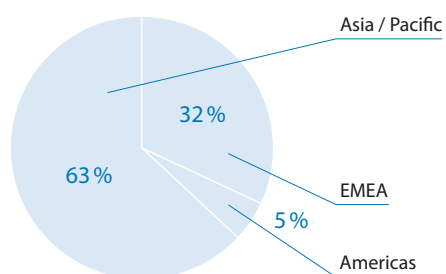
The distribution of revenues by region reflects the demand environment in the company's target markets. Business in the Asia / Pacific region showed a strong development in 2012 with revenues growing substantially compared to the previous year. This led to a meaningful increase of the region's share 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 years in the coming years.

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

In millions of EUR	2012	% of revenues	2011	% of revenues	Change in %
EMEA	124.7	32%	123.0	44%	+1%
Americas	19.1	5%	26.6	10%	-28%
Asia / Pacific	243.8	63%	126.1	46%	+93%
	<b>387.6</b>		<b>275.7</b>		

### Revenue breakdown by regions



## 2.2 Orders received and order backlog

Given robust order patterns in several key markets orders received increased strongly over the course of the year, growing from EUR 258.1m to EUR 386.0m, which is an improvement of 50% compared to the previous year.

ams' year-end order backlog rose slightly by 1% from EUR 90.0m in 2011 to EUR 90.9m in 2012, which creates an attractive basis for 2013 despite a rather short-term order behavior of some major customers.

Revenues and orders developed as follows:

In millions of EUR	2012	2011	Change in %
Revenues	387.6	275.7	+41%
Orders received	386.0	258.1	+50%
Total order backlog	90.9	90.0	+1%

## 2.3 Earnings

Gross profit increased substantially to EUR 202.9m in 2012 compared to EUR 139.6m 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 a result, full year gross margin rose to 52% in 2012 (excluding acquisition-related costs for TAOS 55%) compared to 51% (excluding acquisition-related costs for TAOS 52%) in the previous year. This attractive margin increase was mainly driven by the high utilization of the company's production facilities in 2012 and a more profitable product mix with higher margins. At the same time, prices for the company's products remained largely stable to slightly declining.

Research and development costs as well as marketing and sales expenses showed an increase in 2012

compared to the previous year based on significant product development efforts, the expansion of the sales network and a continued increase in personnel cost. Administrative costs were also higher than the year before which is mainly based on the increase in personnel costs.

Given the strong revenue growth in relation to a minimal increase of fixed costs, the operating result (EBIT) increased significantly by EUR 41.6m to a record result of EUR 84.8m in 2012. With the increase in EBIT, EBITDA (Earnings before interest and taxes plus depreciation) rose considerably by EUR 47.3m to EUR 118.1m.

Net income increased to EUR 81.9m in 2012 from EUR 35.3m in 2011. The return on equity reached 20% compared to 11% for 2011 while the return on revenues grew from 13% to 21% in 2012.

In millions of EUR	2012	2011	Change in %
Gross profit on revenues	202.9	139.6	+45%
Gross margin	52%	51%	
Gross margin (excluding acquisition-related costs)	55%	52%	
EBITDA	118.1	70.8	+67%
Operating result (EBIT)	84.8	43.1	+97%
EBIT margin	22%	16%	
Financial result	-1.4	-6.6	+79%
Result before tax	83.4	36.5	+128%
Net result	81.9	35.3	+132%
Return on equity	20%	11%	
Return on revenues	21%	13%	

## 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 slightly from 61% in 2011 to 62% in 2012.

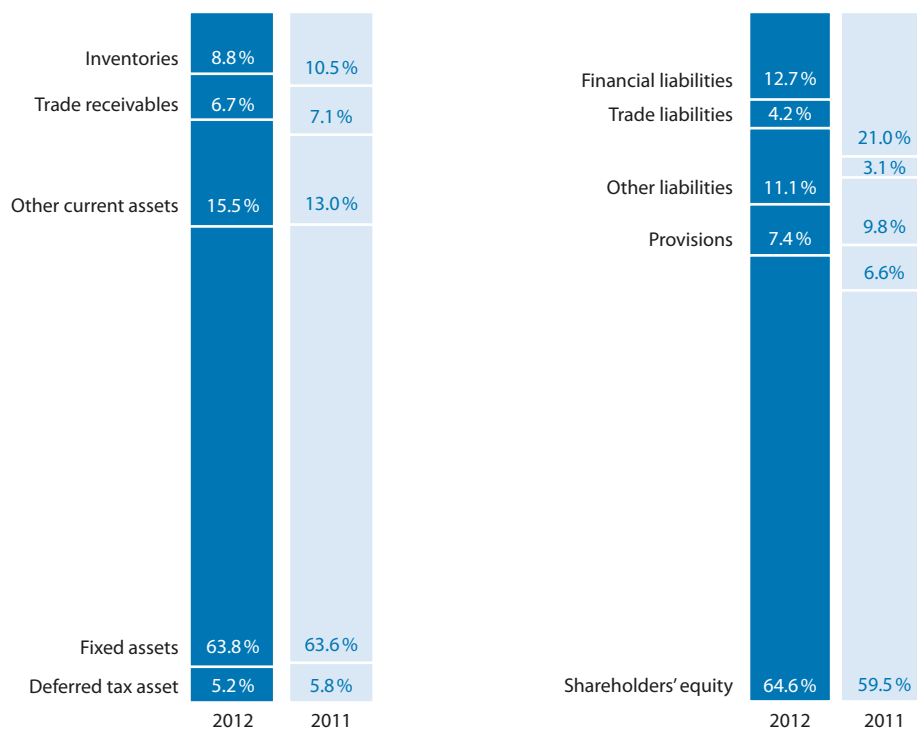
The investments in fixed assets affecting cash (capital expenditures) of EUR 31.9m were below the current depreciation and amortization of EUR 33.3m and amounted to 9% in relation to revenue (2011: 6%). The ratio of equity to fixed assets reached 102% in 2012 compared to 94% in the previous year.

The fixed assets include a deferred tax asset of EUR 32.9m (previous year: EUR 32.2m). Under the current tax legislation this tax asset can be carried forward indefinitely, but is expected to be used to offset profit taxes within the next five years.

Inventories amounted to EUR 56.2m at the end of 2012 (2011: EUR 58.8m). Improvements in inventory management despite a constant high level of capacity utilization led to an increased inventory turnover compared to last year.

Trade receivables only showed a moderate increase despite the significant revenue growth. At year-end 2012 trade receivables amounted to EUR 42.2m (2011: EUR 39.7m).

Due to the strong operating cash flow, financial liabilities decreased by EUR 36.7m from EUR 117.5m to EUR 80.8m and net debt shrank in the past financial year. As a result, net financial assets came to EUR 6.0m at balance sheet date (2011: EUR -52.6m). Group equity increased by 23% to EUR 409.5m as a consequence of the positive development of the net result.



Assets in millions of EUR	2012	2011
Inventories	56.2	58.8
Trade receivables	42.2	39.7
Other current assets	98.1	72.8
Fixed assets	404.7	355.0
Deferred tax asset	32.9	32.2
<b>Total assets</b>	<b>634.0</b>	<b>558.6</b>

Equity and liabilities	2012	2011
Financial liabilities	80.8	117.5
Trade liabilities	26.4	17.1
Other liabilities	70.2	54.9
Provisions	47.1	36.9
Shareholders' equity	409.5	332.2
<b>Total equity and liabilities</b>	<b>634.0</b>	<b>558.6</b>

Given the lower indebtedness the debt-to-equity ratio decreased to 20% compared to 35% in the

previous year. At the same time, the equity ratio increased to 65% (2011: 59%).

	2012	2011
Equity ratio	65%	59%
Debt to equity ratio	20%	35%
Equity to fixed assets ratio	101%	94%



## 2.5 Cash flow

The operating cash flow increased strongly to EUR 124.8m in 2012 compared to EUR 70.3m in the previous year. This improvement is primarily based on the considerable growth of the operating result and the successful management of working capital. The cash flow from investing activities was EUR -65.7m (2011: EUR -95.4m) comprising EUR 30.7m for the acquisition of the IDS group and

EUR 31.9m of expenditures for intangible assets, property, plant and equipment (2011: EUR 17.7m). The free cash flow amounted to EUR 59.1m (2011: -25.1m). The company's available liquidity increased in 2012 and cash including short-term investments grew from EUR 65.0m at the end of 2011 to EUR 86.8m at the end of 2012.

In millions of EUR	2012	2011	Change in %
Operating cash flow	124.8	70.3	+78%
Cash flow from investing activities	-65.7	-95.4	+31%
Free cash flow	59.1	-25.1	+335%
Cash flow from financing activities	-42.9	53.8	-180%
Cash and cash equivalents	67.9	51.7	31%

## 3 Research and development

ams' 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 59.0m last year (15% of revenue) compared to EUR 50.8m in 2011 (18% of revenue). Research and development activities in product development included mainly the areas

of Sensors and Sensor Interfaces, Power Management and Wireless as well as the development of specialty variants of CMOS and SiGe processes for high-voltage and high-frequency applications. The average number of employees in research and development exceeded 310 in 2012 (2011: 300).

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, costs for raw materials and assembly services were slightly reduced in 2012 which had a positive effect on the gross profit margin. Given continuously increasing personnel costs the cost pressures in manufacturing remain high.

Gross margin improved further to 52% (2011: 51%) due to a favorable product mix, high capacity utilization in manufacturing and a focus on higher margin products.

Internal production capacity was nearly fully utilized during the last year. Any unabsorbed fixed costs have been recorded in the income statement.

Across all manufacturing areas average capacity utilization was 99% in 2012, in the fourth quarter 100%. For 2013, the company assumes continued high levels of capacity utilization given the sustained positive demand situation for our products.

## 5 Employees

On average, ams had 1,282 employees in 2012 (2011: 1,193) of which 833 worked at the headquarters in Unterpremstätten (2011: 840). As part of the increase, about 40 people were added through the average effect of the AMS-TAOS acquisition in 2011 and about 30 people were added through the expansion of the production facility in the Philippines.

ams 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.

ams attempts to retain its employees with long-term remuneration systems. A profit sharing program for all ams 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 ams' success in the global analog market.

Given the further positive development of our results in 2012, 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 10.6m for 2012 (2011: EUR 4.1m). The profit sharing program is an expression of ams' 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 ams. The company is dedicated to meeting the highest ecological standards as well as making conservative use of resources and the environment. Consequently, ams 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 ams which have been supported by a range of activities for many years. Based on a thorough analysis

of ams' carbon dioxide emissions sources in 2009 measures to achieve continuing further reductions in carbon dioxide emissions are defined and implemented each year. Likewise, ams has set itself the mid-term goal of becoming fully carbon-neutral as a company.

ams 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

ams currently has subsidiaries in Switzerland, Italy, Germany, France, the United Kingdom, Spain, the USA, the Cayman Islands, the Philippines, Japan, Korea, Slovenia and India. The subsidiaries in the USA, Switzerland, Italy, Spain, the United Kingdom, Slovenia and India carry out development, marketing and sales activities, while the subsidiaries in Germany, France and Japan are active in marketing and sales and technical support. The subsidiary in Korea which was added through the acquisition of AMS-TAOS is responsible for sales and assembly in the region while 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 2012. Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings develops high end packaging technologies and offers advanced packaging services. The investment in New Scale Technologies, Inc., Victor, New York (USA), also remained unchanged at 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 ams 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, ams 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 board and supervisory board. 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. ams' 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 ac-

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

### Receivables and credit risk

ams operates a strict credit policy. The creditworthiness of existing customers is constantly checked and new customers undergo a credit evaluation. Under ams' 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). ams' treasury policy ensures that part of the interest rate risk is reduced by fixed-interest borrowings. On the liability side, 18% of all amounts owed to financial institutions are at fixed

rates. Of the remaining borrowings on a floating rate basis (82%), 59% 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 ams.

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 ams are integrated in complex electronic systems. Faults or functional defects in the products produced by ams 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 ams' assets, financial and earnings position.

## Patent infringement risk

ams 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 ams 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 ams share price.

## 9 Events after the Balance Sheet Date

No transactions had a significant effect on ams' 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, ams expects meaningful higher business volumes for 2013 based, inter alia, on several design-wins in the previous 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 2013 (WSTS, December 2012). In contrast, ams 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 2013. In case 2013 shows a much weaker global demand for semiconductors as expected and/or the US-Dollar weakens

notably, the impact on the business development of ams would be profound.

With increased revenues and continued high capacity utilization in 2013 ams anticipates an improvement in gross profit margin and further earnings growth for the current year.

For the mid-term, adding further key accounts in all markets and growing revenues with worldwide distributors remain strategic focus areas for the company.

A number of trends, such as the market success of ams' solutions in smartphones and tablets, the integration of innovative sensor functionalities into

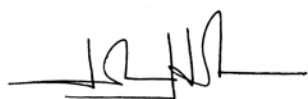
mobile handsets and similar devices, the further growth of MEMS microphone deployment, an ever increasing number of applications in the wireless business, new medical devices and systems as well as inventive sensor systems for industrial and automotive applications, create meaningful short- and

mid-term growth opportunities for the company. Actively broadening the company's international customer base should be a significant factor supporting the company's continuing success in the coming years.

## 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, January 31, 2013



John A. Heugle  
CEO



Michael Wachsler-Markowitsch  
CFO

## Consolidated Income Statement

acc. to IFRS from January 1, 2012 until December 31, 2012

In thousands of EUR	Note	2012	2011
Revenues	1	387,636	275,704
Cost of sales		-184,727	-136,095
<b>Gross profit</b>		<b>202,910</b>	<b>139,609</b>
Research and development		-59,029	-50,807
Selling, general and administrative		-65,043	-52,024
Other operating income	2	6,012	8,092
Other operating expense	3	-281	-273
Result from investments in associates		206	-1,457
<b>Result from operations</b>		<b>84,773</b>	<b>43,140</b>
Finance income	4	5,658	4,370
Finance expenses	4	-7,083	-10,975
<b>Net financing result</b>		<b>-1,398</b>	<b>-6,604</b>
<b>Result before tax</b>		<b>83,375</b>	<b>36,536</b>
Income tax result	5	-1,471	-1,250
<b>Net result</b>		<b>81,904</b>	<b>35,286</b>
Basic Earnings per Share in EUR	22	6.37	3.04
Diluted Earnings per Share in EUR	22	6.06	2.98



## Consolidated Statement of Comprehensive Income

acc. to IFRS from January 1, 2012 until December 31, 2012

In thousands of EUR	Note	2012	2011
<b>Net result</b>		<b>81,904</b>	<b>35,286</b>
Actuarial gains and losses		-2,087	-574
Exchange differences on translating foreign operations		-5,098	22,371
<b>Other comprehensive income</b>		<b>-7,185</b>	<b>21,797</b>
<b>Total comprehensive income</b>		<b>74,719</b>	<b>57,083</b>

## Consolidated Balance Sheet

acc. to IFRS as of December 31, 2012

In thousands of EUR	Note	Dec. 31, 2012	Dec. 31, 2011
<b>Assets</b>			
Cash and cash equivalents	6	67,916	51,735
Financial assets	12	18,931	13,229
Trade receivables	7	42,175	39,734
Inventories	8	56,186	58,777
Other receivables and assets	9	11,238	7,823
<b>Total current assets</b>		<b>196,447</b>	<b>171,297</b>
Property, plant and equipment	10	131,282	117,196
Intangible assets	11	259,966	224,310
Investments in associates	13	6,430	6,295
Deferred tax assets	14	32,876	32,219
Other long-term assets	15	6,991	7,241
<b>Total non-current assets</b>		<b>437,545</b>	<b>387,262</b>
<b>Total assets</b>		<b>633,992</b>	<b>558,559</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Interest-bearing loans and borrowings	16	9,428	9,435
Trade liabilities		26,392	17,069
Provisions	17	24,267	15,578
Other liabilities	19	20,789	16,262
<b>Total current liabilities</b>		<b>80,876</b>	<b>58,344</b>
Interest-bearing loans and borrowings	16	71,407	108,090
Employee benefits	20	19,159	14,455
Provisions		22,817	21,284
Deferred taxes liabilities	18	17,165	19,423
Other long-term liabilities	19	13,053	4,792
<b>Total non-current liabilities</b>		<b>143,601</b>	<b>168,044</b>
<b>Shareholders' equity</b>			
Issued capital	21	34,658	33,425
Additional paid-in capital	21	214,763	193,581
Treasury shares	21	-35,240	-23,545
Other reserves (translation adjustment)	21	17,946	23,044
Retained earnings		177,387	105,665
<b>Total shareholders' equity and reserves</b>		<b>409,514</b>	<b>332,170</b>
<b>Total liabilities and shareholders' equity</b>		<b>633,992</b>	<b>558,559</b>

## Consolidated Statement of Cash Flows

acc. to IFRS from January 1, 2012 until December 31, 2012

In thousands of EUR	Note	2012	2011
<b>Operating activities</b>			
Result before tax		83,375	36,536
Depreciation (net of government grants)	10, 11	33,296	28,193
Changes in employee benefits	20	4,704	1,972
Expense from stock option plan (acc. to IFRS 2)		2,476	1,844
Changes in other long-term liabilities		4,594	4,820
Result from sale of plant and equipment		-98	0
Result from sale of investments		0	86
Result from investments in associates		-206	1,457
Net financing result		1,398	6,604
Changes in assets		-2,097	-4,447
Changes in short-term operating liabilities and provisions		-1,292	-4,839
Tax payments		-1,375	-1,891
<b>Cash flows from operating activities</b>		<b>124,775</b>	<b>70,336</b>
<b>Investing activities</b>			
Acquisition of intangibles, property, plant and equipment		-31,934	-17,685
Acquisition of financial investments		-35,651	-91,983
Proceeds from sale of plant and equipment		528	0
Proceeds from the sale of investments		0	13,047
Interest received		1,341	1,192
<b>Cash flows from investing activities</b>		<b>-65,716</b>	<b>-95,429</b>
<b>Financing activities</b>			
Proceeds from borrowings		33,990	128,357
Repayment of debt		-68,690	-59,287
Repayment of finance lease liabilities		-1,101	-90
Acquisition of treasury shares		-21,203	-9,392
Sale of treasury shares		6,307	1,124
Interest paid		-2,666	-3,100
Expenses from financial instruments		0	-52
Dividends paid		-8,095	-5,287
Changes resulting from capital increase		18,581	1,513
<b>Cash flows from financing activities</b>		<b>-42,878</b>	<b>53,786</b>
Change in cash and cash equivalents		16,181	28,693
Cash and cash equivalents at January 1		51,735	23,042
<b>Cash and cash equivalents at December 31</b>		<b>67,916</b>	<b>51,735</b>

## Consolidated Statement of Changes in Shareholders' Equity

acc. to IFRS from January 1, 2012 until December 31, 2012

In thousands of EUR	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total shareholders' equity
<b>Total equity as of January 1, 2011</b>	<b>26,759</b>	<b>102,624</b>	<b>-15,276</b>	<b>672</b>	<b>76,240</b>	<b>191,019</b>
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
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,371</b>	<b>34,712</b>	<b>57,083</b>
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
<b>Total equity as of December 31, 2011</b>	<b>33,425</b>	<b>193,581</b>	<b>-23,545</b>	<b>23,044</b>	<b>105,665</b>	<b>332,170</b>
Net result	0	0	0	0	81,904	81,904
Actuarial gains / losses	0	0	0	0	-2,087	-2,087
Translation adjustment	0	0	0	-5,098	0	-5,098
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,098</b>	<b>79,817</b>	<b>74,719</b>
Share based payments	0	21,061	-1,358	0	0	19,703
Dividends paid	0	0	0	0	-8,095	-8,095
Capital increase	1,233	0	0	0	0	1,233
Capital increase from business combination	0	120	4,559	0	0	4,679
Purchase of treasury shares	0	0	-21,203	0	0	-21,203
Sale of treasury shares	0	0	6,307	0	0	6,307
<b>Total equity as of December 31, 2012</b>	<b>34,658</b>	<b>214,763</b>	<b>-35,240</b>	<b>17,946</b>	<b>177,387</b>	<b>409,514</b>

# Notes to the Consolidated Financial Statements

## Significant accounting policies

ams 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, 2012 represent the parent company ams

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

On January 31, 2013 the consolidated financial statements as per December 31, 2012 were completed and released for approval by the Supervisory Board.

### (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 2012.

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

Standard	Content	Effective date IASB <sup>1)</sup>	Effective date EU <sup>2)</sup>
<b>Amendments to standards and interpretations</b>			
IFRS 7	Transfer of financial assets	July 1, 2011	July 1, 2011
IAS 12	Deferred Tax: Recovery of underlying assets	January 1, 2012	January 1, 2013

The first time application of the remaining standards that have to be applied for the first time during the business year 2012 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:

1) Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.

2) The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation. Voluntary early application is permitted.

Standard	Content	Effective date IASB <sup>3)</sup>	Effective date EU <sup>4)</sup>
<b>New standards and interpretations</b>			
IFRS 9	Financial Instruments	January 1, 2015	– <sup>5)</sup>
IFRS 10	Consolidated Financial Statements	January 1, 2013	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2013	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013	January 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	January 1, 2013
<b>Revised standards</b>			
IAS 19	Employee Benefits	January 1, 2013	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements	January 1, 2013	January 1, 2014
IAS 28	Investments in Associates and Joint Ventures	January 1, 2013	January 1, 2014
<b>Amendments to standards and interpretations</b>			
IAS 1	Presentation of Financial Statements	July 1, 2012	July 1, 2012
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	January 1, 2014
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013	January 1, 2013
IFRS 7 und 9	Mandatory Effective Date and Transition Disclosures	January 1, 2015	– <sup>5)</sup>
IFRS 10, 11 and 12	Transition Guidance	January 1, 2013	– <sup>5)</sup>
IFRS 10, 12 and IAS 27	Investment Entities	January 1, 2014	– <sup>5)</sup>
all standards	Improvements to IFRSs 2011	January 1, 2013	– <sup>5)</sup>

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.

3) Standards to be applied for financial years which begin on or after the effective date according to the respective pronouncements of the International Accounting Standards Board.

4) The IFRS are to be applied for business years that begin on or after the effective date according to the respective EU regulation.

5) Not yet adopted by EU; the effective date according to EU regulation can differ from the effective date in the pronouncement 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. Audits of major subsidiaries were carried out locally. An audit of the immaterial subsidiary ams R&D UK Ltd. has been waived.

### (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.

An amount of EUR 75 thousand (2011: EUR 38 thousand) recognized within translation adjustment is related to the currency translation of investments at equity.

### (iv) Business combinations

The company acquired 100% of IDS d.o.o. Slovenia, 100% of IDS IP Holding AG, Switzerland and its subsidiary IDS Microchip AG, Switzerland (together IDS) during the business year.

IDS is a global RFID design leader for highly integrated low-power IC solutions for RFID, HF and UHF applications and has approximately 20 employees. ams has worked closely with IDS over the past several years and plans to fully integrate IDS' activities into its existing wireless business after the closing.

IDS further enhances ams' excellent positioning for RFID applications in the authentication and payment market where the company offers the smallest form factors, the lowest power consumption and the highest sensitivity.

The following table gives an overview of assets and liabilities and a breakdown of the consideration at the date of acquisition (November 2012).

In thousands of EUR	November, 2012
Cash and cash equivalents	383
Other short-term assets	929
Property, plant and equipment	921
Intangible assets	
Goodwill	37,886
Patents	9,379
Short-term provisions	-61
Other short-term liabilities	-208
Deferred tax	-1,058
Long-term provisions	-1,000
Other long-term liabilities	-485
<b>Total consideration transferred</b>	<b>46,687</b>
thereof cash	29,026
thereof incurred liabilities	6,677
thereof treasury shares	4,679
thereof contingent purchase price components	6,305

The value of treasury shares (56,518 shares) has been determined on the basis of the valid market price (CHF 99.7) at acquisition date.

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 601 thousand in the fiscal year and were included in selling, general and administrative expenses. No issuance costs were incurred.

#### (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

Due to the fact that IDS was already generating most of its revenues with ams prior to the acquisition, there is no significant contribution to the revenues or result of the group as of the time of acquisition. This would also be the case had the acquisition already taken place on January 1, 2012.

##### (v) Acquisition costs for business combinations

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

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 822 thousand in 2012 and amounting to EUR 2,918 thousand in 2011.

**(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.

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

**(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 2012 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, 2012 the group holds only investments in securities which are recognized at fair value through profit and loss. The investment in Austria Mikro Systeme International Ltd. which is not consolidated due to non-materiality 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 subse-

quently 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.

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.

The cost of inventories is based on the moving average price formula and includes expenditures

### (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 or AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. Actuarial gains and losses are recognized in equity acc. to IAS 19.93 A.

### (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. 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 immedi-

ately. Actuarial gains and losses are recognized in equity acc. to IAS 19.93 A.

### (iv) Stock Option Plan

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 ams 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 ams 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 2012 97,000 options (SOP 2005) were granted to employees and to executives of the company respectively (2011: 0). The granted options (SOP 2005) were options that reverted to the company. In contrast to the options granted in the years 2005 until 2008, these options were immediately exercisable at 60% at grant date and will be exercisable in the amount of 20% on the first and second anniversary of grant date.

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

Valuation of Options (weighted average)		2012	2011
Market price at granting	in EUR	52.78	-
Term of options	in years	3	4
Risk-free interest rate	in %	0.7	-
Expected volatility	in %	40.00	-
Present value of Option	in EUR	12.61	-

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 ams 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 ams 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)		2012	2011
Market price at granting	in EUR	53.04	35.40
Term of options	in years	5	6
Risk-free interest rate	in %	0.7	0.9
Expected volatility	in %	40.00	15.93
Present value of Option	in EUR	8.89	1.26

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

In 2012 293,250 options (SOP 2009) were granted to 601 employees and executives of the company (2011: 273,498 options to 508 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 ams 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 ams according to the Stock Option Plan 2005, 2009 and 2011 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 management judgement. The expected volatilities were extrapolated from the historical stock-exchange price of the ams 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 2012 and 2011 as follows:

SOP 2011	2012		2011	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at the beginning of the period	226,144	13.27	0	-
granted during the period	0	-	226,144	13.27
forfeited during the period	7,794	9.22	0	-
exercised during the period	101,362	14.72	0	-
expired during the period	0	-	0	-
outstanding at the end of the period	116,988	12.27	226,144	13.27
exercisable at the end of the period	48,164	15.41	41,284	4.90
weighted average share price at the date of exercise (in EUR)	63.80		-	
range of exercise prices (in EUR)	1.42–35.37		-	
remaining contractual life	From Sept. 3, 2017 until July 12, 2021		From Sept. 3, 2017 until July 12, 2021	

SOP 2009	2012		2011	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at the beginning of the period	704,819	26.31	467,505	18.94
granted during the period	293,250	56.00	273,498	37.35
forfeited during the period	17,277	23.31	12,766	22.23
exercised during the period	181,940	20.79	23,418	10.15
expired during the period	0	-	0	-
outstanding at the end of the period	798,852	38.29	704,819	26.31
exercisable at the end of the period	131,622	23.24	132,438	16.99
weighted average share price at the date of exercise (in EUR)	64.74		36.23	
range of exercise prices (in EUR)	7.68-37.51		7.68-27.92	
remaining contractual life	until June 30, 2017		until June 30, 2017	

SOP 2005	2012		2011	
	Options	weighted average exercise price (in EUR)	Options	weighted average exercise price (in EUR)
outstanding at the beginning of the period	800,975	28.19	857,564	27.81
granted during the period	97,000	41.83	0	-
forfeited during the period	7,792	26.78	11,745	31.22
exercised during the period	509,169	28.64	44,844	20.03
expired during the period	0	-	0	-
outstanding at the end of the period	381,014	31.10	800,975	28.19
exercisable at the end of the period	278,480	32.54	635,676	29.42
weighted average share price at the date of exercise (in EUR)	68.38		35.59	
range of exercise prices (in EUR)	7.68-41.83		7.68-30.01	
remaining contractual life	until June 30, 2015		until June 30, 2015	

### (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.

**(t) Expenses****(i) Operating lease payments**

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

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.

**(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.

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 basically 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	2012			2011		
	Products	Foundry	Total	Products	Foundry	Total
Revenues gross	359,710	28,251	387,962	246,014	30,134	276,148
Eliminations of inter-segment revenues	0	-326	-326	-1	-442	-443
<b>Consolidated revenues</b>	<b>359,710</b>	<b>27,926</b>	<b>387,636</b>	<b>246,013</b>	<b>29,692</b>	<b>275,704</b>
Research & development	54,367	2,000	56,367	47,909	1,837	49,746
Result from operations	85,541	6,941	92,483	56,165	8,166	64,331
Segment Assets	309,736	4,957	314,692	265,764	4,315	270,078

Within the products segment EUR 47,265 thousand were related to the addition of intangible assets due to the acquisition of the IDS group.

#### Reconciliation of segments results to income statement

In thousands of EUR	2012	2011
Result from operations per segment reporting	92,483	64,331
Result from investments in associates	-206	-1,430
Depreciation due to business combinations	-9,061	-3,907
Subsidies for research and development	5,349	6,589
Unallocated corporate costs	-3,791	-22,443
<b>Result from operations</b>	<b>84,773</b>	<b>43,140</b>
Financial result	-1,398	-6,604
<b>Result before tax</b>	<b>83,375</b>	<b>36,535</b>

#### Reconciliation of segment assets to total assets

In thousands of EUR	2012	2011
Assets per segment reporting	314,692	270,078
Property, plant and equipment	113,656	104,705
Inventories	56,186	58,777
Cash, cash equivalents and short-term investments	86,847	64,963
Deferred tax asset	32,876	32,219
Investments in associates	5,590	6,295
Intangible assets	6,430	3,675
Other assets	17,715	17,845
	<b>633,992</b>	<b>558,559</b>

#### Revenues per geographical segments

In thousands of EUR	2012	2011
EMEA	124,708	123,037
Americas	19,130	26,563
Asia / Pacific	243,799	126,105
	<b>387,636</b>	<b>275,704</b>

#### Long-term assets per geographical segments

In thousands of EUR	2012	2011
Austria	316,507	330,744
Switzerland	47,143	0
Philippines	13,895	814
Rest of the world	13,703	9,948
	<b>391,248</b>	<b>341,507</b>

## Revenues by operation

In thousands of EUR	2012	2011
Revenues from production	368,202	259,132
Revenues from research and development projects	19,434	16,573
	<b>387,636</b>	<b>275,704</b>

The sales revenue with one single customer exceeds 10% of the company's total revenues.

## 2 Other operating income

In thousands of EUR	2012	2011
Government grants related to R&D expenses	5,477	7,004
Release of provisions for doubtful account receivable	127	0
Gain from disposal of assets	67	6
Insurance refunds	3	55
Amortization of government grants related to assets	0	528
Other	338	500
	<b>6,012</b>	<b>8,092</b>

## 3 Other operating expense

In thousands of EUR	2012	2011
Allowance for bad debts	-165	-171
Expenses for monetary transactions	-112	-101
Other	-5	-1
	<b>281</b>	<b>-273</b>

## 4 Net financing result

In thousands of EUR	2012	2011
Interest expense	-2,521	-3,142
Interest income	1,201	974
Exchange differences	-844	2,915
Securities designated as at fair value		
Result from sale	0	-131
Revaluation to fair value	702	-691
Loans		
Revaluation to fair value	3,547	-2,749
Result from sale	-3,719	-3,882
Derivative financial instruments		
Revaluation to fair value	234	-380
Loss from settlement of derivative financial instruments	0	482
	<b>-1,398</b>	<b>-6,604</b>

## 5 Income tax

### Recognized in the income statement

In thousands of EUR	2012	2011
<b>Current tax</b>		
Current year	-4,800	-2,512
Under/(over) provided in prior years	-353	-6
	<b>-5,153</b>	<b>-2,518</b>
<b>Deferred tax</b>		
Change in temporary differences	2,880	-903
Change in capitalized tax losses carried forward	802	2,170
	<b>3,682</b>	<b>1,268</b>
<b>Total income tax result in income statement</b>	<b>-1,471</b>	<b>-1,250</b>

### Reconciliation of effective tax expense

In thousands of EUR	2012	2011
Result before tax	83,375	36,536
Income tax using the domestic corporation tax rate (25%)	-20,844	-9,134
Effect of tax rates in foreign jurisdictions	14,524	3,524
Non-deductible expenses / tax exempt income	-1,305	737
Tax incentives (mainly for R&D)	1,224	1,013
Corporate tax	-1,458	-1,507
Current year result for which no deferred tax asset was recognized	3,058	2,855
Change in temporary differences	2,880	-903
Change in capitalized tax losses carried forward	802	2,170
Under/(over) provided in prior years	-353	-6
	<b>-1,471</b>	<b>-1,250</b>

### Tax claim recognized in other comprehensive income

In thousands of EUR	2012	2011
Relating to net loss not recognized in income statement	696	191
	<b>696</b>	<b>191</b>

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 13,011 thousand (2011: EUR 11,272 thousand) are not recognized in the balance sheet.

## 6 Cash and cash equivalents

In thousands of EUR	2012	2011
Bank deposits	67,906	51,729
Cash on hand	10	5
	<b>67,916</b>	<b>51,735</b>

## 7 Trade receivables, net

In thousands of EUR	2012	2011
Trade receivables gross	42,429	40,629
Allowance for bad debt	-258	-896
	<b>42,171</b>	<b>39,734</b>

Allowance for bad debt developed as follows:

In thousands of EUR	2012	2011
Balance at the beginning of the period	896	917
Consumptions during the year	-619	-100
Reversals during the year	-19	0
Additions during the year	0	79
<b>Balance at the end of the period</b>	<b>258</b>	<b>896</b>

Trade receivables by regions

In thousands of EUR	2012	2011
<b>Region</b>		
EMEA	18,792	15,282
Americas	3,481	3,255
Asia / Pacific	19,898	21,196
	<b>42,171</b>	<b>39,734</b>

Concentration of credit risks

On the balance date of December 31, 2012 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	2012		2011	
	Receivables gross	Impairment	Receivables gross	Impairment
Receivables more than 30 days overdue and not impaired	595	0	93	0
Receivables more than 30 day overdue and impaired	258	-258	896	-896
Receivables not overdue or less than 30 days overdue and not impaired	41,576	0	39,640	0
<b>Total trade receivables not adjusted</b>	<b>42,429</b>	<b>-258</b>	<b>40,629</b>	<b>-896</b>

The impairment for "Receivables more than 30 days overdue and impaired" comprises a collective impairment assessment amounting to EUR 180 thousand (2011: 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	2012	2011
Unfinished goods	32,147	33,779
Finished goods	18,594	18,178
Raw materials and supplies	3,402	3,460
Work in progress	2,043	3,360
	<b>56,186</b>	<b>58,777</b>

Inventories stated at net realisable value were EUR 11,491 thousand as per December 31, 2012 and EUR 8,903 thousand as per December 31, 2011 respectively.

The valuation allowance from inventories amounts to EUR 15,554 thousand as of December 31, 2012 and to EUR 17,152 thousand as of December 31, 2011 respectively. During the business year allowances amounting to EUR -3,571 thousand (2011: EUR -6,242 thousand) have been booked.

In 2012 the amount of inventories recognized as an expense amounts to EUR 78,484 thousand and to EUR 74,335 thousand in 2011 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	2012	2011
<b>Financial assets</b>		
Government grants related to R&D expenses	5,670	4,999
Other	3,323	1,102
	<b>8,993</b>	<b>6,101</b>
<b>Non-financial assets</b>		
Amounts due from tax authorities	1,496	1,122
Prepaid expenses	656	491
Deferred interests	94	109
	<b>2,246</b>	<b>1,722</b>
<b>Total other receivables and assets</b>	<b>11,238</b>	<b>7,823</b>

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

## 10 Property, plant and equipment

In thousands of EUR	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
<b>Cost</b>						
Balance at January 1, 2012	71,960	362,575	18,312	276	-28,268	424,854
Addition from business combinations	643	726	0	0	0	1,369
Currency translation differences	-4	-224	58	20	0	-151
Additions	270	18,411	1,677	15,927	0	36,284
Transfers	5,985	6,134	-502	-11,617	0	0
Disposals	0	-12,892	-651	0	2	-13,541
<b>Balance at December 31, 2012</b>	<b>78,853</b>	<b>374,731</b>	<b>18,894</b>	<b>4,605</b>	<b>-28,267</b>	<b>448,816</b>
<b>Depreciation and impairment losses</b>						
Balance at January 1, 2012	45,274	272,578	14,231	0	-24,425	307,658
Addition from business combinations	54	395	0	0	0	449
Currency translation differences	2	-122	46	0	0	-74
Depreciation	1,608	20,344	1,687	0	-983	22,656
Transfers	-49	576	-527	0	0	0
Disposals	0	-12,543	-612	0	2	-13,154
<b>Balance at December 31, 2012</b>	<b>46,888</b>	<b>281,227</b>	<b>14,825</b>	<b>0</b>	<b>-25,407</b>	<b>317,534</b>
<b>Carrying amount</b>						
At January 1, 2012	26,686	89,997	4,081	276	-3,843	117,196
At December 31, 2012	31,965	93,503	4,069	4,605	-2,860	131,282

	Land and buildings	Plant and equipment	Fixtures and equipment	Under construction	Government grants	Total
<b>Cost</b>						
<b>Balance at January 1, 2011</b>	<b>70,906</b>	<b>336,814</b>	<b>16,510</b>	<b>1,681</b>	<b>-28,268</b>	<b>397,643</b>
Addition from business combinations	671	7,723	932	68	0	9,394
Currency translation differences	81	1,000	175	8	0	1,265
<b>Additions</b>	<b>289</b>	<b>19,829</b>	<b>1,718</b>	<b>232</b>	<b>0</b>	<b>22,069</b>
Transfers	12	1,702	0	-1,714	0	0
Disposals	0	-4,494	-1,024	0	0	-5,517
<b>Balance at December 31, 2011</b>	<b>71,960</b>	<b>362,575</b>	<b>18,312</b>	<b>276</b>	<b>-28,268</b>	<b>424,854</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at January 1, 2011</b>	<b>43,619</b>	<b>253,396</b>	<b>12,738</b>	<b>0</b>	<b>-23,052</b>	<b>286,701</b>
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
<b>Balance at December 31, 2011</b>	<b>45,274</b>	<b>272,578</b>	<b>14,231</b>	<b>0</b>	<b>-24,425</b>	<b>307,658</b>
<b>Carrying amount</b>						
<b>At January 1, 2011</b>	<b>27,287</b>	<b>83,418</b>	<b>3,772</b>	<b>1,681</b>	<b>-5,216</b>	<b>110,943</b>
<b>At December 31, 2011</b>	<b>26,686</b>	<b>89,997</b>	<b>4,081</b>	<b>276</b>	<b>-3,843</b>	<b>117,196</b>

As of December 31, 2012, commitments for the acquisition of property, plant and equipment amounted to EUR 22,657 thousand (2011: EUR 3,161 thousand) and intangible assets amounted to EUR 1,880 thousand (2011: EUR 877 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	Technology	Patents & Licences	In development	Total
<b>Cost</b>						
<b>Balance at January 1, 2012</b>	<b>162,847</b>	<b>40,186</b>	<b>20,630</b>	<b>47,026</b>	<b>603</b>	<b>271,293</b>
Additions from business combinations	37,886	0	9,379	0	0	47,265
Currency translation differences	-3,147	-574	-295	-7	0	-4,024
Additions	0	0	0	3,047	0	3,048
Transfers	0	0	0	603	-603	0
Disposals	0	0	0	-22	0	-22
<b>Balance at December 31, 2012</b>	<b>197,585</b>	<b>39,612</b>	<b>29,714</b>	<b>50,647</b>	<b>0</b>	<b>317,559</b>
<b>Amortization and impairment losses</b>						
<b>Balance at January 1, 2012</b>	<b>0</b>	<b>2,581</b>	<b>1,325</b>	<b>43,076</b>	<b>0</b>	<b>46,982</b>
Currency translation differences	0	0	0	-7	0	-7
Amortization	0	5,826	3,235	1,579	0	10,640
Disposals	0	0	0	-22	0	-22
<b>Balance at December 31, 2012</b>	<b>0</b>	<b>8,407</b>	<b>4,560</b>	<b>44,626</b>	<b>0</b>	<b>57,594</b>
<b>Carrying amount</b>						
<b>At January 1, 2012</b>	<b>162,847</b>	<b>37,605</b>	<b>19,305</b>	<b>3,950</b>	<b>603</b>	<b>224,310</b>
<b>At December 31, 2012</b>	<b>197,585</b>	<b>31,205</b>	<b>25,154</b>	<b>6,022</b>	<b>0</b>	<b>259,966</b>
<b>Cost</b>						
<b>Balance at January 1, 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,828</b>	<b>421</b>	<b>45,249</b>
Additions from business combinations	146,659	36,140	18,553	346	0	201,698
Currency translation differences	16,188	4,046	2,077	42	0	22,354
Additions	0	0	0	1,707	284	1,992
Transfers	0	0	0	102	-102	0
<b>Balance at December 31, 2011</b>	<b>162,847</b>	<b>40,186</b>	<b>20,630</b>	<b>47,026</b>	<b>603</b>	<b>271,293</b>
<b>Amortization and impairment losses</b>						
<b>Balance at January 1, 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,817</b>	<b>0</b>	<b>40,817</b>
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
<b>Balance at December 31, 2011</b>	<b>0</b>	<b>2,581</b>	<b>1,325</b>	<b>43,076</b>	<b>0</b>	<b>46,982</b>
<b>Carrying amount</b>						
<b>At January 1, 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,011</b>	<b>421</b>	<b>4,432</b>
<b>At December 31, 2011</b>	<b>162,847</b>	<b>37,605</b>	<b>19,305</b>	<b>3,950</b>	<b>603</b>	<b>224,310</b>

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, 2012 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 2017. 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. A EUR interest rate of 13.4% has been applied when discounting the forecasted cash flows (USD interest rate 2011: 11.3%). 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 10%
- Variation of growth rate of perpetual annuity -10%
- Variation of EBITDA margin of perpetual annuity -10%

These changes - separated and cumulated - would not lead to impairment.

The goodwill in the amount of EUR 37,886 thousands which was calculated in the course of the acquisition of the IDS group has been assigned to the cash-generating unit Power Management & Wireless. An impairment test has been conducted at effective date October 30, 2012 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 via the discounted cash flow method using a detailed planning period up to 2017. 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. A EUR interest rate of 12.7% was applied to the discounting of the cash flow forecast. 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 10%
- Variation of growth rate of perpetual annuity -10%
- Variation of EBITDA margin of perpetual annuity -10%

These changes - separated and cumulated - would not lead to impairment.

## 12 Investments and securities

In thousands of EUR	2012	2011
<b>Non-current investments</b>		
Shares in affiliated companies	1	1
	<b>1</b>	<b>1</b>
<b>Current investments</b>		
Investment funds designated as at fair value through profit and loss	18,931	13,229
	<b>18,931</b>	<b>13,229</b>

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

are December 30, 2013, February 13, 2014, July 28, 2014, January 20, 2016 and April 10, 2017.

## 13 Investments in associates

In thousands of EUR	Balance Dec. 31, 2011	Additions	Add. due to Business Combinations	Translation adjustment	Result	Balance Dec. 31, 2012
New Scale Technologies Inc.	2,629	0	0	-75	-10	2,544
FlipChip Holdings LLC	2,946	0	0	-52	377	3,271
RFMicron Inc.	721	0	0	-13	-93	615
	<b>6,295</b>	<b>0</b>	<b>0</b>	<b>-141</b>	<b>275</b>	<b>6,430</b>

Summary of financial information for associated companies

In thousands of EUR	2012				2011			
	New Scale Technologies Inc.	FlipChip Holdings LLC	RFMicron, Inc.	Total	New Scale Technologies Inc.	FlipChip Holdings LLC	RFMicron, Inc.	Total
Reporting date	Sep. 30, 2012	Sep. 30, 2012	Sep. 30, 2012		Sep. 30, 2011	Sep. 30, 2011	Sep. 30, 2011	
Ownership	34.47%	33.50%	14.28%		34.47%	33.50%	14.28%	
Assets	1,945	40,911	1,431	44,287	2,201	10,543	341	13,084
Liabilities	271	18,523	6	18,800	457	7,439	21	7,917
Equity	1,674	22,388	1,425	25,487	1,744	3,104	320	5,167

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

RF Micron is a developer of next generation RFID micro chips and RFID 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 2012 (EUR 377 thousand) (2011: EUR 86 thousand) has

been recorded in the balance sheet as per December 31, 2012.

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	2012	2011
Intangible assets, property, plant and equipment	-60	1,906
Other long-term assets	-150	-644
Trade receivables and other assets	66	-269
Employee benefits	3,942	2,841
Liabilities	996	1,533
Provisions	-642	-1,072
Tax value of loss carry-forwards and write down of investments	28,725	27,923
	<b>32,876</b>	<b>32,219</b>

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.

## 16 Interest-bearing loans and borrowings

In thousands of EUR	2012	2011
<b>Non-current liabilities</b>		
Bank loans	71,407	108,090
	<b>71,407</b>	<b>108,090</b>
<b>Current liabilities</b>		
Current portion of bank loans	9,428	9,435
	<b>9,428</b>	<b>9,435</b>

Terms and debt repayment schedule 2012

In thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
<b>R &amp; D loans</b>				
EUR - fixed rate loans	11,202	2,029	7,877	1,296
EUR - floating rate loans	2,300	383	1,917	0
CHF - floating rate loans	1,559	1,559	0	0
<b>Unsecured bank facilities</b>				
EUR - floating rate	50,391	5,110	45,275	6
USD - floating rate	15,383	346	15,037	0
	<b>80,835</b>	<b>9,428</b>	<b>70,106</b>	<b>1,302</b>
<b>Financial lease liabilities</b>				
USD - fixed rate	3,608	952	2,656	0
	<b>84,443</b>	<b>10,380</b>	<b>72,762</b>	<b>1,302</b>

Terms and debt repayment schedule 2011

In thousands of EUR	Total	1 year or less	2-5 years	More than 5 years
<b>R &amp; D loans</b>				
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
<b>Unsecured bank facilities</b>				
EUR - floating rate	44,400	0	44,400	0
USD - floating rate	55,935	3,534	52,401	0
	<b>117,525</b>	<b>9,435</b>	<b>108,090</b>	<b>0</b>
<b>Financial lease liabilities</b>				
USD - fixed rate	4,548	764	3,784	0
	<b>122,073</b>	<b>10,198</b>	<b>111,874</b>	<b>0</b>

## 17 Provisions

In thousands of EUR	Warranties	Onerous contracts	Other personnel provisions	Other	Total
Balance at January 1, 2012	13	5,927	9,124	514	15,578
Provisions made during the year	750	4,714	15,108	3,484	24,056
Provisions used during the year	-13	-5,700	-8,692	-357	-14,763
Provisions reversed during the year	0	-227	-378	0	-605
Balance at December 31, 2012	750	4,714	15,162	3,641	24,267

### 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, 2012 EUR 4,714 thousand (2011: EUR 5,927 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 2,556 thousand (2011: EUR 173 thousand) mainly and provisions for outstanding invoices amounting to EUR 394 thousand (2011: EUR 305 thousand).

## 18 Deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

In thousands of EUR	2012	2011
Intangible assets, property, plant and equipment	17,165	19,423
	17,165	19,423



## 19 Other liabilities

In thousands of EUR	Current		Non-current	
	2012	2011	2012	2011
Finance lease liabilities	926	764	2,682	3,784
Employee related liabilities	2,104	1,831	0	0
Liabilities from license agreements	2,041	1,191	4,350	0
Derivative financial instruments	665	899	0	0
<b>Financial liabilities</b>	<b>5,736</b>	<b>4,685</b>	<b>7,032</b>	<b>3,784</b>
Accrued vacation days	4,835	4,109	0	0
Deferred income	4,378	3,567	0	0
Liabilities against tax authorities	3,194	978	0	0
Accrued expenses	1,115	2,457	5,450	0
Other	1,531	468	571	1,008
<b>Non-financial liabilities</b>	<b>15,053</b>	<b>11,577</b>	<b>6,022</b>	<b>1,008</b>
<b>Total other liabilities</b>	<b>20,789</b>	<b>16,262</b>	<b>13,053</b>	<b>4,792</b>

## 20 Employee benefits

Movements in the net liability recognized in the balance sheet:

In thousands of EUR	2012		2011	
	Severance payments	Long-service benefits	Severance payments	Long-service benefits
Present value of obligation (DBO) at January 1	12,774	1,681	10,972	1,511
Expense recognized in the income statement	2,267	205	1,505	190
Actuarial gains / losses recognized in comprehensive income	2,560	224	725	41
Payments during the year	-481	-70	-427	-61
<b>Present value of obligation (DBO) at December 31</b>	<b>17,119</b>	<b>2,040</b>	<b>12,774</b>	<b>1,681</b>

The value of obligation is not financed by a fund. The accumulated actuarial gains and losses amounted to EUR 4,140 thousand (2011: EUR 1,357 thousand) so far.

Expense recognized in the income statement

In thousands of EUR	2012		2011	
	Severance expense	Long-service benefits	Severance expense	Long-service benefits
Current service cost	1,766	129	1,059	120
Interest cost	501	76	446	70
	<b>2,267</b>	<b>205</b>	<b>1,505</b>	<b>190</b>

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

In thousands of EUR	2012		2011	
	Severance expense	Long-service benefits	Severance expense	Long-service benefits
Cost of sales	725	66	542	68
Selling, general and administrative expenses	929	84	542	68
Research and development	612	55	421	53
	<b>2,267</b>	<b>205</b>	<b>1,505</b>	<b>190</b>

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

	2012	2011
Discount rate at December 31	3.5%	4.6%
Future salary increases	2.7%	2.7%
Fluctuation < 40 years of age	8%	8%
Fluctuation > 40 years of age	4%	5%
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 108,605 thousand in 2012 and EUR 88,191 thousand in 2011. In 2012 the amount shown includes EUR 2,476 thousand (2011: EUR 1,844 thousand) for the SOP 2005, SOP 2009 and SOP 2011.

The average number of employees was 1,282 in 2012 and 1,193 in 2011. Expenses for the severance payment fund were EUR 346 thousand (2011: EUR 258 thousand).

#### Historical Information

In thousands of EUR	2012	2011	2010	2009	2008	2007
Present value of obligation (DBO) December 31 for severance payments	17,119	12,774	10,972	9,522	7,975	7,829
Present value of obligation (DBO) December 31 for long service benefits	2,040	1,681	1,511	1,332	1,233	1,290
	<b>19,159</b>	<b>14,455</b>	<b>12,483</b>	<b>10,854</b>	<b>9,208</b>	<b>9,119</b>

## 21 Shareholders' equity

### Share capital and share premium

In thousands of EUR	2012	2011
Share capital	34,658	33,425
Additional paid-in capital	214,763	193,581
	<b>249,421</b>	<b>227,006</b>

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).

The authorized capital 2006 of ams 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.

In May 2012, the management board was authorized upon cancellation of the existing authorized capital (authorized capital 2011) to increase – if required in several tranches - the share capital of up to EUR 16,657,936.24 by issuing up to 56,876,546 new, bearer or registered common shares (no-par shares) against cash and/or contribution in kind and to determine, in agreement with the Supervisory Board, the par value, the terms of issue and further details of the implementation of the capital increase (authorized capital 2012).

Furthermore, the management board was authorized in May 2012 to issue with the consent of the Supervisory Board - if required in several tranches and in different combinations, and also indirectly in the way of a guarantee for the issuance of financial instruments which grant the right of conversion of shares of the company by a company affiliated with

the company – during a period of five years from the day of this resolution, financial instruments pursuant to §174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, participating bonds, warrant bonds or profit participation rights, with a proportional nominal amount of up to EUR 14,653,185.86 which grant the right of conversion and/or subscription of a total of up to 6,048,967 shares of the company or are structured in a way to be shown as equity contribution.

During the course of the financial year 2012 the company issued 509,169 (2011: 44,844) shares in order to meet its obligations with respect to the execution of stock options regarding the stock option plans (SOP 2005).

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.

## 22 Earnings per share

### Basic earnings per share

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

#### Net profit attributable to ordinary shareholders

In EUR	2012	2011
<b>Net profit for the year</b>	<b>81,904,288</b>	<b>35,286,013</b>
Weighted average number of shares outstanding	12,848,731	11,603,103
<b>Earnings per share (basic)</b>	<b>6.37</b>	<b>3.04</b>
Weighted average number of shares diluted shares	13,516,119	11,837,369
<b>Earnings per share (diluted)</b>	<b>6.06</b>	<b>2.98</b>

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 2012. None of the group companies are subject to certain capital requirements.

Long-term aim of the company is to maintain a balance between profitability and liquidity. For this purpose a yearly return on equity of 25-30% (2012: 20%; 2011: 11%; 2010: 12%), a return on assets of 15-20 % (2012: 14%; 2011: 8%; 2010: 10%) and a average net liquidity of 0.3x – 0.5x revenues (2012: 0.02; 2011: -0.19; 2010: -0.02) should be achieved.

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 re-

quirements to be fulfilled by the employees during the vesting period of SOP 2005 and SOP 2009 there will be a dilution for.

	2012	2011
<b>Reconciliation of ordinary shares</b>		
Outstanding shares as of January 1	12,780,807	10,186,622
Purchase and sale of treasury shares	12,802	157,499
Capital increase regarding stock option plan 2005	509,169	44,844
Issue in connection with business combination	0	2,706,840
<b>Outstanding shares as of December 31</b>	<b>13,277,174</b>	<b>12,780,807</b>

## 23 Financial instruments

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

All transactions related to derivative financial instruments are carried out centrally by the Group's treasury department. In connection with these financial instruments, the Company utilizes advisory services from 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). am's treasury policy ensures that part of the cash flow risk is reduced by fixed-interest borrowings. On the liability side, 18% (2011: 12%) of all amounts owed to financial institutions are at fixed rates. Of the remaining borrowings on a floating rate basis (82% (2011: 88%)) 59% (2011: 45%) 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, 2012 ams holds no foreign currency forwards, options and swaps to minimize its foreign currency exposure.

As per December 31, 2011, ams holds no foreign currency forwards, options and swaps to minimize its foreign currency exposure.

#### 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 cash flow. 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, 2012:

In thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
<b>Short-term financial assets</b>							
Cash and cash equivalents	0	0	0	0	67,916	67,916	67,916
Financial assets	0	0	18,931	0	0	18,931	18,931
Trade receivables	0	0	0	42,175	0	42,171	42,171
Other receivables and assets	0	0	0	8,993	0	8,993	8,993
<b>Long-term financial assets</b>							
Other longterm financial assets	1	0	4,623	1,112	0	5,737	5,737
	<b>1</b>	<b>0</b>	<b>23,555</b>	<b>52,280</b>	<b>67,916</b>	<b>143,747</b>	<b>143,747</b>

In thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	9,428	9,428	8,064
Trade payables	0	26,392	26,392	26,392
Other liabilities	665	5,071	5,736	5,736
<b>Long-term financial liabilities</b>				
Interest bearing loans and borrowings	0	71,407	71,407	61,074
Other long-term liabilities	0	7,032	7,032	7,032
	<b>665</b>	<b>119,331</b>	<b>119,996</b>	<b>108,298</b>

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
<b>Short-term financial assets</b>							
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
<b>Long-term financial assets</b>							
Other long-term financial assets	1	68	4,560	148	0	4,777	4,777
	<b>1</b>	<b>68</b>	<b>17,789</b>	<b>45,983</b>	<b>51,735</b>	<b>115,575</b>	<b>115,575</b>

In thousands of EUR	Held for trading	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
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
<b>Long-term financial liabilities</b>				
Interest bearing loans and borrowings	0	108,090	108,090	106,645
Other long-term liabilities	0	3,784	3,784	3,784
	<b>899</b>	<b>142,164</b>	<b>143,063</b>	<b>141,491</b>

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.

<b>2012</b> In thousands of EUR	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Short-term financial assets</b>				
Financial assets	18,931	0	0	18,931
<b>Long-term financial assets</b>				
Financial assets	0	4,623	0	4,623
	<b>18,931</b>	<b>4,623</b>	<b>0</b>	<b>23,555</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	665	0	665
	<b>0</b>	<b>665</b>	<b>0</b>	<b>665</b>
<b>2011</b> In thousands of EUR				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Short-term financial assets</b>				
Financial assets	13,229	0	0	13,229
<b>Long-term financial assets</b>				
Financial assets	0	4,560	0	4,560
	<b>13,229</b>	<b>4,560</b>	<b>0</b>	<b>17,789</b>
<b>Short-term financial liabilities</b>				
Other liabilities	0	899	0	899
	<b>0</b>	<b>899</b>	<b>0</b>	<b>899</b>

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 2012 the interest swaps shown under derivative financial instruments is a USD-interest-rate swap with a nominal value of

USD 13,000 thousand and a EUR-interest-rate swap with a nominal value of EUR 10,000 thousand. For the USD-interest-rate swap ams 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.



## Net gains and losses from financial instruments

2012 In thousands of EUR	Result from valuation	Foreign currency valuation	Result from divestment
<b>Financial assets</b>			
At fair value through profit & loss held for trading	702	0	0
Loans and receivables	0	-634	378
	<b>702</b>	<b>-634</b>	<b>378</b>
<b>Financial liabilities</b>			
At fair value through profit & loss held for trading	234	0	0
At amortized costs (other financial liabilities)	0	3,649	-4,411
	<b>234</b>	<b>3,649</b>	<b>-4,411</b>

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

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	2012	2011
Interest income	1,201	974
Interest expenses	-2,521	-3,142

## 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.

2012 In thousands of EUR	Interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
<b>R &amp; D loans</b>						
EUR – Fixed rate loans	2.05%	11,202	11,819	2,230	8,275	1,314
EUR – Floating rate loans	1.37%	2,300	2,371	409	1,962	0
CHF - Floating rate loans	0.46%	1,559	1,562	1,562	0	0
<b>Unsecured bank facilities</b>						
EUR – Floating rate loan	1.26%	50,391	51,554	5,614	45,934	6
USD – Floating rate loan	1.73%	15,383	15,985	608	15,377	0
		<b>80,835</b>	<b>83,291</b>	<b>10,423</b>	<b>71,548</b>	<b>1,319</b>
<b>Liabilities from finance lease</b>						
USD – Fixed rate	3.74%	3,608	3,857	1,071	2,785	0
<b>Interest swaps</b>						
EUR – Fixed rate		403	398	268	130	0
USD – Fixed rate		261	332	223	109	0
		<b>85,108</b>	<b>87,878</b>	<b>11,986</b>	<b>74,573</b>	<b>1,319</b>

2011 In thousands of EUR	Interest rate	Carrying amount	Expected cash flow	0-1 year	2-5 years	More than 5 years
<b>R &amp; D loans</b>						
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
<b>Unsecured bank facilities</b>						
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
		<b>117,525</b>	<b>124,560</b>	<b>11,616</b>	<b>112,944</b>	<b>0</b>
<b>Liabilities from finance lease</b>						
USD – Fixed rate	3.74%	4,548	5,051	1,092	3,959	0
<b>Interest swaps</b>						
EUR – Fixed rate		429	435	162	273	0
USD – Fixed rate		471	465	195	269	0
		<b>122,972</b>	<b>130,510</b>	<b>13,066</b>	<b>117,445</b>	<b>0</b>

## Risk of change of interest rates

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

In thousands of EUR	2012	2011
<b>Financial assets</b>		
Fixed rate financial instruments	13,951	8,705
Floating rate financial instruments	4,981	4,524
Interest rate swaps	0	0
<b>Financial liabilities</b>		
Fixed rate loans	11,202	9,695
Floating rate loans	69,633	107,830
Fixed rate financial lease	3,608	4,548
Interest rate swaps	665	899

### 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 2011.

2012 In thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>Financial assets</b>				
Fixed rate financial instruments	-295	325	-295	325
<b>2011</b>				
In thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>Financial assets</b>				
Fixed rate financial instruments	-217	220	-217	220

### 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 2011.

2012 In thousands of EUR	Profit & loss statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>Financial assets</b>				
Variable rate financial instruments	-6	16	-6	16
<b>Financial liabilities</b>				
Floating rate loans	-1,307	1,307	-1,307	1,307
Interest rate swaps	228	-340	228	-340
<b>2011</b> In thousands of EUR	<b>Profit &amp; loss statement</b>		<b>Equity</b>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>Financial assets</b>				
Variable rate financial instruments	-3	3	-3	3
<b>Financial liabilities</b>				
Floating rate loans	-2,723	2,723	-2,723	2,723
Interest rate swaps	488	-378	488	-378

#### Foreign currency risk

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

2012 In thousands of	USD	CHF	JPY
	Trade receivables and other receivables	40,982	49
Trade liabilities and other liabilities	-24,237	-474	-11,848
Interest bearing loans	-15,383	-1,559	0
Liabilities from finance lease	-4,794	0	0
	<b>-3,432</b>	<b>-1,983</b>	<b>-11,848</b>
<b>Net foreign currency risk</b>	<b>-3,432</b>	<b>-1,983</b>	<b>-11,848</b>
<b>2011</b> In thousands of	<b>USD</b>	<b>CHF</b>	<b>JPY</b>
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
	<b>-63,200</b>	<b>-3,707</b>	<b>-18,779</b>
<b>Net foreign currency risk</b>	<b>-63,200</b>	<b>-3,707</b>	<b>-18,779</b>

## 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.

2012 In thousands of EUR	Profit & loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	1,096	-1,340	1,096	-1,340
CHF	155	-190	155	-190
JPY	9	-12	9	-12

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

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

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

	Annual average exchange rate		Period end exchange rate	
	2012	2011	2012	2011
USD	1.2932	1.4000	1.3194	1.2939
CHF	1.2044	1.2318	1.2072	1.2156
JPY	103.49	111.32	113.61	100.20

## 24 Leases

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2012	2011
Less than one year	2,612	2,574
Between one and five years	1,735	2,048
	<b>4,347</b>	<b>4,623</b>

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 2,788 thousand in 2012 (2011: EUR 2,752 thousand).

#### Finance lease

2012 In thousands of EUR	Future minimum lease payments	Interest cost	Present value of minimum lease payments
Less than one year	1,071	120	926
Between one and five years	2,785	129	2,682
	<b>3,857</b>	<b>249</b>	<b>3,608</b>

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

The lease contains no contingent rent.

## 25 Contingencies

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

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

- the valuation of provisions for severance payments and long service benefits is made using

- assumptions concerning the discount rate, retirement age, fluctuations and future salary increases.

- the application of deferred tax assets is under the assumption that taxable income will be available to take advantage of existing tax loss carry forwards in the future.

- the impairment test of the tangible fixed assets is based on forecasted future cashflows in the years to come utilizing an industry and company related discount rate.

## 26 Related parties

### Identity of related parties

The Company has a related party relationship with:

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

As of December 31, 2012 and December 31, 2011 respectively, the remuneration for the Management Board was as follows:

Remuneration (in thousands of EUR)	CEO		CFO		Management Board total	
	2012	2011	2012	2011	2012	2011
Salary						
Salary, not variable	393	373	246	231	639	604
Salary, variable	433	298	300	200	734	498
Options						
Options (Value at allocation)	378	477	189	374	567	850
Non cash benefit						
Car	4	7	4	7	7	14
Expense for precautionary measures						
Contribution to accident insurance	2	2	1	1	3	3

The Company recorded an amount of EUR 679 thousand for the accrual for severance payments (2011: EUR 93 thousand).

During the business year 30,000 call options (2011: 20,000) for the CEO, 15,000 for the CFO (2011: 10,000) and 45,000 (2011: 30,000) call options of SOP 2005 (2011: SOP 2009) for the management board as a whole were allocated during the year. The strike price amounts to EUR 41.83 (2011: EUR 37.51).

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

Persons related to the Management Board held 718 shares and no options of ams AG as per December

31, 2012 and 2,318 shares and no options as per December 31, 2011, respectively.

The remuneration of the company's Supervisory Board amounted to EUR 418 thousand (2011: EUR 379 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 144,500 shares and call options for the purchase of 212,000 shares as of December 31, 2012 (209,355 shares and call options for the purchase of 199,750 shares as of December 31, 2011).

The breakdown for the individual members of the Supervisory Board for the year 2012 is as follows:

Name	Function	Directors' gross remuneration fixed	Number of Shares held as per Dec. 31	Number of Options held as per Dec. 31
		In thousands of EUR		
Dipl. Ing. Guido Klestil	Chairman	83	0	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	50	0
Jacob Jacobsson	Member	37	23,321	0
Gerald Rogers	Member	44	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 (until April 8, 2012)	1	0	0
Dr. Günther Koppitsch	Employee representative	1	100	0
Dipl. Ing. Vida Uhde-Djefroudi	Employee representative (since April 26, 2012)	1	0	0
		<b>418</b>	<b>59,723</b>	<b>0</b>

The shown remunerations show the amounts actually paid during the business year. The remuneration for the business year 2012 will be determined at the general meeting on May 23, 2013.

No person related to the Supervisory Board held shares or options of ams AG as of December 31, 2012.

The breakdown for the individual members of the Supervisory Board is as follows as of December 31, 2011:

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
		<b>379</b>	<b>76,293</b>	<b>0</b>



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

There are no unsettled financial liabilities between members of the Supervisory Board or the Management board and ams.

#### Related party transactions

In thousands of EUR	Transaction value for the year ended Dec. 31		Balance outstanding as at Dec. 31	
	2012	2011	2012	2011
<b>New Scale Technologies Inc., Victor, New York (USA)</b>				
Sale of goods and services	13	1	0	0
Purchased services	-663	69	-242	-3

#### Identity of associated companies

**New Scale Technologies Inc., Victor, New York (USA):**

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

**Flip Chip Holdings LLC, Phoenix, Arizona (USA):**

Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings LLC, 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.

#### Business transactions with persons related to the management board of the company (CEO, CFO)

During the business year, EUR 83 thousand were spent on services from related parties. EUR 14 thousand thereof are still outstanding.

## 27 Remuneration for the auditors

The expense for the auditor's remuneration for the audit of the financial statements and annual consolidated financial statements 2012 amounted

to EUR 135,000.00. For other consultancy services EUR 73,900.93 have been expensed.

## 28 Group enterprises

	Accounting method	Country of incorporation	Ownership interest	
			2012	2011
ams France S.à.r.l.	fully consolidated	France	100%	100%
ams Germany GmbH	fully consolidated	Germany	100%	100%
ams Italy S.r.l.	fully consolidated	Italy	100%	100%
austriamicrosystems Switzerland AG	fully consolidated	Switzerland	-	100%
ams International AG	fully consolidated	Switzerland	100%	-
ams R&D Spain, S.L.	fully consolidated	Spain	100%	100%
ams R&D UK Ltd.	fully consolidated	U. K.	100%	100%
AMS USA Inc.	fully consolidated	USA	100%	100%
ams Japan Co. Ltd.	fully consolidated	Japan	100%	100%
ams Semiconductors India Pvt Ltd.	fully consolidated	India	100%	100%
ams Asia Inc.	fully consolidated	Philippines	100%	100%
Aspern Investment Inc.	fully consolidated	USA	100%	100%
austriamicrosystems Korea, Ltd.	fully consolidated	Korea	-	100%
AMS-TAOS USA Inc.	fully consolidated	USA	100%	100%
AMS-TAOS International	fully consolidated	Cayman Islands	100%	100%
TAOS Germany GmbH	fully consolidated	Germany	100%	100%
ams Korea Co. Ltd	fully consolidated	Korea	100%	100%
IDS doo	fully consolidated	Slovenia	100%	-
IDS IP Holding AG	fully consolidated	Switzerland	100%	-
IDS Microchip AG	fully consolidated	Switzerland	100%	-
Austria Mikro Systeme International Ltd.	at cost	China	100%	100%

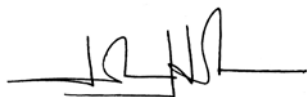
Following a restructuring austriamicrosystems Switzerland AG was merged into ams International AG after the establishment of ams International AG.

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

## 29 Events after the balance sheet date

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

Unterpremstätten, January 31, 2013



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 ams AG, Unterpremstätten, for the year period from 1 January 2012 to 31 December 2012. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, and the consolidat-

ed 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 2012 and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Consolidated Financial Statements and Accounting System

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

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

## Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of 31 December 2012 and its financial performance and its cash

flows for the year from 1 January 2012 to 31 December 2012 in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

## Report on Other Legal Requirements (Group Management report)

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

statement as to whether the management report of the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Vienna, 31 January 2013

**KPMG**  
**Wirtschaftsprüfungs- und Steuerberatungs AG**

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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