

Third Quarter Report 2006

Positive results, confident for 2007

Ladies and Gentlemen

Our third quarter results reflect our continuing focus on profitability and growth from new products, existing ICs and derivatives as we experience ongoing good demand for our analog semiconductor solutions from Europe, North America and Asia.

The third quarter 2006 shows a positive development of revenues and earnings compared to the previous year. Consolidated group revenues reached EUR 49.8 million, an increase of 7% compared to the same quarter 2005. Gross margin rose by three percentage points to 48% compared to 45% in the same period last year. Despite further R&D investments for product platform developments based on recent design-wins, the result from operations (EBIT) for the third quarter increased by 30% to EUR 8.2 million, compared to EUR 6.3 million for the same quarter last year (third quarter 2005 EBIT after re-structuring costs). The third quarter net result grew to EUR 7.9 million, an increase of 32% from EUR 6.0 million in the same period last year. Basic and diluted earnings per share for the third quarter were CHF 1.14 / EUR 0.72. Total backlog stood at EUR 65.1 million on September 30, 2006 compared to EUR 60.7 million on September 30, 2005.

Our business continued to expand in the third quarter. We did, however, experience a delay in production ramp-up by a major satellite radio customer which had a negative impact on revenue and EBIT growth and was due to a FCC-related regulatory issue that was resolved in the quarter. In other areas of the communications market, we were able to broaden the number of future handset platforms employing our lighting management solutions at previously announced leading mobile handset manufacturers. Our mobile entertainment products continue to be successful with a range of top tier media player vendors with additional devices being released. In the industrial and automotive markets we see continuing good demand for our integrated IC solutions. Overall, our strategic focus on expanding our analog standard product portfolio is becoming a key business driver across our target markets. In operations, the previously announced expansion of production capacity in our 200mm wafer fab from 6,500 to 8,000 WSPM¹⁾ to support our growth plans is advancing as planned; the additional capacity is expected to be fully operational by the end of the first quarter 2007.

We expect our business to continue to develop positively and revenues and earnings to show a strong increase in the fourth quarter. Due to the impact from delays in the mentioned customer's production ramp-up schedule, we anticipate full year revenue growth for 2006 to reach between 10 and 12.5%, based on current information. Looking ahead to 2007, we are confident about our growth opportunities with already designed-in products and new projects. We therefore expect our full year revenue growth rate for 2007 to be higher than 2006, accompanied by a further meaningful increase in margins and earnings.

Key figures	EUR thousands (except earnings per share)	Q3 2006	Q3 2005	Q2 2006	9 months 2006	9 months 2005
Revenues		49,808	46,399	45,874	134,440	121,964
Gross margin in %		48%	45%	47%	47%	44%
Result from operations		8,187	6,301	6,148	18,593	14,814
Net income/loss		7,917	5,979	5,662	17,523	12,359
Basic = diluted earnings per share in CHF ²⁾		1.14	0.85	0.81	2.50	1.74
Basic = diluted earnings per share in EUR		0.72	0.54	0.51	1.59	1.12
Total backlog		65,133	60,671	64,634	65,133	60,671

¹⁾ Wafer starts per month. ²⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Consolidated Profit and Loss Statement (unaudited)

EUR thousands (except earnings per share)	Q3 2006	9 months 2006	Q3 2005	9 months 2005
Revenue Products	41,026	111,153	38,040	99,856
Revenue Foundry & Other	8,782	23,287	8,358	22,108
Total revenues	49,808	134,440	46,399	121,964
Cost of sales	- 26,120	- 71,743	- 25,334	- 67,989
Gross profit	23,687	62,697	21,065	53,975
Gross margin in %	48%	47%	45%	44%
Research and development	- 9,700	- 26,559	- 7,676	- 22,730
Selling, general and administrative	- 6,619	- 20,139	- 5,750	- 17,444
Other operating income	1,060	3,145	1,296	3,717
Other operating expenses	- 241	- 551	- 447	- 518
Restructuring	0	0	-2,185	- 2,185
Result from operations	8,187	18,593	6,301	14,814
Net financing costs	- 137	- 818	- 316	- 807
Income before tax	8,050	17,775	5,985	14,007
Income tax expense	- 134	- 252	- 7	- 1,649
Net income	7,917	17,523	5,979	12,359
Basic = diluted earnings per share in CHF ¹⁾	1.14	2.50	0.85	1.74
Basic = diluted earnings per share in EUR	0.72	1.59	0.54	1.12

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

Consolidated Balance Sheet (unaudited)

EUR thousands	as of	September 30, 2006	December 31, 2005
Assets			
Cash and cash equivalents		12,164	21,271
Short-term Investments		5,006	1,024
Trade receivables		40,432	42,994
Inventories		32,363	26,765
Other receivables and assets		10,090	5,107
Total current assets		100,055	97,161
Property, plant and equipment		126,222	116,316
Intangible assets		9,885	8,519
Investments and securities		1	1
Deferred tax assets		30,953	30,953
Other long-term assets		0	0
Total non-current assets		167,061	155,789
Total assets		267,116	252,950
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		27,978	36,100
Trade liabilities		35,131	16,865
Provisions		10,516	14,102
Other liabilities		13,489	11,401
Total current liabilities		87,113	78,469
Interest-bearing loans and borrowings		12,723	24,283
Employee benefits		9,058	8,478
Deferred government grants		4,353	5,028
Other long term liabilities		371	640
Total non-current liabilities		26,505	38,429
Shareholders' equity			
Issued capital		26,654	26,647
Share premium		92,615	91,774
Treasury shares		- 883	0
Translation adjustment		- 117	- 75
Retained earnings		35,229	17,706
Total shareholders' equity and reserves		153,498	136,052
Total liabilities and shareholders' equity		267,116	252,950

Consolidated Cash Flow Statement (unaudited)

EUR thousands	Q3 2006	9 months 2006	Q3 2005	9 months 2005
Operating activities				
Income before tax	8,050	17,775	5,985	14,007
Depreciation (net of government grants)	5,517	16,515	5,352	16,505
Changes in employee benefits	193	580	262	759
Expense from stock option program (acc. IFRS 2)	401	783	177	177
Changes in other long-term liabilities	- 291	- 915	- 303	- 574
Gain/Loss from sale of plant and equipment	0	-109	-21	- 21
Gain/Loss from sale of investments and securities	0	0	0	0
Net financing cost	137	818	337	828
Changes in current assets	- 10,235	- 10,965	- 5,431	- 2,415
Changes in short-term operating liabilities and provisions	6,371	4,336	5,455	- 1,769
Tax payments	- 7	- 23	- 1	- 105
Cash flows from operating activities	10,137	28,794	11,812	27,392
Investing activities				
Acquisition of intangibles, property, plant and equipment	- 6,837	- 16,151	- 4,377	- 13,826
Government grants received	1,301	2,349	0	1,854
Acquisition of short term investments	- 3,968	- 5,014	- 700	- 700
Proceeds from sale of plant and equipment	0	834	0	0
Proceeds from sale of investments	112	163	220	220
Interest received	450	775	258	736
Cash flows from investing activities	- 8,941	- 17,043	- 4,599	- 11,715
Financing activities				
Proceeds from borrowings	402	730	445	5,130
Repayment of borrowings	- 11,334	- 19,714	- 3,441	- 12,358
Repayment of finance lease liabilities	- 220	- 657	- 213	- 640
Interest paid	- 411	- 1,282	- 491	- 1,603
Changes resulting from capital increase	65	65	0	0
Cash flows from financing activities	- 11,498	- 20,858	- 3,700	- 9,471
Net increase/decrease in cash and cash equivalents	- 10,302	- 9,108	3,513	6,205
Cash and cash equivalents at begin of period	22,466	21,271	20,015	17,323
Cash and cash equivalents at end of period	12,164	12,164	23,528	23,528

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

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