

Half-year Report 2011

Combination with TAOS creates global leader in lighting management and powerful strategic platform for further growth; 2011 combined company revenues expected to exceed EUR 260m (USD 367m); 2011 organic revenue growth expectation of around 10% reiterated despite more changeable consumer market environment

Report to shareholders on the first half of 2011

Ladies and Gentlemen

Our second quarter and first half results demonstrate the market success of our high performance analog solutions and the continued expansion of our business serving an ever increasing worldwide customer base. With the acquisition of TAOS we are significantly strengthening our strategic position through the addition of a successful, complementary business offering strong growth prospects and a leadership position in its markets.

Financial results

Second quarter group revenues were EUR 57.9 million, up 12% from EUR 51.7 million in the same quarter 2010. Second quarter revenues increased 5% sequentially compared to the first quarter. Group revenues for the first half of 2011 were EUR 113.0 million, up 18% from EUR 95.7 million recorded in the first half of 2010. On a constant currency basis, second quarter revenues were up 18% compared to the second quarter last year and first half revenues were up 22% compared to the first half 2010.

In the second quarter, gross margin was 51%, 4 percentage points higher than in the same quarter last year. For the first half of 2011, gross margin increased to 51%, compared to 46% in the first half of 2010. The result from operations (EBIT) for the second quarter was EUR 7.6 million, compared to EUR 5.3 million in the second quarter of 2010. This result reflects ongoing high product run rates across markets and full utilization of our manufacturing capacity as well as one-time costs related to the acquisition of TAOS. For the first half of 2011, EBIT was EUR 15.8 million, compared to EUR 8.4 million in the same period last year.

The net result for the second quarter 2011 was EUR 6.6 million compared to EUR 3.6 million in the same period last year. Basic and diluted earnings per share for the second quarter were CHF 0.80 / 0.78 or EUR 0.65 / 0.63 (CHF 0.50 / 0.50 or EUR 0.36 / 0.36 for the second quarter 2010). The net profit for the first half-year 2011 was EUR 14.0 million, equivalent to CHF 1.74 / 1.70 or EUR 1.37 / 1.34 per share (basic / diluted), compared to EUR 5.7 million, i.e. CHF 0.79 / 0.79 or EUR 0.55 / EUR 0.55 per share (basic / diluted), for the same period last year.

Key figures	EUR thousands (except earnings per share)	Q2 2011	Q2 2010	Q1 2011	1st half 2011	1st half 2010
Revenues		57,851	51,718	55,170	113,022	95,744
Gross margin in %		51%	47%	51%	51%	46%
Result from operations		7,623	5,330	8,152	15,775	8,408
Net result		6,571	3,647	7,430	14,000	5,687
Basic / diluted earnings per share in CHF ¹⁾		0.80 / 0.78	0.50 / 0.50	0.94 / 0.92	1.74 / 1.70	0.79 / 0.79
Basic / diluted earnings per share in EUR		0.65 / 0.63	0.36 / 0.36	0.73 / 0.71	1.37 / 1.34	0.55 / 0.55
Total backlog (excluding consignment stock)		61,949	80,852	69,423	61,949	80,852

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

Operating cash flow for the second quarter was EUR 16.3 million, up EUR 8.7 million from the same quarter last year, while operating cash flow for the first half was EUR 30.9 million, up EUR 15.3 million from the first half year 2010. Total backlog on June 30, 2011 (excluding consignment stock agreements) was EUR 61.9 million, compared to EUR 69.4 million at the end of the first quarter (EUR 80.9 million on June 30, 2010).

For information purposes, we are providing a summary of TAOS' business: TAOS continued to show strong growth in the first half of 2011 with revenues of USD 53.5 million (EUR 38.2 million), an increase of 86% from USD 28.7 million (EUR 21.8 million) for the first half 2010. This growth was driven by the market success of TAOS' customers, particularly in smartphones and tablet PCs. For the first half 2011, TAOS recorded a gross profit margin of 57% (first half 2010: 50%) and an operating, or EBIT, margin of 33% (first half 2010: 22%).

PAGE 2 / 10

Business overview

austriamicrosystems' business performed well in the second quarter and first half given the success of our products in high volume applications and broad-based demand in our target markets worldwide. Taking a major strategic step towards our goal of becoming a best-in-class high performance analog company, we announced the acquisition of Texas Advanced Optoelectronic Solutions, Inc. (TAOS), the leading provider of advanced light sensors worldwide. The largest acquisition in our history brings together two organizations with world-class sensor know-how to create a global leader in lighting management and optical sensors, particularly for consumer and communications applications, and a powerful platform for further profitable growth. Adding TAOS' best-in-class products and high quality customer base, which includes two of the world's leading smartphone and tablet vendors as major customers, opens a wealth of opportunities for the combined company to expand beyond current products and customers. TAOS is a successful high volume business with excellent profitability and continues to exhibit significant growth as it expands its market penetration. The combination of austriamicrosystems and TAOS creates a strong and sizeable player in the high performance analog market and enables continued margin growth going forward.

In our existing consumer and communications business, shipment levels for our lighting and power management ICs to leading handset and mobile device manufacturers remained high in the second quarter. MEMS microphone driver shipments continued their upward trend in the quarter supporting our market leader position and the expectation of further strong growth in this product area in 2011. These healthy run rates also reflect the growing market volume and success of our products in tablet PCs while our other product lines including LCD backlighting continue to show good ongoing traction despite some softness in the uptake of LCD TVs in several markets. Our innovative sensor solutions for mobile devices are successful in the market with major OEMs pursuing adoption into next generation smartphones and mobile devices. Given a more changeable demand environment in several consumer and communications markets we have experienced inconsistent OEM order patterns in certain product areas in the second quarter. We nevertheless record increasing market penetration and strong design-in activity in our target applications and see our consumer and communications business continuing to show a positive development until year-end.

Our industrial and medical business delivered another good quarter with shipments on the industrial side largely driven by attractive volume demand for our sensor and encoder product lines. We see our market position in the industrial market continuing to develop positively worldwide. Run rates for industrial sensor and automation customers are at healthy levels while order patterns for our industrial products remain good. In our medical business we saw continued strong run rates for products in our focus areas digital imaging and portable medical devices. The ramp-up of our next generation computer tomography sensor solution with Through-Silicon-Via (TSV) technology continued through the quarter given the expected expansion of our customer's demand.

In Automotive, our business developed positively with attractive demand for sensor solutions for critical in-car systems. Strong run rates continued given the very high levels of vehicle production worldwide. Overall, we see design-in momentum at our customers continuing at a strong pace across markets while we explore the numerous design opportunities the acquisition of TAOS offers for our combined business. Our foundry business contributed positively to our results again in the second quarter and first half given its focus on high value specialty processes.

Outlook

Based on available information, current exchange rates and the continuing expansion of austriamicrosystems' and TAOS' business, we expect full year revenues for the combined company to exceed EUR 260 million (USD 367 million) together with growth in gross profit and operating margins. We continue to expect stand-alone full year 2011 revenue growth for austriamicrosystems of around 10% compared to 2010 despite a more changeable demand environment in the consumer and communications markets.

Unterpremstaetten, July 25, 2011

John Heugle, CEO

Michael Wachsler-Markowitsch, CFO

Consolidated Income Statement (unaudited)

EUR thousands (except earnings per share)	Q2 2011	1st half 2011	Q2 2010	1st half 2010
Revenue Products	49,824	97,901	43,842	83,039
Revenue Foundry & Other	8,027	15,121	7,875	12,705
Total revenues	57,851	113,022	51,718	95,744
Cost of sales	- 28,287	- 55,326	- 27,335	- 52,142
Gross profit	29,564	57,695	24,383	43,602
Gross margin in %	51%	51%	47%	46%
Research and development	- 11,567	- 22,995	- 10,785	- 19,917
Selling, general and administrative	- 12,240	- 22,255	- 9,811	- 18,054
Other operating income	2,000	3,796	1,659	3,138
Other operating expenses	- 23	- 48	- 68	- 215
Result from investments in associates	- 111	- 418	- 47	- 146
Result from operations	7,623	15,775	5,330	8,408
Net financing result	- 606	- 859	- 1,441	- 2,422
Result before tax	7,017	14,916	3,889	5,986
Income tax result	- 446	- 916	- 242	- 299
Net result	6,571	14,000	3,647	5,687
Basic / diluted earnings per share in CHF ¹⁾	0.80 / 0.78	1.74 / 1.70	0.50 / 0.50	0.79 / 0.79
Basic / diluted earnings per share in EUR	0.65 / 0.63	1.37 / 1.34	0.36 / 0.36	0.55 / 0.55

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

Statement of comprehensive income (unaudited)

EUR thousands	Q2 2011	1st half 2011	Q2 2010	1st half 2010
Net result	6,571	14,000	3,647	5,687
Translation adjustment	- 217	- 735	831	1,231
Other comprehensive income	- 217	- 735	831	1,231
Total comprehensive income	6,354	13,265	4,478	6,918

Consolidated Balance Sheet (unaudited)

EUR thousands	as of	June 30, 2011	December 31, 2010
Assets			
Cash and cash equivalents		52,435	23,042
Financial assets		13,816	21,198
Trade receivables		32,630	33,007
Inventories		48,022	46,740
Other receivables and assets		9,333	8,284
Total current assets		156,236	132,270
Property, plant and equipment		108,170	110,943
Intangible assets		3,962	4,432
Investments in associates		5,885	6,443
Deferred tax assets		31,768	31,768
Other long-term assets		6,089	5,928
Total non-current assets		155,875	159,514
Total assets		312,111	291,784
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		6,215	7,011
Trade liabilities		15,127	15,660
Provisions		14,959	11,707
Other liabilities		17,053	12,610
Total current liabilities		53,354	46,987
Interest-bearing loans and borrowings		49,505	40,766
Employee benefits		12,997	12,483
Deferred government grants		78	528
Total non-current liabilities		62,580	53,777
Shareholders' equity			
Issued capital		26,813	26,759
Additional paid-in capital		103,842	102,624
Treasury shares		- 19,370	- 15,276
Other reserves (translation adjustment)		- 63	672
Retained earnings		84,954	76,240
Total shareholders' equity and reserves		196,177	191,019
Total liabilities and shareholders' equity		312,111	291,784

Consolidated Cashflow Statement (unaudited)

EUR thousands	Q2 2011	1st half 2011	Q2 2010	1st half 2010
Operating activities				
Result before tax	7,017	14,916	3,889	5,986
Depreciation (net of government grants)	5,875	11,646	5,682	11,294
Changes in employee benefits	264	514	245	433
Expenses from stock option plan (acc. IFRS 2)	400	800	498	997
Changes in other long-term liabilities	- 225	- 450	- 396	- 573
Result from sale of plant and equipment	0	0	9	9
Result from sale of financial assets	0	86	0	0
Result from investments in associates	111	418	47	146
Net financing result	606	859	1,441	2,422
Changes in assets	- 1,259	- 3,117	- 6,752	- 11,121
Changes in short-term operating liabilities and provisions	3,496	5,265	2,965	6,113
Tax credit / tax payments	23	- 6	- 36	- 76
Cash flows from operating activities	16,308	30,930	7,593	15,630
Investing activities				
Acquisition of intangibles, property, plant and equipment	- 3,990	- 7,738	- 5,841	- 8,222
Acquisition of financial investments	- 531	- 6,392	0	- 573
Proceeds from sale of plant and equipment	0	0	15	15
Proceeds from the sale of investments	0	13,047	0	5,229
Interest received	183	679	47	355
Cash flows from investing activities	- 4,337	- 403	- 5,779	- 3,196
Financing activities				
Proceeds from borrowings	10,722	11,395	0	187
Repayment of debt	- 854	- 2,859	- 1,612	- 2,868
Acquisition of treasury shares	- 2,638	- 4,401	- 204	- 5,492
Sale of treasury shares	68	308	0	18
Interest paid	- 448	- 712	- 451	- 664
Expenses from financial instruments	0	- 52	- 464	- 803
Dividends paid	- 5,287	- 5,287	0	0
Changes resulting from capital increase	- 16	473	46	46
Cash flows from financing activities	1,548	- 1,134	- 2,686	- 9,576
Change in cash and cash equivalents	13,518	29,393	- 872	2,857
Cash and cash equivalents at begin of period	38,916	23,042	30,455	26,726
Cash and cash equivalents at end of period	52,435	52,435	29,583	29,583

Changes in Equity (unaudited)

EUR thousands	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total share-holders' equity
Total equity as of January 1, 2010	26,698	100,638	- 7,339	41	53,577	173,615
Net result	0	0	0	0	5,687	5,687
Comprehensive income	0	0	0	1,231	0	1,231
Share based payments	0	1,038	0	0	0	1,038
Capital increase	5	0	0	0	0	5
Acquisition of treasury shares	0	0	- 5,492	0	0	- 5,492
Sale of treasury shares	0	0	18	0	0	18
Total equity as of June 30, 2010	26,703	101,676	- 12,814	1,272	59,264	176,101
Total equity as of January 1, 2011	26,759	102,624	-15,276	672	76,240	191,019
Net result	0	0	0	0	14,000	14,000
Comprehensive income	0	0	0	-735	0	-735
Share based payments	0	1,218	0	0	0	1,218
Dividends paid	0	0	0	0	-5,287	-5,287
Capital increase	55	0	0	0	0	55
Acquisition of treasury shares	0	0	-4,401	0	0	-4,401
Sale of treasury shares	0	0	308	0	0	308
Total equity as of June 30, 2011	26,813	103,842	-19,370	-63	84,954	196,177

Notes on the Interim Financial Statements June 30, 2011 (unaudited)

1. Accounting principles

The consolidated financial statements of austriamicrosystems Group are based on the accounts of the individual group companies at June 30, 2011. This half year report is consistent with IAS 34. The accounting principles applied in this half-year report basically correspond with the reporting policies in the Full Year Consolidated Financial Statements dated December 31, 2010.

2. Segment reporting and revenues

EUR thousands	1st half 2011			1st half 2010		
	Products	Foundry	Total	Products	Foundry	Total
Business segments						
Revenues from external customers	97,901	15,121	113,022	83,039	12,705	95,744
Result from operations	19,808	4,233	24,041	8,946	1,764	10,710
Segment assets	32,742	3,935	36,677	32,145	5,137	37,282

Reconciliation of segment results to income statement

EUR thousands	1st half 2011	1st half 2010
Result from operations per segment reporting	24,041	10,710
Result from investments in associates	- 418	- 146
Subsidies for research and development	450	450
Unallocated corporate costs	- 8,299	- 2,605
Result from operations	15,775	8,408
Financial result	- 859	- 2,422
Result before tax	14,916	5,986

Reconciliation of segment assets to total assets

EUR thousands	1st half 2011	1st half 2010
Assets per segment reporting	36,677	37,282
Cash, cash equivalents and financial assets	66,250	39,873
Inventories	48,022	48,910
Property, plant and equipment	104,754	114,587
Intangible assets	3,110	3,541
Investments in associates	5,885	7,077
Deferred tax asset	31,768	31,191
Other assets	15,644	16,976
Total assets	312,111	299,436

Revenues per geographical segments

EUR thousands	1st half 2011	1st half 2010
EMEA ²⁾	62,945	45,034
Americas	13,190	12,600
Asia/Pacific	36,887	38,111
Total	113,022	95,744

²⁾ Europe, Middle East, Africa

Segment information is presented on the basis of the internal reporting structure for the segments "Products" and "Foundry". The Segment "Products" comprises the development and distribution of analog Integrated Circuits ("ICs"). The segment's customers are mainly in the Consumer, 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".

All segment information is based on IFRS valuation and accounting principles.

The segment "Foundry" contains no unallocated cost and income items, reflecting the internal reporting structure. Unallocated income and expense items are shown in the respective reconciliations of segment measures to the interim financial statements. In addition, process development costs are allocated to the operating segments based on usage. According to the internal reporting structure, the production areas do not represent a separate segment. The services rendered by these areas to the segments are therefore not shown as intersegment revenues.

The segment measure "Result from operations" consists of gross profit, expenses for research and development, expenses for selling, general & administrative as well as other operating income and expenses.

The segment assets in principle comprise the allocable 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.

PAGE 9 / 10

3. Number of employees

The average number of employees was 1,139 during the first half of 2011, compared to 1,104 during the first half of 2010.

4. Seasonality, economic cycles

In the past, the results varied from quarter to quarter. It is expected that these variations will continue in the future.

For information: Financial summary for Texas Advanced Optoelectronic Solutions, Inc. (TAOS) (unaudited)

The figures below were prepared according to United States Generally Accepted Accounting Principles (US-GAAP).

USD thousands	1st half 2011	1st half 2010
Revenues	53,458	28,739
Gross margin in %	57%	50%
Operating (EBIT) margin in %	33%	22%

EUR thousands	1st half 2011	1st half 2010
Revenues	38,194	21,811
Gross margin in %	57%	50%
Operating (EBIT) margin in %	33%	22%

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