

## Annual Report **2012**

## Known and recognized in the **automotive** and **industrial** business as a reliable global partner for **intelligent, sensor-based system solutions**

Micronas (SIX Swiss Exchange: MASN) is known and recognized in the automotive and industrial business as a reliable global partner for intelligent, sensor-based system solutions. Micronas offers a variety of Hall sensors and embedded controllers for smart actuators for automotive and industrial applications, such as drive trains, chassis frames, engine management and convenience functions.

Micronas serves all major automotive electronics customers worldwide, many of them in continuous partnerships seeking joint success. While the holding company is headquartered in Zurich (Switzerland), operational headquarters are based in Freiburg (Germany). Currently, the Micronas Group employs around 900 persons. For more information about Micronas and its products, please visit **[www.micronas.com](http://www.micronas.com)**.

### Über Micronas

## Anerkannt als zuverlässiger, weltweit agierender Partner für **intelligente, sensorbasierte Systemlösungen** im **Automobil-** und **Industrieumfeld**

Micronas (SIX Swiss Exchange: MASN) ist als zuverlässiger, weltweit agierender Partner für intelligente, sensorbasierte Systemlösungen im Automobil- und Industrieumfeld anerkannt. Micronas offeriert eine breite Auswahl an Hall-Sensoren und embedded Controllern für Smart Actuators für Automobil- und Industrieanwendungen, wie zum Beispiel Antriebsstrang, Chassis, Motormanagement und Komfortfunktionen.

Micronas zählt alle bedeutenden Hersteller der Automobilelektronik weltweit zu ihren Kunden, viele davon in einer dauerhaften, auf gemeinsamen Erfolg ausgerichteten Partnerschaft. Sitz der Holding ist in Zürich (Schweiz), der operative Hauptsitz befindet sich in Freiburg (Deutschland). Derzeit beschäftigt die Micronas Gruppe rund 900 Mitarbeiter. Weitere Informationen über die Micronas Gruppe und ihre Produkte erhalten Sie unter **[www.micronas.com](http://www.micronas.com)**.

#### Key figures as at December 31, 2012

- around 900 employees
- CHF 168 million net sales

#### Kennzahlen per 31. Dezember 2012

- rund 900 Mitarbeiter
- CHF 168 Millionen Umsatz

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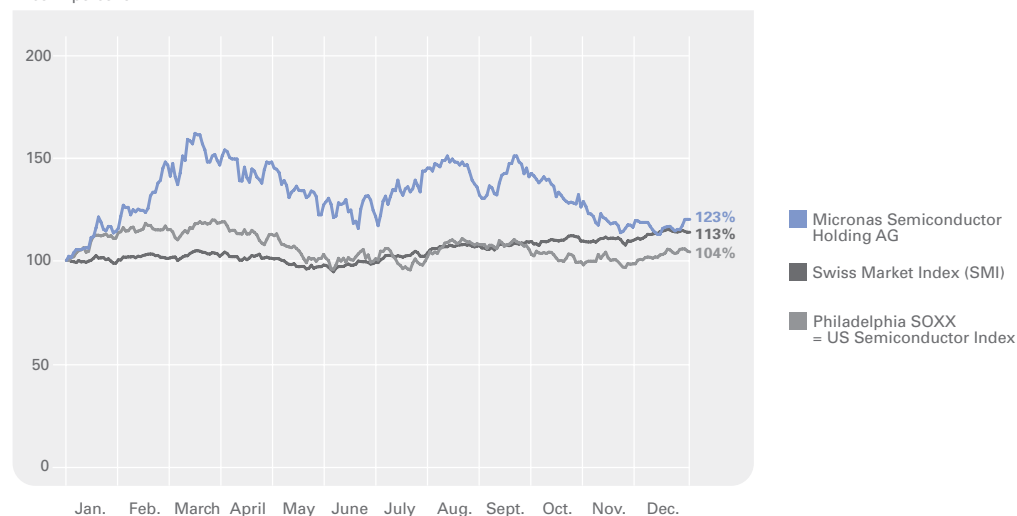
## Key figures at a glance

## Abschluss auf einen Blick

Micronas Group	2012 CHF 1000	2011 CHF 1000	Micronas Gruppe
Net sales	168 465	158 799	Netto-Umsatzerlöse
EBIT	24 229	20 622	EBIT
EBITDA	35 478	35 253	EBITDA
Profit for the period	19 294	11 508	Gewinn der Geschäftsperiode
Profit per share in CHF	0.66	0.39	Ergebnis pro Aktie in CHF
Shareholders' equity	152 019	129 233	Eigenkapital
Equity ratio in percent	51.6	46.0	Eigenkapitalquote in Prozent
Net cash	169 897	156 166	Flüssige Mittel, netto
Cash flow from operating activities	23 594	19 888	Cash Flow aus Geschäftstätigkeit

## Share performance 1.1. – 31.12.2012

Price in percent



### Key dates

18th ordinary Shareholders' Meeting	March 20, 2013, 10 a.m., in Zurich, Technopark
Quarterly key figures Q1/2013	April 23, 2013
Half-year results 2013	July 23, 2013
Quarterly key figures Q3/2013	October 22, 2013

### Termine

18. ordentliche Generalversammlung	20. März 2013, 10.00 Uhr, in Zürich, Technopark
Quartalskennzahlen Q1/2013	23. April 2013
Halbjahresabschluss 2013	23. Juli 2013
Quartalskennzahlen Q3/2013	22. Oktober 2013

# Annual Report 2012

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# Letter to shareholders

## Ladies and Gentlemen

Our Company's positive development continued during the 2012 financial year, with sales and earnings both up on the prior year, especially in the Automotive division. The global automotive market stayed on a growth trajectory for the first part of 2012, though with regional variations. But in the fourth quarter the worldwide automotive business slowed significantly.

In its core business of Hall sensors for automotive applications, Micronas was able to strengthen its leading global position by launching new and innovative sensor families. Our new embedded controller product line was successfully positioned, with the first volume deliveries to key customers made during the year under review. The latest generation of gas sensors was also launched, meeting with great market interest.

As the market leader in Hall sensors for automotive electronics, Micronas is always offering its clients new and innovative solutions for ever more demanding applications within the automotive market. Micronas is one of the few companies that can handle all the different stages from development to production under one roof, which brings great advantages to customers. Thanks to a rigorous commitment to quality and reliable delivery, and an excellent product portfolio, Micronas enjoys a leading worldwide position.

## Positive annual results and stable funding structure

In 2012, consolidated sales increased 6.1 percent on the previous year to CHF 168.5 million, which means that the fall in sales of dashboard controllers and the phasing out of consumer products were more than offset. After adjusting for currency movements (in euros), sales improved by 8.9 percent. The higher sales figures were driven mainly by our automotive customers in Asia. Micronas benefited from its excellent product portfolio and from the recovery of the Japanese car industry, which is catching up fast after the setbacks caused by the earthquake. Meanwhile, the strength of the Japanese yen against the euro had a positive effect on sales in the first nine months. The weakening of the car industry in the final three months of the year also led to a drop in sales at Micronas compared with the third quarter. Our gross margin rose to 40.1 percent of sales during the year under review, up from 37.3 percent in the prior year. Research and development expenses came to CHF 28.9 million, or 17.2 percent of sales. The Micronas Group's operating profit (EBIT) went up 17.5 percent year-on-year to CHF 24.2 million. Its EBIT margin for the 2012 financial year came to 14.4 percent of sales, compared with 13.0 percent in the prior year.

Including the financial results and a tax income of CHF 6.2 million, Micronas showed a profit for 2012 of CHF 19.3 million, compared with CHF 11.5 million for the prior year. Earnings per share went

up accordingly to CHF 0.66. At December 31, 2012, Micronas held net cash of CHF 169.9 million, compared with CHF 156.2 million at end-2011. With equity capital up by CHF 22.8 million to CHF 152.0 million, the equity ratio improved to 51.6 percent.

#### **Automotive – a successful core business**

The global automotive market stayed on a growth trajectory for the first part of 2012. Despite the difficult situation in Western Europe, dynamic performance in North America and Asia resulted in a worldwide increase in car sales. Demand for our Hall sensors also increased in the first nine months of 2012, and Micronas was able to build up its leading position.

In the automotive segment, annual sales were up by 8.4 percent on the prior year at CHF 157.0 million. After adjusting for currency movements (in euros), the rise was 11.3 percent. Operating profit (EBIT) came to CHF 25.5 million, compared with CHF 20.4 million in the prior year, which helped push the EBIT margin up from 14.1 to 16.3 percent.

Dirk Behrens took over management of the Automotive division from Klaus Heberle on March 1, 2012. Dirk Behrens previously spent more than 20 years in the semiconductor industry, and he brings great experience accumulated in various senior development, sales and marketing roles, especially in the automotive sector.

Micronas is the world market leader for linear Hall sensors, providing solutions for numerous automotive applications, particularly throttle and accelerator pedal position measurement and control of exhaust gas recirculation. Development of the first two products in the new HAL 24xy family of sensors was completed in 2012, and these have been successfully launched on the market. This new family of linear sensors facilitates the measurement of greater distances and the use of smaller magnets while also offering new types of diagnosis functions and a greater ability to cope with interference pulses. Demand for these products, especially for use in challenging automotive and industrial applications, is good and has exceeded original expectations.

A particular focus of product development at Micronas is to expand the sensor families designed to measure angles and record linear movements using 3D HAL technology. During the year under review, volume production of these product families was started successfully, and deliveries were made to key clients. Further new customers were gained for these innovative products over the course of 2012.

Micronas Hall sensors are also being used increasingly to measure electric currents. The output is ratiometric, with results delivered without voltage drop. In the second half of the year Micronas added the CUR 3115 to its family of current sensors. This integrated solution offers a further reduction in sensitivity to interference

across the whole temperature range, with almost complete elimination of measurement errors. This product has been developed in collaboration with a large key customer in Germany, which is already using it in high-volume manufacture. With its current sensors, Micronas is addressing various applications in the automotive sector, including start-stop systems in modern, economical vehicles with internal combustion engines, and battery monitoring in hybrid and electric cars. Numerous industrial applications are also being serviced.

As well as its Hall sensors, Micronas manufactures a second product line: embedded high-voltage controllers (HVCs) for intelligent actuators in automotive and industrial applications. Production of the first HV controllers was started in 2012 for our key customer PMDM Minebea. This application-specific solution minimizes the number of external components required, thus allowing a compact and cost-effective system structure. It is suitable for controlling both new-generation brushless DC (BLDC) motors and traditional brush motors.

**“Others” – focus on industrial applications using the highly promising mySENS technology**

Industrial products and residual consumer products, which are reported together under “Others,” achieved sales of CHF 11.5 million in 2012.

With our many years of experience and our acknowledged expertise in automotive electronics, we are well placed to supply Hall sensor products to the industrial market too. Here we concentrate primarily on the building and automation technology sectors and on white goods. Our industrial business performed in accordance with expectations. We continued to market Micronas products in the industrial sector and achieved significant initial successes with new customers in all regions.

Micronas presented its latest generation of gas sensors at key trade fairs around the world. Using a specially developed fire simulator, we were able to demonstrate the benefits and outstanding features of our mySENS technology. As well as their smaller size and reliable fire detection capabilities, the resistance of our gas sensors to interference from such things as steam was a key factor. This is a major improvement on currently available fire detectors, which often produce false alarms because of an inability to distinguish between smoke and steam or dust. Some of our key customers presented prototype fire alarms based on our mySENS technology at their main trade fair, “Security Essen,” in September.

We began to provide customers with samples of the new gas sensors in 2012. This work is being further intensified and is likely to give way to volume production at the end of 2013.

Consumer products, which have been phased out, made their last contribution to sales during the year under review. Production and deliveries were stopped at the end of 2012.

**Expansion of sales activities and long-term partnerships for lasting success**

Micronas has already supplied more than two-and-a-half billion Hall sensors to worldwide automotive and industrial markets, and it now offers the world's largest portfolio of Hall sensors for the automotive market.

Micronas has excellent, longstanding customer relationships in Asia, particularly with Japanese customers. One success story for Micronas is its collaboration over many years with key client DENSO Corporation in Japan. In December Micronas and DENSO celebrated their joint shipping of the 500 millionth Hall sensor to the car industry. Thanks in part to high-quality Micronas products, DENSO has significantly expanded its range of security-relevant power train and chassis components. Our sales to new customers in Japan have also been very good, and sales activity has been strengthened in China and Korea too.

In Europe, the negative market trend in car sales and the phasing out of the dashboard controller business led to a slight decline in the Company's turnover from automotive products. In order to broaden our customer base, contact with

European distributors was deepened and more sales specialists were trained.

We have also continued to build up our distributor network in America. Some initial successes are being scored by the latest generation of 2D and 3D Hall sensors. Further interesting possibilities are opening up in this region, especially for Micronas mySENS technology.

**Innovation Center – strengthening strategic product development**

As the market leader in Hall sensors for the automotive market, Micronas offers its customers new and innovative solutions so they can meet the challenges presented by the most demanding automotive applications of today and tomorrow. The Company founded its new Innovation Center in the first quarter of 2012 in order to boost the Company's innovative power even further. By creating the Innovation Center, Micronas is aiming to strengthen its strategic product development in existing and new areas. Klaus Heberle, who was in charge of the Automotive division, heads the Center in his role as Chief Innovation Officer. During the year under review the development of the Innovation Center proceeded according to schedule.

### **Production – high degree of in-house manufacturing to ensure quality and reliable delivery**

Micronas is one of the few companies around the world that produces its semiconductors largely by itself, meaning that it maintains control over the whole production chain. Production in Freiburg, Germany, includes the frontend wafer fab and most of the backend assembly and testing. Micronas runs another testing center with around 70 employees in Glenrothes, Scotland. In 2012 the production facilities operated slightly below 80 percent capacity. The fall in sales of phased-out products (consumer and dashboard controller) was more than offset by the continuous rise in sales of new products (HAL and HVC) for automotive and industrial markets.

In Freiburg a new production line for SOIC8-SMD packaging for automotive applications was successfully put into operation and qualified. These packages are used for the latest Hall sensors. In our testing center in Scotland additional Hall test lines were qualified and further customer audits carried out with great success.

Qualification was completed for several new products during the year under review. We continue to pursue our long-term “zero ppm” (no defect) strategy on a permanent basis. Further improved methods have been introduced to reduce potential errors and defects.

### **Satisfied customers thanks to forward-looking quality policy**

The automotive industry is characterized by increasingly complex electronic systems, shorter innovation cycles and a steady rise in security and quality requirements. In response, Micronas pursues a forward-looking quality policy in which both suppliers and customers are actively integrated into the “zero ppm” strategy. Coordinated company-wide processes help to ensure the outstanding quality of delivered products and a very high level of product reliability in customer applications.

At the start of the year Micronas completed a fundamental revision of its company-wide quality management system, in which the contribution of all processes and procedures to the Company’s core competences was reviewed and optimized. The effectiveness of these measures was confirmed in the first quarter of 2012 by the very good rating achieved in a DQS monitoring audit under ISO9001 and ISO/TS16949.

### **Outlook**


The positive performance in financial 2012 has prompted the Board of Directors to propose to the forthcoming ordinary Shareholders’ Meeting that a part of the profits generated, namely CHF 0.05 per registered share, be paid out to shareholders.

Within our markets, the long-term trend toward increased efficiency and lower environmental impact continues unabated, leading to rising demand for our sensors and embedded controllers. However, the outlook for the car industry in 2013 is clouded by the unclear economic signals emanating from around the world. Thanks to its excellent customer relationships, innovative product portfolio and successful introduction of new product lines, Micronas is well positioned to remain sustainably profitable now and into the future.

**Thank you**

In the name of the Board of Directors and Management we would like to express our sincere gratitude to you, our valued shareholders, for the confidence you have placed in our Company. We would like to thank our customers, suppliers and other business partners for their confidence and for the good work we have done together. We would like to thank our employees for their dedication and for the great work they have done.

February 21, 2013



**Heinrich W. Kreutzer**  
Chairman



**Matthias Bopp**  
Chief Executive Officer

# Aktionärsbrief

## Sehr geehrte Damen und Herren

Die positive Entwicklung unseres Unternehmens konnte im Geschäftsjahr 2012 fortgesetzt werden. Micronas hat die Umsatz- und Ertragswerte, insbesondere im Bereich Automotive, gegenüber dem Vorjahr gesteigert. Der weltweite Automobilmarkt blieb im Jahr 2012 zunächst auf Wachstumskurs. Dabei haben sich die regionalen Automobilmärkte unterschiedlich entwickelt. Im vierten Quartal hat sich die weltweite Automobilkonjunktur allerdings deutlich abgeschwächt.

Im Kerngeschäft, dem Bereich der Hall-Sensoren für den Automobilmarkt, konnte Micronas ihre weltweit führende Position durch neue, innovative Sensor-Familien stärken. Die neue Produktlinie der embedded Controller wurde erfolgreich positioniert und im Berichtsjahr sind erste Volumen-Auslieferungen an Leitkunden erfolgt. Im Bereich der Gassensoren ist die neueste Generation vorgestellt und im Markt mit grossem Interesse aufgenommen worden.

Als Marktführer im Bereich der Hall-Sensoren für die Automobilelektronik bietet Micronas ihren Kunden stetig neue, innovative Lösungen an, um die immer anspruchsvoller werdenden Anwendungen im Automobilmarkt zu bedienen. Von der Entwicklung bis zur Produktion vereint Micronas alle Arbeitsschritte unter einem Dach und gehört zu den wenigen Unternehmen, die dadurch ihren Kunden besondere Vorteile bieten können. Dank der konsequenten Verfolgung von

Qualität und Liefertreue und dem exzellenten Produktportfolio verfügt Micronas heute über eine weltweit führende Stellung.

## Positives Jahresergebnis und stabile Finanzierungsstruktur

Der konsolidierte Umsatzerlös erhöhte sich im Geschäftsjahr 2012 auf CHF 168.5 Millionen und wuchs damit gegenüber dem Vorjahr um 6.1 Prozent. Somit konnten die rückläufigen Umsätze bei den Dashboard-Controllern und das Auslaufen der Consumer-Produkte überkompensiert werden. Währungsbereinigt (in Euro) konnte der Umsatz um 8.9 Prozent verbessert werden. Hauptwachstumstreiber der gestiegenen Absatzzahlen waren unsere Automotive-Kunden in Asien. Micronas profitierte von ihrem ausgezeichneten Produktportfolio und auch vom Comeback der japanischen Automobilindustrie, welche sich aufgrund der Erholung von den Folgen des Erdbebens auf einer Aufholjagd befand. Gleichzeitig wirkte sich in den ersten neun Monaten der starke japanische Yen gegenüber dem Euro positiv auf den Umsatz aus. Die Abschwächung der Automobilindustrie im vierten Quartal bewirkte auch bei Micronas einen Umsatzrückgang gegenüber dem dritten Quartal. Die Bruttomarge stieg im Berichtsjahr auf 40.1 Prozent des Umsatzes, nachdem sie im Vorjahr noch 37.3 Prozent betrug. Die Forschungs- und Entwicklungskosten beliefen sich auf CHF 28.9 Millionen, entsprechend 17.2 Prozent des Umsatzes. Der Betriebsgewinn (EBIT) der Micronas Gruppe verbesserte sich um 17.5 Prozent auf CHF 24.2 Millionen. Für das Geschäftsjahr

2012 weist Micronas eine EBIT-Marge von 14.4 Prozent des Umsatzes aus, nachdem diese im Vorjahr noch 13.0 Prozent betragen hatte.

Unter Berücksichtigung des Finanzergebnisses sowie eines Steuerertrags in Höhe von CHF 6.2 Millionen beträgt der Gewinn des Berichtsjahres CHF 19.3 Millionen, verglichen mit CHF 11.5 Millionen im Vorjahr. Dementsprechend steigerte sich der Gewinn pro Aktie auf CHF 0.66. Micronas weist per 31. Dezember 2012 flüssige Mittel und kurzfristige Finanzanlagen von CHF 169.9 Millionen aus, verglichen mit CHF 156.2 Millionen im Vorjahr. Mit einer Erhöhung des Eigenkapitals um CHF 22.8 Millionen auf CHF 152.0 Millionen verbesserte sich die Eigenkapitalquote auf 51.6 Prozent.

#### **Automotive – das erfolgreiche Kerngeschäft von Micronas**

Der weltweite Automobilmarkt blieb im Jahr 2012 zunächst auf Wachstumskurs. Trotz der schwierigen Lage in Westeuropa hat die Dynamik in Nordamerika und Asien weltweit zu einem Wachstum des Pkw-Absatzes geführt. In den ersten neun Monaten 2012 konnte auch die Nachfrage nach unseren Hall-Sensoren gesteigert werden und Micronas hat ihre führende Position ausgebaut.

Im Segment Automotive konnte der Umsatz für das Geschäftsjahr 2012 im Vergleich zum Vorjahr um 8.4 Prozent auf CHF 157.0 Millionen gesteigert werden. Währungsbereinigt (in Euro) verbesserte sich der Umsatz um 11.3 Prozent.

Der Betriebsgewinn (EBIT) erreichte CHF 25.5 Millionen, verglichen mit CHF 20.4 Millionen im Vorjahr. Die EBIT-Marge konnte somit von 14.1 auf 16.3 Prozent gesteigert werden.

Dirk Behrens übernahm per 1. März 2012 den Bereich Automotive von Klaus Heberle. Dirk Behrens war zuvor seit mehr als 20 Jahren in der Halbleiterindustrie tätig und bringt fundierte Erfahrungen aus verschiedenen Führungspositionen in den Bereichen Entwicklung, Vertrieb und Marketing insbesondere in der Automobilbranche mit.

Im Bereich der linearen Hall-Sensoren ist Micronas Weltmarktführer und bedient zahlreiche Anwendungen im Automobil, insbesondere die Detektion der Drosselklappen- und Gaspedalstellung sowie die Regelung der Abgasrückführung. Nachdem die Entwicklung der ersten beiden Produkte der neuen HAL 24xy-Familie abgeschlossen werden konnte, wurden sie im Markt erfolgreich platziert. Diese neue Linear-Sensor-Familie erlaubt die Messung grösserer Distanzen, die Verwendung kleinerer Magnete und bietet gleichzeitig neuartige Diagnose-Funktionen sowie noch höhere Robustheit gegen Störimpulse. Die Nachfrage nach diesen Produkten, insbesondere für anspruchsvolle Anwendungen im Automobil und in der Industrie, ist erfreulich und übertrifft die ursprünglich gesetzten Erwartungen.

Einen Schwerpunkt innerhalb der Produktentwicklung bei Micronas stellt die Erweiterung

ihrer Sensorfamilien zur Bestimmung von Drehwinkeln und für die Erfassung von linearen Bewegungen auf Basis der 3D HAL-Technologie dar. Im Berichtsjahr wurde die Volumenproduktion dieser Produktfamilien erfolgreich gestartet und sie wurden an die entsprechenden Leitkunden ausgeliefert. Auch konnten im Laufe des Jahres 2012 weitere Neukunden für diese innovativen Produkte gewonnen werden.

Hall-Sensoren von Micronas werden auch zunehmend für die Messung von elektrischen Strömen eingesetzt. Dabei wird das Messergebnis potenzialfrei und ohne Spannungsverlust vom Hall-Sensor ermittelt. Im zweiten Halbjahr hat Micronas mit dem CUR 3115 ihre Familie der Stromsensoren erweitert. Diese integrierte Lösung bietet eine weiter reduzierte Störempfindlichkeit über den gesamten Temperaturbereich, wodurch Messfehler weitestgehend eliminiert werden. Dieses Produkt wurde zusammen mit einem grossen deutschen Leitkunden entwickelt und ist dort bereits in hohen Stückzahlen im Einsatz. Micronas adressiert mit ihren Stromsensoren diverse Anwendungen im Automobil wie zum Beispiel Start-Stopp-Systeme in modernen, sparsamen Kraftfahrzeugen mit Verbrennungsmotoren und die Batterieüberwachung in Hybrid- oder Elektrofahrzeugen. Darüber hinaus werden auch zahlreiche Applikationen im Industrieumfeld bedient.

Neben den Hall-Sensoren baut Micronas eine zweite Produktlinie auf: die embedded High-

Voltage-Controller (HVC) für intelligente Aktuatoren in Automobil- und Industrieanwendungen. Im Geschäftsjahr 2012 wurde die Produktion des ersten HV-Controllers für unseren Leitkunden PMDM Minebea aufgenommen. Diese applikationsspezifische Lösung verringert die Anzahl der erforderlichen externen Komponenten auf ein Mindestmass und erlaubt so einen kompakten und kosteneffektiven Systemaufbau. Sie eignet sich sowohl für die Ansteuerung von neuartigen, bürstenlosen Gleichstrommotoren (BLDC) als auch von herkömmlichen Bürstenmotoren.

#### **„Others“ – Fokus auf den Industriebereich mit der vielversprechenden mySENS-Technologie**

Die Produkte des Bereichs Industrial und die noch verbleibenden Consumer-Produkte, welche unter „Others“ zusammengefasst und ausgewiesen werden, erzielten im Geschäftsjahr 2012 einen Umsatz von CHF 11.5 Millionen.

Mit unserer langjährigen Erfahrung und unserem anerkannten Know-how in der Automobilelektronik sind wir gut aufgestellt, um auch den Industriemarkt mit den Hall-Sensor-Produkten zu bedienen. Dort konzentrieren wir uns in erster Linie auf die Bereiche Gebäude- und Automatisierungstechnik sowie weisse Ware. Die geschäftliche Entwicklung des Bereichs Industrial verlief gemäss unseren Erwartungen. Die Vermarktung der Micronas Produkte im industriellen Umfeld wurde weiter vorangetrieben und in allen Regionen konnten mit neuen Kunden erste grössere Erfolge erzielt werden.

Micronas hat weltweit auf ihren wichtigen Leitmessern die neuste Generation von Gassensoren präsentiert. Mittels einer eigens dafür entworfenen Brand-Simulation haben wir die Vorteile und herausragenden Eigenschaften unserer mySENS-Technologie veranschaulicht. Neben reduzierter Baugrösse und zuverlässiger Branderkennung stand die Unempfindlichkeit unserer Gassensoren gegenüber Störfaktoren wie zum Beispiel Wasserdampf im Fokus. Im Gegensatz dazu können heute verfügbare Brandmelder den entstehenden Rauch nicht zuverlässig von Dämpfen wie Wasserdampf oder Staubentwicklung unterscheiden und sind somit anfällig für Fehlalarme. Einige unserer Leitkunden haben im September auf ihrer wichtigsten Fachmesse, der Security in Essen, Brandmelder-Prototypen, basierend auf unserer mySENS-Technologie, vorgestellt.

Die im Geschäftsjahr 2012 gestartete Bemusterung der Kunden mit den neuen Gassensoren wird weiter intensiviert und voraussichtlich Ende des Jahres 2013 in die Volumenproduktion übergehen.

Die auslaufenden Consumer-Produkte haben im Berichtsjahr letztmalig einen Umsatzbeitrag geleistet. Die Produktion und Auslieferung wurde Ende 2012 eingestellt.

### **Ausbau der Vertriebsaktivitäten und der langfristigen Partnerschaften für nachhaltige Erfolge**

Micronas konnte bereits mehr als zweieinhalb Milliarden Hall-Sensoren an die weltweiten Automobil- und Industriemärkte ausliefern und bietet derzeit das weltweit grösste Portfolio an Hall-Sensoren für den Automobilmarkt an.

In Asien pflegt Micronas exzellente und langjährige Kundenbeziehungen, insbesondere zu japanischen Kunden. Eine Erfolgsgeschichte für Micronas ist die langjährige Zusammenarbeit mit ihrem Leitkunden DENSO Corporation in Japan. Micronas und DENSO feierten zusammen im Dezember die gemeinsame Auslieferung des fünfhundert millionsten Hall-Sensors an die Automobilindustrie. DENSO konnte seine Lieferungen sicherheitsrelevanter Antriebs- und Fahrwerkskomponenten auch dank der qualitativ hochwertigen Produkte von Micronas wesentlich ausweiten. Erfreulich entwickelten sich auch unsere Umsätze mit neuen Kunden in Japan. Neben Japan wurden auch in China und Korea die Vertriebsaktivitäten verstärkt.

In Europa führten die negative Marktentwicklung des Automobil-Absatzes und das Auslaufen der Dashboard-Controller dazu, dass in dieser Region der Umsatz mit Automotive-Produkten

bei Micronas leicht rückläufig war. Um unsere Kundenbasis zu verbreitern, wurde der Kontakt zu unseren europäischen Distributoren vertieft und die Schulung ihrer Verkaufsspezialisten vorangetrieben.

Auch in Amerika haben wir unser Distributoren-Netzwerk weiter ausgebaut. Erste Erfolge zeigen sich mit den neusten Generationen von 2D- und 3D-Hall-Sensoren. Besonders für die Micronas mySENS-Technologie bieten sich in dieser Region weitere interessante Möglichkeiten.

#### **Innovation Center – Stärkung der strategischen Produktentwicklung**

Als Marktführer im Bereich der Hall-Sensoren für den Automobilmarkt bietet Micronas ihren Kunden neue, innovative Lösungen an, damit diese sich auch den Herausforderungen der anspruchsvollsten Automotive-Anwendungen von morgen stellen können. Um die Innovationskraft des Unternehmens weiter zu stärken, wurde deshalb im ersten Quartal das neue Innovation Center gegründet. Mit der Schaffung des Innovation Centers beabsichtigt Micronas, die strategische Produktentwicklung auch in neuen Betätigungsfeldern zu stärken. Klaus Heberle, bisheriger Leiter des Automotive-Bereichs, hat als Chief Innovation Officer dessen Leitung übernommen. Der Aufbau des Innovation Centers verlief im Berichtsjahr planmässig.

#### **Produktion – hohe Eigenfertigung zur Sicherung von Qualität und Liefertreue**

Micronas gehört zu den wenigen Unternehmen weltweit, die ihre Halbleiterprodukte weitgehend selbst produzieren und dadurch die gesamte Fertigungskette unter eigener Kontrolle haben. Die Fertigung in Freiburg, Deutschland, umfasst die Waferfabrik (Frontend) sowie den grössten Teil von Montage und Test (Backend). Ein weiteres Testzentrum mit rund 70 Mitarbeitern betreibt Micronas in Glenrothes, Schottland. Die Auslastung der Fertigungsanlagen lag im Jahr 2012 leicht unter 80 Prozent. Dabei konnte der Rückgang der auslaufenden Produkte (Consumer und Dashboard-Controller) durch den kontinuierlichen Anstieg der neuen Produkte (HAL und HVC) für den Automobil- und Industriemarkt überkompensiert werden.

In Freiburg wurde eine neue Produktionslinie für SOIC8-SMD-Gehäuse für Automobil-Anwendungen erfolgreich in Betrieb genommen und qualifiziert. Diese Gehäuse werden für die neuesten Hall-Sensoren eingesetzt. In unserem Testcenter in Schottland wurden zusätzliche Hall-Testlinien qualifiziert und weitere Kundenaudits sehr erfolgreich durchgeführt.

Im Berichtsjahr konnten für mehrere neue Produkte erfolgreiche Qualifikationen abgeschlossen werden. Die langfristige Null-Fehler-Strategie ("zero ppm") wurde weiter kontinuierlich verfolgt. Es wurden weiter verbesserte Methoden zur Reduktion potenzieller Fehler und Defekte eingeführt.

### Kundenzufriedenheit dank vorausschauender Qualitätspolitik

Die Automobilindustrie ist geprägt von zunehmender Komplexität elektronischer Systeme, kürzeren Innovationszyklen sowie stetig steigenden Sicherheits- und Qualitätsanforderungen. Micronas verfolgt deshalb eine vorausschauende Qualitätspolitik, bei der sowohl Zulieferer als auch Kunden aktiv in die "zero ppm"-Strategie eingebunden sind. Unternehmensweit abgestimmte Prozesse tragen zur Sicherstellung einer herausragenden Auslieferqualität sowie zu einer sehr hohen Produktzuverlässigkeit in den Kundenanwendungen bei.

Zu Jahresbeginn hat Micronas die grundlegende Überarbeitung des unternehmensweiten Qualitätsmanagementsystems abgeschlossen, bei der alle Abläufe und Prozesse auf ihren Beitrag für die Kernkompetenzen des Unternehmens überprüft und optimiert wurden. Die Wirksamkeit dieser Massnahme wurde im ersten Quartal 2012 im DQS-Überwachungsaudit nach den Normen ISO9001 beziehungsweise ISO/TS16949 mit einer sehr guten Wertung bestätigt.

### Ausblick

Die positive Performance im Geschäftsjahr 2012 veranlasste den Verwaltungsrat, der kommenden Generalversammlung wiederum vorzuschlagen, einen Teil des erwirtschafteten Gewinns, CHF 0.05 pro Namenaktie, an die Aktionäre auszuschütten.

In den von uns adressierten Märkten ist der langfristige Trend zur Effizienzsteigerung und Erhöhung der Umweltfreundlichkeit ungebrochen und führt damit zu einem steigenden Bedarf nach unseren Sensoren und embedded Controllern. Allerdings ist für das angelaufene Jahr 2013 der Ausblick für die Automobilindustrie durch die weltweit unklaren Konjunktursignale getrübt. Micronas ist durch ihre exzellenten Kundenbeziehungen, dank des innovativen Produktportfolios und durch die erfolgreiche Einführung der neuen Produktlinien gut aufgestellt, um auch in Zukunft nachhaltig profitabel zu bleiben.

### Dank

Im Namen des Verwaltungsrats und des Managements danken wir Ihnen, sehr geehrte Aktionärinnen und Aktionäre, ganz herzlich für Ihr Vertrauen in unser Unternehmen. Wir bedanken uns bei unseren Kunden, Lieferanten und weiteren Geschäftspartnern für das Vertrauen und die gute Zusammenarbeit. Unseren Mitarbeiterinnen und Mitarbeitern danken wir für ihren motivierten Einsatz und für die sehr gute geleistete Arbeit.

21. Februar 2013



**Heinrich W. Kreutzer**  
Präsident



**Matthias Bopp**  
Chief Executive Officer



# Corporate governance

The corporate governance report records the principles and conduct of management and supervision at the highest management level of the Micronas Group. Micronas meets the requirements of the "Swiss Code of Best Practice", which has been in force since July 1, 2002, and updated in 2007, and the corporate governance guidelines of the SIX Swiss Exchange.

Mindful that effective, transparent and systematically implemented principles of corporate governance make an important contribution to the Micronas Group's success and to increasing company value, we are sensitive to the justified expectations and demands of our stakeholders concerning responsible management. At Micronas, the way the leadership and management of the Company are organized and function in practice is clearly regulated, in particular with regard to the division of responsibilities and powers among the decision-making bodies, namely the Board of Directors, Management and Shareholders' Meeting, as well as to accountability in respect of decisions taken. The Board of Directors works through efficient committees: a Nomination and Compensation Committee and a Risk and Audit Committee. The Board verifies its own working procedures on a regular basis through self-assessment supported by external consultants. In addition, specific topics are reviewed by a special internal auditor from time to time.

As we at Micronas see it, the core issue of good corporate governance is that it responds to our shareholders' concern for prudent corporate policies and efficient deployment of resources, including an effective system of checks and balances. In this respect, the Code of Conduct of Micronas, including implementing guidelines, helps to ensure that all Micronas employees act in a responsible manner. The Code of Conduct is available under **[www.micronas.com/investor](http://www.micronas.com/investor)**.

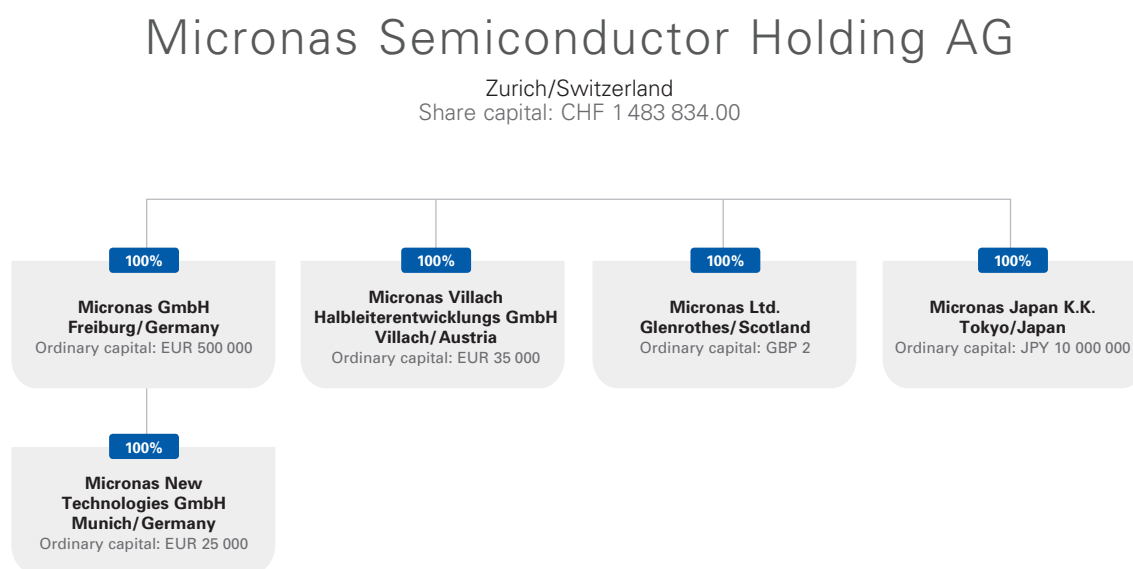
In pursuance of these aims, the Micronas Group maintains an open information and communication policy toward shareholders, financial markets and interested sections of the public. Transparency and continuity in our dealings with investors – over and above what is legally required – are underpinned by comprehensive year-end financial statements, semi-annual financial statements in the form of a printed letter to the shareholders and quarterly financial updates for the first and the third quarter through respective press releases and constant updating of the relevant information on our website.

# Group structure and shareholders

## Group structure as at December 31, 2012

The registered shares of Micronas Semiconductor Holding AG (the "Company") are listed on the main board of the SIX Swiss Exchange (Swiss security number 1 233 742, ISIN CH0012337421). As at December 31, 2012, the market capitalization is CHF 246 019 677.20.

The Company and its direct and indirect subsidiaries ("Micronas" or "Micronas Group" or "Group") design, manufacture and sell Hall sensors and embedded controllers for smart actuators for automotive and industrial electronics.



This Group structure comprises the operationally active companies of the Micronas Group. To see the complete Group structure, please refer to pages 65 to 67 of the Financial Report 2012.

## Shareholders as at December 31, 2012

### Shareholder structure of registered shares

Diversification	Number of shareholders	Number of shares
> 1 000 000	2	2 265 256
100 001 – 1 000 000	16	5 584 574
10 001 – 100 000	115	3 073 755
1 001 – 10 000	1 531	4 137 058
1 – 1 000	5 003	1 998 800

### Registered shareholders by country

Country	Number of shareholders	Number of shares
Switzerland	6 128	10 267 239
Germany	172	309 017
Great Britain	16	1 359 829
Rest of Europe	299	2 913 197
USA	4	750 833
Rest of world	48	1 459 328

### Registered shareholders by shareholder category

Category	Number of shareholders	Number of shares
Persons	6 435	6 863 663
Companies	111	1 945 573
Funds	37	5 108 005
Foundations	14	37 688
Pension funds	26	346 981
Insurance companies	3	761 939
Banks	41	1 995 594

As at December 31, 2012, the Company is aware of the following shareholders holding 3 percent or more of the capital and/or voting rights of the Company:

Shareholder	Registered office	Address	Number of shares	Percentage
Sparinvest Holdings SE <sup>1</sup>	Luxembourg	28 Boulevard Royal	1 588 436	5.35
RBC Dexia Investor Services Trust <sup>2</sup>	London, Great Britain	Swane Lane, Riverbank House 2	1 256 164	4.23
Black Creek Investment Management Inc. <sup>1</sup>	Toronto, Canada	Suite 500, 212 King Street West	952 173	3.21

<sup>1</sup> The above figures (number of shares and percentages) conform to the figures contained in the respective notifications to the Company and the Disclosure Office of the SIX Swiss Exchange; they may not be accurate as at December 31, 2012.

<sup>2</sup> RBC Dexia Investor Services Trust is acting in its capacity as nominee for other investors.

Detailed information on notifications regarding the disclosure of shareholdings can be downloaded from **[www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)**.

As at December 31, 2012, there are no cross-shareholdings.

# Capital structure

## Capital

As at December 31, 2012, the share capital of the Company registered in the Commercial Register is CHF 1 483 834.00 divided into 29 676 680 fully paid registered shares with a nominal value of CHF 0.05 each.

## Authorized and conditional capital in particular

### Authorized capital

The Company has no authorized capital.

### Conditional capital

According to its Articles of Incorporation, the Company has a conditional capital of a maximum of CHF 39 171.00. The share capital of the Company will be increased through the issuance of a maximum of 783 420 fully paid registered shares with a nominal value of CHF 0.05 each by the exercise of option rights which are granted to the employees and members of the Board of Directors of the Company or Group companies according to a stock option plan to be prepared by the Board of Directors. Preemptive rights of shareholders are suspended.

## Changes in capital

The following table summarizes the development of the share capital registered in the Commercial Register since January 1, 2007:

Date	Share capital in CHF	Number of shares	Nominal value in CHF
February 19, 2007	1 632 446.50	32 648 930	0.05
May 14, 2007	1 483 771.50	29 675 430	0.05
March 5, 2012	1 483 834.00	29 676 680	0.05

For information regarding changes in equity since December 31, 2010, please refer to page 53 of the Financial Report 2012.

## Participation certificates and dividend-right certificates

There are no participation or dividend-right certificates.

## Limitations on transferability and nominee registrations

The registered shares of the Company may be transferred without restrictions. Nominee entries as shareholders with voting rights up to and below 3 percent of the registered shares of the

Company are permitted without restrictions. Nominees will be registered in the share register with the right to vote 3 percent or more of the registered shares of the Company, provided the nominees have entered into a nominee agreement with the Company and disclose to the Company the names, addresses, nationality (for legal entities the registered office) and shareholdings of all those beneficial owners for whose account a nominee holds 0.5 percent or more of the registered shares of the Company.

## Convertible bonds and options

There are no convertible bonds outstanding.

According to the stock option plan of the Company, the Board of Directors may, at its sole discretion, grant options to employees and members of the Board of Directors of the Company or Group companies to acquire registered shares in the Company. One registered share may be acquired for each option. The options may not be traded. Registered shares to be delivered based on options granted after January 1, 2006, will be purchased by the Company on the SIX Swiss Exchange or made available from the conditional capital.

The purpose of the stock option plan is to motivate the managerial staff of the Company and its subsidiaries to contribute to the success of the Company by their special performance and to encourage them to acquire share ownership in the Company.

The exercise price of the options corresponds to the closing price of the registered shares on the SIX Swiss Exchange on the day of the grant of the options, which is usually a day in January or July determined by the Board of Directors at its preceding meeting. All options are subject to lock-up periods (for further details on the options please refer to the chapter on compensation, shareholdings and loans, on pages 38 to 39, and to page 100 of the Financial Report 2012).

It is a condition precedent for the exercise of the options (1) that the beneficiary of the options is employed by the Company or a Group company or is a member of the Board of Directors of the Company on the first day of the respective exercise period and (2) that no bankruptcy or attachment proceedings regarding the private assets of the beneficiary and no insolvency proceedings have been initiated or completed.

Without the prior consent of the Board of Directors of the Company, beneficiaries are not allowed to buy and sell registered shares of the Company received upon the exercise of options, other registered shares of the Company and derivatives relating to the Company's registered shares during a period of 30 calendar days before the date of publication of the annual, semi-annual and quarterly financial information. Furthermore, the Board of Directors may decide to prohibit the trading in securities of the Company within the trading windows for important reasons.

## Board of Directors



## Members of the Board of Directors



**Heinrich W. Kreutzer**, born 1949 and German citizen, was elected as a member of the Board of Directors of the Company at the ordinary Shareholders' Meeting of March 3, 2006, and appointed Chairman of the Board of Directors on November 27, 2009. His remaining term lasts until the ordinary Shareholders' Meeting regarding the business year 2012.

**Education:** Master in both electrical engineering and economic sciences.

**Professional background:** independent management consultant (since 2006), Kabel Deutschland GmbH, Munich, Managing Director (2004 – 2006), Alcatel, Stuttgart, Chief Operating Officer (COO) and Chief Technology Officer (CTO) (1999 – 2003), Alcatel Switching Systems Division, Stuttgart, Vice President (1997 – 2000), Alcatel Microelectronics, Brussels, member of the Supervisory Board (1995 – 2001), General Telephone & Electronics (GTE), Waltham, consultant engineer (1980), Heinrich-Hertz-Institute, Berlin, group and project manager (1975 – 1984).



**Lucas A. Grolimund**, born 1966 and Swiss citizen, was elected as a member of the Board of Directors of the Company at the extraordinary Shareholders' Meeting of November 27, 2009. His remaining term lasts until the ordinary Shareholders' Meeting regarding the business year 2012.

**Education:** diploma master in electrical engineering from the Swiss Federal Institute of Technology, Zurich, Master of Science from Stanford University and MBA from INSEAD, Fontainebleau.

**Professional background:** independent advisor (since 2009), Cicor Technologies AG, Zurich, CEO (2007 – 2009), Schlatter Holding AG, Schlieren, CEO (2003 – 2007), Gate Gourmet International AG, Opfikon, CFO and Executive Vice President (2000 – 2003), McKinsey&Company, Zurich, consultant (1995 – 2000).



**Dr. Dieter G. Seipler**, born 1946 and German citizen, was elected as a member of the Board of Directors of the Company at the extraordinary Shareholders' Meeting of November 27, 2009. His remaining term lasts until the ordinary Shareholders' Meeting regarding the business year 2012.

**Education:** Ph.D. in physics from the Technical University in Darmstadt.

**Professional background:** Mann + Hummel Holding, Ludwigsburg, CEO (2001 – 2009), Kolbenschmidt Pierburg AG, Neuss, CEO and deputy CEO of Rheinmetall AG (1998 – 2001), Robert Bosch GmbH, several activities in Germany and Spain (1977 – 1998).



**Dr. Stefan Wolf**, born 1961 and German citizen, was elected as a member of the Board of Directors of the Company at the extraordinary Shareholders' Meeting of November 27, 2009. His remaining term lasts until the ordinary Shareholders' Meeting regarding the business year 2012.

**Education:** Ph.D. in law from the University of Tübingen.

**Professional background:** ElringKlinger AG, Dettingen/Erms, CEO (since 2006), ElringKlinger AG, Dettingen/Erms, several positions such as speaker and chief representative of the Managing Board, head of human resources and divisional head of legal department (1997 – 2005), law firm Thümmel, Schütze and Partners, Stuttgart, attorney at law (1994 – 1997).

## Other activities and vested interests outside of Micronas Group

**Heinrich W. Kreutzer** is a member of the Supervisory Board of ASM International AG, Almere, and holds memberships in Boards of Directors of other non-listed companies.

**Lucas A. Grolimund** is a member of the Board of Comet Holding AG, Flamatt.

**Dr. Dieter G. Seipler** is a member of the Board of Wüstenrot Bausparkasse and the Chairman of the Supervisory Board of Weber-Hydraulik GmbH, Güglingen.

**Dr. Stefan Wolf** is a member of the Board of Fielmann AG, Hamburg, Chairman of the Supervisory Board of NORMA Group AG, Maintal, President of the Employer's Association "Südwestmetall" and member of the Management Board of VDA (German Association of the Automotive Industry).

## Elections and terms of office

The members of the Board of Directors are elected by individual vote for a term of one year (total renewal). Re-election is permitted. Election proposals are normally submitted by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The period between two ordinary Shareholders' Meetings is considered one year.

## Internal organizational structure

The Board of Directors constitutes itself. It chooses a Chairman, a Vice Chairman and a secretary. The latter need not be a Board member.

Meetings of the Board of Directors are called by the Chairman and, if the Chairman is unavailable, by the secretary as often as required by the business, but at least four times every year. Normally, an additional two-day strategy meeting is held each year.

Resolutions and elections of the Board of Directors are passed and carried out in Board meetings by the majority of the votes cast. The Chairman has the deciding vote. The Board of Directors can validly pass resolutions if a majority of its members is present at the Board meeting. These presence requirements do not apply to resolutions taken in connection with capital increases.

Resolutions may also be passed without a meeting of the Board of Directors by way of circular resolution.

## Committees

The following committees are established:

Committee	Members
<b>Nomination and Compensation Committee</b>	Dr. Dieter G. Seipler <sup>1</sup> Heinrich W. Kreutzer
<b>Risk and Audit Committee</b>	Lucas A. Grolimund <sup>1</sup> Dr. Stefan Wolf

<sup>1</sup>Chair of the committee.

### **The Nomination and Compensation Committee**

prepares, together with the CEO, all relevant matters in the areas of human resources and compensation for the Board meetings. The committee does not have any competence to take decisions; duties and competencies of the Board of Directors according to the organizational rules and the law are vested in the Board of Directors as a whole. The committee supports the Board of Directors in its supervisory and controlling functions and supervises the implementation of Board resolutions within the said areas of activities. Meetings are held at least twice a year. The charter of the Nomination and Compensation Committee is available under [www.micronas.com/investor](http://www.micronas.com/investor).

**The Risk and Audit Committee** prepares, together with the CFO, all relevant matters in the areas of financial planning and financial controlling, compliance with laws and regulations as well as risk management for the Board meetings. The committee does not have any competence to take decisions; duties and competencies of the Board of Directors according to the organizational rules and the law are vested in the Board of Directors as a whole. The committee supports the Board of Directors in the supervision of the accounting and the financial reporting and in its controlling functions regarding compliance with legal provisions and the existence of suitable internal controlling structures. The committee supervises the implementation of Board resolutions within the said areas of activities as well as the auditors. Meetings are held at least twice a year, the CFO and representatives of the auditors being present. The charter of the Risk and Audit Committee is available under [www.micronas.com/investor](http://www.micronas.com/investor).

## Meeting frequency and duration

In the business year 2012, eight physical and telephone conference meetings of the Board of Directors, including a two-day strategy meeting, two meetings of the Nomination and Compensation Committee and four meetings of the Risk and Audit Committee took place. Normally a meeting lasts approximately half a day. The following chart summarizes the meeting participation of the members:

Members of the Board of Directors	Board of Directors <sup>1</sup>	Nomination and Compensation Committee	Risk and Audit Committee <sup>2</sup>
Heinrich W. Kreutzer	8	2	
Lucas A. Grolimund	7 <sup>3</sup>		4
Dr. Dieter G. Seipler	8	2	
Dr. Stefan Wolf	7		4

<sup>1</sup> Furthermore, the Board of Directors took several circular resolutions.

<sup>2</sup> The auditors attended the Risk and Audit Committee meetings two times.

<sup>3</sup> This figure includes the resolution regarding the confirmation of the capital increase out of the conditional capital taken on February 23, 2012, in front of a notary public.

## Definition of areas of responsibility

The Board of Directors is ultimately responsible for the general policies and management of the Company and the supervision of the persons entrusted with the management. The responsibility for the day-to-day business has been delegated by the Board of Directors to

the CEO pursuant to organizational rules. The CEO is responsible for the organization of the Management Board as well as for all its subdivisions. The organizational rules are available under **[www.micronas.com/investor](http://www.micronas.com/investor)**. All members of the Board of Directors are non-executive members who are independent of the Micronas Group.

The Board of Directors has the following responsibilities:

- Ultimate direction of the Company and the power to issue the necessary directives;
- Setting up the organizational structure of the Company;
- Structuring of the accounting system, the financial controlling and the financial planning, to the extent they are relevant to the management of the Company;
- Employment and dismissal of persons entrusted with the management and representation of the Company as well as decisions regarding their salaries;
- Supervision of all persons entrusted with the management, in particular with respect to their abiding by the law, the Articles of Incorporation, the organizational rules and the directives of the Board of Directors;
- Drafting of the business report, preparation of the Shareholders' Meetings and implementation of the resolutions of the Shareholders' Meetings;
- Notification of the judge in case of over-indebtedness;
- Resolutions on further business dealings as defined in the organizational rules, e.g. determination of signatory powers.

The CEO has the following responsibilities:

- Collection of data and facts necessary for the decision-making of the Board of Directors in accordance with the organizational rules, the law or the Articles of Incorporation;
- Representation of the interests of the Company toward third parties (banks, other enterprises, investors, press, public);
- Preparation of business plans and budgets;
- Supervision of financial matters such as cash management, bookkeeping, invoicing and receipt of payments;
- Handling of human resource matters;
- Reporting on the ongoing business to the Board of Directors according to the organizational rules, thereby allowing the Board of Directors to properly carry out its supervising duties;
- Any other duties delegated by the Board of Directors.

## Information and control instruments vis-à-vis the Micronas Group Management

The division of responsibilities between the Board of Directors and the CEO is set forth in the organizational rules. The supervision of the CEO by the Board of Directors is based in particular on the following reports submitted by the CEO to the Board of Directors on a regular basis:

- Participation of the CEO in meetings of the Board of Directors and committees regarding specified agenda items upon invitation of the Board of Directors or the respective committee;
- Monthly consolidated interim financial statements including key figures;
- Monthly information on market and business developments including key accounts and other special projects;
- Detailed interim reports on business developments, risk management etc., to be submitted to every meeting of the Board of Directors;
- Annual and semi-annual consolidated financial statements.

On a monthly basis, the Board of Directors receives from the management information system (MIS) all relevant financial information relating to the Micronas Group, such as the consolidated profit and loss statement, the balance sheet and the cash flow statement, the consolidated profit and loss statement for the segments as well as comments with respect to the most important changes and differences compared to the budget and the rolling

forecast. In addition, reports of the marketing, sales and operations activities are prepared, including information on the Company as well as information on markets, customers and competitors. With respect to the product development activities detailed progress reports on projects are presented.

The risk controller compiles a standardized risk report on a quarterly basis. The 15 most important risks are continuously observed through risk management. The risk report contains verbal and graphical information relating to the most important changes and any material newly discovered risks, if any. The risks are being classified with respect to their probability and their possible effects on the operating profit. The material risk factors are determined by the owners of the respective risks on a yearly basis or ad hoc, if necessary, and reviewed and approved by the Management Board and the Risk and Audit Committee. The internal control system is regularly evaluated in the course of the risk management; any findings are documented and commented in the quarterly and monthly reporting (for further details regarding the risk management process please refer to page 99 of the Financial Report 2012).

From time to time, usually once per year, the Board of Directors organizes an internal audit through an independent consultant on a special topic to be determined by the Board of Directors. The respective report of the internal auditor, including its recommendations, is discussed in Board meetings and the Board of Directors decides on any measures to be implemented based on such report.

# Management Board

## Members of the Management Board

### Micronas Group Management



**Matthias Bopp**, born 1964 and German citizen, acts as the CEO of the Micronas Group since January 1, 2010.

**Education:** diploma in electrical engineering at the University of Kaiserslautern.

**Professional background:** General Manager of Radio Frequency and Automotive Division of Atmel Automotive GmbH, Heilbronn, General Manager of the business center communications and Director of the technical center of the business center communications of Atmel Germany GmbH.



**Günter Hoppe**, born 1950 and German citizen, is with Micronas since October 1997. Entering Micronas he was employed as head of group consolidation and reporting. In 2000 he was appointed head of finance of the German holding company and also deputy to the CFO. Since December 1, 2009, he acts as CFO of the Micronas Group.

**Education:** diploma in economics from the University of Freiburg.

**Professional background:** head of group consolidation and reporting of ITT Intermetall, Freiburg, project manager at GZS/Eurocard GmbH, Frankfurt, manager planning and organization of Passavant AG, Aarbergen.

## Group Managing Board



**Dr. Dirk Behrens**, born 1965 and German citizen, is with Micronas since March 1, 2012, as Vice President Automotive.

**Education:** Ph.D. in electrical engineering from Leibniz University of Hannover and B.S. of economics from University of Hagen.

**Professional background:** founder of Dresden Microdisplay GmbH, a Dresden-based startup developing OLED-Microdisplays, Executive Vice President at ZMD AG, Senior Director marketing EMEA at ATI Technologies, now AMD, Senior Director business group marketing Automotive, Industrial and Multimarket (AIM) at Infineon Technologies, before that six years' work in Silicon Valley, California, with different roles in marketing and sales, business development, strategic marketing and 32-bit microcontroller development.



**Wolfgang Bossinger**, born 1963 and German citizen, is with Micronas since April 2005 as head of backend engineering and since April 2010 as Vice President Quality.

**Education:** advanced degree in physics from the University of Ulm.

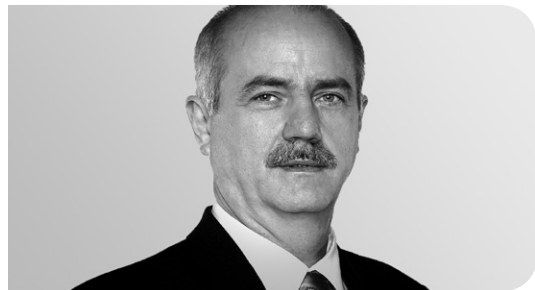
**Professional background:** various management positions in the international LCD business of AEG, Ulm, manager contract manufacturing and manager process development for Philips' LCoS Microdisplay Systems, Briarcliff, NY, and Böblingen.



**Dr. Holger Eggers**, born 1963 and German citizen, is with Micronas since October 1997. Entering Micronas he was employed as technology engineer followed by different leading positions of engineering groups in the Micronas wafer fab in Freiburg. In 2002 he was appointed manager of the Micronas wafer fab and since June 2009 he acts as Vice President Operations Frontend.

**Education:** diploma in physics (applied solid state physics) and a Ph.D. in natural sciences (applied solid state physics) from the University of Hamburg.

**Professional background:** research engineer at the University of Hamburg.



**Klaus Heberle**, born 1953 and German citizen, is with Micronas since October 1997. At first he was employed as Marketing Director of the Automotive division and 1999 as Vice President Automotive of the Micronas Group. Since March 1, 2012, he takes charge of the newly established Innovation Center as Chief Innovation Officer.

**Education:** Bachelor in electronics from Fachhochschule Furtwangen.

**Professional background:** head of the concept department at VDO, Babenhausen.



**Jürgen Kurz**, born 1959 and German citizen, is with Micronas since March 2005 as head of Human Resources and since June 2007 as Vice President Human Resources.

**Education:** degree in education, specializing in commerce, from the University of Mainz.

**Professional background:** head of human resources of the division Radio Frequency & Automotive of Atmel Group, Heilbronn, head of human resources of the division IC at Temic Semiconductor, Heilbronn, head of human resources of the division Industrie at debis Systemhaus, Stuttgart, personnel officer at Mercedes-Benz, Woerth.



**Ewald Liess**, born 1966 and German citizen, is employed as Vice President Sales since January 1, 2011.

**Education:** electrical engineering and industrial engineering and management in Munich.

**Professional background:** General Manager of Snowbush IP at Gennum Corporation, Canada, Executive Account Director at Infineon Technologies AG, various roles in sales and marketing at Motorola (Freescale).



**Wilfried Lowinski**, born 1957 and German citizen, is with Micronas since October 1997. At first he was employed in the Operations Backend and since 1998 as Vice President Operations Backend.

**Education:** Master in mechanical engineering from the Technical University of Karlsruhe, Master in economics from the Technical University of Pforzheim.

**Professional background:** head of CNC programming and mechanical production at IWK Verpackungstechnik GmbH, Karlsruhe.



**Peter Zimmermann**, born 1970 and German citizen, is with Micronas since October 1997. Joining the Automotive division in 1997, he was holding several positions within sales and marketing, heading the market management department from 2003 onwards. Since 2010 he was Senior Director of the Industrial business line and since January 2011 he acts as Vice President Industrial.

**Education:** Bachelor in product engineering from Fachhochschule Furtwangen.

**Professional background:** manager technical support at ITT Intermetall, Freiburg.

## Other activities and vested interests outside of Micronas Group

Matthias Bopp is a member of the Board of Directors of X-FAB Silicon Foundries SE, Tessenderlo.

No other member of the Management Board is engaged outside of the Micronas Group. However, the members of the Management Board are holding positions in governing bodies of subsidiaries of the Company.

## Management contracts

There are no management contracts.

# Compensation, shareholdings and loans

## Content and method of determining compensation and shareholding programs

The Board of Directors determines the compensation of the members of the Board of Directors and the Management Board upon recommendation of the Nomination and Compensation Committee. The compensation shall be determined in such a way that it represents an appropriate salary which encourages performance-oriented working. The option plan shall give long-term incentives and support an increase of the share price. The options allocated are only of value if the share price increases and exceeds the exercise price during the vesting period.

The members of the Board of Directors receive a compensation fixed by the Board of Directors in accordance with their involvement and their responsibility, i.e. the Chairman receives a higher compensation than the Board members. The compensation is comprised of a fixed Board member fee in cash and may include, from time to time, options to acquire registered shares in the Company according to the Company's stock option plan (for a description of the major terms of the stock option plan please refer to the section on convertible bonds and options on page 23). For additional activities of Board members within the Micronas Group, for example as a Board committee member or as a member of a Supervisory Board of a Group company, no separate compensation is paid. No special meeting attendance fee is paid to the Board members.

In determining the compensation of the members of the Management Board, their tasks and performance as well as business and market developments are considered. The compensation is comprised of the salary (fixed component), a bonus (variable short-term component), a discretionary special bonus (only for members of the Micronas Group Management) and, from time to time, options (variable long-term component) to acquire registered shares in the Company according to the Company's stock option plan (for a description of the terms of the stock option plan please refer to the section on convertible bonds and options on page 23). The salary, the bonus and the special bonus are paid in cash.

The payment of the bonus to the members of the Micronas Group Management is dependent on the achievement of certain budgeted figures, currently EBIT and liquidity. Such targets are set before the start of the business year in question. As a consideration for the fulfillment of special targets to be defined by the Board of Directors before the start of the respective business year, such as design wins, working capital or special measures, a discretionary special bonus may be awarded. Overall, the amount of the bonus component (bonus plus special bonus) equals about the amount of the fixed component provided the maximum bonus and special bonus is earned.

The payment of the bonus to the members of the Group Managing Board is dependent on the achievement of firm-wide objectives (2/3) on the one hand and personal objectives (1/3) on the other hand. On a firm level, the achievement of certain

budgeted figures, currently EBIT and liquidity, is relevant. The personal objectives depend on the function and duties of the respective member. All targets are set before the start of the business year in question. Overall, the amount of the bonus component is about 2/3 of the amount of the fixed component provided the maximum bonus is earned.

There is currently no provision setting forth a particular severance payment in the event of a termination of the mandate or employment contract of a member of the Board of Directors or the Management Board.

For further information regarding the compensation in accordance with the provisions of Art. 663b<sup>bis</sup> and Art. 663c para. 3 of the Swiss Code of Obligations, including fringe benefits such as the use of a company car, as well as share ownership/options please refer to pages 98 to 100 of the Financial Report 2012.

# Shareholders' participation

## Shareholders' participation and protection rights

Shareholders of Swiss corporations have extensive participation and protection rights. The participation rights include, in principal, the right to participate in Shareholders' Meetings, the right to express opinions and the right to vote. The protection rights include, among others, rights of inspection and information, the right to a special audit, the right to convene a Shareholders' Meeting, the right to have matters put on the agenda, the right to challenge resolutions and the right to raise claims regarding responsibility.

## Voting-rights and representation restrictions

There are no restrictions regarding voting rights (with respect to nominees please refer to page 16, to the section limitations on transferability and nominee registrations). The Company organizes an independent shareholder representative for its Shareholders' Meetings. A shareholder may, by written power, be represented at the Shareholders' Meeting by a person who need not be a shareholder.

## Statutory quorums

The Articles of Incorporation of the Company do not provide for any majority requirements greater than those required by law to pass resolutions and carry out elections.

## Convocation of the Shareholders' Meeting

Notice regarding the Shareholders' Meeting is given by the Board of Directors, or if necessary by the auditors, at least 20 days before the day of the meeting in the publication vehicles of the Company and by mail to the addresses of the shareholders entered in the share register.

## Inclusion of item on the agenda

The notice shall contain matters put on the agenda by the Board of Directors as well as the proposals thereto.

The agenda shall also contain such matters and proposals by shareholders holding shares of at least 3 percent of the registered share capital which were submitted to the Board of Directors before the convocation.

Proposals regarding matters not duly announced may be discussed upon resolution by the Shareholders' Meeting. A resolution, however, may only be passed at the next Shareholders' Meeting with the exception of proposals requesting that an extraordinary Shareholders' Meeting be held or a special audit be made.

Within the scope of the matters on the agenda, proposals can be made without prior notice.

## Inscription into the share register

Any entry as a shareholder in the share register requires proof of acquisition of the registered share or the creation of usufruct. The Company certifies the entry in the share register on the share certificate if such certificate has been issued.

From the day the notice of the Shareholders' Meeting is sent out until the day following the Shareholders' Meeting, no entry into the share register is made.

# Changes of control and defense measures

## Duty to make an offer

The Company has decided that an acquirer is obliged to make an offer according to Art. 32 and 52 of the Swiss Stock Exchange Act of March 24, 1995. The threshold is not raised. However, the Company has modified the provision regarding the minimum price according to section 4 of Art. 32 of the Swiss Stock Exchange Act as follows:

The price must be at least equal to the stock exchange price and may not be lower than the highest price the offeror has paid for the registered shares within the last 12 months.

price of the shares of the Company on the SIX Swiss Exchange on the ten trading days following the public announcement of the event and (2) the exercise price of the options. The opening of insolvency proceedings against the Company as well as the decision to liquidate the Company or similar events shall be treated in the same way.

## Clauses on changes of control

In the event of a merger, quasi-merger, takeover of the Company or substantial parts of the Company by third parties (share or asset deal) as well as similar transactions, the beneficiaries of options granted according to the Stock Option Plan have the right to sell back all allotted and not yet exercised options to the Company within 60 days after the public announcement of the respective event. The purchase price amounts to the difference between (1) the average closing

# Auditors

## Duration of the mandate and term of office of the lead auditor

The new statutory auditors are KPMG AG, Zurich. They were elected at the ordinary Shareholders' Meeting of March 23, 2012. The statutory auditors are elected every year by the Shareholders' Meeting.

The audit of the financial statements 2012 will be conducted for the first time by KPMG AG. The recent audits regarding the financial statements up to and including 2011 were conducted by Ernst & Young AG, Zurich.

The lead auditor, Herbert Bussmann, will be responsible for the auditing mandate for the first time with respect to the 2012 financial statements.

## Auditing fees

In 2012 the auditors billed to the Company and Group companies for their services an aggregate auditing fee of CHF 194 (000).

## Additional fees

In 2012 the statutory auditors and affiliated parties billed to the Company and Group companies for additional services an aggregate amount of CHF 153 (000), including audit-related fees of CHF 36 (000), fees for tax advice of CHF 76 (000) and other advisory work of CHF 41 (000).

## Information instruments pertaining to an external audit

The statutory auditors are supervised by the Risk and Audit Committee. The Risk and Audit Committee (see also Board of Directors, Committees on page 28) ensures that it is fully informed of the activities of the external audit by way of a number of measures:

- The Risk and Audit Committee meets at least four times per year and the auditors are invited to two meetings. In such meetings the preparation of the audit regarding the annual financial statements as well as the results of such audit are being presented and discussed. The auditors report in writing on the preparation and results of its quarterly and yearly procedures;
- The Risk and Audit Committee also verifies the independence of the auditors vis-à-vis the Company and the Management Board;
- The CFO is the point of entry for the auditors at the Company; he participates in the meetings with the Risk and Audit Committee and the auditors, if appropriate;
- The statutory auditors are elected every year by the Shareholders' Meeting upon proposal of the Board of Directors and on recommendation of the Risk and Audit Committee.

# Information policy

The Company publishes the consolidated financial statements in the Annual Report according to International Financial Reporting Standards (IFRS), and semi-annually in the form of a printed letter to the shareholders, respectively. Quarterly financial updates for the first and the third quarter will be communicated through respective press releases. In addition, the Company provides regular information through press conferences, analyst presentations and Shareholders' Meetings. Detailed information for shareholders and investors can be downloaded at any time from **[www.micronas.com/investor](http://www.micronas.com/investor)**. The investor events of the Micronas Group are available online at **[www.micronas.com/investor](http://www.micronas.com/investor)**.

The modalities regarding the distribution of ad hoc notices (so-called push and pull system) have been implemented according to the Ad hoc Publicity Directive of the SIX Swiss Exchange under **[www.micronas.com/investor](http://www.micronas.com/investor)**.

Official announcements of the Company are published in the Swiss Commercial Gazette. Publications in connection with reporting requirements regarding the maintenance of the listing of the registered shares are issued in conformity with the listing rules of the SIX Swiss Exchange **[www.six-exchange-regulation.com](http://www.six-exchange-regulation.com)**.

# Contact

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# Five-year comparison

## Micronas Group

Consolidated figures	2012 CHF 1000	2011 CHF 1000	2010 CHF 1000	2009 CHF 1000	2008 CHF 1000
<b>Net sales</b>	<b>168 465</b>	<b>158 799</b>	<b>190 268</b>	<b>241 219</b>	<b>597 595</b>
Cost of sales	- 100 963	- 99 612	- 126 068	- 215 224	- 421 456
<b>Margin</b>	<b>67 502</b>	<b>59 187</b>	<b>64 200</b>	<b>25 995</b>	<b>176 139</b>
in % of net sales	40.1	37.3	33.7	10.8	29.5
Research and development expenses	- 28 948	- 28 376	- 24 106	- 53 086	- 121 317
Marketing and sales expenses	- 10 285	- 8 468	- 8 798	- 26 392	- 57 615
Administrative and general expenses	- 6 228	- 6 473	- 8 012	- 9 418	- 20 791
Other operating income (+) and expenses (-), net	2 188	1 001	1 406	- 591	1 234
<b>Operating profit/loss before amortization of goodwill/impairment, restructuring and partial sale of Consumer division</b>	<b>24 229</b>	<b>16 871</b>	<b>24 690</b>	<b>- 63 492</b>	<b>- 22 350</b>
Amortization of goodwill/impairment and restructuring	0	3 751	1 437	- 114 615	- 26 096
Net gain from partial sale of Consumer division	0	0	0	8 748	0
<b>Operating profit/loss</b>	<b>24 229</b>	<b>20 622</b>	<b>26 127</b>	<b>- 169 359</b>	<b>- 48 446</b>
in % of net sales	14.4	13.0	13.7	- 70.2	- 8.1
Financial income (+) and expenses (-), net, foreign exchange gains and losses, net	- 11 245	- 17 731	- 18 167	- 8 998	- 2 504
Other income (+) and expenses (-), net	105	114	110	- 3	335
<b>Profit/loss before tax</b>	<b>13 089</b>	<b>3 005</b>	<b>8 070</b>	<b>- 178 360</b>	<b>- 50 615</b>
in % of net sales	7.8	1.9	4.2	- 73.9	- 8.5
Income taxes	6 205	8 503	- 1 373	- 627	- 1 902
<b>Profit/loss for the period</b>	<b>19 294</b>	<b>11 508</b>	<b>6 697</b>	<b>- 178 987</b>	<b>- 52 517</b>
<b>Attributable to:</b>					
Shareholders of the parent	19 294	11 508	6 697	- 178 987	- 52 517
<b>Capital expenditures</b>	<b>8 702</b>	<b>19 056</b>	<b>5 464</b>	<b>13 628</b>	<b>22 239</b>
<b>Total assets</b>	<b>294 670</b>	<b>281 000</b>	<b>280 309</b>	<b>345 624</b>	<b>554 764</b>
<b>Shareholders' equity</b>	<b>152 019</b>	<b>129 233</b>	<b>122 670</b>	<b>127 043</b>	<b>301 356</b>
<b>Cash flow from operating activities</b>	<b>23 594</b>	<b>19 888</b>	<b>- 2 007</b>	<b>- 105 711</b>	<b>45 924</b>
Average number of employees	894	884	891	1 235	1 880
<b>Number of employees at year-end</b>	<b>893</b>	<b>879</b>	<b>873</b>	<b>930</b>	<b>1 756</b>

# Key performance benchmarks

## Micronas Group

	2012 in %	2011 in %	2010 in %	2009 in %	2008 in %
<b>Return on equity (ROE)<sup>1</sup></b>	<b>13.7</b>	9.1	5.4	– 83.6	– 15.4
<b>Return on assets (ROA)<sup>2</sup></b>	<b>9.8</b>	9.9	5.7	– 38.3	– 8.1
<b>Equity ratio<sup>3</sup></b>	<b>51.6</b>	46.0	43.8	36.8	54.3
<b>Current ratio<sup>4</sup></b>	<b>877.7</b>	698.2	740.7	386.4	432.1

<sup>1</sup> ROE  $\frac{\text{Profit/loss for the period} \times 100}{\text{Shareholders' equity (average)}}$

<sup>3</sup> Equity ratio  $\frac{\text{Shareholders' equity} \times 100}{\text{Total assets}}$

<sup>2</sup> ROA  $\frac{\text{Profit/loss for the period} + \text{Financial income and expenses, net,} \times 100}{\text{Total assets (average)}}$

<sup>4</sup> Current ratio  $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

# Key share data

## Micronas Group

31.12.2012		
<b>Number of registered shares (nominal value CHF 0.05)</b>		<b>29 676 680</b>
<b>Nominal capital</b>	CHF 1000	<b>1 484</b>
<b>EBIT per share<sup>1</sup></b>	CHF	<b>0.82</b>
<b>Profit per share<sup>2</sup></b>	CHF	<b>0.66</b>
<b>Shareholders' equity per share</b>	CHF	<b>5.16</b>
<b>Share price and market capitalization SIX Swiss Exchange</b>		
<b>Share price</b>		
High	CHF	11.00
Low	CHF	6.38
Year-end	CHF	8.29
<b>Market capitalization<sup>3</sup></b>		
High	CHF 1000	326 443
Low	CHF 1000	189 337
Year-end	CHF 1000	246 020

<sup>1</sup> EBIT per share  $\frac{\text{Operating profit/loss for the period}}{\text{Number of shares (average for the year)}}$

<sup>3</sup> Calculation based on listed shares as at December 31, 2012

<sup>2</sup> Earnings per share  $\frac{\text{Profit/loss for the period}}{\text{Number of shares (average for the year)}}$



# Financial Report 2012

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# Consolidated statement of comprehensive income

	Note	2012 CHF 1000	2011 CHF 1000
<b>Net sales</b>		<b>168 465</b>	<b>158 799</b>
Cost of sales		- 100 963	- 99 612
<b>Margin</b>		<b>67 502</b>	<b>59 187</b>
in % of net sales		40.1	37.3
Research and development expenses		- 28 948	- 28 376
Marketing and sales expenses		- 10 285	- 8 468
Administrative and general expenses		- 6 228	- 6 473
Other operating income	7	2 912	1 795
Other operating expenses	8	- 724	- 794
<b>Operating profit before restructuring</b>		<b>24 229</b>	<b>16 871</b>
in % of net sales		14.4	10.6
Restructuring	9	0	3 751
<b>Operating profit</b>		<b>24 229</b>	<b>20 622</b>
in % of net sales		14.4	13.0
Financial income	11	1 165	2 098
Financial expenses	12	- 10 202	- 18 393
Foreign exchange losses		- 2 208	- 1 436
Other income	13	105	114
<b>Profit before tax</b>		<b>13 089</b>	<b>3 005</b>
Income taxes	14	6 205	8 503
<b>Profit for the period</b>		<b>19 294</b>	<b>11 508</b>
in % of net sales		11.5	7.2
<b>Attributable to:</b>			
Shareholders of the parent		19 294	11 508
<b>Other comprehensive income/loss</b>	15		
Translation adjustment		- 421	- 1 156
Loss of valuation of available-for-sale financial assets		- 73	- 924
Gain/loss on cash flow hedge		6 865	- 4 699
Income tax effect on cash flow hedge		- 2 047	1 511
<b>Other comprehensive income/loss</b>		<b>4 324</b>	<b>- 5 268</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>23 618</b>	<b>6 240</b>
<b>Attributable to:</b>			
Shareholders of the parent		23 618	6 240
Weighted average number of issued and outstanding shares		29 434 492	29 434 180
<b>Earnings per share in CHF – undiluted</b>	37	<b>0.66</b>	<b>0.39</b>
Weighted average number of issued and outstanding shares for calculation of earnings per share – diluted		29 559 326	29 503 653
<b>Earnings per share in CHF – diluted</b>	37	<b>0.65</b>	<b>0.39</b>

# Consolidated statement of financial position

Assets	Note	31.12.2012 CHF 1000	31.12.2011 CHF 1000
<b>Non-current assets</b>			
Property, plant and equipment	16	52 397	56 216
Intangible assets	17	3 339	2 600
Investments	18	11 086	11 159
Other long-term assets		332	391
Deferred tax assets	19	15 243	10 598
<b>Total non-current assets</b>		<b>82 397</b>	<b>80 964</b>
<b>Current assets</b>			
Inventories	20	26 166	24 539
Accounts receivable – trade	21	11 246	15 715
Other current assets	22	2 472	3 616
Short-term financial investments	23	24 241	0
Cash and cash equivalents	24	148 148	156 166
<b>Total current assets</b>		<b>212 273</b>	<b>200 036</b>
<b>Total assets</b>		<b>294 670</b>	<b>281 000</b>

## Shareholders' equity and liabilities

<b>Shareholders' equity</b>			
Issued capital	25	1 484	1 484
Additional paid-in capital		499 189	500 021
Reacquired shares	26	– 9 430	– 9 430
Other reserves		– 318	– 4 642
Retained deficit		– 338 906	– 358 200
<b>Equity attributable to shareholders of the parent</b>		<b>152 019</b>	<b>129 233</b>
<b>Long-term liabilities</b>			
Pension obligations	27	112 031	112 293
Long-term provisions	28	6 353	9 753
Other long-term liabilities		82	1 069
<b>Total long-term liabilities</b>		<b>118 466</b>	<b>123 115</b>
<b>Current liabilities</b>			
Accounts payable – trade	29	9 194	9 454
Short-term provisions	28	2 579	2 897
Income tax payable		535	13
Other current liabilities	30	11 877	16 288
<b>Total current liabilities</b>		<b>24 185</b>	<b>28 652</b>
<b>Total liabilities</b>		<b>142 651</b>	<b>151 767</b>
<b>Total shareholders' equity and liabilities</b>		<b>294 670</b>	<b>281 000</b>

# Consolidated statement of cash flows

## Operating activities

	Note	2012 CHF 1000	2011 CHF 1000 reclassified
Profit before tax		13 089	3 005
Depreciation and amortization	10	11 249	14 631
Interest income (–) and expense (+), net (excl. interest portion of discounted long-term provisions and liabilities)	11, 12	– 892	– 1 542
Impairment of available-for-sale investment		0	9 301
Fair value loss on derivative financial instruments		3 719	2 077
Gain on disposal of fixed assets		– 479	– 11
Share compensation expense	38	651	310
Foreign exchange gains and losses		– 41	– 137
Change in other long-term assets, provisions and liabilities <sup>1</sup>		– 3 099	– 3 953
Change in inventories		– 1 781	1 766
Change in accounts receivable – trade and other current assets		4 911	– 2 456
Change in accounts payable – trade, short-term provisions and other current liabilities		– 3 715	– 2 783
Income taxes paid		– 18	– 320
<b>Cash flow from operating activities</b>		<b>23 594</b>	<b>19 888</b>

## Investing activities

Capital expenditures	16, 17	– 8 702	– 19 056
Investment in financial asset – available-for-sale		0	– 11 320
Sale of financial asset – available-for-sale		0	1 780
Short-term financial investments		– 22 242	0
Interest received		936	1 452
Proceeds from disposal of fixed assets		686	198
<b>Cash flow from investing activities</b>		<b>– 29 322</b>	<b>– 26 946</b>

## Financing activities

Increase in issued capital and additional paid-in capital	38	0	13
Distribution to shareholders		– 1 483	0
Interest paid		– 1	– 7
<b>Cash flow from financing activities</b>		<b>– 1 484</b>	<b>6</b>
Exchange effect on cash		– 806	– 2 223
<b>Change in cash and cash equivalents</b>		<b>– 8 018</b>	<b>– 9 275</b>
Cash and cash equivalents at end of period		148 148	156 166
Cash and cash equivalents as at January 1		156 166	165 441
<b>Change in cash and cash equivalents</b>		<b>– 8 018</b>	<b>– 9 275</b>

<sup>1</sup> Reclassification of payments to pensioners, please refer to note 2.

# Consolidated statement of changes in equity

		Equity attributable to the shareholders of the parent							
CHF 1000	Note	Issued capital	Additional paid-in capital	Reacquired shares	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation reserve	Retained deficit	Total
31.12.2010		1 484	499 698	– 9 430	– 412	763	275	– 369 708	122 670
Profit for the period								11 508	11 508
Other comprehensive loss	15				– 4 699	– 924	– 1 156		– 6 779
Income tax effect	15				1 511				1 511
Total comprehensive income/loss for the period					– 3 188	– 924	– 1 156	11 508	6 240
Exercise of share options	37		13						13
Share compensation expense	38		310						310
31.12.2011		1 484	500 021	– 9 430	– 3 600	– 161	– 881	– 358 200	129 233
Profit for the period								19 294	19 294
Other comprehensive loss	15				6 865	– 73	– 421		6 371
Income tax effect	15				– 2 047				– 2 047
Total comprehensive income/loss for the period					4 818	– 73	– 421	19 294	23 618
Distribution to shareholders			– 1 483						– 1 483
Share compensation expense	38		651						651
31.12.2012		1 484	499 189	– 9 430	1 218	– 234	– 1 302	– 338 906	152 019

# Notes to the consolidated financial statements

## 1. General

Micronas Semiconductor Holding AG is domiciled in Technopark, Technoparkstrasse 1, CH-8005 Zurich (Switzerland). The operative headquarters of the Micronas Group are located in Freiburg im Breisgau (Germany). Micronas is known and recognized in the automotive and industrial business as a reliable global partner for intelligent, sensor-based system solutions. Micronas offers a variety of Hall sensors and embedded controllers for smart actuators for automotive and industrial applications, such as drive trains, chassis frames, engine management and convenience functions.

## 2. Accounting principles

### General information

The consolidated financial statements of the Micronas Group are presented in Swiss francs (CHF). They have been prepared in accordance with International Financial Reporting Standards (IFRS). The Board of Directors authorized the financial statements for issue on February 6, 2013. The financial statements are subject to shareholder approval at the ordinary Shareholders' Meeting scheduled for March 20, 2013.

### Changes in accounting policies

The accounting policies applied are consistent with those of the previous year except for the adoption of the following new and amended standards, which did not have an impact on the financial statements but gave rise to additional disclosure to the extent applicable for Micronas Group:

- IAS 12 income taxes (amendment) – deferred tax: recovery of underlying assets
- IFRS 7 amendments – financial instruments – disclosures: transfer of financial assets

As a result of an accounting policy change, the Group has reclassified payments to pensioners in the consolidated statement of cash flows from financing activities to operating activities. Comparative amounts were reclassified accordingly.

### Significant accounting estimates

In the process of applying the Group's accounting policies Management has made estimates for the determination of key assumptions concerning the future and key sources of uncertainty at the balance sheet date. Such estimates have a significant impact on the carrying amounts, beside the measurement of fair values, as discussed below.

#### Impairment of non-financial assets

The Group assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Indefinite-life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, Management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits in the next five years together with future tax planning strategies.

#### Pensions

The defined benefit obligation and cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield, and making assumptions about them.

# Notes to the consolidated financial statements

Additionally the measurement of provisions and contingent liabilities require a significant use of accounting estimates. For more details please refer to note 27 and note 28.

## **Principles of consolidation**

The consolidated financial statements include the parent company and all companies in which the parent company has the power to govern the company's financial and operating policies.

The results of companies acquired are included in the Group accounts from the date of acquisition. Acquisitions of operations are accounted for using the acquisition method.

Companies in which Micronas owns between 20 and 50 percent of the voting rights or has significant influence by other means (associates) are accounted for under the equity method. Companies in which Micronas has no significant influence are recorded at fair value. If the fair value cannot be determined reliably, they are recorded at cost.

All intragroup balances, income and expenses and unrealized gains and losses resulting from intragroup transactions are eliminated in full.

## **Net sales**

Net sales represent the fair value of goods sold less sales taxes and certain sales-related expenses. Revenue is recognized when the Company has transferred to the customer the significant risks and rewards of ownership of the goods.

## **Foreign currency translation**

The functional currency of Group companies in Euroland is the euro. For most other Group companies the functional currency is the local currency. Transactions in foreign currencies are recorded in the functional currency at the exchange rate prevailing on the dates of the transaction. Financial assets and liabilities in foreign currencies are valued in the functional currency at the exchange rates of the balance sheet date. Translation differences, except for those of equity loans, are recognized in the profit and loss statement.

Translation differences of equity loans are recorded in other comprehensive income.

The reporting currency of the Micronas Group is the Swiss franc (CHF), because the ultimate parent company is domiciled in Switzerland and listed on the SIX Swiss Exchange. Assets and liabilities of subsidiaries which are denominated in foreign currencies are translated to Swiss francs using the exchange rates of the balance sheet date. For translation of the profit and loss statement the average exchange rates for the year are used. Translation differences resulting from the consolidation of foreign currency-denominated financial statements are recorded in other comprehensive income.

#### **Investments and other financial assets**

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not measured at fair value through profit or loss, directly attributable transaction costs.

#### **Financial investments**

Available-for-sale financial assets are measured at fair value subsequent to initial recognition. Gains and losses on remeasurement to fair value are recognized in equity except for impairment losses, which are included in profit and loss.

Held-for-trading financial assets are measured at fair value subsequent to initial recognition. Gains and losses on remeasurement to fair value are included in profit and loss.

#### **Reacquired shares**

Reacquired shares are carried at cost in shareholders' equity. Gains and losses resulting from transactions with reacquired shares are recorded directly in additional paid-in capital.

#### **Inventories**

Raw materials are carried at the lower of cost or net realizable value. Cost is determined by the first-in first-out method. Work in progress and finished goods of own production are carried at the lower of production cost or net realizable value. Production costs include direct labor costs, material costs and the allocable portion of production overhead. Resale finished goods are carried at the lower of purchase cost or net realizable value.

# Notes to the consolidated financial statements

## Accounts receivable

Accounts receivable are carried at initial fair value adjusted for expected losses to the extent not secured through letter of credit or credit insurance.

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired accounts receivable are derecognized when they are assessed as uncollectible.

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts with banks and short-term deposits with an initial maturity of three months and less. Cash and cash equivalents are measured at fair value.

## Fixed assets

Fixed assets (property, plant and equipment) are valued at their historical acquisition cost, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives.

The expected useful lifetimes for the current and comparative years are as follows:

Buildings	25 years
Fixtures	10 to 13 years
Machinery	5 years
Other fixed assets	3 to 7 years

## Intangible assets

Micronas capitalizes development costs if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the ability to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The capitalized development costs are carried at their cost, less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line basis over the expected useful lives and commences when the asset is available for use. The expected useful life is five years.

All intangible assets have a finite useful life. They are valued at their historical acquisition cost, less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line basis over the expected useful lives. The amortization rates are 20 percent for computer software and 15 to 20 percent for other licenses.

### **Leases**

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income.

### **Pension benefit plans**

Pension benefit plans exist in the form of state-run pension plans and various additional pension schemes of the Group companies. Unfunded defined benefit plans exist for one German Group company for employees that have joined the company prior to January 1, 2003. They are not affected by the volatility of the stock markets. The annual pension costs of the defined benefit plans are charged to personnel expenses with exception of the interest portion. The interest portion is charged to financial expenses. Actuarial gains and losses exceeding ten percent of the present value of the obligation are amortized in the income statement over the remaining working lives of the participating employees. Changes in liabilities for unfunded defined benefit plans are based on actuarial valuations using the projected unit credit method.

The annual pension costs of the Group's defined contribution plans are charged to personnel expenses.

# Notes to the consolidated financial statements

## Provisions

Provisions are recognized as either long-term or short-term. If Micronas has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Long-term provisions are discounted to reflect the present value, using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the liability.

From time to time, the Micronas Group may be involved in demands, claims and threatened litigation that arise in the normal course of our business. The Micronas Group recognizes a provision for asserted intellectual property rights infringements based on the probable outcome of each case as of each balance sheet date.

## Financial liabilities

Short-term financial liabilities comprise of accounts payable and other current liabilities which are measured at fair value through profit and loss. Long-term financial liabilities are measured at amortized cost.

## Other income

Government grants related to assets are recorded as deferred income and recognized as non-operating income over the life of the respective assets. Grants related to income or expense items are presented as a credit in the statement of comprehensive income under other income.

## Income taxes

The consolidated financial statements include current income taxes, which are based on the taxable result of the Group companies, calculated according to local tax rules, and deferred taxes. Deferred taxes are provided on all temporary differences between the tax base and accounting base of assets and liabilities included in the Group accounts.

Deferred taxes are calculated under the balance sheet liability method at the rates of tax expected to prevail when the temporary differences reverse. Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences and on unused taxable losses carried forward provided that it is probable that sufficient future taxable income will be available in the near future to realize the deferred tax assets.

Deferred taxes relating to items recognized in other comprehensive income are recognized in other comprehensive income and not in the profit and loss statement.

### **Operating segment information**

For Management purposes, the Group was organized up to 2011 into two reportable segments, the business divisions Automotive and Consumer. Adjusted organizational structures cause a change in the composition of the reportable segments. The business division Industrial, previously included in the division Automotive, has been separated from 2012 on. As the business divisions Industrial and Consumer each do not meet the quantitative criteria of a reportable segment, they are presented on a combined basis in "Other segments." Comparative segment information has been restated accordingly.

The Automotive division develops, manufactures and markets sensors and ICs used in the automotive industry.

The Industrial division develops and manufactures sensors and embedded microcontrollers for non-automotive applications.

The Consumer division manufactures ICs for audio, video, text and graphics used in consumer electronics. The Board of Directors decided the wind-down of the Consumer business in 2009, and as planned, the Consumer division downsizing was completed end of 2012.

### **Share-based payments**

The Group issues equity-settled share-based payments to the Board of Directors, certain members of the Management and certain key employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The fair value of the options is determined by the Enhanced American Model, a binomial model, which includes the Modified Grant Date Method as requested by IFRS 2. The expected volatility has been calculated based on a historic and long-term volatility. The expected life used in the model has been adjusted, based on the Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

# Notes to the consolidated financial statements

## **Financial risk management policy**

The Micronas Group's principal financial instruments mainly comprise cash and cash equivalents. The main purpose of these financial instruments is to supply sufficient financial means for the Group's operations. Significant financial risks are hedged on a case-by-case basis. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, risk of losses from bad debts and foreign currency risk. A credit risk from other financial assets, which comprise cash and cash equivalents and available-for-sale financial assets, arises from default of the counterparty with a maximum exposure to the carrying amount of these instruments.

## **Interest rate risk**

As there are no major bank loans and short-term deposits, there is no interest rate risk.

## **Liquidity risk**

Presently a liquidity risk does not exist for the Micronas Group owing to the high amount of cash and cash equivalents.

## **Risk assessment**

The Board of Directors dealt with the material risks, assessed the risks according to Art. 663b cl.12 of the Swiss Code of Obligations and discussed required actions.

## **Risk of losses from bad debts**

The risk of losses from bad debts is covered by a defined securing strategy. The Micronas Group directives cover its receivables. Most of the receivables with our customers are secured through letter of credit or credit insurance. In addition, credit limits and constant monitoring minimize the risk of losses from bad debts.

### Foreign currency risk / hedge accounting

The foreign currency risk mainly results from a transactional currency exposure arising from sales or purchases in currencies other than the unit's functional currency. These are mainly in JPY and USD. Micronas uses financial instruments including currency forwards and currency options to hedge up to two-thirds of the expected net currency exposure for up to eighteen months.

Hedge derivatives are identified according to the nature of the underlying either as a cash flow hedge or as a fair value hedge, and are valued at cost on the trade date. During subsequent reassessments, the change in fair value is either recognized in the statement of comprehensive income (fair value hedge) or against equity (cash flow hedge). When option contracts are identified as cash flow hedges, a distinction is made between the contract's time value and its intrinsic value. At the valuation date, the change in the time value is recognized in the statement of comprehensive income and the change in the intrinsic value against other comprehensive income.

As soon as the underlying becomes operative and the hedge can be considered as effective, the fair values of the underlying and the hedge

are determined and the change in value is recognized in the statement of comprehensive income. In the case of cash flow hedges the change in value recognized in other comprehensive income for the prior periods is transferred to the income statement.

The Group has applied hedge accounting during the year ended December 31, 2012, and during the year ended December 31, 2011.

### Capital management

The Group manages its capital with the aims of ensuring adequate liquidity, strong credited rating and a healthy ratio of equity to debt capital. The Board of Directors reviews the capital structure every three months, addressing capital costs and associated risk. The Group aims at an equity ratio of at least 40 percent.

Based on the annual result 2012 and the business conditions, Micronas proposes to distribute CHF 0.05 per share to the shareholders, totaling CHF 1 472 (000) from the capital contribution reserve.

# Notes to the consolidated financial statements

## Future changes in accounting policies

The following new and amended standards or new interpretations have been issued and will be adopted as required by the transitional provisions for the financial year beginning on January 1, 2013, or after.

- IAS 1 amendment – presentation of items of other comprehensive income
- IAS 19 amendment – employee benefits
- IAS 28 – Investments in associates and joint ventures
- IAS 27 – separate financial statements
- IAS 32 amendments – offsetting financial assets and financial liabilities
- IFRS 1 amendment – government loans
- IFRS 7 disclosures amendment – offsetting financial assets and financial liabilities
- IFRS 9 – financial instruments
- IFRS 10 – consolidated financial statements
- IFRS 11 – joint arrangements
- IFRS 12 – disclosure of interest in other entities
- IFRS 13 – fair value measurement
- Annual improvement to IFRSs, issued May 2012
- IFRIC 20 – stripping costs in the production phase of a surface mine

IAS 19 (amended 2011) is effective for annual periods beginning on or after 1 January 2013 and must be applied retrospectively. The Group expects the principal impact to be as follows. The amendment abolishes the 'corridor' method of recognising actuarial gains and losses for defined benefit plans, which must now be recognised immediately in other comprehensive income. The effect of this change will decrease the Group's pension obligation in the statement of financial position at 1 January 2012 by CHF 1 766 (000) directly against retained deficit and deferred taxes. Furthermore, pension obligation at December 31, 2012, will increase by CHF 31 274 (000) directly against other comprehensive income after deduction of deferred taxes.

### 3. Group structure

Effective April 12, 2011, Micronas Taiwan Ltd. was liquidated.

Effective August 30, 2011, Micronas South East Asia Holding PTE Ltd., Singapore, was liquidated.

Effective August 15, 2012, Micronas has sold its share of 6.57 percent of Bionas GmbH.

# Notes to the consolidated financial statements

Information about the Group companies is listed below: (% of shares refers to both, capital and voting rights)

## **Micronas Semiconductor Holding AG**

Zurich, Switzerland

Activity: management of participations

## **Micronas GmbH**

Freiburg, Germany

Ordinary capital: EUR 500 000

Activity: development, production, marketing and sales

% of shares: 100

## **Micronas Villach Halbleiterentwicklungs GmbH**

Villach, Austria

Ordinary capital: EUR 35 000

Activity: development

% of shares: 100

## **Micronas Ltd.**

Glenrothes, Scotland

Ordinary capital: GBP 2

Activity: production

% of shares: 100

## **Micronas Semiconductors, Inc.**

San Jose, USA

Ordinary capital: USD 2

% of shares: 100

## **Micronas Japan K.K.**

Tokyo, Japan

Ordinary capital: JPY 10 000 000

Activity: marketing and sales support

% of shares: 100

## **Micronas Mantel1 GmbH**

Freiburg, Germany

Ordinary capital: EUR 25 000

% of shares: 100

## **Micronas Semiconductor R&D (Shanghai) Co. Ltd.<sup>1</sup>**

Shanghai, PRC

Ordinary capital: USD 1 400 000

% of shares: 100

## **Micronas Hong Kong & China Ltd.**

Hong Kong, PRC

Ordinary capital: HKD 10 000

% of shares: 100

<sup>1</sup> Companies in process of liquidation.

**Micronas USA, Inc.**

Santa Clara, USA  
Ordinary capital: USD 10 000  
% of shares: 100

**Micronas New Technologies GmbH**

Haar, Germany  
Ordinary capital: EUR 25 000  
Activity: development and sales support  
% of shares: 100

**WIS Technologies Shanghai Ltd.<sup>1</sup>**

Shanghai, PRC  
Ordinary capital: USD 200 000  
% of shares: 100

**Micronas Malaysia Sdn Bhd<sup>1</sup>**

Petaling, Jaya/Malaysia  
Ordinary capital: MYR 2  
% of shares: 100

**Micronas Mantel2 GmbH**

Freiburg, Germany  
Ordinary capital: EUR 25 000  
% of shares: 100

# Notes to the consolidated financial statements

## 4. Currency exchange rates

### Average rates

Consolidated statement of comprehensive income, consolidated statement of cash flows

	2012	2011
1 EUR	1.2047	1.2366
1 GBP	1.4855	1.4276
1 USD	0.9354	0.8933
100 JPY	1.1660	1.1230

### Year-end rates

Consolidated statement of financial position

	2012	2011
1 EUR	1.2083	1.2162
1 GBP	1.4854	1.4548
1 USD	0.9146	0.9431
100 JPY	1.0560	1.1212

## 5. Personnel expenses

	2012 CHF 1000	2011 CHF 1000
Wages and salaries	64 136	59 417
Social expenses	10 557	9 724
Share compensation expense	651	310
Pension expenses for defined benefit plans excluding interest expense	860	945
Pension expenses for defined contribution plans	308	270
Other	973	299
<b>Total personnel expenses</b>	<b>77 485</b>	<b>70 965</b>

The compensation of the Board of Directors and the Management Board is comprised of:

CHF 1000	Short-term employee benefits	Post- employment benefits	Share-based payment	Total
<b>Board of Directors</b>				
2012	316	16	119	<b>451</b>
2011	316	16	194	<b>526</b>
<b>Management Board</b>				
2012	2 880	160	430	<b>3 470</b>
2011	2 365	158	486	<b>3 009</b>
<b>Total</b>				
2012	3 196	176	549	<b>3 921</b>
2011	2 681	174	680	<b>3 535</b>

Management compensation disclosures required under Swiss Law are presented in the notes to the financial statements of Micronas Semiconductor Holding AG.

## 6. Number of employees

	2012	2011
Production	642	641
Research and development	101	96
Quality management	28	27
Marketing and sales	50	43
Administration and general	72	72
<b>Number of employees at year-end</b>	<b>893</b>	<b>879</b>
Average number of employees	894	884

## 7. Other operating income

	2012 CHF 1000	2011 CHF 1000
Income from rental	697	878
Income from services and license agreements	40	422
Income from release of time-barred liabilities	278	413
Release of Consumer-related liabilities	853	0
Gain on disposal of fixed assets	479	11
All other	565	71
<b>Total other operating income</b>	<b>2 912</b>	<b>1 795</b>

## 8. Other operating expenses

Allowance for doubtful debt	- 460	- 449
Capital tax	- 110	- 94
All other	- 154	- 251
<b>Total other operating expenses</b>	<b>- 724</b>	<b>- 794</b>

## 9. Restructuring

Micronas recorded a restructuring provision in 2009 that relates to the wind-down of the Consumer business. In 2011, a reduction of provision of CHF 3.5 million has been recorded, related to cost of sales and operating expenses

and a reversal of CHF 0.3 million of inventory write-downs. The usage of the remaining restructuring provision is expected to be completed by 2014.

# Notes to the consolidated financial statements

## 10. Depreciation and amortization

	2012 CHF 1000	2011 CHF 1000
Land and buildings	1 346	1 331
Machinery and equipment	7 032	8 314
Other fixtures, fittings, tools and office equipment	2 401	4 381
Intangible assets	470	605
<b>Total depreciation and amortization</b>	<b>11 249</b>	<b>14 631</b>

Depreciation and amortization are allocated to the functional line items of the consolidated statement of comprehensive income according to the classification of the assets. Amortization of intangible assets is mainly included in cost of sales and research and development expenses.

## 11. Financial income

Interest income <sup>1</sup>	893	1 549
Income from derivative financial instruments	260	549
Other financial income	12	0
<b>Total financial income</b>	<b>1 165</b>	<b>2 098</b>

<sup>1</sup> Relates to loans and receivables. Please refer to note 31.

## 12. Financial expenses

Interest expenses <sup>1</sup>	- 1	- 7
Interest portion of pension expense	- 5 849	- 5 928
Interest portion of other discounted long-term provisions and liabilities	- 340	- 425
Impairment of financial assets – available-for-sale, reclassified from equity	0	- 7 278
Impairment of financial assets – available-for-sale, directly to profit and loss	0	- 2 023
Expenses from financial instruments at fair value through profit and loss	- 3 979	- 2 214
Net change in fair value of cash flow hedge, reclassified from equity	0	- 412
Other financial expenses	- 33	- 106
<b>Total financial expenses</b>	<b>- 10 202</b>	<b>- 18 393</b>

<sup>1</sup> Relates to financial liabilities measured at amortized cost. Please refer to note 31.

## 13. Other income

Grants related to income <sup>1</sup>	105	114
<b>Total other income</b>	<b>105</b>	<b>114</b>

<sup>1</sup> The grants related to income refer mostly to research and development activities.

## 14. Income taxes

	2012 CHF 1000	2011 CHF 1000
Accrued tax current year (current income tax)	- 550	- 16
Accrued tax prior-year adjustments – other	- 1	- 1
Deferred income taxes	6 756	8 520
<b>Total income taxes</b>	<b>6 205</b>	<b>8 503</b>
<b>Detail of deferred income taxes</b>		
Loss carry forwards used	- 67	- 42
Loss carry forwards capitalized	4 878	0
Temporary differences	1 963	8 625
Tax rate change	- 18	- 63
<b>Total deferred income taxes</b>	<b>6 756</b>	<b>8 520</b>
<b>Profit before tax</b>	<b>13 089</b>	<b>3 005</b>
Applicable tax rate in % <sup>1</sup>	31.5	34.1
<b>Applicable income tax charge</b>	<b>- 4 120</b>	<b>- 1 025</b>
Tax effect on non-deductible or non-taxable items	2 724	1 399
Unrecognized tax losses current year	- 1 138	- 1 364
Recognition of deferred tax asset on previously unrecognized loss carry forwards <sup>2</sup>	4 878	0
Recognition of deferred tax asset on temporary differences	1 974	8 650
Utilization of previously unrecognized tax losses	1 906	908
Tax rate change	- 18	- 64
Prior-year adjustments	- 1	- 1
<b>Total income taxes</b>	<b>6 205</b>	<b>8 503</b>
<b>Effective tax rate in %</b>	<b>- 47.4</b>	<b>- 283.0</b>

<sup>1</sup> The applicable income tax rate is the normalized average of the tax rates of the respective individual tax jurisdictions. Due to the different weights of the respective local tax rates and individual taxable results of Group companies, the calculated applicable income tax rate has changed.

<sup>2</sup> The capitalization of deferred tax assets relating to loss carry forwards reflects Management's assessment of the probability that sufficient future taxable income will be generated in the German subsidiary in the next five years.

# Notes to the consolidated financial statements

## 15. Other comprehensive income/loss

	2012 CHF 1000	2011 CHF 1000
<b>Exchange difference on translating foreign operations</b>		
Exchange gain on disposal of foreign subsidiaries through profit and loss	0	– 25
Other exchange differences on translating foreign operations	– 421	– 1 131
<b>Total foreign exchange gains and losses</b>	<b>– 421</b>	<b>– 1 156</b>
<b>Available-for-sale financial asset</b>		
Net change in fair value	– 73	– 8 202
Impairment reclassified through profit and loss	0	7 278
Reclassification adjustment for gains/losses included in profit and loss	0	0
<b>Total available-for-sale financial asset</b>	<b>– 73</b>	<b>– 924</b>
<b>Cash flow hedges</b>		
Gain/loss arising for the period	6 865	– 5 111
Income tax effect	– 2 047	1 511
Reclassification adjustment for gains/losses included in profit and loss	0	412
Adjustments for amount transferred to initial carrying amount	0	0
<b>Total cash flow hedges</b>	<b>4 818</b>	<b>– 3 188</b>
<b>Total other comprehensive income/loss</b>	<b>4 324</b>	<b>– 5 268</b>

## 16. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other fixtures, fittings, tools and office equipment	CHF 1000 <b>Total</b> <b>2012</b>
<b>Gross amount</b>				
<b>Balance, beginning of year</b>	<b>39 984</b>	<b>416 547</b>	<b>108 920</b>	<b>565 451</b>
Additions	5	6 338	1 134	7 477
Disposals and retirements	0	– 5 116	– 3 530	– 8 646
Transfers	0	– 71	72	1
Translation adjustments	– 204	– 2 148	– 717	– 3 069
<b>Balance, end of year</b>	<b>39 785</b>	<b>415 550</b>	<b>105 879</b>	<b>561 214</b>
<b>Accumulated depreciation</b>				
<b>Balance, beginning of year</b>	<b>15 281</b>	<b>395 826</b>	<b>98 128</b>	<b>509 235</b>
Additions	1 346	7 032	2 401	10 779
Disposals and retirements	0	– 4 911	– 3 528	– 8 439
Translation adjustments	– 46	– 2 076	– 636	– 2 758
<b>Balance, end of year</b>	<b>16 581</b>	<b>395 871</b>	<b>96 365</b>	<b>508 817</b>
<b>Balance net, end of year</b>	<b>23 204</b>	<b>19 679</b>	<b>9 514</b>	<b>52 397</b>

<b>Gross amount</b>				<b>2011</b>
<b>Balance, beginning of year</b>	<b>26 920</b>	<b>430 193</b>	<b>113 603</b>	<b>570 716</b>
Additions	11 203	5 921	1 501	18 625
Disposals and retirements	0	– 10 303	– 986	– 11 289
Transfers	2 667	0	– 2 667	0
Translation adjustments	– 806	– 9 264	– 2 531	– 12 601
<b>Balance, end of year</b>	<b>39 984</b>	<b>416 547</b>	<b>108 920</b>	<b>565 451</b>
<b>Accumulated depreciation</b>				
<b>Balance, beginning of year</b>	<b>13 366</b>	<b>406 626</b>	<b>97 880</b>	<b>517 872</b>
Additions	1 331	8 314	4 381	14 026
Disposals and retirements	0	– 10 303	– 984	– 11 287
Transfers	894	0	– 894	0
Translation adjustments	– 310	– 8 811	– 2 255	– 11 376
<b>Balance, end of year</b>	<b>15 281</b>	<b>395 826</b>	<b>98 128</b>	<b>509 235</b>
<b>Balance net, end of year</b>	<b>24 703</b>	<b>20 721</b>	<b>10 792</b>	<b>56 216</b>

Above balances include buildings, machinery and equipment in the course of construction in the amount of CHF 2 643 (000) in 2012 and CHF 2 002 (000) in 2011.

The fire insurance value was CHF 865 176 (000) in 2012 and CHF 856 665 (000) in 2011.

# Notes to the consolidated financial statements

## 17. Intangible assets

	Capitalized development cost	Acquired technology, licenses and software	CHF 1000 Total
<b>Gross amount</b>			<b>2012</b>
<b>Balance, beginning of year</b>	<b>7 245</b>	<b>60 774</b>	<b>68 019</b>
Additions	546	679	1 225
Disposals and retirements	– 3 614	– 1	– 3 615
Transfers	0	– 1	– 1
Translation adjustments	– 57	– 392	– 449
<b>Balance, end of year</b>	<b>4 120</b>	<b>61 059</b>	<b>65 179</b>
<b>Accumulated amortization</b>			
<b>Balance, beginning of year</b>	<b>7 146</b>	<b>58 273</b>	<b>65 419</b>
Additions	92	378	470
Disposals and retirements	– 3 614	– 1	– 3 615
Translation adjustments	– 57	– 377	– 434
<b>Balance, end of year</b>	<b>3 567</b>	<b>58 273</b>	<b>61 840</b>
<b>Balance net, end of year</b>	<b>553</b>	<b>2 786</b>	<b>3 339</b>
<b>Gross amount</b>			<b>2011</b>
<b>Balance, beginning of year</b>	<b>7 311</b>	<b>62 004</b>	<b>69 315</b>
Additions	101	330	431
Disposals and retirements	0	– 152	– 152
Translation adjustments	– 167	– 1 408	– 1 575
<b>Balance, end of year</b>	<b>7 245</b>	<b>60 774</b>	<b>68 019</b>
<b>Accumulated amortization</b>			
<b>Balance, beginning of year</b>	<b>7 311</b>	<b>58 983</b>	<b>66 294</b>
Additions	1	604	605
Disposals and retirements	0	33	33
Translation adjustments	– 166	– 1 347	– 1 513
<b>Balance, end of year</b>	<b>7 146</b>	<b>58 273</b>	<b>65 419</b>
<b>Balance net, end of year</b>	<b>99</b>	<b>2 501</b>	<b>2 600</b>

## 18. Investments

In 2011, Micronas acquired a stake in X-FAB Group, classified as available-for-sale financial asset through equity, and recorded an investment

of CHF 11.3 million. At year end, a valuation loss of CHF 0.2 million was recorded in other comprehensive income.

## 19. Deferred tax assets

	2012 CHF 1000	2011 CHF 1000
<b>Amount, beginning of year</b>	<b>10 598</b>	<b>731</b>
Additions recorded through profit and loss <sup>1</sup>	6 756	8 520
Income tax effect recorded in other comprehensive income	- 2 047	1 511
Translation adjustments	- 64	- 164
<b>Balance, end of year</b>	<b>15 243</b>	<b>10 598</b>
<b>Deferred tax assets, gross</b>		
Temporary differences on		
– Tangible fixed assets	566	797
– Intangible assets	8 932	7 713
– Other non-current assets	35	243
– Long-term provisions and liabilities	1 286	0
– Other current assets/liabilities	0	1 491
Losses carried forward	5 572	792
<b>Total deferred tax assets, gross – end of year</b>	<b>16 391</b>	<b>11 036</b>
thereof offset with deferred tax liabilities	- 1 148	- 438
<b>Deferred tax assets in consolidated statement of financial position</b>	<b>15 243</b>	<b>10 598</b>
<b>Deferred tax liabilities, gross</b>		
Temporary differences on		
– Long-term provisions and liabilities	0	438
– Other current assets/liabilities	1 148	0
<b>Total deferred tax liabilities, gross – end of year</b>	<b>1 148</b>	<b>438</b>
thereof offset with deferred tax assets	1 148	438

<sup>1</sup> Please refer to note 14.

As at December 31, 2012, the Company had approximately CHF 84 million in non-recognized net operating losses for trade income tax and CHF 116 million for corporate income tax carried forward in Germany and CHF 909 million in non-recognized net operating losses carried forward in Switzerland. In Switzerland non-recognized losses carried forward of CHF 284 million expire after two years, CHF 367 million expire after three years, CHF 238 million expire after four years and losses carried forward of CHF 20 million expire after five years.

# Notes to the consolidated financial statements

## 20. Inventories

	2012 CHF 1000	2011 CHF 1000
<b>Materials and supplies</b>		
measured at cost	3 001	2 679
measured at net realizable value	0	0
<b>Work in progress</b>		
measured at cost	16 314	15 614
measured at net realizable value	0	0
<b>Finished goods of own production</b>		
measured at cost	6 370	6 105
measured at net realizable value	476	140
<b>Resale finished goods</b>		
measured at cost	5	1
measured at net realizable value	0	0
<b>Total inventories</b>	<b>26 166</b>	<b>24 539</b>

The amount of inventories recognized as a cost of sales during the period is CHF 98 034 (000) (2011: CHF 94 482 (000)).  
The amount of any write-down of inventories recognized as an expense during the period is CHF 443 (000) (2011: CHF 1 036 (000)).  
The amount of reversal of write-downs recognized as a reduction in the amount of inventories recognized as expense in the period is CHF 611 (000) (2011: CHF 685 (000)). This reversal was recognized following sales of previously written-down inventories.

## 21. Accounts receivable – trade

Trade receivables, net	11 246	15 695
Receivables from related parties, net	0	20
<b>Total receivables, net</b>	<b>11 246</b>	<b>15 715</b>

Trade receivables and receivables from related parties are non-interest-bearing and are generally on 30 to 60 days' term.

As at December 31, 2012, no trade receivables were impaired.

As at December 31, 2011, trade receivables at nominal value of CHF 336 (000) were impaired and fully provided for:

### Allowance for credit losses

<b>Balance, beginning of year</b>	<b>336</b>	<b>609</b>
Additions	0	292
Uses	– 54	– 433
Reversals	– 279	– 118
Translation adjustments	– 3	– 14
<b>Balance, end of year</b>	<b>0</b>	<b>336</b>

As at December 31, the analysis of trade receivables that were past due but not impaired is as follows:

CHF 1000	Total	Neither past due nor impaired	Past due but not impaired				
			until 30 days	31–60 days	61–90 days	91–120 days	> 120 days
<b>2012</b>	<b>11 246</b>	9 801	1 351	94	0	0	0
<b>2011</b>	<b>15 715</b>	14 900	758	1	53	0	3

As at December 31, 2012, about 95 percent (December 31, 2011, about 92 percent) of the accounts receivable – trade were secured through credit insurance or letter of credit.

## 22. Other current assets

	<b>2012</b> CHF 1000	<b>2011</b> CHF 1000
Prepaid expenses and accrued income	546	814
Tax receivables (mainly VAT)	1 714	2 325
Research premium	105	112
Deposits	15	21
Other	92	344
<b>Total other current assets</b>	<b>2 472</b>	<b>3 616</b>

## 23. Short-term financial investments

Derivative financial instruments	2 492	0
Short-term deposits with a maturity of more than three months up to one year	21 749	0
<b>Total short-term financial investments</b>	<b>24 241</b>	<b>0</b>

## 24. Cash and cash equivalents

Cash on hand	4	4
Current accounts with banks	69 271	65 764
Short-term deposits with an initial maturity of three months or less	78 873	90 398
<b>Total cash and cash equivalents</b>	<b>148 148</b>	<b>156 166</b>

Cash and cash equivalents earn interest at floating rates. A cash portion of CHF 3 625 (000) (2011: CHF 6 081 (000)) is pledged to ensure claims of members of the early retirement program and a rental guarantee. Management uses this economic option to save bank fees. All other cash and cash equivalents are not restricted and available for use.

# Notes to the consolidated financial statements

## 25. Issued capital

The issued and fully paid share capital of Micronas Semiconductor Holding AG comprises:

	Number	31.12.2012 CHF 1000	Number	31.12.2011 CHF 1000
<b>Opening balance</b>	<b>29 676 680</b>	<b>1 484</b>	<b>29 675 430</b>	<b>1 484</b>
Exercise of share options	0	0	1 250	0
<b>Balance, end of year</b>	<b>29 676 680</b>	<b>1 484</b>	<b>29 676 680</b>	<b>1 484</b>

### Conditional capital

The articles of incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of CHF 39 171.00 through the issuance of a maximum of 783 420 registered shares with a nominal value of CHF 0.05 each by the exercise of option rights granted or to be granted to the members of the Board of Directors, to certain members of the Management and certain key personnel of the Company or Group companies. In 2012, no options have been exercised and in 2011, 1 250 options have been exercised.

As at December 31, 2012, the Company is aware of the following shareholders holding 3 percent or more of the capital and/or voting rights of the Company:

	2012	2011
Sparinvest Holdings SE, Luxembourg <sup>1</sup>	5.35%	6.48%
RBC Dexia Investor Services Trust, London, Great Britain <sup>2</sup>	4.23%	n.a.
Black Creek Investment Management Inc., Toronto, Canada <sup>1</sup>	3.21%	n.a.
Mellon Bank N.A., Everett, USA <sup>2</sup>	n.a.	3.46%
Nortrust Nominees Ltd., London, Great Britain <sup>2</sup>	n.a.	3.15%
Wellington Management Company, LLP, Boston, USA <sup>1</sup>	n.a.	3.01%

<sup>1</sup> The above percentage figures conform to the figures contained in the respective notifications to the Company and the Disclosure Office of the SIX Swiss Exchange; they may not be accurate as at December 31, 2012.

<sup>2</sup> RBC Dexia Investor Services Trust, Mellon Bank N.A. and Nortrust Nominees Ltd. are acting in their capacity as nominees for other investors.

## 26. Reacquired shares

	Number	2012 CHF 1000	Number	2011 CHF 1000
<b>Opening balance</b>	<b>242 188</b>	<b>9 430</b>	<b>242 188</b>	<b>9 430</b>
<b>Balance, end of year</b>	<b>242 188</b>	<b>9 430</b>	<b>242 188</b>	<b>9 430</b>
Average purchase price in CHF		38.94		38.94

## 27. Unfunded defined benefit obligations

	2012 CHF 1000	2011 CHF 1000
<b>Present value of obligations, beginning of year</b>	<b>110 527</b>	<b>114 470</b>
Interest cost	5 849	5 928
Current service cost	860	945
Benefits paid	- 6 244	- 6 220
Actuarial losses/gains on obligation	31 179	- 2 024
Translation adjustments	- 623	- 2 572
<b>Present value of obligations, end of year</b>	<b>141 548</b>	<b>110 527</b>
Unrecognized actuarial losses/gains	- 29 517	1 766
<b>Net liability recognized in the balance sheet</b>	<b>112 031</b>	<b>112 293</b>
Pension costs are included in personnel and interest expenses and consist of:		
Interest expense	5 849	5 928
Current service cost	860	945
<b>Total pension cost</b>	<b>6 709</b>	<b>6 873</b>
<b>Movements in the net amount recognized in the balance sheet</b>		
<b>Amount, beginning of year</b>	<b>112 293</b>	<b>114 240</b>
Payments to pensioners	- 6 244	- 6 220
Addition to reserve	6 709	6 873
Translation adjustments	- 727	- 2 600
<b>Amount, end of year</b>	<b>112 031</b>	<b>112 293</b>
Principal actuarial assumptions used:	2012 Germany	2011 Germany
Discount rate per annum	3.50%	5.50%
Salary increase per annum	2.0%	2.0%
Post-retirement pension increases	2.0%	2.0%
Investment yield per annum	n.a.	n.a.

Staff turnover and retirement rates:  
Mortality and ill health:

Based on the experience of similar retirement schemes.  
The Heubeck 2005 G mortality tables have been used.

CHF 1000	2012	2011	2010	2009	2008
The experience adjustment on the plan liabilities amounts to	- 384	0	0	4 316	0
The present value of the obligation amounts to	141 548	110 527	114 470	137 820	129 555

# Notes to the consolidated financial statements

## 28. Other provisions

<b>2012</b> CHF 1000	<b>Balance, beginning of year</b>	Charge to costs and expenses	Reversal of provisions	Usage, payments	Other	Translation adjustments	<b>Balance, end of year</b>
Restructuring	2 843	6	– 64	– 1 035	0	– 41	1 709
Jubilee	1 470	312	0	– 71	0	– 10	1 701
Warranty	235	566	– 33	– 81	0	1	688
Loss on pending business	364	237	0	– 360	0	– 3	238
Early retirement	6 997	254	– 554	– 2 637	0	– 54	4 006
Other	741	30	– 56	– 106	0	– 19	590
<b>Total other provisions</b>	<b>12 650</b>	<b>1 405</b>	<b>– 707</b>	<b>– 4 290</b>	<b>0</b>	<b>– 126</b>	<b>8 932</b>
Thereof short-term provisions	2 897	804	– 153	– 1 582	643	– 30	2 579
Thereof long-term provisions	9 753	601	– 554	– 2 708	– 643	– 96	6 353

<b>2011</b> CHF 1000							
Restructuring	8 104	443	– 3 511	– 1 878	0	– 315	2 843
Jubilee	1 205	355	0	– 59	0	– 31	1 470
Warranty	465	234	– 194	– 263	0	– 7	235
Loss on pending business	0	370	0	0	0	– 6	364
Early retirement	9 165	1 526	– 344	– 3 176	0	– 174	6 997
Other	1 957	353	– 1 014	– 543	0	– 12	741
<b>Total other provisions</b>	<b>20 896</b>	<b>3 281</b>	<b>– 5 063</b>	<b>– 5 919</b>	<b>0</b>	<b>– 545</b>	<b>12 650</b>
Thereof short-term provisions	6 343	1 298	– 2 197	– 2 591	169	– 125	2 897
Thereof long-term provisions	14 553	1 983	– 2 866	– 3 328	– 169	– 420	9 753

Jubilee provision is set up for anniversary payments to employees. The recorded liability is determined using the projected unit credit method based on the valuation performed by an external party. The valuation has been calculated using a discount rate of 3.5 percent in 2012 and 5.5 percent in 2011 and the Heubeck 2005 G mortality tables. The employees receive a fixed anniversary payment from the Company on their 25th and 40th anniversary. The charge to costs and expenses includes CHF 77 (000) (2011: CHF 62 (000)) interest expense.

The warranty provision relates to estimated costs to be incurred to repair or replace faulty products. The estimate is determined based on the actual sales volume and past experience. It is expected that the warranty reserve will be used in the next year.

The early retirement provision is based on legal regulations, agreements with workers' council and past experience. The long-term portion is discounted over four years at a discount rate of 2.09 percent in 2012 and 4.43 percent in 2011. The provision is expected to be used pro rata up to the year 2015. The charge to costs and expenses includes CHF 254 (000) (2011: CHF 339 (000)) interest expense.

Based on the current knowledge of the Management, the outcome of any settlement of a legal proceeding and resulting liabilities in excess of what has been provided for are not likely to be material.

## 29. Accounts payable – trade

Accounts payable – trade are non-interest bearing and are normally settled on 30 to 45 day terms.

## 30. Other current liabilities

	<b>2012</b> CHF 1000	<b>2011</b> CHF 1000
Accrued expenses	7 117	7 503
Accrued social expenses	2 442	2 051
Advances from customers	941	1 050
VAT payable	88	158
Derivatives	0	4 514
Other	1 289	1 012
<b>Total other current liabilities</b>	<b>11 877</b>	<b>16 288</b>

# Notes to the consolidated financial statements

## 31. Financial instruments

**2012**  
CHF 1000

Financial assets and liabilities aggregated by category in accordance with IAS 39:

Net carrying amount	Loans and receivables	Available-for-sale financial assets	Financial liabilities held-for-trading	Financial liabilities measured at amortized cost	Derivatives part of a hedging relationship
<b>Assets</b>					
Investments	0	11 086			
Other long-term assets <sup>1</sup>	128	0			
Accounts receivable	11 246	0			
Other current assets <sup>1</sup>	758	0			
Short-term financial investments					
– Available-for-sale financial assets	21 749	0			2 491
– Derivates without a hedging relationship					0
Cash and cash equivalents	148 148	0			
<b>Liabilities</b>					
Other long-term liabilities				82	
– Derivatives with a hedging relationship					0
Accounts payable – trade				9 194	
Other current liabilities <sup>2</sup>				6 119	
– Derivatives without a hedging relationship			0		
– Derivatives with a hedging relationship					0
<b>Total</b>	<b>182 029</b>	<b>11 086</b>	<b>0</b>	<b>15 395</b>	<b>2 491</b>

**2011**  
CHF 1000

<b>Net carrying amount</b>					
<b>Assets</b>					
Investments	0	11 159			
Other long-term assets <sup>1</sup>	139	0			
Accounts receivable	15 715	0			
Other current assets <sup>1</sup>	1 291	0			
Short-term financial investments					
– Available-for-sale financial assets	0	0			
– Derivates without a hedging relationship					0
Cash and cash equivalents	156 166	0			
<b>Liabilities</b>					
Other long-term liabilities				346	
– Derivatives with a hedging relationship					722
Accounts payable – trade				9 454	
Other current liabilities <sup>2</sup>				5 347	
– Derivatives without a hedging relationship			251		
– Derivatives with a hedging relationship					4 263
<b>Total</b>	<b>173 311</b>	<b>11 159</b>	<b>251</b>	<b>15 147</b>	<b>4 985</b>

<sup>1</sup> Tax receivables not included.

<sup>2</sup> Accrued personnel expenses and tax-related items not included.

The net carrying amount of financial assets and liabilities is a reasonable approximation of the fair value.  
No significant deviations between the net carrying amount and the fair value were noted.

#### Fair value hierarchy

The Micronas Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly, on the market.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments measured at fair value (CHF 1000):

		Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>					
Available-for-sale financial assets	2012	11 089	0	0	11 089
	2011	11 159	0	0	11 159
Derivatives part of a hedging relationship	2012	2 491	0	2 491	0
	2011	0	0	0	0
<b>Liabilities measured at fair value</b>					
Financial liabilities held-for-trading	2012	0	0	0	0
	2011	251	0	251	0
Derivatives part of a hedging relationship	2012	0	0	0	0
	2011	4 985	0	4 985	0

In 2012 and 2011, there were no transfers between level 1, level 2 and level 3 financial instruments.

#### Forward exchange contracts designated as cash flow hedges

At December 31, 2012, the Group held foreign currency forward contracts designated as cash flow hedge of expected future sales to customers. The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss in financial expenses. The terms of the foreign currency forward contracts have been negotiated to meet the terms of the expected future sales. The cash flow hedges of the expected future sales were effective at December 31, 2012, and a gain of CHF 6 865 (000) (2011: a loss of CHF 4 699 (000)) has been recorded in the other comprehensive income in respect of these contracts.

# Notes to the consolidated financial statements

## 32. Foreign exchange and interest sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the euro, US dollar and yen exchange rate, with all other variables held constant, of loss before tax and equity:

	Currency	Increase/ decrease in FX rate	Effect on profit before tax CHF 1000	Effect on equity CHF 1000
<b>2012</b>	EUR	5%	2 002	5 225
	EUR	- 5%	- 2 002	- 5 225
	USD	5%	394	372
	USD	- 5%	- 394	- 372
	JPY	15%	953	580
	JPY	- 15%	- 953	- 580
<b>2011</b>	EUR	13%	5 926	10 751
	EUR	- 13%	- 5 926	- 10 751
	USD	7%	448	462
	USD	- 7%	- 448	- 462
	JPY	9%	776	474
	JPY	- 9%	- 776	- 474

The sensitivity analysis refers to financial instruments (assets and liabilities) held by the Company in foreign currencies at year end 2012 and 2011. As a result of the volatile financial market in 2012, the sensitivity rates have been adjusted for the purpose of assessing foreign currency risk. The sensitivity rates have been determined based on the exchange rate fluctuations during the last two years 2012 and 2011.

According to accounting principles the Group recorded foreign exchange differences of equity loans directly in shareholders' equity net of taxes.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of loss before tax and equity through the impact on current cash accounts with banks and short-term deposits:

	Currency	Increase/ decrease in basis points	Profit/loss before tax CHF 1000
<b>2012</b>	EUR	0.5%	664
	EUR	- 0.5%	- 664
	USD	0.5%	30
	USD	- 0.5%	- 30
<b>2011</b>	EUR	0.5%	717
	EUR	- 0.5%	- 717
	USD	0.5%	30
	USD	- 0.5%	- 30

As a result of the volatile financial market the sensitivity basis points have been adjusted for the current year for the purpose of analyzing interest rate risk. The sensitivity basis points have been determined based on the average interest movements during the year 2012.

### 33. Maturity profile of financial liabilities

The table below summarizes the maturity profile of the financial liabilities on contractual undiscounted payments (CHF 1000):

	<b>Total</b>	Due within 1 year	Due in 2nd year	Due in 3rd year	Due in 4th year	Due in 5th year and thereafter
<b>December 31, 2012</b>						
Other non-interest-bearing liabilities	6 201	6 119	8	8	8	58
Derivatives	0	0	0	0	0	0
Accounts payable – trade	9 194	9 194	0	0	0	0
<b>Total</b>	<b>15 395</b>	<b>15 313</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>58</b>
<b>December 31, 2011</b>						
Other non-interest-bearing liabilities	5 693	5 567	126	0	0	0
Derivatives	5 236	4 514	722	0	0	0
Accounts payable – trade	9 454	9 454	0	0	0	0
<b>Total</b>	<b>20 383</b>	<b>19 535</b>	<b>848</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Notes to the consolidated financial statements

## 34. Operating segment and geographical information

For Management purposes, the Group was organized up to 2011 in two reportable segments, the business divisions Automotive and Consumer. Adjusted organizational structures cause a change in the composition of the reportable segments. The business division Industrial, previously included in the division

Automotive, has been separated from 2012 on. As the business divisions Industrial and Consumer each do not meet the quantitative criteria of a reportable segment, they are presented on a combined basis in "Other segments." Comparative segment information has been restated accordingly.

2012  
CHF 1000

Operating segments <sup>1</sup>	Automotive	Other segments	Reconciliation	Group
<b>Net sales</b>	<b>156 993</b>	<b>11 472</b>	<b>0</b>	<b>168 465</b>
in % of total net sales	93.2	6.8		100.0
<b>Margin</b>	<b>65 037</b>	<b>2 465</b>	<b>0</b>	<b>67 502</b>
in % of sales	41.4	21.5		40.1
<b>EBITDA</b>	<b>36 296</b>	<b>- 818</b>	<b>0</b>	<b>35 478</b>
in % of sales	23.1	- 7.1		21.1
Depreciation and amortization	10 776	473	0	11 249
<b>Operating profit</b>	<b>25 520</b>	<b>- 1 291</b>	<b>0</b>	<b>24 229</b>
in % of sales	16.3	- 11.3		14.4
Financial income				1 165
Financial expenses				- 10 202
Foreign exchange losses				- 2 208
Other income				105
<b>Profit before tax</b>				<b>13 089</b>
Income taxes				6 205
<b>Profit for the period</b>				<b>19 294</b>
in % of net sales				11.5
Capital expenditures <sup>2</sup>	8 166	536	0	8 702
<b>Segment assets</b>	<b>89 370</b>	<b>3 778</b>	<b>0</b>	<b>93 148</b>
EBITDA in % of segment assets	40.6	- 21.7		38.1
Investments				11 086
Other non-current assets				15 575
Other current assets				2 472
Short-term financial investments				24 241
Cash and cash equivalents				148 148
<b>Total assets</b>				<b>294 670</b>
Segment liabilities (accounts payable – trade)	8 818	376	0	9 194
Headcount, end of period	854	39	0	893

				2011 CHF 1000
Operating segments <sup>1</sup>	Automotive	Other segments	Reconciliation	Group
<b>Net sales</b>	<b>144 778</b>	<b>14 021</b>	<b>0</b>	<b>158 799</b>
in % of total net sales	91.2	8.8		100.0
<b>Margin</b>	<b>55 713</b>	<b>3 474</b>	<b>0</b>	<b>59 187</b>
in % of sales	38.5	24.8		37.3
<b>EBITDA</b>	<b>34 323</b>	<b>930</b>	<b>0</b>	<b>35 253</b>
in % of sales	23.7	6.6		22.2
Depreciation and amortization	13 963	668	0	14 631
<b>Operating profit before restructuring</b>	<b>20 360</b>	<b>– 3 489</b>	<b>0</b>	<b>16 871</b>
in % of sales	14.1	– 24.9		10.6
Restructuring	0	3 751	0	3 751
<b>Operating profit</b>	<b>20 360</b>	<b>262</b>	<b>0</b>	<b>20 622</b>
in % of sales	14.1	1.9		13.0
Financial income				2 098
Financial expenses				– 18 393
Foreign exchange losses				– 1 436
Other income				114
<b>Profit before tax</b>				<b>3 005</b>
Income taxes				8 503
<b>Profit for the period</b>				<b>11 508</b>
in % of net sales				7.2
Capital expenditures <sup>2</sup>	18 214	842	0	19 056
<b>Segment assets</b>	<b>94 593</b>	<b>4 477</b>	<b>0</b>	<b>99 070</b>
EBITDA in % of segment assets	36.3	20.8		35.6
Investments				11 159
Other non-current assets				10 989
Other current assets				3 616
Short-term financial investments				0
Cash and cash equivalents				156 166
<b>Total assets</b>				<b>281 000</b>
Segment liabilities (accounts payable – trade)	9 023	431	0	9 454
Headcount, end of period	851	42	0	893

<sup>1</sup> Restated.<sup>2</sup> Capital expenditures = investments in tangible and intangible assets and capitalized development costs.

Segment assets 2012 refer to 97.5 percent to Germany (2011: 96.0 percent), Great Britain 2.9 percent (2011: 3.4 percent) and rest of Europe 0.1 percent (2011: 0.4 percent). All other regions outside of Europe refer to 0.1 percent (2011: 0.2 percent).

Segment capital expenditures refer to 99.9 percent to Europe (2011: 100.0 percent), 0.1 percent to all other regions (2011: 0.0 percent).

EBITDA: Operating profit before depreciation and amortization.

# Notes to the consolidated financial statements

Geographical information	2012		2011	
	Net sales, CHF 1000	in % of total net sales	Net sales, CHF 1000	in % of total net sales
<b>Group</b>				
<b>Europe</b>	<b>46 480</b>	27.6	<b>53 039</b>	33.4
Germany	26 301	15.6	30 957	19.5
Switzerland	282	0.2	402	0.3
France	4 091	2.4	5 179	3.3
Czech Republic	4 943	2.9	4 699	3.0
Hungary	4 007	2.4	4 415	2.8
Rest of Europe	6 856	4.1	7 387	4.5
<b>Asia</b>	<b>107 674</b>	63.9	<b>90 751</b>	57.1
Japan	94 036	55.8	75 650	47.6
China	10 148	6.0	11 171	7.0
South Korea	2 940	1.7	3 439	2.2
Rest of Asia	550	0.4	491	0.3
<b>America</b>	<b>14 172</b>	8.4	<b>14 769</b>	9.3
USA	10 382	6.2	10 043	6.3
Rest of America	3 790	2.2	4 726	3.0
<b>Other</b>	<b>139</b>	0.1	<b>240</b>	0.2
<b>Total net sales</b>	<b>168 465</b>	<b>100.0</b>	<b>158 799</b>	<b>100.0</b>

The sales information above is based on the shipping destination of the customer.

Operating segment net sales by product	2012	2011
	CHF 1000	CHF 1000
<b>Automotive</b>		
Hall-effect sensors	148 067	132 899
Microcontrollers	8 926	11 879
<b>Net sales</b>	<b>156 993</b>	<b>144 778</b>
<b>Other segments</b>		
Sensors	6 131	7 068
Audio	5 148	5 950
Video	26	475
Other ICs	167	528
<b>Net sales</b>	<b>11 472</b>	<b>14 021</b>

## Net sales in the Automotive segment include the major customers

Customer 1	62 717	50 883
Customer 2	30 824	23 098
Customer 3	13 654	17 400

Net sales reported above represent revenues generated from external customers. There were no inter-segment sales in 2012 and 2011.

### 35. Operating leases

The actual leasing payments and future commitments for non-cancelable operating lease contracts are as follows:

CHF 1000	2012		2011	
Leasing payments during period	2012	3 914	2011	4 008
Future lease commitments			2012	3 911
	2013	4 515	2013	2 641
	2014	4 378	2014	2 450
	2015	3 124	2015	1 189
	2016	986	2016	787
	2017	301		
	Thereafter	408	Thereafter	546
<b>Total future lease commitments</b>		<b>13 712</b>		<b>11 524</b>

At the Freiburg facility a lease contract for an on-site nitrogen generator exists. The lease expires in September 2016. A renewal option exists. The extension of the lease renews for another two years each if the contract will not be terminated six months prior to the expiration date of the lease term.

At the Freiburg facility several lease contracts for software tools exist. The leases expire between 2014 and 2016. No renewal or purchase options exist.

### 36. Other financial commitments

	2012 CHF 1000	2011 CHF 1000
Orders for machinery and equipment	1 460	3 421
Orders for R&D projects	333	331
Obligations to suppliers <sup>1</sup>	35	113

<sup>1</sup> Mainly obligations for processed wafers and finished goods.

# Notes to the consolidated financial statements

## 37. Earnings per share

The key figures of the earnings per share are determined as follows:

	2012 CHF 1000	2011 CHF 1000
<b>Earnings per share in CHF – undiluted</b>		
Profit for the period attributable to the shareholders of the parent	19 294	11 508
Weighted average number of issued and outstanding shares	29 434 492	29 434 180
<b>Earnings per share in CHF – undiluted</b>	<b>0.66</b>	<b>0.39</b>
<b>Earnings per share in CHF – diluted</b>		
Profit for the period attributable to the shareholders of the parent	19 294	11 508
Weighted average number of issued and outstanding shares for calculation of earnings per share – undiluted	29 434 492	29 434 180
Dilution: share options	124 834	69 473
Weighted average number of issued and outstanding shares for calculation of earnings per share – diluted	29 559 326	29 503 653
<b>Earnings per share in CHF – diluted</b>	<b>0.65</b>	<b>0.39</b>

## 38. Share-based payments

The Company has a share option scheme for the members of the Board of Directors, certain members of the Management and certain key personnel. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. Under

the plans, options vest based on continued service up to three years and have a contractual life up to six years. If the option holder leaves the Company, the unvested options forfeit immediately. The vested options forfeit ten days after they leave.

Details of the share options outstanding are as follows:	2012		2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
<b>Outstanding at the beginning of the year</b>	<b>511 600</b>	<b>8.80</b>	<b>243 400</b>	<b>12.93</b>
Issued	376 250	8.07	325 000	9.24
Exercised	0	0.00	– 1 250	10.85
Forfeited	– 7 500	8.70	– 5 000	4.73
Expired	– 49 100	15.36	– 50 550	31.90
<b>Outstanding at the end of the year</b>	<b>831 250</b>	<b>8.08</b>	<b>511 600</b>	<b>8.80</b>
Exercisable at the end of the year	137 500	5.41	70 350	14.00

In the year 2012, no options have been exercised. The share price at the date of exercise for share options exercised in the year 2011 was CHF 10.85.

The options outstanding at the end of the year have a weighted average remaining contractual life of 4.2 years (2011: 4.3 years) and a range of the exercise price from CHF 4.00 each to CHF 10.85 each.

In 2012, 120 000 options were granted on January 3 and 256 250 options were granted on July 1 with an estimated fair value of the options granted on those dates of CHF 2.36 and CHF 2.79.

In 2011, 130 000 options were granted on January 3 and 195 000 options were granted on July 1. The estimated fair value of the options granted on those dates are CHF 3.87 and CHF 2.51, respectively.

Used actuarial assumptions:

	2012	2011
Expected option life in years	5.5 – 6.0	5.5 – 6.0
Expected forfeitures per year until vesting	4%	4%
Expected volatility	53.78% – 55.1%	49.8% – 55.1%
Share price at the grant date in CHF	6.74 – 8.70	7.46 – 11.90
Risk-free interest rate	0.24 – 0.45	1.07 – 1.20
Expected dividend	2.0%	0.0%
Weighted average fair value per options granted in CHF	2.36 – 2.79	2.51 – 3.87

The expected life used in the model has been adjusted, based on the Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognized total expenses in 2012 of CHF 651 (000) (2011: CHF 310 (000)) related to equity-settled share-based payment transactions during the year.

### 39. Subsequent events

On January 3, 2013, 120 000 options were issued to the members of the Board of Directors and to members of the Group Management at an

exercise price of CHF 8.59 each. The options are exercisable between 2016 and 2018.

# Report of the statutory auditor on the consolidated financial statements to the ordinary Shareholders' Meeting of Micronas Semiconductor Holding AG, Zurich

As statutory auditor, we have audited the accompanying consolidated financial statements of Micronas Semiconductor Holding AG, Zurich, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, and consolidated statement of changes in equity and notes on pages 50 to 91 for the year ended December 31, 2012.

## Board of Directors' responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the internal control system 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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

In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

## Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

## Other Matter

The consolidated financial statements of Micronas Semiconductor Holding AG, Zurich for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on February 14, 2012.

Zurich, February 6, 2013

KPMG AG

**Herbert Bussmann**

Licensed audit expert  
(Auditor in charge)

**Roman Wenk**

Licensed audit expert

## Additional information

### Orders on hand

	2012 CHF 1000	2011 CHF 1000
<b>Orders on hand, beginning of year</b>	<b>47 544</b>	<b>62 651</b>
Net sales	168 465	158 799
Order intake	164 690	144 883
Translation adjustments	– 318	– 1 191
<b>Orders on hand, end of year</b>	<b>43 451</b>	<b>47 544</b>
<b>Book-to-bill</b>	<b>0.98</b>	<b>0.91</b>

# Profit and loss statement

## Income

	Note	2012 CHF 1000	2011 CHF 1000
Valuation adjustments	4	24 600	24 000
Interest income from Group companies		1 076	1 119
Dividend income from Group companies		0	579
Gain on valuation of own shares		489	0
License fees from Group companies		845	790
Financial income		163	415
Other income		0	2
<b>Total income</b>		<b>27 173</b>	<b>26 905</b>

## Expenses

Operating expenses		- 1 167	- 1 501
Personnel expenses		- 972	- 928
Loss on valuation of own shares		0	- 1 146
Amortization and valuation adjustments		- 73	- 9 462
Financial expenses		- 508	- 2 223
<b>Total expenses</b>		<b>- 2 720</b>	<b>- 15 260</b>
<b>Result for the year</b>		<b>24 453</b>	<b>11 645</b>

# Balance sheet

Assets	Note	31.12.2012 CHF 1000	31.12.2011 CHF 1000
<b>Non-current assets</b>			
Machinery and equipment		7	0
Investments in Group companies		254 719	230 119
Other financial assets		11 086	11 159
Own shares	5	2 008	1 519
<b>Total non-current assets</b>		<b>267 820</b>	<b>242 797</b>
<b>Current assets</b>			
Accounts receivable from Group companies		554	604
Other accounts receivable		240	207
Accrued income and prepaid expenses		353	691
Cash and cash equivalents		50 685	52 464
<b>Total current assets</b>		<b>51 832</b>	<b>53 966</b>
<b>Total assets</b>		<b>319 652</b>	<b>296 763</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	1	1 484	1 484
Capital contribution reserve			
– General legal reserve		114 141	115 625
– Reserve for own shares	6	9 430	9 430
Total capital contribution reserve		123 571	125 055
<b>Unappropriated retained earnings/(deficit), beginning of year</b>		<b>2 468</b>	<b>– 9 177</b>
Result for the year		24 453	11 645
<b>Unappropriated retained earnings, end of year</b>		<b>26 921</b>	<b>2 468</b>
<b>Total shareholders' equity</b>		<b>151 976</b>	<b>129 007</b>
<b>Long-term liabilities</b>			
Provisions		166 334	166 334
<b>Total long-term liabilities</b>		<b>166 334</b>	<b>166 334</b>
<b>Current liabilities</b>			
Accounts payable to Group companies		6	116
Other accounts payable		62	93
Short-term liabilities and accrued expenses		1 274	1 213
<b>Total current liabilities</b>		<b>1 342</b>	<b>1 422</b>
<b>Total liabilities</b>		<b>167 676</b>	<b>167 756</b>
<b>Total shareholders' equity and liabilities</b>		<b>319 652</b>	<b>296 763</b>

# Notes to the financial statements

## 1. Share capital

The issued and fully paid share capital of Micronas Semiconductor Holding AG comprises:

	31.12.2012 CHF 1000	31.12.2011 CHF 1000
29 676 680 registered shares of CHF 0.05 nominal each	1 484	1 484
<b>Total share capital</b>	<b>1 484</b>	<b>1 484</b>

### Conditional capital

The articles of incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of CHF 39 171.00 through the issuance of a maximum of 783 420 registered shares with a nominal value of CHF 0.05 each by the exercise of option rights granted or to be granted to the members of the Board of Directors, to certain members of the Management and certain key personnel of the Company or Group companies. In 2012, no options have been exercised and in 2011, 1 250 options have been exercised.

As at December 31, 2012, the Company is aware of the following shareholders holding 3 percent or more of the capital and/or voting rights of the Company:

	2012	2011
Sparinvest Holdings SE, Luxembourg <sup>1</sup>	5.35%	6.48%
RBC Dexia Investor Services Trust, London, Great Britain <sup>2</sup>	4.23%	n.a.
Black Creek Investment Management Inc., Toronto, Canada <sup>1</sup>	3.21%	n.a.
Mellon Bank N.A., Everett, USA <sup>2</sup>	n.a.	3.46%
Nortrust Nominees Ltd., London, Great Britain <sup>2</sup>	n.a.	3.15%
Wellington Management Company, LLP, Boston, USA <sup>1</sup>	n.a.	3.01%

<sup>1</sup> The above percentage figures conform to the figures contained in the respective notifications to the Company and the Disclosure Office of the SIX Swiss Exchange; they may not be accurate as at December 31, 2012.

<sup>2</sup> RBC Dexia Investor Services Trust, Mellon Bank N.A. and Nortrust Nominees Ltd. are acting in their capacity as nominees for other investors.

## 2. Fire insurance value of fixed assets

	31.12.2012 CHF 1000	31.12.2011 CHF 1000
Machinery and equipment	300	300

### 3. Information on Group companies and investments

Micronas Semiconductor Holding AG holds the following significant investments in Group companies:

#### Micronas GmbH

Freiburg, Germany  
 Ordinary capital: EUR 500 000  
 Activity: development, production, sales  
 % of shares: 100

#### Micronas Ltd.

Glenrothes, Scotland  
 Ordinary capital: GBP 2  
 Activity: production  
 % of shares: 100

#### Micronas Japan K.K.

Tokyo, Japan  
 Ordinary capital: JPY 10 000 000  
 Activity: marketing and sales support  
 % of shares: 100

#### Micronas Villach Halbleiterentwicklungs GmbH

Villach, Austria  
 Ordinary capital: EUR 35 000  
 Activity: development  
 % of shares: 100

### 4. Release of silent reserves

In 2012, Micronas released silent reserves in the amount of CHF 24.6 million net (2011: CHF 24.0 million).

### 5. Own shares

	Number	2012 CHF 1000	Number	2011 CHF 1000
<b>Opening balance</b>	<b>242 188</b>	<b>1 519</b>	<b>242 188</b>	<b>2 664</b>
Gain/loss on own shares	0	489	0	- 1 145
<b>Balance, end of year</b>	<b>242 188</b>	<b>2 008</b>	<b>242 188</b>	<b>1 519</b>

Own shares are carried at the market value at the balance sheet date.

Own shares were reclassified to long-term in the balance sheet 2011 to conform to the 2012 presentation.

### 6. Reserve for own shares

	31.12.2012 CHF 1000	31.12.2011 CHF 1000
<b>Opening balance</b>	<b>9 430</b>	<b>9 430</b>
<b>Balance, end of year</b>	<b>9 430</b>	<b>9 430</b>

The reserve for own shares is carried at average purchase price.

# Notes to the financial statements

## 7. Compensation of the Board of Directors and the Management Board 2012

CHF 1000	Remu- neration fix	Remu- neration variable	Granted options Number	options Fair value	Private use of company car	Pension fund and social security contri- butions	Health care and accident insurance contri- butions	Other <sup>1</sup>	Total
<b>Board of Directors</b>									
Heinrich W. Kreutzer	128	0	20 000	47	0	8	0	0	183
Lucas A. Grolimund	64	0	10 000	24	0	4	0	0	92
Dr. Dieter G. Seipler	64	0	10 000	24	0	4	0	0	92
Dr. Stefan Wolf	60	0	10 000	24	0	0	0	0	84
<b>Total Board of Directors</b>	<b>316</b>	<b>0</b>	<b>50 000</b>	<b>119</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>451</b>
<b>Management Board</b>									
Matthias Bopp, CEO	373	284	50 000	118	12	22	5	0	814
Other Management Board members	1 409	588	115 000	312	66	138	40	103	2 656
<b>Total Management Board</b>	<b>1 782</b>	<b>872</b>	<b>165 000</b>	<b>430</b>	<b>78</b>	<b>160</b>	<b>45</b>	<b>103</b>	<b>3 470</b>

<sup>1</sup> Inventor's fees, jubilee benefits, school fees, housing, transportation etc.

## Compensation of the Board of Directors and the Management Board 2011

CHF 1000	Remu- neration fix	Remu- neration variable	Granted options Number	Granted options Fair value	Private use of company car	Pension fund and social security contri- butions	Health care and accident insurance contri- butions	Other <sup>1</sup>	Total
<b>Board of Directors</b>									
Heinrich W. Kreutzer	128	0	20 000	77	0	8	0	0	213
Lucas A. Grolimund	64	0	10 000	39	0	4	0	0	107
Dr. Dieter G. Seipler	64	0	10 000	39	0	4	0	0	107
Dr. Stefan Wolf	60	0	10 000	39	0	0	0	0	99
<b>Total Board of Directors</b>	<b>316</b>	<b>0</b>	<b>50 000</b>	<b>194</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>526</b>
<b>Management Board</b>									
Matthias Bopp, CEO	326	207	50 000	194	11	23	5	0	766
Other Management Board members	1 245	470	100 000	292	63	135	35	3	2 243
<b>Total Management Board</b>	<b>1 571</b>	<b>677</b>	<b>150 000</b>	<b>486</b>	<b>74</b>	<b>158</b>	<b>40</b>	<b>3</b>	<b>3 009</b>

<sup>1</sup> Inventor's fees, jubilee benefits, school fees, housing, transportation etc.

## 8. Risk assessment

The Micronas Semiconductor Holding AG is part of an integrated risk management process of the Micronas Group. Within this group-wide risk management process the Board of Directors

dealt with the material risks, assessed the risks according to Art. 663b cl.12 of the Swiss Code of Obligations and discussed required actions.

# Notes to the financial statements

## 9. Number of shares and options held by the Board of Directors and the Management Board

Name	Position	Number of shares	Number of options <sup>1</sup>	Number of options <sup>2</sup>	Number of options <sup>3</sup>	Number of options <sup>4</sup>	Number of options <sup>5</sup>	Number of options <sup>6</sup>	Number of options <sup>7</sup>	Number of options <sup>8</sup>
Heinrich W. Kreutzer	Chairman of the Board of Directors	0	0	0	0	20 000	0	20 000	0	20 000
Lucas A. Grolimund	Member of the Board of Directors	0	0	0	0	10 000	0	10 000	0	10 000
Dr. Dieter G. Seipler	Member of the Board of Directors	16 722	0	0	0	10 000	0	10 000	0	10 000
Dr. Stefan Wolf	Member of the Board of Directors	0	0	0	0	10 000	0	10 000	0	10 000
Matthias Bopp	Chief Executive Officer	0	0	40 000	0	50 000	0	50 000	0	50 000
Günter Hoppe	Chief Financial Officer	7 500	0	10 000	0	20 000	0	20 000	0	20 000
Wolfgang Bossinger	Vice President Quality	0	1 250	0	5 000	0	10 000	0	10 000	0
Dr. Dirk Behrens	Vice President Automotive	0	0	0	0	0	0	0	25 000	0
Dr. Holger Eggert	Vice President Operations Frontend	0	2 500	0	5 000	0	10 000	0	10 000	0
Klaus Heberle	Chief Innovation Officer	0	5 000	0	5 000	0	10 000	0	10 000	0
Jürgen Kurz	Vice President Human Resources	0	5 000	0	5 000	0	10 000	0	10 000	0
Ewald Liess	Vice President Sales	200	0	0	0	10 000	10 000	0	10 000	0
Wilfried Lowinski	Vice President Operations Backend	0	5 000	0	5 000	0	10 000	0	10 000	0
Peter Zimmermann	Vice President Industrial	0	0	0	5 000	0	10 000	0	10 000	0

<sup>1</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 10.85 each from January 1, 2010, until December 31, 2013. The options were granted on January 3, 2008.

<sup>2</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 4.00 each from January 1, 2013, until December 31, 2015. The options were granted on January 4, 2010.

<sup>3</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 4.73 each from January 1, 2013, until December 31, 2015. The options were granted on July 1, 2010.

<sup>4</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 11.90 each from January 1, 2014, until December 31, 2016. The options were granted on January 3, 2011.

<sup>5</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 7.46 each from January 1, 2014, until December 31, 2016. The options were granted on July 1, 2011.

<sup>6</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 6.74 each from January 1, 2015, until December 31, 2017. The options were granted on January 3, 2012.

<sup>7</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 8.70 each from January 1, 2015, until December 31, 2017. The options were granted on July 2, 2012.

<sup>8</sup> One option entitles to draw of a registered share of Micronas Semiconductor Holding AG, Zurich, with an exercise price of CHF 8.59 each from January 1, 2016, until December 31, 2018. The options were granted on January 3, 2013.

## 10. Subsequent events

On January 3, 2013, 120 000 options were issued to the members of the Board of Directors and to members of the

Group Management at an exercise price of CHF 8.59 each. The options are exercisable between 2016 and 2018.

# Proposal of the Board of Directors

## Appropriation of the unappropriated retained earnings

**31.12.2012**  
CHF

Unappropriated retained earnings, beginning of year	2 468 373
Result for the year	24 453 257
<b>Unappropriated retained earnings, end of year</b>	<b>26 921 630</b>

The Board of Directors is proposing to carry forward the profit and to distribute CHF 0.05 per share (totaling CHF 1 471 724.60) to the shareholders from the capital contribution reserve.

# Report of the statutory auditor on the financial statements to the ordinary Shareholders' Meeting of Micronas Semiconductor Holding AG, Zurich

As statutory auditor, we have audited the accompanying statutory financial statements of Micronas Semiconductor Holding AG, Zurich, which comprise the profit and loss statement, balance sheet and notes on pages 94 to 100 for the year ended December 31, 2012.

## Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and

the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the company's articles of incorporation.

## Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

## Other Matter

The financial statements of Micronas Semiconductor Holding AG, Zurich for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on February 14, 2012.

Zurich, February 6, 2013

KPMG AG

**Herbert Bussmann**

Licensed audit expert  
(Auditor in charge)

**Roman Wenk**

Licensed audit expert



