



Half-Year Report 2010

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Key figures at a glance

	Q2/2010 CHF 1000	Q1/2010 CHF 1000	1st half 2010 CHF 1000	1st half 2009 CHF 1000
Net sales	49 269	47 372	96 641	144 539
Operating profit/loss before restructuring and partial sale of Consumer division	4 504	1 829	6 333	- 51 996
Restructuring	1 632	- 1 074	558	- 113 618
Net gain from partial sale of Consumer division	0	0	0	8 748
EBIT	6 136	755	6 891	- 156 866
EBITDA	13 129	8 211	21 340	- 134 954
Loss for the period	- 370	- 3 892	- 4 262	- 157 932
Earnings per share in CHF	- 0.01	- 0.13	- 0.14	- 5.37
Shareholders' equity	117 752	121 595	117 752	152 913
Equity ratio in percent	39.0	37.1	39.0	36.8
Net cash	167 966	179 475	167 966	207 426
Cash flow from operating activities	- 5 401	- 3 139	- 8 540	- 92 792

Abschluss auf einen Blick

	Q2/2010 CHF 1000	Q1/2010 CHF 1000	1. HJ 2010 CHF 1000	1. HJ 2009 CHF 1000
Netto-Umsatzerlöse	49 269	47 372	96 641	144 539
Betriebsgewinn/-verlust vor Restrukturierung und Teilverkauf des Bereichs Consumer	4 504	1 829	6 333	- 51 996
Restrukturierung	1 632	- 1 074	558	- 113 618
Nettoerlös aus Teilverkauf des Bereichs Consumer	0	0	0	8 748
EBIT	6 136	755	6 891	- 156 866
EBITDA	13 129	8 211	21 340	- 134 954
Verlust der Geschäftsperiode	- 370	- 3 892	- 4 262	- 157 932
Ergebnis pro Aktie in CHF	- 0.01	- 0.13	- 0.14	- 5.37
Eigenkapital	117 752	121 595	117 752	152 913
Eigenkapitalquote in Prozent	39.0	37.1	39.0	36.8
Flüssige Mittel, netto	167 966	179 475	167 966	207 426
Cash Flow aus Geschäftstätigkeit	- 5 401	- 3 139	- 8 540	- 92 792

Letter to shareholders

Ladies and Gentlemen

Micronas has continued to consolidate in the second quarter. The Company's Automotive sales are increasing as the relevant markets recover around the world, while Consumer sales remain at the same level as in the first quarter. Happily, the operating result has improved again. Micronas is already benefiting from the measures initiated by the Board of Directors and Management at the start of the year.

The Micronas Group's consolidated net sales for the second quarter of 2010 came to CHF 49.3 million, slightly higher than for the previous quarter (+4.0 percent), thanks to the improvement in Automotive sales. Operating profit (EBIT) was CHF 5.3 million higher than in the first quarter at CHF 6.1 million. This means that for the second quarter in a row, actual results exceeded the forecasts made by Micronas Management. After taking financial expense and income into account, there was still a small loss of CHF 0.4 million for the second quarter, compared with CHF 3.9 million in the previous quarter. This results in earnings per share of CHF -0.01. On June 25, 2010, Micronas held cash and cash equivalents of CHF 167.9 million, which is CHF 11.2 million lower than on March 26, 2010. CHF 12.1 million was spent on restructuring costs. The outflow of cash in operating areas has already been stopped in the first half year. The equity ratio is 39.0 percent on shareholders' equity of CHF 117.8 million.

The Automotive division's sales were up 5.7 percent on the previous quarter to CHF 42.4

million. Operating profit came to CHF 4.3 million, representing an increase of CHF 3.4 million on the first quarter. The costs associated with insufficiently utilized manufacturing capacity are still pulling down the operating result by CHF 2.9 million.

The automotive market is very heterogeneous at the moment. While the tailing-off of stimulation programs in Europe is having a noticeable effect, the market continues to grow in the USA. Sales were higher year-on-year for each of the first five months of 2010. Positive growth trends are also evident in Japan. In China, the automotive market continues to grow strongly, though the pace of expansion is slowing slightly. In 2010, China remains by far the biggest market for cars, followed by the USA and Japan. The premium car segment in China is growing particularly fast, which is benefiting German car manufacturers in particular.

In the industrial sector, Micronas is expecting sales this year in the single-figure millions. Existing platforms for the automotive market can also be placed, with slight modifications, in the industrial and white goods sectors. Bolstered by good economic data, the positive underlying mood in industrial markets has continued to improve. However, most customers' plans for the rest of 2010 remain cautious – though optimistic.

In May 2010, Micronas delivered the 500 millionth linear Hall sensor in the HAL 8xy family. Hall sensors are fundamentally suitable for the non-contacting and non-wearing detection of positional

or angular distances. The HAL 8xy family is mainly used in cars to control throttle valves and adjust headlights, as well as in electrical power steering systems and fuel level measurement. The success of these linear Hall sensors is based on their programmability via an EEPROM (Electrically Erasable Programmable Read-Only Memory) within the chip itself, and their resistance to a wide range of temperatures from –40 to 170 degrees Celsius.

The major Sensor+Test trade fair held in Nuremberg from May 18 to 20 gave Micronas an opportunity to present product lines and new developments to the public. Crowds of customers showed a great interest in the HAL 3625, the 3D Hall sensor produced by Micronas. This technology can directly determine angles of rotation from 0 to 360 degrees with minimal effort and complexity, facilitating the development of high-quality and highly reliable products – especially for the demanding automotive market.

The Nuremberg event also gave Micronas a chance to promote the first prototypes on the GAS85xyB platform, which is based on mySENS technology. This new generation of chips uses standard CMOS (Complementary Metal Oxide Semiconductor) technology, which Micronas has deployed successfully for many years in its Automotive products. The system solution detects gases (e.g. ammonia and hydrogen) in the surrounding air, and can also measure temperature and humidity. Micronas can thus supply system solutions for various gas sensor

applications in industry, medical technology and the automotive sector.

The consumption of electricity by cars continues to increase, and energy management systems are becoming essential to ensure that the available power is managed as efficiently as possible. Such systems need sensors to measure the current being used. The new Hall-effect-based current sensor from Micronas (CUR 3105), which was also presented at this year's Sensor+Test in Nuremberg, is specially designed for exactly this job. It can be used for contactless measurement of direct and alternating current in automotive and industrial applications. By selecting the best magnetic field range, programming the required output and choosing a suitable package, the CUR 3105 can be adjusted precisely for specific contactless current measurement applications. It is suitable for applications as diverse as monitoring batteries in hybrid and electric cars, DC converters, start-stop systems and electricity meters.

Sales by the Consumer division came to CHF 6.9 million, compared with CHF 7.3 million in the previous quarter. The division's operating profit for the second quarter was CHF 1.8 million.

Utilization of production capacity at our Freiburg site remained above 70 percent in the second quarter thanks to increasing demand for sensors, as well as residual volumes of Consumer production. The short-time working imposed during the second quarter was lifted at the end of June in Freiburg for the holiday months of July

and August. Micronas still has the option to impose reduced working hours until the end of April 2011, allowing it to respond flexibly to short-term fluctuations.

Our insurance company gave Micronas GmbH in Freiburg an AAA certificate for 2009, confirming that Micronas maintains an outstanding standard of loss prevention.

The Board of Directors and Management of Micronas believe that the successful restructuring and associated strategic focus on the Automotive segment with two product lines – Hall-effect sensors and embedded microcontrollers – will continue to improve the Company's profitability. The Board of Directors and Management expect also for the second half 2010 positive EBIT-figures and for the year as a whole a balanced result.

July 20, 2010



Heinrich W. Kreuzer
Chairman



Matthias Bopp
Chief Executive Officer

Aktionärsbrief

Sehr geehrte Damen und Herren

Micronas setzt die Konsolidierung des Unternehmens auch im zweiten Quartal fort. Während sich die Automobilmärkte weltweit erholen und der Automotive-Umsatz von Micronas steigt, stellt sich der Consumer-Umsatz auf das Niveau des ersten Quartals. Erfreulicherweise hat sich das operative Ergebnis weiter verbessert. Die von Verwaltungsrat und Management Anfang Jahr eingeleiteten Massnahmen wirken sich für Micronas bereits positiv aus.

Der konsolidierte Netto-Umsatzerlös der Micronas Gruppe belief sich im zweiten Quartal 2010 auf CHF 49.3 Millionen und lag aufgrund der Verbesserung des Automotive-Umsatzes leicht über Vorquartalshöhe (plus 4.0 Prozent). Der Betriebsgewinn (EBIT) konnte gegenüber dem ersten Quartal um CHF 5.3 Millionen auf CHF 6.1 Millionen gesteigert werden. Die vom Micronas Management für das zweite Quartal abgegebenen Erwartungen wurden damit wie schon im vorangegangenen Quartal übertroffen. Nach Berücksichtigung von Finanzaufwand und -ertrag resultierte für das zweite Quartal noch ein kleiner Verlust von CHF 0.4 Millionen gegenüber einem Verlust von CHF 3.9 Millionen im Vorquartal. Das Ergebnis pro Aktie beträgt CHF -0.01. Micronas verfügte am 25. Juni 2010 über eine Liquidität von CHF 167.9 Millionen, was einem Rückgang von CHF 11.2 Millionen gegenüber dem 26. März 2010 entspricht, davon

wurden CHF 12.1 Millionen für Restrukturierungszahlungen ausgegeben. Der Liquiditätsabfluss im operativen Bereich konnte somit bereits im ersten Halbjahr gestoppt werden. Die Eigenkapitalquote beträgt 39.0 Prozent, was einem Eigenkapital von CHF 117.8 Millionen entspricht.

Im Bereich Automotive stieg der Umsatz gegenüber dem Vorquartal um 5.7 Prozent auf CHF 42.4 Millionen. Der Betriebsgewinn betrug CHF 4.3 Millionen, was im Vergleich zum ersten Quartal eine Steigerung von CHF 3.4 Millionen bedeutet. Die Kosten der noch nicht ausreichend ausgelasteten Fertigung belasten das operative Ergebnis derzeit noch mit CHF 2.9 Millionen.

Der Automobilmarkt entwickelt sich im Moment sehr unterschiedlich. Während sich in Europa das Auslaufen der Förderprogramme deutlich bemerkbar macht, wächst der Markt in den USA weiter. Die Absätze erhöhten sich in den ersten fünf Monaten gegenüber der Vorjahresperiode. In Japan zeigen sich ebenfalls positive Wachstumstrends. In China legt der Automobilmarkt weiterhin stark zu, wobei sich das Wachstumstempo leicht verlangsamt. China bleibt 2010 mit deutlichem Abstand der grösste Automarkt, vor den USA und Japan. Besonders rasant wächst der Sektor der Premium-Fahrzeuge in China, wovon vor allem die deutschen Automobilhersteller profitieren.

Für den Bereich Industrial erwartet Micronas für dieses Jahr Umsatzbeiträge im einstelligen Millionenbereich. Bestehende Plattformen für den Automobilmarkt können durch leichte Modifikationen in den Bereichen Industrie und weisse Ware erfolgreich platziert werden. Beflügelt durch gute Konjunktur-Kennzahlen hat die positive Grundstimmung der Industriemärkte weiter zugenommen. Für das verbleibende Jahr 2010 planen die meisten Kunden aber noch verhalten positiv.

Im Mai 2010 lieferte Micronas den 500-millions-ten linearen Hall-Effekt-Sensor der Familie HAL 8xy aus. Hall-Sensoren eignen sich zur berührungslosen und verschleissfreien Erfassung von Weg- bzw. Winkelstrecken. Die HAL 8xy-Familie kommt in erster Linie im Automobil für die Drosselklappen- und Leuchtweitenregelung, in elektrischen Lenkunterstützungssystemen bis hin zu Tankfüllstandsmessungen zur Anwendung. Die Erfolgsgeschichte dieser programmierbaren linearen Hall-Sensoren basiert auf der angebotenen Funktion der Programmierbarkeit dieser Sensoren über ein Chip-internes EEPROM (Electrically Erasable Programmable Read-Only Memory) sowie deren Einsatz in einem erweiterten Temperaturbereich von -40 bis 170 Grad Celsius.

Vom 18. bis 20. Mai fand die Messtechnik-Messe Sensor+Test in Nürnberg statt. Auch Micronas präsentierte an dieser wichtigen Sensor-Messe

ihre Produktlinien und Neuentwicklungen der Öffentlichkeit. Kunden zeigten bei starkem Besucherandrang grosses Interesse am 3D-Hall-Sensor von Micronas, dem HAL 3625. Mit dieser Technologie können Drehwinkel von 0 bis 360 Grad bei minimalem Messaufwand direkt ermittelt werden. Dies ermöglicht Produkte mit hoher Qualität und hoher Zuverlässigkeit – speziell für den anspruchsvollen Automobilmarkt.

Im Fokus standen an der Nürnberger Messe auch die ersten Prototypen auf Basis der GAS85xyB-Plattform, die auf der mySENS-Technologie beruht. Diese neuartige Chip-Generation basiert auf einer Standard-CMOS-Technologie (Complementary Metal Oxide Semiconductor), welche Micronas bereits seit vielen Jahren erfolgreich für ihre Automotive-Produkte einsetzt. Die Systemlösung weist Gase (z.B. Ammoniak und Wasserstoff) in der Umgebungsluft nach und erfasst ausserdem Temperatur und Luftfeuchtigkeit. Micronas stellt damit Systemlösungen für die Gas-Sensorik für verschiedenste Anwendungen in der Industrie, in der Medizintechnik und im Automobil bereit.

Der Verbrauch an elektrischer Energie im Fahrzeug steigt weiter an. Um mit der verfügbaren Energie so effizient wie möglich umzugehen, werden Energiemanagementsysteme benötigt. Grundlage dafür sind Sensoren, die aktuelle Ströme erfassen können. Der neue Strom-Sensor auf Hall-Effekt-Basis von Micronas (CUR 3105), der eben-

falls an der diesjährigen Sensor+Test in Nürnberg vorgestellt wurde, ist für diese Aufgabe speziell ausgelegt. Er ist geeignet zur kontaktlosen Gleich- und Wechselstrom-Messung für Automobil- und Industrieanwendungen. Der CUR 3105 kann durch Auswahl des idealen Magnetfeldbereichs, durch Programmierung des benötigten Ausgangsverhaltens und durch Auswahl des geeigneten Gehäuses perfekt an kontaktlose Strommessanwendungen angepasst werden. Er ist geeignet für Anwendungen wie zum Beispiel die Überwachung von Batterien in Hybrid- oder Elektrofahrzeugen, Gleichstromwandler, Start-Stop-Systeme oder in Stromzählern.

Im Bereich Consumer stellte sich der Umsatz auf CHF 6.9 Millionen, nachdem im Vorquartal CHF 7.3 Millionen ausgewiesen worden waren. Der Betriebsgewinn betrug im zweiten Quartal CHF 1.8 Millionen.

Die Auslastung in der Freiburger Produktion lag im zweiten Quartal 2010 weiterhin bei über 70 Prozent. Hierzu trugen neben dem steigenden Bedarf bei den Sensoren auch Restvolumina bei den Consumer-Produkten bei. Die im zweiten Quartal bestehende Kurzarbeit konnte per Ende Juni in Freiburg für die Ferienmonate Juli und August aufgehoben werden. Micronas hat noch die Möglichkeit, bis Ende April 2011 Kurzarbeit einzusetzen, was die Option offenhält, auf kurzfristige Schwankungen flexibel zu reagieren.

Unsere Versicherungsgesellschaft hat der Micronas GmbH am Standort Freiburg das AAA-Zertifikat für 2009 übergeben. Damit bescheinigt sie der Micronas einen hervorragenden Schadenverhütungsstandard.

Der Verwaltungsrat und das Management von Micronas rechnen damit, dass die erfolgreiche Restrukturierung und die damit verbundene strategische Ausrichtung auf den Automotive-Bereich mit den zwei Produktlinien Hall-Effekt-Sensoren und embedded Mikrocontroller die Rentabilität des Unternehmens weiter verbessern. Verwaltungsrat und Management erwarten auch für das zweite Halbjahr 2010 gleichermassen positive EBIT-Zahlen und für das gesamte Jahr 2010 ein ausgeglichenes Ergebnis.

20. Juli 2010



Heinrich W. Kreutzer
Präsident



Matthias Bopp
Chief Executive Officer

Interim Report

Consolidated statement of comprehensive income

	Note	Q2/2010 CHF 1000	1st half 2010 CHF 1000	Q2/2009 CHF 1000	1st half 2009 CHF 1000
Net sales		49 269	96 641	64 165	144 539
Cost of sales		- 34 784	- 70 403	- 61 418	- 131 202
Margin		14 485	26 238	2 747	13 337
in % of net sales		29.4	27.1	4.3	9.2
Research and development expenses		- 6 338	- 12 227	- 17 564	- 39 064
Marketing expenses		- 2 090	- 4 346	- 8 509	- 20 257
Administrative and general expenses		- 2 389	- 4 719	- 1 105	- 5 822
Other operating income (+) and expenses (-), net	1	836	1 387	- 187	- 190
Operating profit/loss before restructuring and partial sale of Consumer division		4 504	6 333	- 24 618	- 51 996
Restructuring	4	1 632	558	15 827	- 113 618
Net gain from partial sale of Consumer division		0	0	8 748	8 748
Operating profit/loss		6 136	6 891	- 43	- 156 866
in % of net sales		12.5	7.1	- 0.1	- 108.5
Financial income	6	167	208	2 317	6 519
Financial expenses	1, 6	- 6 471	- 11 153	- 3 232	- 7 260
Other income		26	50	25	57
Loss before tax		- 142	- 4 004	- 933	- 157 550
Income taxes		- 228	- 258	- 876	- 382
Loss for the period		- 370	- 4 262	- 1 809	- 157 932
in % of net sales		- 0.8	- 4.4	- 2.8	- 109.3
Attributable to:					
Shareholders of the parent		- 370	- 4 262	- 1 809	- 157 932
Other comprehensive income	10				
Translation adjustment		- 709	- 1 534	2 164	4 438
Gain/loss of valuation of available-for-sale financial asset		- 2 018	- 2 764	4 855	4 855
Loss on cash flow hedge		- 765	- 769	0	0
Other comprehensive income/loss		- 3 492	- 5 067	7 019	9 293
Total comprehensive income/loss for the period, net of tax		- 3 862	- 9 329	5 210	- 148 639
Attributable to:					
Shareholders of the parent		- 3 862	- 9 329	5 210	- 148 639
Weighted average number of issued and outstanding shares		29 433 242	29 433 242	29 433 242	29 433 242
Earnings per share in CHF – undiluted		- 0.01	- 0.14	- 0.06	- 5.37
Weighted average number of issued and outstanding shares for calculation of earnings per share – diluted		29 433 242	29 433 242	29 433 242	29 433 242
Earnings per share in CHF – diluted		- 0.01	- 0.14	- 0.06	- 5.37

Consolidated statement of financial position

Assets	Note	25.6.2010 CHF 1000	31.12.2009 CHF 1000
Non-current assets			
Property, plant and equipment		65 360	83 785
Intangible assets		3 765	4 642
Investments		12 963	15 658
Other long-term assets		390	429
Deferred tax assets	3	878	790
Total non-current assets		83 356	105 304
Current assets			
Inventories		22 713	26 328
Accounts receivable – trade		20 047	20 491
Other current assets		7 685	3 936
Short-term financial investments		89	1 119
Cash and cash equivalents		167 877	188 446
Total current assets		218 411	240 320
Total assets		301 767	345 624

Shareholders' equity and liabilities

Shareholders' equity			
Issued capital	9	1 484	1 484
Additional paid-in capital		499 667	499 629
Treasury shares		– 9 430	– 9 430
Other comprehensive income	10	6 698	11 765
Retained earnings		– 380 667	– 376 405
Equity attributable to the shareholders of the parent		117 752	127 043
Long-term liabilities			
Long-term provisions		139 622	156 152
Long-term liabilities		257	242
Total long-term liabilities		139 879	156 394
Current liabilities			
Accounts payable – trade		9 242	11 947
Short-term provisions		12 663	29 409
Income tax payable		82	121
Other current liabilities		22 149	20 710
Total current liabilities		44 136	62 187
Total liabilities		184 015	218 581
Total shareholders' equity and liabilities		301 767	345 624

Consolidated statement of cash flows

Operating activities	1st half 2010	1st half 2009
	CHF 1000	CHF 1000
Loss before tax	- 4 004	- 157 550
Depreciation and amortization	14 449	21 912
Interest income (-) and expense (+), net (excl. interest portion of discounted long-term provisions and liabilities)	- 208	- 1 953
Gain/loss on disposal of fixed assets	- 1 743	- 438
Disposal of investment in subsidiaries	0	- 699
Gain from partial sale of Consumer division	0	- 12 798
Change in fair value of financial asset	766	0
Share compensation expense	38	196
Foreign exchange gains and losses	- 402	- 1 358
Change in other long-term assets, provisions and liabilities	829	22 200
Cash flow before working capital changes	9 725	- 130 488
Change in inventories	1 284	33 620
Change in accounts receivable – trade and other current assets	- 6 413	17 761
Change in accounts payable – trade, short-term provisions and other current liabilities	- 13 495	- 13 457
Cash flow from operations	- 8 899	- 92 564
Income taxes paid	359	- 228
Cash flow from operating activities	- 8 540	- 92 792
Investing activities		
Capital expenditures	- 2 492	- 7 793
Short-term financial investments	982	- 1 007
Interest received	229	2 526
Proceeds from disposal of fixed assets	1 912	1 624
Cash flow from investing activities	631	- 4 650
Financing activities		
Interest paid	0	- 6
Repayment of long-term liabilities	- 3 420	- 3 571
Cash flow from financing activities	- 3 420	- 3 577
Exchange effect on cash	- 9 240	4 233
Change in cash and cash equivalents	- 20 569	- 96 786
Cash and cash equivalents at end of period	167 877	206 340
Cash and cash equivalents as at January 1	188 446	303 126
Change in cash and cash equivalents	- 20 569	- 96 786

Consolidated statement of changes in equity

CHF 1000	Equity attributable to the shareholders of the parent					Total
	Issued capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Retained earnings	
1st half 2010						
31.12.2009	1 484	499 629	- 9 430	11 765	- 376 405	127 043
Total comprehensive income/loss				- 5 067	- 4 262	- 9 329
Share compensation reserve		38				38
25.6.2010	1 484	499 667	- 9 430	6 698	- 380 667	117 752
1st half 2009						
31.12.2008	1 484	500 453	- 9 430	6 267	- 197 418	301 356
Total comprehensive income/loss				9 293	- 157 932	- 148 639
Share compensation reserve		196				196
26.6.2009	1 484	500 649	- 9 430	15 560	- 355 350	152 913

Notes to the consolidated interim financial statements 25.6.2010

1. Accounting principles

The unaudited interim financial statements ("Interim Report") for the first half of 2010 comply with International Financial Reporting Standards (IFRS) and have been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim Report should be read in conjunction with the consolidated financial statements as at December 31, 2009. We followed the same accounting policies and methods of computation as compared with the most recent annual financial statements. To present foreign exchange effects with related expenses, foreign exchange gains/losses, previously classified within "other operating income and expenses, net", are now reported within "financial income and expenses" in the consolidated statement of comprehensive income and operating segment reporting, effective from the second quarter 2010 with restated comparative figures presented for prior periods. In the first quarter of 2010, reclassified foreign exchange gains amount to CHF 0.1 million. In the second quarter of 2009, reclassified foreign exchange losses amount to CHF 1.0 million and in the first half of 2009, reclassified foreign exchange losses amount to CHF 3.1 million. In 2010, none of the new adopted standards have an impact on the financial statements. The Board of Directors authorized the Interim Report for issue on July 15, 2010.

2. Currency exchange rates

	25.6.2010	1st half 2010 average	31.12.2009	1st half 2009 average
1 EUR	1.3520	1.4317	1.4880	1.5125
1 GBP	1.6511	1.6504	1.6528	1.6894
1 USD	1.1032	1.0876	1.0378	1.1354
100 JPY	1.2320	1.1910	1.1250	1.1980
1 HKD	0.1418	0.1399	0.1339	0.1464
1 SGD	0.7929	0.7772	0.7384	0.7611
1 CNY	0.1619	0.1582	0.1518	0.1664
100 TWD	3.4400	3.3970	3.2200	3.3860

3. Deferred tax assets

In view of the current losses as well as the history of recent losses, it is currently not probable that sufficient future taxable profits will be available against which the unused tax losses can be utilized at Micronas GmbH, Germany, at Micronas Semiconductor Holding AG, Switzerland, and at Micronas USA, Inc., USA.

Consequently, in the first half of 2010, CHF 14.4 million of net operating losses have been carried forward for trade income tax and CHF 14.5 million for corporate income tax in Germany for which no deferred tax asset has been recorded.

In the first half of 2009, CHF 164.9 million of net operating losses were carried forward for trade income tax and CHF 165.8 million for corporate income tax in Germany for which no deferred tax asset was recorded.

4. Restructuring

Micronas announced the wind-down of the Consumer business on February 5, 2009. Micronas recorded a provision of CHF 113.4 million for related cost in the financial statements in 2009.

In 2010, an additional provision of CHF 2.1 million has been recorded mostly caused by the present USD to EUR exchange rate that required a revaluation of commitments to be settled in USD. This has been offset by a reduction of provisions, related to cost of sales and operating expenses, resulting in a release of CHF 2.7 million.

The recorded restructuring provisions and allowances relate only to those issues which Management believes are probable of occurring and can be estimated with reasonable accuracy at this time. During the first half of 2010, CHF 19.9 million of the recorded provisions have been paid out.

5. Operating segment and geographical information

Operating segments	Automotive	Consumer	CHF 1000 Group
1st half 2010			
Net sales	82 500	14 141	96 641
in % of total net sales	85.4	14.6	100.0
Manufacturing margin	31 851	1 182	33 033
in % of sales	38.6	8.4	34.2
Excess capacity cost ¹	- 6 795	0	- 6 795
Margin	25 056	1 182	26 238
in % of sales	30.4	8.4	27.1
Operating profit before restructuring	5 224	1 109	6 333
in % of sales	6.3	7.8	6.6
Restructuring	0	558	558
Operating profit	5 224	1 667	6 891
in % of sales	6.3	11.8	7.1
1st half 2009			
Net sales	61 004	83 535	144 539
in % of total net sales	42.2	57.8	100.0
Manufacturing margin	24 442	31 575	56 017
in % of sales	40.1	37.8	38.8
Excess capacity cost ¹	- 14 829	- 27 851	- 42 680
Margin	9 613	3 724	13 337
in % of sales	15.8	4.5	9.2
Operating loss before restructuring and partial sale of Consumer division	- 5 571	- 46 425	- 51 996
in % of sales	- 9.1	- 55.6	- 36.0
Restructuring	0	- 113 618	- 113 618
Net gain from partial sale of Consumer division	0	8 748	8 748
Operating loss	- 5 571	- 151 295	- 156 866
in % of sales	- 9.1	- 181.1	- 108.5

¹ Excess capacity cost = actual manufacturing cost minus manufacturing cost at standard cost plus/minus volume and value variances.

Geographical information

Group	1st half 2010		1st half 2009	
	CHF 1000 Net sales	in % of total net sales	CHF 1000 Net sales	in % of total net sales
Europe	34 227	35.4	60 516	41.9
Germany	20 524	21.2	18 978	13.1
Switzerland	139	0.1	104	0.1
France	3 490	3.6	2 331	1.6
United Kingdom	1 033	1.1	16 374	11.3
Spain	385	0.4	7 272	5.0
Rest of Europe	8 656	9.0	15 457	10.8
Asia	52 971	54.8	76 872	53.2
Japan	36 733	38.0	33 614	23.3
China	13 503	14.0	13 562	9.4
South Korea	1 913	2.0	9 692	6.7
Rest of Asia	822	0.8	20 004	13.8
America	8 994	9.3	6 392	4.4
USA	6 305	6.5	3 361	2.3
Rest of America	2 689	2.8	3 031	2.1
Other	449	0.5	759	0.5
Total net sales	96 641	100.0	144 539	100.0

6. Financial income and expenses

The financial expenses of the first half of 2010 include CHF 0.8 million valuation loss of a financial asset – held-for-trading, a net valuation loss of CHF 4.1 million of foreign exchange and CHF 2.5 million loss from currency forward – held-for-trading.

7. Number of employees

	1st half 2010	1st half 2009	31.12.2009
Production	676	746	694
Research and development	78	114	89
Administration and general	75	88	77
Marketing and sales	38	48	41
Quality management	27	32	29
Number of employees at end of period	894	1 028	930
Average number of employees	899	1 521	1 235

8. Seasonality, economic cycles

In the past, the results varied from quarter to quarter. It is expected that these variations will continue in the future. The business of the Group does not present pronounced seasonal cyclical patterns.

9. Issued capital

The issued and fully paid share capital of Micronas Semiconductor Holding AG comprises:	25. 6. 2010		31. 12. 2009	
	Number	CHF 1000	Number	CHF 1000
Opening balance	29 675 430	1 484	29 675 430	1 484
Balance, end of period	29 675 430	1 484	29 675 430	1 484

10. Other comprehensive income

In the first half of 2010, an unrealized loss of CHF 0.8 million has been recorded in equity from cash flow hedging due to the significant change of the currency rate Yen/Euro. In the first half of 2009, no effect from cash flow hedge in equity was recorded.

A valuation loss of an available-for-sale financial asset of CHF 1.9 million is included in the first half of 2010 in other comprehensive income. In the first half of 2009, a valuation gain of CHF 4.9 million was included.

11. Subsequent events

In July 2010, 75 000 options were issued to certain members of the Management and certain key personnel at an exercise price of CHF 4.73 each. The options are exercisable between 2013 and 2015.

Additional Information

Orders on hand	1st half 2010	1st half 2009
	CHF 1000	CHF 1000
Orders on hand, beginning of period	55 776	77 722
Net sales	96 641	144 539
Order intake	117 249	140 022
Orders on hand cancellations ¹	0	26 631
Translation adjustments	- 6 246	1 438
Orders on hand, end of period	70 138	48 012
Book-to-bill	1.21	0.97

¹ Due to the sale of certain product lines of the Consumer division to Trident.

