



# Half Year Report 2011



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# Melexis Half Year Report 2011

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# 1. Historic Overview

Mr. Fred Bulcke, an electronics engineer who had accumulated experience with integrated circuits and assembly technology in Germany, incorporated the company at the end of 1988. The company invested significantly in product development tools and production equipment. Towards the end of 1993, activities relied on a limited number of customers and one major contract for a telecommunication company.

In April 1994, Mr. Bulcke sold his company to private shareholders. At that occasion, the company was renamed into Elex Sensors to reflect the desire of the new owners that integrated circuits for sensors should become the core business of the company. In the same year, the company developed its first Hall Sensors and acquired a license to produce and sell silicon pressure sensors chips.

The private shareholders sold their shares to ELEX NV, the majority shareholder of Melexis NV at the time, in the spring of 1996.

In October 1997, Melexis NV and its parent company, Elex NV, launched an Initial Public Offering (IPO) on the EASDAQ stock exchange market. At this IPO, 4.000.000 new shares were issued and 3.300.000 existing shares were sold by the selling shareholder.

In the last quarter of 1997, the company acquired US MikroChips Inc. (now Melexis Inc.), based in Webster, Massachusetts. US MikroChips Inc. was founded in January 1993 to take advantage of a rapidly growing market in Asia for Hall Sensors in cooling fans. Since April 1994, the cooperation between US MikroChips and Melexis NV had increasingly deepened. After changing its name in Melexis Inc., the company is currently involved in marketing and sales support activities as well as contract R&D activities.

On October 1, 1999 Melexis NV acquired Thesys Mikroelektronik Produkte GmbH. With this acquisition of Thesys, the development team headcount has almost doubled and Melexis acquired knowledge in the area of RF (radio frequency applications) and Bus-systems (signaling and communication in cars). Its corporate name has been changed into Melexis GmbH.

At the end of 1999, Melexis Tessenderlo NV was incorporated as a subsidiary of Melexis NV. This entity was active in the domains of Hall Sensors, Pressure Sensors and Household Applications.

In March 2000, Melexis NV incorporated a branch office in Bevaix, Switzerland.

In September 2000, Melexis NV incorporated Melexis Ukraine. This newly created entity is mainly active in contract R&D activities in the domain of microcontrollers.

On October 31, 2000, Melexis NV bought Melexis Bulgaria Ltd. from Sigma Delta Holding NV. This company is mainly active in test services and in contract R&D activities related to Hall sensors and IR Sensors.

At the end of 2000, Melexis NV sold Melexis AG, its 100 % subsidiary in Bevaix, Switzerland to Elex NV, its parent company.

In January 2001, Melexis NV incorporated Melexis BV, in Utrecht, The Netherlands. This company was mainly active in the field of development of ICs. The company's current activity is limited to the mere holding and exploitation of an official building in the Netherlands.

In May 2002, Melexis NV and its parent company, Elex NV, launched a Second Public Offering (SPO) on the Euronext Brussels stock exchange market. At this SPO, 7.500.000 existing shares were sold by the selling shareholder.

Since January 2003 Melexis NV is delisted from NASDAQ EUROPE.

In January 2003 Melexis NV incorporated a branch office in Paris, France. This branch is mainly active in sales support and contract R&D activities.

On the 3rd of February 2004, Sentron AG was purchased. This company is mainly active in the Magnetic Sensor contract R&D development.

On 13 October 2005, Melexis created a branch office in Manila, Philippines. The branch supports the third party assembly houses.

On the 23rd of December, 2005, Melexis NV incorporated Melefin NV. Melefin NV has mainly a treasury function within the Melexis group.

Since January 1, 2006, Xtrion NV is the main shareholder of Melexis NV, through a partial split of Elex NV into Elex NV and Xtrion NV.





On 26 October 2006, Melexis branch office in Bevaix was transformed into a legal entity Melexis Technologies SA, 99,99 % owned by Melexis NV.

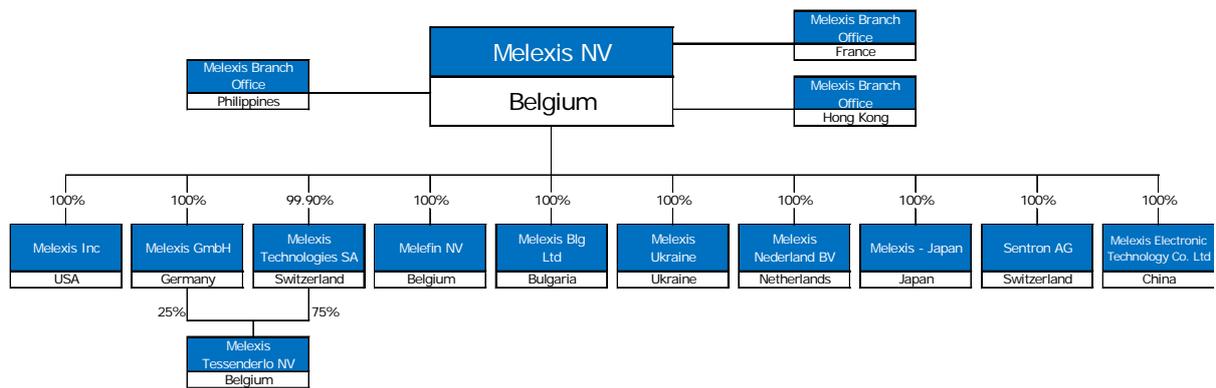
In order to centralize the entrepreneur function for existing as well as for new projects as much as possible within one Melexis entity, on 28 November 2006, Melexis Technologies transferred part of its IP portfolio to Melexis Tessenderlo NV through a contribution in kind into the capital of Melexis Tessenderlo. As a result of this transaction, Melexis Technologies acquired 56% of the capital of Melexis Tessenderlo, reducing the share of Melexis GmbH from 100% to 44%.

On 13th of March 2007, Melexis created an entity in Tokyo and on 10th of July 2007 in Hong Kong. Their principal activities are sales support activities.

In order to further centralize the entrepreneur function within the group, on 12 December 2008, Melexis Technologies transferred again part of its IP portfolio to Melexis Tessenderlo NV through a contribution in kind into the capital of Melexis Tessenderlo. As a result of this transaction, Melexis Technologies increased its share in the capital of Melexis Tessenderlo from 56% to 66%, reducing the share of Melexis GmbH from 44% to 34%.

Melexis Electronic Technology (Shanghai) Co. Ltd. has been incorporated on September 22, 2009. Its principle activity is sales and application support on the Chinese mainland.

Following a repurchase and subsequent cancellation of own shares by Melexis Tessenderlo NV dated December 9, 2010 the shareholder structure of Melexis Tessenderlo NV has slightly changed. Melexis GmbH currently owns 25% of the shares of Melexis Tessenderlo NV whereas Melexis Technologies SA currently owns 75%.





## 2. Comments on the condensed consolidated interim accounts prepared according to IFRS standards

### 2.1 Selected financial figures

The tables below set out the components of Melexis' operating income and operating expenses, as well as the key elements of the unaudited condensed consolidated interim statement of financial position.

#### Unaudited condensed consolidated interim statement of comprehensive income

	Half Year Ended 30/06/2011 EUR	Half Year Ended 30/06/2010 EUR
Product sales	115,831,526	101,803,024
Revenues from research and development	760,363	420,420
Cost of sales	(62,831,778)	(55,892,755)
<u>Gross margin</u>	<u>53,760,111</u>	<u>46,330,689</u>
Research and development expenses	(17,139,477)	(14,299,933)
General and administrative expenses	(6,073,683)	(4,873,675)
Selling expenses	(3,537,741)	(2,730,713)
Other Operating Expenses (net)		
<u>Operating result (EBIT)</u>	<u>27,009,210</u>	<u>24,426,368</u>
Financial results (net)	(1,170,404)	(950,607)
<u>Result before Taxes</u>	<u>25,838,806</u>	23,475,761
Income Taxes	(3,544,064)	(3,255,781)
Minority Interest		
<u>Net result of the period</u>	<u>22,294,742</u>	<u>20,219,980</u>
Net profit of the group	22,294,742	20,219,980
Attributable to the shareholders	22,294,742	20,219,980





## Unaudited condensed consolidated interim statement of comprehensive income

	Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
Current Assets	112,817,675	110,358,638
Non current assets	74,233,402	70,120,337
Current liabilities	29,979,735	44,781,907
Non current liabilities	43,200,123	40,241,848
Equity	113,871,219	95,455,221

## 2.2 Exchange rates

Since the introduction of the EURO on January 1st 1999, and in accordance with Belgian law, Melexis NV keeps its books and prepares its consolidated financial statements in EURO. The functional currency of Melexis NV and of its subsidiaries Melexis Tessenderlo NV, Melefin NV, Melexis GmbH and Melexis BV is the EURO. The functional currency for Melexis Inc. is the United States Dollar (USD), for Melexis Ukraine the Ukrainian Hryvnia (UAH), for Melexis Bulgaria Ltd., the Bulgarian Leva (BGN), for Sentron AG and Melexis Technologies SA the Swiss franc (CHF), for the Philippine branch of Melexis NV the Philippine Peso (PHP), for the Chinese branch of Melexis NV in Hong Kong the Hong Kong Dollar and in Shanghai the Yuan, and for Melexis Japan the Japanese Yen is the measurement currency. Assets and liabilities of Melexis Inc., Melexis Technologies SA, Sentron AG, Melexis Ukraine, Melexis Bulgaria Ltd., Melexis Philippines, Melexis Electronic Technology (Shanghai) Co. Ltd Melexis Hong Kong and Melexis Japan KK are translated at exchange rates in effect at the end of the reporting period, and revenues and expenses are translated at the average exchange rate during the period. Equity components have been translated at historical exchange rates. Gains or losses resulting from this translation are reflected in the component "cumulative translation adjustment" (CTA) in the statement of financial position.

## 2.3 Results of operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Company's financial statements of prior years.

### Revenues

The following table shows a break down of total revenues by division:

	Half Year Ended 30/06/2011 EUR	Half Year Ended 30/06/2010 EUR	% Change (Y-0-Y) EUR
Sensors	66,093,503	54,136,574	22
Wireless	7,118,101	6,263,703	14
Actuators	32,622,767	30,122,242	8
Opto	9,162,240	10,094,825	-9
Other	1,595,278	1,606,100	-1
TOTAL	116,591,889	102,223,444	34

### Cost of Sales

Costs of sales consist of materials (raw material and semi finished parts), subcontracting, labor, depreciation and other direct production expenses. They increased from EUR 55.892.649 in 2010 up to EUR 62.831.778 in 2011.

Expressed as a percentage of sales, the cost of sales was 54% in 2011 compared to 55% in 2010 due to better capacity utilization in 2011.

### Gross margin

The gross margin, expressed as a percentage of sales, was 46% in 2011 compared to 47% in 2010.





### Research and Development expenses

Research and Development expenses amounted to EUR 17.139.477 in 2011, representing 15% of sales. The research and development activities concentrate further on research and development of Hall Effect Sensors, MEMS Sensors and Signal Conditioning Interface Sensors, Motor Control IC's and LIN Slaves, Infrared and Opto Sensors, and Wireless IC's.

### General, administrative and selling expenses

General, administrative and selling expenses consist mainly of salaries and salary related expenses, office equipment and related expenses, commissions, travel and advertising expenses. The general, administrative and selling expenses increased by 26% compared to 2010, mainly as a result of increased selling expenses and increased investment in general supporting activities.

### Financial results

The net financial results decreased from EUR 950.607 loss in the first half of 2010 to EUR 1.170.404 loss in the first half of 2011. The (net) interest result increased from a loss of EUR 1.524.762 in 2010 to a loss of EUR 339.375 in 2011. The net exchange gains (both realized and unrealized) in 2011 amounted to a loss of EUR 691.519, compared to a gain of EUR 695.243 during 2010.

### Net income

The company recorded a net income for the first half of 2011 of EUR 22.294.742 compared to EUR 20.219.981 in the first half of 2010. This positive result is mainly caused by a sales increase of 14%.

## 2.4 Liquidity, Working Capital and Capital Resources

Cash and cash deposits amounted to EUR 24.651.226 as of June 30, 2011, in comparison to EUR 21.179.891 as of December 31, 2010.

In the first half year of 2011, operating cash flow before working capital changes amounted to EUR 29.188.082. Working capital changes in the first half year of 2011 resulted in a net operating cash flow of EUR 28.369.100.

The cash flow from investing activities was negative for an amount of EUR 8.212.457.

The cash flow from financing activities was negative for an amount of EUR 16.685.206.

## 2.5 Risk Factors

Melexis is, as with any company, continuously confronted with – but not exclusively – a number of market and competition risks or more specific risks related to the company (eg. currency fluctuations, customer concentration, dependence on key personnel, product liability, IP or litigation). More information on risk factors can be found in the annual report 2010.

Melexis believes that the most noteworthy risks facing the company for the coming half year would be the volatility in supply and demand, and fluctuations in the USD exchange rate.

## 2.6 Events after the balance sheet date

There are no events after the balance sheet date.

## 2.7 Statement of the Board of Directors

The board of directors of Melexis certifies, on behalf and for the account of the company, that, to their knowledge, (a) the unaudited condensed consolidated interim financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and (b) the comments on the consolidated accounts include a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.





## 3. Unaudited condensed consolidated interim financial statements

### 3.1 Unaudited condensed consolidated interim statement of financial position

			Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
<b>ASSETS</b>				
<b>Current assets</b>				
	Cash and Cash equivalents	Note 3.6.5 A	24,651,226	21,179,891
	Current investments	Note 3.6.5 B	5,925,075	5,729,096
	Accounts receivable -trade		30,759,767	27,933,275
	Accounts receivable -related companies		9,293,853	8,795,936
	Inventories		36,138,898	39,216,644
	Other current assets		6,048,856	7,503,796
	<b>Total current assets</b>		<b>112,817,675</b>	<b>110,358,638</b>
<b>Non current assets</b>				
	Intangible assets		1,676,431	1,750,145
	Property , plant and equipment	Note 3.6.5 C	52,014,067	48,760,464
	Financial assets		30,100	30,100
	Other non-current assets		5,094,614	4,344,476
	Deferred tax assets	Note 3.6.5 D	15,418,190	15,235,152
	<b>Total non current assets</b>		<b>74,233,402</b>	<b>70,120,337</b>
	<b>TOTAL ASSETS</b>		<b>187,051,077</b>	<b>180,478,975</b>





		Half Year Ended	Year ended
		30/06/2011	31/12/2010
		EUR	EUR
LIABILITIES			
Current liabilities			
	Bank loans and overdrafts		
	Derivative financial instruments	Note 3.6.5 E	809,394
	Current portion of long-term debt	Note 3.6.5 F	4,649,675
	Accounts payable - trade		7,917,547
	Accounts payable - related companies		5,026,637
	Accrued expenses, payroll and related taxes		9,892,442
	Provisions		
	Other current liabilities	Note 3.6.5 G	1,026,274
	Deferred income		657,766
	<b>Total current liabilities</b>		<b>29,979,735</b>
Non current liabilities			
	Long-term debt less current portion	Note 3.6.5 F	40,029,845
	Other non current liabilities	Note 3.6.5 H	2,788,654
	Deferred tax liabilities	Note 3.6.5 D	381,624
	<b>Total non current liabilities</b>		<b>43,200,123</b>
Shareholders' capital		564,814	564,814
Share premium			
Reserve treasury shares		(26,488,969)	(21,885,610)
Revaluation reserve hedge	Note 3.6.5 E	(437,521)	(896,368)
Revaluation reserve fair value		1,838,817	1,378,246
Legal reserve		56,520	56,520
Retained earnings		116,534,861	67,922,723
Result of the period ended		22,294,742	48,612,137
Cumulative translation adjustment		(502,516)	(307,712)
<b>Equity attributable to company owners</b>		<b>113,860,748</b>	<b>95,444,750</b>
Non controlling interest		10,471	10,471
<b>Total equity</b>		<b>113,871,219</b>	<b>95,455,221</b>
<b>TOTAL LIABILITIES</b>		<b>187,051,077</b>	<b>180,478,976</b>

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.





### 3.2 Unaudited condensed consolidated interim income statement

	Half Year Ended 30/06/2011 EUR	Half Year Ended 30/06/2010 EUR
Product sales	115,831,526	101,803,024
Revenues from research and development	760,363	420,420
Cost of sales	(62,831,778)	(55,892,755)
<b>Gross margin</b>	<b>53,760,111</b>	<b>46,330,689</b>
Research and development expenses	(17,139,477)	(14,299,933)
General and administrative expenses	(6,073,683)	(4,873,675)
Selling expenses	(3,537,741)	(2,730,713)
Other Operating Expenses (net)		
<b>Result from operations (EBIT)</b>	<b>27,009,210</b>	<b>24,426,368</b>
Financial income	1,982,116	5,342,884
Financial charges	(3,152,520)	(6,293,491)
Other expenses (net)		
<b>Result before Taxes</b>	<b>25,838,806</b>	<b>23,475,761</b>
Income Taxes	(3,544,064)	(3,255,781)
Minority Interest		
<b>Net result of the period</b>	<b>22,294,742</b>	<b>20,219,980</b>
Earnings per share non-diluted	0.52	0.47
Earnings per share diluted	0.52	0.47

The accompanying notes to this unaudited consolidated interim income statement form an integral part of these consolidated financial statements.





### 3.3 Unaudited condensed consolidated interim statement of comprehensive income

	Half Year Ended 30/06/2011 EUR	Half Year Ended 30/06/2010 EUR
Net result	22,294,742	20,219,980
Cumulative translation adjustment	(194,804)	1,338,854
Hedge reserves	458,847	115,307
Fair value adjustments through equity	460,571	84,070
<u>Total comprehensive income/ ( loss ) for the period</u>	<u>23,019,356</u>	<u>21,758,211</u>
<u>Total comprehensive income attributable to:</u>		
<u>Attributable to owners of the parent</u>	<u>23,019,356</u>	<u>21,758,211</u>
<u>Non controlling interest</u>	<u>0</u>	<u>0</u>

The unaudited consolidated interim statements were approved and authorized for issue by the Board of Directors on 26 July 2011 and were signed on its behalf by Françoise Chombar.

Françoise Chombar  
Managing Director, Chief Executive Officer (CEO)





### 3.4 Unaudited condensed consolidated interim statement of changes in equity

	Number of Shares	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Reserve Treasury Shares	Fair Value Adjustment Reserve	CTA	Non Controlling Interest	Total Equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<u>December 31, 2008</u>	<u>43,241,860</u>	<u>564,814</u>	<u>0</u>	<u>56,520</u>	<u>84,298,683</u>	<u>(17,757,338)</u>	<u>(4,482,704)</u>	<u>(1,152,861)</u>	<u>10,471</u>	<u>61,537,585</u>
Net Result					(3,989,054)					(3,989,054)
CTA Movement								(236,760)		(236,760)
Dividend										
Reserve Treasury Shares						(120,975)				(120,975)
Hedge Reserves							(679,078)			(679,078)
Fair Value Adjustments Through Equity							3,342,448			3,342,448
Non Controlling Interest										
<u>December 31, 2009</u>	<u>43,241,860</u>	<u>564,814</u>	<u>0</u>	<u>56,520</u>	<u>80,309,629</u>	<u>(17,878,313)</u>	<u>(1,819,334)</u>	<u>(1,389,621)</u>	<u>10,471</u>	<u>59,854,166</u>
Net Result					48,612,137					48,612,137
CTA Movement								1,081,909		1,081,909
Dividend					(12,386,906)					(12,386,906)
Reserve Treasury Shares						(4,007,297)				(4,007,297)
Hedge Reserves							739,970			739,970
Fair Value Adjustments Through Equity							1,561,242			1,561,242
Non Controlling Interest										
<u>December 31, 2010</u>	<u>43,241,860</u>	<u>564,814</u>	<u>0</u>	<u>56,520</u>	<u>116,534,860</u>	<u>(21,885,610)</u>	<u>481,878</u>	<u>(307,712)</u>	<u>10,471</u>	<u>95,455,221</u>
Net Result					22,294,742					22,294,742
CTA Movement								(194,804)		(194,804)
Dividend										0
Reserve Treasury Shares						(4,603,359)				(4,603,359)
Hedge Reserves							458,847			458,847
Fair Value Adjustments Through Equity							460,571			460,571
Non Controlling Interest										
<u>June 30, 2011</u>	<u>43,241,860</u>	<u>564,814</u>	<u>0</u>	<u>56,520</u>	<u>138,829,602</u>	<u>(26,488,969)</u>	<u>1,401,296</u>	<u>(502,516)</u>	<u>10,471</u>	<u>113,871,218</u>

Since November 2002, Melexis NV has given order to a bank to start a share buy back program. In 2002 Melexis NV repurchased 530.000 shares and 428.482 in 2003 at an average price of EUR 5,73 in 2002 and EUR 5.43 in 2003. In 2004 Melexis NV repurchased 430.000 shares over-the-counter (OTC) at an average price of EUR 8,90, from which 310.000 shares were purchased from Elex NV. Melexis NV also repurchased 969.658 shares at an average price of EUR 8,89 on the regulatory stock market. The total own shares in 2004 amounted to 1.399.658 shares representing 3,14 % of the total outstanding shares. In accordance with IFRS, the treasury shares are presented as a deduction from equity. During the Extraordinary Shareholders meeting of April 20th, 2004 it was decided to cancel 1.034.805 treasury shares, bringing the total outstanding shares to 44.565.195 at the end of 2004. Melexis NV Extraordinary Shareholders Meeting of October 4th, 2004 decided to increase the capital, bringing it from EUR 565.197 to EUR 32.821.102, by means of incorporation in the capital of the issue premiums for an amount of EUR 32.255.905. It was then decided to decrease the capital by an amount of EUR 32.256.288, by repayment to each existing share of an amount of EUR 0,72. It was also decided to pay an additional gross dividend to the shareholders of EUR 0,28 per share. During the extraordinary Shareholders Meeting of July 14th, 2005, it was decided to cancel 1.323.335 Treasury shares, bringing the total outstanding shares to 43.241.860 at the end of 2005. During the year 2006 Melexis NV repurchased 406.378 shares at an average price of EUR 12,48. No purchases of own shares were done during 2007. During the years 2006 and 2007 no own shares have been cancelled. As such, at the end of the year 2007 the total number of outstanding shares is still 43.241.860. During the year 2008 Melexis NV and Melexis Tessenderlo NV repurchased 1.245.335 shares at an average price of EUR 9.78. In 2009 Melexis Tessenderlo NV repurchased 22.230 shares at an average price of EUR 4.98.





In 2010 Melexis Tessenderlo NV repurchased 349.602 shares at an average price of EUR 11.47. Total own shares at the end of 2010 amount to 2.075.545 representing 4.80% of the total outstanding shares. In first half year of 2011 Melexis Tessenderlo repurchased 373.159 shares at an average price of EUR 10.85. Total own shares at 30<sup>th</sup> June 2011 amounts to 2.448.704 representing 5.66% of the total outstanding shares.

### 3.5 Unaudited condensed consolidated interim statement of cash flow

(indirect method)	Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
<b><u>Cash flows from operating activities</u></b>		
Net result	22,294,742	48,612,137
Adjustments for operating activities:		
Deferred taxes	(183,039)	342,961
Unrealized exchange results	(169,730)	1,159,405
Provisions		
Government grants	680,734	954,960
Depreciations	6,251,210	11,509,517
Impairments		
Financial results	314,165	2,200,874
<u>Operating profit before working capital changes</u>	<u>29,188,082</u>	<u>64,779,854</u>
Accounts receivable, net	(2,827,464)	(7,130,933)
Other current assets	1,693,626	2,285,020
Other non-current assets	(750,138)	(1,255,775)
Due to related companies	(1,576,369)	1,670,344
Due from related companies	(497,918)	(783,491)
Accounts payable	645,406	733,954
Accrued expenses	3,587,632	2,588,972
Other current liabilities	(680,517)	565,795
Deferred income tax	(881,579)	209,816
Inventories	2,572,180	(14,063,092)
Interest paid	(1,249,908)	(3,417,028)
Income tax paid	(853,933)	(1,136,844)
<u>Net cash from operating activities</u>	<u>28,369,100</u>	<u>45,046,592</u>



## Unaudited condensed consolidated interim statement of cash flow (continued)

(indirect method)	Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
<b><u>Cash flows from investing activities</u></b>		
Financial fixed assets (incl. own shares)		
Purchase of property, plant and equipment and intangible assets	(8,927,011)	(15,376,932)
Interests received	910,533	1,138,797
Investments, proceeds from current investments	(195,979)	(1,739,069)
Acquisition of subsidiary		
<u>net cash used in investing activities</u>	<u>(8,212,457)</u>	<u>(15,977,204)</u>
<b><u>Cash flows from financing activities</u></b>		
Payment to acquire own shares	(4,603,359)	(4,013,298)
Repayment from long-term debts	(12,081,846)	(13,739,095)
Proceeds of long-term debts		
Repayment of bank loans and overdrafts		
Proceeds from (repayment of) related party financing		
Dividend payment		(12,386,906)
Capital decrease		
Minorities		
<u>net cash used in financing activities</u>	<u>(16,685,205)</u>	<u>(30,139,299)</u>
Effect of exchange rate changes on cash	103	2,778
(Decrease) increase in cash	3,471,334	(1,067,133)
Cash at beginning of the period	21,179,891	22,247,024
Cash at the end of the period	24,651,226	21,179,891
Cash at the end of the period minus cash at the beginning of the period	3,471,335	(1,067,133)

The accompanying notes to this statement of cash flows form an integral part of the consolidated financial statements.



## 3.6 Notes to the unaudited condensed consolidated interim financial statements

### 3.6.1 General

Melexis NV is a limited liability company incorporated under Belgian law. The company has been operating since 1989. The company designs, develops, tests and markets advanced integrated semiconductor devices for the automotive industry. The company sells its products to a wide customer base in the Automotive Industry in Europe, Asia and North America.

The Melexis group of companies employed, on average 762 at the end of June in 2011, 672 in 2010 and 695 in 2009.

The registered office address of the Group is located at Rozendaalstraat 12, 8900 Ieper, Belgium.

The consolidated statements were authorized for issue by the Board of Directors subsequent to their meeting held on July 26th, 2011 in Antwerp.

### 3.6.2 Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the company as at and for the year ended 31 December 2010. Melexis has not applied early any new IFRS requirements that are not yet effective in 2011.

### 3.6.3 Summary of Significant Accounting Policies

The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended 31 December 2010, except as described below.

#### Adoption of new and revised standards and interpretations

The following (amended) standards and interpretations are applicable as of 1 January 2011, but are not relevant for the company:

- Amendment of IAS 32 – Classification of rights issues.
- IFRIC 19 – Extinguishing financial liabilities with equity instruments.
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
- Revision of IAS 24 – Related party disclosures
- Amendment of IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 due to the annual improvements project.

### 3.6.4 Changes in Group's Organization

There have been no changes in the group organization during the first half year of 2011.





### 3.6.5 Notes

#### A Cash and cash equivalents

	Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
Cash at bank and in hand	24,651,226	21,179,891
Cash equivalents	0	0
Total	24,651,226	21,179,891

#### B Current investments

	Half Year Ended 30/06/2011 EUR	Year ended 31/12/2010 EUR
Current investments	5,925,075	5,729,096

Detailed current investments	Cost	Fair value
Assets held to maturity		
Assets available for sale	3,806,395	5,645,212
Derivatives (Note 3.6.5 E)		279,863
Total	3,806,395	5,925,075

In principle, Melexis' current investments are classified as assets available for sale. According to IAS 39, the difference between the purchase price and the fair value of current investments classified as available for sale is recognized directly into equity under 'Revaluation reserve Fair value'. As of June 30, 2011 this fair value adjustment resulted in a profit (increase of equity) amounting to 1.838.817 EUR. The fair value of these assets amounted to 5.645.212 EUR.

Melexis' financial derivatives with a positive market value are classified as assets held for trading. The fair value changes for those derivatives where no hedge accounting is applicable are immediately recognized in the statement of comprehensive income. As of June 30, 2011 the fair value of the financial derivatives recognized as asset under current investments amounted to 279.863 EUR.

A detailed overview of the outstanding derivatives, categorized under current investments, can be found in Note E.

As of June 30, 2011 Melexis had no assets in portfolio classified as investments held to maturity.



## C Property, plant and equipment

	Land And Buildings EUR	Machinery And Equipment EUR	Furniture And Vehicles EUR	Fixed Assets Under Construction EUR	Total EUR
Cost:					
Balance end of previous period 31/12/2010	27,755,888	114,858,816	5,235,944	1,301,345	149,151,993
Additions of the year	243,534	5,944,291	791,388	2,602,373	9,581,586
Retirements ( - )	-475,031	-379,469	-110,476	-101,305	-1,066,281
Transfers	4,048	533,306	51,450	-588,804	0
CTA	-1,393	197,158	-4,141		191,624
<b>TOTAL AS OF JUNE 30th 2011</b>	<b>27,527,046</b>	<b>121,154,102</b>	<b>5,964,165</b>	<b>3,213,609</b>	<b>157,858,922</b>
Accumulated depreciation:					
Balance end of previous period 31/12/2010	6,688,165	90,143,838	3,559,526		100,391,529
Additions of the period	506,382	4,780,993	357,889		5,645,264
Retirements ( - )	-100,610	-111,029	-76,895		-288,534
Transfers					0
CTA	20,457	77,557	-1,418		96,596
<b>TOTAL AS OF JUNE 30th 2011</b>	<b>7,114,394</b>	<b>94,891,359</b>	<b>3,839,102</b>	<b>0</b>	<b>105,844,855</b>
<b>CARRYING AMOUNT AS OF JUNE 30th 2011</b>	<b>20,412,652</b>	<b>26,262,743</b>	<b>2,125,063</b>	<b>3,213,609</b>	<b>52,014,067</b>
<b>CARRYING AMOUNT AS OF DECEMBER 31st 2010</b>	<b>21,067,723</b>	<b>24,714,978</b>	<b>1,676,418</b>	<b>1,301,345</b>	<b>48,760,464</b>

Additions of the year mainly relate to test equipment.

Retirements: no material amount of compensation from third parties which have been concluded in the unaudited consolidated interim statement of comprehensive income.





## D Components of deferred tax assets and liabilities

Components of deferred tax assets are as follows:

	01/01/2011	Charged To Income Statement	Charged To Equity	Other	Cumulative Translation Adjustments	30/06/2011
	EUR	EUR	EUR	EUR	EUR	EUR
Tax amortization charges	9,219,345	809,103	-	-	-	10,028,448
Fair value adjustments financial instruments	117,961	-	-	-	-	117,961
Fair value adjustments hedge accounting	461,559	-	-236,270	-	-	225,289
Impairment long term financial assets	5,098,500	-1,699,500	-	-	-	3,399,000
Tax losses	-	1,049,628	-	-	-	1,049,628
Other	337,787	-	-	260,078	-	597,865
<b>Total</b>	<b>15,235,152</b>	<b>159,231</b>	<b>-236,270</b>	<b>260,078</b>	<b>-</b>	<b>15,418,191</b>

Components of deferred tax liabilities are as follows:

	01/01/2011	Charged To Income Statement	Charged To Equity	Cumulative Translation	30/06/2011
	EUR	EUR	EUR	EUR	EUR
Miscellaneous	381,623	-	-	-	381,623
<b>Total</b>	<b>381,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381,623</b>

## E Derivatives

### Notional amounts

The following table presents the evolution of the aggregate notional amounts of the Group's derivative financial instruments outstanding:

		Half Year Ended 30/06/2011	Year Ended 31/12/2010
Outstanding FX hedge contracts per 30th June, not exceeding 1 year	USD	15,000,000	15,000,000
Outstanding FX hedge contracts per 30th June, not exceeding 1 year	CHF	19,200,000	0
Outstanding Interest hedge contracts per 30th June, exceeding 1 year	EUR	30,000,000	30,000,000
Outstanding Interest hedge contracts per 30th June, not exceeding 1 year	EUR	0	45,000,000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD).

Interest hedge contracts are entered into in order to hedge (part of) the group's borrowings at floating interest rate.

Inflation hedge contracts are entered into in order to hedge (part of) the salary inflation risk of the group.

### Fair value

The fair value of derivatives is based upon market to market valuations.





The following table presents an overview of the fair value of outstanding derivatives, classified as an asset under Current Investment, Derivates:

Assets	Half Year Ended	Year Ended
	30/06/2011	31/12/2010
	Fair Value	Fair Value
	EUR	EUR
Outstanding Inflation swaps	279,863	283,152
<u>Total, classified under Current investment (see also Note 3.6.5.B)</u>	<u>279,863</u>	<u>283,152</u>

These financial instruments are classified as financial assets at fair value through profit or loss.

The following table presents an overview of the fair value of outstanding derivatives, classified as a liability under Derivative financial instruments:

Liabilities	Half Year Ended	Year Ended
	30/06/2011	31/12/2010
	Fair Value	Fair Value
	EUR	EUR
Outstanding FX swaps	58,931	105,894
Outstanding Interest swaps	(205,516)	(347,045)
Outstanding Interest swaps (hedged)	(662,809)	(1,357,927)
<u>Total, classified under Derivative financial instruments</u>	<u>(809,394)</u>	<u>(1,599,078)</u>

These financial instruments are classified as financial assets at fair value through profit or loss.

The following table presents an overview of the fair value of outstanding derivatives, for which hedge accounting is applied as defined under IAS 39. Changes in the fair value of the hedging instrument are recognized in a hedging reserve, classified as 'Revaluation reserve Hedge'.

Fair value of instruments through equity ( hedge accounting IAS 39 )	Half Year Ended	Year Ended
	30/06/2011	31/12/2010
	Fair Value	Fair Value
	EUR	EUR
Outstanding FX hedge swaps per 30th June	0	0
Outstanding Interest hedge swaps per 30th June	(662,809)	(1,357,927)
Outstanding Inflation hedge swaps per 30th June	0	0
Subtotal	(662,809)	(1,357,927)
Deferred tax asset	225,289	461,559
<u>Total</u>	<u>(437,520)</u>	<u>(896,368)</u>



## F Long and short term debts

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
Secured Loans		
Bank Loan (in CHF) at floating interest rate (1), average rate for 1H11 was 2.50% maturing in 2019	332,864	361,377
Bank Loan (in EUR) at floating interest rate (2), average rate for 1H11 was 2.32% maturing in 2033	2,346,656	2,399,990
Bank Loan (in USD) (3), repaid in 2010	0	0
Bank Loan (in EUR) (4), repaid in 2011	0	15,000,000
<b>Total secured loans</b>	<b><u>2,679,520</u></b>	<b><u>17,761,367</u></b>
Unsecured Loans		
Unsecured loans ( in EUR ) at floating interest rate, average rate for 1H11 was 2.19% , maturing in 2013	42,000,000	39,000,000
<b>Total unsecured loans</b>	<b><u>42,000,000</u></b>	<b><u>39,000,000</u></b>
<b>Total debt</b>	<b><u>44,679,520</u></b>	<b><u>56,761,367</u></b>
Current maturities	4,649,675	19,646,769
Long - term portion of debts	40,029,845	37,114,598

(1) The loan is secured by a mortgage on the building of Bevaix, Switzerland.

(2) A secured loan was concluded for an amount of EUR 3.200.000 to finance the construction of an office building. A mortgage of EUR 3.200.000 is given on the building project.

(3) A secured loan was concluded for an amount of USD 300.000. This loan was secured by a mortgage on real estate from Melexis Inc. The loan is repaid and the mortgage is removed in 2010.

(4) A secured loan was concluded for an amount of EUR 75.000.000. This loan is secured by the assets of Melexis GmbH. The loan is repaid and the pledges are released in 2011.

As of June 30, 2011 there are renegotiated engagements for the following financial covenants:

For Melexis NV:

- Net debt/EBITDA ratio  $\leq$  2.5
- Tangible net worth/total assets  $\geq$  35%
- Available cash flow/debt service ratio  $\geq$  110%

For Melefin NV:

- Tangible net worth > 75 mln EUR.

As per 30 June 2011, Melexis is respecting all its financial covenants.

## G Other current liabilities

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
Other current liabilities	1,026,274	1,706,792





The other current liabilities relates to services rendered by both third party suppliers and affiliated companies for which we did not receive an invoice yet. EUR 927.208 refers to third party supplier services and EUR 99.066 refers to rendered services from affiliated companies.

## H Other non current liabilities

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
Other non current liabilities	2,788,654	2,745,626

The other non current liability relates to an obligation of repayment for subsidies. Melexis Erfurt received an investment grant for a planned investment project which ended at year end 2009. The allocation of subsidies is based on „Joint agreement for the improvement of regional economic structures (GA)“ and according „European fund for regional development (EFRE)“.

Since not all agreed criteria were met at the end of the investment period, there is a risk that Melexis Erfurt needs to repay the grant. The repayment of the investment grant threatens at the earliest in the financial year 2017. Because of the long-term character of the provision, a non current liability has been booked for the amount of KEUR 1,100.

The other part of the non current liability relates to the liability to Sensata. (Note K)

## I Operating segments

### Business Segments

Operating segments are presented by business segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker. Melexis conducts the majority of its business activities in the following two areas:

- Automotive
- Non-automotive (other)

Operating company management is responsible for managing performance, underlying risks, and effectiveness of operations. Internally, Melexis' management uses performance indicators such as Income from operations (EBIT) and Net result as measures of segment performance and to make decisions regarding allocation of resources. These measures are reconciled to segment profit in the tables presented. The tables below provide the segment information per business segment in the format that is used by management to monitor performance





## Business segment data

Half Year Ended 30/06/2011	Automotive EUR	Other EUR	Unallocated EUR	Total EUR
Product Sales	94,483,394	21,348,132		115,831,526
Other revenues	563,377	196,986		760,363
COS	48,854,040	13,977,738		62,831,778
R&D expenses	13,326,580	3,812,897		17,139,477
G&A expenses	4,722,514	1,351,169		6,073,683
Selling expenses	2,750,725	787,016		3,537,741
Other operating expenses				0
<b>Operational result</b>				<b>27,009,210</b>
Financial results			(1,170,404)	(1,170,404)
Taxes			(3,544,064)	(3,544,064)
<b>Net result</b>				<b>22,294,742</b>
Segment assets	101,176,935	22,860,510	63,013,632	187,051,077
Segment liabilities	134,981,618	30,498,538	21,570,921	187,051,077
Capital expenditures	7,281,733	1,645,278		8,927,011
Depreciations	5,099,091	1,152,119		6,251,210

Half Year Ended 30/06/2010	Automotive EUR	Other EUR	Unallocated EUR	Total EUR
Product Sales	76,965,495	24,837,944		101,803,439
Other revenues	420,005			420,005
COS	41,679,830	14,212,819		55,892,649
R&D expenses	10,663,635	3,636,298		14,299,933
G&A expenses	3,634,438	1,239,343		4,873,781
Selling expenses	2,036,326	694,387		2,730,713
Other operating expenses				
<b>Operational result</b>				<b>24,426,368</b>
Financial results			(950,607)	(950,607)
Taxes			(3,255,781)	(3,255,781)
<b>Net result</b>				<b>20,219,980</b>
Segment assets	83,501,568	26,947,235	60,187,561	170,636,364
Segment liabilities	93,993,338	30,333,090	46,309,936	170,636,364
Capital expenditures	4,712,595	1,520,827		6,233,422
Depreciations	3,893,532	1,256,502		5,150,034

Year Ended 31/12/2010	Automotive EUR	Other EUR	Unallocated EUR	Total EUR
Product Sales	166,754,979	51,724,885		218,479,864
Other revenues	713,921	233,000		946,921
COS	85,744,077	31,431,680		117,175,757
R&D expenses	21,733,665	7,967,030		29,700,695
G&A expenses	7,697,499	2,821,715		10,519,214
Selling expenses	4,201,364	1,540,117		5,741,481
Other operating expenses				0
<b>Operational result</b>				<b>56,289,638</b>
Financial results			(2,126,258)	(2,126,258)
Taxes			(5,551,243)	(5,551,243)
<b>Net result</b>				<b>48,612,137</b>





### Information about transactions with major customers

The following table summarizes sales by customer for the 10 most important customers. It consists of the sales to the end customer and not to the subcontractors.

	Half Year Ended 30/06/2011 %	Half Year Ended 30/06/2010 %	Year Ended 31/12/2010 %
Customer A	16	17	16
Customer B	6	8	7
Customer C	4	7	7
Customer D	4	4	4
Customer E	4	4	4
Customer F	3	4	3
Customer G	3	3	3
Customer H	3	3	3
Customer I	3	3	3
Customer J	3	3	3
<b>TOTAL</b>	<b>49</b>	<b>56</b>	<b>53</b>

92% of total sales for the first half year of 2011, generated by 10 most important customers, relates to automotive.





## Information about geographical areas

The Melexis group's activities are conducted predominantly in Western Europe, Eastern Europe, Asia and the United States.

The table below shows the revenue by origin, this refers to the geographical area in which the entity, which has made the invoice towards the customer, is located.

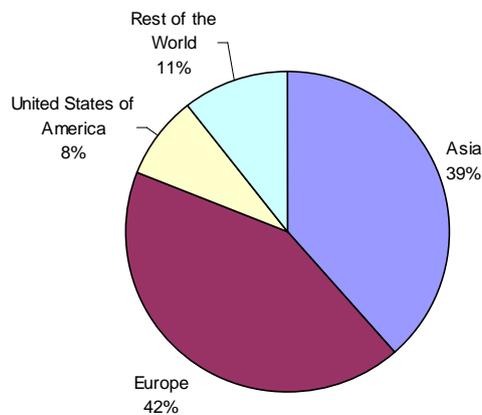
Half Year Ended 30/06/2011	Europe EUR	US EUR	Total EUR
Revenue by origin	116,591,889		116,591,889
Segment assets	186,337,702	713,375	187,051,077
Half Year Ended 30/06/2010	Europe EUR	US EUR	Total EUR
Revenue by origin	102,223,444		102,223,444
Segment assets	169,564,870	1,071,494	170,636,364
Year Ended 31/12/2010	Europe EUR	US EUR	Total EUR
Revenue by origin	219,426,785		219,426,785
Segment assets	179,561,098	918,877	180,479,975

Due to the fact that the production sites are mainly located in Europe, the assets are also centralized in Europe (see table above). In the other geographical areas outside Europe, mainly sales offices are located and therefore less assets are present.



The following table summarizes sales by destination (this refers to the geographical area in which the customer is located. Also equal to bill to address):

	Half Year Ended 30/06/2011 EUR	Half Year Ended 30/06/2010 EUR	Year Ended 31/12/2010 EUR
<u>Europe</u>	<u>49,789,318</u>	<u>40,733,439</u>	<u>86,830,622</u>
Germany	22,930,222	18,976,268	40,613,639
France	3,350,788	3,189,561	6,673,074
United Kingdom	5,059,310	5,584,671	10,958,959
Netherlands	1,586,271	1,603,260	3,572,518
Ireland	2,606,368	1,967,632	4,181,675
Poland	3,058,105	2,443,470	4,392,791
Switzerland	2,121,610	1,616,466	3,842,867
Czech Republic	810,625	647,581	1,369,110
Austria	2,655,376	1,353,920	3,000,399
Romania	3,138,277	1,100,037	3,274,339
Other	2,472,366	2,250,573	4,951,251
<u>United States of America</u>	<u>9,606,145</u>	<u>7,202,517</u>	<u>15,421,049</u>
<u>Asia</u>	<u>44,917,330</u>	<u>43,506,867</u>	<u>93,003,932</u>
Japan	8,341,384	7,879,472	16,687,327
China	14,339,037	13,896,250	29,700,109
Korea	6,512,178	7,058,852	14,996,627
Thailand	8,654,763	7,261,266	15,573,437
Philippines	929,461	1,575,220	2,508,064
Taiwan	3,135,235	2,716,375	6,603,777
India	697,577	1,375,232	2,422,165
Singapore	1,593,647	885,575	2,173,452
Other	714,048	858,625	2,338,974
<u>Rest of the world</u>	<u>12,279,096</u>	<u>10,780,621</u>	<u>24,171,182</u>





## J Related parties

### 1. Shareholders' structure and identification of major related parties

Melexis NV is the parent company of the Melexis group that includes following entities which have been consolidated:

Melexis Inc	US entity
Melexis Gmbh	German entity
Melexis Bulgaria Ltd.	Bulgarian entity
Melexis BV	Dutch entity
Melexis Ukraine	Ukraine entity
Melexis Technologies SA	Swiss entity
Melexis French branch	French branch
Sentron AG	Swiss entity
Melefin NV	Belgian entity
Melexis Tessenderlo NV	Belgian entity
Melexis Philippine branch	Philippine branch
Melexis Japan	Japanese Entity
Melexis Hong Kong	Chinese branch
Melexis Electronic Technology Co. Ltd	Chinese entity

The shareholders of Melexis NV are as follows:

Since January 1st, 2006, Xtrion NV is the main shareholder of Melexis NV, as a result of the partial split of Elex NV into Elex NV and Xtrion NV. Xtrion NV owns 50,05 % of the outstanding Melexis shares . The shares of Xtrion are held directly and/or indirectly by Mr. Roland Duchâtelet, Mr. Rudi De Winter and Mrs. Françoise Chombar who are all directors at Melexis NV. Elex NV is 100 % owned by Roland Duchâtelet .

Xtrion NV owns 59 % of the outstanding shares of X-FAB Silicon Foundries NV, producer of wafers, which are the main raw materials for the Melexis products. X-FAB Silicon Foundries NV sells the majority of its products also to third parties.

Per June 30th, 2011, Elex NV owns 100% of the outstanding shares of EPIQ NV. Melexis sells products to EPIQ. For most of these products, EPIQ is used as subcontractor by some OEM customers of Melexis. Therefore, the business relation for these products is with the OEM customer and not with EPIQ.

Melexis, as in prior years, purchases part of its test equipment from the XPEQT Group. XPEQT Group develops, produces and sells test systems for the semiconductor industry. XPEQT Group is owned by Mr. Roland Duchâtelet (60 %) and Mrs. Françoise Chombar (40 %), CEO of Melexis NV.

During the half year 2011 no transactions took place which can create a potential conflict.





## 2. Outstanding balances at 30<sup>th</sup> June 2011

The following balances were outstanding:

### Receivables of:

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
Elex	4,130	4,130
Xtrion	4,598	158,884
Epiq group	8,817,501	8,268,868
X-fab group	156,116	208,207
Xpeqt group	261,983	110,274
Other	49,525	45,573

### Payables to:

	30th June 2011 EUR	31st December 2010 EUR
Elex	23,881	2,881
Xtrion	147,693	127,495
Epiq group	19,977	231,172
X-fab group	4,065,193	6,127,313
Xpeqt group	769,893	114,362
Other		
<u>Total</u>	<u>5,026,637</u>	<u>6,603,223</u>





### 3. Transactions during the year

#### Sales/ purchases of goods and equipment

In the course of the year, following transactions have taken place:

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
<b>Sales to</b>		
Epiq group ( mainly ICs )	5,824,601	11,068,919
Xpeqt group	1,355	1,200
X-fab group ( mainly test & assembly services )	211,585	629,737
<b>Purchases from</b>		
X-fab group ( mainly wafers )	30,222,393	73,171,304
Epiq NV ( mainly assembly )	265,306	250,910

#### Sales/purchases of services

	Half Year Ended 30/06/2011 EUR	Year Ended 31/12/2010 EUR
<b>Sales to</b>		
Elex ( mainly R&D services and rent )	9,025	18,000
Xpeqt group ( infrastructure office building )	50,047	91,642
Epiq group ( infrastructure office building )	172,319	355,174
Xtrion ( infrastructure office building )	22,825	46,158
X-fab group	0	0
<b>Purchases from</b>		
Xtrion NV ( mainly IT and related support )	1,057,244	771,098
Elex NV ( mainly IT and related support )	127,966	13,942
Epiq group	23,107	3,536
Xpeqt group	504,600	1,330,877
X-fab group	716,549	1,303,150

The Board of Directors and the Audit Committee have reviewed and analyzed the major transactions and concluded these transactions are within the normal course of business and that there are sufficient elements to conclude that the remuneration is based on arm's length principles.



## **K Commitments & estimated liabilities**

### **Purchase commitments**

No purchase commitments existing at June 30, 2011.

### **Estimated liability**

Sensata Technologies and Melexis announced on April 2, 2009 the signing of an agreement to sell Sensata's Vision business to Melexis.

Melexis agreed to purchase inventory and IP related to the Vision business. First a fixed amount of USD 372.000 has been paid in 2009 for the acquired assets (inventory); secondly, Melexis is bound to pay a fixed amount per sold Image sensor over a period of 5 years, started September 30, 2009 and ending at December 31, 2013. The latter estimated liability is accounted for as 'Other non current liabilities' in the unaudited condensed consolidated interim statement of financial position. The long term liability at June 30, 2011, amounting to EUR 1.600.704 (Note I), represents the net present value of the expected future payments towards Sensata, based on expected sales of the Image Sensor over the next 3 years.

## **L Business Combinations**

No business combinations in first half year of 2011.

## **M Litigation**

Melexis Tessenderlo N.V. was involved in two related disputes with one and the same customer, one as claimant and one as defendant. As a mutual agreement was reached, both court cases were closed in 2010. The outstanding long term receivable of 2.7 million Euro is no longer under dispute with this customer. The receivable is accounted for in the unaudited consolidated interim statement of financial position as other non current asset as it will be fully re-paid by the end of 2014.

Melexis is involved in a patent claim because another party was seeking compensation for IP related to a patent on magnetic angle sensing they acquired. As there is prior art on the domain, the Melexis technology was developed in house, the Melexis sensor is different in its functioning and protected by our own patents, Melexis is defending its position in court. On December 9, 2010, the Federal Patent Court in Munich, the only competent German Court for judging patent validity, rendered its verdict on the patent nullity case initiated by Melexis in March 2009 against the austriamicrosystems patent claim. In 1st instance, the Court declared all attacked patent claims (1-3 and 5-14) as null and invalid based on the prior art submitted by Melexis. This decision has been appealed at the Federal Supreme Court (Karlsruhe). The invalidation of all relevant claims of the austriamicrosystems patent takes away the basis for the earlier judgment in the parallel patent infringement case judged in Düsseldorf on May 10, 2010 (1st instance) and against which Melexis has lodged an appeal with the Higher Regional Court of Düsseldorf.





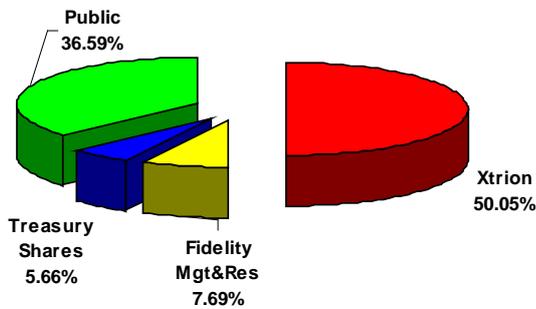
## 4. Shareholder information

Listing  
Reuters ticker  
Bloomberg ticker

Euronext  
MLXS.BR  
MELE BB

### 4.1 Shareholder Structure

Situation on June 30, 2011.



Company	Number of Shares	Participation rate
Xtrion	21.644.399	50.05%
Fidelity Mgt&Res	3.325.000	7.69%
Treasury Shares	2.448.704	5.66%
Public	15.823.757	36.59%
Total	43.241.860	100,00%

### 4.2 Shareholder Contact Info

Investor Relations

Phone: +32 13 67 07 79  
Fax: +32 13 67 21 34

Rozendaalstraat 12, B-8900 Ieper, Belgium  
[www.melexis.com/investor.asp](http://www.melexis.com/investor.asp)

### 4.3 Financial Calendar 2011

Announcement of Q3 results  
Announcement of full year 2011 results

October 20th, 2011  
February 9th, 2012





## 4.4 Dividend Policy

Taking into account the current and future cash flow situation and if no rewarding investment opportunities can be found, Melexis NV intends to pay out regular (interim-) dividends, in order to maximize the return on equity for its shareholders.

Gross (interim-) dividend paid out per share in

1999 : EUR 0,30 interim dividend  
2002 : EUR 0,50 interim dividend  
2003 : EUR 0,50 interim dividend  
2004 : EUR 0,2762 dividend and EUR 0,7238 capital decrease  
2005 : EUR 0,50 interim dividend  
2006 : EUR 0,50 interim dividend  
2007 : EUR 0,60 interim dividend  
2008 : EUR 0,60 interim dividend  
2009 : no dividend  
2010: EUR 0,30 interim dividend

The Board of Directors decided to pay out an interim dividend of 0,60 EUR gross per share, payable as from October 27, 2011.





## 5. Statutory Auditor's limited review opinion on the unaudited condensed consolidated interim financial statements of Melexis NV for the six month period ending 30 June 2011



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### Auditor's limited review opinion on the condensed consolidated interim financial statements of Melexis NV for the six months ended June 30<sup>th</sup>, 2011

To the Board of Directors

We have performed a limited review of the attached condensed consolidated interim financial statements of the company MELEXIS NV and its subsidiaries, with total assets of 187.051 KEUR and a net profit of 22.295 KEUR for the six months ended June 30<sup>th</sup>, 2011. The condensed consolidated interim financial statements include the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flow and selected explanatory notes thereto. The condensed consolidated interim financial statements have been approved by the directors and have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. The quarterly information included in the condensed consolidated interim financial statements was not covered by our limited review.

The preparation of the condensed consolidated interim financial statements and the assessment of its content, are within the responsibility of the Board of Directors. This responsibility includes amongst others: set up, implement and maintain appropriate internal controls over the preparation and the true and fair view of the condensed consolidated interim financial statements, which does not contain material errors, as a result of fraud or errors; select and apply appropriate valuation rules for financial reporting and make accounting estimates which are reasonable in the given circumstances. Our responsibility is to issue a judgment on these condensed consolidated interim financial statements on the basis of our limited review.

Our limited review has been performed in accordance with the recommendations on limited review engagements as issued by the "Instituut van de Bedrijfsrevisoren". A limited review consists mainly of making inquiries of management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the Auditing Standards on consolidated financial statements as issued by the "Instituut van de Bedrijfsrevisoren" and accordingly we do not express an audit opinion.





On the basis of our review:

- **we are of the opinion that the condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Principles as adopted in the EU; and**
- **we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for the 6 months ended June 30<sup>th</sup>, 2011.**

Zaventem, August 25<sup>th</sup>, 2011

BDO Bedrijfsrevisoren Burg. CVBA (B000023)  
Statutory auditor  
Represented by Gert Claes





## 6. Glossary

### **Earnings per share**

Profit attributable to equity holders of Melexis divided by the weighted average number of ordinary shares.

### **Earnings per share diluted**

Profit attributable to equity holders of Melexis divided by the fully diluted weighted average number of ordinary shares.

### **Revenue**

Product sales + Revenues from Research and Development

### **EBIT (Earnings Before Interests and Taxes)**

Turnover/Sales – Cost of sales – Research and development expenses – General and administrative expenses – Selling expenses – Other operating expenses

### **Net cash from operating activities**

Net Result +/- adjustments for operating activities +/- changes in working capital

