dialog SEMICONDUCTOR

Energy management excellence

Interim Report as of 2 April 2010

Making it happen!

Contents

Press Release – 10 May 2010

DIALOG SEMICONDUCTOR ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2010

Company reports revenue in first quarter of $61.1 million, achieving strong year-on-year revenue growth of 70%

Kirchheim/Teck, Germany, 10th May 2010 – Dialog Semiconductor plc (FWB: DLG), a leading provider of Power Management Semiconductor solutions, today reports results for the first quarter ended 2 April 2010.

Q1 2010 Financial Highlights

- Revenue for Q1 2010 was $61.1 million, a year-on-year increase of 70% over the corresponding first quarter of 2009.
- Cash, cash equivalents and restricted cash increased in Q1 2010 by $15.1million over Q4 2009 to stand at $138.2 million. Dialog remains debt free.
- Recorded our tenth consecutive quarter of profitability with an operating profit in Q1 2010 of $6.6 million or 10.8% of revenue compared to $0.9 million or 2.6% in the corresponding first quarter of 2009.
- Diluted and Basic earnings per share of 8 cents.

Q1 2010 Operational Highlights

- Successful launch of our second generation of system level Power Management Integrated Circuits (PMICs) which now include an integrated class G audio codec.
- Continued design win success in the mobile market:
  - LG selects Dialog for its Android smartphone for China Mobile
  - Sharp selects Dialog for a series of Softbank 3G cellphones
- Collaboration with TSMC for industry-leading BCD process for higher integrated next generation Power Management ICs.

Commenting on the results Dialog Chief Executive, Dr Jalal Bagherli, said:

"I am very pleased to report a strong start to 2010, with revenue, gross margin, cash generation and earnings performance greatly exceeding the levels and growth rates we achieved in the corresponding quarter of the prior year.

Execution to our strategy of market share expansion and increasing the power management content delivered into our smartphones and other high growth emerging convergent portable device customers, represent a powerful combination which we expect will allow Dialog to continue its positive operational and financial trajectory."

FINANCIAL OVERVIEW

Revenue in Q1 2010 was $61.1 million, an increase of 70% over the $36.0 million in the first quarter of 2009 and a sequential decrease of 21% on the $77.6 million of revenue delivered in the prior quarter, in line with the typical seasonal reduction in demand. During the quarter we also benefited from $3.5 million sales of last time buy products within the Automotive and Industrial segment. These products were sold as a result of last year's notification of the phasing out of an older manufacturing process from one of our foundry partners.

Gross margin in Q1 2010 was 46.0%. This represents an increase of 9.3 percentage points over the 36.7% achieved in the comparative period last year and a decrease of 2.0 percentage points over the 48.0% achieved in Q4 2009. Excluding the effect of the last time buy program, our underlying gross margin would have been 44.9% in the first quarter,

Our **operating expenses** in Q1 2010 decreased by $1.53 million over the prior quarter to $21.5 million, with R&D and SG&A at 21.6% and 13.6% of revenue respectively, compared to 17.2% R&D and 12.5% SG&A in the prior quarter. The operating expenses in Q1 2010 include $3.0 million of expense associated with share based compensation programmes of which $1.4 million was a onetime charge principally resulting from additional social charges payable as a result of the effect of the increase in the share price post 2009 year end. Excluding this onetime charge, which mainly impacts SG&A, Q1 2010 underlying operating expenses would have been 32.9% of Q1 2010 revenue.

Operating profit in Q1 2010 was $6.6 million or 10.8% of total revenue compared to $0.95 million or 2.6% of total revenue delivered in Q1 2009 and $14.2 million or 18.3% of total revenue in the prior quarter. Excluding the onetime charge associated with share based compensation programmes, Q1 2010 operating profit would have been 12.0% of total revenue.

Q1 2010 taxable profits continued to benefit from the utilisation of brought forward tax losses resulting in a residual minimum level tax charge mainly applying to taxable profits in Germany. A net tax charge of $0.6 million was recorded for Q1 2010 which included a benefit of $1.37 million – or 2 cents per diluted and basic share, being a further recognition of a proportion of the deferred tax assets principally relating to carried forward losses. As a result, the Q1 2010 effective tax rate was 11.0%. As we have previously stated, going forward and on a quarterly basis, we will consider whether it is appropriate to continue to recognise further currently unrecognised deferred tax assets.

In Q1 2010, **net income** was $4.9 million or 8.1% of revenue. Earnings per diluted and basic share were 8 cents: our tenth consecutive quarter of profitability. This compares to a net income of $0.8 million or 2 cents per diluted and basic share in Q1 2009 and to a net income of $19.9 million or 31 cents and 34 cents per diluted share and basic share delivered in Q4 2009.

At the end of Q1 2010, we had a **cash**, cash equivalents and restricted cash balance of $138.2 million, with no debt. This represents an increase of $97.4 million over the cash and cash equivalents and restricted cash balance at the end of Q1 2009 and an increase of $15.1 million over the prior quarter. In September 2009 net proceeds of $59.7 million were raised from an international equity offering which contributed to the increase in cash balances over the prior 12 months.

At the end of Q1 2010, our **inventory** level was $21.3 million (or ~58 days): a reduction of $4.9 million over the prior quarter, demonstrating continued tight inventory management.

OPERATIONAL OVERVIEW

In addition to starting the year with a strong quarterly revenue performance, we have continued our strategy of launching innovative new products to expand our ASSP portfolio and engaging new customers for continued growth.

We launched our second generation of system level power management ICs – DA9057 – which now include an integrated class G audio codec with an accompanying DA7021 Class D speaker driver device.

Additionally, we announced a number of important design wins with leading smartphone and cellphone manufacturers including a win with LG for a power management and audio device which has been designed into the company's GW880 smartphone, to be offered by China Mobile to its customers.

In addition, our power management and audio technology has been designed into a series of Sharp 3G cellphones: the first of which, the Sharp AQUOS SHOT 940SH, is now available from the Japanese network operator, Softbank.

Our recently released DA7210 ultra low power audio codec product continues to find positive traction with major consumer electronics companies, and is currently undergoing detailed design evaluation in Japan and Korea.

We continue to work closely with our SmartXtend™ passive matrix OLED display module partners, one of whom demonstrated their first transparent display module based on our technology at Japan's Finetech show in March. Our plans remain on track for production-ready modules to be available by the end of this year and by multiple module providers.

We saw increased demand for our automotive motor control devices for deliveries throughout the year. In addition, our Q1 2010 revenue in this segment was also bolstered by a number of last time buy programs which we entered into due to the phasing out of an older process by one of our foundry partners.

In support of our strategy to strengthen power management technology leadership while continuing to deliver the industry's highest integrated power management solutions, we executed on a number of intellectual property licensing, acquisition transactions and technology partnerships during the quarter.

We announced an ongoing partnership with our foundry partner Taiwan Semiconductor Manufacturing Company (TSMC) on a bipolar-CMOS-DMOS (BCD) technology specifically tailored to high-performance power management ICs for portable devices. The 0.25-micron high-voltage process node enables higher voltage functionality to be integrated efficiently into single chip power management ICs, increasing cost efficiencies and expanding the addressable market for Dialog solutions.

During the quarter we entered into an agreement with NXP to license its leading CoolFlux™ audio DSP and LifeVibes software for eliminating background noise and echo, while improving speech quality in smartphones and portable media devices. This technology will enhance the user's experience by allowing their smartphone to automatically respond to their environment and to deliver natural and immersive sound at quality beyond that achievable today.

We acquired complimentary power management assets and certain intellectual property rights from Diodes Zetex GmbH. As part of the transaction, a design team also transferred to Dialog. The acquired IP is already being integrated into a new generation of power management devices which will allow the consumer to better manage and achieve greater operating lifetime from their battery powered devices.

Subsequent to the quarter close, we also acquired a number of power management patents from Leadis Technology Inc, complimenting our existing intellectual property patent portfolio.

OUTLOOK

We believe we can continue to achieve sequential quarterly revenue growth, with Q2 2010 revenue expected to be in the range of $64.0 million to $69.0 million, maintaining our trajectory of quarterly year over year growth since Q3 2007. We maintain our previous outlook for the full year and despite some market uncertainty still remaining, we remain confident in our ability to grow our revenue faster than the broader market and to deliver a successful result for 2010.

Dialog Semiconductor invites you today at 09:00 London / 10:00 Frankfurt time to listen to and participate in a live conference call including a management discussion of Q1 2010 performance. To access the call please use the following dial-in numbers: Germany: 0800 101 4960, UK: 01452 569 393, US:1 866 434 1089 with no access code required. An instant replay facility will be available for 30 days after the call and can be accessed at +44 (0)1452 550 000 with access code 71147857. An audio replay of the conference call will also be posted soon thereafter on the company's website at:

http://www.diasemi.com/investor_relations.php

Additional information to this ad hoc release including the company's consolidated income statement, consolidated balance sheet and consolidated statements of cash flows for the period ending 2 April 2010 is available under the investor relations section of the Company's web site.

For further information please contact:

Dialog Semiconductor	FD - London	FD - Frankfurt
Neue Straße 95	Matt Dixon	Ivo Lingnau
D-73230 Kirchheim/Teck	T +44 20 7269 7214	T +49 69 920 37 133
Germany	matt.dixon@fd.com	ivo.lingnau@fd.com
T +49-7021-805-412		
F +49-7021-805-200		
dialog@fd.com		
www.dialog-semiconductor.com		

Information about Dialog Semiconductor:

Dialog Semiconductor creates energy-efficient, highly integrated, mixed-signal circuits optimised for personal mobile, lighting & display and automotive applications. The company provides flexible and dynamic support, world-class innovation and the assurance of dealing with an established business partner.

With its focus and expertise in system power management, Dialog brings decades of experience to the rapid development of integrated circuits for power management, audio, display processing and motor control. Dialog's processor companion chips enhance both the performance of hand-held products and the consumers' multimedia experience. With world-class manufacturing partners, Dialog operates a fabless business model.

Dialog Semiconductor plc is headquartered near Stuttgart with a global sales, R&D and marketing organisation. In 2009, it recorded $218 million in revenue and was one of the fastest growing European public semiconductor companies. It currently has approximately 350 employees. The company is listed on the Frankfurt (FWB: DLG) stock exchange.

Forward Looking Statements:

This press release contains "forward-looking statements" that reflect management's current views with respect to future events. The words "anticipate," "believe," "estimate, "expect," "intend," "may," "plan," "project" and "should" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in the semiconductor and telecommunications markets; changes in currency exchange rates and interest rates, the timing of customer orders and manufacturing lead times, insufficient, excess or obsolete inventory, the impact of competing products and their pricing, political risks in the countries in which we operate or sale and supply constraints. If any of these or other risks and uncertainties occur (some of which are described under the heading "Risks and their management" in Dialog Semiconductor's most recent Annual Report) or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement which speaks only as of the date on which it is made, however, any subsequent statement will supersede any previous statement.

Financial Review

The following table details the historical consolidated statements of the operations of Dialog for the three months ended 2 April 2010 and 27 March 2009:

	Three months ended 2 April 2010		Three months ended 27 March 2009		Change
	US$000	**% of revenues**	US$000	% of revenues	%
Revenues					
Audio & Power Management	**47,598**	**77.9**	25,569	71.0	86.2
Display Systems	**195**	**0.3**	1,830	5.1	(89.3)
Automotive / Industrial	**13,391**	**21.9**	8,614	23.9	55.5
Corporate Sector	**(99)**	**(0.1)**	(7)	0.0	1,314.3
Revenues	**61,085**	**100.0**	**36,006**	**100.0**	**69.7**
Cost of sales	**(32,982)**	**(54.0)**	(22,803)	(63.3)	44.6
Gross profit	**28,103**	**46.0**	**13,203**	**36.7**	**112.9**
Selling and marketing expenses	**(3,994)**	**(6.5)**	(2,184)	(6.0)	82.9
General and administrative expenses	**(4,331)**	**(7.1)**	(2,063)	(5.7)	109.9
Research and development expenses	**(13,184)**	**(21.6)**	(8,008)	(22.2)	64.6
Operating profit	**6,594**	**10.8**	**948**	**2.6**	**595.6**
Interest income and other financial income	**335**	**0.5**	27	0.1	1,140.7
Interest expense and other financial expense	**(30)**	**0.0**	(61)	(0.2)	(50.8)
Foreign currency exchange gains and losses, net	**(1,360)**	**(2.2)**	(147)	(0.4)	825.2
Result before income taxes	**5,539**	**9.1**	**767**	**2.1**	**622.2**
Income tax expense	**(611)**	**(1.0)**	25	0.1	(2,544.0)
Net profit	**4,928**	**8.1**	**792**	**2.2**	**522.2**

Results of Operations

Segment Reporting

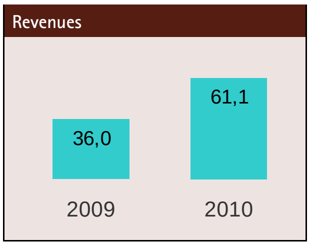
Revenues in the **audio & power management segment** were US$47.6 million for the three months ended 2 April 2010 (Q1-2009: US$25.6 million) comprising 77.9% of our total revenues (Q1-2009: 71.0%). The increase in this sector is primarily driven by the success of our growing range of 3G/HSPA integrated power management and audio products. Additionally, we continue to see the adoption of our solutions by leading Smartphone manufacturers in more of their products. The operating profit in the **audio & power management** segment increased from $3.6 million for the three months ended 27 March 2009 to US$10.5 million for the three months ended 2 April 2010.

Revenues in the **Display Systems sector** were US$0.2 million for the three months ended 2 April 2010 (Q1-2009 US$1.8 million). In Q1-2010, there was no revenue from funded R&D activities (Q1-2009: US$0.9 million). The operating loss in this sector was US$3.3 million (Q1 2009 US$1.7 million). The increased loss results from reduced customer funded activities in MEMS technology and our continuous investment in the emerging ultra low power display technology.

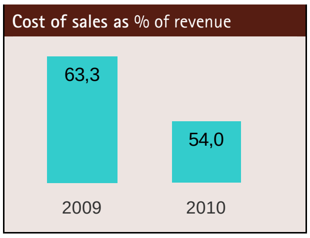
Revenues from our **automotive / industrial applications sector** were US$13.4 million for the three months ended 2 April 2010 (Q1-2009: US$8.6 million) representing 21.9% of our total revenues (Q1-2009: 23.9%). Q1-2010 year-on-year revenue growth reflects the recovery in the Automotive business which started in the prior quarter and the fact that we also benefited from US$3.5 million sales of last time buy products. These products were sold as a result of last year's notification of the phasing out of an older manufacturing process from one of our foundry partner. The Operating Profit in the sector was US$1.8 million for the three months ended 2 April 2010 (Q1-2009: Operating loss US$32 thousand).

Revenues

Total revenues were US$61.1 million for the three months ended 2 April 2010 (Q1-2009: US$36.0 million). The increase of 69.7% in revenues results mainly from higher sales volumes in our audio & power management and Automotive and Industrial sector as described above.



Cost of sales



Cost of sales consists of material costs, the costs of outsourced production and assembly, related personnel costs and applicable overhead and depreciation of test and other equipment. Cost of sales increased by 44.6% from US$22.8 million for the three months ended 27 March 2009 to US$33.0 million for the three months ended 2 April 2010 in line with increased production volume. As a percentage of total revenues cost of sales decreased from 63.3% to 54.0%. This again demonstrated the gains made possible by our ongoing efforts to improve the Company's product mix and the efficiency of our ongoing cost reduction initiatives.

Gross profit

Our gross margin increased from 36.7% of revenues for the three months ended 27 March 2009 to 46.0% of revenues for the three months ended 2 April 2010 due to lower cost of sales as a percentage of revenue, as prescribed above. Excluding the favourable margin impact derived from the one time sale of US$3.5 million of last time buy products recorded in the quarter, Q1-2010 gross margin would stand at 44.9%

Selling and marketing expenses

Selling and marketing expenses consist primarily of salaries, travel expenses, sales commissions and advertising and other marketing costs. Selling and marketing expenses increased from US$2.2 million for the three months ended 27 March 2009, to US$4.0 million for the three months ended 2 April 2010, in line with increased revenues and as a result of the company's continuous investment in creating value by increasing staff in strategic marketing functions. Driven by this planned investment, selling and marketing expenses increased from 6.0% of total revenues in Q1- 2009 to 6.5% of total revenues in Q1-2010.

General and administrative expenses

General and administrative expenses consist primarily of personnel and support costs for our finance, human resources and other management departments. General and administrative expenses were US$4.3 million for the first quarter 2010 (Q1-2009: US$2.1 million). General and administrative expenses increased from 5.7% of total revenues for the three months ended 27 March 2009 to 7.1% of total revenues in the three months ended 2 April 2010. This increase is primarily attributed to the sharp increase experienced in the Q1-2010 share price which generated higher social charges on previously awarded share based compensation programs. Excluding this adjustment, Q1-2010 general and administrative expenses would stand at approximately US$3.2 million or 5.2% of total revenues.

Research and development expenses

Research and development expenses consist principally of design and engineering-related costs associated with the development of new Application Specific Integrated Circuits ("ASICs") and Application Specific Standard Products ("ASSPs"). Research and development expenses (net of customer funded projects) were US$13.2 million for the three months ended 2 April 2010 (Q1-2009: US$8.0 million). The increase was primarily due to an increased headcount of our R&D personnel in connection with our growth strategy and reduced customer funded R&D. However, as a percentage of total revenues research and development expenses decreased from 22.2% to 21.6% in those periods.

Operating profit

We reported an operating profit of US$6.6 million for the first quarter 2010 (Q1-2009: US$0.9 million). The improvement primarily resulted from higher gross profits recognised in 2010.

Interest income and other financial income

Interest income and other financial income from the Company's investments (primarily short-term deposits and securities) was US$335 thousand for the three months ended 2 April 2010 (Q1-2009: US$27 thousand). The increase was primarily the result of increased liquidity and improved interest rates.

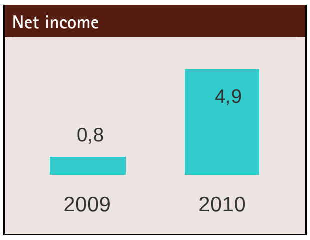
Interest expense and other financial expense

Interest expense and other financial expense consist primarily of expenses from capital leases, hire purchase agreements and the Group's factoring arrangement. Q1-2010 interest and other financial expenses were US$30 thousand (Q1-2009: US$61 thousand).

Income tax expense

The income tax expense consists primarily of the minimum tax that the company has to pay in Germany, despite the availability of tax loss carryforwards. Q1-2010 income tax expense was US$ 0.6 million (Q1-2009: benefit US$ 25 thousand).

Net income



For the reasons described above, we reported a net income of US$4.9 million for the three months ended 2 April 2010 (Q1-2009: US$0.8 million). Income per share was US$0.08 for the three months ended 2 April 2010 (Q1-2009: US$0.02).

Liquidity and capital resources

Cash flows

Cash generated from operating activities was US$20.7 million for the three months ended 2 April 2010 (Q1-2009: US$5.0 million). The cash inflow in the three months ended 2 April 2010 mainly resulted from the operating income (before depreciation amortisation and other non-cash effective expenses) and the reduction of working capital (excluding cash) which resulted primarily from a lower inventory balance and higher trade and other payables balances. Furthermore, we received cash in connection with our on-going factoring activity.

Cash used for investing activities was US$5.0 million for the three months ended 2 April 2010 (Q1-2009: US$7.6 million). Cash used for investing activities in Q1 2010 consisted primarily of the purchase of tooling (masks), laboratory equipment, probe cards, load boards and other advanced test equipment for a total of US$2.1million (Q1-2009: US$0.8 million), the purchase of intangible assets of US$2.7 million which includes the acquisition of certain intellectual property rights from Diodes Zetex GmbH (Q1-2009: US$0.1 million) and payments related to capitalised development costs of US$0.3 million (Q1-2009: US$0.2 million). Cash used for investing activities in 2009 consisted primarily of balance sheet reclassification from cash to restricted cash in the amount of US$6.5 million (for further information please refer to note 5 of the Q1-2009 financial statements),

Liquidity

At 2 April 2010 we had cash and cash equivalents and restricted cash of US$138.2 million (31 December 2009: US$123.1 million). The working capital (defined as current assets minus current liabilities) was US$136.3 million (31 December 2009: US$134.3 million).

As of 2 April 2010 we had no long-term debt (31 December 2009: 0)

A reduction in customer demand for our products, caused by unfavorable industry conditions or an inability to develop new products in response to technological changes, could materially reduce the amount of cash generated from operations.

If necessary, we have available for use short-term credit facilities amounting to US$14.2 million that bear interest at rates between LIBOR +0.75 and LIBOR +1% per annum. At 2 April 2010 we had no amounts outstanding under this facility. In addition, we have a factoring agreement which provides the Company with up to US$30.0 million of readily-available cash. Accordingly, we believe the funding available from these and other sources will be sufficient to satisfy our working capital requirements in the near to medium term if needed.

Statement of Financial Position

	At 2 April 2010 US$000	At 31 December 2009 US$000	Change US$000	%
Assets				
Cash and cash equivalents and restricted cash	**138,216**	123,148	15,068	12.2
All other current assets	**40,697**	45,663	(4,966)	(10.9)
Total current assets	**178,913**	**168,811**	**10,102**	**6.0**
Property, plant and equipment, net	**10,882**	9,807	1,075	11.0
Intangible assets	**7,193**	5,005	2,188	43.7
All other non current assets	**1,119**	1,174	(55)	(4.7)
Deferred tax assets	**7,514**	7,514	-	0.0
Total non current assets	**26,708**	**23,500**	**3,208**	**13.7**
Total Assets	**205,621**	**192,311**	**13,310**	**6.9**
Liabilities and Shareholders' equity				
Current liabilities	**42,616**	34,380	8,236	24.0
Non-current liabilities	**744**	952	(208)	(21.8)
Net Shareholders' equity	**162,261**	156,979	5,282	3.4
Total Liabilities and Shareholders' equity	**205,621**	**192,311**	**13,310**	**6.9**

Balance sheet total was US$205.6 million at 2 April 2010 (31 December 2009: US$192.3 million). Cash and cash equivalents and restricted cash increased by 12.2% to US$138.2 million at 2 April 2010 (31 December 2009: US$123.1 million). This was mainly caused by an operating cash inflow as prescribed above. Other current assets decreased by 10.9% to US$40.7 million (31 December 2009: US$45.7 million), mainly driven by lower inventory and trade receivable balances.

Total non current assets increased 13.7% to US$26.7 million; this increase is mainly due to higher balances of property, plant and equipment, as capital expenditure and investments in property plant and equipment and intangible assets of US$5.0 million were more than offset by depreciation, amortisation and impairment charges in the amount of US$1.6 million.

Shareholders' equity increased to US$162.3 million (US$157.0 million at 31 December 2009) which is mainly a result of our net profit (adjusted by expenses for share based payments). The equity ratio was 78.9% (81.6% at 31 December 2009).

Other Information

Members of the Management and the Board of Directors

Management

Dr. Jalal Bagherli, Chief Executive Officer; Gary Duncan, Vice-President, Engineering; Jürgen Friedel, Vice President, General Manager Automotive and Industrial Business Unit; Peter Hall, Vice-President, Supply Operations and Facilities; Udo Kratz, Vice President, General Manager Audio and Power Management Business Unit; Jean-Michel Richard, CFO, Vice President Finance; Manoj Thanigasalam, Vice President, General Manager Display Systems Business Unit; Mark Tyndall, Vice President Business Development and Corporate Strategy; Mohamed Djadoudi, Vice President Global Manufacturing Operations and Quality.

Board of Directors

Gregorio Reyes, Chairman; Dr. Jalal Bagherli, Chief Executive Officer; Aidan Hughes; John McMonigall; Peter Weber; Peter Tan; Chris Burke; Russ Shaw.

Risks, risk management and opportunities

The risk management, our business risks and opportunities are described in our 2009 annual report – section 2. Compared with the risks and opportunities presented here, no significant additional opportunities and risks arose for the Company in the first three months of 2010. There are currently no identifiable risks that, individually or collectively, could endanger the continued existence of the Company.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

10 May 2010

Dr. Jalal Bagherli	Jean-Michel Richard
CEO	CFO, Vice President Finance

Unaudited consolidated statement of financial position

As at 2 April 2010

	Notes	At 2 April 2010 US$000	At 31 December 2009 US$000
Assets			
Cash and cash equivalents		**135,216**	120,148
Restricted Cash		**3,000**	3,000
Trade accounts receivable and other receivables		**16,558**	17,486
Inventories	4	**21,254**	26,193
Income tax receivables		**66**	69
Other current assets		**2,819**	1,915
Total current assets		**178,913**	**168,811**
Property, plant and equipment	5	**10,882**	9,807
Intangible assets	6	**7,193**	5,005
Deposits		**1,119**	804
Income tax receivables		**–**	370
Deferred tax assets		**7,514**	7,514
Total non-current assets		**26,708**	**23,500**
Total assets		**205,621**	**192,311**
Liabilities and Shareholders´ equity			
Trade and other payables		**21,160**	17,304
Other financial liabilities		**632**	679
Provisions		**1,785**	1,784
Income taxes payable		**3,877**	3,305
Other current liabilities		**15,162**	11,308
Total current liabilities		**42,616**	**34,380**
Provisions		**–**	252
Other non-current financial liabilities		**744**	700
Total non-current liabilities		**744**	**952**
Ordinary shares		**12,380**	11,825
Additional paid-in capital		**285,331**	283,733
Accumulated deficit		**(129,863)**	(135,667)
Other reserves		**(4,237)**	(2,102)
Employee stock purchase plan shares		**(1,350)**	(810)
Net Shareholders´ equity		**162,261**	**156,979**
Total liabilities and Shareholders´ equity		**205,621**	**192,311**

Unaudited consolidated income statement

For the three months ended 2 April 2010

	Notes	**Three months ended 2 April 2010 US$000**	Three months ended 27 March 2009 US$000
Revenue	2	**61,085**	36,006
Cost of sales		**(32,982)**	(22,803)
Gross profit		**28,103**	**13,203**
Selling and marketing expenses		**(3,994)**	(2,184)
General and administrative expenses		**(4,331)**	(2,063)
Research and development expenses		**(13,184)**	(8,008)
Operating profit	**2**	**6,594**	**948**
Interest income and other financial income		**335**	27
Interest expense and other financial expense		**(30)**	(61)
Foreign currency exchange gains and losses, net		**(1,360)**	(147)
Result before income taxes		**5,539**	**767**
Income tax benefit (expense)		**(611)**	25
Net profit		**4,928**	**792**

	2010	2009
Earnings (loss) per share (in US$)		
Basic	**0.08**	0.02
Diluted	**0.08**	0.02
Weighted average number of shares (in thousands)		
Basic	**59,793**	45,404
Diluted	**65,235**	45,560

Unaudited statement of comprehensive income

For the three months ended 2 April 2010

	Three months ended 2 April 2010 US$000	Three months ended 27 March 2009 US$000
Net profit	**4,928**	**792**
Exchange differences on translating foreign operations	124	11
Cash flow hedges	(1,979)	234
Income tax relating to components of other comprehensive income	(280)	(53)
Other comprehensive income for the year, net of tax	**(2,135)**	**192**
Total comprehensive income for the year	**2,793**	**984**

Unaudited consolidated statements of cash flows

For the three months ended 2 April 2010

	Notes	Three months ended 2 April 2010 US$000	Three months ended 27 March 2009 US$000
Cash flows from operating activities:			
Net profit		4,928	792
Interest income, net		(305)	34
Income tax expense (refund)		611	(25)
Impairment of inventories		921	245
Depreciation of property, plant and equipment		1,046	1,077
Amortization of intangible assets		525	526
Losses on disposals of fixed assets and impairment of fixed and financial assets		32	157
Expense related to share-based payments		876	216
Changes in working capital:			
Trade accounts receivable and other receivables		(1,368)	(5,914)
Factoring		2,297	5,735
Inventories		4,018	2,149
Prepaid expenses		(888)	(243)
Trade accounts payable		3,937	518
Provisions		(197)	108
Other assets and liabilities		4,226	(351)
Cash generated from operations		**20,659**	**5,024**
Interest paid		–	(61)
Interest received		16	27
Income taxes paid		(25)	(21)
Cash flow from operating activities		**20,651**	**4,969**
Cash flows from investing activities:			
Cash transferred to Restricted cash		–	(6,500)
Purchases of property, plant and equipment		(2,052)	(755)
Purchases of intangible assets		(2,664)	(135)
Payments for capitalized development costs		(287)	(192)
Investments and deposits made		(3)	–
Cash flow used for investing activities		**(5,006)**	**(7,582)**
Cash flows from financing activities:			
Sale of employee stock purchase plan shares		1,647	11
Costs in connection with capital increase		(34)	–
Cash flow from financing activities		**1,613**	**11**
Cash flow from (used for) operating, investing and financing activities		**17,258**	**(2,602)**
Net foreign exchange difference		**(2,190)**	**9**
Net increase (decrease) in cash and cash equivalents		**15,068**	**(2,593)**
Cash and cash equivalents at beginning of period		**120,148**	**36,915**
Cash and cash equivalents at end of period		**135,216**	**34,322**

Unaudited consolidated statement of changes in equity

For the three months ended 2 April 2010

				Other reserves				
	Ordinary Shares US$000	Additional paid-in capital US$000	Accumulated deficit US$000	Currency translation adjustment US$000	Cash Flow Hedges 000US$	Available-for-sale securities US$000	Employee stock purchase plan shares US$000	Total US$000
Balance at 31 December 2008 / 1 January 2009	9,328	223,005	(169,759)	(2,037)	(193)	–	(139)	60,205
Total comprehensive income (loss)	–	–	792	(42)	234	–	–	984
Sale of employee stock purchase plan shares	–	8	–	–	–	–	3	11
Equity settled transactions, net of tax	–	–	216	–	–	–	–	216
Changes in Equity total	**–**	**8**	**1,008**	**(42)**	**234**	**–**	**3**	**1,211**
Balance at 27 March 2009	**9,328**	**223,013**	**(168,751)**	**(2,079)**	**41**	**–**	**(136)**	**61,416**
Balance at 31 December 2009 / 1 January 2010	11,825	283,733	(135,667)	(1,730)	(372)	–	(810)	156,979
Total comprehensive income (loss)	–	–	4,928	(156)	(1,979)	–	–	2,793
Capital Increase for employee share option plan (gross proceeds)	555	414	–	–	–	–	(969)	-
Transaction cost of capital increase - employee share option plan		(34)						(34)
Sale of employee stock purchase plan shares	–	1,218	–	–	–	–	429	1,647
Equity settled transactions, net of tax			876	–	–	–	–	876
Changes in Equity total	**555**	**1,598**	**5,804**	**(156)**	**(1,979)**	**–**	**(540)**	**5,282**
Balance at 2 April 2010	**12,380**	**285,331**	**(129,863)**	**(1,886)**	**(2,351)**	**–**	**(1,350)**	**162,261**

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three months ended 2 April 2010

1. General

Company name and registered office
Dialog Semiconductor Plc
Tower Bridge House
St Katharine's Way
London E1W 1AA
United Kingdom

Description of Business
Dialog Semiconductor creates energy-efficient, highly integrated, mixed-signal circuits optimised for personal mobile, lighting & display and automotive applications. The company provides flexible and dynamic support, world-class innovation and the assurance of dealing with an established business partner.

With its focus and expertise in system power management, Dialog brings decades of experience to the rapid development of integrated circuits for power management, audio, display processing and motor control. Dialog's processor companion chips enhance both the performance of hand-held products and the consumers' multimedia experience. With world-class manufacturing partners, Dialog operates a fabless business model.

Dialog Semiconductor Plc is headquartered near Stuttgart with a global sales, R&D and marketing organisation. In 2009, it recorded $218 million in revenue and was one of the fastest growing European public semiconductor companies. It currently has approximately 350 employees. The company is listed on the Frankfurt (FWB: DLG) stock exchange.

Accounting policies
The accompanying interim consolidated financial statements have been prepared on the basis of the recognition and measurement requirements of IFRS and its interpretation adopted by the EU. As permitted by IAS 34, Management has decided to publish a condensed version compared to the consolidated financial statements at December 31, 2009.

The interim financial statements are presented in US dollars ("US$") except when otherwise stated. They are prepared on the historical cost basis except that financial instruments classified as available-for-sale and derivative financial instruments are stated at their fair value. The accounting policies and methods of computation are consistent with those of the previous financial year.

Please refer to note 2 to the consolidated financial statements as of December 31, 2009 for the accounting policies applied for the Company's financial reporting.

The accompanying interim consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the three months ended 2 April 2010 are not necessarily indicative of the results to be expected for the full year ending 31 December 2010.

Use of Estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and judgments include the recoverability of the long-lived assets and assets held for sale, the realisability of deferred income tax assets and inventories, and the fair value of stock-based employee compensation awards. Actual results may differ from those estimates.

2. Segment Reporting

Segment information is presented in respect of the Group's operating segments. The primary format, operating segments, is based on the Company's principal sales markets.

a) Operating Segments

	Three months ended 2 April 2010					Three months ended 27 March 2009				
	Audio & Power Management US$000	Display Systems 3) US$000	Automotive/ industrial US$000	Corporate US$000	Total US$000	Audio & Power Management US$000	Display Systems 2) 3) US$000	Automotive/ industrial US$000	Corporate US$000	Total US$000
Revenues	**47,598**	**195**	**13,391**	**(99)**	**61,085**	25,569	1,830	8,614	(7)	36,006
Operating profit (loss) 1)	**10,545**	**(3,287)**	**1,754**	**(2,418)**	**6,594**	3,575	(1,694)	(32)	(901)	948

[1] Certain overhead costs are allocated mainly based on sales and headcount.
[2] Revenue in 2009 primarily generated from funded research and development activity.
[3] The loss reflects the investment in the emerging display technology.

b) Geographic information

	Three months ended 2 April 2010 US$000	Three months ended 27 March 2009 US$000
Revenues		
Hungary	**7,950**	3,766
Other European countries	**7,513**	4,937
China	**36,479**	22,036
Other Asian countries	**7,378**	2,096
Other countries	**1,765**	3,171
Total revenues	**61,085**	**36,006**

	At 2 April 2010 US$000	At 31 December 2009 US$000
Assets		
Germany	**191,154**	185,656
Japan	**1,129**	854
United Kingdom	**11,553**	5,577
USA	**1,785**	224
Total assets	**205,621**	192,311

Revenues are allocated to countries based on the location of the shipment destination. Segmental assets are allocated based on the geographic location of the asset.

3. Stock-Based Compensation

Stock option plan activity for the period ended 2 April 2010 was as follows:

	Options	2010 Weighted average exercise price US$
Outstanding at beginning of year	**4,803,342**	**3.27**
Granted 1)	**3,213,570**	**1.03**
Exercised	**(1,431,298)**	**1.14**
Forfeited	**(63,862)**	**2.64**
Outstanding at end of period	**6,521,752**	**2.49**
Options exercisable at period end	**1,527,844**	**2.03**

[1] The amount of granted options includes 3,055,000 options granted under the Long-term Incentive Plan (LTIP). For further information please refer to note 21b to the consolidated financial statements as of December 31, 2009. Excluding the LTIP grant, the weighted average exercise price is $16.76

The Company established an employee share option trust (the "Trust"). The Trust purchases shares in the Company for the benefit of employees under the Company's share option scheme. At 2 April 2010 the Trust held 4,733,691 shares.

4. Inventories

Inventories consisted of the following:

	At 2 April 2010 US$000	At 31 December 2009 US$000
Raw materials	**3,828**	4,260
Work-in-process	**6,517**	5,528
Finished goods	**10,909**	16,405
	21,254	**26,193**

5. Property, plant and equipment

Property, plant and equipment consisted of test equipment, leasehold improvements, office and other equipment and advance payments:

	At 2 April 2010 US$000	At 31 December 2009 US$000
Gross carrying amount	**97,311**	97,554
Accumulated depreciation	**(86,429)**	(87,747)
Net carrying amount	**10,882**	**9,807**

6. Intangible assets

Intangible assets subject to amortization represent licenses, patents and software:

	At 2 April 2010 US$000	At 31 December 2009 US$000
Gross carrying amount	**22,685**	20,158
Accumulated depreciation	**(15,492)**	(15,153)
Net carrying amount	**7,193**	**5,005**

During the three months ended 2 April 2010, the Company invested an amount of US$2,664,000 in intangible assets of which the purchase of power management technology through an asset transaction from Diodes Zetex GmbH is a key element. As part of this transaction, Dialog has acquired specific Diodes intellectual property rights and an employee team located in Munich, Germany. The expected weighted average useful life of the acquired intangible assets is four years.

7. Commitments / Contingent liabilities

The Company has contractual commitments for the acquisition or property, plant and equipment in 2010 of US$1,116,000 and for the acquisition of intangible assets of US$115,000. In addition the company has a contingent liability of US$500,000 in connection with the purchase of intangible assets. This liability is contingent to certain milestones being met which is not expected to occur within the next 12 months.

8. Transactions with related parties

As described in the Company's annual report 2009, note 26 the related parties of the Company are comprised of seven Non-executive members of the board of directors and nine members of the executive management. The group of related parties has not changed in the first quarter of 2010. Transactions with those related parties only comprise their compensation which did not significantly change compared to 2009.

9. Subsequent events

No subsequent events of material impact occurred after the reporting date.

Dialog Semiconductor Plc
Tower Bridge House
St Katherine's Way
London E1W 1AA
UK

www.dialog-semiconductor.com