dialog SEMICONDUCTOR

Interim Report as of 30 March **2012**

The power to be...

...personal
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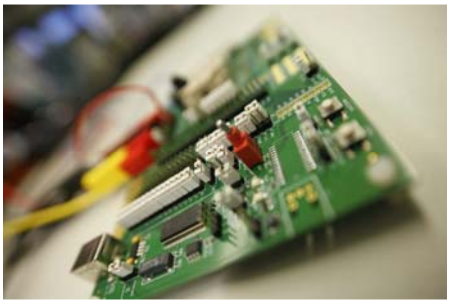

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Press Release – 2 May 2012

DIALOG SEMICONDUCTOR ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2012

Company reports a record first quarter revenue of $166.3 million, achieving strong year-on-year revenue growth of 69%

Kirchheim/Teck, Germany, 2 May 2012 – Dialog Semiconductor plc (FWB: DLG), a provider of highly integrated innovative power management, audio and low energy short range wireless technologies, today reports results for the first quarter ended 30 March 2012.

Q1 2012 Financial Highlights (*)

- Revenue for Q1 2012 of $166.3 million, representing an increase of 68.9% over the corresponding quarter of 2011
- Q1 2012 IFRS operating profit (EBIT) was $12.3 million or 7.4% of revenue with underlying(*) operating profit of $21.5 million or 13.0% of revenue
- Q1 2012 underlying(*) EBITDA(**) of $27.1 million or 16.3% of revenue, compared to $17.2 million or 17.5% of revenue in Q1 2011
- Q1 2012 underlying(*) diluted earnings per share of 27 cents, an increase of 7 cents over Q1 2011
- Cash and cash equivalents balance of $136.3 million, an increase of $22.8 million over the prior quarter
- Launch of $201 million Convertible Bond Offering during the quarter, which successfully closed on April 12th post period end
- Remain on track to deliver a successful result for 2012

Q1 2012 Operational Highlights

- Record first quarter revenue performance driven by sustained strong demand for Smartphone and Tablet PC PMIC products, supporting new product launches at our leading customers
- Announced co-operation with TSMC for a new 130 nm BCD process platform
- Pioneering 32-bit ARM processor integration in mixed signal PMICs, adding intelligence and digital power control for quad-core handsets
- Extension of the Green VOIP IC family with the launch of the new SC14453, incorporating leading audio, security and graphics functionality
- Opening of new Asian headquarters in Taipei to service the increasing demand for our products in Asia

Commenting on the results Dialog Chief Executive, Dr Jalal Bagherli, said:
"We had seen a very strong start to 2012 experiencing a lesser first quarter seasonal decline than normal due to the continued success of our trend setting Smartphone and Tablet customers. I am particularly pleased that we have achieved incremental gross margin improvement one quarter earlier than projected and believe that this gradual improvement will continue as the year progresses. During the quarter we also launched a successful $201 million convertible bond offering, strengthening our already robust cash balance, and ability to capitalise on potential acquisition opportunities going forward."

FINANCIAL OVERVIEW

Revenue in Q1 2012 was $166.3 million, representing an increase of 68.9% over the $98.5 million delivered in the first quarter of 2011 and a sequential decrease of 3.3% on the $172.1 million of revenue delivered in the prior quarter.

This first quarter is typically the lowest quarter of our financial year. This year, however, we experienced a lesser seasonal decline than usual and delivered a very strong Q1 revenue performance. Two key factors contributed to this strong result. First, we experienced particularly strong demand from our leading customers in support of new Smartphone and Tablet PC products launched by them in Q1. Secondly, some products in contract manufacturer hubs were pulled for customer production in the last week of Q1, earlier than originally scheduled, leading to a stronger than anticipated close to the quarter.

Gross margin in Q1 2012 was 36.9% of revenue. This represents an increase of 0.4 percentage points over that 36.5% achieved in the prior quarter and a decrease of 4.3 percentage points over the 41.2% achieved in Q1 2011. Q1 2012 underlying(*) gross margin was 37.3% compared to 37.1% in Q4 2011. This incremental improvement to gross margin expansion has begun one quarter earlier than projected, having stabilised earlier in the first quarter.

R&D and SG&A in Q1 2012 stood at 17.2% and 12.3% of revenue respectively, compared to 19.4% and 13.7% in Q1 2011 and 14.5% and 9.4% in the prior quarter. This represented an increase in absolute terms of $7.9 million over the prior quarter to $49.1 million. Q1 2012 SG&A included $3.4 million of one-off costs associated with the Convertible Bond Offering. Underlying(*) R&D and SG&A in Q1 2012 stood at 16.3% and 7.9% of revenue respectively, compared to 17.9% and 9.7% in Q1 2011.

Operating profit on an IFRS basis in Q1 2012 was $12.3 million or 7.4% of revenue. This compares to the $8.0 million or 8.1% of revenue achieved in Q1 2011 and 12.5% of revenue achieved in the prior quarter. The underlying(*) operating profit achieved in Q1 2012 was $21.5 million or 13.0% of revenue, compared with the underlying(*) operating profit of $13.8 million or 14.0% of revenue in Q1 2011 and $26.1 million or 15.2 % in the prior quarter. In Q1 2012 underlying(*) EBITDA(**) was $27.1 million or 16.3% of revenue compared to $17.2 million or 17.5% in Q1 2011 and $33.3 million or 19.4% in the prior quarter.

In total a net tax charge of $3.4 million was recorded in Q1 2012. Consequently, the overall effective tax rate for Q1 2012 was 27.0%.

In Q1 2012, on an IFRS basis, net profit was $9.1 million or 14 cents per basic share and 13 cents per diluted share. This compares to a net profit of $7.7 million or 12 cents per basic and diluted share delivered in Q1 2011 and a net profit of $19.1 million or 30 cents per basic and 28 cents per diluted share in the prior quarter. The underlying(*) earnings per share (diluted) in Q1 2012 was 27 cents. This compares to 20 cents in Q1 2011 and 35 cents in the prior quarter.

At the end of Q1 2012, our total inventory level was $80.7 million (or ~69 days), an increase of $18.1 million over the prior quarter and a level which we feel is appropriate in order to service the accelerating demand expected of the business during the second half of 2012.

Cash generated from operations was $35.8 million. At the end of Q1 2012, we had a cash and cash equivalents of $136.3 million. This represents an increase of $22.8 million over the cash and cash equivalents over the prior quarter and demonstrates the strong cash generating ability of Dialog's operating model.

During Q1 2012, we launched a 5 year Convertible Bond Offering yielding gross proceeds of $201 million. The offering closed successfully on April 12th subsequent to the period end. The bonds, which are listed on the Luxembourg Stock Exchange's Euro MTF market, will be convertible into ordinary shares of Dialog Semiconductor, listed on the Regulated Market of the Frankfurt Stock Exchange. The Bonds were issued at 100% of their principal amount with a coupon of 1.0% per-annum payable semi-annually in arrear. The conversion price is $29.5717 (€22.367), representing a premium of 35 percent above the volume-weighted average price on XETRA of Dialog Semiconductor's ordinary shares to the time of pricing on 8 March.

(*) Underlying results are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance (Q1 2012: $3.7 million), excluding one-time costs associated with the offering of a convertible bond (please refer to note 8 to the interim consolidated financial statements) (Q1 2012: $3.4 million), excluding amortisation of intangibles associated with the acquisition of SiTel Semiconductor (“SiTel”) (Q1 2012: $1.5 million) and excluding amortisation expenses in relation to previously capitalised R&D expenses for close to end of life products from SiTel (Q1 2012: $0.6 million). The term “underlying” is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures.)

(**) EBITDA is defined as operating profit excluding depreciation for property, plant and equipment (Q1 2012: $2.7 million), amortisation for intangible assets (Q1 2012: $4.7 million) and losses on disposals and impairment of fixed assets (Q1 2012: 0.2 million).

OPERATIONAL OVERVIEW

Within the Mobile Systems group, our portable device design win momentum continued to accelerate during the first quarter, including additional platform design in success at a tier 1 Smartphone OEM in Asia, for our power management and audio technology. We continue to view both the Smartphone and Tablet PC markets, which emerged strongly in 2011 and underpinned our own strong revenue growth, as significant markets capable of supporting Dialog’s on-going growth plans.

During the quarter we licensed the ARM® Cortex™ M0 processor for use in future generations of our power management ICs (PMICs). This will be the first time a standard 32-bit processor will be integrated into mixed signal PMICs. The combination will deliver superior digital processing capabilities, enabling Dialog system-level PMICs to provide extensive digital power control and precision battery management functions for portable devices. These PMICs are aimed at high-end multicore application processor-based platforms and deliver industry leading performance and efficiency, significantly increasing battery life.

We continue to strengthen our strategic alliance with TSMC and announced during the quarter that we were co-operating on a new 130 nm bipolar-CMOS-DMOS (BCD) technology, specifically tailored to high performance PMICs for portable devices. This will enable Dialog to create even more highly integrated, smaller form factor single chip devices optimised for portable products such as Tablet PCs, Ultrabooks and Smartphones as the industry moves towards 300 mm wafer adoption for mixed signal IC’s. TSMC was also awarded the Dialog 2011 Supplier of the Year Award at our office opening event in Taipei during the quarter.

Within our Connectivity group, in Q1 2012, we launched the latest member of our Green VOIP family - SC14453 - targeting high end phones. The single chip processor enters Dialog’s VoIP portfolio as its flagship product and integrates hardware blocks for best-in-class audio, security and graphics functionality. Our SmartPulse™ smart wireless sensor technology based on ultra-low power DECT technology continues to see increased design wins for adoption in home automation control over the internet and personal medical pendant devices.

To capitalise on the opportunity in Asia, particularly for the increasing future demand we see for the adoption of integrated PMICs in Ultrabooks, Smartphones and Tablets, we opened during the first quarter a new Asian headquarters in Taipei, Taiwan.

OUTLOOK

In Q2 2012, we expect to deliver revenue for the quarter in the range of $158 to $168 million, representing further significant year on year growth. We are now increasingly confident in our ability to meet current market revenue expectations for the full year, driven by a stronger seasonal second half and anticipated new product launches from our customers.

We continue to believe that the positive trend of gradual incremental gross margin improvement achieved in Q1, will continue through 2012, supported by our increasing supply chain visibility.

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 2012 performance. To access the call please use the following dial-in numbers: Germany: 0800 101 4960, UK: 0800 694 0257, US: US 1866 966 9439, Rest of World: +44 (0)1452 555 566 with no access code required. An instant replay facility will be available for 30 days after the call and can be accessed at on +44 (0)1452 550 000 with access code 66707114#. 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 release including the company’s consolidated income statement, consolidated balance sheet and consolidated statements of cash flows for the period ending 30 March 2012 is available under the investor relations section of the Company’s web site.

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Note to Editors:

Dialog Semiconductor creates, highly integrated, mixed-signal integrated circuits (ICs) optimised for personal portable, low energy short-range wireless, 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 energy efficient system power management, and now with the recent addition of low energy short range wireless and VoIP technology to the portfolio, Dialog brings decades of experience to the rapid development of ICs for personal portable applications including smartphones, tablet PCs, digital cordless phones and gaming applications.

Dialog's power management processor companion chips are essential for enhancing both the performance in terms of extended battery lifetime 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 2011, it had approximately $527 million in revenue and was one of the fastest growing European public semiconductor companies. It currently has approximately 675 employees. The company is listed on the Frankfurt (FWB: DLG) stock exchange and is a member of the German TecDax index.

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 30 March 2012 and 1 April 2011:

	Three months ended 30 March 2012		Three months ended 1 April 2011		Change
	US$000	**% of revenues**	US$000	% of revenues	%
Revenues					
Mobile Systems	**132,143**	**79.4**	68,532	69.6	92.8
Automotive / Industrial	**10,117**	**6.1**	12,175	12.4	(16.9)
Connectivity	**24,088**	**14.5**	17,850	18.1	34.9
Reconciliation	**-**	**0.0**	(79)	(0.1)	(100.0)
Revenues	**166,348**	**100.0**	**98,478**	**100.0**	**68.9**
Cost of sales	**(104,902)**	**(63.1)**	(57,863)	(58.8)	81.3
Gross profit	**61,446**	**36.9**	**40,615**	**41.2**	**51.3**
Selling and marketing expenses	**(9,289)**	**(5.6)**	(6,134)	(6.1)	51.4
General and administrative expenses	**(11,215)**	**(6.7)**	(7,435)	(7.5)	50.8
Research and development expenses	**(28,639)**	**(17.2)**	(19,084)	(19.4)	50.1
Operating profit	**12,303**	**7.4**	**7,962**	**8.1**	**54.5**
Interest income and other financial income	**99**	**0.1**	282	0.3	(64.9)
Interest expense and other financial expense	**(43)**	**0.0**	(34)	0.0	26.5
Foreign currency exchange gains and losses, net	**159**	**0.1**	353	0.4	(55.0)
Result before income taxes	**12,518**	**7.5**	**8,563**	**8.7**	**46.2**
Income tax expense	**(3,380)**	**(1.9)**	(901)	(0.9)	275.1
Net profit	**9,138**	**5.5**	**7,662**	**7.8**	**19.3**

Results of Operations

Segment Reporting

Revenues in the **Mobile Systems** Segment (see Note 2 to the interim consolidated financial statements and notes - Segment Reporting) were US$132.1 million for the three months ended 30 March 2012 (Q1-2011: US$68.5 million) comprising 79.4% of our total revenues (Q1-2011: 69.6%). The increase in this sector is again primarily driven by the success of our growing range of highly integrated power management solutions for portable devices including portable media players, Smartphones and Tablet PCs.

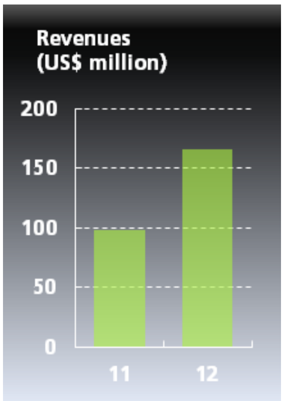
The operating profit in the **Mobile Systems Segment** increased from US$9.2 million for the three months ended 1 April 2011 to US$19.7 million for the three months ended 30 March 2012.

Revenues from our **Automotive / Industrial Applications segment** were US$10.1 million for the three months ended 30 March 2012 (Q1-2011: US$12.2 million) representing 6.1% of our total revenues (Q1-2011: 12.4%). The Operating Profit in the sector was US$1.6 million for the three months ended 30 March 2012 (Q1-2011: US$2.4 million).

The **Connectivity segment** represents our new subsidiary, Dialog Semiconductor B.V. (Dialog B.V.). The company was acquired on 10 February 2011; therefore in Q1-2011 its results were only consolidated from this date. Revenues from our Connectivity segment were US$24.1million or 14.5% of total revenues for Q1-2012 compared to US$17.9 million or 18.1% of total revenues for Q1-2011. The increase of 34.9% is mainly due to the fact that in 2011 the Connectivity segment only contributed revenues for about 1.5 months. For Q1-2012 the Connectivity segment contributed an operating loss of US$2.7 million, compared to an operating profit of US$1.5 million for Q1-2011. Had the connectivity business been consolidated from the beginning of the first quarter of 2011, the total contributed revenue would have been US$ 26.6 million for Q1-2011. This compares to a revenue of US$ 24.1 million achieved in Q1-2012, a decrease of US$ 2.5 million which translates into a reduced operating income of approximately US$1.0 million. In addition Q1-2011 benefited from a first time inventory overhead capitalisation of US$ 0.5 million to align the local accounting procedures to those of the Group. Another reason for the decline was that in Q1-2012 the Company allocated about US$1.4 million of overhead costs to this Segment mainly for cost associated with the Company's share option programme and for the support provided by the global management team. Included in this amount are one-time costs of about US$ 0.4 million that relate to higher National Insurance provisions for UK based employees associated to share options which need to be provided for by the Company as a direct result of the Dialog share price increase from €12.36 at 31 December 2011 to €18.32 at 30 March 2012. Furthermore, in Q1-2012 one-time costs of about US$0.7 million were recorded which relate to the transfer of certain legacy Connectivity products to a new assembly site which will lead to future cost improvements, once the transfer is completed (4Q12). Underlying (*) operational loss in Q1-2012 was US$0.1 million compared to a profit of US$2.6 million in Q1-2011.

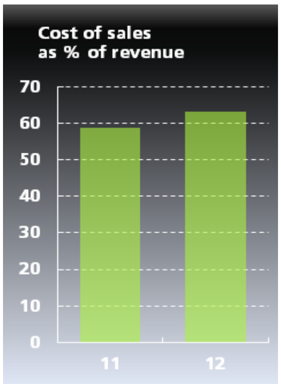
Revenues

Total revenues were US$166.3 million for the three months ended 30 March 2012 (Q1-2011: US$98.5 million). The increase of 68.9% in revenues results mainly from higher sales volumes in our Mobile Systems Segment and higher revenues in the Connectivity Segment on the basis that Connectivity Segment was only consolidated for 1.5 months in 2011 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 81.3% from US$57.9 million for the three months ended 1 April 2011 to US$104.9 million for the three months ended 30 March 2012, resulting from increased revenues during the quarter. As a percentage of revenues, cost of sales increased from 58.8% to 63.1%. This increase can largely be attributed to the product mix increasingly reflecting higher volume customer contracts together with higher material costs against the backdrop of an on-going constrained supply chain environment. Additionally, very high volume ramps of new products using new manufacturing processes introduced early last year continued to drive lower yields in Q1-2012 although measurable improvements are now becoming visible.



Gross profit

Our gross margin decreased from 41.2% of revenues for the three months ended 1 April 2011 to 36.9% of revenues for the three months ended 30 March 2012 driven by higher cost of sales as a percentage of revenues. As mentioned above, gross margins remained under pressure. However, compared to Q4-2011, gross margin improved 40 basis points (Q4-2011: 36.5%).

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$6.1 million for the three months ended 1 April 2011 by 51.4% to US$9.3 million for the three months ended 30 March 2012. This increase is partly linked to the acquisition of Dialog B.V. As mentioned above, this company was only consolidated for 1.5 months in 2011. Selling and marketing expenses excluding Dialog B.V. were US$5.2 million for Q1-2012 and US$3.9 million for Q1-2011, an increase of 34.1%. This increase is in line with the increased production volume. However, as a percentage of total revenues, selling and marketing expenses decreased from 6.1% of total revenues in Q1- 2011 to 5.6% of total revenues in Q1-2012. Underlying (*) selling and marketing expenses in Q1-2012 were 4.4% of revenues compared to 5.4% in Q1-2011.

General and administrative expenses

General and administrative expenses consist primarily of personnel and support costs for our finance, human resources and other management departments. In addition, Q1-2012 included the one-time costs in the amount of US$3.4 million in connection with the offering of a convertible bond; please refer to note 8 to the consolidated interim financial statements. Q1-2011 on the other hand included the one-time acquisition related costs of US$2.8 million in connection with the acquisition of Dialog B.V. General and administrative expenses were US$11.2 million for the first quarter 2012, an increase of 50.8% over the US$7.4 million in Q1-2011. As a percentage of total revenues General and administrative expenses decreased from 7.5% for the three months ended 1 April 2011 to 6.7% in the three months ended 30 March 2012. The absolute increase of US$3.8 million is partly attributed to higher one-time costs in Q1-2012 and the consolidation of Dialog B.V. for 3 months in Q1-2012 compared to only 1.5 months in Q1-2011.

General and administrative expenses excluding the one-time costs explained above and excluding expenses contributed by Dialog B.V. were US$7.1 million for Q1-2012 and US$4.2 million for Q1-2011 an increase of US$2.9 million or 69% over Q1-2011. US$1.4 million of this increase relates to higher National Insurance provisions for UK based employees associated to share options which need to be provided for by the Company as a direct result of the Dialog share price increase from €12.36 at 31 December 2011 to €18.32 at 30 March 2012. The remaining increase relates to higher costs for support functions reflecting the growth of the Company. Underlying (*) general and administrative expenses in Q1-2012 were 3.6% of revenues compared to 4.2% in Q1-2011.

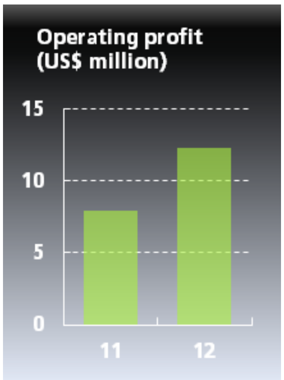
Research and development expenses

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$28.6 million for the three months ended 30 March 2012 (Q1-2011: US$19.1 million), an increase of 50.1%. The increase was partly due to the acquisition of Dialog B.V. and an increased headcount of our R&D personnel in support of our growth strategy. However, as a percentage of total revenues research and development expenses decreased from 19.4% to 17.2% in those periods.

Excluding the impact of the SiTel acquisition (1.5 months consolidation in Q1-11 and 3 months in Q1-12), research and development expenses would have been US$ 22.4 million or 20.0% of revenues, compared to US$16.2 million or 16.5% of total revenues in Q1-2011. Underlying (*) research and development expenses in Q1-2012 were 16.3% of revenues compared to 17.9% in Q1-2011.

Operating profit

We reported an operating profit of US$12.3 million for the first quarter 2012 (Q1-2011: US$8.0 million). This improvement primarily resulted from a wider revenue base in 2012 mainly contributed by our Mobile Systems segment. Underlying (*) operating profit in Q1-2012 was 13.0% of revenues compared to 14.0% in Q1-2011.



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$99 thousand for the three months ended 30 March 2012 (Q1-2010: US$282 thousand). The decrease was primarily the result of lower cash held on average during the quarter, lower interest rates and increased zero interest income funds from cash advance under the factoring facility.

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. Q1-2012 interest and other financial expenses were US$43 thousand (Q1-2011: US$34 thousand).

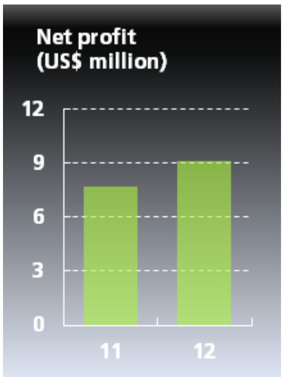
Income tax expense

For the three months ended 30 March 2012, a net income tax charge of US$3.4million was recorded (Q1-2011: US$0.9 million). The amount in Q1-2012 consists of a current tax expense of US$2.3 million (Q1-2011 US$1.3 million) and a deferred tax expense of 1.1 million (Q1-2011 (benefit of US$0.4 million) mainly as a result of the recognition of previously unrecognised deferred tax assets. The tax charge in both periods continued to benefit from the utilisation of brought forward tax losses resulting in a residual minimum tax level current tax expense.

Furthermore, previously unrecognised deferred tax assets were recognised during both quarters reported, this resulted in a contribution of US$ 1.0 million for Q1-2012 (Q1-2011 US$ 3.6 million).

Net profit

For the reasons described above, we reported a net profit of US$9.1 million for the three months ended 30 March 2012 (Q1-2011: US$7.7 million).



Basic earnings per share in Q1-2012 were US$0.14 (Q1-2011: US$0.12) while diluted earnings per share were US$0.13 (Q1-2011: US$ 0.12).

Liquidity and capital resources

Cash flows

Cash generated from operating activities was US$30.8 million for the three months ended 30 March 2012 (Q1-2011 US$20.7 million). With an amount of US$22.9 million the cash inflow in the three months ended 30 March 2012 mainly resulted from the operating income (before depreciation amortisation and other non-cash effective expenses) and with an amount of US$12.9 million from the reduction of the companies working capital (net of cash). This cash inflow was reduced by corporation tax payments in the amount of US$5.1 million.

Cash used for investing activities was US$10.5 million for the three months ended 30 March 2012 (Q1-2011: US$82.5 million). Cash used for investing activities in Q1-2012 consisted primarily of the purchase of tooling (masks), laboratory equipment, probe cards, load boards and other advanced test equipment for a total of US$7.9 million (Q1-2011: US$3.8 million), the purchase of intangible assets of US$1.7 million (Q1-2011: US$1.2 million) and payments related to capitalised development costs of US$1.0 million (Q1-2010: US$1.1 million). Cash used for investing activities in 2011 also consisted of US$76.2 million net cash paid for the acquisition of Dialog B.V..

Cash flow from financing activities was US$2.2 million for Q1-2012 and 10.8 million of Q1-2011. The cash inflow in Q1-2012 relates to proceeds resulting from share option exercises in connection with the Company's employee share option program (Q1-2011: 0.8 million). Q1-2011 also included the cash received in connection with a drawdown of a bank facility in the amount of US$10.0 million.

Liquidity

At 30 March 2012 we had cash and cash equivalents of US$136.3 million (31 December 2011: US$113.6 million). The working capital (defined as current assets minus current liabilities) was US$165.2 million (31 December 2011: US$150.8 million).

As of 30 March 2012 we had no long-term debt (31 December 2011: 0)

If necessary, we have available for use a multi-currency 3 years (2010-2013) revolving credit line facility of £10.0 million at a rate of LIBOR +150bp and a 3 year (2011-2014) revolving credit facility of US$35.0 million that bears interest at a rate of LIBOR +140bp. At 30 March 2012 and 31 December 2011 we had no amounts outstanding under these facilities. In addition, we have two factoring agreements which provide the Company with up to US$42.0 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.

Dialog Semiconductor's financial performance for Q1-2012 and Q1-2011

	Q1 2012			Q1 2011		
US$000	**IFRS**	**Adjustments**	**Underlying *)**	IFRS ***)	Adjustments	Underlying *)
Revenues	**166,348**	**-**	**166,348**	98,478	-	98,478
Cost of sales	**(104,902)**	**(556)**	**(104,346)**	(57,863)	(385)	(57,478)
Gross profit	**61,446**	**(556)**	**62,002**	**40,615**	**(385)**	**41,000**
Selling and marketing expenses	**(9,289)**	**(1,929)**	**(7,360)**	(6,134)	(701)	(5,433)
General and administrative expenses	**(11,215)**	**(5,289)**	**(5,926)**	(7,435)	(3,303)	(4,132)
Research and development expenses	**(28,639)**	**(1,471)**	**(27,168)**	(19,084)	(1,483)	(17,601)
Operating profit	**12,303**	**(9,245)**	**21,548**	**7,962**	**(5,872)**	**13,834**
Interest income and other financial income	**99**	**-**	**99**	282	-	282
Interest expense and other financial expense	**(43)**	**-**	**(43)**	(34)	-	(34)
Foreign currency exchange gains and losses, net	**159**	**-**	**159**	353	-	353
Result before income taxes	**12,518**	**(9,245)**	**21,763**	**8,563**	**(5,872)**	**14,435**
Income tax expense	**(3,380)**	**-**	**(3,380)**	(901)	-	(901)
Net profit	**9,138**	**(9,245)**	**18,383**	**7,662**	**(5,872)**	**13,534**
Earnings per share (in US$)						
Basic	**0.14**	**(0.14)**	**0.29**	0.12	(0.10)	0.22
Diluted	**0.13**	**(0.14)**	**0.27**	0.12	(0.09)	0.20
EBITDA **)	**19,943**	**(7,150)**	**27,093**	**12,453**	**(4,796)**	**17,249**

*) Underlying results in Q1-2012 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$3.7 million, excluding one-time costs of US$3.4 million associated with the offering of a convertible bond (please refer to note 8 to the interim consolidated financial statements, excluding US$1.5 million of amortisation of intangibles associated with the acquisition of SiTel and excluding amortisation expenses of US$0.6 million in relation to previously capitalised R&D expenses for close to end of life products from SiTel.

Underlying results in Q1-2011 are based on IFRS, adjusted to exclude share-based compensation charges and related charges for National Insurance of US$2.0 million, excluding one-time costs of US$2.8 million associated with the acquisition of Dialog B.V., excluding US$0.8 million of amortisation of intangibles associated with the acquisition of Dialog B.V. and excluding amortisation expenses of US$0.3 million in relation to previously capitalised R&D expenses for close to end of life products from Dialog B.V..

The term "underlying" is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures.

(**) EBITDA is defined as operating profit excluding depreciation for property, plant and equipment (Q1 2012: $2.7 million, Q1 2011: $1.7 million), amortisation for intangible assets (Q1 2012: $4.7 million, Q1 2011: $2.7 million) and losses on disposals and impairment of fixed assets (Q1 2012: 0.2 million, Q1 2011: $0.1 million).

***) Q1-2011 numbers adjusted for purchase price allocation, please refer to note 1 to the Q1-2012 consolidated interim financial statements

Statement of Financial Position

	At 30 March 2012 US$000	At 31 December 2011 US$000	Change US$000	%
Assets				
Cash and cash equivalents	**136,344**	113,590	22,754	20.0
All other current assets	**131,647**	117,685	13,962	11.9
Total current assets	**267,991**	231,275	36,716	15.9
Property, plant and equipment, net	**33,584**	28,404	5,180	18.2
Goodwill	**27,358**	27,358	-	-
Intangible assets	**36,676**	38,361	(1,685)	(4.4)
All other non-current assets	**1,512**	1,684	(172)	(10)
Deferred tax assets	**16,692**	17,382	(690)	(4.0)
Total non-current assets	**115,822**	113,189	2,633	2.3
Total assets	**383,813**	344,464	39,349	11.4
Liabilities and Shareholders' equity				
Current liabilities	**102,775**	80,440	22,335	27.8
Non-current liabilities	**1,141**	909	232	25.5
Net Shareholders' equity	**279,897**	263,115	16,782	6.4
Total liabilities and Shareholders' equity	**383,813**	344,464	39,349	11.4

The balance sheet total was US$383.8 million at 30 March 2012 (31 December 2011: US$344.5 million). Cash and cash equivalents increased by US$22.8 million or 20.0% to US$136.3 million at 30 March 2012 (31 December 2011: US$113.6 million). This increase was mainly caused by the cash inflows from operating activities which were partly offset by cash outflows for investing activities as prescribed above. Other current assets increased from US$117.7 million at 31 December 2011 by US14.0 million to US$131.6 million at 30 March 2012. The increase of 11.9% is mainly driven by higher inventory balances to support the growth of the Company.

Total non-current assets increased only slightly, as investments into tangible and intangible assets of US$10.6 million were largely offset by depreciation and amortization charges in the amount of US$7.4million.

Current liabilities increased by net US$22.3 million of which US$27.9 million relate to increased trade accounts payables which mainly stand in relation to the increase inventory balance.

Shareholders' equity increased to US$279.9 million (US$263.1 million at 31 December 2011) which is mainly a result of our net profit (adjusted by expenses for share based payments). The equity ratio was 72.9% (76.4% at 31 December 2011).

Other Information

Members of the Management and the Board of Directors
Management
Dr Jalal Bagherli, Chief Executive Officer; Andrew Austin, Vice President, Sales; Mohamed Djadoudi, Vice President Global Manufacturing Operations and Quality; Gary Duncan, Vice-President, Engineering; Christophe Chene, Vice President, Asia; Dr Asmund Tielens, Vice President and General Manager Connectivity, Automotive and Industrial Group; Udo Kratz, Senior Vice President, General Manager Mobile Systems Business Group; Martin Powell, Vice President, Human Resources; Jean-Michel Richard, CFO, Vice President Finance; Mark Tyndall, Vice President Business Development and Corporate Strategy.

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

Risks, risk management and opportunities
The risk management, our business risks and opportunities are described in our 2011 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 2012. 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.

2 May 2012

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

Consolidated interim financial statements and notes

Unaudited consolidated statement of financial position

As at 30 March 2012

	Notes	**At 30 March 2012 US$000**	At 31 December 2011 US$000
Assets			
Cash and cash equivalents		**136,344**	113,590
Trade accounts receivable and other receivable		**41,534**	46,729
Inventories	4	**80,711**	62,637
Income tax receivables		**59**	58
Other financial assets		**483**	25
Other current assets		**8,860**	8,236
Total current assets		**267,991**	231,275
Property, plant and equipment	5	**33,584**	28,404
Goodwill		**27,358**	27,358
Other intangible assets	1	**36,676**	38,361
Deposits		**1,264**	1,445
Income tax receivables		**248**	239
Deferred tax assets		**16,692**	17,382
Total non-current assets		**115,822**	113,189
Total assets		**383,813**	344,464
Liabilities and Shareholders' equity			
Trade and other payables		**78,342**	50,457
Other financial liabilities		**3,267**	7,213
Provisions		**1,100**	1,040
Income taxes payable		**2,425**	5,178
Other current liabilities		**17,641**	16,552
Total current liabilities		**102,775**	80,440
Provisions		**571**	536
Other non-current financial liabilities		**570**	373
Total non-current liabilities		**1,141**	909
Ordinary shares		**12,852**	12,380
Additional paid-in capital		**207,934**	203,911
Retained earnings (Accumulated deficit)		**68,885**	58,233
Other reserves		**(3,574)**	(8,251)
Employee stock purchase plan shares		**(6,200)**	(3,158)
Net Shareholders´ equity		**279,897**	263,115
Total liabilities and Shareholders´ equity		**383,813**	344,464

Unaudited consolidated income statement

For the three months ended 30 March 2012

	Notes	**Three months ended 30 March 2012**	Three months ended 1 April 2011 Adjusted [1]
		US$000	US$000
Revenue	2	**166,348**	98,478
Cost of sales	1	**(104,902)**	(57,863)
Gross profit		**61,446**	**40,615**
Selling and marketing expenses	1	**(9,289)**	(6,134)
General and administrative expenses		**(11,215)**	(7,435)
Research and development expenses	1	**(28,639)**	(19,084)
Operating profit	**2**	**12,303**	**7,962**
Interest income		**99**	282
Interest expense		**(43)**	(34)
Foreign currency exchange gains (losses), net		**159**	353
Result before income taxes		**12,518**	**8,563**
Income tax expense		**(3,380)**	(901)
Net profit		**9,138**	**7,662**

Earnings per share (in US$)	**2012**	2011
Basic	**0.14**	0.12
Diluted	**0.13**	0.12
Weighted average number of shares (in thousands)		
Basic	**63,970**	61,470
Diluted	**68,239**	66,520

1) Please refer to note 1 – adjustment purchase price allocation

Unaudited statement of comprehensive income

For the three months ended 30 March 2012

	Three months ended 30 March 2012	Three months ended 1 April 2011 Adjusted 1)
	US$000	US$000
Net profit	**9,138**	7,662
Exchange differences on translating foreign operations	**(67)**	(316)
Cash flow hedges	**4,350**	2,880
Income tax relating to components of other comprehensive income	**394**	211
Other comprehensive income for the year, net of tax	**4,677**	2,775
Total comprehensive income for the year	**13,815**	**10,437**

1) Please refer to note 1 – adjustment purchase price allocation

Unaudited consolidated statements of cash flows

For the three months ended 30 March 2012

	Notes	**Three months ended 30 March 2012 US$000**	Three months ended 1 April 2011 Adjusted [1] US$000
Cash flows from operating activities:			
Net profit	1	**9,138**	7,662
Adjustments to reconcile net profit to net cash used for operating activities:			
Interest income, net		**(56)**	(248)
Income tax expense		**3,380**	901
Impairment of inventories		**1,277**	827
Depreciation of property, plant and equipment		**2,723**	1,712
Amortisation of intangible assets	1	**4,716**	2,657
Losses on disposals of fixed assets and impairment of fixed and financial assets		**201**	122
Expense related to share-based payments		**1,514**	1,356
Changes in working capital:			
Trade accounts receivable, other receivables and factoring		**5,195**	(1,538)
Inventories		**(19,351)**	(4,186)
Prepaid expenses		**(782)**	(1,122)
Trade accounts payable		**27,818**	1,681
Provisions		**78**	(357)
Other assets and liabilities		**(63)**	(809)
Cash generated from operations		**35,788**	8,658
Interest paid		**–**	(6)
Interest received		**88**	273
Income taxes paid		**(5,075)**	(1,295)
Cash flow from operating activities		**30,801**	7,630
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(7,872)**	(3,779)
Purchase of intangible assets		**(1,749)**	(1,238)
Payments for capitalised development costs		**(988)**	(1,085)
Deposits received back (made)		**143**	(227)
Purchase of SiTel Semiconductor B.V.		**–**	(76,181)
Cash flow used for investing activities		**(10,466)**	**(82,510)**
Cash flows from financing activities:			
Purchase of employee stock purchase plan shares		**–**	–
Sale of employee stock purchase plan shares		**2,231**	817
Financial liabilities		**–**	10,000
Cash flow from financing activities		**2,231**	10,817
Cash flow from (used for) operating, investing and financing activities		**22,566**	(64,063)
Net foreign exchange difference		**188**	164
Net increase (decrease) in cash and cash equivalents		**22,754**	(63,899)
Cash and cash equivalents at beginning of period		**113,590**	158,200
Cash and cash equivalents at end of period		**136,344**	94,301

1) Please refer to note 1 – adjustment purchase price allocation

Unaudited consolidated statement of changes in equity

For the three months ended 30 March 2012

	Ordinary Shares US$000	Additional paid-in capital US$000	Retained earnings (Accumulated deficit) US$000	Other reserves Currency translation adjustment US$000	Hedges US$000	Employee stock purchase plan shares US$000	Total US$000
Balance at 31 December 2010 / 1 January 2011	**12,380**	**202,416**	**(3,961)**	**(1,717)**	**69**	**(3,915)**	**205,272**
Total comprehensive income	–	–	7,662	(105)	2,880	–	10,437
Sale of employee stock purchase plan shares	–	387	–	–	–	430	817
Equity settled transactions, net of tax	–	–	1,356	–	–	–	1,356
Changes in Equity total	**–**	**387**	**9,018**	**(105)**	**2,880**	**430**	**12,610**
Balance at 1 April 2011 Adjusted [1)]	**12,380**	**202,803**	**5,057**	**(1,822)**	**2,949**	**(3,485)**	**217,882**

	Ordinary Shares US$000	Additional paid-in capital US$000	Retained earnings (Accumulated deficit) US$000	Currency translation adjustment US$000	Hedges US$000	Employee stock purchase plan shares US$000	Total US$000
Balance at 31 December 2011 / 1 January 2012	**12,380**	**203,911**	**58,233**	**(1,879)**	**(6,372)**	**(3,158)**	**263,115**
Total comprehensive income	–	–	9,138	96	4,581	–	13,815
Capital increase for employee share option plan (gross proceeds)	472	2,680	–	–	–	(3,152)	-
Transaction costs related to the offering of the convertible bond	–	(781)	–	–	–	–	(781)
Transaction costs of capital increase - employee share option plan	–	(19)	–	–	–	–	(19)
Sale of employee stock purchase plan shares	–	2,143	–	–	–	110	2,253
Equity settled transactions, net of tax	–	–	1,514	–	–	–	1,514
Changes in Equity total	**472**	**4,023**	**10,652**	**96**	**4,581**	**(3,042)**	**16,782**
Balance at 30 March 2012	**12,852**	**207,934**	**68,885**	**(1,783)**	**(1,791)**	**(6,200)**	**279,897**

1) Please refer to note 1 – adjustment purchase price allocation

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three months ended 30 March 2012

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 highly integrated, mixed signal integrated circuits (ICs) optimised for personal portable, short-range wireless, 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 energy-efficient system power management, and the addition during 2011 of low energy short-range wireless and VoIP technology to the portfolio, Dialog brings decades of experience to the rapid development of ICs for personal portable applications, including smartphones, tablet PCs, digital cordless phones and gaming applications.

Dialog’s power management processor companion chips are essential for enhancing both the performance in terms of extended battery lifetime 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 2011, it had US$527 million in revenue and is one of the fastest growing European public semiconductor companies. At 30 March 2012, the Company had 664 employees. The Company is listed on the Frankfurt (FWB: DLG) stock exchange and is a member of the German TecDax index.

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, 2011.

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, 2011 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 30 March 2012 are not necessarily indicative of the results to be expected for the full year ending 31 December 2012.

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.

Adjustment purchase price allocation

On 10 February 2011, Dialog Semiconductor Plc acquired 100% of the voting shares of SiTel Semiconductor B.V. (Now Dialog B.V.), an unlisted company headquartered and incorporated in the Netherlands and a leader in short-range wireless, digital cordless and VoIP technology.

Given the timing of the transaction, at the end of Q1-2011 it has not been possible to provide all disclosures required by IFRS 3 (R) as the acquisition accounting including the purchase price allocation ("PPA") was still in the process of being finalised. The Company completed this during the remainder of 2011. Therefore in the consolidated interim financial statements for the first quarter 2011 Dialog reported the results of the PPA on the basis of provisional figures. The final results led to changes to the PPA and numbers for Q1-2011 have been retrospectively adjusted. The table below shows the adjustments:

	Three months ended 1 April 2011 as previously reported	PPA adjustment	Three months ended 1 April 2011 adjusted
	US$000	US$000	US$000
Revenue	98,478	–	98,478
Cost of sales	(58,432)	569	(57,863)
Gross profit	**40,046**	**569**	**40,615**
Selling and marketing expenses	(5,358)	(776)	(6,134)
General and administrative expenses	(7,435)	–	(7,435)
Research and development expenses	(19,007)	(77)	(19,084)
Operating profit	**8,246**	**(284)**	**7,962**
Interest income	282	–	282
Interest expense	(34)	–	(34)
Foreign currency exchange gains (losses), net	353	–	353
Result before income taxes	**8,847**	**(284)**	**8,563**
Income tax expense	(901)	–	(901)
Net profit	**7,946**	**(284)**	**7,662**

	At 1 April 2011 as previously reported US$000	PPA adjustment US$000	At 1 April 2011 adjusted US$000
Goodwill	47,058	(19,700)	27,358
Other intangible assets	23,958	19,416	43,374

2. Segment Reporting

The 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

Dialog has changed the structure of its internal organisation which drove a change in the composition of its reportable segments. For further information please see below. Following this change the Group's operating segments are:

Mobile Systems

This segment includes our power management and audio chips especially designed to meet the needs of the wireless systems markets and a range of advanced driver technologies for low power display applications – from PMOLEDs, to electronic paper and MEMS displays. This segment was newly created in Q1-2012 and includes our former Audio and Power Systems segment and our former Display Systems segment. For further information, see below.

Automotive and Industrial

In the automotive and industrial market our products address the safety, management and control of electronic systems in cars and for industrial applications.

Connectivity

The activities of this segment include short-range wireless, digital cordless and VoIP technology. The new Connectivity segment includes the operating segment of our newly acquired subsidiary SiTel Semiconductor B.V. now Dialog Semiconductor B.V. ("Dialog B.V.") Dialog B.V. was acquired on 10 February 2011; therefore its results are consolidated from this date.

	Three months ended 30 March 2012					Three months ended 1 April 2011				
	Mobile Systems 000US$	**Automotive/ Industrial US$000**	**Connectivity US$000**	**Reconciliation US$000**	**Total US$000**	Mobile Systems 000US$	Automotive/ Industrial US$000	Connectivity US$000	Reconciliation US$000	Total US$000
Revenues [1]	**132,143**	**10,117**	**24,088**	**-**	**166,348**	68,532	12,175	17,850	(79)	98,478
Operating profit (loss) [2]	**19,743**	**1,557**	**(2,697)**	**(6,300)**	**12,303**	9,163	2,406	1,485	(5,092)	7,962

1) Certain overhead costs are allocated mainly based on sales and headcount.
2) Q1-2011 numbers adjusted for purchase price allocation, please refer to note 1

Change of Segmental Reporting structure

Following the acquisition of Dialog B.V. in February 2011, the Company initiated a review of the business segments. The first outcome was the creation of the Connectivity Segment in 1Q-2011 to encapsulate all the activities of former SiTel. During Q1 2012, the Company went on to review its display activities.

Low market traction of our display products in the last two years which resulted in minimal revenues drove the Company's decision to re-allocate its scarce R&D resources away from these products and onto higher priority projects. Due to high synergy of end markets and customers in mobile products between audio & power management and display products, the Company then decided to merge the two marketing and support organisations. These decisions meant that it was no longer meaningful to report the display activity as a separate business segment. As a result, the Company has decided to merge the former Audio & Power Management Segment and the former Display Systems Segment under the newly created segment called Mobile Systems Business Group.

The Company previously indicated that it would no longer invest R&D activities in the development of next generation display products unless it sees traction in the market and capacity investment in display glass modules from it business partners in Asia. This decision resulted in a reduced operating loss for the former Display Systems Segment in Q1-2012 compared to Q1-2011. Nevertheless, the Company continues to engage with major tier 1 OEMs and module display manufacturers to secure their adoption of this technology

The following table shows the Company's former Audio & Power Management Segment, the former Display Segment and the combination of both into the new Mobile Systems Segment:

	Three months ended 30 March 2012			Three months ended 1 April 2011		
	Audio & Power Management US$000	**Display Systems US$000**	**Mobile Systems 000US$**	Audio & Power Management US$000	Display Systems US$000	Mobile Systems 000US$
Revenues [1)]	**131,831**	**312**	**132,143**	68,226	306	68,532
Operating profit (loss)	**21,020**	**(1,277)**	**19,743**	11,446	(2,282)	9,164

1) Certain overhead costs are allocated mainly based on sales and headcount.

b) Geographic information

	Three months ended 30 March 2012 US$000	Three months ended 1 April 2011 US$000
Revenues		
United Kingdom	**506**	497
Other European countries	**20,033**	18,006
China	**124,213**	58,346
Other Asian countries	**19,465**	15,411
Other countries	**2,131**	6,218
Total revenues	**166,348**	**98,478**

	At 30 March 2012 US$000	At 31 December 2011 US$000
Assets		
Germany	**279,100**	236,561
Japan	**2,611**	2,925
United Kingdom	**11,101**	8,052
Netherlands	**88,598**	93,763
Other	**2,403**	3,163
Total assets	**383,813**	**344,464**

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 30 April 2012 was as follows:

	2012 Options	Weighted average exercise price €
Outstanding at beginning of year	**6,160,579**	**5.48**
Granted	**548,593**	**1.99**
Exercised	**(390,998)**	**4.15**
Forfeited	**(15,364)**	**9.37**
Outstanding at period end	**6,302,810**	**5.25**
Options exercisable at period end	**3,445,701**	**2.30**

The Company established an employee benefit trust (the "Trust"). The Trust purchases shares in the Company for the benefit of employees under the Group's share option scheme. At 30 March 2012 the Trust held 3,875,994 shares.

4. Inventories

Inventories consisted of the following:

	At 30 March 2012 US$000	At 31 December 2011 US$000
Raw materials	**11,765**	4,031
Work-in-process	**28,359**	22,496
Finished goods	**40,587**	36,110
	80,711	**62,637**

5. Property, plant and equipment

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

	At 30 March 2012 US$000	At 31 December 2011 US$000
Gross carrying amount	**126,215**	118,274
Accumulated depreciation	**92,631**	89,871
Net carrying amount	**33,584**	**28,403**

The Company has contractual commitments for the acquisition or property, plant and equipment in 2012 of US$17,236,000.

6. Intangible assets

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

	At 30 March 2012 US$000	At 31 December 2011 US$000
Gross carrying amount	**74,622**	71,621
Accumulated depreciation	**37,946**	33,260
Net carrying amount	**36,676**	**38,361**

The Company has contractual commitments for the acquisition of intangible assets of US$2,651,000.

In addition the company has a contingent liability of US$400,000 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.

7. Transactions with related parties

As described in the Company's annual report 2011, note 25 the related parties of the Company are comprised of seven Non-Executive members of the Board of Directors and ten members of the executive management. The group of related parties has not changed in the first quarter of 2012. Transactions with those related parties only comprise their compensation which did not significantly change compared to 2011.

8. Subsequent events

On March 8th, 2012 the Company announced the offering of USD 201 million senior unsecured convertible bonds due in 2017. The Bonds will be convertible into ordinary shares of Dialog Semiconductor Plc. The Bonds are issued at 100 per cent of their principal amount and have a coupon of 1.00 per cent per annum payable semi-annually in arrears. The conversion price was US$ 29.5717 (EUR 22.367 equivalent). If not previously converted or redeemed, the Bonds will be redeemed at par 5 years from the Closing Date. The Company will have the option to call all outstanding Bonds from approximately 3 years after the Closing Date until maturity, in the event that the value of the Shares underlying a Bond exceeds 130% of the principal amount over a certain period. The shares issued upon conversion of the Bonds will represent approximately 10% of Dialog Semiconductor's current issued share capital.

The Company intends to use the net proceeds of the Offering for general corporate purposes and potential acquisitions. The Bonds were offered to institutional investors only.

The Closing Date and the listing of the Bonds on the Luxembourg Stock Exchange was on 5th April 2012. On 12th April 2012, the Company received the proceeds from the convertible bond placement. The cash proceeds will be recognised in the second quarter of 2012.

In Q1-2012, the company accrued the placement costs as the related services were already provided. These costs were allocated to the P&L and the equity in relation to the liability and the equity components of the Bonds. The amount booked to General and Administrative expenses was USD 3,418,000. The amount booked as a deduction of additional paid in capital was USD 781,000.

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