Notes to the consolidated financial statements

For the year ended 31 December 2012

24. Segmental reporting continued

Revenues in the Corporate column include sales discounts on early payment of US$1,000 (2011: US$107,000). The amount in 2011 also includes the BenQ Cash settlement of US$1,785,000).

R&D expenses in the Corporate column predominantly include stock option expenses, expenses for the Management Long Term Incentive Plan (LTIP) and expenses for the Executive Incentive Plan (EIP) of US$2,950,000 (2011: US$3,442,000).

The operating losses recorded in the corporate column for the year ended 31 December 2012 of US$16,195,000 (2011: US$12,878,000) are primarily resulting from stock option expenses, bonus payments for employees, expenses in relation to the Long Term Incentive Plan introduced in 2008, sales discounts for early payments and the costs of the holding company. Additionally in 2011 the BenQ cash settlement in the amount of US$2.1 million was included.

Investments comprise additions to property, plant and equipment, and intangible assets.

In 2012 and 2011 the Group had no inter-segment sales, income, expenses, receivables, payables or provisions.

There are no differences between the measurements of the reportable segments profits and losses, assets and liabilities and the entity's profit and losses, assets and liabilities.

Change of Segmental Reporting structure

Following the acquisition of SiTel Semiconductor B.V. (now 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 the Company's display products in the last two years which resulted in minimal revenue drove the Company's decision to re-allocate its scarce R&D resources away from these products and onto higher priority projects. Therefore already in Q1-2012 the Company 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. Nevertheless, the Company continues to engage with major tier 1 OEMs and module display manufacturers to secure their adoption of this technology.

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 in Q1-2012 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.