



REPORT ON THE FIRST QUARTER OF 2005  
JANUARY 1 – MARCH 31, 2005



## ► Highlights

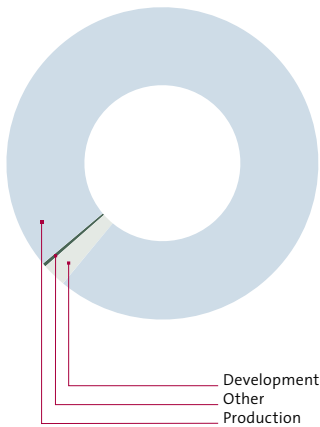
- Quarterly sales increased by 8.7 percent compared to the first quarter of 2004 and by 4.8 percent compared to the fourth quarter of 2004
- Gross margin of 50.2 percent and EBIT margin of 18.6 percent owing to high cost of sales
- Net income of first quarter of 2005 at 3.8 million Euro
- Five design wins with expected life cycle sales of 82 million Euro

## ► Key figures

in million Euro or percent unless otherwise indicated	1/1 to 3/31/2005	1/1 to 3/31/2004	Change
<b>Sales</b>	<b>38.0</b>	<b>35.0</b>	<b>8.7%</b>
Semiconductor	35.8	33.0	8.6%
Micromechanics	2.2	2.0	10.3%
<b>Gross profit</b>	<b>19.1</b>	<b>17.7</b>	<b>7.7%</b>
in percent of sales	50.2%	50.7%	
<b>R&amp;D expenses</b>	<b>6.6</b>	<b>5.9</b>	<b>11.1%</b>
in percent of sales	17.2%	16.9%	
<b>Operating income</b>	<b>7.3</b>	<b>7.1</b>	<b>3.3%</b>
in percent of sales	19.3%	20.3%	
<b>EBIT</b>	<b>7.1</b>	<b>6.8</b>	<b>4.3%</b>
in percent of sales	18.6%	19.4%	
<b>Net income</b>	<b>3.8</b>	<b>3.6</b>	<b>4.1%</b>
in percent of sales	10.0%	10.4%	
<b>Earnings per share in Euro</b>	<b>0.20</b>	<b>0.19</b>	
<b>Cash provided by operating activities</b>	<b>4.6</b>	<b>6.0</b>	<b>-23.8%</b>
<b>Capital expenditure</b>	<b>9.5</b>	<b>3.8</b>	<b>149.7%</b>
in percent of sales	24.9%	10.8%	
<b>Design Wins</b>			
Number	5	7	
Expected life time volume (assumption: five years life time)	82	118	
	<b>3/31/2005</b>	<b>12/31/2004</b>	<b>Change</b>
<b>Shareholders' equity</b>	<b>136.2</b>	<b>136.2</b>	<b>0.0%</b>
in percent of total assets	60.1%	62.0%	
<b>Employees</b>	<b>992</b>	<b>967</b>	<b>2.6%</b>

## ► Sales development

Sales according to origin Q1 2005

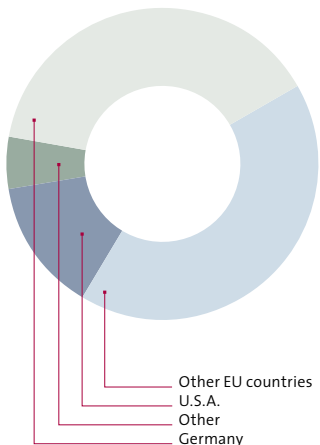


Sales generated in the first quarter of 2005 were 4.8 percent higher than in the fourth quarter of 2004 and 8.7 percent higher in comparison to the first quarter of 2004. The sales growth was reached primarily because of the higher sales in the semiconductor segment which increased by 2.8 million Euro. This segment contains the third-party sales of the previous segment assembly for the first time. At a growth rate of 10.3 percent in comparison to the previous year's quarter micro-mechanics grew slightly above-average.

Sales according to origin	1/1 to 3/31/2005 Thousand Euro	in percent of sales	1/1 to 3/31/2004 Thousand Euro	in percent of sales	Change
Production	36,878	97.0%	33,829	96.7%	9.0%
Development	968	2.5%	1,044	3.0%	- 7.3%
Other	164	0.4%	104	0.3%	57.6%
<b>Total</b>	<b>38,009</b>	<b>100.0%</b>	<b>34,977</b>	<b>100.0%</b>	<b>8.7%</b>

Sales from production continued to make the largest contribution to group sales by far.

Sales according to regions Q1 2005



Region	1/1 to 3/31/2005 Thousand Euro	in percent of sales	1/1 to 3/31/2004 Thousand Euro	in percent of sales	Change
Germany	14,796	38.9%	18,428	52.7%	- 19.7%
Other EU countries	15,917	41.9%	8,846	25.3%	79.9%
U.S.A.	5,241	13.8%	4,790	13.7%	9.4%
Others	2,054	5.4%	2,913	8.3%	- 29.5%
<b>Total</b>	<b>38,009</b>	<b>100.0%</b>	<b>34,977</b>	<b>100.0%</b>	<b>8.7%</b>

With regard to regional sales, the shift of the German share towards the other countries of the European Union is obvious. This is due to changes in the delivery chain of certain large customers.

## ► Order situation

### LONG-TERM DEVELOPMENT: DESIGN WINS

One ASSP and four ASIC projects were won in the first quarter. These represent an expected life cycle volume of 82 million Euro. Emphasis is to be placed on a new ASIC order for a safety application, combining all the strengths of the ELMOS Group: The ASIC will be manufactured at ELMOS, the sensor at SMI, and the final packaging will be produced at ELMOS Advanced Packaging. Two design wins were won in the area of engine management, another ASIC project was won for a comfort application.

Due to the cautious economic conditions the competition for design wins is becoming increasingly fierce. As a result pressure on prices keeps growing stronger.

**INDICATOR FOR THE SHORT-TERM ORDERS RECEIVED: BOOK-TO-BILL**

After the book-to-bill ratio had presented itself very positively at the beginning of the fiscal year 2005, customers turned to ordering very cautiously in March. Thus against our expectations a situation comparable to the second half-year of 2004 was produced in the first quarter of 2005. The book-to-bill ratio came to 0.97 for the semiconductor segment in the first quarter of 2005 as compared to the very strong book-to-bill of 1.04 in the first quarter of 2004. The great uncertainty about the future economic development has the effect that customers very rarely order with regard to a longer term than appears absolutely necessary. However, the development of orders received in the segment micromechanics has been pleasant. In this segment the book-to-bill ratio was increased to 1.10.

## ► Profit situation

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The gross margin reached 50.2 percent in the first quarter of 2005, continuing to stay above our 50 percent target. The last months' numerous new product starts with lower initial yields affect the cost of sales. The new products' complexity, higher on average, with a larger number of reticles, has also had negative effects. The future product portfolio cannot be expected to develop towards simpler products again. The current trend is supposed to be compensated for by an increase of production efficiency, as has been successfully done many times before. These improvements are strived for with regard to the staff as well as on the level of machines and plants.

Although the gross margin in the segment micromechanics slightly exceeded the mark set by the previous year's quarter (37.3 percent) at 38.3 percent in the first quarter of 2005, it falls short of the average of 2004 (40.4 percent). This is due to the delayed qualification and customer release of individual products in the quarter under report.

The expenditure for research and development rose from 5.9 million Euro in the first quarter of 2004 to 6.6 million Euro in the first quarter of 2005. In relation to sales this represents just a modest rise of 0.3 points to 17.2 percent. Because of the large number of design wins achieved over the last months and years, a similar level is expected for the next quarters.

By quarterly comparison, marketing and sales expenses grew disproportionately high in relation to sales by almost 30 percent from 1.6 million Euro to 2.1 million Euro. This is the result of increased sales efforts.

General administrative expenses could be kept at the low level of the fourth quarter of 2004 at three million Euro, even showing a slight decrease by 0.2 percent in comparison to the first quarter of 2004.

The operating income came to 7.3 million Euro as opposed to 7.1 million Euro in the previous year's quarter. While a satisfactory margin of 20.3 percent was achieved in the segment semiconductor, the segment micromechanics disappointed with a margin of only 4.3 percent, significantly below the previous year's quarterly amounts. With improving utilization generating higher sales, a disproportionately low increase of these expenses is expected, resulting in improving margins.

The EBIT (earnings before interest and taxes) rose from 6.8 million Euro in the first quarter of 2004 to 7.1 million Euro in the first quarter of 2005, reaching an EBIT margin of 18.6 percent compared to 19.4 percent in the previous year's quarter of comparison. This is primarily attributable to the higher cost of sales.

Unlike the EBIT margin, the net profit margin reached the target at 10.0 percent, despite an increased tax burden of 38.4 percent. For the whole year we are still expecting a tax burden of roughly 35 percent. Earnings per share rose by 4.1 percent to 0.20 Euro in the quarter under report, as opposed to 0.19 Euro in the first quarter of 2004.

## ► Financial and assets situation

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The operating cash flow amounted to 4.6 million Euro in the first quarter of 2005, falling by 23.8 percent in comparison to the previous year's period. Primary reasons were the significantly higher trade accounts receivable and the prepaid expenses and other assets. Trade accounts receivable showed a relatively high increase as a greater proportion of the quarterly sales was billed in the second half of the period under report. Prepaid expenses and other assets grew at the beginning of the year as planned. This effect burdening the cash flow was partly compensated for by risen trade accounts payable.

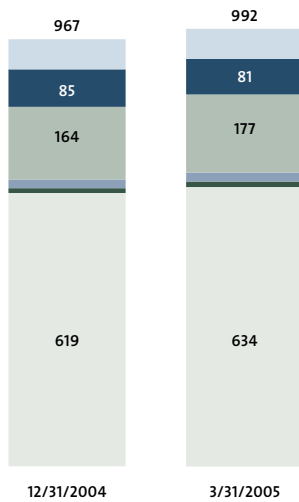
The capital expenditure of 9.5 million Euro could not be covered by the operating cash flow. The major part of the investments planned for 2005 to an amount of about 30 million Euro is being carried out in the first half-year of 2005 as scheduled. Capital expenditure was used for the most part in the segment semiconductor (9.3 million Euro) and mainly comprised investments in technical equipment and machinery (roughly five million Euro) for frontend (implanters) and backend (testers), as well as investments in buildings and building extensions (about two million Euro).

Cash and cash equivalents dropped from 15.3 million Euro as of December 31, 2004 to 13.1 million Euro as of March 31, 2005. The net debt rose from 38.7 million Euro to 42.2 million Euro. In addition to the reduction of cash and cash equivalents, the rise of current amounts payable to banks has had its share in this development.

Total assets increased from 219.8 million Euro as of December 31, 2004 to 226.8 million at the end of the first quarter of 2005 essentially because of the amount of investments made.

Accumulated other comprehensive income amounted to – 14.9 million Euro, thus 3.8 million Euro lower than as of December 31, 2004. This is to a large part due to the decline in deferred tax assets relating to the marketable securities.

## ► Staff development



- Other subsidiaries
- SMI
- ELMOS Advanced Packaging
- ELMOS North America
- ELMOS France
- ELMOS Dortmund

As of March 31, 2005 ELMOS had approximately 992 employees worldwide, 634 of which were employed at the Dortmund location and 81 at the subsidiary SMI in California. This represents an increase of 11.8 percent compared to the first quarter of 2004 and of 2.6 percent in comparison to the end of the year 2004.

## ► Shareholdings and share options

ELMOS Finanzholding GmbH (EFH) continues to hold an unchanged 57.7 percent of the shares of ELMOS Semiconductor AG. The remaining 42.3 percent are free-float. Management Board and Supervisory Board of ELMOS Semiconductor AG hold the following numbers of shares and options as of March 31, 2005:

Management Board	Shares	Options
Reinhard Senf	1,948	30,000
Dr. Peter Thoma	6,200	30,000
Dr. Klaus Weyer	10,000	30,000

Supervisory Board	Shares	Options
Dr. Burkhard Dreher	1,900	0
Dr. Wolfgang Heinke	0	0
Dr. Karl-Thomas Neumann	0	0
Dr. Roland Mecklinger	0	0
Herbert Sporea	2,265	0
Prof. Dr. Günter Zimmer	0	0

As of March 31, 2005 altogether 802,985 share options are outstanding. Of these options a total of 120,000 were issued to members of the Management Board, the rest went to employees. The options outstanding are attributable to the individual tranches as follows:

Year of resolution	Year of issue	Options outstanding as of March 31, 2005
1999	2000	100,022
2000	2001	127,550
2002	2003	279,691
2003	2004	295,722

## ► Directors' dealings

During the first quarter of 2005 no directors' dealings were carried out.

## ► Events of particular importance in the first quarter of 2005

In January 2005 ELMOS Semiconductor AG was able to report that it had received its first **order from Japan**. A major Japanese supplier to the automobile industry is going to use an ELMOS chip for engine management control. Development work was begun at the end of last year already. The customer specific semiconductor (ASIC) is expected to be manufactured in serial production from the middle of 2006 at ELMOS.

On March 1, 2005 Mr. **Knut Hinrichs**, former Chairman of the company's Management Board, died after a serious illness at the age of 61 years. Knut Hinrichs, born on January 11, 1944 in Frankfurt/Main, had been managing director since 1987, member of the Management Board since 1999, and CEO of ELMOS Semiconductor AG since 2001. He made his mark on ELMOS and determined its course for almost 20 years.

After the death of former Chairman of the Management Board Knut Hinrichs, the Supervisory Board **appointed Dr. Klaus Weyer Chairman of the Management Board** on March 8, 2005. At the same time Dr. Weyer took over the responsibility for Finances and Human Resources.

In March 2005 ELMOS Semiconductor AG was able to report that it had received the **granting of public funding by the federal state North Rhine-Westphalia**. With a public fund of roughly two million Euro supporting the total investments of 60 million Euro, the Dortmund production site will be expanded. About 125 new jobs will be created by this measure until the year 2007.

## ► Events of particular importance after the end of the quarter

After the end of the quarter, the sixth **Annual General Meeting** was held on April 26, 2005. The General Meeting approved a dividend to an amount of 0.21 Euro per share. This represents an increase of 62 percent in comparison to the year before and tallies with about 25 percent of the net income. The distribution amounts to altogether 4.1 million Euro. Apart from the usual agenda items, the AGM authorized the Management Board to repurchase own shares to fulfill the share option plans for employees and members of the Management Board. Thus a dilution of existing shareholders by means of a capital increase is avoided. The authorization is limited to October 26, 2005. The General Meeting also elected the Supervisory Board, with two new members joining the panel. Jörns Haberstroh, former chairman of the management of Nokia GmbH Deutschland, and Jutta Weber, sister of the former CEO Knut Hinrichs, who died in early March, are going to support the Supervisory Board. Dr. Peter Thoma, currently member of the Management Board of ELMOS Semiconductor AG for Sales and Design, was appointed substitute member of the Supervisory Board as of October 1, 2005. He will become a member of the Supervisory Board once a member resigns from office ahead of schedule. Dr. Roland Mecklinger and Dr. Karl-Thomas Neumann left the Supervisory Board as of the end of the Annual General Meeting.

## ► Outlook

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After a promising start into the year 2005, the further development did not come up to our expectations regarding a sustained improvement of the order situation. This is attributable to the customers' persistently cautious order behavior. Both the European and the American automobile manufacturers suffer at present from lower sales figures. Because this trend seems to prove a lasting one, we see its effects on our own sales figures as well.

Therefore ELMOS is not expecting an essential improvement of the order situation. In consequence we confirm our prognosis, yet expecting sales at the lower end of the targeted corridor of 165 million Euro plus or minus five percent. If this expectation comes true, it might have negative effects on the targeted margins (gross margin of 50 percent, EBIT margin of 20 percent, and net profit margin of ten percent).

## ► ELMOS share

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During the first quarter of 2005 the ELMOS share asserted itself very well in contrast to the general market trend. After a positive beginning of the year, the share gained considerably because of takeover speculations following the death of Mr. Knut Hinrichs in early March 2005. At the end of the quarter the share price closed at 14.05 Euro (Xetra), 19.1 percent above the closing price at the end of the fiscal year 2004 (11.80 Euro). The TecDAX gained 1.2 percent in the first quarter of 2005 while the Philadelphia Semiconductor Index (SOX), relevant to semiconductor stocks, lost 3.8 percent.

The average daily trading volume (Xetra and Frankfurt floor) of the first three months of 2005 came to roughly 54.7 thousand shares a day, slightly above the amount traded in the year 2004 (50.4 thousand shares).

On the occasion of the financial statements for the fiscal year 2004, the ELMOS management informed of the new developments at the annual press and analysts' conference in March. Afterwards the company was presented on various roadshows in several European countries.



## ► Company boards

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### MANAGEMENT BOARD

**Knut S. Hinrichs, *chairman***  
 (until March 1, 2005)  
 Business management graduate | Glückstadt

† deceased on March 1, 2005

**Dr. rer. nat. Klaus G. Weyer, *chairman***  
 (since March 8, 2005)  
 Graduate physicist | Schwerte

**Dr. rer. nat. Peter Thoma**  
 Graduate physicist | Unterschleißheim

**Reinhard Senf**  
 Graduate engineer | Iserlohn

### SUPERVISORY BOARD

**Prof. Dr. Günter Zimmer, *chairman***  
 Institute director | Duisburg

**Dr. Burkhard Dreher, *deputy chairman***  
 Graduate economist | Dortmund

**Jörns Haberstroh**  
 (since April 26, 2005)  
 Graduate management graduate | Kerken

**Dr. Wolfgang Heinke**  
 Graduate physicist | Reutlingen

**Dr. Roland Mecklinger**  
 (until April 26, 2005)  
 Graduate engineer | Steinfeld-Hausen

**Dr. Karl-Thomas Neumann**  
 (until April 26, 2005)  
 Graduate engineer | Meine

**Herbert Sporea**  
 Businessman | Altwittenbek

**Jutta Weber**  
 (since April 26, 2005)  
 Graduate educationist | Tarrytown, New York, USA

The quarterly report as of March 31, 2005 has been prepared in accordance with accounting principles generally accepted in the United States of America (US-GAAP), as were the quarterly report as of March 31, 2004 and the financial statements for the fiscal year 2004. In preparing the interim report, the same accounting, valuation and consolidation methods have been applied which the financial statements of 2004 were based upon. A representation of the methods of accounting, valuation and consolidation is discussed in detail in the notes to the consolidated financial statements as of December 31, 2004. The quarterly report has not been audited.

## ► Consolidated income statement

	1/1 to 3/31/2005 Euro	in percent of sales	1/1 to 3/31/2004 Euro	in percent of sales	Change
<b>Net sales</b>	<b>38,009,176</b>	<b>100.0%</b>	<b>34,976,858</b>	<b>100.0%</b>	<b>8.7%</b>
Cost of sales	18,922,160	49.8%	17,260,287	49.3%	9.6%
<b>Gross profit</b>	<b>19,087,016</b>	<b>50.2%</b>	<b>17,716,571</b>	<b>50.7%</b>	<b>7.7%</b>
Research and development expenses	6,555,473	17.2%	5,902,132	16.9%	11.1%
Marketing and selling expenses	2,137,220	5.6%	1,647,927	4.7%	29.7%
General administrative expenses	3,046,416	8.0%	3,053,246	8.7%	-0.2%
<b>Operating income</b>	<b>7,347,907</b>	<b>19.3%</b>	<b>7,113,266</b>	<b>20.3%</b>	<b>3.3%</b>
Interest expense (income)	782,270	2.1%	777,805	2.2%	0.6%
Foreign exchange net loss (income)	122,001	0.3%	130,454	0.4%	-6.5%
Other net (income) / expenses	147,912	0.4%	195,925	0.6%	-24.5%
<b>Income before income taxes and minority interest</b>	<b>6,295,724</b>	<b>16.6%</b>	<b>6,009,082</b>	<b>17.2%</b>	<b>4.8%</b>
<b>Income tax expenses</b>					
Current	1,936,173	5.1%	2,509,116	7.2%	-22.8%
Deferred	483,155	1.3%	-235,722	-0.7%	NA
	<b>2,419,328</b>	<b>6.4%</b>	<b>2,273,394</b>	<b>6.5%</b>	<b>6.4%</b>
<b>Net income before minority interest</b>	<b>3,876,396</b>	<b>10.2%</b>	<b>3,735,688</b>	<b>10.7%</b>	<b>3.8%</b>
Minority interest in earnings of consolidated subsidiaries	93,098	0.2%	100,698	0.3%	-7.5%
<b>Net income</b>	<b>3,783,298</b>	<b>10.0%</b>	<b>3,634,990</b>	<b>10.4%</b>	<b>4.1%</b>
<b>Basic earnings per share</b>	<b>0.20</b>		<b>0.19</b>		<b>4.1%</b>

## ► Earnings before interest and taxes (EBIT)

	1/1 to 3/31/2005 Euro	in percent of sales	1/1 to 3/31/2004 Euro	in percent of sales	Change
<b>Operating income</b>	<b>7,347,907</b>	<b>19.3%</b>	<b>7,113,266</b>	<b>20.3%</b>	<b>3.3%</b>
Foreign exchange net loss (income)	122,001	0.3%	130,454	0.4%	-6.5%
Other net (income) / expenses	147,912	0.4%	195,925	0.6%	-24.5%
<b>EBIT</b>	<b>7,077,994</b>	<b>18.6%</b>	<b>6,786,887</b>	<b>19.4%</b>	<b>4.3%</b>

## ► Consolidated balance sheet

	3/31/2005 Euro	12/31/2004 Euro
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	13,098,343	15,286,595
Marketable securities	4,154,451	3,629,904
Trade accounts receivable	33,560,781	27,777,902
Inventories	24,526,787	25,147,734
Prepaid expenses and other assets	8,584,490	5,803,386
	<b>83,924,852</b>	<b>77,645,521</b>
<b>Deferred taxes</b>	<b>7,609,303</b>	<b>13,274,744</b>
<b>Intangible assets</b>		
Goodwill after depreciation	8,314,399	8,314,399
Software	36,029,447	35,138,106
Less accumulated depreciation	-10,208,506	-9,280,575
	<b>34,135,340</b>	<b>34,171,930</b>
<b>Investments</b>	<b>598,628</b>	<b>559,828</b>
<b>Property, plant and equipment</b>		
Land	7,286,670	7,202,876
Buildings and improvements	65,651,047	63,040,386
Technical equipment and machinery	115,746,641	107,992,133
Construction in progress	12,932,204	14,253,989
Less accumulated depreciation	-101,095,245	-98,360,743
	<b>100,521,317</b>	<b>94,128,641</b>
<b>Total assets</b>	<b>226,789,440</b>	<b>219,780,664</b>

	3/31/2005 Euro	12/31/2004 Euro
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Amounts payable to banks	20,904,459	17,750,354
Trade accounts payable	13,672,865	11,039,224
Provisions for salaries and wages, social security benefits and taxes	4,927,220	4,015,427
Other accrued liabilities	5,033,288	4,597,720
Accrued income taxes	4,585,830	4,072,637
Current portion of long-term obligations	3,231,126	3,749,038
	<b>52,354,788</b>	<b>45,224,400</b>
<b>Long-term obligations less current portion</b>	<b>35,305,400</b>	<b>36,127,507</b>
<b>Non-current obligations</b>	<b>2,220,230</b>	<b>1,608,986</b>
<b>Minority interest</b>	<b>701,138</b>	<b>608,040</b>
<b>Shareholders' equity</b>		
Share capital	19,300,000	19,300,000
Paid-in capital	84,941,299	84,918,244
Accumulated other comprehensive income	-14,891,600	-11,081,400
Retained earnings	46,858,185	43,074,887
	<b>136,207,884</b>	<b>136,211,731</b>
<b>Total liabilities and shareholders' equity</b>	<b>226,789,440</b>	<b>219,780,664</b>

## ► Consolidated statement of cash flow

	1/1 to 3/31/2005 Euro	1/1 to 3/31/2004 Euro
<b>Net cash provided by operating activities</b>		
Net income	3,783,298	3,634,990
Depreciation less appreciation	3,646,201	3,310,282
Non-cash effective expense	483,154	- 235,722
Minority interest	93,099	100,698
Share options granted	23,055	42,000
<b>Changes in net working capital:</b>		
Accounts receivables	- 5,782,880	- 2,392,470
Inventories	620,947	445,134
Prepaid expenses and other assets	- 2,781,103	- 777,811
Accounts payables	2,633,641	73,613
Accrued liabilities	1,347,361	398,475
Accrued income taxes payable	513,193	1,409,393
	<b>4,579,966</b>	<b>6,008,582</b>
<b>Net cash used in investing activities</b>		
Capital expenditure	- 9,458,141	- 3,787,738
Disposal of fixed assets	97,242	138,530
Purchase / disposal of marketable securities and investments	- 38,800	- 40,500
	<b>- 9,399,699</b>	<b>- 3,689,708</b>
<b>Net cash provided by financing activities</b>		
Proceeds of long-term obligations	0	71,721
Repayment of long-term obligations	- 728,775	- 1,291,503
Proceeds / repayment of notes payable	3,154,104	254,252
	<b>2,425,329</b>	<b>- 965,530</b>
<b>Decrease / increase of cash and cash equivalents</b>	<b>- 2,394,404</b>	<b>1,353,344</b>
Effect of exchange rate changes in cash and cash equivalents	206,152	315,369
Cash and cash equivalents at beginning of fiscal year	15,286,595	17,426,927
<b>Cash and cash equivalents at end of fiscal year</b>	<b>13,098,343</b>	<b>19,095,640</b>

## ► Consolidated statement of changes in shareholders' equity

	Shares	Share capital Euro	Paid-in capital Euro	Accumulated other comprehensive income / loss Euro	Retained earnings Euro	Total Euro
<b>Balance as of December 31, 2003</b>	<b>19,300,000</b>	<b>19,300,000</b>	<b>84,716,644</b>	<b>- 8,613,429</b>	<b>29,275,387</b>	<b>124,678,602</b>
Net income					16,308,500	16,308,500
Dividends paid					- 2,509,000	- 2,509,000
Share option expense			201,600			201,600
Change in unrealized gains on marketable securities after taxes				- 985,515		- 985,515
Foreign currency adjustments				- 1,482,456		- 1,482,456
<b>Balance as of December 31, 2004</b>	<b>19,300,000</b>	<b>19,300,000</b>	<b>84,918,244</b>	<b>- 11,081,400</b>	<b>43,074,887</b>	<b>136,211,731</b>
Net income					3,783,298	3,783,298
Share option expense			23,055			23,055
Change in unrealized gains on marketable securities				- 4,434,957		- 4,434,957
Foreign currency adjustments				624,757		624,757
<b>Balance as March 31, 2005</b>	<b>19,300,000</b>	<b>19,300,000</b>	<b>84,941,299</b>	<b>- 14,891,600</b>	<b>46,858,185</b>	<b>136,207,884</b>

## ► Segments

Segmental reporting on the segment assembly was discontinued as of the end of 2004. This segment has been included in the segment semiconductor as of the beginning of 2005. The previous year's period has been adjusted accordingly for the purpose of comparison.

in thousand Euro or percent unless otherwise indicated	Semiconductor segment			Micromechanics segment			ELMOS group		
	1/1 to 3/31/ 2005	1/1 to 3/31/ 2004	Change	1/1 to 3/31/ 2005	1/1 to 3/31/ 2004	Change	1/1 to 3/31/ 2005	1/1 to 3/31/ 2004	Change
Sales	35,805	32,979	8.6%	2,204	1,998	10.3%	38,009	34,997	8.7%
Book-to-Bill	0.97	1.04		1.10	0.86		0.98	1.03	
Gross profit	18,244	16,972	7.5%	843	744	13.3%	19,087	17,717	7.7%
in percent of sales	51.0%	53.1%		38.3%	37.3%		50.2%	50.7%	
Operating profit	7,253	6,995	3.7%	95	118	- 20.0%	7,348	7,113	3.3%
in percent of sales	20.3%	21.2%		4.3%	5.9%		19.3%	20.3%	
Total assets	201,478	185,775	8.5%	25,311	25,354	- 0.2%	226,789	205,328	7.4%
Depreciation	3,437	3,062	12.3%	209	248	- 15.9%	3,646	3,310	10.1%
Capital expenditure	9,251	3,305	179.9%	207	482	- 57.0%	9,458	3,788	149.7%

## FINANCIAL CALENDAR

May 4, 2005	Quarterly report Q1 2005
August 3, 2005	Quarterly report Q2 2005
probably September 2005	Capital Markets Day in Dortmund
November 3, 2005	Quarterly report Q3 2005

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You are welcome to ask for additional informative material sent to you free of charge.

This quarterly report contains statements directed to the future based on assumptions and estimates made by the ELMOS management. Even though we assume the underlying expectations of these statements are realistic, we cannot guarantee these expectations will prove right. The assumptions may carry risks and uncertainties, and as a result actual events may differ considerably from the current statements made with respect to the future. Among the factors which could cause material differences are changes in general economic and business conditions, changes in exchange and interest rates, the introduction of competing products, lack of acceptance of new products, and changes in business strategy. ELMOS does not intend or assume any obligation to update its statements with respect to future events.