

NEW

REPORT ON THE SECOND QUARTER 2006

APRIL 1 – JUNE 30, 2006

CHALLENGES | *BEGINNINGS*



CHALLENGES NEW BEGINNINGS NEW CHALLENGES

Highlights

- ▶ Highest quarterly sales in company history
- ▶ Growth compared to preceding quarter and Q2 2005
- ▶ New CFO Nicolaus Graf von Luckner
- ▶ Eight-inch production in Duisburg started according to plan

Key figures

in million Euro or percent, unless otherwise indicated	4 1 - 6 30 2006	4 1-6 30 2005	Change	1 1 - 3 31 2006	Change
Sales	39.5	38.3	3.2%	37.6	5.2%
Semiconductor	36.9	36.1	2.0%	35.0	5.2%
Micromechanics	2.7	2.2	21.7%	2.5	4.6%
Gross profit	17.8	19.4	- 8.3%	16.9	5.5%
in percent of sales	45.1%	50.8%		45.0%	
R&D expenses	7.2	7.1	2.3%	7.4	- 2.2%
in percent of sales	18.3%	18.5%		19.7%	
Operating income	4.8	6.8	- 29.9%	3.6	32.5%
in percent of sales	12.0%	17.7%		9.6%	
EBIT	4.4	6.8	- 35.4%	3.6	22.7%
in percent of sales	11.2%	17.9%		9.6%	
Net income for the period	2.6	3.6	- 29.8%	1.8	41.1%
in percent of sales	6.5%	9.5%		4.8%	
Earnings per share in Euro	0.13	0.19	- 30.2%	0.09	41.1%
Operating cash flow	5.1	7.0	- 27.4%	5.4	- 6.2%
Capital expenditures for fixed assets	6.6	10.1	- 35.0%	7.5	- 12.1%
in percent of sales	16.6%	26.3%		19.8%	

in million Euro or percent, unless otherwise indicated	6 30 2006	12 31 2005	Change
Equity	146.7	144.3	1.7%
in percent of total assets	62.1%	60.9%	
Employees (end of period)	1,107	1,050	5.4%

Sales development and order situation

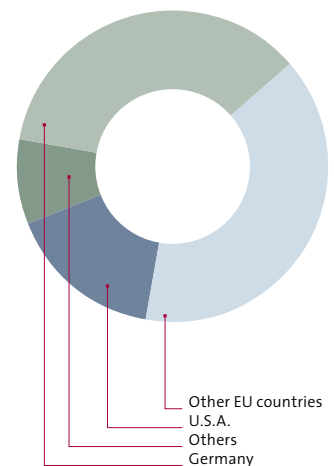
At 39.5 million Euro, sales of the second quarter of 2006 have been the highest in the history of ELMOS. Revenues exceeded the prior-year quarter's results (+3.2 percent) as well as sales generated in the first quarter of 2006 (+5.2 percent); sales have thus improved continuously after the slump in the third quarter of 2005. With respect to the half-year, Group sales of the first half-year 2006 grew by 1.0 percent to 77.1 million Euro compared to the prior-year period.

According to regional markets, the positive performance in the U.S. in the half-year term is particularly worth mentioning. U.S. sales increased by 11.5 percent. The striking shift regarding other countries can be traced back to several customers' changed shipping addresses.

Region	1 1 - 6 30 2006 Thousand Euro	in percent of sales	1 1 - 6 30 2005 Thousand Euro	in percent of sales	Change
Germany	27,601	35.8%	28,528	37.4%	- 3.3%
Other EU countries	30,243	39.2%	32,287	42.3%	- 6.3%
U.S.A.	12,489	16.2%	11,200	14.7%	11.5%
Others	6,747	8.8%	4,301	5.6%	56.9%
Group sales	77,079	100.0%	76,316	100.0%	1.0%

Orders received in the first half-year 2006 turned out satisfactory. The first quarter of 2006 had a very strong order receipt with a book-to-bill well above one, in the second quarter 2006 this ratio was slightly above one.

Sales according to regions HY1 2006



Profit situation

The gross margin improved slightly to 45.1 percent from the first quarter of 2006. By annual comparison, the margin remains under pressure because of the production preparations at the new Duisburg location, continued during the second quarter of 2006. The gross profit consequently declined by 8.3 percent from 19.4 million Euro in the second quarter of 2005 to 17.8 million Euro.

By half-year comparison, the gross margin fell from 50.3 percent to 45.1 percent. The semiconductor segment's gross profit dropped by 9.2 percent while the micromechanics segment's gross profit turned out 18.7 percent below the result of the first half-year 2005. The substantially lower gross margin in the micromechanics segment is due to the preparation of the production start-up of microsystem projects, e.g. a product for airbag control.

At 18.3 percent of sales, research and development expenses of the second quarter of 2006 are slightly below the prior-year quarter's mark of 18.5 percent. In absolute terms, expenditures rose from 7.1 to 7.2 million Euro. The decline from 7.4 million Euro or 19.7 percent of sales in the first quarter of 2006 to 7.2 million Euro or 18.3 percent in the quarter under report is due to the fact that less development work was commissioned to external contractors.

Distribution expenses remained at a level of 6.2 percent of sales, unchanged from the first quarter of 2006. Even by comparison with the first half-year 2005, distribution expenses are virtually the same in relation to sales (HY1 2005: 6.0 percent). Administrative expenses of 3.4 million Euro in the second quarter of 2006 and 7.0 million in the first half-year 2006 are slightly above the corresponding prior-year amounts.

At 4.8 million Euro, the operating income of the second quarter of 2006 falls below the corresponding prior-year level (Q2 2005: 6.8 million Euro) but clearly above the preceding quarter's mark because research and development, distribution and administrative expenses were essentially unchanged in comparison with the first quarter of 2006, which closed with an operating income of 3.6 million Euro. The operating income margin of the second quarter of 2006 reached 12.0 percent, compared to 9.6 percent in the first quarter of 2006 and 17.7 percent in the second quarter of 2005.

At 11.2 percent, the EBIT margin also turned out stronger in comparison with the first quarter of 2006 (9.6 percent). Increased other operating expenses and higher foreign exchange losses account for the difference between operating income and EBIT margin.

Due to slightly lower financial expenses and taxes compared to the preceding quarter, the improved EBIT margin even has a somewhat stronger impact on the net income. The second quarter of 2006 closed with a net income of 2.6 million Euro, resulting in earnings per share of 0.13 Euro. By comparison, earnings per share were 0.09 Euro in the first quarter of 2006 and 0.19 Euro in the second quarter of 2005. Thus earnings per share in the second quarter 2006 increased by 41.1 percent compared to the preceding quarter.

Financial and asset situation

The cash amount of 10.5 million Euro was generated from operating activities in the first half-year 2006. Cash requirements for investments, less the sale and leaseback transactions already closed, could be covered entirely. The ratio of cash and cash equivalents being tied by the net working capital could be improved altogether.

Capital expenditures for property, plant and equipment came to 6.6 million Euro in the second quarter of 2006. The largest items were backend machines for 2.3 million Euro, investments in the new Duisburg production location of another 2.3 million Euro, and investments in the subsidiary SMI of 0.6 million Euro. Capital expenditures for non-current assets classified as held for sale of 5.0 million Euro for the most part concern advances for the expansion of the Dortmund production site.

The cash flow from investing activities of minus 9.0 million Euro in the first half-year 2006 therefore resulted in a free cash flow of 1.4 million Euro which was essentially used for the repayment of current and non-current liabilities. Cash and cash equivalents amounted to 8.5 million Euro as of June 30, 2006, reduced by 2.2 million Euro from March 31, 2006. We are expecting further sale and leaseback transactions to be carried out in the course of the year.

In comparison with the end of the year 2005, at 236.2 million Euro total assets remained virtually unchanged (12|31|2005: 237.0 million Euro).

Outlook

Due to the continuous upward trend over the past quarters, ELMOS sticks to its known targets for the year. That means at least 10 percent sales growth at a gross margin of at least 45 percent and targeted margins for EBIT and net income of roughly 14 and 7 percent, respectively. The development of the last three quarters has shown, however, that the targeted EBIT margin will be the most difficult goal to achieve. For the year 2007, ELMOS will provide an updated guidance in the fall 2006.

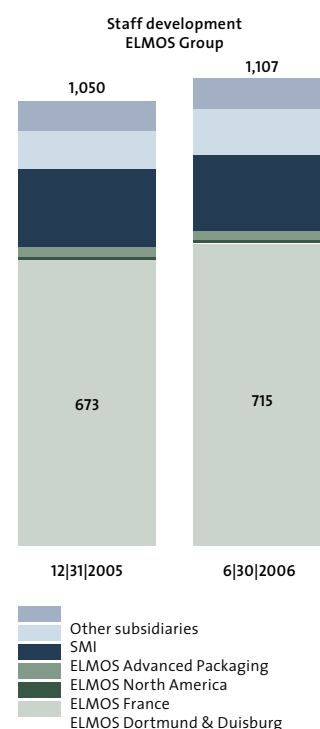
Staff development

ELMOS had 1,107 employees worldwide as of June 30, 2006 (March 31, 2006: 1,070 employees). New additions are recorded primarily in the production area.

Directors' dealings

Directors' dealings were carried out in the second quarter of 2006 as follows. The transactions related below refer to shares of ELMOS Semiconductor AG (ISIN DE0005677108). The issuer is ELMOS Semiconductor AG, Heinrich-Hertz-Str. 1, 44227 Dortmund, Germany.

Date	Location	Name	Capacity	Transaction	Amount	Price Basis (Euro)	Total volume (Euro)
5 23 2006	Frankfurt	Dr. Anton Mindl	CEO of ELMOS Semiconductor AG	Purchase of ELMOS shares	1,000	7.97	7,970
5 24 2006	Xetra	Dr. Anton Mindl	CEO of ELMOS Semiconductor AG	Purchase of ELMOS shares	1,000	7.95	7,950
6 6 2006	Frankfurt	Felix Christian Mindl	Underage son of Dr. Anton Mindl, CEO of ELMOS Semiconductor AG	Purchase of ELMOS shares	100	7.84	784



Shareholdings, share options and share capital

Members of the Management Board and the Supervisory Board hold the following numbers of shares and options as of June 30, 2006:

Management Board	Shares	Options
Dr. Anton Mindl	7,250	0
Dr. Klaus Weyer	10,000	25,000
Reinhard Senf	1,948	40,000
Dr. Frank Rottmann	0	9,200
Nicolaus Graf von Luckner	1,000	0

Supervisory Board	Shares	Options
Prof. Dr. Günter Zimmer	0	0
Dr. Burkhard Dreher	1,900	0
Jörns Haberstroh	3,956	0
Herbert Sporea	4,165	0
Dr. Peter Thoma	9,200	40,000
Jutta Weber	200	0

Dr. Klaus Weyer and Prof. Dr. Günter Zimmer hold a significant interest in ELMOS via EFH as EFH shareholders.

As of June 30, 2006 a total 836,553 share options are outstanding. These are attributable to the separate tranches as follows:

No.	Year of resolution	Year of issue	Exercise price in Euro	Blocking period (in years from issue)	Execution period (in years after blocking period's end)	Options outstanding as of	
						12 31 2005	6 30 2006
1	1999	2000	34.89	3	3	99,447	98,847
2	2000	2001	35.14	3	3	126,450	125,225
3	2002	2003	7.87	2	3	166,967	165,586
4	2003	2004	11.59	2	3	289,822	287,272
5	2004	2005	13.98	2	3	160,673	159,623
						843,359	836,553

The share capital of ELMOS Semiconductor AG is represented by 19,413,505 shares as of June 30, 2006. 1,081 share options have been exercised since December 31, 2005. The interest of 52.9 per cent held by ELMOS Finanzholding GmbH (EFH) and its subsidiaries is unchanged; the free-float accounts for the remaining 47.1 per cent.

Events of particular importance

About 300 shareholders participated in the 7th **Annual General Meeting** of ELMOS Semiconductor AG held on May 19, 2006. All agenda items were approved with vast majorities of the votes.

The Supervisory Board of ELMOS Semiconductor AG has appointed **Nicolaus Graf von Luckner as CFO**. Luckner has assumed this newly created position as of July 1, 2006. After the death of long-time CEO Knut Hinrichs, the Management Board's finance department is now run by an economist again.

Subsequent events

By the end of July 2006 ELMOS announced that the **first products originating from the new production location in Duisburg had been delivered to customers**. The production start-up's main focus is on high-volume products which were the first projects to be transferred from Dortmund to Duisburg.

ELMOS share

The ELMOS share lost 20.0 percent in the second quarter of 2006 and closed at 7.52 Euro as of June 30, 2006. Despite a gain of 7.6 percent achieved in the first quarter of 2006, the share had a half-year performance of minus 14.0 percent. The ELMOS share reached its 3-month high on April 3, 2006 at 10.00 Euro and its 3-month low on June 28, 2006 at 7.52 Euro. The average daily trading volume of the second quarter of 2006, at roughly 39 thousand shares, was below the average of the first quarter of 2006 (about 48 thousand shares). The market capitalization came to 150 million Euro as of June 30, 2006.

Compared to the general market, the ELMOS share's performance in the second quarter of 2006 was distinctly inferior. The Philadelphia Semiconductor Index (SOX), relevant to semiconductor quotations, lost 10.7 percent while the Dax and the TecDax lost 4.8 and 10.3 percent, respectively.

Company boards

SUPERVISORY BOARD

Prof. Dr. Günter Zimmer, *Chairman*
Graduate physicist | Duisburg

Dr. Burkhard Dreher, *Deputy Chairman*
Graduate economist | Dortmund

Jörns Haberstroh
Business management graduate | Kerken

Herbert Sporea
Businessman | Altwittenbek

Dr. Peter Thoma
Graduate physicist | Unterschleißheim

Jutta Weber
Graduate educationist | Tarrytown, New York, USA

MANAGEMENT BOARD

Dr. rer. nat. Anton Mindl, *CEO (since January 1, 2006)*
Graduate physicist | Lüdenscheid

Dr. rer. nat. Klaus G. Weyer
Graduate physicist | Schwerte

Reinhard Senf
Graduate engineer | Iserlohn

Dr.-Ing. Frank Rottmann
Graduate engineer | Dortmund

Nicolaus Graf von Luckner (*since July 1, 2006*)
Graduate economist | Oberursel

The quarterly report as of June 30, 2006 has been prepared in accordance with the International Financial Reporting Standards (IFRS), as were the financial statements for the fiscal year 2005. In preparing the interim report, the same accounting, valuation and consolidation methods have been applied upon which the financial statements of 2005 were based. 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, 2005. The quarterly report has not been audited.

Consolidated Balance Sheet

Assets	6 30 2006 Euro	12 31 2005 Euro
Non-current assets		
Intangible assets	37,558,066	34,844,237
Property, plant and equipment	97,452,388	101,959,587
Investments accounted for at equity	1	1
Securities and investments	645,795	645,795
Deferred tax assets	8,586,567	9,101,839
Total non-current assets	144,242,817	146,551,459
Current assets		
Inventories	29,622,445	27,704,590
Trade receivables	28,375,954	29,064,040
Securities	0	5,350,375
Cash and cash equivalents	8,507,393	11,418,640
Other assets	14,481,901	10,937,674
	80,987,693	84,475,319
Non-current assets classified as held for sale	10,963,878	5,997,193
Total current assets	91,951,571	90,472,512
Total assets	236,194,388	237,023,971

CONSOLIDATED FINANCIAL STATEMENTS

	6 30 2006 Euro	12 31 2005 Euro
Equity and liabilities		
Equity		
Equity attributable to equity holders of the parent		
Share capital	19,413,505	19,412,424
Additional paid-in capital	88,529,335	88,270,716
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	- 5,100,800	- 2,943,060
Retained earnings	43,284,284	38,912,998
	146,228,548	143,755,302
Minority interest	496,440	528,190
Total equity	146,724,988	144,283,492
Liabilities		
Non-current liabilities		
Provisions	1,074,185	1,121,704
Financial liabilities	31,902,174	32,864,259
Other liabilities	1,097,126	1,488,110
Total non-current liabilities	34,073,485	35,474,073
Current liabilities		
Provisions	4,415,475	4,392,625
Income tax liabilities	2,410,644	1,245,929
Financial liabilities	31,497,125	35,060,684
Trade payables	12,963,020	10,574,161
Other liabilities	4,109,651	5,993,007
Total current liabilities	55,395,915	57,266,406
Total liabilities	89,469,400	92,740,479
Total equity and liabilities	236,194,388	237,023,971

Consolidated Income Statement

	4 1 – 6 30 2006	in percent of sales	4 1 – 6 30 2005	in percent of sales	Change
Sales	39,517,252	100.0%	38,307,028	100.0%	3.2%
Cost of sales	21,689,257	54.9%	18,863,852	49.2%	15.0%
Gross profit	17,827,995	45.1%	19,443,176	50.8%	– 8.3%
Research and development expenses	7,237,571	18.3%	7,075,255	18.5%	2.3%
Distribution expenses	2,444,439	6.2%	2,399,929	6.3%	1.9%
Administrative expenses	3,385,419	8.6%	3,180,468	8.3%	6.4%
Operating income before other operating expenses/(income)	4,760,566	12.0%	6,787,524	17.7%	– 29.9%
Finance expenses, net	729,166	1.8%	1,074,116	2.8%	– 32.1%
Foreign exchange losses/(income)	127,729	0.3%	– 78,894	– 0.2%	– 261.9%
Other operating expenses/(income)	215,935	0.5%	27,127	0.1%	696.0%
Income before taxes	3,687,737	9.3%	5,765,175	15.0%	– 36.0%
Income tax expenses					
Current taxes	601,059	1.5%	1,156,660	3.0%	– 48.0%
Deferred taxes	524,126	1.3%	794,861	2.1%	– 34.1%
	1,125,185	2.8%	1,951,521	5.1%	– 42.3%
Net income	2,562,552	6.5%	3,813,654	10.0%	– 32.8%
Thereof:					
Minority interest	4,565	0.0%	168,502	0.4%	– 97.3%
Attributable to equity holders of the parent	2,557,987	6.5%	3,645,152	9.5%	– 29.8%
Basic earnings per share	0.13		0.19		– 30.2%

Earnings before interest and taxes (EBIT)

	4 1 – 6 30 2006	in percent of sales	4 1 – 6 30 2005	in percent of sales	Change
Operating income before other operating expenses/(income)	4,760,566	12.0%	6,787,524	17.7%	– 29.9%
Foreign exchange losses/(income)	127,729	0.3%	– 78,894	– 0.2%	– 261.9%
Other operating expenses/(income)	215,935	0.5%	27,127	0.1%	696.0%
EBIT	4,416,902	11.2%	6,839,291	17.9%	– 35.4%

Consolidated Income Statement

	1 1 – 6 30 2006	in percent of sales	1 1 – 6 30 2005	in percent of sales	Change
Sales	77,079,176	100.0%	76,316,205	100.0%	1.0%
Cost of sales	42,349,907	54.9%	37,923,439	49.7%	11.7%
Gross profit	34,729,269	45.1%	38,392,766	50.3%	– 9.5%
Research and development expenses	14,637,428	19.0%	13,736,681	18.0%	6.6%
Distribution expenses	4,775,057	6.2%	4,588,524	6.0%	4.1%
Administrative expenses	6,963,996	9.0%	6,311,910	8.3%	10.3%
Operating income before other operating expenses/(income)	8,352,788	10.8%	13,755,651	18.0%	– 39.3%
Finance expenses, net	1,516,961	2.0%	1,856,386	2.4%	– 18.3%
Foreign exchange losses/(income)	176,593	0.2%	– 133,279	– 0.2%	– 232.5%
Other operating expenses/(income)	158,429	0.2%	175,039	0.2%	– 9.5%
Income before taxes	6,500,805	8.4%	11,857,505	15.5%	– 45.2%
Income tax expenses					
Current taxes	1,249,232	1.6%	3,092,834	4.1%	– 59.6%
Deferred taxes	912,037	1.2%	1,345,737	1.8%	– 32.2%
	2,161,269	2.8%	4,438,571	5.8%	– 51.3%
Net income	4,339,536	5.6%	7,418,934	9.7%	– 41.5%
Thereof:					
Minority interest	– 31,750	0.0%	258,402	0.3%	– 112.3%
Attributable to equity holders of the parent	4,371,286	5.7%	7,160,532	9.4%	– 39.0%
Basic earnings per share	0.23		0.37		– 39.3%

Earnings before interest and taxes (EBIT)

	1 1 – 6 30 2006	in percent of sales	1 1 – 6 30 2005	in percent of sales	Change
Operating income before other operating expenses/(income)	8,352,788	10.8%	13,755,651	18.0%	– 39.3%
Foreign exchange losses/(income)	176,593	0.2%	– 133,279	– 0.2%	– 232.5%
Other operating expenses/(income)	158,429	0.2%	175,039	0.2%	– 9.5%
EBIT	8,017,766	10.4%	13,713,891	18.0%	– 41.5%

Consolidated Cash Flow Statement

	1 1 – 6 30 2006 Euro	1 1 – 6 30 2005 Euro	4 1 – 6 30 2006 Euro	4 1 – 6 30 2005 Euro
Cash flow from operating activities				
Net income after minority interest	4,371,286	7,160,532	2,557,987	3,645,152
Depreciation less appreciation	8,087,758	7,508,099	4,042,997	3,861,898
Non-cash effective expense	912,037	1,345,737	524,127	794,861
Current tax expense	1,249,232	3,092,834	601,059	1,156,660
Minority interest	– 31,750	258,402	4,565	168,502
Changes in pension liabilities	– 47,519	842,462	– 27,062	823,953
Share option expense	251,193	696,804	125,597	300,616
Changes in net working capital				
Trade receivables	688,087	– 4,362,108	57,998	1,420,772
Inventories	– 1,917,855	– 1,641,572	– 1,061,756	– 2,262,520
Prepaid expenses and other assets	– 3,544,227	– 2,925,999	– 2,649,005	– 144,896
Trade payables	2,388,859	904,086	2,077,831	– 1,729,555
Other provisions and other liabilities	– 1,860,506	2,802,578	– 2,084,616	1,467,078
Income tax payments	– 84,517	– 3,953,471	895,255	– 2,530,490
Cash flow from operating activities	10,462,078	11,728,383	5,064,975	6,972,031
Cash flow from investing activities				
Capital expenditures for fixed assets	– 14,008,932	– 19,548,236	– 6,554,674	– 10,090,095
Capital expenditures for non-current assets classified as held for sale	– 4,966,685	0	– 806,527	0
Disposal of fixed assets	6,297,428	1,835,831	– 170,178	1,738,589
Purchase/Disposal of marketable securities	3,629,862	0	0	0
Purchase/Disposal of investments	0	– 184,295	0	– 145,495
Cash flow from investing activities	– 9,048,327	– 17,896,700	– 7,531,379	– 8,497,002
Cash flow from financing activities				
Dividends paid	0	– 4,053,000	0	– 4,053,000
Payment from capital increase	8,507	0	8,507	0
Dividends paid by consolidated subsidiary to minority shareholders	0	– 270,000	0	– 270,000
Repayment of long-term liabilities	– 1,724,713	– 1,744,651	– 779,389	– 1,015,875
Proceeds/Repayment of current liabilities	– 3,191,915	9,440,644	1,397,069	6,286,539
Cash flow from financing activities	– 4,908,121	3,372,993	626,188	947,664
Decrease/Increase in cash and cash equivalents	– 3,494,370	– 2,795,324	– 1,840,216	– 577,307
Effect of exchange rate changes in cash and cash equivalents	583,123	143,499	– 350,535	113,734
Cash and cash equivalents at beginning of half year/quarter	11,418,640	15,286,595	10,698,144	13,098,343
Cash and cash equivalents at end of half year/ quarter	8,507,393	12,634,770	8,507,393	12,634,770

Segments

Q2 2006	Semiconductor Segment			Micromechanics Segment			Group		
	4 1 – 6 30 2006	4 1 – 6 30 2005	Change	4 1 – 6 30 2006	4 1 – 6 30 2005	Change	4 1 – 6 30 2006	4 1 – 6 30 2005	Change
in thousand Euro or percent, unless otherwise indicated									
Sales	36,861	36,124	2.0%	2,657	2,183	21.7%	39,517	38,307	3.2%
Gross profit	17,308	18,719	– 7.5%	520	724	– 28.2%	17,828	19,443	– 8.3%
in percent of sales	47.0%	51.8%		19.6%	33.2%		45.1%	50.8%	
Operating income	5,030	6,660	– 24.5%	– 270	128	NA	4,761	6,788	– 29.9%
in percent of sales	13.6%	18.4%		– 10.2%	5.9%		12.0%	17.7%	
Depreciation	3,842	3,614	6.3%	201	248	– 19.0%	4,043	3,862	4.7%
Capital expenditures	6,008	9,793	– 38.7%	547	297	84.4%	6,555	10,090	– 35.0%
	6 30 2006	6 30 2005	Change	6 30 2006	6 30 2005	Change	6 30 2006	6 30 2005	Change
Assets	216,392	209,333	3.4%	19,802	24,646	– 19.7%	236,194	233,979	0.9%
Liabilities	86,892	91,798	– 5.3%	2,577	3,083	– 16.4%	89,469	94,881	– 5.7%

HY1 2006	Semiconductor Segment			Micromechanics Segment			Group		
	1 1 – 6 30 2006	1 1 – 6 30 2005	Change	1 1 – 6 30 2006	1 1 – 6 30 2005	Change	1 1 – 6 30 2006	1 1 – 6 30 2005	Change
in thousand Euro or percent, unless otherwise indicated									
Sales	71,882	71,929	– 0.1%	5,197	4,387	18.4%	77,079	76,316	1.0%
Gross profit	33,455	36,825	– 9.2%	1,274	1,567	– 18.7%	34,729	38,393	– 9.5%
in percent of sales	46.5%	51.2%		24.5%	35.7%		45.1%	50.3%	
Operating income	8,615	13,533	– 36.3%	– 262	222	NA	8,353	13,756	– 39.3%
in percent of sales	12.0%	18.8%		– 5.0%	5.1%		10.8%	18.0%	
Depreciation	7,651	7,052	8.5%	438	457	– 4.1%	8,088	7,508	7.7%
Capital expenditures	13,062	19,044	– 31.4%	947	504	87.9%	14,009	19,548	– 28.3%

Consolidated Statement of Changes in Equity

	Shares Number	Share capital Euro	Paid-in capital Euro
December 31, 2004	19,300,000	19,300,000	86,208,638
Dividends paid			
Share option expense			696,804
Changes in unrealized gains on marketable securities after taxes			
Foreign currency adjustments			
Acquisition of minority interest in ELMOS France			
Net income HY1 2005			
June 30, 2005	19,300,000	19,300,000	86,905,442
December 31, 2005	19,412,424	19,412,424	88,270,716
Exercise of share options	1,081	1,081	7,426
Share option expense			251,193
Changes in unrealized gains on marketable securities after taxes			
Foreign currency adjustments			
Net income HY1 2006			
June 30, 2006	19,413,505	19,413,505	88,529,335

CONSOLIDATED FINANCIAL STATEMENTS

Surplus reserve Euro	Accumulated other comprehensive income Euro	Retained earnings Euro	Total Euro	Minority interest Total Euro	Group Total Euro
102,224	- 5,307,063	32,930,171	133,233,970	592,427	133,826,397
		- 4,053,000	- 4,053,000	- 270,000	- 4,323,000
			696,804		696,804
	- 340,484		- 340,484		- 340,484
	1,910,546		1,910,546		1,910,546
				- 90,692	- 90,692
		7,160,532	7,160,532	258,402	7,418,934
102,224	- 3,737,001	36,037,703	138,608,368	490,137	139,098,505
102,224	- 2,943,060	38,912,998	143,755,302	528,190	144,283,492
			8,507		8,507
			251,193		251,193
	- 1,211,241		- 1,211,241		- 1,211,241
	- 946,499		- 946,499		- 946,499
		4,371,286	4,371,286	- 31,750	4,339,536
102,224	- 5,100,800	43,284,284	146,228,548	496,440	146,724,988

FINANCIAL CALENDAR

August 2, 2006	Quarterly report Q2 2006
October 31, 2006	Quarterly report Q3 2006
November 2006 (tbc)	Capital markets day

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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 neither intend nor assume any obligation to update its statements with respect to future events.