

NEW

REPORT ON THE THIRD QUARTER 2006
JULY 1 – SEPTEMBER 30, 2006

CHALLENGES | *BEGINNINGS*



CHALLENGES *NEW BEGINNINGS* NEW CHALLENGES

Highlights

- ▶ 19,5 percent sales increase over prior-year quarter
- ▶ Gross profit rises for fourth quarter in a row
- ▶ Net income more than doubled over prior-year quarter
- ▶ First shipments leave Duisburg location
- ▶ Locations Duisburg and Milpitas, California (SMI) successfully certified in accordance with TS 16949
- ▶ Continued high level of start-up financing for launch of Duisburg location and microsystems

Key figures

in million Euro or percent, unless otherwise indicated	7 1 – 9 30 2006	7 1 – 9 30 2005	Change	4 1 - 6 30 2006	Change
Sales	41.4	34.7	19.5%	39.5	4.8%
Semiconductor	38.6	32.5	18.5%	36.9	4.6%
Micromechanics	2.9	2.1	33.8%	2.7	8.0%
Gross profit	18.6	15.9	17.3%	17.8	4.5%
in percent of sales	45.0%	45.8%		45.1%	
R&D expenses	7.5	7.1	5.8%	7.2	4.1%
in percent of sales	18.2%	20.5%		18.3%	
Operating income	5.2	3.1	66.4%	4.8	9.5%
in percent of sales	12.6%	9.0%		12.0%	
EBIT	5.2	3.1	66.8%	4.4	18.3%
in percent of sales	12.6%	9.0%		11.2%	
Net income for the period	3.1	1.5	108.5%	2.6	19.3%
in percent of sales	7.4%	4.2%		6.5%	
Earnings per share in Euro	0.16	0.08	108.4%	0.13	19.3%
Operating cash flow	8.6	– 3.7	NA	5.1	70.1%
Capital expenditures for fixed assets	6.5	3.5	86.0 %	6.6	– 1.4%
in percent of sales	15.6%	10.0%		16.6%	

in million Euro or percent, unless otherwise indicated	9 30 2006	12 31 2005	Change
Equity	150.3	144.3	4.1%
in percent of total assets	61.8%	60.9%	
Employees (end of period)	1,102	1,050	5.0%

Sales development and order situation

At 41.4 million Euro, Group sales of the third quarter of 2006 have exceeded the 40 million mark for the first time. Revenues turned out 4.8 percent higher than sales of the second quarter of 2006 and 19.5 percent above the prior-year quarter's results. Growing by 33.8 percent to reach 2.9 million Euro in the third quarter of 2006 (Q3 2005: 2.1 million Euro), the micromechanics segment had a disproportionately high stake in the total growth of sales. By nine-month comparison, Group sales increased considerably by 6.8 percent to 118.5 million Euro. This is even more significant as the prior-year period includes the very strong first half-year 2005.

The substantial contribution to the semiconductor core business still originates from the production line situated at the principal location, Dortmund. Beginning in late July 2006, customer specific semiconductor chips (or ASICs) produced at the new Duisburg facilities have been delivered to customers in addition. According to the number of wafers started every day, production at the Duisburg location is on schedule. The high yields are very satisfying. In its scale, however, the Duisburg location's sales contribution falls short of our expectations.

The regional sales distribution has essentially seen a shift from the other European Union countries and the United States towards other countries. Among those to achieve a growth of sales, Canada, Mexico, Switzerland, and Taiwan are particularly worth mentioning. The changes can be traced back primarily to several customers' changed shipping addresses and do not indicate a change in the customer structure.

Region	1 1 – 9 30 2006 Thousand Euro	in percent of sales	1 1 – 9 30 2005 Thousand Euro	in percent of sales	Change
Germany	43,274	36.5%	39,646	35.7%	9.1%
Other EU countries	45,236	38.2%	47,997	43.2%	- 5.8%
U.S.A.	17,007	14.4%	17,226	15.5%	- 1.3%
Others	12,991	11.0%	6,126	5.5%	112.1%
Group sales	118,508	100.0%	110,996	100.0%	6.8%

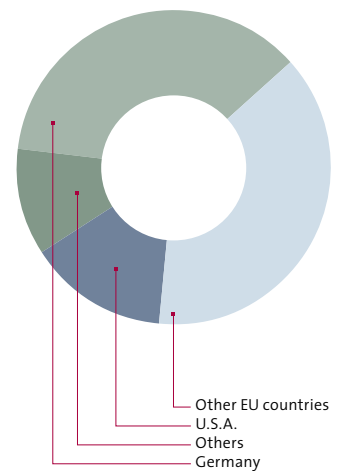
Orders received in the third quarter of 2006 have remained satisfactory. By the end of the third quarter of 2006 the ratio of orders received over sales (book-to-bill) in the semiconductor segment was slightly above one.

Profit situation

Unchanged from the preceding quarters, the gross margin of the third quarter of 2006 was 45.0 percent (45.0 percent in the first quarter of 2006, 45.1 percent in the second quarter 2006).

The cost of sales is still under pressure from the relocation of production to the new location in Duisburg. Despite completed customer release procedures, finished goods could only be delivered with delay as one customer project demanded some fine adjustments with regard to the application. Positive news is the location's successful certification according to TS 16949 by the certification agency.

Sales according to regions 9 months 2006



The further advancing preparations for the production start-up of microsystem projects had their share in affecting the gross margin, just as they did in the second quarter of 2006. This resulted in increased expense, especially at the subsidiaries SMI (micromechanics segment) and ELMOS Advanced Packaging (included in the semiconductor segment). SMI produces the microsystem's sensor element; ELMOS Advanced Packaging manufactures the customer specific package. The SMI production line has also been certified according to TS 16949 in the year under report. Moreover, near the end of the third quarter of 2006 a customer release of importance to future SMI revenues was given.

Compared to the third quarter of 2005, the gross margin gained 17.3 percent from 15.9 million Euro to 18.6 million Euro. This indicates the fourth improvement from quarter to quarter in a row. By nine-month comparison 2006 and 2005 the gross margin declined slightly by 1.7 percent to come to 53.4 million Euro. This is attributable to the very strong first half-year 2005 as well as price and product mix effects.

Profit contributions from the segments semiconductor and micromechanics remained at the same level. At 46.8 percent the stronger semiconductor segment could improve its gross margin over the third quarter of 2005 (46.6 percent). While the micromechanics segment slightly increased its gross margin to 20.4 percent in comparison with the preceding quarter (19.6 percent), this means a decline from the prior-year quarter (33.4 percent). This is due to the above-mentioned specific preparations for the production start-up of microsystem projects.

Coming to 18.2 percent of sales, research and development expenses of the third quarter of 2006 are below the marks of the first half-year 2006 (19.0 percent) and the third quarter of 2005 (20.5 percent). In absolute terms, R&D expenses rose from 7.1 to 7.5 million Euro by 5.8 percent.

Both distribution expenses and administrative expenses decreased in relation to sales in the third quarter of 2006. Distribution expenses were reduced to 5.9 percent of sales, from 6.2 percent in the second quarter of 2006 and 6.8 percent in the prior-year quarter. After 8.6 percent of sales in the second quarter of 2006 and 9.4 percent in the prior-year quarter, administrative expenses decreased to 8.4 percent in the quarter under report.

Representing a disproportionately high increase in relation to sales, the operating income rose from 3.1 million Euro in the prior-year quarter by 66.4 percent to 5.2 million Euro in the third quarter of 2006. This was made possible by a reduced increase of expenses for research and development, distribution, and administration. The operating income margin climbed to 12.6 percent in the quarter under report (Q3 2005: 9.0 percent). Considering the nine-month period 2006, the operating income margin of 11.4 percent was below the margin of the prior-year period of comparison (15.2 percent), again on account of the strong first half-year 2005.

Quite similar in scale to the operating income, the EBIT (earnings before interest and taxes) rose from 3.1 million Euro in the third quarter of 2005 by 66.8 percent to reach 5.2 million Euro in the third quarter of 2006. The EBIT margin accordingly increased from 9.0 percent in the prior-year quarter to 12.6 percent in the quarter under report.

Comparable interest rates and taxes lead to the net income margin's improvement from 4.2 percent in the third quarter of 2005 to 7.4 percent in the third quarter of 2006. Resulting earnings per share advanced more than 100 percent from 0.08 Euro to 0.16 Euro. By nine-month comparison earnings per share fell from 0.44 Euro to 0.38 Euro.

Financial and asset situation

The operating cash flow was improved considerably in the third quarter of 2006. It amounted to 8.6 million Euro as compared to minus 3.7 million Euro in the prior-year quarter. ELMOS derived benefit from a rise of trade payables (3.9 million Euro) and a slight reduction of trade receivables (0.5 million Euro). On the whole a cash flow from operating activities of 19.1 million Euro in the first nine months of 2006 was generated.

The biggest separate items of capital expenditures for fixed assets of 6.5 million Euro in the third quarter of 2006 were 2.5 million Euro for backend machines (for the equipment of the fourth construction stage recently put into operation), 1.6 million Euro for the Duisburg location, and 0.8 million Euro for the subsidiaries SMI and ELMOS Advanced Packaging. Capital expenditures for non-current assets classified as held for sale, coming to 2.0 million Euro, benefit the further expansion of the fourth construction stage.

The cash flow from investing activities of 8.4 million Euro in the third quarter of 2006 was covered by the operating cash flow, resulting in a free cash flow of 0.2 million Euro in the third quarter of 2006. Together with the assumption of current liabilities, this led to an increase of cash and cash equivalents from 8.5 million Euro as of June 30, 2006 to 10.8 million Euro.

Compared to June 30, 2006 total assets rose by 3.0 percent from 236.2 million Euro to 243.3 million Euro. This is essentially due to the increase of current assets such as cash and cash equivalents and assets held for sale.

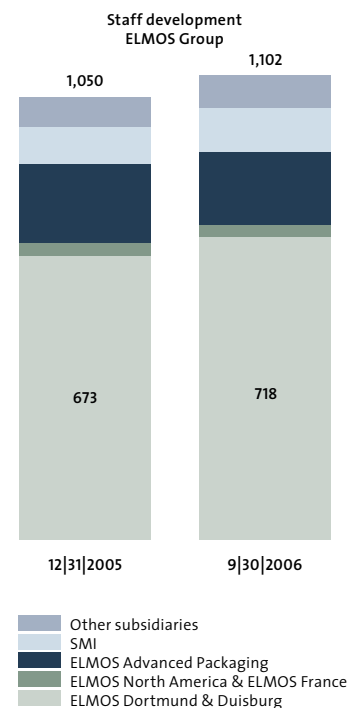
Outlook

The result of the third quarter of 2006 keeps ELMOS on its course for reaching this year's sales target. This calls for sales of the fourth quarter to keep growing to the same extent. Despite the solid orders received and the growing sales contributions made by the Duisburg location and the micromechanics segment, the risk of a slowdown due to the "short" December and market restraint caused by the 2007 sales tax increase in Germany must be taken into consideration.

The strains resulting from the production start-up in Duisburg and the microsystem projects will continue through the fourth quarter of 2006. As has already been discussed in the report on the second quarter of 2006, the target of roughly 14 percent for the EBIT is the toughest target and cannot be achieved anymore from today's point of view. The targeted net income margin of about 7 percent was exceeded slightly in the third quarter of 2006 already. Another increase is expected for the final quarter of 2006. The guidance for the year 2007 will be presented ahead of the Capital Markets Day on December 6, 2006.

Staff development

ELMOS had 1,102 employees worldwide as of September 30, 2006, roughly unchanged from the end of the preceding quarter (June 30, 2006: 1,107 employees). There were no significant changes at any of the Group companies.



Directors' dealings

No directors' dealings were carried out in the third quarter of 2006.

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 September 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 September 30, 2006 altogether 733,636 share options are outstanding. The first tranche of the share option plan expired on June 30, 2006. Options 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	9 30 2006
1	1999	2000	34.89	3	3	99,447	ausgelaufen
2	2000	2001	35.14	3	3	126,450	124,200
3	2002	2003	7.87	2	3	166,967	165,136
4	2003	2004	11.59	2	3	289,822	285,422
5	2004	2005	13.98	2	3	160,673	158,878
						843,359	733,636

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

Events of particular importance

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.

In August 2006 ELMOS put the **new testing area into operation**. The area is situated in the completed production building at the Dortmund headquarters and provides altogether more than 1,400 square meters for the testing of semiconductor chips

In September 2006 ELMOS announced that the company intensifies its **strategic alliance with Freescale Semiconductor** in the automotive segment. Freescale and ELMOS work together on the market introduction of innovative multi-chip products designed to provide the car electronic systems of the next generation with an even higher level of intelligence. Both companies are going to develop so-called ASSPs (application specific standard products) in a joint effort, combining high-capacity 16 bit microcontroller architectures (MCU) offered by Freescale with the high-voltage CMOS ASSPs provided by ELMOS.

ELMOS share

In the third quarter of 2006, the ELMOS share made up for some of the losses suffered in the second quarter of 2006. It gained 8.0 percent, closing at 8.36 Euro on September 29, 2006. The ELMOS share reached its 3-month high on August 28, 2006 at 8.74 Euro, its 3-month low at 6.67 Euro on July 18, 2006 (all prices Xetra). The nine-month performance of the ELMOS share comes to minus 7.1 percent. The average daily trading volume of roughly 27 thousand shares in the third quarter 2006 was below the level of the first half-year 2006 of roughly 43 thousand shares, due in part to the summer vacation period. The market capitalization came to 162 million Euro as of September 30, 2006.

In contrast to the second quarter of 2006 when the ELMOS share's performance was weak even compared to the general markets, the share performed better than the relevant indices in the third quarter of 2006. The TecDax gained only 1.7 percent in the quarter under report while the DAX gained 5.6 percent and the Philadelphia Semiconductor Index (SOX), relevant to semiconductor quotations, gained 2.9 percent in the same period.

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, U.S.A.

MANAGEMENT BOARD

Dr. rer. nat. Anton Mindl, chairman (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 September 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

	9 30 2006 Euro	12 31 2005 Euro
Assets		
Non-current assets		
Intangible assets	38,391,009	34,844,237
Property, plant and equipment	98,972,558	101,959,587
Investments accounted for at equity	1	1
Securities and investments	694,795	645,795
Deferred tax assets	8,069,499	9,101,839
Total non-current assets	146,127,862	146,551,459
Current assets		
Inventories	31,378,440	27,704,590
Trade receivables	27,862,827	29,064,040
Securities	0	5,350,375
Cash and cash equivalents	10,759,080	11,418,640
Other assets	14,240,062	10,937,674
	84,240,409	84,475,319
Non-current assets classified as held for sale	12,933,292	5,997,193
Total current assets	97,173,701	90,472,512
Total assets	243,301,563	237,023,971

	9 30 2006	12 31 2005
	Euro	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	88,654,932	88,270,716
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	- 4,728,919	- 2,943,060
Retained earnings	46,335,117	38,912,998
	149,776,859	143,755,302
Minority interest	475,390	528,190
Total equity	150,252,249	144,283,492
Liabilities		
Non-current liabilities		
Provisions	1,055,403	1,121,704
Financial liabilities	31,048,652	32,864,259
Other liabilities	993,963	1,488,110
Total non-current liabilities	33,098,018	35,474,073
Current liabilities		
Provisions	5,021,663	4,392,625
Income tax liabilities	1,130,910	1,245,929
Financial liabilities	34,271,342	35,060,684
Trade payables	16,899,589	10,574,161
Other liabilities	2,627,792	5,993,007
Total current liabilities	59,951,296	57,266,406
Total liabilities	93,049,314	92,740,479
Total equity and liabilities	243,301,563	237,023,971

Consolidated Income Statement

	7 1 – 9 30 2006	in percent of sales	7 1 – 9 30 2005	in percent of sales	Change
Sales	41,428,346	100.0%	34,679,706	100.0%	19.5%
Cost of sales	22,791,291	55.0%	18,798,069	54.2%	21.2%
Gross profit	18,637,055	45.0%	15,881,637	45.8%	17.3%
Research and development expenses	7,532,674	18.2%	7,119,294	20.5%	5.8%
Distribution expenses	2,431,405	5.9%	2,362,932	6.8%	2.9%
Administrative expenses	3,459,856	8.4%	3,266,746	9.4%	5.9%
Operating income before other operating expenses/(income)	5,213,120	12.6%	3,132,665	9.0%	66.4%
Finance expenses, net	823,255	2.0%	903,833	2.6%	- 8.9%
Foreign exchange losses/(income)	- 60,366	- 0.1%	14,028	0.0%	NA
Other operating expenses/(income)	48,580	0.1%	- 13,355	0.0%	NA
Income before taxes	4,401,651	10.6%	2,228,159	6.4%	97.5%
Income tax expenses					
Current taxes	780,353	1.9%	559,736	1.6%	39.4%
Deferred taxes	591,516	1.4%	207,343	0.6%	185.3%
	1,371,869	3.3%	767,079	2.2%	78.8%
Net income	3,029,782	7.3%	1,461,080	4.2%	107.4%
Thereof:					
Minority interest	- 21,051	- 0.1%	- 2,389	0.0%	781.3%
Attributable to equity holders of the parent	3,050,833	7.4%	1,463,469	4.2%	108.5%
Basic earnings per share	0.16		0.08		108.4%

Earnings before interest and taxes (EBIT)

	7 1 – 9 30 2006	in percent of sales	7 1 – 9 30 2005	in percent of sales	Change
Operating income before other operating expenses/(income)	5,213,120	12.6%	3,132,665	9.0%	66.4%
Foreign exchange losses/(income)	- 60,366	- 0.1%	14,028	0.0%	NA
Other operating expenses/(income)	48,580	0.1%	- 13,355	0.0%	NA
EBIT	5,224,906	12.6%	3,131,992	9.0%	66.8%

Consolidated Income Statement

	1 1 – 9 30 2006	in percent of sales	1 1 – 9 30 2005	in percent of sales	Change
Sales	118,507,522	100.0%	110,995,911	100.0%	6.8%
Cost of sales	65,141,198	55.0%	56,721,508	51.1%	14.8%
Gross profit	53,366,324	45.0%	54,274,403	48.9%	- 1.7%
Research and development expenses	22,170,102	18.7%	20,855,975	18.8%	6.3%
Distribution expenses	7,206,462	6.1%	6,951,456	6.3%	3.7%
Administrative expenses	10,423,852	8.8%	9,578,656	8.6%	8.8%
Operating income before other operating expenses/(income)	13,565,908	11.4%	16,888,316	15.2%	- 19.7%
Finance expenses, net	2,340,216	2.0%	2,760,219	2.5%	- 15.2%
Foreign exchange losses/(income)	116,227	0.1%	- 119,251	- 0.1%	NA
Other operating expenses/(income)	207,008	0.2%	161,684	0.1%	28.0%
Income before taxes	10,902,456	9.2%	14,085,664	12.7%	- 22.6%
Income tax expenses					
Current taxes	2,029,584	1.7%	3,652,569	3.3%	- 44.4%
Deferred taxes	1,503,553	1.3%	1,553,081	1.4%	- 3.2%
	3,533,137	3.0%	5,205,650	4.7%	- 32.1%
Net income	7,369,319	6.2%	8,880,014	8.0%	- 17.0%
Thereof:					
Minority interest	- 52,800	0.0%	256,014	0.2%	NA
Attributable to equity holders of the parent	7,422,119	6.3%	8,624,000	7.8%	- 13.9%
Basic earnings per share	0.38		0.44		- 14.0%

Earnings before interest and taxes (EBIT)

	1 1 – 9 30 2006	in percent of sales	1 1 – 9 30 2005	in percent of sales	Change
Operating income before other operating expenses/(income)	13,565,908	11.4%	16,888,316	15.2%	- 19.7%
Foreign exchange losses/(income)	116,227	0.1%	- 119,251	- 0.1%	NA
Other operating expenses/(income)	207,008	0.2%	161,684	0.1%	28.0%
EBIT	13,242,672	11.2%	16,845,883	15.2%	- 21.4%

Consolidated Cash Flow Statement

	1 1 – 9 30 2006 Euro	1 1 – 9 30 2005 Euro	7 1 – 9 30 2006 Euro	7 1 – 9 30 2005 Euro
Cash flow from operating activities				
Net income after minority interest	7,422,119	8,624,000	3,050,833	1,463,469
Depreciation less appreciation	12,195,126	11,472,327	4,107,368	3,964,228
Non-cash effective expense	1,503,553	1,553,081	591,516	207,344
Current tax expense	2,029,584	3,652,569	780,353	559,735
Minority interest	– 52,800	256,014	– 21,051	– 2,389
Changes in pension liabilities	– 66,301	– 159,281	– 18,782	– 1,001,743
Share option expense	376,790	993,265	125,597	296,461
Changes in net working capital				
Trade receivables	1,201,213	– 4,508,474	513,126	– 146,366
Inventories	– 3,673,850	– 2,193,519	– 1,755,995	– 551,946
Prepaid expenses and other assets	– 3,302,387	– 2,192,679	241,840	733,320
Trade payables	6,325,426	– 3,798,601	3,936,568	– 4,702,687
Other provisions and other liabilities	– 2,736,176	2,113,110	– 875,670	– 689,468
Income tax payments	– 2,144,603	– 7,797,867	– 2,060,086	– 3,844,396
Cash flow from operating activities	19,077,694	8,013,945	8,615,617	– 3,714,438
Cash flow from investing activities				
Capital expenditures for fixed assets	– 20,471,419	– 23,022,848	– 6,462,487	– 3,474,612
Capital expenditures for non-current assets classified as held for sale	– 6,936,098	0	– 1,969,413	0
Disposal of fixed assets	6,362,827	2,606,197	65,399	770,366
Purchase/Disposal of marketable securities	3,629,862	– 200,000	0	– 200,000
Purchase/Disposal of investments	– 49,000	– 217,563	– 49,000	– 33,268
Cash flow from investing activities	– 17,463,828	– 20,834,214	– 8,415,501	– 2,937,514
Cash flow from financing activities				
Dividends paid	0	– 4,053,000	0	0
Payment from capital increase	8,507	866,676	0	866,676
Dividends paid by consolidated subsidiary to minority shareholders	0	– 270,000	0	0
Repayment of long-term liabilities	– 2,680,957	– 2,915,007	– 956,244	– 1,170,357
Proceeds/Repayment of current liabilities	– 418,139	13,704,789	2,773,775	4,264,146
Cash flow from financing activities	– 3,090,589	7,333,458	1,817,531	3,960,465
Decrease/Increase in cash and cash equivalents	– 1,476,723	– 5,486,810	2,017,647	– 2,691,486
Effect of exchange rate changes in cash and cash equivalents	817,163	90,065	234,040	– 53,434
Cash and cash equivalents at beginning of 9-month period/quarter	11,418,640	15,286,595	8,507,393	12,634,770
Cash and cash equivalents at end of 9-month period/quarter	10,759,080	9,889,849	10,759,080	9,889,849

Segments

Q3 2006	Semiconductor segment			Micromechanics segment			Group		
	7 1-9 30 2006	7 1-9 30 2005	Change	7 1-9 30 2006	7 1-9 30 2005	Change	7 1-9 30 2006	7 1-9 30 2005	Change
in thousand Euro or percent, unless otherwise indicated									
Sales	38,559	32,536	18.5%	2,869	2,144	33.8%	41,428	34,680	19.5%
Gross profit	18,051	15,167	19.0%	586	715	-18.0%	18,637	15,882	17.3%
in percent of sales	46.8%	46.6%		20.4%	33.4%		45.0%	45.8%	
Operating income	5,747	3,176	81.0%	-534	-43	NA	5,213	3,133	66.4%
in percent of sales	14.9%	9.8%		-18.6%	-2.0%		12.6%	9.0%	
Depreciation	3,920	3,729	5.1%	187	236	-20.6%	4,107	3,964	3.6%
Capital expenditures	5,990	3,361	78.2%	472	113	316.2%	6,462	3,475	86.0%
	9 30 2006	9 30 2005	Change	9 30 2006	9 30 2005	Change	9 30 2006	9 30 2005	Change
Assets	222,870	207,141	7.6%	20,432	24,924	-18.0%	243,302	232,064	4.8%
Liabilities	90,141	85,631	5.3%	2,908	3,362	-13.5%	93,049	88,994	4.6%

9 months 2006	Semiconductor segment			Micromechanics segment			Group		
	1 1-9 30 2006	1 1-9 30 2005	Change	1 1-9 30 2006	1 1-9 30 2005	Change	1 1-9 30 2006	1 1-9 30 2005	Change
in thousand Euro or percent, unless otherwise indicated									
Sales	110,442	104,465	5.7%	8,066	6,531	23.5%	118,508	110,996	6.8%
Gross profit	51,506	51,992	-0.9%	1,860	2,282	-18.5%	53,366	54,274	-1.7%
in percent of sales	46.6%	49.8%		23.1%	34.9%		45.0%	48.9%	
Operating income	14,362	16,709	-14.0%	-796	179	NA	13,566	16,888	-19.7%
in percent of sales	13.0%	16.0%		-9.9%	2.7%		11.4%	15.2%	
Depreciation	11,570	10,780	7.3%	625	692	-9.7%	12,195	11,472	6.3%
Capital expenditures	19,053	22,406	-15.0%	1,419	617	129.8%	20,471	23,023	-11.1%

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			
Exercise of share options	110,124	110,124	756,552
Share option expense			993,265
Changes in unrealized gains on marketable securities after taxes			
Foreign currency adjustments			
Acquisition of minority interest in ELMOS France			
Net income first nine months 2005			
September 30, 2005	19,410,124	19,410,124	87,958,455
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			376,790
Changes in unrealized gains on marketable securities after taxes			
Foreign currency adjustments			
Net income first nine months 2006			
September 30, 2006	19,413,505	19,413,505	88,654,932

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
			866,676		866,676
			993,265		993,265
	1,008,841		1,008,841		1,008,841
	1,909,214		1,909,214		1,909,214
			0	- 90,692	- 90,692
		8,624,000	8,624,000	256,014	8,880,014
102,224	- 2,389,008	37,501,171	142,582,966	487,748	143,070,714
102,224	- 2,943,060	38,912,998	143,755,302	528,190	144,283,492
			8,507		8,507
			376,790		376,790
	- 1,211,241		- 1,211,241		- 1,211,241
	- 574,618		- 574,618		- 574,618
		7,422,119	7,422,119	- 52,800	7,369,319
102,224	- 4,728,919	46,335,117	149,776,859	475,390	150,252,249

FINANCIAL CALENDAR

October 31, 2006	Quarterly report Q3 2006
December 6, 2006	Capital Markets Day
February 14, 2007	Preliminary result
March 14, 2007	Result 2006, press conference, analysts' conference
May 8, 2007	Quarterly report Q1 2007
May 10, 2007	Annual General Meeting 2007
August 1, 2007	Quarterly report Q2 2007
October 31, 2007	Quarterly report Q3 2007

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We are happy to send you additional informative material free of charge on your request.

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.