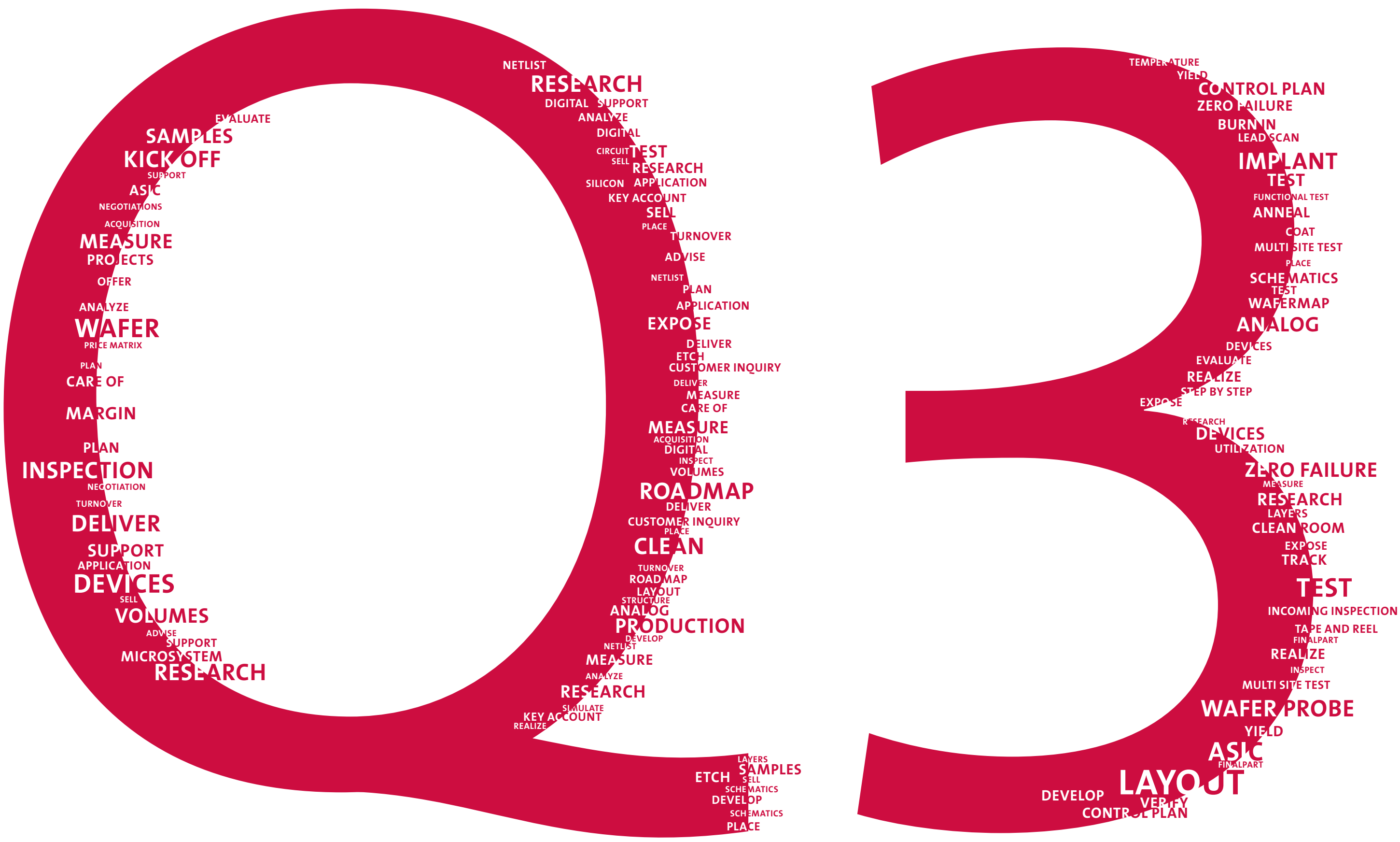
driven by ELMOS

2008

REPORT ON THE THIRD QUARTER 2008

JULY 1 – SEPTEMBER 30, 2008



Overview

In focus

- Weakness of automotive economy affects sales of third quarter 2008
- Higher margins due to operational improvements
- New Management Board member for Sales and Development
- Cost reduction program initiated

Key figures

	3rd quarter			9 months		
in million Euro or percent, unless otherwise indicated	**7/1 – 9/30/2008**	**7/1 – 9/30/2007**	**Change**	**1/1 – 9/30/2008**	**1/1 – 9/30/2007**	**Change**
Sales	**42.6**	**45.5**	**– 6.3%**	**133.5**	**130.4**	**2.3%**
Semiconductor	39.9	42.1	– 5.3%	125.2	121.3	3.2%
Micromechanics	2.7	3.4	– 19.3%	8.3	9.1	– 9.4%
Gross profit	**18.8**	**19.4**	**– 3.1%**	**58.1**	**54.0**	**7.7%**
in percent of sales	44.1%	42.7%		43.6%	41.4%	
R&D expenses	7.7	7.4	4.0%	23.5	22.2	5.8%
in percent of sales	18.1%	16.3%		17.6%	17.0%	
Operating income	4.3	5.6	– 22.5%	14.1	11.7	20.6%
in percent of sales	10.2%	12.3%		10.6%	9.0%	
EBIT	**5.2**	**5.2**	**– 1.0%**	**14.2**	**9.5**	**49.0%**
in percent of sales	12.1%	11.5%		10.6%	7.3%	
Net income for the period	3.4	3.3	3.1%	9.7	5.4	82.0%
in percent of sales	7.9%	7.1%		7.3%	4.1%	
Earnings per share in Euro	**0.17**	**0.17**	**3.1%**	**0.50**	**0.28**	**82.1%**
Cash flow from operating activities	8.8	9.5	– 7.6%	15.1	16.2	– 6.4%
Capital expenditures	3.7	6.5	– 42.9%	16.8	20.3	– 17.4%
in percent of sales	8.7%	14.2%		12.6%	15.6%	

in million Euro or percent, unless otherwise indicated	**9/30/2008**	**12/31/2007**	**Change**
Equity	169.8	160.0	6.1%
in percent of total assets	65.9%	64.2%	
Employees (balance sheet date)	1,132	1,154	– 1.9%

Interim group management report

Course of business

Sales development and order situation

ELMOS could not escape the impact of the present economic situation specifically in the automotive sector during the third quarter 2008. Declining sales of new vehicles resulted for ELMOS in reduced orders and order cancelations. While the volume of orders received developed within the scope of expectations over the first half-year 2008, the end of the third quarter 2008 bore the mark of a radical collapse of incoming orders. The slump in sales concerns all areas within the automotive segment.

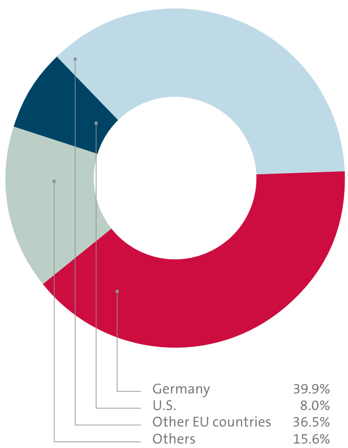
Despite the considerable deterioration of the economic framework, ELMOS has achieved a 2.3% growth in the first nine months 2008 over the prior-year period of comparison, outperforming many competitors. The development of results also shows that the initiated operational measures are successful.

Sales of the third quarter 2008 of 42.6 million Euro were down 6.3% from the comparable prior-year amount (45.5 million Euro). Sales of the micromechanics segment came to 2.7 million Euro in the third quarter 2008, losing 19.3% compared to the prior-year period of comparison. Reasons are the weakness of the U.S. market and the U.S. dollar as well as the reorientation of the product portfolio's focus, initiated along with the restructuring measures started in the year 2007. The specific weakness of the automotive economy does not affect micromechanics very strongly because of a still marginal importance of automotive customers in this segment. Sales of the semiconductor segment amounted to 39.9 million Euro in the quarter under report, dropping 5.3% in comparison with the prior-year quarter.

Except for the slowdown of the U.S. business, due primarily to the exchange rate of the dollar and the declining sales of the micromechanics segment, the regional breakdown of sales by nine-month comparison shows no material changes.

Region	1/1 – 9/30/2008 thousand Euro	in percent of sales	1/1 – 9/30/2007 thousand Euro	in percent of sales	Change
Germany	53,283	39.9%	46,545	35.7%	14.5%
Other EU countries	48,679	36.5%	48,321	37.1%	0.7%
U.S.	10,645	8.0%	14,481	11.1%	– 26.5%
Others	20,869	15.6%	21,073	16.2%	– 1.0%
Group sales	**133,477**	**100.0%**	**130,420**	**100.0%**	**2.3%**

Sales by regions 9 months 2008



Profit situation, finances and asset situation

Despite declining sales in the third quarter 2008 an improvement of the margins was achieved – not only in comparison with the prior-year quarter, but compared to the preceding quarters as well. Progress made at the new production location Duisburg with a corresponding high production output and the structural changes of our U.S. subsidiaries carried out at the beginning of 2008 contribute to relieving the cost burden. The gross margin therefore improved to 44.1% in the quarter under report from 42.7% in the third quarter 2007.

In absolute figures, research and development expenses of 7.7 million Euro remained more or less at the level set by the preceding quarters, coming to 18.1% of sales (Q3 2007: 16.3%). The continued high level of R&D expenses is partly due to the preproduction costs of ASSPs whose development expenses are borne entirely by ELMOS.

Over the last couple of quarters, increased efforts have been made with respect to ASSPs, the acquisition in the industrial and consumer goods segment, and the successful market entry in Asia. Administrative expenses and distribution expenses remained at absolute levels comparable to those of the previous quarters. Both expense positions increased in relation to sales because of the declining sales volume. The improved gross margin together with the balancing of a relative rise in function costs through other operating income led to an increase in the EBIT margin (margin of earnings before interest and taxes), improved from 11.5% to 12.1% by quarterly comparison.

Despite the decline in sales, the net income for the third quarter 2008 was raised slightly by 3.1% to 3.4 million Euro (Q3 2007: 3.3 million Euro), corresponding to a margin of 7.9% as opposed to 7.1% in the prior-year period of comparison. Earnings per share remained at 0.17 Euro.

The cash flow from operating activities reached a pleasantly high level of 8.8 million Euro in the third quarter 2008, comparable to the mark achieved in the third quarter 2007 (9.5 million Euro). Apart from the net income, the working capital had a positive impact with an increase in trade payables. Capital expenditures of 3.7 million Euro (8.7% of sales) are significantly below the levels of preceding quarters as well as that of the third quarter 2007 (Q3 2007: 6.5 million Euro), resulting in a positive free cash flow of 3.4 million Euro.

The profit situation of the third quarter 2007 was still characterized by provisions and revaluations concerning the subsidiaries SMI in Milpitas/ California, U.S.A., and ELMOS Advanced Packaging (ELAP) in Nijmegen, Netherlands. Corresponding charges on the third quarter 2007 amounted to 0.6 million Euro.

Economic environment and significant events

Economic environment

The present economic environment is characterized by insecure business conditions and a global economic slump. The car manufacturing groups struggle with declining registration numbers in Western Europe and a significant business cutback on the U.S. market. A number of car manufacturers have announced to close down factories for several weeks in order to cut back on production volumes.

Car sales of the **German market** in the first nine months 2008 remained at the low level of 2007 that was affected by the sales tax increase (+1.3%). Growth in sales of the first months of the year 2008 was leveled by losses in the third quarter 2008.

In **Europe**, vehicle registrations dropped by 4.4% in the first nine months 2008 from the prior-year period of comparison. This downturn would have been much more severe without the sales growth registered in the Eastern European countries. Spain (–22.0%), Italy (–11.3%) and Great Britain (–7.5%) suffered especially serious setbacks regarding new registrations.

The **U.S.** car market has lost 13% since the beginning of the year; the average losses suffered by the U.S. car manufacturing groups are much higher than the general cutback.

Recent news does not indicate a future improvement of the situation. The continuing consumer restraint and the forced temporary shutdowns at the factories of several manufacturers suggest lower registration numbers than previously assumed. The October data indicate considerable consequences of the financial market crisis on the global automotive economy. This partially implies significant percentage declines in the major markets (U.S. –31%, Germany –8% versus the prior year's month).

Significant events

In early August ELMOS announced that **Jürgen Höllisch** will be **new Management Board member for Sales and Development** effective October 1, 2008. Dr. Anton Mindl, CEO of ELMOS, had been acting on the responsibilities involved provisionally since the end of April. Höllisch (37) had previously been employed with semiconductor manufacturer Maxim Integrated Products for altogether 15 years. Over the last four years his major responsibility was the business development of automotive electronics in Europe and the U.S.

In September 2008 **NEC Electronics Corp. and ELMOS** announced their **strategic partnership**. The agreement encompasses joint development, cross-use of engineering and manufacturing services as well as joint marketing of products for the automotive and industrial markets. By mutual access to the partner's know-how, the partnership offers a multitude of additional opportunities for both companies with innovative joint products. First concepts address smart microcontrollers with enhanced functionality, intelligent system base chips with integrated communication transceivers, and smart power semiconductor devices with secure operation and integrated diagnostics. First joint projects have been started already, presenting significant progress at this stage.

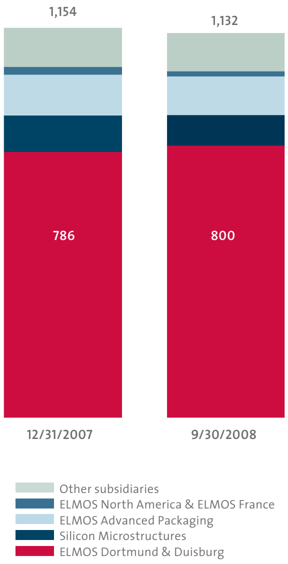
After the end of the quarter under report, ELMOS announced on October 14, 2008 that **sales of the third quarter 2008 will fall short of the company's expectations**. In the absence of stimuli from orders received, ELMOS anticipates no substantial sales stimulation for the fourth quarter 2008. The backdrop is provided by the weakness of the automotive economy.

After the end of the quarter under report, **founders and Management Board members purchased blocks of shares**. This step is meant to express their confidence in the company and their long-term commitment. Founders and Management Board agree that the measures taken over the last years will set the course of ELMOS towards sustainable growth at rising profits again. Directors' dealings are published at http://www.elmos.de/englisch/investor-relations/corporate-governance/directors-dealings.html on the Internet.

Other information

Staff development

ELMOS Group



Staff development

The ELMOS Group had 1,132 employees as of September 30, 2008. This means a 1.9% decrease from December 31, 2007 (1,154 employees). The main reason is the staff reduction at our U.S. subsidiaries.

ELMOS share

The first nine months 2008 are characterized by heavy turbulences on the capital markets and the climactic financial crisis. The performance of the ELMOS share reflected the general trend, losing 42.6% in the first nine months 2008, or rather 28.5% in the third quarter 2008. None of the indices of relevance to ELMOS gained in the first nine months 2008. The Prime Technology Index dropped by 43.5%, the Prime Automobile Index lost 16.5% in value. DAX and TecDAX sagged 27.7% and 29.6% respectively. The Philadelphia Semiconductor Index (SOX), specialized in semiconductor stocks, lost 25.1%.

The ELMOS share closed at 4.22 Euro on September 30, 2008, coinciding with its quarterly low. It reached its high right at the beginning of the third quarter 2008 on July 1, 2008 at 5.65 Euro (all prices Xetra). Market capitalization amounted to 81.7 million Euro as of September 30, 2008. The average daily trading volume of the first nine months 2008 was roughly 12 thsd. shares.

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

Dr. Peter Thoma
Graduate physicist | Unterschleißheim

Jutta Weber
Graduate educationist | Tarrytown, New York, U.S.A.

Dr. Klaus G. Weyer
Graduate physicist | Schwerte

MANAGEMENT BOARD

Dr. Anton Mindl, ***chairman***
Lüdenscheid

Nicolaus Graf von Luckner
Oberursel

Reinhard Senf
Iserlohn

Jürgen Höllisch (since 01. Oktober 2008)
Purbach / Österreich

Outlook

Opportunities and risk

Risk management and individual corporate risks and opportunities are described in detail in our Annual Report 2007. Material changes of the risks and opportunities described therein have not arisen for the company in the first nine months 2008. Currently no risks are recognizable that could jeopardize the company's continued existence either separately or as a whole.

Forecast

The economic environment and the weak automotive economy affect the outlook. In the absence of stimuli from orders received, ELMOS anticipates no sales stimulation for the fourth quarter 2008 in comparison with the third quarter 2008.

For the fiscal year 2008 sales are expected at a level comparable to the previous year. The quality of results is expected to be increased from 2007. A positive free cash flow remains on the agenda.

Against the backdrop of the present uncertain situation, an elaborate cost reduction program was started. Scheduled investments were postponed or canceled for the time being. The conversion of manufacture at the Dortmund location from 6-inch to 8-inch wafers was begun on schedule and has now been slowed down as the additionally created manufacturing capacity is not needed for the short term because of the current order situation. The manufacturing subsidiaries SMI and ELAP are continuously developed towards tapping improvement potential with regard to their operations. Setting the focus on key products in the micromechanics segment and the constant review of organizational structures are a part of this effort.

Reduced sales volumes in the next quarters will have a negative effect on margins from today's viewpoint as the cost savings will at first not compensate for the loss of coverage from sales.

For the medium term ELMOS still anticipates a positive development. The share of electronics in vehicles will continue to rise, e.g. because of increasing environmental and safety demands. ELMOS will benefit from this trend disproportionately, owing in part to the newly established customer relationships in Asia. The expansion in the markets for industrial and consumer electronics has also made good progress in the past months and will establish completely new areas of growth.

Interim consolidated financial statements

Condensed consolidated balance sheet

Assets	9/30/2008 Euro	12/31/2007 Euro
Non-current assets		
Intangible assets	42,026,047	42,108,968
Property, plant and equipment	89,103,025	86,984,152
Investments accounted for at equity	1	1
Securities and investments	73,932	73,932
Deferred tax assets	7,443,140	8,105,939
Total non-current assets	**138,646,145**	**137,272,992**
Current assets		
Inventories	36,664,951	33,613,927
Trade receivables	31,475,203	28,406,265
Cash and cash equivalents	37,164,949	42,855,617
Other assets and income tax assets	10,065,255	6,550,185
	115,370,358	**111,425,994**
Non-current assets classified as held for sale	3,717,416	625,877
Total current assets	**119,087,774**	**112,051,871**
Total assets	**257,733,918**	**249,324,863**

Equity and liabilities	9/30/2008 Euro	12/31/2007 Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital	19,376,805	19,414,205
Additional paid-in capital	88,548,365	88,736,563
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	– 5,836,021	– 6,407,297
Retained earnings	67,552,017	57,809,788
	169,743,390	**159,655,483**
Minority interest	59,392	309,704
Total equity	**169,802,782**	**159,965,187**
Liabilities		
Non-current liabilities		
Provisions	1,026,858	1,111,214
Financial liabilities	50,711,499	51,622,281
Other liabilities	2,370,663	2,533,246
Deferred tax assets	4,582,196	4,575,409
Total non-current liabilities	**58,691,216**	**59,842,150**
Current liabilities		
Provisions	5,777,078	6,110,536
Tax liabilities	3,519,784	1,879,590
Financial liabilities	1,114,019	2,343,009
Trade payables	16,762,737	14,589,724
Other liabilities	2,066,302	4,594,667
Total current liabilities	**29,239,920**	**29,517,526**
Total liabilities	**87,931,136**	**89,359,676**
Total equity and liabilities	**257,733,918**	**249,324,863**

Condensed consolidated income statement

3rd quarter 2008	7/1 – 9/30/2008 Euro	in percent of sales	7/1 – 9/30/2007 Euro	in percent of sales	Change
Sales	42,635,621	100.0%	45,504,593	100.0%	– 6.3%
Cost of sales	23,817,971	55.9%	26,082,500	57.3%	– 8.7%
Gross profit	**18,817,650**	**44.1%**	**19,422,093**	**42.7%**	**– 3.1%**
Research and development expenses	7,736,784	18.1%	7,437,168	16.3%	4.0%
Distribution expenses	2,764,381	6.5%	2,811,515	6.2%	– 1.7%
Administrative expenses	3,986,328	9.3%	3,584,468	7.9%	11.2%
Operating income before other operating expenses /(income)	**4,330,157**	**10.2%**	**5,588,942**	**12.3%**	**– 22.5%**
Finance income	– 218,859	– 0.5%	– 270,672	– 0.6%	– 19.1%
Finance expenses	630,288	1.5%	1,097,765	2.4%	– 42.6%
Foreign exchange losses/(income)	– 171,299	– 0.4%	57,213	0.1%	– 399.4%
Equity in losses of unconsolidated subsidiaries	0	0.0%	0	0.0%	na
Other operating income	– 1,563,609	– 3.7%	– 384,284	– 0.8%	– 306.9%
Other operating expenses	900,529	2.1%	700,215	1.5%	28.6%
Earnings before taxes	**4,753,108**	**11.1%**	**4,388,705**	**9.6%**	**8.3%**
Income tax expenses					
Current taxes	1,125,610	2.6%	253,297	0.6%	344.4%
Deferred taxes	392,145	0.9%	929,734	2.0%	– 57.8%
	1,517,756	**3.6%**	**1,183,031**	**2.6%**	**28.3%**
Net income	**3,235,352**	**7.6%**	**3,205,674**	**7.0%**	**0.9%**
Thereof:					
Minority interest	– 115,990	– 0.3%	– 44,898	– 0.1%	158.3%
Attributable to equity holders of the parent	**3,351,342**	**7.9%**	**3,250,571**	**7.1%**	**3.1%**
Basic earnings per share	**0.17**		**0.17**		**3.3%**

Earnings before interest and taxes (EBIT)

	7/1 – 9/30/2008 Euro	in percent of sales	7/1 – 9/30/2007 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**4,330,157**	**10.2%**	**5,588,942**	**12.3%**	**– 22.5%**
Foreign exchange losses/(income)	– 171,299	– 0.4%	57,213	0.1%	– 399.4%
Other operating income	– 1,563,609	– 3.7%	– 384,284	– 0.8%	– 306.9%
Other operating expenses	900,529	2.1%	700,215	1.5%	28.6%
Equity in losses of unconsolidated subsidiaries	0	0.0%	0	0.0%	na
EBIT	**5,164,536**	**12.1%**	**5,215,798**	**11.5%**	**– 1.0%**

Condensed consolidated income statement

9 months 2008	1/1 – 9/30/2008 Euro	in percent of sales	1/1 – 9/30/2007 Euro	in percent of sales	Change
Sales	133,476,675	100.0%	130,419,507	100.0%	2.3%
Cost of sales	75,330,371	56.4%	76,437,973	58.6%	– 1.4%
Gross profit	**58,146,304**	**43.6%**	**53,981,534**	**41.4%**	**7.7%**
Research and development expenses	23,514,753	17.6%	22,222,300	17.0%	5.8%
Distribution expenses	8,486,587	6.4%	8,261,161	6.3%	2.7%
Administrative expenses	12,030,885	9.0%	11,798,388	9.0%	2.0%
Operating income before other operating expenses/(income)	**14,114,079**	**10.6%**	**11,699,685**	**9.0%**	**20.6%**
Finance income	– 1,187,508	– 0.9%	– 550,774	– 0.4%	115.6%
Finance expenses	2,321,460	1.7%	2,810,045	2.2%	– 17.4%
Foreign exchange losses/(income)	151,010	0.1%	190,787	0.1%	– 20.8%
Equity in losses of unconsolidated subsidiaries	0	0.0%	– 48,999	0.0%	– 100.0%
Other operating income	– 2,269,449	– 1.7%	– 1,231,244	– 0.9%	84.3%
Other operating expenses	2,048,423	1.5%	3,268,818	2.5%	– 37.3%
Earnings before taxes	**13,050,143**	**9.8%**	**7,261,052**	**5.6%**	**79.7%**
Income tax expenses					
Current taxes	2,862,076	2.1%	350,034	0.3%	717.7%
Deferred taxes	696,150	0.5%	1,751,216	1.3%	– 60.2%
	3,558,226	**2.7%**	**2,101,250**	**1.6%**	**69.3%**
Net income	**9,491,917**	**7.1%**	**5,159,802**	**4.0%**	**84.0%**
Thereof:					
Minority interest	– 250,312	– 0.2%	– 192,928	– 0.1%	29.7%
Attributable to equity holders of the parent	**9,742,229**	**7.3%**	**5,352,730**	**4.1%**	**82.0%**
Basic earnings per share	**0.50**		**0.28**		**82.4%**

Earnings before interest and taxes (EBIT)

	1/1 – 9/30/2008 Euro	in percent of sales	1/1 – 9/30/2007 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**14,114,079**	**10.6%**	**11,699,685**	**9.0%**	**20.6%**
Foreign exchange losses/(income)	151,010	0.1%	190,787	0.1%	– 20.8%
Other operating income	– 2,269,449	– 1.7%	– 1,231,244	– 0.9%	84.3%
Other operating expenses	2,048,423	1.5%	3,268,818	2.5%	– 37.3%
Equity in losses of unconsolidated subsidiaries	0	0.0%	– 48,999	0.0%	– 100.0%
EBIT	**14,184,095**	**10.6%**	**9,520,322**	**7.3%**	**49.0%**

Condensed consolidated statement of changes in equity

	Shares Number	Share capital Euro	Paid-in capital Euro	Surplus reserve Euro	Accumulated other comprehensive income Euro	Retained earnings Euro	Total Euro	Minority interest total Euro	Group total Euro
As of January 1, 2007	**19,413,805**	**19,413,805**	**88,733,815**	**102,224**	**– 5,587,888**	**49,091,408**	**151,753,364**	**505,088**	**152,258,452**
Exercise of share options	400	400	2,748				3,148		3,148
Purchase of own shares	– 29,000	– 29,000	– 182,799				– 211.799		– 211,799
Foreign currency adjustments					– 956,660		– 956,660		– 956,660
Changes of the basis of consolidation						– 161,913	– 161,913	51,000	– 110,913
Net income nine months 2007						5,352,730	5,352,730	– 192,928	– 5,159,802
As of September 30, 2007	**19,385,205**	**19,385,205**	**88,553,764**	**102,224**	**6,544,548**	**54,282,225**	**155,778,870**	**363,160**	**156,142,030**
As of January 1, 2008	**19,414,205**	**19,414,205**	**88,736,563**	**102,224**	**– 6,407,297**	**57,809,788**	**159,655,483**	**309,704**	**159,965,187**
Purchase of own shares	– 37,400	– 37,400	– 188,198				– 225,598		– 225,598
Foreign currency adjustments					571,276		571,276		571,276
Net income nine months 2008						9,742,229	9,742,229	– 250,312	9,491,917
As of September 30, 2008	**19,376,805**	**19,376,805**	**88,548,365**	**102,224**	**– 5,836,021**	**67,552,017**	**169,743,390**	**59,392**	**169,802,782**

Condensed consolidated cash flow statement

	1/1 – 9/30/2008 Euro	1/1 – 9/30/2007 Euro	7/1 – 9/30/2008 Euro	7/1 – 9/30/2007 Euro
Cash flow from operating activities				
Net income after minority interest	9,742,229	5,352,730	3,351,342	3,250,571
Depreciation	13,713,660	14,808,015	4,640,614	4,793,999
Non-cash effective expenses /income	696,150	1,751,216	392,145	929,734
Current tax expense	2,862,076	350,034	1,125,610	253,297
Minority interest	– 250,312	– 192,927	– 115,990	– 44,898
Equity in losses of unconsolidated subsidiaries	0	– 48,999	0	0
Changes in pension liabilities	– 84,356	– 27,122	– 28,092	68,649
Changes in net working capital:				
Trade receivables	– 3,068,938	– 1,661,756	– 645,008	– 962,616
Inventories	– 3,051,025	– 3,739,558	– 2,307,985	– 638,048
Prepaid expenses and other assets	– 3,403,813	– 367,822	30,469	520,749
Trade payables	2,173,014	2,177,445	4,120,913	824,241
Other provisions and other liabilities	– 2,861,824	– 1,627,576	– 1,390,749	499,489
Income tax payments	– 1,333,140	– 612,232	– 398,704	3
Cash flow from operating activities	**15,133,721**	**16,161,448**	**8,774,567**	**9,495,170**
Cash flow from investing activities				
Capital expenditures for intangible assets	– 4,305,217	– 5,295,705	– 1,960,334	– 1,626,990
Capital expenditures for property, plant and equipment	– 12,474,558	– 15,007,164	– 1,732,289	– 4,836,800
Disposal of / Capital expenditures for non-current assets classified as held for sale	– 3,091,539	3,275,446	– 2,893,279	– 28,841
Disposal of fixed assets	1,344,619	1,297,624	1,259,949	388,158
Purchase/Disposal of investments	0	– 399,850	0	– 337,937
Cash flow from investing activities	**– 18,526,695**	**– 16,129,649**	**– 5,325,951**	**– 6,442,410**
Cash flow from financing activities				
Proceeds from capital increase	0	3,148	0	0
Purchase of own shares	– 225,598	– 211,799	76,003	– 211,799
Issuance of non-current liabilities	0	40,204,907	0	40,204,907
Repayment of non-current liabilities	– 1,235,698	– 2,653,738	– 395,832	– 612,384
Proceeds from/Repayment of current liabilities to banks	– 1,066,657	– 31,477,802	– 895,446	– 31,027,721
Cash flow from financing activities	**– 2,527,953**	**5,864,716**	**– 1,215,275**	**8,353,003**
Decrease/Increase in cash and cash equivalents	**– 5,920,927**	**5,896,515**	**2,233,341**	**11,405,763**
Effect of exchange rate changes in cash and cash equivalents	230,259	– 137,359	– 13,808	– 78,280
Cash and cash equivalents at beginning of reporting period	42,855,617	16,634,086	34,945,416	11,065,759
Cash and cash equivalents at end of reporting period	**37,164,949**	**22,393,242**	**37,164,949**	**22,393,242**

Condensed notes to interim consolidated financial statements

The condensed interim consolidated financial statements for the third quarter 2008 were released for publication by Management Board resolution in November 2008.

1 General notes

ELMOS Semiconductor Aktiengesellschaft ("the company" or "ELMOS") has its headquarters in Dortmund (Germany) and is entered in the register of companies maintained at the District Court (Amtsgericht) Dortmund, section B, under no. 13698. The Articles of Incorporation are in effect in the version of March 26, 1999, last amended on December 14, 2007.

The company's business is the development, manufacture and distribution of microelectronic components and system parts (Application Specific Integrated Circuits, or in short: ASICs) as well as technological devices with similar functions. The company may conduct all transactions suitable for serving the object of business directly or indirectly. The company is authorized to establish branches, acquire or lease businesses of the same or a similar kind or invest in them, and conduct all business transactions that are beneficial to the Articles of Association. The company is authorized to conduct business in Germany as well as abroad.

In addition to its domestic branches, the company has sales companies in France and the U.S. and cooperates with other domestic and international companies in the development and manufacture of ASIC chips.

Basic principles of preparation

The condensed interim consolidated financial statements for the period from January 1 to September 30, 2008 have been prepared in accordance with IAS 34, "Interim Financial Reporting". These financial statements do therefore not contain all the information and statements prescribed for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2007.

Essential accounting policies and valuation methods

For the preparation of the condensed interim consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied to the preparation of the consolidated financial statements for the fiscal year ended December 31, 2007 with the exception of the new IFRS Standards and Interpretations listed below. No effects on the Group's profit situation, finances and asset situation have resulted from the application of these new Standards and Interpretations.

- IFRIC 12 — Service Concession Agreements
- IFRIC 14/IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Estimates and assumptions

The company makes pension provisions for partial retirement obligations according to IAS 19. As in the year 2007, an actuarial interest rate of 5.6% has been applied for 2008.

Exceptional business transactions

There were no exceptional business transactions in the third quarter 2008.

Basis of consolidation

DMOS Dresden MOS Design GmbH, Dresden, has been eliminated from the basis of consolidation as the call options, previously exercisable at any time, have been changed to the effect that they are now exercisable no sooner than in the year 2010.

2 Segment reporting

The company divides its business activity into two business segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, France, South Africa, and the United States of America. Sales in the micromechanics segment are generated by U.S. subsidiary SMI. The following tables provide information on sales and earnings (for the period from January 1 to September 30 of the years 2008 and 2007) as well as assets and liabilities of the Group's business segments (as of September 30, 2008 and December 31, 2007).

Nine months as of 9/30/2008	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Sales with third parties	125,214	8,263	0	133,477
Sales with other segments	235	2,180	– 2,415	0
Total sales	**125,449**	**10,443**	**– 2,415**	**133,477**
Earnings				
Segment earnings	16,048	– 1,864	0	14,184
Financial result				– 1,134
Earnings before taxes				**13,050**
Income tax expense				– 3,558
Net income including minority interest				**9,492**
Assets and liabilities				
Segment assets	196,605	16,258	0	212,863
Investments	74	0	0	74
Non-attributable assets				44,797
Total assets				**257,734**
Segment liabilities	26,528	1,476	0	28,004
Non-attributable liabilities				59,927
Total liabilities				**87,931**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	16,634	146		16,780
Depreciation	12,644	1,069		13,714
Other material non-cash expenses	670	0		670

Nine months as of 9/30/2007	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Sales with third parties	121,297	9,122	0	130,420
Sales with other segments	212	642	– 854	0
Total sales	**121,509**	**9,764**	**– 854**	**130,420**
Earnings				
Segment earnings	14,097	– 4,626	0	9,471
Finance income				– 2,259
Equity in losses of unconsolidated subsidiaries	49	0	0	49
Earnings before taxes				**7,261**
Income tax expense				2,101
Net income including minority interest				**5,160**
Assets and liabilities as of 12/31/2007				
Segment assets	181,424	16,788	0	198,212
Investments	74	0	0	74
Non-attributable assets				51,039
Total assets				**249,325**
Segment liabilities	24.821	2,131	0	26,952
Non-attributable liabilities				62,408
Total liabilities				**89,360**

3 Notes to essential financial positions

Selected non-current assets

Development of selected non-current assets from 1/1 to 30/9/2008	Net book value 1/1/2008 thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation thousand Euro	Net book value 9/30/2008 thousand Euro
Intangible assets	42,109	4,305	– 171	4,559	42,026
Property, plant and equipment	86,984	12,475	1,201	9,155	89,103
Securities and investments	74	0	0	0	74
	129,167	**16,780**	**1,030**	**13,714**	**131,203**

The position “disposals/other movements” includes positive foreign currency adjustments in the amount of 314 thousand Euro.

Goodwill

The development of goodwill is as follows:

	9/30/2008 Euro	12/31/2007 Euro
SMI		
Acquisition costs	7,567,365	7,567,365
Foreign currency adjustment	– 2,923,069	– 3,044,227
Book value	**4,644,296**	**4,523,138**
ELMOS NA		
Acquisition costs	554,617	554,617
Foreign currency adjustment	– 9,077	– 13,700
Book value	**545,540**	**540,917**
ELMOS France	**1,614,578**	**1,614,578**
ELMOS Services B.V.	**206,170**	**206,170**
	7,010,584	**6,884,803**

Inventories

	9/30/2008 Euro	12/31/2007 Euro
Raw materials	7,630,333	8,126,138
Work in process	21,285,074	18,762,550
Finished goods	7,749,544	6,725,239
	36,664,951	**33,613,927**

Equity
As of September 30, 2008 the share capital of ELMOS Semiconductor AG consists of 19,376,805 shares. The interest held by ELMOS Finanzholding GmbH (EFH) and its subsidiaries is unchanged at 53.0 percent. The free float is 47.0 percent.

Altogether 412,241 share options from share option plans are outstanding as of September 30, 2008. The options are attributable to the various tranches as follows:

Year of resolution	Year of issue	Exercise price in Euro	Blocking period ex issue (years)	Exercise period after blocking period (years)	Options outstanding as of	
					12/31/2007	9/30/2008
2002	2003	7.87	2	3	162,286	0
2003	2004	11.59	2	3	270,822	266,272
2004	2005	13.98	2	3	149,272	145,969
					582,380	**412,241**

As of September 30, 2008 ELMOS Semiconductor AG holds 37,400 own shares (corresponding to 0.19% of the share capital). These shares were repurchased in the first quarter 2008 at an average price of 5.95 Euro within the context of the authorization given by shareholders' resolution at the Annual General Meeting of May 10, 2007.

4 Related party disclosures

As has been reported in the consolidated financial statements for the fiscal year ended December 31, 2007, the ELMOS Group has business relationships with related companies and individuals within the context of usual business activity. These supply and performance relationships are transacted at market prices.

Shares and share options held by Management Board and Supervisory Board members
Members of Management Board and Supervisory Board held the following numbers of ELMOS shares and share options as of September 30, 2008:

Management Board	Shares	Options
Dr. Anton Mindl	12,225	0
Nicolaus Graf von Luckner	2,975	0
Reinhard Senf	3,923	25,000
Jürgen Höllisch	0	0

Supervisory Board	Shares	Options
Prof. Dr. Günter Zimmer	0	0
Dr. Burkhard Dreher	5,000	0
Jörns Haberstroh	3,956	0
Dr. Peter Thoma	9,200	25,000
Jutta Weber	200	0
Dr. Klaus Weyer	10,000	25,000

Report on directors' dealings according to Section 15a WpHG (Securities Trading Act)

In the reporting period from January 1 to September 30, 2008 the following directors' dealings were made:

Date/Place	Name	Function	Transaction	Number	Price/Exercise price (Euro)	Total volume (Euro)
5/15//2008 Frankfurt / Main	Dr. Burkhard Dreher	Aufsichtsrats-mitglied	Kauf von ELMOS-Aktien	3,100	6.40	19,840

5 Subsequent events

After the end of the quarter under report, ELMOS announced on October 14, 2008 that sales of the third quarter 2008 will turn out below the company's expectations. In the absence of stimuli from orders received, ELMOS anticipates no substantial sales stimulation for the fourth quarter 2008. The backdrop is provided by the weakness of the automotive economy.

Dortmund, November 2008

Dr. Anton Mindl   Nicolaus Graf von Luckner   Reinhard Senf   Jürgen Höllisch

Financial calendar

November 5, 2008	Report on the third quarter 2008
November 11, 2008	Analysts' conference at the German Equity Forum, Frankfurt/Main
February 18, 2009	Preliminary results 2008
March 18, 2009	Results 2008, press conference, analyst conference
April 29, 2009	Report on the first quarter 2009
May 6, 2009	Annual General Meeting in Dortmund
August 12, 2009	Report on the first half-year 2009
November 4, 2009	Report on the third quarter 2009

Contact

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