driven by ELMOS

Q1 | 2010

January 1 – March 31, 2010

Mastering challenges[1]
Seizing opportunities[2]

[1] *Chal•lenge* to rise to a challenge, to bear a challenge, Inflected Form(s): challenged; challenging, *defiance,* provocation, [2] Op|por|tu|ni|ty <Funct.: noun>, a favorable juncture of circumstances, the halt provided an opportunity for rest and refreshment, *a good chance* for advancement or progress

OVERVIEW

In focus

- 92.0% sales growth compared to prior-year period
- EBIT reaches 3.5 million Euro or 8.0% of sales
- High free cash flow of 8.4 million Euro
- Sales growth of more than 20% expected for 2010, yet macroeconomic risks remain for the 2nd half-year 2010

Key figures

1st quarter 2010

in million Euro or percent, unless otherwise indicated	1/1 – 3/31/2010	1/1 – 3/31/2009	Change
Sales	**43.4**	**22.6**	**92.0%**
Semiconductor	39.7	20.3	95.3%
Micromechanics	3.6	2.3	61.5%
Gross profit	**18.1**	**4.7**	**286.6%**
in percent of sales	41.7%	20.7%	
R&D expenses	7.1	6.8	4.2%
in percent of sales	16.3%	30.0%	
Operating income	3.8	−8.5	n/a
in percent of sales	8.7%	−37.6%	
EBIT	**3.5**	**−8.9**	**n/a**
in percent of sales	8.0%	−39.4%	
Net income for the period	2.6	−6.1	n/a
in percent of sales	6.1%	−27.2%	
Earnings per share in Euro	**0.14**	**−0.32**	**n/a**
Cash flow from operating activities	10.3	0.7	n/a
Capital expenditures	2.1	2.4	−11.9%
in percent of sales	4.9%	10.6%	

in million Euro or percent, unless otherwise indicated	3/31/2010	12/31/2009	Change
Equity	162.6	159.1	2.2%
in percent of total assets	69.0%	70.3%	
Employees (balance sheet date)	1,001	1,009	−0.8%

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

INTERIM GROUP MANAGEMENT REPORT

Course of business

SALES DEVELOPMENT AND ORDER SITUATION

ELMOS managed to continue the positive trend of the second half-year 2009 in the first quarter of 2010. Compared to the first quarter of 2009, sales were increased by 92.0% to 43.4 million Euro. An increase in sales was generated even in comparison with the previous quarter (+7.2%). This is the fourth consecutive quarterly sales growth and thus a clear indication of the persistent recovery of the markets.

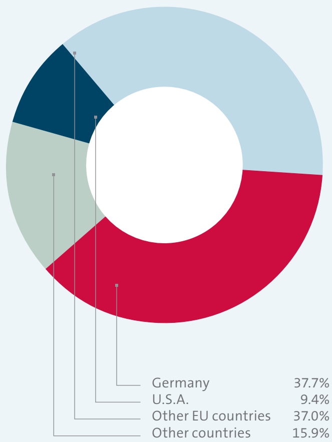
Both segments, semiconductor and micromechanics, generated considerable gains. The semiconductor business is regaining its old strength after the drastic collapse at the beginning of last year. And the micromechanics segment also managed to carry on the pleasant trend of the past quarters – sales reached a new record level of 3.6 million Euro. The major customers of micromechanics manufacture products for medical technology, industrial use, air-conditioning technology, automotive applications, and consumer goods.

The recorded growth encompasses the entire product portfolio and is based on an increase in the core business as well as the launch of new projects. The regional assessment does not yield any major changes. All regions show significant growth.

The order receipt of the first quarter of 2010 is very satisfactory. The demand on the global semiconductor market is at a high level, caused among other factors by catch-up effects from the logistics chain. As in the previous quarters, ELMOS was able to serve all customers completely in the first quarter of 2010. The relation of orders received to sales, the so-called book-to-bill, was above one at the end of the first quarter.

Region	1/1 – 3/31/2010 thousand Euro	in percent of sales	1/1 – 3/31/2009 thousand Euro	in percent of sales	Change
Germany	16,362	37.7%	9,457	41.9%	73.0%
Other EU countries	16,019	37.0%	7,170	31.7%	123.4%
U.S.A.	4,087	9.4%	1,956	8.7%	108.9%
Other countries	6,888	15.9%	4,002	17.7%	72.1%
Group sales	**43,356**	**100.0%**	**22,585**	**100.0%**	**92.0%**

Sales by region 3 months 2010



PROFIT SITUATION, FINANCES AND ASSET SITUATION

The increased utilization of production capacity had a positive effect on earnings in the first quarter of 2010. The gross profit nearly quadrupled in comparison with the prior-year period to 18.1 million Euro (Q1 2009: 4.7 million Euro). The gross margin thus jumped over the 40% bar once again after four quarters, coming to 41.7% in the first quarter 2010. The gross profit even gained on the previous quarter in the amount of 2.1 million Euro; the gross margin was up 2.1 percentage points.

Research and development expenses, at 7.1 million Euro, changed immaterially in absolute figures compared to the previous year (Q1 2009: 6.8 million Euro), and the same holds true for distribution costs (Q1 2010: 3.1 million Euro/Q1 2009: 2.9 million Euro). General administrative expenses amounted to 4.2 million Euro (Q1 2009: 3.5 million Euro). In relation to sales, the above-mentioned functional costs showed a very positive trend altogether. The disproportionately low development of functional costs in relation to sales is even more remarkable as the efforts in product development as well as the products' marketing, for instance in the shape of technology or product events held at various domestic and international customers were increased once more in the first quarter of 2010.

The operating income reached 3.8 million Euro in the first quarter of 2010 (Q1 2009: –8.5 million Euro). Compared to the fourth quarter of 2009, another significant increase of 0.7 million Euro in operating income was achieved. The positive trend is reflected by the EBIT, too. Earnings before interest and taxes came to 3.5 million Euro in the first quarter of 2010 (Q1 2009: –8.9 million Euro). The EBIT margin reached 8.0%. The comparison with the previous quarter shows an above-average growth of 21.7% (Q4 2009: 2.9 million Euro). The group result states a net income for the period of 2.6 million Euro (Q1 2009: net loss of –6.1 million Euro). This equals earnings per share of 0.14 Euro (Q1 2009: loss per share of –0.32 Euro). Even compared with the previous quarter, a significant increase becomes evident (+51.1% / Q4 2009: net income of 1.7 million Euro or earnings per share of 0.09 Euro).

The cash flow from operating activities of 10.3 million Euro in the first quarter of 2010 was pleasant news (Q1 2009: 0.7 million Euro). This is essentially accounted for by the positive result and to a lesser degree by the company's working capital management. Capital expenditures of only 2.1 million Euro or 4.9% of sales (Q1 2009: 2.4 million Euro or 10.6% of sales) resulted in a free cash flow of 8.4 million Euro (Q1 2009: –1.0 million Euro). Improvements are recognizable in comparison with the fourth quarter of 2009 as well (operating cash flow of 8.4 million Euro and free cash flow of 5.9 million Euro).

The conversion of production from 6-inch to 8-inch wafers (Dortmund location), postponed at the beginning of the crisis, has been pushed ahead with for a few months now. The modernization of production facilities will have a positive effect on earnings in perspective.

Due to a low cash outflow for the payment of liabilities, the positive free cash flow leads to an increase in cash and cash equivalents to 55.0 million Euro (December 31, 2009: 46.8 million Euro). At 69.0%, the equity ratio remains at a high level as well (December 31, 2009: 70.3%).

Economic environment

In **Germany,** the market for new cars recorded a drastic collapse, as expected after the expiry of the car scrap bonus. The number of new car registrations dropped 23% in the first quarter. The export registered strong growth for the same period, though. Exports have gained 47% since the beginning of the year to 1.05 million units, according to the German Association of the Automotive Industry (VDA). Orders received from abroad have been on a course for growth since August 2009. In March 2010 alone, the German car manufacturers received close to 28% more international orders.

In **Western Europe,** the number of new car registrations grew by 11% in comparison to the first quarter of 2010, to roughly 3.6 million vehicles. The French market gained 18% in March 2010 alone; auto demand in Italy grew by close to a fifth in the same period, and in Great Britain by 27%. The Spanish market recorded a 63% increase in March. On the whole, the new car business in Western Europe was stimulated in the first quarter 2010 due to expiring car scrap bonus schemes.

The **U.S. market** is recovering faster than assumed, and the German manufacturers benefit from this scenario to a large extent. The German car manufacturers increased their sales of light vehicles (passenger vehicles and light trucks) on the U.S. market by more than one fifth (20.4%) to close to 192,000 units in the first quarter of 2010, thus once again growing faster than the overall market which gained 15.6%.

In **China,** the passenger vehicle market grew by a little over 77% in the first quarter of 2010 to close to 2.8 million cars. However, the VDA assumes that the growth will slow down noticeably in the next months due to the high growth rates of the past year. In **India,** the new car business also showed a very dynamic development. The number of passenger vehicles sold has gained almost 30% since the beginning of the year and came to about 0.6 million. In the first three months of the current year, close to 1.3 million passenger vehicles were sold in **Japan** (+24%).

Significant events

At the end of January, ELMOS and its partners in the Innovation Alliance for Automotive Electronics founded the **"eNOVA Strategy Circle Electromobility".** The objective is the formation and establishment of a platform in support of the German automotive industry on its way to assume international leadership in the field of electromobility. The partners of the strategy circle, Audi, BMW, Daimler, Porsche, Bosch, Continental, Hella, ZF Friedrichshafen, Infineon, and ELMOS, want to push ahead with public research programs for pre-competitive research and development topics relating to electromobility as well as the interface for infrastructural issues.

ELMOS introduced **several standard products** in the first quarter of 2010 and reported on product advancements. For example, the company presented a high-performing semiconductor for PIR (passive infrared) alarm systems and a basic system chip for the LIN network. It was also announced that the series production of the IO-Link transceiver component E981.10 was started. IO-Link is a cost-effective communication system for the point-to-point connection of sensors and actuators with remote IOs in industrial applications. The E981.10 facilitates the universal transmission of process data as well as parameter and diagnostic data down to the lowest automation level. All products and product advancements were listed in the latest issue of the product catalog which was released at the end of February 2010.

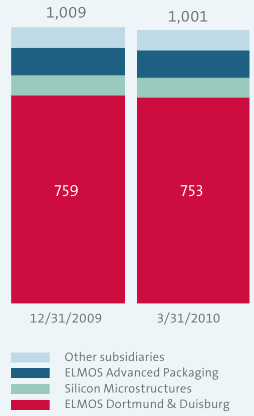
Furthermore, Dr. Anton Mindl, CEO of ELMOS, and Nicolaus Graf von Luckner, CFO of ELMOS, explained the annual result 2009 to the respective audiences in attendance at the **annual press conference** in Dortmund and the **analysts' conference** held in Frankfurt/Main on March 18, 2010. The Management Board also issued a forecast for the current fiscal year 2010. The analysts' conference is available as a recording at www.elmos.de.

Other information

STAFF DEVELOPMENT

The ELMOS Group had a staff of 1,001 employees as of March 31, 2010. In comparison with December 31, 2009 (1,009), the number of employees is virtually unchanged (–0.8%).

Staff development
ELMOS Group (balance sheet date)



ELMOS SHARE

In the first quarter of 2010, the ELMOS share predominantly showed a sideward development within a band between 6 and 8 Euro. On the whole, it gained slightly in the reporting period (+3.1%) and closed at 6.91 Euro on March 31, 2010. The performance of the ELMOS share is thus comparable to the development of the general market indices (TecDax: –0.2%; Dax: 3.3%). The market capitalization came to 134.2 million Euro at the end of the quarter. The ELMOS share reached its 13-week high on January 13, 2010 at 7.95 Euro, the 13-week low on January 29, 2010 at 6.28 Euro (Xetra prices all). The average daily trading volume (Xetra and Frankfurt floor) was 53.2 thousand shares and thus considerably higher than over the full year 2009 (27.4 thousand shares) and higher than in the two preceding quarters as well.

Within the scope of voting rights notifications it was announced in January 2010 that the company's shares formerly held directly and indirectly by EFH ELMOS Finanzholding GmbH are distributed among the partners of (extinct) EFH ELMOS Finanzholding GmbH, namely Dr. Weyer GmbH & Co. Vermögensverwaltung KG (20.50%), Jumakos GmbH & Co. KG (16.67%), and ZOE GmbH & Co. KG (15.71%). The quoted respective shares in voting rights are held indirectly by these companies.

COMPANY BOARDS

Supervisory Board

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

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

Dr. Klaus Egger
Graduate engineer | Steyr-Gleink, Austria

Jörns Haberstroh
Business management graduate | Kerken

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

Dr. Klaus G. Weyer
Graduate physicist | Schwerte

Management Board

Dr. Anton Mindl, *chairman*
Graduate physicist | Lüdenscheid

Nicolaus Graf von Luckner
Graduate economist | Oberursel

Reinhard Senf
Graduate engineer | Iserlohn

Jürgen Höllisch
Engineer | Purbach, Austria

Outlook

OPPORTUNITIES AND RISKS

Risk management and individual corporate risks and opportunities are described in our Annual Report 2009. Over the first three months 2010, no material changes of the company's risks and opportunities as detailed therein have occurred. At present no risks are visible that could either separately or collectively jeopardize the company's continued existence.

ECONOMIC FRAMEWORK

The overall economic framework indicates a positive trend. However, there is a persisting uncertainty with regard to the second half-year 2010, particularly with respect to the macroeconomic situation. Cases in point are Greece and California/U.S.A. Moreover, risks linked to the valuation of commercial real estate remain for the U.S. as well as for China. Relating to the auto market, the VDA expects lower growth rates for the Chinese market in the second half-year, among other trends. The development in Europe is also still considerably determined by expiring government subsidy programs in the first quarter 2010, according to the VDA.

OUTLOOK FOR THE ELMOS GROUP

The macroeconomic risks with respect to the second half-year 2010 are persisting. The key risk of the year 2010 is another slowdown of the worldwide sale of vehicles. Due to the experiences made during the economic crisis in the second half-year 2008 and the first half-year 2009, the management directs its special attention to first warning signals that might indicate the arrival of a similar situation.

Currently the pleasant trend for order volumes is holding up. The relation of orders received to sales, the so-called book-to-bill, was above one at the end of the first quarter. This consistently positive development over the first quarter of 2010 extends over the entire product portfolio.

Based on the current situation, ELMOS anticipates a sales growth of more than 20% for the full year and thus raises its forecast of the beginning of the year 2010. EBIT and cash flow for the current fiscal year will be positive.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated balance sheet

Assets	3/31/2010 Euro	12/31/2009 Euro
Non-current assets		
Intangible assets*	37,698,019	38,311,293
Property, plant and equipment*	71,646,815	72,779,258
Investments accounted for at equity	1	1
Securities and investments*	503,619	503,619
Deferred tax assets	7,474,356	7,831,575
Total non-current assets	**117,322,810**	**119,425,746**
Current assets		
Inventories*	32,021,665	31,538,737
Trade receivables	22,155,650	20,008,220
Cash and cash equivalents	54,983,768	46,841,487
Other assets and income tax assets	8,612,119	8,249,972
Income tax assets	156,229	305,731
	117,929,431	**106,944,147**
Non-current assets classified as held for sale	318,703	0
Total current assets	**118,248,134**	**106,944,147**
Total assets	**235,570,944**	**226,369,893**

** Cf. note 3*

Equity and liabilities	3/31/2010 Euro	12/31/2009 Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital*	19,414,205	19,414,205
Additional paid-in capital	89,028,896	89,001,006
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	–4,522,835	–5,414,047
Retained earnings	58,819,405	56,193,375
	162,841,895	**159,296,763**
Minority interest	–236,541	–242,098
Total equity	**162,605,354**	**159,054,665**
Liabilities		
Non-current liabilities		
Provisions	778,409	791,895
Financial liabilities	40,189,725	40,237,034
Other liabilities	1,966,478	2,011,452
Total non-current liabilities	**42,934,612**	**43,040,381**
Current liabilities		
Provisions	9,620,984	8,439,717
Income tax liabilities	196,197	199,741
Financial liabilities	300,920	576,497
Trade payables	17,395,389	12,917,877
Other liabilities	2,517,488	2,141,015
Total current liabilities	**30,030,978**	**24,274,847**
Total liabilities	**72,965,590**	**67,315,228**
Total equity and liabilities	**235,570,944**	**226,369,893**

** Cf. note 3*

Consolidated statement of comprehensive income

1st quarter 2010	1/1 – 3/31/2010 Euro	in percent of sales	1/1 – 3/31/2009 Euro	in percent of sales	Change
Sales	43,355,633	100.0%	22,584,679	100.0%	92.0%
Cost of sales	25,293,008	58.3%	17,912,649	79.3%	41.2%
Gross profit	**18,062,625**	**41.7%**	**4,672,031**	**20.7%**	**286.6%**
Research and development expenses	7,061,453	16.3%	6,779,662	30.0%	4.2%
Distribution expenses	3,083,512	7.1%	2,887,405	12.8%	6.8%
Administrative expenses	4,161,735	9.6%	3,488,300	15.4%	19.3%
Operating income before other operating expenses/(income)	**3,755,925**	**8.7%**	**–8,483,337**	**–37.6%**	**n/a**
Finance income	–195,189	–0.5%	– 338,825	– 1.5%	–42.4%
Finance expenses	571,489	1.3%	597,658	2.6%	–4.4%
Foreign exchange losses	–947	0.0%	599,146	2.7%	n/a
Other operating income	–506,443	–1.2%	–906,013	–4.0%	44.1%
Other operating expenses	791,668	1.8%	730,812	3.2%	8.3%
Earnings before taxes	**3,095,347**	**7.1%**	**–9,166,114**	**–40.6%**	**n/a**
Income taxes					
Income tax	–65,642	–0.1%	319,507	1.4%	n/a
Deferred tax expense/(income)	529,402	1.2%	–3,302,251	–14.6%	n/a
	463,760	**1.1%**	**–2,982,744**	**–13.2%**	**n/a**
Net income/(loss)	**2,631,587**	**6.1%**	**–6,183,370**	**–27.4%**	**n/a**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	176,934		1,332,538		
Foreign currency adjustments with deferred tax effect	958,764		–281,835		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	–244,486		50,727		
Other comprehensive income after taxes	**891,212**		**1,101,430**		
Comprehensive income after taxes	**3,522,799**		**–5,081,940**		
Net income /(loss) attributed to:					
Equity holders of the parent	2,626,030		**–6,136,042**		
Minority interest	5,557		–47,328		
	2,631,587		**–6,183,370**		
Comprehensive income attributed to:					
Equity holders of the parent	3,517,242		–5,034,612		
Minority interest	5,557		–47,328		
	3,522,799		**–5,081,940**		
Earnings per share					
Basic earnings per share	0.14		–0.32		n/a
Fully diluted earnings per share	0.14		–0.32		n/a

Earnings before interest and taxes (EBIT)

	1/1 – 3/ 31/2010 Euro	in percent of sales	1/1 – 3/31/2009 Euro	in percent of sales	Change
Operating income/loss before other operating expenses/(income)	**3,755,925**	**8.7%**	**–8,483,337**	**–37.6%**	**n/a**
Foreign exchange gains/losses	–947	0.0%	599,146	2.7%	n/a
Other operating expenses/(income)	285,225	0.7%	–175,201	– 0.8%	n/a
EBIT	**3,471,646**	**8.0%**	**–8,907,281**	**–39.4%**	**n/a**

Condensed consolidated cash flow statement

	1/1 – 3/31/2010 Euro	1/1 – 3/31/2009 Euro
Cash flow from operating activities		
Net loss/income after minority interest	2,626,030	−6,136,042
Depreciation and amortization	3,954,207	3,980,625
Financial result	376,299	258,833
Non-cash expenses/income	529,402	−3,302,251
Income tax	−65,642	319,507
Stock option plan expense	27,890	0
Minority interest	5,557	−47,328
Changes in pension provisions	−13,486	−31,248
Changes in net working capital:		
Trade receivables	−2,147,430	11,223,653
Inventories	−482,928	−2,854,312
Prepaid expenses and other assets	−362,148	86,970
Trade payables	4,477,512	−3,199,678
Other provisions and other liabilities	1,557,741	822,790
Income tax refunds/payments	211,602	−119,967
Interest paid	−571,489	−597,658
Interest received	195,189	338,825
Cash flow from operating activities	**10,318,306**	**742,720**
Cash flow from investing activities		
Capital expenditures for intangible assets	−759,725	−1,400,339
Capital expenditures for property, plant and equipment	−1,348,603	−992,968
Capital expenditures for non-current assets classified as held for sale	−318,704	509,451
Disposal of fixed assets	506,087	98,781
Cash flow from investing activities	**−1,920,945**	**−1,785,076**
Cash flow from financing activities		
Payment of non-current liabilities	−93,123	−97,255
Payment/Borrowing of current liabilities to banks	−274,737	141,706
Cash flow from financing activities	**−367,860**	**44,451**
Increase/Decrease in cash and cash equivalents	**8,029,501**	**−997,905**
Effect of exchange rate changes in cash and cash equivalents	112,780	574,391
Cash and cash equivalents at beginning of reporting period	46,841,487	42,463,401
Cash and cash equivalents at end of reporting period	**54,983,768**	**42,039,888**

Condensed consolidated statement of changes in equity

	Shares Number	Share capital Euro	Additional paid-in capital Euro
January 1, 2009	**19,414,205**	**19,414,205**	**88,736,563**
Foreign currency adjustments			
Net loss for the first quarter 2009			
March 31, 2009	**19,414,205**	**19,414,205**	**88,736,563**
January 1, 2010	**19,414,205**	**19,414,205**	**89,001,006**
Stock option expense			27,890
Foreign currency adjustments			
Net income for the first quarter 2010			
March 31, 2010	**19,414,205**	**19,414,205**	**89,028,896**

	Surplus reserve Euro	Accumulated other comprehensive income Euro	Retained earnings Euro	Total Euro	Minority interest Total Euro	Group Total Euro
	102,224	**−5,445,033**	**68,410,785**	**171,218,744**	**−13,825**	**171,204,919**
		1,101,430		1,101,430		1,101,430
			−6,136,042	−6,136,042	−47,328	−6,183,370
	102,224	**−4,343,603**	**62,274,743**	**166,184,132**	**−61,153**	**166,122,979**
	102,224	**−5,414,047**	**56,193,375**	**159,296,763**	**−242,098**	**159,054,665**
				27,890		27,890
		891,212		891,212		891,212
			2,626,030	2,626,030	5,557	2,631,587
	102,224	**−4,522,835**	**58,819,405**	**162,841,895**	**− 236,541**	**162,605,354**

Condensed notes to interim consolidated financial statements

The condensed interim consolidated financial statements for the 1st quarter of 2010 were released for publication in April 2010 pursuant to Management Board resolution.

1 General notes

ELMOS Semiconductor Aktiengesellschaft ("the company" or "ELMOS") has its registered office in Dortmund (Germany) and is entered in the register of companies kept at the District Court (Amtsgericht) Dortmund, section B, no. 13698. The articles of incorporation are in effect in the version of March 26, 1999, last amended by shareholder's resolution of May 6, 2009.

The company's business is the development, manufacture, and distribution of microelectronic components and system parts (**a**pplication **s**pecific **i**ntegrated **c**ircuits, or in short: ASICs) and technological devices with similar functions. The company may conduct all transactions suitable for serving the object of business directly or indirectly. The company may 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 maintains sales companies in France and the U.S. and cooperates with other German and international companies in the development and production of ASIC chips.

Basic principles of the preparation of financial statements
The condensed interim consolidated financial statements for the period from January 1 to March 31, 2010 have been prepared in accordance with IAS 34: Interim Financial Reporting. These financial statements do therefore not contain all the information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2009.

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 for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2009 with the exception of the new IFRS Standards and Interpretations listed below. The application of these new Standards and Interpretations had no effect on the group's asset situation, finances and profit situation.

–>	IAS 27	Consolidated and Separate Financial Statements
–>	Amendments to IAS 39	Eligible Hedged Items
–>	IFRS 1	First-time Adoption of IFRS
–>	IFRS 3	Business Combinations
–>	IFRIC 12	Service Concession Arrangements
–>	IFRIC 15	Agreements for the Construction of Real Estate
–>	IFRIC 16	Hedges of a Net Investment in a Foreign Operation
–>	IFRIC 17	Distributions of Non-cash Assets to Owners
–>	IFRIC 18	Transfers of Assets from Customers

Estimates and assumptions

The company accrues provisions for pension and partial retirement obligations pursuant to IAS 19. As for the year 2009, an actuarial interest rate of 5.6% has been applied for 2010.

Exceptional business transactions

There were no exceptional business transactions in the first quarter of 2010.

Basis of consolidation

There were no changes in the basis of consolidation in the first quarter of 2010.

Seasonal and economic impact on business operations

The macroeconomic framework shows a positive trend. However, uncertainties remain with respect to the second half-year 2010 particulary with respect to the macroeconomic situation. The business of ELMOS Semiconductor AG is not subject to material seasonal fluctuation.

2 Segment reporting

The segments correspond with the internal organizational and reporting structure of the ELMOS Group. The definition of segments considers the different products and services supplied by the Group. The accounting principles of the individual segments correspond with those applied by the Group.

The company divides its business activities into two segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, France, South Africa, and the U.S.A. Sales in this segment are generated predominantly with electronics for the automotive industry. In addition, ELMOS operates in the markets for industrial and consumer goods and provides semiconductors e.g. for applications in household appliances, photo cameras, installation and building technology, and machine control. Sales in the micromechanics segment are generated by the subsidiary SMI in the U.S.A. The product portfolio includes micro-electro-mechanical systems (MEMS) which are primarily silicon-based high-precision pressure sensors. The following tables provide information on sales and earnings (for the period from January 1 to March 31, 2010 and 2009, respectively) as well as assets of the group's business segments (as of March 31, 2010 and December 31, 2009).

Quarter ended 3/31/2010	**Semiconductor thousand Euro**	**Micromechanics thousand Euro**	**Consolidation thousand**	**Total thousand**
Sales				
Sales with third-party customers	39,714	3,642	0	43,356
Sales with other segments	74	25	−99	0
Total sales	**39,788**	**3,667**	**−99**	**43,356**
Earnings				
Segment earnings	3,057	415	0	3,472
Financial result				−376
Earnings before taxes				**3,096**
Income taxes				−464
Net income including minority interest				**2,632**
Assets				
Segment assets	156,208	16,245	0	172,453
Investments	504	0	0	504
Non-attributable assets				62,614
Total assets				**235,571**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	2,093	15		2,108
Depreciation and amortization	3,605	349		3,954

Non-attributable assets as of March 31, 2010 comprise cash and cash equivalents (54,984 thousand Euro), income tax assets (156 thousand Euro), and deferred taxes (7,474 thousand Euro), as these assets are controlled at group level.

Quarter ended 3/31/2009	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand	Total thousand
Sales				
Sales with third-party customers	20,330	2,255	0	22,585
Sales with other segments	160	89	–249	0
Total sales	**20,490**	**2,344**	**–249**	**22,585**
Earnings				
Segment earnings	– 8.151	–757	0	– 8,907
Financial result				– 259
Earnings before taxes				**– 9,166**
Income taxes				2,983
Net loss including minority interest				**– 6,183**
Assets (as of 12/31/2009)				
Segment assets	155,275	15,612	0	170,887
Investments	504	0	0	504
Non-attributable assets				54,979
Total assets				**226,370**

Non-attributable assets as of December 31, 2009 comprise cash and cash equivalents (46,841 thousand Euro), income tax assets (306 thousand Euro), and deferred taxes (7,832 thousand Euro), as these assets are controlled at group level.

Geographical information

Sales generated with third-party customers	Quarter ended 3/31/2010 thousand Euro	Quarter ended 3/31/2009 thousand Euro
Germany	16,362	9,457
EU	16,019	7,170
U.S.A.	4,087	1,956
Others	6,888	4,002
	43,356	**22,585**

Geographical breakdown of non-current assets	3/31/2010 thousand Euro	12/31/2009 thousand Euro
Germany	91,938	93,888
EU	8,358	8,426
U.S.A.	9,552	9,277
Others	0	3
	109,848	**111,594**

Sales generated with the four largest customers amount to 6.396 million Euro, 5.780 million Euro, 5.124 million Euro, and 5.088 million Euro, respectively, and relate to sales in the semiconductor segment.

3 Notes to essential financial positions

Selected non-current assets

Development of selected non-current assets from January 1 to March 31, 2010	Net book value 1/1/2010 thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation and amortization	Net book value 3/31/010 thousand Euro
Intangible assets	38,311	760	−109	1,264	37,698
Property, plant and equipment	72,779	1,349	209	2,690	71,647
Securities and investments	504	0	0	0	504
	111,594	**2,109**	**100**	**3,954**	**109,849**

The position “disposals/other movements” includes positive currency adjustments in the amount of 606 thousand Euro.

Goodwill

Goodwill has undergone the following development:

	3/31/2010 Euro	12/31/2009 Euro
SMI		
Acquisition cost	7,567,365	7,567,365
Foreign currency adjustment	−2,627,007	−2,924,372
Book value	**4,940,358**	**4,642,993**
ELMOS NA		
Acquisition cost	554,617	554,617
Foreign currency adjustment	2,222	−9,126
Book value	**556,839**	**545,491**
ELMOS France	**1,614,578**	**1,614,578**
ELMOS Services B.V.	**206,170**	**206,170**
	7,317,945	**7,009,232**

Inventories

	3/31/2010 Euro	12/31/2009 Euro
Raw materials	6,452,212	6,099,051
Work in process	21,339,758	19,534,272
Finished goods	4,229,695	5,905,414
	32,021,665	**31,538,737**

Equity

The share capital of ELMOS Semiconductor AG consists of 19,414,205 shares as of March 31, 2010.

As of December 31, 2009 EFH ELMOS Finanzholding GmbH held an interest of roughly 52.88% in the company's share capital. In December 2009 the shareholders of EFH ELMOS Finanzholding GmbH, Dr. Weyer GmbH & Co. Vermögensverwaltung KG, ZOE GmbH & Co. KG, and Jumakos GmbH & Co. KG, decided a reorganization of EFH ELMOS Finanzholding GmbH by way of division in accordance with the German Transformation Act (Umwandlungsgesetz), as a consequence of which EFH ELMOS Finanzholding GmbH ceased to exist on January 26, 2010. In the course of the division, the company's shares formerly held by EFH ELMOS Finanzholding GmbH both directly and indirectly (through its 100% subsidiaries Dr. Weyer GmbH, ZOE-BTG GmbH, and Makos GmbH) became the property of companies controlled in turn by Dr. Weyer GmbH & Co. Vermögensverwaltung KG, ZOE GmbH & Co. KG, and Jumakos GmbH & Co. KG, respectively. Upon coming into force of the division of EFH ELMOS Finanzholding GmbH as of January 26, 2010, the company's shares formerly held by EFH ELMOS Finanzholding GmbH directly and indirectly are thus divided between the shareholders of (extinct) EFH ELMOS Finanzholding GmbH as follows:

-> Dr. Weyer GmbH & Co. Vermögensverwaltung KG: 20.50%,
-> Jumakos GmbH & Co. KG: 16.67%,
-> ZOE GmbH & Co. KG: 15.71%.

The above-mentioned shares in voting interests are held indirectly by the respective companies.

625,145 options from stock option plans are altogether outstanding as of March 31, 2010. The options are attributable to the various tranches as follows:

	Tranche 5	Tranche 6	Total
Year of resolution	2004	2009	
Year of issue	2005	2009	
Exercise price in EUR	13.98	3.68	
Blocking period ex issue (years)	2	3	
Exercise period after blocking period (years)	3	3	
Options outstanding as of 3/31/2009 (number)	140,306	486,800	627,106
Granted Q1 2010 (number)	0	0	0
Exercised Q1 2010 (number)	0	0	0
Expired Q1 2010 (number)	361	1,600	1,961
Options outstanding as of 3/31/2010 (number)	139,945	485,200	625,145
Exercisable options as of 3/31/2010 (number)	139,945	0	139,945

4 Related party disclosures

As has been reported in the consolidated financial statements for the fiscal year ended December 31, 2009, the ELMOS Group maintains business relationships with related companies and individuals within the context of usual business activity. These supply and performance relationships continue to be transacted at market prices.

Shares and share options held by Management Board and Supervisory Board

As of March 31, 2010, the following members of Management Board and Supervisory Board held ELMOS shares and share options:

Management Board	Shares	Options
Dr. Anton Mindl	103,725	33,000
Reinhard Senf	16,923	32,000
Nicolaus Graf von Luckner	10,614	22,000
Jürgen Höllisch	0	22,000

Supervisory Board	Shares	Options
Prof. Dr. Günter Zimmer	29,027	0
Dr. Burkhard Dreher	5,000	0
Jörns Haberstroh	3,956	0
Dr. Klaus Egger	0	0
Jutta Weber	200	0
Dr. Klaus Weyer	77,500	10,000

Directors' dealings according to Section 15a WpHG (Securities Trading Act)

The following reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to March 31, 2010:

Date/place	Name	Function	Transaction	Number	Price/Basic price (Euro)	Total volume (Euro)
3/31/2010 Xetra	ZOE Beteiligungs GmbH	Legal entity closely related to the chairman of the Supervisory Board	Purchase of ELMOS shares	100,000	6.87	687,000

5 Subsequent events

There have been no events of particular significance since the end of the quarter.

Dortmund, April 2010

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

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This interim report was released on April 28, 2010 in German and English. Both versions are available for download on the Internet at www.elmos.de.

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

FINANCIAL CALENDAR 2010

Annual General Meeting in Dortmund	May 4, 2010
Quarterly results Q2/2010	August 11, 2010
Quarterly results Q3/2010	November 3, 2010
Analysts' conference at Equity Forum in Frankfurt	November 2010