driven by ELMOS

HY1 | 2010

January 1 – June 30, 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

Highlights

- Increase in sales of 87.8% compared to HY1 2009
- Improvements in gross margin, EBIT margin, and profit margin
- Free cash flow of 7.0 million Euro, adjusted free cash flow of 10.0 million Euro
- Forecast raised for full year 2010

Key figures

	Quarterly comparison			Half-year comparison		
in million Euro or %, unless otherwise indicated	4/1 – 6/30/2010	4/1 – 6/30/2009	Change	1/1 – 6/30/2010	1/1 – 6/30/2009	Change
Sales	**46.4**	**25.2**	**84.1%**	**89.8**	**47.8**	**87.8%**
Semiconductor	42.6	22.9	86.2%	82.3	43.2	90.5%
Micromechanics	3.8	2.3	64.2%	7.5	4.6	62.9%
Gross profit	**20.1**	**2.8**	**623.4%**	**38.2**	**7.5**	**412.4%**
in % of sales	43.4%	11.0%		42.5%	15.6%	
R&D expenses	7.7	6.2	24.3%	14.8	13.0	13.8%
in % of sales	16.7%	24.7%		16.5%	27.2%	
Operating income	4.4	−9.6	n/a	8.1	−18.1	n/a
in % of sales	9.4%	−38.1%		9.1%	−37.9%	
EBIT	**4.7**	**−9.9**	**n/a**	**8.2**	**−18.8**	**n/a**
in % of sales	10.2%	−39.2%		9.1%	−39.3%	
Net income/loss for the period	2.6	−7.5	n/a	5.3	−13.7	n/a
in % of sales	5.7%	−29.9%		5.9%	−28.6%	
Earnings per share in Euro	**0.14**	**−0.39**	**n/a**	**0.27**	**−0.70**	**n/a**
Operating cash flow	7.4	−2.5	n/a	17.7	−1.7	n/a
Capital expenditures	5.6	1.1	428.5%	7.7	3.5	123.0%
in % of sales	12.0%	4.2%		8.6%	7.2%	
Free cash flow*	−1.4	−3.4	n/a	7.0	−4.5	n/a
Adjusted free cash flow**	1.8	−3.5	n/a	10.0	−5.2	n/a

** Cash flow from operating activities less cash flow from investing activities*
*** Cash flow from operating activities less capital expenditures for fixed assets*

in million Euro or %, unless otherwise indicated	6/30/2010	12/31/2009	Change
Equity	166.2	159.1	4.5%
in % of total assets	68.4%	70.3%	
Employees (closing date)	989	1,009	−2.0%

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

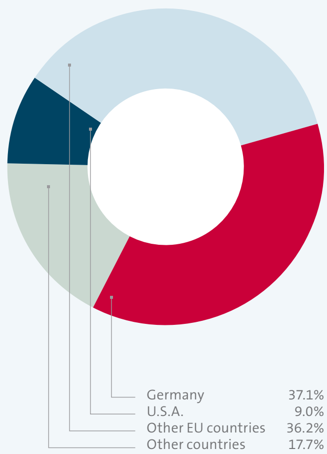
ELMOS achieved a large increase in sales in the 1st half-year 2010. The positive trend of the past months has so far continued without any noticeable slowdown. Sales gained 87.8% on the first half-year 2009 to reach 89.8 million Euro. In the 2nd quarter of 2010, sales grew by 84.1% compared to the prior-year period and came to 46.4 million Euro. The continuing fast growth also becomes apparent by quarterly comparison: Sales of the 2nd quarter 2010 were 7.1% ahead of the previous quarter.

Considering the segments gives evidence of the consistently positive business performance as well. High growth rates were generated in the semiconductor and the micromechanics business in relation to the corresponding periods of comparison. Compared to the 1st half-year 2009, the respective sales growth was 90.5% and 62.9%. The semiconductor segment benefits to great extent from the automotive industry's strong recovery.

The increased demand encompasses the entire product portfolio, concerning the core business as well as new products. The interest in products that are close to introduction on the market is also very high.

With respect to the regional distribution of sales, only the disproportionately fast growth of the U.S. market is worth mentioning; the other markets do not indicate any material changes.

Sales by region 6 months 2010



Region	1/1 – 6/30/2010 thousand Euro	in percent of sales	1/1 – 6/30/2009 thousand Euro	in percent of sales	Change
Germany	33,333	37.1%	18,585	38.9%	79.4%
Other EU countries	32,503	36.2%	17,665	37.0%	84.0%
U.S.A.	8,038	9.0%	3,290	6.8%	144.3%
Other countries	15,906	17.7%	8,255	17.3%	92.7%
Group sales	**89,780**	**100.0%**	**47,795**	**100.0%**	**87.8%**

The development of orders received was solid through the whole 1st half-year 2010. Global demand for semiconductor and sensor solutions keeps up its high level. As in the previous quarters, ELMOS was able to serve all customers completely. The relation of orders received to sales, the so-called book-to-bill, is slightly above one by the end of the 1st half-year 2010.

PROFIT SITUATION, FINANCES, AND ASSET SITUATION

The higher utilization of production capacity due increased sales volumes has a positive effect on the earnings of the first half-year 2010. The gross profit of 38.2 million Euro turned out more than five times higher by half-year comparison (HY1 2009: 7.5 million Euro). The gross margin for the half-year period was 42.5%, compared to 15.6% in the 1st half-year 2009. Also compared to the 1st quarter of 2010, the gross margin was raised because of the increased utilization of production facilities, from 41.7% to 43.4%. However, manufacturing costs as well as functional costs are affected by an agreement on a raise of wages and salaries concluded in the 2nd quarter of 2010. In addition, general cost increases such as higher cost of materials are putting pressure on the margins.

Research and development expenses went up 13.8% compared to the 1st half-year 2009 (13.0 million Euro), to 14.8 million Euro. This is accounted for by the discontinuation of short-time work in 2010 on the one hand and a larger number of launched product developments on the other hand. In relation to sales, the R&D ratio dropped from 27.2% to 16.5% by half-year comparison. Distribution costs rose from 5.4 million Euro in the 1st half-year 2009 to 6.1 million Euro in the 1st half-year 2010 due to greater efforts in product development and product marketing, yet they went down in relation to sales, from 11.3% to 6.8%. The same trend is noticeable in general administrative expenses (HY1 2009: 7.2 million Euro or 15.0% of sales; HY1 2010: 9.1 million Euro or 10.2%).

The operating income of 8.1 million Euro for the 1st half-year 2010 equaled a margin of 9.1% (HY1 2009: –18.1 million Euro or −37.9%). The EBIT for the reporting period was 8.2 million Euro (–18.8 million Euro for HY1 2009); the EBIT margin reached 9.1% after –39.3% in the 1st half-year 2009.

The net income climbed to 5.3 million Euro in the 1st half-year (HY1 2009: net loss of –13.7 million Euro). Earnings per share came to 0.27 Euro (HY1 2009: loss of −0.70 Euro per share). The number of 19,342,244 shares outstanding as of June 30, 2010 was slightly reduced compared to the previous year because of the started share buyback (2009: 19,414,205 shares).

The operating cash flow amounted to 17.7 million Euro in the first half-year 2010 (HY1 2009: −1.7 million Euro) and thus even exceeded the amount for the full year 2009 (9.4 million Euro). This is essentially accounted for by the positive result but also by the company’s working capital management. Capital expenditures of 7.7 million Euro or 8.6% of sales (HY1 2009: 3.5 million Euro or 7.2% of sales) as well as other investment transactions in the net amount of 3.0 million Euro (HY1 2009: cash inflow of 0.7 million Euro) resulted in a free cash flow of 7.0 million Euro (HY1 2009: −4.5 million Euro). The adjusted free cash flow (cash flow from operating activities less capital expenditures for fixed assets) reached 10.0 million Euro (HY1 2009: −5.2 million Euro). The conversion of production from 6-inch to 8-inch wafers at the Dortmund location was pushed ahead with intensively through the first half-year 2010. The modernization of manufacturing facilities will have a positive effect on earnings in the medium term.

The cash flow from financing activities came to –1.0 million Euro in the 1st half-year 2010, on account of the repurchase of the company's own shares and the repayment of current and non-current liabilities. Compared to December 31, 2009, cash and cash equivalents rose from 46.8 million Euro to 53.1 million Euro as of June 30, 2010. The equity ratio of 68.4% continues to be at a high level (December 31, 2009: 70.3%).

Economic environment

The global demand for new cars showed a dynamic development in the first half-year 2010 compared to the prior-year period. Particularly the Asian markets and the U.S. recorded partly large increases.

Following the exceptional year 2009 that was determined by the car scrap bonus, the market has been getting back to normal in **Germany.** In the first half-year 2010, 1.5 million passenger vehicles were newly registered, corresponding with a 29% decrease from the high prior-year mark. According to the German Association of the Automotive Industry (VDA), the domestic car market of 2010 will return to the structures and the level it showed prior to the introduction of the bonus scheme. Yet the export figures of the German auto industry were growing fast in the first half-year 2010; passenger vehicle exports gained 44% on the prior-year period of comparison.

In **Western Europe,** the half-year comparison is still greatly affected by the impact of the bonus schemes, too. The Western European car market grew by 2% to 7.1 million vehicles in the first half-year 2010.

The **U.S.A.** recorded a 17% increase in sales to 5.6 million cars in the first half-year 2010; the positive trend has thus been keeping up. Sales of the German brands have even gained 18% so far this year. However, the U.S. market is still very far from its former record levels.

China remains the driver of growth for the global automotive industry in the first half-year 2010. Up to and including June 2010, at close to 5.4 million units almost 50% more vehicles were sold in China compared to the same period of last year. The enormous pace of growth slowed somewhat down in June 2010 as expected. While sales of passenger vehicles still gained 19% in June, this figure equals the lowest growth rate in more than a year.

In **India** more than 1.1 million vehicles were sold in the first half-year 2010 (+31%). **Japan** increased car sales by 23% to roughly 2.3 million automobiles.

Significant events

ELMOS introduced a large number of **standard products** in the reporting period. These products give an indication of the company's expanding product portfolio. The products presented range from innovative human-machine interfaces according to the HALIOS® principle and semiconductors for PIR (passive infrared) alarm systems to network chips for use in the automobile (LIN system basis chip) or industrial automation (IO-Link transceiver). Moreover, a power management chip was introduced to the public, particularly suited for the operation of LEDs. All products and product advancements have been collected in the new product catalog.

Dr. Anton Mindl, CEO of ELMOS, and Nicolaus Graf von Luckner, CFO of ELMOS, explained the annual result 2009 to the respective audiences at the **annual press conference** held in Dortmund and the **analysts' conference** in Frankfurt/Main in March 2010.

In May, the Management Board presented the events and financial figures of 2009 to the shareholders in the context of the **11th Annual General Meeting.** The roughly 200 shareholders in attendance made use of their voting rights and resolved all items on the agenda with a vast majority of votes. Apart from the usual agenda items, the shareholders resolved a downsizing of the Supervisory Board from six to three members. Furthermore, due to a changed legal framework resolutions were passed for conditional capital for the issue of convertible bonds and option bonds on the one hand and the launch of a stock option plan on the other hand.

The company started a **share buyback** in June. Altogether up to 200,000 of the company's own shares, or 1.03% of the share capital, are intended to be repurchased. The share buyback was not completed by the end of the reporting period; as of June 30, 2010, altogether 71,961 own shares had been repurchased. The shares are meant to be used primarily as share-based remuneration component.

Also in June, ELMOS received the **"New Deals" award for outstanding human resources development.** The jury assessed the overall concept of human resources management in the year of crisis 2009 as excellent, particularly the measures taken in the context of short-time work and the continued supply of trainee positions. The award selection was decided by the jury of the New Deals initiators, comprising representatives of chambers of commerce, trade associations, trade unions, the Dortmund business development agency, and the Federal Employment Agency.

Other information

STAFF DEVELOPMENT

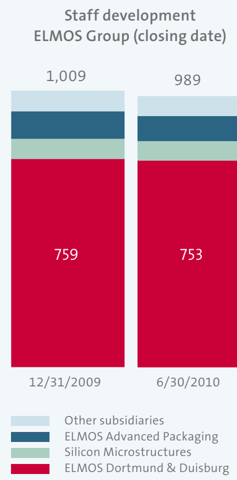
The number of employees in the ELMOS Group went down 2% to 989 compared to December 31, 2009 (1,009). Most of the departures were recorded in manufacturing divisions.

ELMOS SHARE

The ELMOS share predominantly showed a sideward motion within a margin between 5.60 Euro and 8.00 Euro in the first half-year 2010. On the whole, it gained slightly in the reporting period (+2.7%) and closed at 6.88 Euro on June 30, 2010. The performance of the ELMOS share is thus ahead of the performances of the general market indices DAX (0.1%) and TecDax (–10.2%). The market capitalization came to 133.1 million Euro as of June 30, 2010 (based on 19.3 million shares outstanding). The ELMOS share reached its 26-week high on January 13, 2010 at 7.95 Euro and its low on May 25, 2010 at 5.60 Euro (Xetra prices all). The average daily trading volume (Xetra and Frankfurt floor) was 43.7 thousand shares in the first half-year 2010 and thus considerably higher than over the full year 2009 (27.4 thousand shares).

As of June 30, 2010, altogether 71,961 of the company's own shares had been repurchased for an average share price of 6.97 Euro within the framework of a share buyback program so that the number of shares outstanding was reduced to 19,342,244 as of June 30, 2010.

Through the release of voting rights notifications, it was announced in January 2010 that the shares in the company formerly held directly and indirectly by EFH ELMOS Finanzholding GmbH were divided between the shareholders 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 above-mentioned shares in voting interests are held indirectly by the respective companies.



COMPANY BOARDS

Supervisory Board

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

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

Dr. Klaus Egger *(until May 4, 2010)*
Graduate engineer | Steyr-Gleink, Austria

Jörns Haberstroh *(until May 4, 2010)*
Business management graduate | Kerken

Jutta Weber *(until May 4, 2010)*
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 six 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 macroeconomic framework continues to show a positive trend. An economic downturn in 2010 has become less probable if compared with the status quo of a few months ago. However, macroeconomic uncertainties remain.

According to information provided by the VDA, the global car market is expected to grow to a volume of at least 59 million passenger vehicles in the full year 2010 (2009: 53 million vehicles). The U.S. is supposed to gain 12%, China is anticipated to gain roughly 20%. However, the VDA expects lower growth rates for the Chinese market in the second half-year 2010. As expected, Western Europe will not reach the level of the previous year as government incentive schemes have expired in many EU member states.

OUTLOOK FOR THE ELMOS GROUP

The business performance of the first half-year 2010 and the current order situation appear positive. The relation of orders received to sales, the so-called book-to-bill, is slightly above one by the end of the first half-year. The growth dynamics apparent in the core business and in the new product launches is very satisfying.

For how long this development will keep up at its present pace cannot be predicted at present. The principal risk is another slump in global car sales. Based on the experiences made during the economic crisis and due to the higher volatility of the global economy in general, management directs its special attention to the lingering macroeconomic risks which could trigger a new downturn in the economy.

Because of the positive developments in the first half-year 2010 and the expectations for the next months based on the order situation, ELMOS raises its forecast once again. For the full year 2010, ELMOS anticipates a growth in sales of more than 40%. A high single-digit percentage is targeted for the EBIT margin. The adjusted free cash flow (cash flow from operating activities less capital expenditures for fixed assets) will turn out clearly positive in the current fiscal year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated balance sheet

Assets	6/30/2010 Euro	12/31/2009 Euro
Non-current assets		
Intangible assets*	37,548,084	38,311,293
Property, plant and equipment*	73,899,625	72,779,258
Investments accounted for at equity	1	1
Securities and investments**	911,083	503,619
Deferred tax assets	6,625,987	7,831,575
Total non-current assets	**118,984,780**	**119,425,746**
Current assets		
Inventories*	33,416,472	31,538,737
Trade receivables	24,927,676	20,008,220
Other financial assets	7,507,163	3,803,473
Other receivables	4,469,299	4,446,499
Income tax assets	21,332	305,731
Cash and cash equivalents	53,107,882	46,841,487
	123,449,824	**106,944,147**
Non-current assets classified as held for sale	680,801	0
Total current assets	**124,130,625**	**106,944,147**
Total assets	**243,115,405**	**226,369,893**

** Cf. note 3*

*** Cf. notes 1 and 3*

Equity and liabilities	6/30/2010 Euro	12/31/2009 Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital*	19,342,244	19,414,205
Additional paid-in capital	88,637,954	89,001,006
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	−3,095,130	−5,414,047
Retained earnings	61,452,556	56,193,375
	166,439,848	**159,296,763**
Non-controlling interest	–229,445	–242,098
Total equity	**166,210,403**	**159,054,665**
Liabilities		
Non-current liabilities		
Provisions	695,787	791,895
Financial liabilities	40,154,535	40,237,034
Other liabilities	1,907,521	2,011,452
Deferred tax liabilities	341,253	0
Total non-current liabilities	**43,099,096**	**43,040,381**
Current liabilities		
Provisions	9,474,500	8,439,717
Income tax liabilities	686,145	199,741
Financial liabilities	280,681	576,497
Trade payables	20,016,309	12,917,877
Other liabilities	3,348,271	2,141,015
Total current liabilities	**33,805,906**	**24,274,847**
Total liabilities	**76,905,002**	**67,315,228**
Total equity and liabilities	**243,115,405**	**226,369,893**

** Cf. note 3*

Consolidated comprehensive income statement

2nd quarter	4/1 – 6/30/2010 Euro	in percent of sales	4/1 – 6/30/2009 Euro	in percent of sales	Change in %
Sales	46,424,498	100.0%	25,210,737	100.0%	84.1%
Cost of sales	26,287,517	56.6%	22,427,222	89.0%	17.2%
Gross profit	**20,136,981**	**43.4%**	**2,783,515**	**11.0%**	**623.4%**
Research and development expenses	7,737,080	16.7%	6,222,237	24.7%	24.3%
Distribution expenses	3,053,843	6.6%	2,511,357	10.0%	21.6%
Administrative expenses	4,961,672	10.7%	3,664,603	14.5%	35.4%
Operating income before other operating expenses/(income)	**4,384,386**	**9.4%**	**−9,614,682**	**−38.1%**	**n/a**
Finance income	−229,508	−0.5%	−185,165	−0.7%	23.9%
Finance expenses	637,301	1.4%	518,271	2.1%	23.0%
Foreign exchange losses	106,516	0.2%	83,968	0.3%	26.9%
Other operating income	−929,984	−2.0%	−425,111	−1.7%	118.8%
Other operating expenses	464,893	1.0%	605,689	2.4%	−23.2%
Earnings before taxes	**4,335,169**	**9.3%**	**−10,212,333**	**−40.5%**	**n/a**
Income taxes					
Income tax expense	225,131	0.5%	113,027	0.4%	99.2%
Deferred tax expense/(income)	1,469,792	3.2%	−2,792,458	−11.1%	n/a
	1,694,923	**3.7%**	**−2,679,431**	**−10.6%**	**n/a**
Net income/(loss)	**2,640,246**	**5.7%**	**−7,532,902**	**−29.9%**	**n/a**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	287,115		−201,544		
Foreign currency adjustments with deferred tax effect	1,530,992		−848,022		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	−390,403		215,567		
Other comprehensive income after taxes	**1,427,704**		**−833,999**		
Comprehensive income after taxes	**4,067,950**		**−8,366,901**		
Net income /(loss) attributed to:					
Equity holders of the parent	2,633,150	5.7%	−7,526,055	−29.9%	n/a
Non-controlling interest	7,096	0.0%	−6,847	0.0%	n/a
	2,640,246	**5.7%**	**−7,532,902**	**−29.9%**	**n/a**
Comprehensive income attributed to:					
Equity holders of the parent	4,060,854		−8,360,054		
Non-controlling interest	7,096		−6,847		
	4,067,950		**−8,366,901**		
Earnings per share (with respect to net income/(loss))					
Basic earnings per share	0.14		−0.39		
Fully diluted earnings per share	0.13		−0.39		

Earnings before interest and taxes (EBIT)

	4/1 – 6/30/2010 Euro	in percent of sales	4/1 – 6/30/2009 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**4,384,386**	**9.4%**	**− 9,614,682**	**−38.1%**	**n/a**
Foreign exchange gains/losses	106,516	0.2%	83,968	0.3%	26.9
Other operating expenses/(income)	−465,091	−1.0%	180,578	0.7%	n/a
EBIT	**4,742,961**	**10.2%**	**− 9,879,227**	**−39.2%**	**n/a**

1st half-year	1/1 – 6/30/2010 Euro	in percent of sales	1/1 – 6/30/2009 Euro	in percent of sales	Change in %
Sales	89,780,131	100.0%	47,795,416	100.0%	87.8%
Cost of sales	51,580,524	57.5%	40,339,870	84.4%	27.9%
Gross profit	**38,199,607**	**42.5%**	**7,455,546**	**15.6%**	**412.4%**
Research and development expenses	14,798,534	16.5%	13,001,899	27.2%	13.8%
Distribution expenses	6,137,355	6.8%	5,398,762	11.3%	13.7%
Administrative expenses	9,123,407	10.2%	7,152,903	15.0%	27.5%
Operating income before other operating expenses/(income)	**8,140,311**	**9.1%**	**−18,098,018**	**−37.9%**	**n/a**
Finance income	−424,698	−0.5%	−523,991	−1.1%	−18.9%
Finance expenses	1,208,790	1.3%	1,115,929	2.3%	8.3%
Foreign exchange losses	105,569	0.1%	683,113	1.4%	−84.5%
Other operating income	−1,436,427	−1.6%	−1,331,124	−2.8%	7.9%
Other operating expenses	1,256,561	1.4%	1,336,501	2.8%	−6.0%
Earnings before taxes	**7,430,516**	**8.3%**	**−19,378,446**	**−40.5%**	**n/a**
Income taxes					
Income tax expense	159,488	0.2%	432,535	0.9%	−63.1%
Deferred tax expense/(income)	1,999,195	2.2%	−6,094,710	−12.8%	n/a
	2,158,683	**2.4%**	**−5,662,175**	**−11.8%**	**n/a**
Net income/(loss)	**5,271,833**	**5.9%**	**−13,716,271**	**−28.7%**	**n/a**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	464,049		1,130,994		
Foreign currency adjustments with deferred tax effect	2,489,756		−1,129,857		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	−634,888		266,294		
Other comprehensive income after taxes	**2,318,917**		**267,431**		
Comprehensive income after taxes	**7,590,750**		**−13,448,840**		
Net income /(loss) attributed to:					
Equity holders of the parent	5,259,180	5.9%	−13,662,097	−28.6%	n/a
Non-controlling interest	12,653	0.0%	−54,174	−0.1%	n/a
	5,271,833	**5.9%**	**−13,716,271**	**−28.7%**	**n/a**
Comprehensive income attributed to:					
Equity holders of the parent	7,578,097		−13,394,666		
Non-controlling interest	12,653		−54,174		
	7,590,750		**−13,448,840**		
Earnings per share (with respect to net income/(loss))					
Basic earnings per share	0.27		−0.70		
Fully diluted earnings per share	0.27		−0.70		

Earnings before interest and taxes (EBIT)	1/1 – 6/30/2010 Euro	in percent of sales	1/1 – 6/30/2009 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**8,140,311**	**9.1%**	**−18,098,018**	**−37.9%**	**n/a**
Foreign exchange gains/losses	105,569	0.1%	683,113	1.4%	−84.5
Other operating expenses/(income)	−179,866	−0.2%	5,377	0.0%	n/a
EBIT	**8,214,608**	**9.1%**	**−18,786,508**	**−39.3%**	**n/a**

Condensed consolidated statement of changes in equity

	Notes	Equity attributable to equity holders of the parent		
		Shares Number	Share capital Euro	Additional paid-in capital Euro
January 1, 2009		**19,414,205**	**19,414,205**	**88,736,563**
Net loss				
Other comprehensive income/loss for the period				
Comprehensive income/loss				
Stock option expense				9,297
June 30, 2009		**19,414,205**	**19,414,205**	**88,745,859**
January 1, 2010		**19,414,205**	**19,414,205**	**89,001,006**
Net income				
Other comprehensive income/loss for the period				
Comprehensive income/loss				
Stock option expense				66,849
Acquisition of own shares	3	−71,961	−71,961	−429,901
June 30, 2010		**19,342,244**	**19,342,244**	**88,637,954**

Equity attributable to equity holders of the parent				Non-controlling interest	Group
Surplus reserve Euro	Foreign currency translation reserve Euro	Retained earnings Euro	Total Euro	Total Euro	Total Euro
102,224	**−5,445,033**	**68,410,785**	**171,218,744**	**−13,825**	**171,204,919**
		−13,662,097	−13,662,097	−54,174	−13,716,271
	267,431		267,431		267,431
	267,431	−13,662,097	−13,394,666	−54,174	−13,448,840
			9,297		9,297
102,224	**−5,177,602**	**54,748,689**	**157,833,375**	**−67,999**	**157,765,376**
102,224	**−5,414,047**	**56,193,375**	**159,296,763**	**−242,098**	**159,054,665**
		5,259,180	5,259,180	12,653	5,271,833
	2,318,917		2,318,917		2,318,917
	2,318,917	5,259,180	7,578,097	12,653	7,590,750
			66,849		66,849
			−501,862		−501,862
102,224	**−3,095,130**	**61,452,556**	**166,439,848**	**−229,445**	**166,210,403**

Condensed consolidated cash flow statement

	1/1 – 6/30/2010 Euro	1/1 – 6/30/2009 Euro	4/1 – 6/30/2010 Euro	4/1 – 6/30/2009 Euro
Cash flow from operating activities				
Net income/loss	5,271,833	−13,716,271	2,640,246	−7,532,902
Depreciation and amortization	7,883,816	8,040,600	3,929,609	4,059,976
Financial result	784,092	591,938	407,793	333,105
Other non-cash expenses/income	1,999,195	−6,094,710	1,469,792	−2,792,458
Income tax expenses	159,488	432,535	225,131	113,027
Stock option plan expense	66,849	9,297	38,959	9,297
Changes in pension provisions	−96,108	−62,496	−82,622	−31,249
Changes in net working capital:				
Trade receivables	−4,919,456	13,994,803	−2,772,026	2,771,150
Inventories	−1,877,735	1,607,945	−1,394,807	4,462,257
Other assets	−720,929	1,442,360	−358,781	1,355,391
Trade payables	7,098,432	−6,697,404	2,620,921	−3,497,726
Other provisions and other liabilities	2,242,039	429,261	684,300	−393,530
Income tax refunds/payments	611,315	−1,112,321	399,713	−992,355
Interest paid	−1,208,790	−1,115,929	−637,301	−518,271
Interest received	424,698	523,991	229,508	185,165
Cash flow from operating activities	17,718,740	**−1,726,401**	7,400,434	**−2,469,121**
Cash flow from investing activities				
Capital expenditures for intangible assets	−1,365,842	−2,151,195	−606,116	−750,857
Capital expenditures for property, plant and equipment	−6,327,640	−1,298,864	−4,979,036	−305,896
Capital expenditures for/Disposal of non-current assets classified as held for sale	−680,801	583,139	−362,098	73,689
Disposal of fixed assets	1,054,758	113,709	548,671	14,928
Capital expenditures for securities	−3,005,562	0	−3,005,562	0
Capital expenditures for investments	−407,465	0	−407,465	0
Cash flow from investing activities	−10,732,552	**−2,753,211**	−8,811,606	**−968,136**
Cash flow from financing activities				
Payment of non-current liabilities	−200,904	−207,307	−107,780	−110,051
Payment/Borrowing of current liabilities to banks	−281,343	84,262	−6,607	−57,444
Acquisition of own shares	−501,862	0	−501,862	0
Cash flow from financing activities	−984,108	**−123,045**	−616,248	**−167,496**
Increase/Decrease in cash and cash equivalents	**6,002,080**	**−4,602,657**	**−2,027,420**	**−3,604,752**
Effect of exchange rate changes in cash and cash equivalents	264,315	550,108	151,534	−24,283
Cash and cash equivalents at beginning of reporting period	46,841,487	42,463,401	54,983,768	42,039,888
Cash and cash equivalents at end of reporting period	53,107,882	**38,410,852**	53,107,882	**38,410,852**

Condensed notes to consolidated financial statements

The condensed interim consolidated financial statements for the 1st half-year 2010 were released for publication in August 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 on May 4, 2010.

The company's business is the development, manufacture, and distribution of microelectronic components and system parts (application specific integrated circuits, 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 June 30, 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.

Different insofar from December 31, 2009, the consolidated balance sheet as of June 30, 2010 divides the other assets into other financial assets and other receivables. This adjustment has been made against the background of the significant increase in other financial assets. As a result, the amount of 8,250 thousand Euro capitalized under other assets was attributed to the balance sheet items other financial assets (3,803 thousand Euro) and other receivables (4,446 thousand Euro).

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 or amended IFRS Standards and Interpretations listed below. The application of these new Standards and Interpretations had no effect on the group's assets and liabilities, finances and profit situation.

–>	IAS 27	Consolidated and Separate Financial Statements
–>	Amendments to IAS 39	Eligible Hedged Items
–>	Amendment to IFRS 1	Additional exemptions for First-time Adopters
–>	IFRS 1	First-time Adoption of IFRS
–>	IFRS 2	Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
–>	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
–>	Improvements to IFRS 2009	

Estimates and assumptions

The company makes 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 half-year 2010.

Basis of consolidation

Compared to December 31, 2009, securities and investments disclosed under non-current assets were increased by 407 thousand Euro. This increase represents the acquisition of interest by the U.S. subsidiary Silicon Microstructures Inc., Milpitas/U.S.A. However, due to the percentage of shares below 2%, there are no effects on the basis of consolidation.

Seasonal and economic impact on business operations

The macroeconomic framework continues to show a positive trend. An economic downturn in 2010 has become less probable if compared with the status quo of a few months ago. However, macroeconomic uncertainties remain. 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 June 30, 2010 and 2009, respectively) as well as assets of the Group's business segments (as of June 30, 2010 and December 31, 2009).

1st half-year as of 6/30/2010	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand	Total thousand
Sales				
Sales with third-party customers	82,332	7,448	0	89,780
Sales with other segments	151	49	−200	0
Total sales	**82,483**	**7,497**	**−200**	**89,780**
Earnings				
Segment earnings	7,611	604	0	8,215
Financial result				−784
Earnings before taxes				**7,431**
Income taxes				2,159
Net income including non-controlling interest				**5,272**
Assets				
Segment assets	165,303	17,146	0	182,449
Investments	504	407		911
Non-attributable assets				59,755
Total assets				**243,115**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	7,628	65		7,693
Depreciation and amortization	7,119	765		7,884

Non-attributable assets as of June 30, 2010 comprise cash and cash equivalents (53,108 thousand Euro), income tax assets (21 thousand Euro), and deferred taxes (6,626 thousand Euro), as these assets are controlled at Group level.

1st half-year as of 6/30/2009	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand	Total thousand
Sales				
Sales with third-party customers	43,224	4,572	0	47,795
Sales with other segments	242	115	−357	0
Total sales	**43,466**	**4,687**	**−357**	**47,795**
Earnings				
Segment earnings	−17,581	−1,206	0	−18,787
Financial result				−592
Earnings before taxes				**−19,378**
Income taxes				5,662
Net loss including non-controlling interest				**−13,716**
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	Half-year as of 6/30/2010 thousand Euro	Half-year ended 6/30/2009 thousand Euro
Germany	33,333	18,585
EU	32,503	17,665
U.S.A.	8,038	3,290
Others	15,906	8,255
	89,780	**47,795**

Geographical distribution of non-current assets	6/30/2010 thousand Euro	12/31/2009 thousand Euro
Germany	93,463	93,888
EU	8,305	8,426
U.S.A.	10,589	9,277
Others	2	3
	112,359	**111,594**

3 Notes to essential financial positions

Selected non-current assets

Development of selected non-current assets from January 1 to June 30, 2010	Net book value 1/1/2010 thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation & amortization thousand Euro	Net book value 6/30/2010 thousand Euro
Intangible assets	38,311	1,366	336	2,465	37,548
Property, plant and equipment	72,779	6,328	212	5,419	73,900
Securities and investments	504	407	0	0	911
	111,594	**8,101**	**548**	**7,884**	**112,359**

The position "disposals/other movements" includes positive currency adjustments in the amount of 1,602 thousand Euro. Amortization of intangible assets includes extraordinary impairment loss in the amount of 646 thousand Euro. The impairment loss was disclosed in the consolidated comprehensive income statement under other operating expenses. Assets are attributable to the semiconductor segment.

Inventories

	6/30/2010 thousand Euro	12/31/2009 thousand Euro
Raw materials	6,928	6,099
Work in process	22,267	19,534
Finished goods	4,221	5,905
	33,416	**31,539**

Equity

The share capital of ELMOS Semiconductor AG consists of 19,342,244 shares as of June 30, 2010. By shareholders' resolution passed at the General Meeting of May 4, 2010, the Management Board was authorized, subject to the Supervisory Board's consent, to acquire the company's own shares in the total amount of up to 10% of the current share capital until May 3, 2015. By the acquisition of 71,961 own shares as of the closing date June 30, 2010, the equity was reduced by 502 thousand Euro compared to December 31, 2009.

Through the release of voting rights notifications, it was announced in January 2010 that the shares in the company formerly held directly and indirectly by EFH ELMOS Finanzholding GmbH were divided between the shareholders 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 above-mentioned shares in voting interests are held indirectly by the respective companies.

731,065 options from stock option plans are altogether outstanding as of June 30, 2010. The options are attributable to the various tranches as follows:

	Tranche 5	Tranche 6	Tranche 7	Total
Year of resolution	2004	2009	2010	
Year of issue	2005	2009	2010	
Exercise price in EUR	13.98	3.68	7.49	
Blocking period ex issue (years)	2	3	4	
Exercise period after blocking period (years)	3	3	3	
Options outstanding as of 12/31/2009 (number)	140,306	486,800	0	627,106
Granted 1st half-year 2010 (number)	0	0	250,000	250,000
Exercised 1st half-year 2010 (number)	0	0	0	0
Expired 1st half-year 2010 (number)	140,306	4,950	785	146,041
Options outstanding as of 6/30/2010 (number)	**0**	**481,850**	**249,215**	**731,065**
Options exercisable as of 6/30/2010 (number)	0	0	0	0

Tranche 7 resolved in 2010 is based on the authorization granted by shareholders' resolution of May 4, 2010 for the launch of a stock option plan for employees, executives, and Management Board members of ELMOS Semiconductor AG as well as employees and executives of affiliated companies.

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 in the ordinary course of business.

These supply and performance relationships continue to be transacted at market prices.

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 June 30, 2010.

Date / place	Name	Function	Transaction	Number	Price/Basic price (Euro)	Total volume (Euro)
3/31/2010 Off-market	ZOE Beteiligungs GmbH	Legal entity closely related to the chairman of the Supervisory Board	Purchase of ELMOS shares	100,000	6.87	687,000
5/10/2010 Off-market	Dr. Anton Mindl	CEO	Purchase of ELMOS shares	15,000	5.58	83,700
5/25/2010 Off-market	Dr. Anton Mindl	CEO	Purchase of ELMOS shares	10,000	5.545	55,450

5 Subsequent events

There have been no reportable events of significance since the end of the first half-year.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, including a description of the principal opportunities and risks associated with the expected development of the Group for the remaining period of the fiscal year.

Dortmund, August 2010

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

Review report

To ELMOS Semiconductor AG

We have reviewed the condensed interim consolidated financial statements – comprising condensed balance sheet, condensed comprehensive income statement, condensed cash flow statement, condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of ELMOS Semiconductor AG for the period from January 1 to June 30, 2010 that are required components of a half-year financial report pursuant to Section 37w WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and of the interim group management report in accordance with the regulations of the WpHG applicable to interim group management reports is the responsibility of the company's management. It is our responsibility to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements as defined by the Institut der Wirtschaftsprüfer (IDW). Those standards require the review to be planned and conducted in such a way that allows us to rule out the possibility with reasonable assurance that the condensed interim consolidated financial statements have not been prepared in material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and that the interim group management report has not been prepared in material respects in accordance with the regulations of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the degree of assurance attainable in a financial statement audit. As we have not performed a financial statement audit in accordance with our engagement, we cannot issue an auditor's certificate.

No matters have come to our attention on the basis of our review that lead us to presume that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union or that the interim group management report has not been prepared in all material respects in accordance with the regulations of the WpHG applicable to interim group management reports.

Dortmund, August 10, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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CONTACT | IMPRINT

Janina Rosenbaum | Investor Relations
Phone +49 (0) 231 - 75 49 - 287
Fax +49 (0) 231 - 75 49 - 548
invest@elmos.de

This interim report was released on August 10, 2010 in English and German. 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

Quarterly results Q3/2010	November 3, 2010
Analysts' conference (Equity Forum in Frankfurt)	November 24, 2010