Mobility 2020 and beyond

HALF-YEAR REPORT HY1 2011

Overview

In focus

-> Further increase in sales and earnings
-> Forecast confirmed
-> Partner MagnaChip starts series production
-> Asian commitment strengthened
-> Investment in solar start-up TetraSun

Key figures

	3-month comparison			6-month comparison		
in million Euro or percent unless otherwise indicated	4/1 – 6/30/2011	4/1 – 6/30/2010	Change	1/1 – 6/30/2011	1/1 – 6/30/2010	Change
Sales	**49.2**	**46.4**	**6.0%**	**97.3**	**89.8**	**8.4%**
Semiconductor	45.0	42.6	5.6%	89.0	82.3	8.1%
Micromechanics	4.2	3.8	11.4%	8.3	7.4	12.0%
Gross profit	**22.3**	**20.1**	**10.8%**	**43.1**	**38.2**	**12.9%**
in percent of sales	45.3%	43.4%		44.3%	42.5%	
R&D expenses	8.4	7.7	8.4%	16.5	14.8	11.8%
in percent of sales	17.0%	16.7%		17.0%	16.5%	
Operating income	5.9	4.4	34.1%	10.9	8.1	33.8%
in percent of sales	11.9%	9.4%		11.2%	9.1%	
EBIT	**6.3**	**4.7**	**33.6%**	**12.2**	**8.2**	**48.1%**
in percent of sales	12.9%	10.2%		12.5%	9.1%	
Net income for the period after non-controlling interests	4.4	2.6	67.7%	8.5	5.3	61.3%
in percent of sales	9.0%	5.7%		8.7%	5.9%	
Basic earnings per share (Euro)	**0.23**	**0.14**	**68.5%**	**0.44**	**0.27**	**62.2%**
Operating cash flow	6.9	7.4	–6.2%	14.9	17.7	–16.0%
Capital expenditures	6.0	5.6	6.7%	11.3	7.7	46.5%
in percent of sales	12.1%	12.0%		11.6%	8.6%	
Free cash flow[1]	1.3	–1.4	n/a	1.3	7.0	–81.3%
Adjusted free cash flow[2]	0.0	1.8	n/a	6.1	10.0	–39.2%

in million Euro or percent unless otherwise indicated	6/30/2011	12/31/2010	Change
Equity	176.6	172.3	2.5%
in percent of total assets	68.9%	69.1%	
Employees (reporting date)	976	991	–1.5%

[1] *Cash flow from operating activities less cash flow from investing activities*
[2] *Cash flow from operating activities plus payments for marketable securities less capital expenditures*

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

In the 1st half-year 2011 ELMOS has again generated a sales increase. Sales of 97.3 million Euro represent a new record amount. This sales figure equals a 8.4% growth over the prior-year period (HY1 2010: 89.8 million Euro). Adjusted by sales of the special packaging business sold as of December 31, 2010, the 1st half-year 2011 gained even 12.0% on last year's period of comparison.

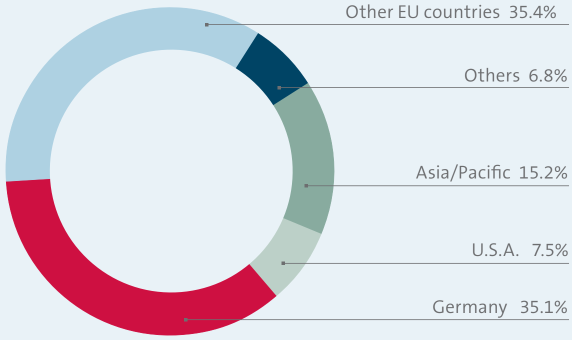
ELMOS has increased sales also by 3-month comparison once again. Sales of 49.2 million Euro in the 2nd quarter of 2011 are up compared to both prior-year quarter (Q2 2010: 46.4 million Euro or +6.0%) and previous quarter (Q1 2011: 48.1 million Euro or +2.3%).

The positive sales trend is due to growth recorded in the semiconductor segment as well as the micromechanics segment. The semiconductor segment generated sales of 89.0 million Euro in the 1st half-year 2011, equivalent to an increase of 8.1% over the prior-year period (HY1 2010: 82.3 million Euro). In spite of a weaker U.S. dollar compared to the prior-year period, the micromechanics segment grew even by 12.0% over the first six months of 2011 to 8.3 million Euro (HY1 2010: 7.4 million Euro).

With respect to the regional breakdown of sales, the continued positive development in the region Asia/Pacific is worth being pointed out. Its share in group sales of the first half-year 2011 rose to 15.2% (HY1 2010: 12.3%). With a sales growth of 10.1% by half-year comparison, U.S. sales show a satisfactory trend as well.

The order intake has been sound over the first six months. However, recently a slowdown in the dynamics of customers' order behavior has been noticeable. The relation of orders received to sales, the so-called book-to-bill, was slightly below one by the end of the second quarter of 2011.

Sales by region 6 months 2011



Region	1/1 – 6/30/2011 thousand Euro	in percent of sales	1/1 – 6/30/2010 thousand Euro	in percent of sales	Change
Germany	34,142	35.1%	33,333	37.1%	2.4%
Other EU countries	34,427	35.4%	32,503	36.2%	5.9%
U.S.A.	7,334	7.5%	6,662[1]	7.4%	10.1%
Asia/Pacific	14,816	15.2%	11,037	12.3%	34.2%
Others	6,618	6.8%	6,245[1]	7.0%	6.0%
Group sales	**97,337**	**100.0%**	**89,780**	**100.0%**	**8.4%**

[1] Prior-year amounts have been adjusted.

Profit situation, finances and asset situation

The gross profit grew by 12.9% to 43.1 million Euro in the reporting period (HY1 2010: 38.2 Mio. Euro). This equals a gross margin of 44.3% for the 1st half-year 2011 (HY1 2010: 42.5%). The disproportionate increase in earnings in relation to sales is due essentially to the higher capacity utilization. In this respect it must be taken into consideration that these results have been achieved in spite of several effects with a negative impact on earnings, such as price reductions offered to customers at the beginning of the year 2011, cost increases due to higher global market prices for materials, and the impact on manufacturing efficiency due to the conversion from 6-inch to 8-inch production at high capacity utilization rates.

Research and development expenses went up – as scheduled – from 14.8 million Euro in the first half-year 2010 to 16.5 million Euro in the period under review. The main reason are new employees in the design department hired for addressing new applications in the future. The ratio of R&D expenses rose from 16.5% to 17.0% of sales. The increase in distribution expenses from 6.1 million Euro to 7.3 million Euro, or from 6.8% to 7.5% of sales, is also accounted for by additional staff in the sales department, particularly in support of the expansion of the company's presence in Asia. General administrative expenses were on the decline, coming to 8.4 million Euro or 8.6% of sales in the first half-year 2011 (HY1 2010: 9.1 million Euro or 10.2% of sales). The improvement of the gross profit and the slightly declining functional costs in relative terms result in an increase of the operating income from 8.1 million Euro in the first half-year 2010 to 10.9 million Euro in the reporting period.

The EBIT (earnings before interest and taxes) climbed 48.1% to 12.2 million Euro (HY1 2010: 8.2 million Euro). The EBIT margin also went up despite increased efforts in development and distribution (HY1 2011: 12.5% compared to HY1 2010: 9.1%).

The net income attributable to equity holders of the parent went up 61.3% from 5.3 million Euro in the first half-year 2010 to 8.5 million Euro, corresponding to basic earnings per share of 0.44 Euro (HY1 2010: 0.27 Euro).

The operating cash flow of the first half-year 2011 came to 14.9 million Euro (HY1 2010: 17.7 million Euro). The difference from the prior-year amount is accounted for primarily by the lower increase in trade payables compared to HY1 2010 (+0.8 million in HY1 2011 vs. +7.1 million Euro in HY1 2010) and the outflow of funds for the acquisition of marketable securities in the amount of 2.5 million Euro. Capital expenditures amounted to 11.3 million Euro in the first half-year 2011, equivalent to 11.6% of sales (HY1 2010: 7.7 million Euro or 8.6%). Adjusted for marketable securities, the adjusted free cash flow (cash flow from operating activities plus payments for marketable securities less capital expenditures) comes to 6.1 million Euro (HY1 2010: 10.0 million Euro).

Resulting primarily from the acquisition of securities (6.0 million Euro) and the dividend payout (3.9 million Euro), cash and cash equivalents without consideration of acquired securities went down from 58.0 million Euro as of December 31, 2010 to 55.6 million Euro as of June 30, 2011. Contrary to that, net cash continued to increase compared to December 31, 2010 (26.8 million Euro) to 30.2 million Euro. At 68.9% the equity ratio was virtually unchanged from the end of the year 2010 (December 31, 2010: 69.1%).

Economic environment

While the macroeconomic scenario is determined by crises, worldwide demand for new vehicles has continued its positive trend over the first half-year 2011. However, significant differences are noticeable in the regions.

The market for new car registrations in the **EU** was on a slight decline in the first half-year 2011. 7.1 million passenger cars were newly registered altogether; this equals a 2.1% decrease compared to the prior-year period. The development in the major EU markets is very different, though, according to the European auto manufacturers' association ACEA. Registrations in Germany soared in comparison with the prior-year period (+10.5% to 1.6 million cars) while other markets collapsed: New registrations dropped –7.1% to 1.0 million cars in Great Britain, –13.1% to 1.0 million cars in Italy, and –26.8%

to 0.4 million vehicles in Spain. With a 1.0% gain, the situation in France has hardly changed (1.2 million cars).

The international car market showed a positive development, according to the German Association of the Automotive Industry (VDA), with the exception of Japan. Car sales figures in the **U.S.A.** climbed 12.7% to 6.3 million units in the first half-year 2011. A similar trend is reported for the **Chinese market.** However, the 9.7% gain to 5.9 million passenger cars indicates a slight slowdown of the previous high growth rates. **Russia** continued its very fast growth, achieving an increase in new registrations of 55.7% over the prior-year period to 1.2 million vehicles. Only in **Japan** new registration figures are on a strong decline – due to the natural disaster –, with a 29.0% drop to 1.6 million passenger cars.

Significant events in the first half-year 2011

Dr. Anton Mindl, CEO, and Nicolaus Graf von Luckner, CFO, explained the annual result 2010 to the respective audiences at the **annual press conference** and the **analysts' conference** on March 17, 2011. The Management Board also presented a forecast for the current fiscal year 2011.

ELMOS held its twelfth **Annual General Meeting** on May 17, 2011. The shareholders in attendance made use of their voting rights and resolved all items on the agenda with a vast majority of votes. This included the payment of a dividend in the amount of 0.20 Euro per share. The General Meeting also decided on the expansion of the Supervisory Board from three to six members (please refer to "Company boards"). Furthermore, in addition to the usual agenda items, the Management Board was authorized to create a new Authorized Capital on account of the expiration of the previous authorization.

ELMOS has also introduced new **standard products,** e.g. the world's first series-produced active FlexRay™star coupler according to the current FlexRay™ standard or the world's first dual IO-Link master transceiver. In addition, a set of chips for the implementation of an automatic start/stop function has been presented as well as a semiconductor for controlling up to three unipolar stepper motors.

Subsequent events

In July 2011 ELMOS announced that its South Korean partner foundry **MagnaChip Semiconductor** had started its production and delivered automotive-qualified 0.35µm wafers to ELMOS. In the year 2008 MagnaChip and ELMOS had signed a cooperation agreement for the joint development of automotive semiconductor process technologies.

ELMOS joined an Asian energy company in July 2011 as co-investor in **TetraSun Inc.** (California/U.S.A.). The start-up TetraSun develops a new kind of monocrystalline silicon solar cells. With its investment of a high single-digit million USD amount, ELMOS acquires a minority interest in TetraSun and will be represented with one seat on TetraSun's Board of Directors.

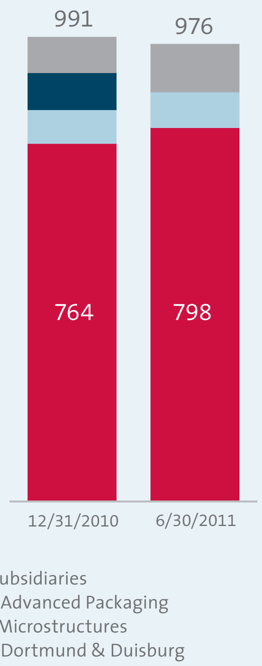
In July 2011 ELMOS concluded an agreement with Taiwan's **WT Microelectronics;** the company will act as **global distributor** for ELMOS with an emphasis on the Asian markets, particularly China and Taiwan. ELMOS is already present in Asia with its own branches in Seoul, Singapore, and Shanghai. Growth in Asia's markets is a strategic goal for ELMOS. The expansion of the distribution channels is one crucial step towards this goal.

Other information

Staff development

The staff of the ELMOS Group came to 976 employees as of June 30, 2011. The number of employees is down slightly (–1.5%) from December 31, 2010 (991 employees). The staff reduction caused by the sale of the special packaging business as of December 31, 2010 is opposed by an increase in employees due to the strengthening of research and development and increased sales activity.

Staff development ELMOS Group



Investor relations

ELMOS share

The ELMOS share performed very positively over the first half-year 2011 altogether and gained 11.1%. However, in the second quarter of 2011 it lost part of its drive of the previous quarter (Q1 2011: 21.1% vs. Q2 2011: –8.3%). The ELMOS share reached its 6-month high at the beginning of the second quarter 2011 just below the 12 euro mark (April 6, 2011 at 11.98 Euro); its low in the first six months of 2011 was 9.25 Euro hit on March 15, 2011. The ELMOS share closed on June 30, 2011 at 10.45 Euro (XETRA closing prices all). Market capitalization came to 202.9 million Euro (based on 19.4 million shares outstanding). The daily trading volume (XETRA and Frankfurt floor) stabilized at an average 51.7 thousand shares over the first half-year 2011, significantly above the average amount of the year 2010 (42.3 thousand shares). Thus the ELMOS share showed a better performance than the indices of relevance and most competitors did. DAX, TecDax, and Technology All Share gained 6.7%, 5.1%, and 3.1% respectively over the first half-year 2011.

ELMOS Semiconductor AG holds 105,931 own shares (treasury stock) as of June 30, 2011.

Voting rights notifications

Fidelity Management & Research Company fell below the 3% voting rights threshold on January 7, 2011. As of that date, the company held 2.95% or 571,782 ELMOS shares. On January 25, 2011 the parent FMR LLC also fell below the 3% voting rights threshold, considering attributed voting rights of its subsidiaries. As of that date, the company held 2.96% or 575,000 voting rights in ELMOS, including attributed voting rights of its subsidiaries.

On March 3, 2011 JP Morgan Asset Management (UK) exceeded the voting rights threshold of 3%, holding 3.01% or 583,766 voting rights as of that date. On March 15, 2011, it fell below the 3% voting rights threshold again. As of that date, the company held 2.97% or 575,750 voting rights.

On March 4, 2011 FPM Funds SICAV exceeded the voting rights threshold of 3% and held 3.02% or 585,785 voting rights as of that date.

After FPM Funds SICAV had fallen below the 3% voting rights threshold on May 26, 2011, holding 2.98% or 579,100 voting rights as of that date, it reported that it exceeded the 3% voting rights threshold again on June 30, 2011, as of that date holding 3.01% or 584,531 voting rights.

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

Thomas Lehner, *employee representative*
Graduate engineer | Dortmund

Sven-Olaf Schellenberg, *employee representative*
Graduate physicist | Dortmund

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 2010. Over the first six months 2011 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 situation continues to be determined by local and global crises such as the economic crisis in some euro countries or the budget crisis in the United States. The natural disaster in Japan has not had any material effects to date.

Outlook for the ELMOS Group

ELMOS has reached important milestones over the past months. South Korean cooperation partner MagnaChip has started series deliveries for the automotive industry, the conversion and expansion of the manufacturing site in Dortmund has made substantial progress, and last not least, the investment in TetraSun opens up new options for the future. ELMOS has also made considerable headway with its stated goal to advance the expansion of business in Asia by establishing branches in these markets as well as by contracting additional distributors.

The forecast of March 2011 is confirmed. Based on a stable economy, ELMOS continues to expect sales between 190 and 200 million Euro for 2011 in spite of a recent slowdown in the dynamics of customers' order behavior. The EBIT margin of 2011 will reach or slightly exceed the 2010 level (12.5%). The forecast takes into consideration cost increases due to higher global market prices for materials and rising development expenses and distribution expenses within the scope of the expansion of product lines and broader market coverage in Asia. Capital expenditures are scheduled to come to less than 15% of sales. The free cash flow will be positive. This forecast is based on an exchange rate of USD 1.40/EUR.

ELMOS will benefit from global megatrends in the medium and long term. Mobility 2020 and beyond will on the one hand result in more individual solutions and on the other hand create more standardized approaches. At the same time, society will face new challenges due to the demographic change and population growth in some nations. The expansion of infrastructure, logistic pathways, and power generation and supply will also only be made possible by the use of semiconductors and sensors in electronic systems. ELMOS will sustainably benefit from a continued electrification of vehicles and of daily life in general.

Interim consolidated financial statements

Condensed consolidated statement of financial position

Assets	6/30/2011 thousand Euro	12/31/2010 thousand Euro
Non-current assets		
Intangible assets*	30,087	30,589
Property, plant and equipment*	71,671	69,494
Investments accounted for at equity	0	0
Securities*	9,764	6,272
Investments*	816	911
Other financial assets*	2,022	2,090
Deferred tax assets	4,233	5,015
Total non-current assets	**118,593**	**114,371**
Current assets		
Inventories*	36,398	35,826
Trade receivables	27,209	25,328
Securities	5,503	3,033
Other financial assets	4,689	5,253
Other receivables	4,732	3,148
Income tax assets	2,968	2,926
Cash and cash equivalents	55,631	58,010
	137,130	**133,524**
Assets classified as held for sale	668	1,291
Total current assets	**137,798**	**134,815**
Total assets	**256,391**	**249,186**

** Cf. note 3*

Equity and liabilities

Equity and liabilities	6/30/2011 thousand Euro	12/31/2010 thousand Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital*	19,414	19,414
Treasury stock*	–106	–119
Additional paid-in capital	88,343	88,486
Surplus reserve	102	102
Other equity components	–2,633	–1,740
Retained earnings	70,906	66,380
	176,026	**172,523**
Non-controlling interests	533	–227
Total equity	**176,559**	**172,296**
Liabilities		
Non-current liabilities		
Provisions	295	376
Financial liabilities	40,398	40,101
Other liabilities	1,712	1,781
Deferred tax liabilities	2,623	1,316
Total non-current liabilities	**45,028**	**43,574**
Current liabilities		
Provisions	8,604	9,568
Income tax liabilities	3,364	2,627
Financial liabilities	283	374
Trade payables	19,611	18,792
Other liabilities	2,942	1,955
Total current liabilities	**34,804**	**33,316**
Total liabilities	**79,832**	**76,890**
Total equity and liabilities	**256,391**	**249,186**

** Cf. note 3*

Condensed consolidated statement of comprehensive income

2nd quarter	4/1 – 6/30/2011	in percent of sales	4/1 – 6/30/2010	in percent of sales	Change
Sales	49,228	100.0%	46,424	100.0%	6.0%
Cost of sales	26,911	54.7%	26,288	56.6%	2.4%
Gross profit	**22,317**	**45.3%**	**20,137**	**43.4%**	**10.8%**
Research and development expenses	8,389	17.0%	7,737	16.7%	8.4%
Distribution expenses	3,758	7.6%	3,054	6.6%	23.1%
Administrative expenses	4,290	8.7%	4,962	10.7%	–13.5%
Operating income before other operating expenses/(income)	**5,880**	**11.9%**	**4,384**	**9.4%**	**34.1%**
Finance income	–442	–0.9%	–230	–0.5%	92.6%
Finance expenses	607	1.2%	637	1.4%	–4.8%
Foreign exchange losses	27	0.1%	107	0.2%	–74.9%
Other operating income	–1,115	–2.3%	–930	–2.0%	19.8%
Other operating expenses	633	1.3%	465	1.0%	36.1%
Earnings before taxes	**6,170**	**12.5%**	**4,335**	**9.3%**	**42.3%**
Income taxes					
Current income tax expense	507	1.0%	225	0.5%	>100.0%
Deferred taxes	1,150	2.3%	1,470	3.2%	–21.8%
	1,657	3.4%	1,695	3.7%	–2.3%
Net income	**4,513**	**9.2%**	**2,640**	**5.7%**	**70.9%**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	–2		287		
Foreign currency adjustments with deferred tax effect	–212		1,531		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	60		–390		
Value differences with respect to hedges	–232		0		
Deferred taxes (on value differences with respect to hedges)	75		0		
Available-for-sale financial assets	–24		0		
Deferred taxes (on available-for-sale financial assets)	8		0		
Other comprehensive income after taxes	**–327**		**1,428**		
Total comprehensive income after taxes	**4,186**		**4,068**		
Net income attributable to:					
Equity holders of the parent	**4,416**	**9.0%**	**2,633**	**5.7%**	**67.7%**
Non-controlling interests	97	0.2%	7	0.0%	>100.0%
	4,513	**9.2%**	**2,640**	**5.7%**	**70.9%**
Total comprehensive income attributable to:					
Equity holders of the parent	4,089		4,061		
Non-controlling interests	97		7		
	4,186		**4,068**		
Earnings per share (with respect to net income)					
Basic earnings per share (in Euro)	0.23		0.14		
Fully diluted earnings per share (in Euro)	0.22		0.13		

Earnings before interest and taxes (EBIT)

	4/1 – 6/30/2011	in percent of sales	4/1 – 6/30/2010	in percent of sales	Change
Operating income before other operating expenses/(income)	**5,880**	**11.9%**	**4,384**	**9.4%**	**34.1%**
Foreign exchange losses	27	0.1%	107	0.2%	–74.9%
Other operating expenses/(income)	–482	–1.0%	–465	–1.0%	3.5%
EBIT	**6,334**	**12.9%**	**4,742**	**10.2%**	**33.6%**

1st half-year	1/1 – 6/30/2011	in percent of sales	1/1 – 6/30/2010	in percent of sales	Change
Sales	97,337	100.0%	89,780	100.0%	8.4%
Cost of sales	54,206	55.7%	51,580	57.5%	5.1%
Gross profit	**43,131**	**44.3%**	**38,200**	**42.5%**	**12.9%**
Research and development expenses	16,547	17.0%	14,799	16.5%	11.8%
Distribution expenses	7,297	7.5%	6,137	6.8%	18.9%
Administrative expenses	8,394	8.6%	9,123	10.2%	–8.0%
Operating income before other operating expenses/(income)	**10,893**	**11.2%**	**8,140**	**9.1%**	**33.8%**
Finance income	–782	–0.8%	–425	–0.5%	84.2%
Finance expenses	1,207	1.2%	1,209	1.3%	–0.1%
Foreign exchange (gains)/losses	–97	–0.1%	106	0.1%	n/a
Other operating income	–2,272	–2.3%	–1,436	–1.6%	58.2%
Other operating expenses	1,098	1.1%	1,257	1.4%	–12.6%
Earnings before taxes	**11,739**	**12.1%**	**7,431**	**8.3%**	**58.0%**
Income taxes					
Current income tax expense	1,261	1.3%	159	0.2%	>100.0%
Deferred taxes	1,836	1.9%	1,999	2.2%	–8.2%
	3,097	3.2%	2,159	2.4%	43.5%
Net income	**8,642**	**8.9%**	**5,272**	**5.9%**	**63.9%**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	9		464		
Foreign currency adjustments with deferred tax effect	–1,125		2,490		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	285		–635		
Value differences with respect to hedges	–68		0		
Deferred taxes (on value differences with respect to hedges)	22		0		
Available-for-sale financial assets	–24		0		
Deferred taxes (on available-for-sale financial assets)	8		0		
Other comprehensive income after taxes	**–893**		**2,319**		
Total comprehensive income after taxes	**7,749**		**7,591**		
Net income attributable to:					
Equity holders of the parent	**8,482**	**8.7%**	**5,259**	**5.9%**	**61.3%**
Non-controlling interests	160	0.2%	13	0.0%	>100.0%
	8,642	**8.9%**	**5,272**	**5.9%**	**63.9%**
Total comprehensive income attributable to:					
Equity holders of the parent	7,589		7,578		
Non-controlling interests	160		13		
	7,749		**7,591**		
Earnings per share (with respect to net income)					
Basic earnings per share (in Euro)	0.44		0.27		
Fully diluted earnings per share (in Euro)	0.43		0.27		

Earnings before interest and taxes (EBIT)	1/1 – 6/30/2011	in percent of sales	1/1 – 6/30/2010	in percent of sales	Change
Operating income before other operating expenses/(income)	**10,893**	**11.2%**	**8,140**	**9.1%**	**33.8%**
Foreign exchange (gains)/losses	–97	–0.1%	106	0.1%	n/a
Other operating expenses/(income)	–1,174	–1.2%	–180	–0.2%	>100.0
EBIT	**12,164**	**12.5%**	**8,215**	**9.1%**	**48.1%**

Condensed consolidated statement of changes in equity

	Equity attributable to equity holders of the parent					
	Shares thousand shares	Share capital thousand Euro	Treasury stock thousand Euro	Additional paid-in capital thousand Euro	Surplus reserve thousand Euro	Other equity components *Revaluation reserve* thousand Euro
January 1, 2010 (after corrections according to IAS 8)	**19,414**	**19,414**	**0**	**89,001**	**102**	**0**
Net income						
Other comprehensive income for the period						
Total comprehensive income						
Stock option expense				67		
Acquisition of own shares			–72	–430		
June 30, 2010	**19,414**	**19,414**	**–72**	**88,638**	**102**	**0**
January 1, 2011	**19,414**	**19,414**	**–119**	**88,486**	**102**	**0**
Net income						
Other comprehensive income for the period						–16
Total comprehensive income						–16
Share-based remuneration			13	88		
Changes in basis of consolidation						
Dividend payout						
Stock option expense				142		
Acquisition of shares held by other shareholders				–610		
Newly created shares held by other shareholders				103		
Other changes				134		
June 30, 2011	**19,414**	**19,414**	**–106**	**88,343**	**102**	**–16**

Equity attributable to equity holders of the parent				Non-controlling interests	Group
Other equity components *Hedges* thousand Euro	Other equity components *Foreign currency translations* thousand Euro	Retained earnings thousand Euro	Total thousand Euro	Total thousand Euro	Total thousand Euro
0	**–2,489**	**48,626**	**154,654**	**–242**	**154,412**
		5,259	5,259	13	5,272
	2,319		2,319		2,319
	2,319	5,259	7,578	13	7,591
			67		67
			−502		−502
0	**–170**	**53,885**	**161,797**	**–229**	**161,568**
61	**–1,801**	**66,380**	**172,523**	**–227**	**172,296**
		8,482	8,482	160	8,642
−46	−831		−893		−893
−46	−831	8,482	7,589	160	7,749
			101		101
		−80	−80		−80
		−3,876	−3,876		−3,876
			142		142
			−610	610	0
			103		103
			134	−10	124
15	**–2,632**	**70,906**	**176,026**	**533**	**176,559**

Condensed consolidated statement of cash flows

	1/1 – 6/30/2011 thousand Euro	1/1 – 6/30/2010 thousand Euro	4/1 – 6/30/2011 thousand Euro	4/1 – 6/30/2010 thousand Euro
Cash flow from operating activities				
Net income	8,642	5,272	4,513	2,640
Depreciation and amortization	8,710	7,884	4,230	3,930
Write-down of investments	34	0	0	0
Financial result	425	784	164	408
Other non-cash expenses/income	1,836	1,999	1,188	1,470
Current income tax expense	1,261	159	507	225
Expenses for stock option plans and stock award plan	141	67	70	39
Changes in pension provisions	–81	–96	–26	–83
Changes in net working capital:				
Trade receivables	–1,881	–4,919	–736	–2,772
Inventories	–572	–1,878	–735	–1,395
Securities	–2,486	0	1,017	0
Other assets	–998	–721	–971	–359
Trade payables	818	7,098	–325	2,621
Other provisions and other liabilities	24	2,242	–1,607	684
Income tax refunds/payments	–566	611	–181	400
Interest paid	–1,207	–1,209	–606	–637
Interest received	782	425	442	230
Cash flow from operating activities	**14,882**	**17,719**	**6,944**	**7,400**
Cash flow from investing activities				
Capital expenditure for intangible assets	–1,600	–1,366	–695	–606
Capital expenditure for property, plant and equipment	–9,669	–6,328	–5,267	–4,979
Payments for acquisitions less acquired cash and cash equivalents	–558	0	0	0
Payments for/Disposal of non-current assets held for sale	619	–681	–357	–362
Disposal of property, plant and equipment	1,093	1,055	673	549
Payments for securities	–3,491	–3,006	33	–3,006
Payments for investments	0	–407	0	–407
Disposal of investments	33	0	0	0
Cash flow from investing activities	**–13,572**	**–10,733**	**–5,612**	**–8,812**
Cash flow from financing activities				
Repayment/Borrowing of non-current liabilities	375	–201	177	–108
Repayment/Borrowing of current liabilities to banks	–239	–281	–2,908	–7
Issue of own shares	102	0	102	0
Acquisition of own shares	0	–502	0	–502
Newly created shares held by other shareholders	103	0	103	0
Dividend payout	–3,876	0	–3,876	0
Other changes	69	0	69	0
Cash flow from financing activities	**–3,466**	**–984**	**–6,333**	**–616**
Increase/Decrease in cash and cash equivalents	**–2,156**	**6,002**	**–5,001**	**–2,027**
Effect of exchange rate changes on cash and cash equivalents	–223	264	–105	152
Cash and cash equivalents at beginning of reporting period	58,010	46,841	60,737	54,984
Cash and cash equivalents at end of reporting period	**55,631**	**53,108**	**55,631**	**53,108**

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 1st half-year 2011 were released for publication in August 2011 pursuant to Management Board resolution.

1 General information

ELMOS Semiconductor Aktiengesellschaft ("the company" or "ELMOS") has its registered office in Dortmund (Germany) and is entered in the register of companies maintained 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 shareholders' resolution of May 17, 2011.

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 has sales companies in France, the U.S., and Asia and it 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, 2011 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, 2010.

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, 2010 with the exception of the new or amended IFRS Standards and Interpretations listed below. The application of these Standards and Interpretations had no effect on the group's asset situation, finances and profit situation.

–> Amendment to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
–> Amendment to IAS 24	Related Party Disclosures
–> Amendment to IAS 32	Classification of Rights Issues
–> Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement
–> IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

–> Improvements to IFRS 2010

Estimates and assumptions

The company makes provisions for pension and partial retirement obligations pursuant to IAS 19. An actuarial interest rate of 5.1% has been applied for 2011, the same rate as applied as of December 31, 2010.

Exceptional business transactions

There were no exceptional business transactions in the first half-year 2011.

Settlement of legal disputes

Two lawsuits pending as of December 31, 2010 have been settled in the meantime. The amounts payable under the settlement agreements were covered by corresponding provisions made as of the end of the year 2010.

Basis of consolidation

The basis of consolidation of the ELMOS Group was expanded by three companies in the first half-year 2011. First of all, a 50% interest in a joint venture was acquired. This company was included in the consolidated financial statements by way of proportional consolidation with economic effect as of January 1, 2011. Second of all, a subsidiary founded in South Korea in 2010 was included in these 6-month financial statements for the first time by way of full consolidation. The third company is a subsidiary founded in March 2011 in Singapore. These changes in the basis of consolidation have altogether no material effects on the group's asset situation, finances and profit situation.

Seasonal and economic impact on business operations

The macroeconomic situation continues to be determined by local and global crises such as the economic crisis in some euro countries or the budget crisis in the United States. As of today the catastrophe in Japan has had no noteworthy effects. The business of ELMOS Semiconductor AG is not subject to material seasonal fluctuations.

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, the U.S.A., and Asia. 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, 2011 and 2010, respectively) as well as on assets of the group's business segments (as of June 30, 2011 and December 31, 2010).

1st half-year as of 6/30/2011	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	88,992	8,345	0	97,337
Inter-segment sales	118	343	−461[1]	0
Total sales	**89,110**	**8,688**	**−461**	**97,337**
Earnings				
Segment earnings	10,987	1,177	0	12,164
Finance income				−782
Finance expenses				1,207
Earnings before taxes				**11,739**
Income taxes				3,097
Net income including non-controlling interests				**8,642**
Assets				
Segment assets	180,213	12,530	62,832[2]	255,575
Investments	469	347	0	816
Total assets				**256,391**
Other segment information				
Capital expenditures	11,101	168		11,269
Depreciation and amortization	8,069	641		8,710

[1] Sales from inter-segment transactions are eliminated for consolidation purposes.
[2] Non-attributable assets as of June 30, 2011 include cash and cash equivalents (55,631 thousand Euro), income tax assets (2,968 thousand Euro), and deferred taxes (4,233 thousand Euro), as these assets are controlled on group level.

1st half-year as of 6/30/2010	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	82,332	7,448	0	89,780
Inter-segment sales	151	49	−200[3]	0
Total sales	**82,483**	**7,497**	**−200**	**89,780**
Earnings				
Segment earnings	7,611	604	0	8,215
Finance income				−425
Finance expenses				1,209
Earnings before taxes				**7,431**
Income taxes				2,159
Net income including non-controlling interests				**5,272**
Assets (as of 12/31/2010)				
Segment assets	168,837	13,487	65,951[4]	248,275
Investments	537	374	0	911
Total assets				**249,186**

[3] Sales from inter-segment transactions are eliminated for consolidation purposes.
[4] Non-attributable assets as of December 31, 2010 include cash and cash equivalents (58,010 thousand Euro), income tax assets (2,926 thousand Euro), and deferred taxes (5,015 thousand Euro), as these assets are controlled on group level.

Geographical information

Sales generated with third-party customers	Half-year as of 6/30/2011 thousand Euro	Half-year as of 6/30/2010 thousand Euro
Germany	34,142	33,333
EU	34,427	32,503
U.S.A.	7,334	6,662[1]
Asia/Pacific	14,816	11,037
Others	6,618	6,245[1]
	97,337	**89,780**

Geographical distribution of non-current assets	6/30/2011 thousand Euro	12/31/2010 thousand Euro
Germany	101,570	95,758
EU	8,799	8,767
U.S.A.	3,985	4,829
Others	6	2
	114,360	**109,356**

[1] *Prior-year amount has been adjusted*

3 Notes to essential items

Development of selected non-current assets from January 1 to June 30, 2011	Net book value 1/1/2011 thousand Euro	Increase in goodwill from first-time consolidation thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation and amortization thousand Euro	Net book value 6/30/2011 thousand Euro
Intangible assets	30,589	534	1,600	–108	2,528	30,087
Property, plant and equipment	69,494	0	9,669	–1,311	6,181	71,671
Securities	6,272	0	3,491	0	0	9,764
Investments	911	0	0	–61	34	816
Other financial assets	2,090	0	0	–68	0	2,022
	109,356	**534**	**14,760**	**–1,548**	**8,742**	**114,360**

Additions to securities relate to investments in bonds with maturities of more than 12 months in the amount of 3,491 thousand Euro. The position of disposals/other movements includes negative currency adjustments in the amount of 324 thousand Euro.

Inventories

	6/30/2011 thousand Euro	12/31/2010 thousand Euro
Raw materials	7,443	6,709
Work in process	22,145	20,929
Finished goods	6,810	8,188
	36,398	**35,826**

Equity
As of June 30, 2011 the share capital of ELMOS Semiconductor AG consists of 19,414,205 shares. At present the company holds 105,931 own shares (treasury stock).

Pursuant to shareholders' resolution of May 17, 2011 a dividend in the amount of EUR 0.20 per share has been paid to the shareholders. Due to this dividend payout, the retained earnings were reduced by 3,876 thousand Euro.

As of June 30, 2011 altogether 705,423 options from stock option plans are outstanding. The options are attributable to the tranches as follows:

	2009	2010	Total
Year of resolution and issue	2009	2010	
Exercise price (Euro)	3.68	7.49	
Blocking period ex issue (years)	3	4	
Exercise period after blocking period (years)	3	3	
Options outstanding as of 12/31/2010 (number)	465,950	244,415	710,365
Exercised 1/1 – 6/30/2011 (number)	0	0	0
Forfeited 1/1 – 6/30/2011 (number)	3,550	1,392	4,942
Options outstanding as of 6/30/2011 (number)	**462,400**	**243,023**	**705,423**
Options exercisable as of 6/30/2011 (number)	0	0	0

4 Related party disclosures

As reported in the consolidated financial statements for the fiscal year ended December 31, 2010, the ELMOS Group maintains business relationships with related companies and individuals in the context of usual business activity.

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

Directors' dealings according to Section 15a WpHG (German Securities Trading Act)
The following reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to June 30, 2011.

Date/place	Name	Function	Transaction	Number	Price/Basic price (Euro)	Total volume (Euro)
6/24/2011 Xetra	ZOE Beteiligungs GmbH	Legal entity closely related to the chairman of the Supervisory Board	Purchase of ELMOS shares	10,000	9.911	99,110

5 Subsequent events

In July 2011 ELMOS Semiconductor AG increased its minority interest in Californian TetraSun Inc. through the U.S. subsidiary Silicon Microstructures Inc., Milpitas/U.S.A., by the investment of a high single-digit million USD amount. TetraSun develops a new kind of monocrystalline silicon solar cells reaching high efficiency at low production costs. Due to the percentage of the interest there will be no effects on the basis of consolidation.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles forinterim 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 management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Dortmund, August 2011

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 statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, 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, 2011 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 audit opinion.

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 9, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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This interim report was released on August 9, 2011 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 2011

6-month results Q2/2011 (after trading hours)	August 9, 2011
9-month results Q3/2011 (after trading hours)	November 3, 2011
Analysts' conference at the Equity Forum in Frankfurt	November 23, 2011

Results are usually released after trading hours. Conference calls are usually conducted the day after the quarterly results are released.

This English version is for convenience purposes only.

This report contains statements directed to the future that are based on assumptions and estimates made by the management of ELMOS. Even though we assume the underlying expectations of our statements to be realistic, we cannot guarantee these expectations will prove right. The assumptions may carry risks and uncertainties, and as a result actual events may differ materially from the current statements made with respect to the future. Among the factors that could cause such differences are changes in economic and business conditions, fluctuations of exchange rates and interest rates, the introduction of competing products, lack of acceptance of new products, and changes in business strategy. ELMOS neither intends nor assumes any obligation to update its statements with respect to future events.