Mobility 2020 and beyond

INTERIM REPORT Q3 2011

Overview

In focus

-> Increase in sales compared to prior-year quarter and on nine-month basis
-> Dynamic growth in Asia
-> Sound profitability through increase in manufacturing efficiency
-> Confirmation of 2011 forecast

Key figures

	3rd quarter			9 months		
in million Euro or percent unless otherwise indicated	7/1 – 9/30/2011	7/1 – 9/30/2010	Change	1/1 – 9/30/2011	1/1 – 9/30/2010	Change
Sales	**48.0**	**46.3**	**3.6%**	**145.3**	**136.1**	**6.8%**
Semiconductor	43.7	42.6	2.4%	132.6	124.9	6.2%
Micromechanics	4.3	3.7	17.5%	12.7	11.1	13.8%
Gross profit	**23.1**	**22.4**	**3.2%**	**66.2**	**60.6**	**9.3%**
in percent of sales	48.1%	48.3%		45.6%	44.5%	
R&D expenses	8.3	7.3	14.7%	24.9	22.1	12.8%
in percent of sales	17.4%	15.7%		17.1%	16.2%	
Operating income	6.3	7.6	–17.8%	17.1	15.7	8.9%
in percent of sales	13.0%	16.4%		11.8%	11.6%	
EBIT	**6.9**	**7.4**	**–6.3%**	**19.1**	**15.6**	**22.3%**
in percent of sales	14.5%	16.0%		13.1%	11.5%	
Net income for the period after non-controlling interests	5.3	5.2	1.6%	13.8	10.5	31.6%
in percent of sales	11.0%	11.2%		9.5%	7.7%	
Basic earnings per share (in Euro)	**0.27**	**0.27**	**1.5%**	**0.71**	**0.54**	**32.0%**
Operating cash flow	6.2	4.7	32.6%	21.1	22.4	–5.8%
Capital expenditures	2.0	3.3	–37.6%	13.3	11.0	21.3%
in percent of sales	4.3%	7.1%		9.2%	8.1%	
Free cash flow[1]	1.0	–1.3	na	2.3	5.7	–59.5%
Adjusted free cash flow[2]	3.6	1.4	>100.0%	9.7	11.0[3]	–11.8%

in million Euro or percent unless otherwise indicated	9/30/2011	12/31/2010	Change
Equity	182.4	172.3	5.9%
in percent of total assets	69.4%	69.1%	
Employees (reporting date)	998	991	0.7%

[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 expenditure for intangible assets, less capital expenditure for property, plant and equipment, less payments for investments, plus disposal of investments
[3] Prior-year amount has been adjusted

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

Sales of the first nine months of 2011 showed a positive performance compared to the prior-year period, reaching a record level once again. Sales went up 6.8% to 145.3 million Euro. Sales for the 2010 period of comparison came to 136.1 million Euro. Adjusted by sales of the special packaging business sold as of December 31, 2010, sales grew even by 10.4% in the nine months since the beginning of the year in comparison with the prior-year period.

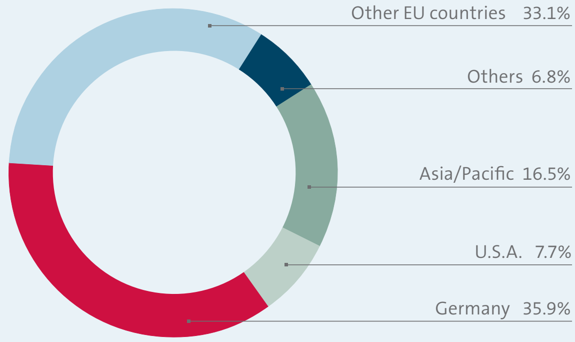
Sales also increased slightly in comparison with the prior-year quarter. Sales of the third quarter 2011 rose to 48.0 million Euro, equivalent to a growth of 3.6%. Adjusted by the sold special packaging business, sales of the third quarter 2011 climbed by 7.2% in comparison to the prior-year quarter. Compared to the previous quarter, sales stabilized at a high level (Q2 2011: 49.2 million Euro).

The semiconductor segment and the micromechanics segment both had their share in achieving record sales. Semiconductor sales, generated for the most part with automotive customers, has gained 6.2% on the prior-year period since the beginning of the year, reaching 132.6 million Euro (9M 2010: 124.9 million Euro). The micromechanics segment achieved sales in the amount of 12.7 million Euro, a 13.8% increase (9M 2010: 11.1 million Euro). The major customers of the micromechanics segment manufacture products for the auto industry, medical technology, industrial applications, air-conditioning systems, and consumer goods.

With respect to the regional breakdown of sales, the continued positive development in the region Asia/Pacific is worth being pointed out. Sales in this region went up 40.4% compared to the first nine months of 2010. The region's share in group sales has thus risen to 16.5% since the beginning of the year 2011 (9M 2010: 12.6%). Furthermore, increasing U.S. sales represent another positive development, gaining 15.0% on prior-year sales for the period.

The development of the order intake was solid over the first nine months of 2011. The slowdown in the dynamics of customers' order behavior compared to the beginning of the year, noticeable since mid-year, still continues. The relation of orders received to sales, the so-called book-to-bill, was slightly below one by the end of the third quarter of 2011.

Sales by region 9 months 2011



Region	1/1 – 9/30/2011 thousand Euro	in percent of sales	1/1 – 9/30/2010 thousand Euro	in percent of sales	Change
Germany	52,199	35.9%	50,964	37.5%	2.4%
Other EU countries	48,007	33.1%	48,306	35.5%	−0.6%
U.S.A.	11,217	7.7%	9,755[1]	7.1%	15.0%
Asia/Pacific	24,030	16.5%	17,113	12.6%	40.4%
Others	9,866	6.8%	9,937[1]	7.3%	−0.7%
Group sales	**145,319**	**100.0%**	**136,075**	**100.0%**	**6.8%**

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

Profit situation, finances and asset situation

The gross profit of the first nine months of 2011 grew disproportionately to sales from 60.6 million Euro by 9.3% to 66.2 million Euro. The gross margin climbed to 45.6% (9M 2010: 44.5%), essentially due to increased utilization of production capacity. A significant improvement of the gross margin is also apparent in consideration of the course of the year 2011. This trend is due primarily to the increase in manufacturing efficiency based on the continuing conversion from the 6-inch to the 8-inch production line.

Research and development expenses grew by 12.8% to 24.9 million Euro in the first nine months of 2011 (9M 2010: 22.1 million Euro). This increase is mainly accounted for by new employees in the design department. This scheduled enhancement of expertise addresses new applications and new regional markets. The ratio of R&D expenses rose from 16.2% to 17.1% of sales. The 21.7% increase in distribution expenses, from 9.3 million Euro to 11.3 million Euro over the first nine months of 2011, is also due primarily to new hires, particularly in support of the expansion of the company's presence in Asia. General administrative expenses were down 4.4% in the first nine months of 2011, coming to 12.9 million Euro (9M 2010: 13.5 million Euro).

The increase of the gross margin compensated for the increase in operating expenses so that the margin of the operating income remained stable at 11.8% (9M 2010: 11.6%). In absolute terms, however, the operating income went up from 15.7 million Euro to 17.1 million Euro.

The EBIT (earnings before interest and taxes) climbed to 19.1 million Euro due to higher other operating income as well as lower other operating expenses compared to the prior-year period (9M 2010: 15.6 million Euro), achieving a considerable improvement of the EBIT margin from 11.5% to 13.1%.

The net income attributable to owners of the parent rose from 10.5 million Euro for the first nine months of 2010 to 13.8 million Euro for the reporting period. The net profit margin thus increased from 7.7% to 9.5%. Basic earnings per share were 0.71 Euro (9M 2010: 0.54 Euro).

The operating cash flow of 21.1 million Euro for the first nine months of 2011 turned out close to the prior-year level (9M 2010: 22.4 million Euro). In comparison to the prior-year period, a higher net income and a lower increase in trade receivables had a positive influence on the cash flow from operating activities; however, it was negatively affected by the decrease in trade payables (in contrast to an increase in the year before) and the outflow of funds for the acquisition of marketable securities. Capital expenditures (for intangible assets and for property, plant and equipment) amounted to 13.3 million Euro in the first nine months of 2011, or 9.2% of sales (9M 2010: 11.0 million Euro or 8.1% of sales). The adjusted free cash flow (cash flow from operating activities, plus payments for marketable securities, less capital expenditure for intangible assets, less capital expenditure for property, plant and equipment, less payments for investments, plus disposal of investments) comes to 9.7 million Euro (9M 2010: 11.0 million Euro).

Resulting primarily from the acquisition of securities (6.2 million Euro), the dividend payout (3.9 million Euro), and the investment in TetraSun, cash and cash equivalents (without consideration of securities acquired) went down from 58.0 million Euro as of December 31, 2010 to 56.9 million Euro as of September 30, 2011. Contrary to that, net cash continued to increase to 31.5 million Euro, compared to December 31, 2010 (26.8 million Euro). At 69.4%, the equity ratio was virtually unchanged from the end of the year 2010 (December 31, 2010: 69.1%).

Economic environment

The global automotive markets appeared stable to friendly in the first nine months of 2011, with the exception of Japan.

In **Western Europe,** the market for passenger cars almost remained steady with some 9.9 million new registrations since the beginning of the year (–1.1%), according to the German Association of the Automotive Industry (VDA). The situation in the major markets was heterogeneous over the first nine months of 2011. While Great Britain (–5.0%), Italy (–11.3%), and Spain (–20.7%) recorded fewer new registrations, the level of the French market remained unchanged (+0.2%), and a double-digit growth was achieved in Germany (+10.8%).

The performances of the international markets were predominantly positive. Sales of light vehicles in the **U.S.** of close to 9.5 million cars rose by 10%. Demand in **China** has gained almost 8% since the beginning of the year, with close to 8.7 million passenger cars sold. However, car sales of September 2011 went down 7% compared to the prior-year month. Yet it must be taken into account that the prior-year month was particularly strong. The **Russian market** climbed by 45% to more than 1.9 million vehicles in the first nine months of the year 2011. **Japan** is still affected considerably by its natural disaster. Since the beginning of the year, at close to 2.6 million units the number of passenger cars sold was down by one fourth compared to the prior-year period. However, first indications of recovery became noticeable in the third quarter. 50% more cars were sold already than during the second quarter of 2011.

Significant events

In July 2011 ELMOS announced that its South Korean partner foundry, **MagnaChip Semiconductor,** ramped up production and supplied 0.35µm automotive-qualified 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 investor in **TetraSun Inc.** (California/U.S.A.). The start-up TetraSun develops a new kind of monocrystalline silicon solar cells.

In July 2011 ELMOS concluded an agreement with **WT Microelectronics** according to which the Taiwan-based company will act as **global distributor** for ELMOS with an emphasis on the Asian markets, especially China and Taiwan.

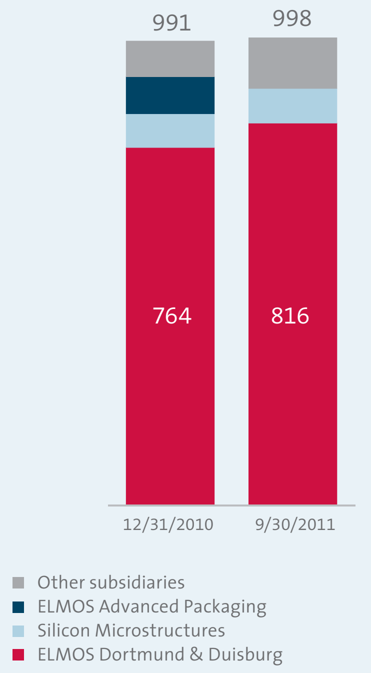
Moreover, ELMOS has introduced new products. Among them is the world's first **automotive network semiconductor** certified under the latest conformity tests according to bus standard PSI5 specification V1.3. A **sensor signal readout chip** with SENT interface and an **EC motor driver** with full functionality for setting up a complete, low-cost system were presented as well.

Other information

Staff development

The staff of the ELMOS Group came to 998 employees as of September 30, 2011. The number of employees has hardly changed (+0.7%) 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 intensification of research and development and increased sales activity, particularly in Asia.

Staff development ELMOS Group



Investor Relations

ELMOS share

After the ELMOS share had maintained its positive performance until the middle of the year, it could not escape the pull of uncertainty in the capital markets any longer. Over the first nine months of 2011, the ELMOS share lost 27.2%, closing at 6.85 Euro on September 30, 2011. Market capitalization at that time amounted to 133.0 million Euro (based on 19.4 million shares outstanding). The share reached its high on April 6, 2011 at 11.98 Euro and its low on September 12, 2011 at 6.25 Euro (Xetra closing prices all). The average daily trading volume came to 51.3 thousand shares over the first nine months of 2011 (Xetra and Frankfurt floor), thus significantly above the 2010 average amount (42.3 thousand shares).

The ELMOS share showed a similar performance over the first nine months of 2011 as the indices of relevance and most competitors did. DAX, TecDax, DAX Sector Technology, and Technology All Share lost −20.4%, −22.1%, −28.0%, and −21.8%, respectively, in the period under review. ELMOS Semiconductor AG holds 105,931 own shares (treasury stock) as of September 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 the individual corporate risks and opportunities are described in our Annual Report 2010. Over the first nine months of 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.

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 for the year 2011 is confirmed. Due to the rather defensive ordering behavior of our customers at present, sales in 2011 will achieve the lower range of the stated margin of 190 to 200 million Euro. On the other hand, though, the operating efficiency has developed rather positively in the course of the year. Therefore ELMOS now anticipates an EBIT margin of more than 13%. 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.

In the medium and long term, ELMOS will benefit from the global megatrends: increasing urbanization, more renewable energy sources (and their efficient exploitation), and more as well as environmentally sound mobility. ELMOS will make decisive contributions to all of these dynamically growing market segments.

Interim consolidated financial statements

Condensed consolidated statement of financial position

Assets	9/30/2011 thousand Euro	12/31/2010 thousand Euro
Non-current assets		
Intangible assets*	29,785	30,589
Property, plant and equipment*	69,071	69,494
Investments accounted for at equity	3,287	0
Securities*	7,700	6,272
Investments**	469	911
Other financial assets*	2,089	2,090
Deferred tax assets	3,814	5,015
Total non-current assets	**116,215**	**114,371**
Current assets		
Inventories*	39,450	35,826
Trade receivables	26,221	25,328
Securities	7,855	3,033
Other financial assets	5,132	5,253
Other receivables	4,778	3,148
Income tax assets	2,957	2,926
Cash and cash equivalents	56,900	58,010
	143,293	**133,524**
Assets classified as held for sale	3,469	1,291
Total current assets	**146,762**	**134,815**
Total assets	**262,977**	**249,186**

**Cf. note 3*

Equity and liabilities	9/30/2011 thousand Euro	12/31/2010 thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital*	19,414	19,414
Treasury stock*	−106	−119
Additional paid-in capital	88,421	88,486
Surplus reserve	102	102
Other equity components	−2,257	−1,740
Retained earnings	76,223	66,380
	181,797	**172,523**
Non-controlling interests	587	−227
Total equity	**182,384**	**172,296**
Liabilities		
Non-current liabilities		
Provisions	258	376
Financial liabilities	40,371	40,101
Other liabilities	1,600	1,781
Deferred tax liabilities	2,871	1,316
Total non-current liabilities	**45,100**	**43,574**
Current liabilities		
Provisions	10,370	9,568
Income tax liabilities	3,887	2,627
Financial liabilities	540	374
Trade payables	18,044	18,792
Other liabilities	2,652	1,955
Total current liabilities	**35,493**	**33,316**
Total liabilities	**80,593**	**76,890**
Total equity and liabilities	**262,977**	**249,186**

**Cf. note 3*

Condensed consolidated statement of comprehensive income

3rd quarter	7/1 – 9/30/2011 thousand Euro	in percent of sales	7/1 – 9/30/2010 thousand Euro	in percent of sales	Change
Sales	47,982	100.0%	46,295	100.0%	3.6%
Cost of sales	24,911	51.9%	23,930	51.7%	4.1%
Gross profit	**23,071**	**48.1%**	**22,365**	**48.3%**	**3.2%**
Research and development expenses	8,340	17.4%	7,269	15.7%	14.7%
Distribution expenses	3,992	8.3%	3,137	6.8%	27.3%
Administrative expenses	4,484	9.3%	4,350	9.4%	3.1%
Operating income before other operating expenses/(income)	**6,255**	**13.0%**	**7,608**	**16.4%**	**–17.8%**
Earnings from investments accounted for at equity	46	0.1%	0	0.0%	n/a
Finance income	–433	–0.9%	–266	–0.6%	63.1%
Finance expenses	599	1.2%	621	1.3%	–3.6%
Foreign exchange gains	–138	–0.3%	–132	–0.3%	4.6%
Other operating income	–870	–1.8%	–713	–1.5%	22.0%
Other operating expenses	319	0.7%	1,046	2.3%	–69.5%
Earnings before taxes	**6,732**	**14.0%**	**7,051**	**15.2%**	**–4.5%**
Income taxes					
Current income tax expense	271	0.6%	746	1.6%	–63.7%
Deferred taxes	1,092	2.3%	1,081	2.3%	1.0%
	1,363	2.8%	1,827	3.9%	–25.4%
Net income	**5,369**	**11.2%**	**5,224**	**11.3%**	**2.8%**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	118		–328		
Foreign currency adjustments with deferred tax effect	980		–1,729		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	–262		441		
Value differences with respect to hedges	–702		–588		
Deferred taxes (on value differences with respect to hedges)	226		143		
Available-for-sale financial assets	24		0		
Deferred taxes (on available-for-sale financial assets)	–8		0		
Other comprehensive income after taxes	**376**		**–2,062**		
Total comprehensive income after taxes	**5,745**		**3,162**		
Net income attributable to:					
Owners of the parent	**5,285**	**11.0%**	**5,204**	**11.3%**	**1.6%**
Non-controlling interests	84	0.2%	20	0.0%	>100.0%
	5,369	**11.2%**	**5,224**	**11.3%**	**2.8%**
Total comprehensive income attributable to:					
Owners of the parent	5,661		3,142		
Non-controlling interests	84		20		
	5,745		**3,162**		
Earnings per share (with respect to net income)					
Basic earnings per share (in Euro)	0.27		0.27		
Fully diluted earnings per share (in Euro)	0.27		0.27		

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT)	7/1 – 9/30/2011 thousand Euro	in percent of sales	7/1 – 9/30/2010 thousand Euro	in percent of sales	Change
Earnings before interest and taxes (EBIT)	**6,255**	**13.0%**	**7,608**	**16.4%**	**–17.8%**
Operating income before other operating expenses/(income)	–138	–0.3%	–132	–0.3%	4.6%
Foreign exchange gains	–550	–1.1%	333	0.8%	n/a
EBIT	**6,943**	**14.5%**	**7,407**	**16.0%**	**–6.3%**

9 months	1/1 – 9/30/2011 thousand Euro	in percent of sales	1/1 – 9/30/2010 thousand Euro	in percent of sales	Change
Sales	145,319	100.0%	136,075	100.0%	6.8%
Cost of sales	79,117	54.4%	75,511	55.5%	4.8%
Gross profit	**66,202**	**45.6%**	**60,564**	**44.5%**	**9.3%**
Research and development expenses	24,887	17.1%	22,068	16.2%	12.8%
Distribution expenses	11,289	7.8%	9,274	6.8%	21.7%
Administrative expenses	12,879	8.9%	13,474	9.9%	–4.4%
Operating income before other operating expenses/(income)	**17,147**	**11.8%**	**15,749**	**11.6%**	**8.9%**
Earnings from investments accounted for at equity	46	0.0%	0	0.0%	n/a
Finance income	–1,215	–0.8%	–690	–0.5%	76.1%
Finance expenses	1,806	1.2%	1,830	1.3%	–1.3%
Foreign exchange gains	–235	–0.2%	–26	0.0%	>100.0%
Other operating income	–3,142	–2.2%	–2,149	–1.6%	46.2%
Other operating expenses	1,417	1.0%	2,302	1.7%	–38.4%
Earnings before taxes	**18,470**	**12.7%**	**14,482**	**10.6%**	**27.5%**
Income taxes					
Current income tax expense	1,532	1.1%	906	0.7%	69.1%
Deferred taxes	2,928	2.0%	3,080	2.2%	–5.0%
	4,460	3.1%	3,986	2.9%	11.9%
Net income	**14,010**	**9.6%**	**10,496**	**7.7%**	**33.5%**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	127		136		
Foreign currency adjustments with deferred tax effect	–146		760		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	24		–194		
Value differences with respect to hedges	–770		–588		
Deferred taxes (on value differences with respect to hedges)	248		143		
Available-for-sale financial assets	0		0		
Deferred taxes (on available-for-sale financial assets)	0		0		
Other comprehensive income after taxes	**–517**		**257**		
Total comprehensive income after taxes	**13,493**		**10,753**		
Net income attributable to:					
Owners of the parent	**13,767**	**9.5%**	**10,463**	**7.7%**	**31.6%**
Non-controlling interests	243	0.2%	33	0.0%	>100.0%
	14,010	**9.6%**	**10,496**	**7.7%**	**33.5%**
Total comprehensive income attributable to:					
Owners of the parent	13,250		10,720		
Non-controlling interests	243		33		
	13,493		**10,753**		
Earnings per share (with respect to net income)					
Basic earnings per share (in Euro)	0.71		0.54		
Fully diluted earnings per share (in Euro)	0.70		0.53		

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT)	1/1 – 9/30/2011 thousand Euro	in percent of sales	1/1 – 9/30/2010 thousand Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**17,147**	**11.8%**	**15,749**	**11.6%**	**8.9%**
Exchange rate gains	–235	–0.2%	–26	0.0%	>100.0%
Other operating expenses/(income)	–1,725	–1.2%	153	0.1%	n/a
EBIT	**19,107**	**13.1%**	**15,622**	**11.5%**	**22.3%**

Condensed consolidated statement of changes in equity

	Equity attributable to owners 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				109		
Acquisition of own shares			–120	–722		
September 30, 2010	**19,414**	**19,414**	**–120**	**88,388**	**102**	**0**
January 1, 2011	**19,414**	**19,414**	**–119**	**88,486**	**102**	**0**
Net income						
Other comprehensive income for the period						
Total comprehensive income						
Share-based remuneration			13	88		
Changes in basis of consolidation						
Dividend payout						
Stock option expense				220		
Acquisition of shares held by other shareholders				–610		
Newly created shares held by other shareholders				103		
Other changes				134		
September 30, 2011	**19,414**	**19,414**	**–106**	**88,421**	**102**	**0**

Equity attributable to owners 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**
		10,463	10,463	33	10,496
−445	702		257		257
−445	702	10,463	10,720	33	10,753
			109		109
			−842		−842
−445	**–1,787**	**59,089**	**164,641**	**–209**	**164,432**
61	**–1,801**	**66,380**	**172,523**	**–227**	**172,296**
		13,767	13,767	243	14,010
−522	5		−517		−517
−522	5	13,767	13,250	243	13,493
			101		101
		−80	−80		−80
		−3,859	−3,859		−3,859
			220		220
			−610	610	0
			103		103
		15	149	−39	110
−461	**–1,796**	**76,223**	**181,797**	**587**	**182,384**

Condensed consolidated statement of cash flows

	1/1 – 9/30/2011 thousand Euro	1/1 – 9/30/2010 thousand Euro	7/1 – 9/30/2011 thousand Euro	7/1 – 9/30/2010 thousand Euro
Cash flow from operating activities				
Net income	14,010	10,496	5,368	5,224
Depreciation and amortization	13,437	11,909	4,727	4,025
Write-down of investments	34	0	0	0
Financial result	591	1,140	166	356
Other non-cash expenses	3,176	3,080	1,340	1,081
Current income tax expense	1,532	906	271	746
Expenses for stock option plans and stock award plan	220	109	79	42
Changes in pension provisions	–118	–176	–37	–80
Changes in net working capital:				
Trade receivables	–893	–3,736	988	1,183
Inventories	–3,624	–4,143	–3,052	–2,265
Securities	–4,822	0	–2,336	0
Other assets	–1,599	–1,559	–601	–839
Trade payables	–748	3,611	–1,566	–3,487
Other provisions and other liabilities	820	1,650	796	–592
Income tax refunds/payments	–303	277	263	–334
Interest paid	–1,806	–1,830	–599	–621
Interest received	1,215	690	433	266
Cash flow from operating activities	**21,122**	**22,424**	**6,240**	**4,705**
Cash flow from investing activities				
Capital expenditure for intangible assets	–2,457	–2,040	–857	–675
Capital expenditure for property, plant and equipment	–10,861	–8,935	–1,192	–2,607
Payments for investments	–2,922	–407	–2,922	0
Disposal of investments	33	0	0	0
Payments for acquisitions less acquired cash and cash equivalents	–557	0	0	0
Payments for/Disposal of non-current assets held for sale	–2,179	–153	–2,798	528
Disposal of property, plant and equipment	1,557	1,139	464	85
Payments for securities	–1,427	–6,322	2,064	–3,317
Cash flow from investing activities	**–18,813**	**–16,718**	**–5,241**	**–5,986**
Cash flow from financing activities				
Repayment/Borrowing of non-current liabilities	493	–319	118	–118
Repayment/Borrowing of current liabilities to banks	–239	–197	0	85
Issue of own shares	102	0	0	0
Acquisition of own shares	0	–841	0	–339
Dividend payout	–3,859	0	0	0
Newly created shares held by other shareholders	103	0	0	0
Other changes	53	0	1	0
Cash flow from financing activities	**–3,347**	**–1,357**	**119**	**–372**
Increase/Decrease in cash and cash equivalents	**–1,038**	**4,349**	**1,118**	**–1,653**
Effect of exchange rate changes on cash and cash equivalents	–72	84	151	–181
Cash and cash equivalents at beginning of reporting period	58,010	46,841	55,631	53,108
Cash and cash equivalents at end of reporting period	**56,900**	**51,274**	**56,900**	**51,274**

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 3rd quarter 2011 were released for publication in November 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, under 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, Asia, and the U.S. 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 September 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 third quarter of 2011.

Settlement of legal disputes
Two lawsuits pending as of December 31, 2010 were settled in the first half-year 2011. The amounts payable under those settlement agreements were covered by corresponding provisions made as of the end of the year 2010.

Basis of consolidation

The ELMOS Group's basis of consolidation has been expanded by four companies in 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 has been included in the financial statements 2011 by way of full consolidation for the first time. The third company is a subsidiary founded in March 2011 in Singapore, the fourth new entry is a second-tier subsidiary established in July 2011 in China. These changes in the basis of consolidation have altogether no material effects on the group's asset situation, finances and profit situation.

Within the framework of optimizing the corporate structure, previously fully consolidated German subsidiary ELMOS Industries GmbH was merged into ELMOS Semiconductor AG by merger agreement of June 20, 2011.

In July 2011 ELMOS Semiconductor AG increased its minority interest in California-based TetraSun Inc. through U.S. subsidiary Silicon Microstructures Inc., Milpitas/U.S.A., by investing a high single-digit million U.S. dollar amount. TetraSun develops a new kind of monocrystalline silicon solar cells, reaching high efficiency at low production costs. In contrast to December 31, 2010, the interest in this company is included in the interim financial statements as of September 30, 2011 as an associated company due to the attainment of significant influence.

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

9 months as of 9/30/2011	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	132,643	12,676	0	145,319
Inter-segment sales	168	459	−627[1]	0
Total sales	**132,811**	**13,135**	**−627**	**145,319**
Earnings				
Segment earnings	17,192	1,915	0	19,107
Earnings from investments accounted for at equity	0	46	0	46
Finance income				−1,215
Finance expenses				1,806
Earnings before taxes				**18,470**
Income taxes				4,460
Net income including non-controlling interests				**14,010**
Assets				
Segment assets	181,615	13,935	63,671[2]	259,221
Investments	469	3,287		3,756
Total assets				**262,977**
Other segment information				
Capital expenditures	12,667	651		13,318
Depreciation and amortization	12,455	982		13,437

[1] Sales from inter-segment transactions are eliminated for consolidation purposes.
[2] Non-attributable assets as of September 30, 2011 include cash and cash equivalents (56,900 thousand Euro), income tax assets (2,957 thousand Euro), and deferred taxes (3,814 thousand Euro), as these assets are controlled on group level.

9 months as of 9/30/2010	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	124,941	11,134	0	136,075
Inter-segment sales	246	140	−386[3]	0
Total sales	**125,187**	**11,274**	**−386**	**136,075**
Earnings				
Segment earnings	15,057	565	0	15,622
Finance income				−690
Finance expenses				1,830
Earnings before taxes				**14,482**
Income taxes				3,986
Net income including non-controlling interests				**10,496**
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	9 months as of 9/30/2011 thousand Euro	9 months as of 9/30/2010 thousand Euro
Germany	52,199	50,964
EU	48,007	48,306
U.S.A.	11,217	9,755[1]
Asia/Pacific	24,030	17,113
Others	9,866	9,937[1]
	145,319	**136,075**

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

Geographical distribution of non-current assets	9/30/2011 thousand Euro	12/31/2010 thousand Euro
Germany	96,401	95,758
EU	8,678	8,767
U.S.A.	7,314	4,829
Others	8	2
	112,401	**109,356**

3 Notes to essential items

Development of selected non-current assets from January 1 to September 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 9/30/2011 thousand Euro
Intangible assets	30,589	534	2,457	−30	3,765	29,785
Property, plant and equipment	69,494	0	10,861	−1,612	9,672	69,071
Investments accounted for at equity	0	0	3,287	0	0	3,287
Securities	6,272	0	1,427	0	0	7,700
Investments	911	0	0	−408	34	469
Other financial assets	2,090	0	0	−1	0	2,089
	109,356	**534**	**18,033**	**−2,051**	**13,471**	**112,401**

Additions to securities relate to investments in bonds with a maturity in excess of 12 months in the amount of 1,427 thousand Euro. The position disposals/other movements includes negative currency adjustments in the amount of 88 thousand Euro. The addition in investments accounted for under the equity method relates to the investment in TetraSun Inc. Until significant influence was attained in July 2011, the interest was recognized under the position “investments”. Depreciation of property, plant and equipment include impairment loss in the amount of 381 thousand Euro. Impairment loss was recognized under cost of sales in the consolidated statement of comprehensive income. Assets are attributable to the semiconductor segment.

Inventories

	9/30/2011 thousand Euro	12/31/2010 thousand Euro
Raw materials	7,963	6,709
Work in process	24,159	20,929
Finished goods	7,328	8,188
	39,450	**35,826**

Equity

As of September 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 3,859 thousand Euro.

As of September 30, 2011 altogether 954,973 options from stock option plans are outstanding. The options are attributable to the tranches as follows:

	2009	2010	2011	Total
Year of resolution and issue	2009	2010	2011	
Exercise price (Euro)	3.68	7.49	8.027	
Blocking period ex issue (years)	3	4	4	
Exercise period after blocking period (years)	3	3	3	
Options outstanding as of 12/31/2010 (number)	465,950	244,415	0	710,365
1/1 - 9/30/2011 granted (number)	0	0	250,000	250,000
1/1 - 9/30/2011 exercised (number)	0	0	0	0
1/1 - 9/30/2011 forfeited (number)	3,850	1,542	0	5,392
Options outstanding as of 9/30/2011 (number)	**462,100**	**242,873**	**250,000**	**954,973**
Options exercisable as of 9/30/2011 (number)	0	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 September 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
8/10/2011 Xetra	Alegra GmbH & Co. KG	Legal entity closely related to the CEO	Purchase of ELMOS shares	10,000	7.419	74,190
8/26/2011 Xetra	ZOE Beteiligungs GmbH	Legal entity closely related to the chairman of the Supervisory Board	Purchase of ELMOS shares	11,100	6.697	74,341

5 Subsequent events

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

Dortmund, November 2011

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This interim report was released on November 3, 2011 in German and English. Both versions are available for download on the Internet at www.elmos.com.

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

Financial calendar

9-month results Q3/2011 (after trading hours)	November 3, 2011
Analysts' conference at the Equity Forum in Frankfurt	November 23, 2011
Preliminary Results 2011 (after trading hours)	February 16, 2012
Financial Results 2011	March 15, 2012
Press Conference	March 15, 2012
Analysts Conference (Conference Call/Webcast)	March 15, 2012
Quarterly Results Q1/2012 (after trading hours)	May 3, 2012
AGM in Dortmund	May 8, 2012
Quarterly Results Q2/2012 (after trading hours)	August 8, 2012
Quarterly Results Q3/2012 (after trading hours)	November 6, 2012

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

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.