

A person wearing a blue protective suit and a white face mask is looking towards a circular, glowing yellow and orange object. The background is a blurred industrial or laboratory setting with various lights and equipment.

elmos[®]

We bring magic
to **your life**

Interim report Q1 2015

Overview

IN FOCUS

- > Elmos continues to grow
- > Asia is the growth driver once more
- > Positive adjusted free cash flow of 6.5 million Euro
- > Exchange rate effects influenced sales and earnings
- > Adjusted forecast 2015 due to exchange rate effects

Key figures 1st quarter 2015

in million Euro or percent unless otherwise indicated	01/01 – 03/31/2015	01/01 – 03/31/2014	Change
Sales	55.3	49.4	12.1%
Semiconductor	49.4	45.6	8.3%
Micromechanics	6.0	3.8	57.1%
Gross profit	22.4	20.5	9.1%
in percent of sales	40.5%	41.6%	
R&D expenses	9.8	8.7	12.8%
in percent of sales	17.6%	17.5%	
Operating income before other operating expenses (-)/income	3.2	2.8	12.6%
in percent of sales	5.7%	5.7%	
Exchange rate gains/losses (-)	2.9	-0.2	n/a
Other operating expenses (-)/income	0.3	0.6	-49.1%
EBIT	6.3	3.2	96.6%
in percent of sales	11.5%	6.5%	
Net income for the period after non-controlling interests	4.3	4.0	6.9%
in percent of sales	7.8%	8.2%	
Basic earnings per share in Euro	0.22	0.21	5.6%
Cash flow from operating activities	12.6	11.6	9.0%
Capital expenditures for intangible assets and property, plant and equipment	6.1	8.0	-23.7%
in percent of sales	11.1%	16.2%	
Free cash flow ¹	8.8	3.4	>100.0%
Adjusted free cash flow²	6.5	3.6	82.3%
in million Euro or percent unless otherwise indicated	03/31/2015	12/31/2014	Change
Equity	213.5	206.9	3.2%
in percent of total assets	70.1%	70.0%	
Employees (reporting date)	1,122	1,116	

¹ Cash flow from operating activities less cash flow from investing activities

² Cash flow from operating activities less capital expenditures for intangible assets and property, plant and equipment, less payments for investments, plus disposal of investments

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

BUSINESS PERFORMANCE

Sales performance and order situation

Elmos started the year 2015 with quarterly sales of 55.3 million Euro, thus continuing the positive trend of the year before (Q1 2014: 49.4 million Euro). Apart from the pleasant business performance, the high sales increase of 12.1% compared to the previous year is driven by significant one-off effects as of the reporting date as well as the strong U.S. dollar. It is also worth mentioning that sales are up 3.5% over the previous quarter (Q4 2014: 53.5 million Euro) despite the typical annual price discounts granted at the beginning of the year.

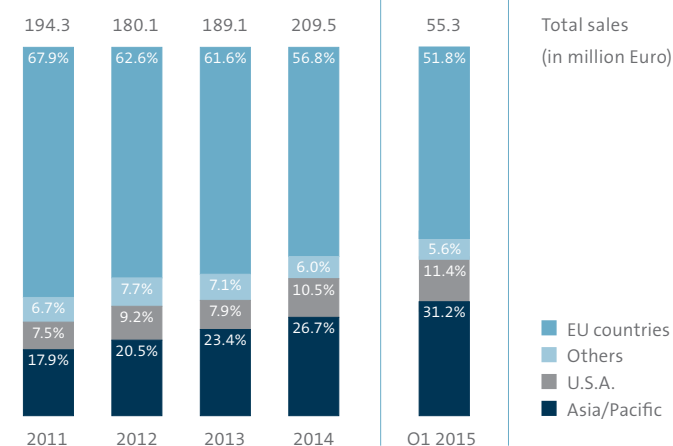
Disproportionately large growth in Asia and the U.S.A. overcompensated for weak sales with European customers. With a 46.6% gain in the first quarter of 2015, sales generated in the Asian market came to 17.3 million Euro (Q1 2014: 11.8 million Euro) resulting in a share of total sales now

amounting to 31.2% (Q1 2014: 23.9%). Elmos also managed to increase its U.S. sales (+50.8% in comparison with the previous year). Contrary to that, the European business was declining in the first quarter of 2015 (-5.3%).

Sales of the Semiconductor segment went up by 8.3% to 49.4 million Euro in comparison with the prior-year period (Q1 2014: 45.6 million Euro). In addition to the positive exchange rate effects, new ramp-ups in the Micromechanics segment continued to contribute to sales, gaining 57.1% to 6.0 million Euro in Q1 2015 (Q1 2014: 3.8 million Euro).

The ratio of orders received to sales, the so-called book-to-bill, was about one at the end of the first quarter of 2015.

SALES BY REGION



Third-party sales	01/01 – 03/31/2015 thousand Euro	in percent of sales	01/01 – 03/31/2014 thousand Euro	in percent of sales	Change
EU countries	28,686	51.8%	30,288	61.4%	-5.3%
U.S.A.	6,283	11.4%	4,167	8.4%	50.8%
Asia/Pacific	17,272	31.2%	11,781	23.9%	46.6%
Others	3,107	5.6%	3,132	6.3%	-0.8%
Consolidated sales	55,348	100.0%	49,368	100.0%	12.1%

Profit and financial positions as well as assets and liabilities

In line with the sales increase, the gross profit for the first quarter also improved over the previous year's period of comparison, from 20.5 million Euro to 22.4 million Euro. The gross margin reached 40.5% in the first quarter of 2015 (Q1 2014: 41.6%). As in the years before, the typical annual price discounts to be granted at the beginning of the year had a negative effect on gross profit and gross margin of the first quarter of 2015. The majority of the increase in the cost of sales is attributable to negative effects from the stronger U.S. dollar exchange rate and a higher depreciation amount due to capital expenditures linked to the conversion of production from 6-inch to 8-inch manufacturing in the year 2014. The conversion of production continues to be right on schedule in the year 2015. The remainder of the year will be determined by scheduled product ramp-ups and the continued optimization of 8-inch manufacturing.

Research and development expenses went up slightly due to license acquisitions among other factors (9.8 million Euro compared to 8.7 million Euro in Q1 2014). The R&D ratio of 17.6% remained constant in the quarter under review (Q1 2014: 17.5%). Distribution expenses also remained unchanged compared to the prior-year quarter at 4.8 million Euro; in relation to sales they were down by 0.9% points to 8.7%. In absolute terms, administration expenses went up slightly from 4.3 million Euro to 4.7 million Euro; however, owing to increased sales they went down in relative terms to 8.4% of sales (Q1 2014: 8.7%). Like the cost of sales, operating expenses were affected by the stronger U.S. dollar in comparison with

the prior-year period. Overall, operating expenses dropped slightly in relation to sales (Q1 2015: 34.8% vs. Q1 2014: 35.9%). Thus the operating income before other operating expenses/income went up from 2.8 million Euro in the prior-year quarter to 3.2 million Euro in the first quarter of 2015. Earnings before interest and taxes (EBIT) almost doubled, climbing to 6.3 million Euro (Q1 2014: 3.2 million Euro), positively affected by exchange rate gains of 2.9 million Euro primarily from hedging transactions (Q1 2014: exchange rate losses of 0.2 million Euro), among other factors. These gains on the one hand consist of realized hedging transactions and on the other hand on the market valuation of hedging transactions, extending beyond the reporting date. The EBIT margin came to 11.5% (Q1 2014: 6.5%).

After taxes, Elmos generated a consolidated net income attributable to the owners of the parent of 4.3 million Euro in the first quarter of 2015 (Q1 2014: 4.0 million Euro). Consolidated net income increased unproportional to the EBIT as the previous year's consolidated net income was supported by one-off tax effects. The consolidated net income equals basic earnings per share (EPS) of 0.22 Euro compared to 0.21 Euro in the first quarter of 2014.

The cash flow from operating activities showed a good development over the first quarter of 2015 and came to 12.6 million Euro (Q1 2014: 11.6 million Euro). In comparison with the prior-year period, the increase in trade receivables in line with the sales increase (-3.0 million Euro cash effect) was compensated by the increase of other provisions and

other liabilities (+1.8 million Euro) as well as depreciation and amortization (+1.2 million Euro). Capital expenditures for intangible assets and property, plant and equipment in the combined amount of 6.1 million Euro or 11.1% of sales turned out lower than in the corresponding prior-year period (Q1 2014: 8.0 million Euro or 16.2% of sales). The adjusted free cash flow (cash flow from operating activities less capital expenditures for intangible assets and property, plant and equipment, less payments for investments, plus disposal of investments) recorded a positive performance for the first three months of 2015 altogether and came to 6.5 million Euro (Q1 2014: 3.6 million Euro).

Cash and cash equivalents and marketable securities amounted to 89.9 million Euro as of March 31, 2015, up from their amount as of December 31, 2014 (84.4 million Euro). Accordingly, net cash increased as well, coming to 52.7 million Euro as of the end of the quarter (December 31, 2014: 47.0 million Euro). The equity ratio of 70.1% remains virtually unchanged at the end of the first quarter of 2015 (December 31, 2014: 70.0%).

Economic environment

The global auto markets recorded gains for the most part in the first quarter of 2015. The entire **Western European passenger car market** increased by about 8.6% to 3.5 million units in the first three months of 2015, according to the European Automobile Manufacturers' Association (ACEA). Particularly Spain (+32.2%) and Italy (+13.5%) managed to generate above-average growth in the first quarter of

2015. In contrast to that, the markets of France (+6.9%), Great Britain (+6.8%) and Germany (+6.4%) showed growth rates below average. Growth is based on catch-up effects, a sound consumer climate, and regional bonus incentives.

For the first three months of 2015, the **U.S. market** volume of light vehicles (passenger cars and light trucks) was almost 6% above the prior-year level at 3.9 million units, according to the German Association of the Automotive Industry (VDA).

The **Chinese passenger car market** continues to prove the global growth driver at the beginning of the year 2015 even though its growth has slowed down a little compared to the previous year's growth rate. Roughly 11% more new cars were sold in the first quarter of 2015 than in the prior-year period (prior-year growth of the first quarter of 2014 over the first quarter of 2013: 14%). This gain equals close to 5 million new vehicles.

The market in **Japan** continues to be determined strongly by last year's sales tax increase (April 1, 2014). The previous year's first quarter had been positively affected by forward purchases. Over the first three months of 2015, the market fell short of the prior-year period by more than 15% at roughly 1.3 million cars.

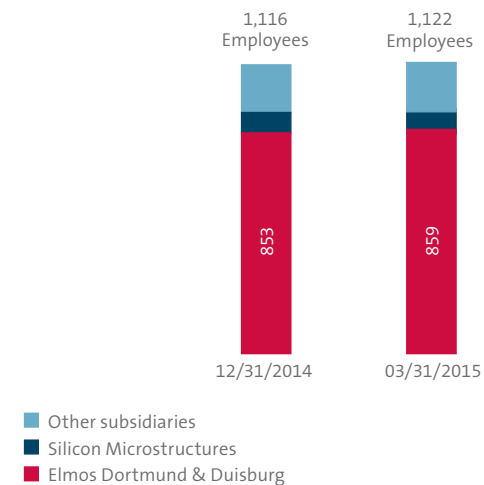
Significant events

Dr. Anton Mindl, CEO, and Dr. Arne Schneider, CFO, explained the past fiscal year within the framework of **annual press conference** and **analysts' conference** on March 18, 2015. Apart from explaining the factors for the proposed dividend increase to 0.33 Euro/share (previous year: 0.25 Euro/share), the Management Board presented the general economic conditions and the forecast for 2015. Elmos had released the forecast and key financials for 2014 already on February 10, 2015. The analysts' conference is available as a recording at www.elmos.com.

Furthermore, Elmos exhibited at the world's leading **trade shows**. In the first quarter of 2015 Elmos introduced its products at the trade fairs "embedded world 2015" in Nuremberg and "electronica China" in Shanghai and received highly positive customer feedback.

Prestigious carmakers displayed promising gesture control advancements in concept cars at the Consumer Electronics Show (CES) in Las Vegas in January 2015. For the sensors used in these **gesture control solutions**, Elmos is currently no. 1 in the global market with its Halios® solutions based on an optical principle.

STAFF DEVELOPMENT ELMOS GROUP



OTHER DISCLOSURES

Staff development

The Elmos Group's workforce came to 1,122 employees as of March 31, 2015. Compared with December 31, 2014 (1,116 employees), the number of employees has thus changed only insignificantly.

Elmos share

In spite of the difficult political and economic environment, the stock markets recorded a highly positive performance in the first quarter of 2015 – the DAX registered its all-time high at over 12,200 points in March. The market indices of relevance to Elmos also performed well. TecDAX, DAXsector Technology, and Technology All Share gained 17.8%, 25.7%, and 17.5% respectively.

The Elmos stock price showed another good performance in the first quarter of 2015 and increased by 11.5%. The share closed on March 31, 2015 at 18.07 Euro. Market capitalization came to 358.9 million Euro as of that date (based on 19.9 million issued shares). The stock price reached its high on March 16, 2015 at 18.45 Euro and its low on February 11, 2015 at 16.34 Euro (Xetra closing prices).

The daily trading volume of the first three months of 2015 was 29.5 thousand shares on average (Xetra and Frankfurt floor) and was thus slightly below the 2014 average (32.6 thousand shares). The treasury stock was reduced by servicing stock options with treasury shares. As of March 31, 2015 Elmos Semiconductor AG held 257,700 treasury shares (December 31, 2014: 280,825).

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
Graduate engineer | Dortmund

Sven-Olaf Schellenberg
Graduate physicist | Dortmund

Dr. Klaus Weyer
Graduate physicist | Penzberg

Management Board

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

Dr. Arne Schneider
Graduate economist | Munich

Reinhard Senf
Graduate engineer | Iserlohn

Dr. Peter Geiselhart
Graduate physicist | Ettlingen

OUTLOOK

Opportunities and risks

Risk management and the individual corporate risks and opportunities are described in our Annual Report 2014. No material changes of the Company's risks and opportunities as detailed therein have occurred in the first three months of 2015. No risks are visible at present that could either separately or collectively jeopardize the Company's continued existence.

Economic environment

The **German economic researchers** of the ifo Institute have revised their 2015 forecast upwards. Now they anticipate 2.1% growth of the economic performance after having expected merely 1.2% in the fall. The low oil price leaves Germans with more money for consumer spending and the low euro exchange rate has been driving the export business, according to the ifo Institute.

Germany's federal bank, the Bundesbank, sees the economic performance progress rather slowly in the first quarter of 2015, however, according to its monthly report of April. "Economic data for the industry have been disappointing for the second month in a row," the central bank analyzes. The economy's basic growth is supposed to turn out lower than the expectations the strong growth toward the end of the year 2014 had given rise to suggest.

According to the assessment shared by treasury secretaries and federal bank chairmen at the Spring Meeting of the International Monetary Fund (IMF), the **global economy's**

recovery stands on shaky ground despite positive indications. The Greece crisis, asynchronous monetary policies applied in Europe and the U.S.A., and the low inflation rates in developed economies were considered the major risks to the global economy whose recovery has been holding up although its growth remains moderate at mixed prospects. High fluctuation of the exchange rates and raw materials prices, high sovereign debts of many states, and geopolitical tensions have made "vigilance" a necessity.

For the **automotive industry**, the President of Germany's Association of the Automotive Industry (VDA), Matthias Wissmann, expects an increase in the global passenger car market of 2% to 76.4 million vehicles in 2015. The U.S.A. and China are regarded as the principal growth drivers. The VDA also considers the growth generated in Western Europe over the first quarter of 2015 a good perspective for the full year based on catch-up effects and a sound consumer climate. At the same time the VDA cautions that the global trouble spots keep carrying risks for the economies of Germany and the whole of Europe.

Outlook for the Elmos Group

Based on the currently available information and the performance of the first three months of 2015, the Management Board presents the following outlook for the full year 2015:

We expect to benefit from our increasingly stronger position in the Asian market and its economic growth and to generate

growth in the U.S.A. based on our MEMS products in the course of the year.

Elmos adjusts the forecast due to exchange rate effects. The forecast is now based on an exchange rate of 1.10 USD/EUR (formerly: 1.20 USD/EUR).

Accordingly, management is expecting a sales increase between 5% and 9% (formerly: mid single-digit percentage range) for the current fiscal year 2015. Thanks to the hedging transactions entered into we still expect to achieve a slightly better EBIT margin in 2015 compared to 2014 despite the exchange rate's negative effects on costs.

For 2015 capital expenditures for intangible assets and property, plant and equipment are scheduled not to exceed 15% of sales. We expect that Elmos will generate a positive adjusted free cash flow in 2015 once again.

The underlying premise of this forecast is the assumption of a stable macroeconomic situation. In that case Elmos will participate in the positive development of the automotive semiconductor market in 2015. The electrification will continue. At the same time it holds true that such expectations can be affected by market turbulence. Particularly the consequences of the political and economic developments and crises in the international markets cannot be foreseen with respect to their effects on the global economy and our core market.

Interim consolidated financial statements

Condensed consolidated statement of financial position

Assets	03/31/2015 thousand Euro	12/31/2014 thousand Euro
Non-current assets		
Intangible assets ¹	21,276	21,439
Property, plant and equipment ¹	80,863	82,429
Securities ^{1,2}	39,519	41,632
Investments ^{1,2}	20	20
Other financial assets ¹	4,335	4,147
Deferred tax assets	2,573	2,468
Total non-current assets	148,585	152,136
Current assets		
Inventories ¹	55,253	53,217
Trade receivables ²	36,366	35,022
Securities ²	10,778	10,226
Other financial assets	6,276	3,640
Other receivables	7,504	8,078
Income tax assets	151	562
Cash and cash equivalents ²	39,578	32,520
Total current assets	155,906	143,265
Total assets	304,491	295,400

¹ Cf. note 3² Cf. note 4

Equity and liabilities	03/31/2015 thousand Euro	12/31/2014 thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital ¹	19,860	19,860
Treasury stock ¹	-258	-281
Additional paid-in capital	89,859	89,657
Surplus reserve	102	102
Other equity components	-447	-2,366
Retained earnings	103,393	99,083
	212,510	206,055
Non-controlling interests	1,007	844
Total equity	213,517	206,898
Liabilities		
Non-current liabilities		
Provisions for pensions	571	599
Financial liabilities ²	36,967	37,076
Other liabilities	3,719	3,878
Deferred tax liabilities	3,634	2,874
Total non-current liabilities	44,890	44,427
Current liabilities		
Provisions	15,354	12,811
Income tax liabilities	2,685	2,565
Financial liabilities ²	228	333
Trade payables ²	23,726	21,856
Other liabilities	4,092	6,509
Total current liabilities	46,085	44,075
Total liabilities	90,974	88,502
Total equity and liabilities	304,491	295,400

¹ Cf. note 3² Cf. note 4

Condensed consolidated income statement

for the period January 1 to March 31	01/01 – 03/31/2015 thousand Euro	in percent of sales	01/01 – 03/31/2014 thousand Euro	in percent of sales	Change
Sales	55,348	100.0	49,368	100.0	12.1%
Cost of sales	-32,937	-59.5	-28,820	-58.4	14.3%
Gross profit	22,411	40.5	20,548	41.6	9.1%
Research and development expenses	-9,767	-17.6	-8,662	-17.5	12.8%
Distribution expenses	-4,820	-8.7	-4,762	-9.6	1.2%
Administrative expenses	-4,654	-8.4	-4,308	-8.7	8.0%
Operating income before other operating expenses (-)/income	3,170	5.7	2,816	5.7	12.6%
Exchange rate gains/losses (-)	2,862	5.2	-200	-0.4	n/a
Other operating income	680	1.2	872	1.8	-22.0%
Other operating expenses	-370	-0.7	-263	-0.5	40.7%
Earnings before interest and taxes (EBIT)	6,342	11.5	3,226	6.5	96.6%
Finance income	530	1.0	642	1.3	-17.4%
Finance cost	-436	-0.8	-451	-0.9	-3.4%
Earnings before taxes	6,437	11.6	3,417	6.9	88.4%
Taxes on income					
Current income tax	-1,516	-2.7	-544	-1.1	>100.0%
Deferred tax	-478	-0.9	1,129	2.3	n/a
	-1,994	-3.6	585	1.2	n/a
Consolidated net income	4,443	8.0	4,001	8.1	11.0%
Consolidated net income attributable to					
Owners of the parent	4,310	7.8	4,034	8.2	6.9%
Non-controlling interests	133	0.2	-32	-0.1	n/a
Earnings per share	Euro		Euro		
Basic earnings per share	0.22		0.21		
Fully diluted earnings per share	0.22		0.20		

Condensed consolidated statement of comprehensive income

for the period January 1 to March 31	01/01 – 03/31/2015 thousand Euro	01/01 – 03/31/2014 thousand Euro
Consolidated net income	4,443	4,001
Other comprehensive income		
Items that may be reclassified to the income statement in future periods including respective tax effects		
Foreign currency adjustments not affecting deferred taxes	605	-32
Foreign currency adjustments affecting deferred taxes	1,725	-4
Deferred tax (on foreign currency adjustments affecting deferred taxes)	-432	1
Value differences relating to hedges	97	-29
Deferred tax (on value differences relating to hedges)	-32	9
Changes in market value of available-for-sale financial assets	-27	434
Deferred tax (on changes in market value of available-for-sale financial assets)	9	-142
Items that will not be reclassified to the income statement in future periods including respective tax effects		
Actuarial gains from pension plans	7	9
Deferred tax on actuarial gains from pension plans	-2	-3
Other comprehensive income after taxes	1,950	243
Total comprehensive income after taxes	6,393	4,244
Total comprehensive income attributable to		
Owners of the parent	6,230	4,287
Non-controlling interests	163	-43

Condensed consolidated statement of cash flows

for the period January 1 to March 31	01/01 – 03/31/2015 thousand Euro	01/01 – 03/31/2014 thousand Euro
Cash flow from operating activities		
Consolidated net income	4,443	4,001
Depreciation and amortization	7,079	5,835
Financial result	-94	-191
Other non-cash expenses/income (-)	427	-1,182
Current income tax expense	1,516	544
Expenses for stock options/stock awards/share matching	78	107
Changes in pension provisions	-21	-15
Changes in net working capital:		
Trade receivables	-1,344	1,641
Inventories	-2,036	-739
Other assets	-2,068	-603
Trade payables	2,355	2,262
Other provisions and other liabilities	3,173	1,328
Income tax payments	-985	-1,476
Interest paid	-436	-451
Interest received	537	525
Cash flow from operating activities	12,624	11,586

Condensed consolidated statement of cash flows

for the period January 1 to March 31	01/01 – 03/31/2015 thousand Euro	01/01 – 03/31/2014 thousand Euro
Cash flow from investing activities		
Capital expenditures for intangible assets	-589	-485
Capital expenditures for property, plant and equipment	-5,533	-7,535
Disposal of non-current assets held for sale	0	2
Disposal of non-current assets	865	927
Disposal of/Payments for (-) securities	1,535	-1,080
Payments for other non-current financial assets	-151	0
Cash flow from investing activities	-3,873	-8,171
Cash flow from financing activities		
Repayment of current liabilities to banks	-105	0
Borrowing of current liabilities from banks	0	277
Repayment of non-current liabilities	-109	0
Issue of treasury shares	147	51
Distribution/Other payments to non-controlling shareholders	-3,000	-267
Cash flow from financing activities	-3,067	61
Increase in cash and cash equivalents	5,684	3,476
Effect of exchange rate changes on cash and cash equivalents	1,374	-33
Cash and cash equivalents at beginning of reporting period	32,520	27,949
Cash and cash equivalents at end of reporting period	39,578	31,392

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent											Non-controlling interests	Group Total			
	Shares	Share capital	Treasury stock	Additional paid-in capital	Surplus reserve	Other equity components					Retained earnings			Total	Total	Total
						Reserve for available-for-sale financial assets	Hedges	Foreign currency translation	Unrealized actuarial gains/losses	thousand Euro						
thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro	thousand Euro			
January 1, 2014	19,675	19,675	-328	88,161	102	78	-1,119	-2,191	-688	86,868	190,559	2,127	192,686			
Consolidated net income										4,034	4,034	-32	4,001			
Other comprehensive income for the period						292	-20	-24	6		254	-11	243			
Total comprehensive income						292	-20	-24	6	4,034	4,287	-43	4,244			
Issue of treasury shares			14	37							51		51			
Distribution to non-controlling shareholders												-267	-267			
Expenses for stock options/stock awards				107							107		107			
March 31, 2014	19,675	19,675	-314	88,305	102	370	-1,139	-2,215	-682	90,902	195,004	1,817	196,821			
January 1, 2015	19,860	19,860	-281	89,657	102	89	-1,063	-547	-845	99,083	206,055	844	206,898			
Consolidated net income										4,310	4,310	133	4,443			
Other comprehensive income for the period						-18	65	1,868	5		1,920	30	1,950			
Total comprehensive income						-18	65	1,868	5	4,310	6,230	163	6,393			
Issue of treasury shares			23	124							147		147			
Expenses for stock options/stock awards/share matching				78							78		78			
March 31, 2015	19,860	19,860	-258	89,859	102	71	-999	1,321	-840	103,393	212,510	1,007	213,517			

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 1st quarter of 2015 were released for publication pursuant to Management Board resolution in May 2015.

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 Dortmund District Court (Amtsgericht), section B, no. 13698. The Articles of Incorporation are in effect in the version of March 26, 1999, last amended by resolution of the Annual General Meeting of May 13, 2014 and edited by resolution of the Supervisory Board of December 23, 2014.

The Company’s business is the development, manufacture and distribution of microelectronic components and system parts (application specific integrated circuits, or in short: ASICs) as well as technological devices with similar functions. The Company may conduct all transactions suitable for serving the object of business directly or indirectly. The Company 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 and business locations in Europe, Asia, South Africa and the United States and cooperates with other German and international companies in the development and production of ASIC chips.

The Company is a listed stock corporation and its shares are traded in the Prime Standard segment in Frankfurt/Main.

The address of the Company’s registered office is:
44227 Dortmund, Heinrich-Hertz-Straße 1.

Basic principles of the preparation of financial statements

The condensed interim consolidated financial statements for the period January 1 through March 31, 2015 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, 2014.

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, 2014, with the exception of the following new or amended IFRS standards and interpretations listed below.

- > IFRIC 21: Levies
- > Improvements to IFRS 2011-2013

First-time application of these standards or interpretations did not result in material effects on the Group’s profit and financial position and assets and liabilities.

Estimates and assumptions

The Company recognizes provisions for pension and partial retirement obligations pursuant to IAS 19. For 2015 an actuarial interest rate of 1.9% has been applied, unchanged from December 31, 2014.

Exceptional business transactions

There were no exceptional business transactions in the first quarter of 2015.

Basis of consolidation

There were neither additions to nor disposals from the basis of consolidation in the first quarter of 2015.

The corporations Elmos Central IT Services GmbH and Elmos Facility Management GmbH shall be merged into Elmos Semiconductor AG in the financial year 2015. The registration of the merger in the register of companies of the respective corporations will most probably occur within in the second quarter of 2015.

Seasonal and economic impact on business operations

According to the assessment shared by treasury secretaries and federal bank chairmen at the Spring Meeting of the International Monetary Fund (IMF), the global economy's recovery stands on shaky ground despite positive indications. The Greece crisis, asynchronous monetary policies applied in Europe and the U.S.A., and the low inflation rates in developed economies were considered the major risks to the global economy whose recovery has been holding up although its growth remains moderate at mixed prospects. High fluctuation of the exchange rates and raw materials prices, high sovereign debts of many states, and geopolitical tensions have made "vigilance" a necessity. The business of Elmos Semiconductor AG tends to result in subordinated seasonal fluctuation.

2 – SEGMENT REPORTING

The business segments correspond to the Elmos Group's internal organizational and reporting structure. The definition of segments considers the different products and services supplied by the Group. The accounting principles of the individual segments correspond to 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, South Africa, Asia, and the U.S.A. Sales in this segment are generated predominantly with electronics for the automotive industry. In addition to that, Elmos operates in the markets for industrial and consumer goods and provides semiconductors e.g. for applications in household appliances, installation and building technology, and machine control.

Sales in the Micromechanics segment are generated by the subsidiary SMI in the U.S.A. Its product portfolio includes micro-electro-mechanical systems (MEMS) which are primarily silicon-based high-precision pressure sensors.

Business operations are organized and managed separately from each other with respect to the type of products, with each segment representing one strategic business unit that provides different products and supplies different markets. Inter-segment sales are based on cost-plus pricing or on settlement prices that correspond to prices paid in transactions with third parties.

The following tables provide information on sales and earnings (for the period January 1 through March 31, 2015 and 2014, respectively) as well as on assets of the Group's business segments (as of March 31, 2015 and December 31, 2014).

Quarter ended 03/31/2015	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Group thousand Euro
Sales				
Third-party sales	49,351	5,997	0	55,348
Inter-segment sales	256	254	-510 ¹	0
Total sales	49,607	6,251	-510	55,348
Earnings				
Segment earnings	5,572	770	0	6,342
Finance income				530
Finance cost				-436
Earnings before taxes				6,437
Taxes on income	-1,815	-179	0	-1,994
Consolidated net income including non-controlling interests				4,443
Assets				
Segment assets	241,380	20,789	42,302 ²	304,471
Investments	20	0	0	20
Total assets				304,491
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	5,573	5	0	5,578
Depreciation and amortization	6,778	301	0	7,079

¹ Sales from inter-segment transactions have been eliminated for consolidation purposes.

² Non-attributable assets as of March 31, 2015 include cash and cash equivalents (39,578 thousand Euro), income tax assets (151 thousand Euro), and deferred tax (2,573 thousand Euro), as these assets are controlled at group level.

Quarter ended 03/31/2014	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Group thousand Euro
Sales				
Third-party sales	45,551	3,817	0	49,368
Inter-segment sales	84	351	-453 ¹	0
Total sales	45,635	4,168	-435	49,368
Earnings				
Segment earnings	2,899	327	0	3,226
Finance income				642
Finance cost				-451
Earnings before taxes				3,417
Taxes on income	592	-7	0	585
Consolidated net income including non-controlling interests				4,001
Assets (as of 12/31/2014)				
Segment assets	241,553	18,277	35,550 ²	295,380
Investments	20	0	0	20
Total assets				295,400
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	8,090	44	0	8,134
Depreciation and amortization	5,647	188	0	5,835

¹ Sales from inter-segment transactions have been eliminated for consolidation purposes.

² Non-attributable assets as of December 31, 2014 include cash and cash equivalents (32,520 thousand Euro), income tax assets (562 thousand Euro), and deferred tax (2,468 thousand Euro), as these assets are controlled at group level.

Geographical information

Third-party sales	Quarter ended 03/31/2015 thousand Euro	Quarter ended 03/31/2014 thousand Euro
EU countries	28,686	30,288
U.S.A.	6,283	4,167
Asia/Pacific	17,272	11,781
Others	3,107	3,132
	55,348	49,368
Geographical distribution of non-current assets	03/31/2015 thousand Euro	12/31/2014 thousand Euro
Germany	132,395	136,444
Other EU countries	3,723	3,846
U.S.A.	5,436	5,113
Others	123	118
	141,677	145,521

3 – NOTES ON ESSENTIAL FINANCIAL STATEMENT ITEMS

Selected non-current assets

Development of selected non-current assets from January 1 through March 31	Net book value 1/1/2015 thousand Euro	Reclassi- fication thousand Euro	Additions thousand Euro	Disposals/ Other movements thousand Euro	Depreciation/ Amortization thousand Euro	Net book value 3/31/2015 thousand Euro
Intangible assets	21,439	0	1,095	88	1,346	21,276
Property, plant and equipment	82,429	0	4,483	-316	5,733	80,863
Securities	41,632	0	210	-2,323	0	39,519
Investments	20	0	0	0	0	20
Other financial assets	4,147	0	181	6	0	4,335
	149,668	0	5,969	-2,545	7,079	146,012

The item "Disposals/Other movements" includes positive currency adjustments in the amount of 672 thousand Euro.

Inventories

	03/31/2015 thousand Euro	12/31/2014 thousand Euro
Raw materials	4,634	4,069
Work in process	39,200	38,463
Finished goods and merchandise	11,419	10,685
	55,253	53,217

Equity

The share capital of 19,860 thousand Euro entered in the statement of financial position as of March 31, 2015 (December 31, 2014: 19,860 thousand Euro) and consisting of 19,859,749 (December 31, 2014: 19,859,749) no-par value bearer shares is fully paid up. As of March 31, 2015 the Company holds 257,700 (December 31, 2014: 280,825) of the Company's no-par shares, adding up to a theoretical share in the share capital of 258 thousand Euro (December 31, 2014: 281 thousand Euro).

As of March 31, 2015 altogether 757,058 options from stock option plans are outstanding.

The options are attributable to the separate tranches as follows:

Tranche	2009	2010	2011	2012	Total
Year of resolution and issue	2009	2010	2011	2012	
Exercise price in Euro	3.68	7.49	8.027	7.42	
Blocking period ex issue (years)	3	4	4	4	
Exercise period after blocking period (years)	3	3	3	3	
Options outstanding as of 12/31/2014 (number)	38,940	123,744	233,505	384,844	781,033
Granted 1/1 - 3/31/2015 (number)	0	0	0	0	0
Exercised 1/1 - 3/31/2015 (number)	6,820	16,305	0	0	23,125
Forfeited 1/1 - 3/31/2015 (number)	0	0	400	450	850
Options outstanding as of 3/31/2015 (number)	32,120	107,439	233,105	384,394	757,058
Options exercisable as of 3/31/2015 (number)	32,120	107,439	233,105	384,394	757,058

4 – INFORMATION ON FINANCIAL INSTRUMENTS

The following table lists the book values and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in a regular business transaction as of the measurement date. In view of varying factors of influence, the presented fair values can only be regarded as indicators of the amounts actually recoverable in the market. Detailed information on the methods and assumptions underlying the determination of the value of financial instruments can be found under note 29 to the 2014 consolidated financial statements. Their relevance to these quarterly financial statements is undiminished.

Book values and fair values of financial instruments

thousand Euro	03/31/2015		12/31/2014	
	Book value	Fair value	Book value	Fair value
Financial assets				
Investments	20	20	20	20
Long-term securities	39,519	39,519	41,632	41,632
Short-term securities	10,778	10,778	10,226	10,226
Trade receivables	36,366	36,366	35,022	35,022
Cash and cash equivalents	39,578	39,578	32,520	32,520
Other financial assets				
Other receivables and assets	2,386	2,386	1,709	1,709
Other loans	4,016	4,016	3,865	3,865
Forward exchange contracts/Currency option transactions	4,193	4,193	2,190	2,190
Call option	0	0	0	0
Embedded derivatives	16	16	23	23
Financial liabilities				
Trade payables	23,726	23,726	21,856	21,856
Liabilities to banks	37,195	38,762	37,409	38,737
Other financial liabilities				
Miscellaneous financial liabilities	327	327	3,705	3,705
Put option	2,000	2,000	2,000	2,000
Hedged derivatives (short-term)	628	628	616	616
Hedged derivatives (long-term)	858	858	967	967

At the end of the reporting period a review is conducted to find out whether reclassifications between valuation hierarchies must be made. The following presentation shows which valuation hierarchy levels (according to IFRS 13) financial assets and liabilities measured at fair value are classified to.

Hierarchy of fair values

The Group applies the following hierarchy for the determination and reporting of the fair values of financial instruments according to the respective valuation methods:

Level 1: quoted (unadjusted) prices in active markets for similar assets or liabilities

Level 2: methods where all input parameters with material effect on the determined fair value are observable either directly or indirectly

Level 3: methods using input parameters that have material effect on the determined fair values and are not based on observable market data

As of March 31, 2015 the Group held the following financial instruments measured at fair value:

	Level 1 thousand Euro	Level 2 thousand Euro	Level 3 thousand Euro
Securities			
January 1, 2015	47,858		
Addition of securities (long-term)	210		
Reclassification of securities (long-term)	-2,383		
Market valuation of securities (long-term)	59		
Addition of securities (short-term)	255		
Reclassification of securities (short-term)	2,383		
Market valuation of securities (short-term)	-86		
March 31, 2015	48,296		
Investments			
January 1, 2015			20
March 31, 2015			20
Call option			
January 1, 2015			0
March 31, 2015			0
Hedged derivatives			
January 1, 2015		-1,583	
Correction of measurement of hedged derivatives outside profit or loss (short- and long-term)		97	
March 31, 2015		-1,486	
Put option			
January 1, 2015			-2,000
March 31, 2015			-2,000
Forward exchange contracts/Currency option transactions			
January 1, 2015		2,190	
Market valuation of forward exchange contracts/currency option transactions		2,003	
March 31, 2015		4,193	
Embedded derivatives			
January 1, 2015		23	
Market valuation of embedded derivatives		-7	
March 31, 2015		16	

The securities reported under *hierarchy level 1* are bonds classified by Elmos as available for sale.

The hedged derivatives allocated to *hierarchy level 2* comprise the Company's interest rate swaps. In addition to that, foreign currency transactions (USD) and credit linked notes (embedded derivatives) of various issuers are also reported under this hierarchy level.

The available-for-sale financial assets reported under *hierarchy level 3* are investments in various companies, among other assets. With this respect, the book value essentially corresponds to the market value. The call and put options agreed on with a non-controlling shareholder are measured annually at fair value, most recently as of December 31, 2014, in application of the DCF method and in consideration of the terms and conditions of the contract. In the course of the valuation process, the required publicly available market data are collected and the input parameters that cannot be observed are reviewed on the basis of internally available current information and updated if necessary. Material changes of the input parameters and their respective effects on book values are subject to routine reporting to management.

5 – RELATED PARTY DISCLOSURES

As reported in the consolidated financial statements for the fiscal year ended December 31, 2014, the Elmos Group maintains business relationships with related companies and individuals in the context of 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)

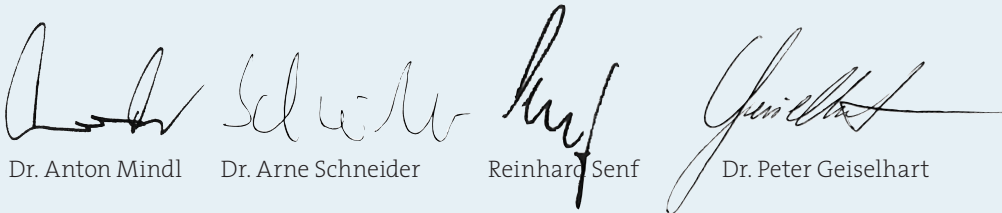
The following reportable securities transactions (directors' dealings) were made in the reporting period January 1 through March 31, 2015:

Date Place	Name	Function	Transaction	Number	Price/Basic price (Euro)	Total volume (Euro)
03/26/2015 off-market	Sven-Olaf Schellenberg	Supervisory Board member	Sale of Elmos shares from exercise of stock options	400	17.22	6,887

6 – SIGNIFICANT EVENTS AFTER THE END OF THE FIRST THREE MONTHS OF 2015

There have been no reportable significant events or transactions after the end of the first quarter of 2015.

Dortmund, May 2015



Dr. Anton Mindl Dr. Arne Schneider Reinhard Senf Dr. Peter Geiselhart

Financial calendar 2015

3-month results Q1 / 2015 ¹	May 5, 2015
Annual General Meeting in Dortmund	May 8, 2015
6-month results Q2 / 2015 ¹	August 5, 2015
9-month results Q3 / 2015 ¹	November 4, 2015
Equity Forum in Frankfurt	November 24-25, 2015

¹ The German Securities Trading Act (Wertpapierhandelsgesetz) obliges issuers to announce immediately any information that may have a substantial price impact, irrespective of the communicated financial calendar. It is therefore possible that we have to announce key figures of quarterly and annual results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them ahead of schedule on the Company's website (www.elmos.com).

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Forward-looking statements

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 forward-looking statements. Among the factors that could cause such differences are changes in general 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.

This English translation is for convenience purposes only.

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