driven by ELMOS

2008

INTERIM REPORT ON THE FIRST HALF-YEAR 2008

JANUARY 1 – JUNE 30, 2008

Overview

In focus

- Solid increase in sales over first half-year 2007
- Further improvement of margins
- Net income tripled by half-year comparison
- New Management Board member for Sales and Development appointed
- Forecast confirmed at lower end of target corridor

Key figures

	2nd quarter			1st half-year		
in million Euro or percent, unless otherwise indicated	**4/1 – 6/30/2008**	**4/1 – 6/30/2007**	**Change**	**1/1 – 6/30/2008**	**1/1 – 6/30/2007**	**Change**
Sales	**46.6**	**43.7**	**6.8%**	**90.8**	**84.9**	**7.0%**
Semiconductor	44.1	40.7	8.4%	85.3	79.1	7.8%
Micromechanics	2.5	3.0	– 14.8%	5.6	5.8	– 3.7%
Gross profit	**20.4**	**18.2**	**12.2%**	**39.3**	**34.6**	**13.8%**
in percent of sales	43.8%	41.7%		43.3%	40.7%	
R&D expenses	7.9	7.1	11.0%	15.8	14.8	6.7%
in percent of sales	16.9%	16.3%		17.4%	17.4%	
Operating income	5.7	4.6	23.2%	9.8	6.1	60.1%
in percent of sales	12.2%	10.5%		10.8%	7.2%	
EBIT	**4.9**	**3.8**	**28.0%**	**9.0**	**4.3**	**109.5%**
in percent of sales	10.6%	8.8%		9.9%	5.1%	
Net income for the period	3.6	2.1	72.0%	6.4	2.1	204.0%
in percent of sales	7.7%	4.8%		7.0%	2.5%	
Earnings per share in Euro	**0.19**	**0.11**	**72.5%**	**0.33**	**0.11**	**204.8%**
Cash flow from operating activities	6.0	3.1	91.6%	6.4	6.7	– 4.6%
Capital expenditures	6.0	6.1	– 1.8%	13.1	13.8	– 5.4%
in percent of sales	12.9%	14.0%		14.4%	16.3%	

in million Euro or percent, unless otherwise indicated	**6/30/2008**	**12/31/2007**	**Change**
Equity	165.2	160.0	3.2%
in percent of total assets	65.9%	64.2%	
Employees (balance sheet date)	1,120	1,154	– 2.9%

Interim group management report

Course of business

Sales development and order situation

In the second quarter 2008 ELMOS achieved a growth of 6.8% over the prior-year period of comparison. Sales increased by 7.0% to 90.8 million Euro in the first half-year 2008, after 84.9 million Euro in the first six months of 2007. While in the first quarter 2008 sales of the micromechanics segment gained on the prior-year quarter, segment sales decreased by 14.8% in the quarter under review compared to the previous year's period. Sales went down 3.7% by half-year comparison. Reasons for this loss of sales are the US market weakness, the U.S. dollar exchange rate, as business in the micromechanics segment is transacted in this currency for the most part, and the reorientation of the product portfolio's focus, initiated with the restructuring measures started in the year 2007. The semiconductor segment gave proof of its substantial strength with a 7.8% growth in the first six months of 2008, despite the fact that part of the semiconductor business is billed in U.S. dollar as well.

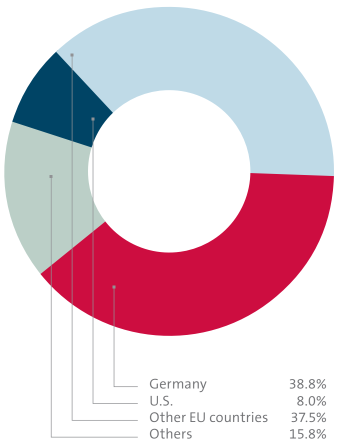
The progress made at the new production location Duisburg and the structural changes carried out at our U.S. subsidiaries during the first quarter 2008 gradually contributed to the improvement of earnings in the second quarter 2008.

The volume of orders received in the first half-year 2008 is satisfying. However, it must be noted that the order lead time, i.e. the period between receiving the customer's order and delivery, is becoming shorter. This phenomenon is accounted for by insecurities with respect to the future economic development.

Except for the slowdown of the U.S. business which is due primarily to the exchange rate of the dollar, the breakdown of sales by region shows no material changes.

Region	1/1 – 6/30/2008 thousand Euro	in percent of sales	1/1 – 6/30/2007 thousand Euro	in percent of sales	Change
Germany	35,226	38.8%	30,150	35.5%	16.8%
Other EU countries	34,026	37.5%	32,015	37.7%	6.3%
U.S.A.	7,254	8.0%	9,178	10.8%	– 21.0%
Other countries	14,335	15.8%	13,571	16.0%	5.6%
Group sales	**90,841**	**100.0%**	**84,915**	**100.0%**	**7.0%**

Sales according to regions 6 months 2008



Profit situation, finances and asset situation

The profit situation of the year 2007 was characterized by provisions and revaluations concerning the subsidiaries SMI in Milpitas/ California, U.S.A., and ELMOS Advanced Packaging (ELAP) in Nijmegen, Netherlands. Non-recurring expenses from restructuring were charged to expenses in the amount of 4.5 million Euro in the first half-year 2007. These one-time effects account for the disproportionately high result improvement in the reporting period in part.

In the first half-year 2008, the gross profit rose by 13.8% to 39.3 million Euro (HY1 2007: 34.6 million Euro), disproportionately high compared to sales. The gross margin consequently improved from 40.7% in the first half-year 2007 to 43.3% in the reporting period. This improvement was achieved even though production capacity at the Duisburg location was not fully utilized.

With 17.4% of sales, research and development expenses remained exactly on the level of the first half-year 2007 and amounted to 15.8 million Euro. The continued high level of R&D expenses is partly due to the preproduction costs of ASSPs whose development expenses are borne entirely by ELMOS.

Over the last couple of quarters, increased efforts have been made with respect to ASSPs, acquisition in the industrial and consumer goods segment, and the successful market entry in Asia. Another change is the introduction of a central management of the U.S. business, resulting in a new focus of sales activities there. Design activities have been adjusted to a stronger sales support.

Selling and administrative expenses remained at about the level of the first half-year 2007 in absolute figures. Because selling and administrative expenses decreased in relative terms, the operating income margin gained even ahead of the gross margin, rising from 7.2% in the prior-year period to 10.8% in the first half-year 2008. Ahead of the operating income, the EBIT (earnings before interest and taxes) soared from 4.3 million Euro or 5.1% of sales to 9.0 million Euro or 9.9% of sales. The reduction of other operating expenses compared to the previous year's period, incurred essentially for restructuring, is the reason for the stronger growth of the EBIT.

The net income for the period tripled to 6.4 million Euro in the first half-year 2008 (HY1 2007: 2.1 million Euro). The net margin climbed from 2.5% to 7.0%. Earnings per share improved from 0.11 Euro to 0.33 Euro.

At 6.4 million Euro in the reporting period, the cash flow from operating activities was roughly at the level of the prior-year period (HY1 2007: 6.7 million Euro). After a relatively weak operating cash flow in the first quarter 2008 caused by temporary extraordinary items, it showed a solid development in the second quarter 2008. Capital expenditures amounted to 13.1 million Euro or 14.4% of sales in the first half-year 2008 (HY1 2007: 13.8 million Euro or 16.3% of sales).

Economic environment and significant events

Economic environment

The present economic environment is characterized by insecure business conditions, the threat of an impending global slump, rising prices for raw materials, and a weak U.S. dollar. The car manufacturing groups struggle with declining registration numbers in Western Europe and a significant business cutback on the U.S. market.

The **German car market** has so far recorded a low single-digit sales growth for 2008. However, the comparative figures of the year 2007 are low already due to the sales tax increase. The hoped for dynamic development after the difficult year 2007 has not yet happened, according to the German Association of the Automotive Industry (VDA). In addition to the dimmed economic outlook, the persistently high gas prices and the resulting uncertainty of the consumers represent a substantial burden.

In **Europe**, car sales figures dropped by 2% in the first half-year 2008 from the prior-year period of comparison. The decline would have been much more severe without the significant sales growth in the Eastern European countries.

While the **U.S. market** has slumped since the beginning of the year, the German carmakers were able to achieve slight gains. The American car manufacturers face massive losses; yet even the German manufacturers suffer from missing their targets for the U.S. market.

Significant events

In January and February 2008 **ELMOS repurchased 50,000 own shares** (corresponding with 0.26% of the share capital) at an average price of 5.95 Euro within the context of the authorization given by the shareholders at the Annual General Meeting of May 10, 2007.

In early March 2008 ELMOS announced that it had signed a **cooperation agreement with Korean MagnaChip Semiconductor Ltd. for the development of automotive semiconductor technologies**. In a second step, ELMOS will use **foundry services** provided by MagnaChip with regard to these automotive technologies, with MagnaChip supplying completely processed wafers to ELMOS. Both partners will benefit from the synergy effects resulting from the combination of the long-standing experience of ELMOS in the automotive industry and the cutting-edge technological basis and outstanding manufacturing capabilities of MagnaChip. This cooperation makes it possible to react swiftly to varying product volumes with a flexible and reliable service provider, an ideal completion of the manufacturing capacity provided by ELMOS. Another advantage, future technology generations will be developed faster and more cost-efficiently in this partnership.

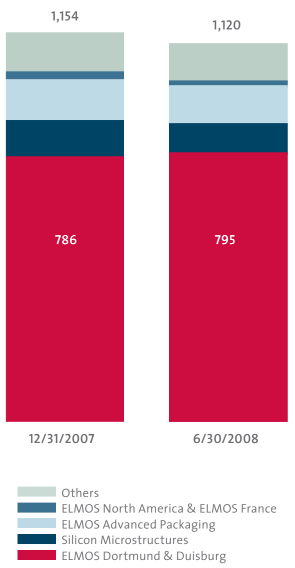
At the end of April 2008 ELMOS announced that the Supervisory Board of ELMOS Semiconductor AG and Dr. Rottmann had come to the mutual agreement for **Dr. Rottmann to resign from his position as member of the company's Management Board effective April 30, 2008**.

On May 8, 2008 ELMOS Semiconductor AG held its **9th Annual General Meeting**. All agenda items were passed by the shareholders with great majorities.

Subsequent to the closing date of the reporting period, ELMOS announced in early August 2008 that **Jürgen Höllisch** will be **new Management Board member for Sales and Development effective October 1, 2008**. Dr. Anton Mindl, CEO of ELMOS, has assumed the responsibilities involved provisionally since the end of April. Höllisch (37), an engineer by education, was previously employed with semiconductor manufacturer Maxim Integrated Products for 15 years. Over the last four years his major responsibility was the business development of automotive electronics in Europe and the U.S.

Other information

Staff development
ELMOS group



Staff development

The ELMOS Group had 1,120 employees as of June 30, 2008. This means a 2.9% decrease from the mark of December 31, 2007 (1,154 employees). The background is provided primarily by the staff reduction at our U.S. subsidiaries. Business activities in North America are now headed by central management, a move resulting in savings due to synergy effects.

ELMOS share

The first half-year bears the mark of heavy turbulences on the capital markets because of the credit crisis triggered by the U.S. real estate market. However, the ELMOS share got away from the general trend in the second quarter 2008 by gaining 25.5%. The resulting half-year performance was –19.7%. It was much better than the performance of the Prime Technology Index (–30.5%) and better than the Prime Automobile Index (–22.5%). The Philadelphia Semiconductor Index (SOX) lost 10.2% in the first half-year 2008, showing a better performance than the general German stock markets did. The DAX dropped by 20.4%, the TecDAX fell by 20.9%.

The ELMOS share closed at 5.90 Euro on June 30, 2008. It reached its 26-week high at the beginning of the year at 7.30 Euro on January 3, 2008 and its 26-week low at 4.70 Euro on March 31, 2008 (all prices Xetra). Market capitalization amounted to 114.2 million Euro at the end of the first half-year 2008. The average daily trading volume was roughly 14 thsd. shares.

Company boards

SUPERVISORY BOARD

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

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

Jörns Haberstroh
Business management graduate | Kerken

Dr. Peter Thoma
Graduate physicist | Unterschleißheim

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

Dr. rer. nat. Klaus G. Weyer
Graduate physicist | Schwerte

MANAGEMENT BOARD

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

Nicolaus Graf von Luckner
Graduate economist | Oberursel

Dr.-Ing. Frank Rottmann (until April 30, 2008)
Graduate engineer | Dortmund

Reinhard Senf
Graduate engineer | Iserlohn

Outlook

Opportunities and risks

Risk management and individual corporate risks and opportunities are described in our Annual Report 2007. Material changes of the risks and opportunities described there in detail have not arisen for the company in the first half-year 2008. Currently no risks are recognizable that could jeopardize the company's continued existence either separately or as a whole.

Forecast

The economic environment affects the outlook for the next months and quarters. The weakness of the global economy, the status of the automobile industry in particular in the U.S. and the persistently weak U.S. dollar negatively affect business conditions to allow for growth.

For 2008 ELMOS expects a sales increase of 7% to 9% and an EBIT margin between 12% and 14%. In view of the economic environment, we confirm the forecast at the lower end of the target corridor. A positive free cash flow is anticipated.

Already started measures to reach our targets will be continued. Among these measures, the optimization of the Duisburg location is particularly worth mentioning. With respect to the Dortmund location, we are planning to convert part of our manufacture from 6-inch to 8-inch wafers. The manufacturing subsidiaries SMI and ELAP are continuously developed towards utilizing operating improvement potential. Setting the focus on key products in the micromechanics segment and the constant review of organizational structures are part of this effort.

The cooperation agreement concluded with Korean MagnaChip in the reporting period will have an effect on the development of ELMOS in the medium term. As one result, the ELMOS manufacturing strategy with the company's two own production sites Dortmund and Duisburg will be expanded by additional manufacturing opportunities. The cooperation with MagnaChip will contribute to manufacturing products in a more flexible way, requiring less own capital expenditures. The partnership facilitates the accelerated development of technology generations that will provide ELMOS with a competitive edge.

Interim consolidated financial statements

Condensed consolidated balance sheet

Assets	6/30/2008 Euro	12/31/2007 Euro
Non-current assets		
Intangible assets	41,009,312	42,108,968
Property, plant and equipment	91,214,152	86,984,152
Investments accounted for at equity	1	1
Securities and investments	73,932	73,932
Deferred tax assets	7,430,650	8,105,939
Total non-current assets	**139,728,047**	**137,272,992**
Current assets		
Inventories	34,356,966	33,613,927
Trade receivables	30,830,195	28,406,265
Cash and cash equivalents	34,945,416	42,855,617
Other assets and income tax assets	10,070,605	6,550,185
	110,203,182	**111,425,994**
Non-current assets classified as held for sale	824,137	625,877
Total current assets	**111,027,319**	**112,051,871**
Total assets	**250,755,366**	**249,324,863**

Equity and liabilities	6/30/2008 Euro	12/31/2007 Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital	19,364,205	19,414,205
Additional paid-in capital	88,484,962	88,736,563
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	– 7,171,316	– 6,407,297
Retained earnings	64,200,675	57,809,788
	164,980,750	**159,655,483**
Minority interest	175,382	309,704
Total equity	**165,156,132**	**159,965,187**
Liabilities		
Non-current liabilities		
Provisions	1,054,950	1,111,214
Financial liabilities	50,980,359	51,622,281
Other liabilities	2,422,457	2,533,246
Deferred tax assets	4,413,115	4,575,409
Total non-current liabilities	**58,870,881**	**59,842,150**
Current liabilities		
Provisions	5,527,386	6,110,536
Tax liabilities	2,767,757	1,879,590
Financial liabilities	2,084,643	2,343,009
Trade payables	12,641,824	14,589,724
Other liabilities	3,706,743	4,594,667
Total current liabilities	**26,728,353**	**29,517,526**
Total liabilities	**85,599,234**	**89,359,676**
Total equity and liabilities	**250,755,366**	**249,324,863**

Condensed consolidated income statement

2nd quarter 2008	4/1 – 6/30/2008 Euro	in percent of sales	4/1 – 6/30/2007 Euro	in percent of sales	Change
Sales	46,641,741	100.0%	43,667,871	100.0%	6.8%
Cost of sales	26,224,408	56.2%	25,477,212	58.3%	2.9%
Gross profit	**20,417,333**	**43.8%**	**18,190,659**	**41.7%**	**12.2%**
Research and development expenses	7,898,704	16.9%	7,113,646	16.3%	11.0%
Distribution expenses	2,835,130	6.1%	2,798,981	6.4%	1.3%
Administrative expenses	4,012,687	8.6%	3,674,701	8.4%	9.2%
Operating income before other operating expenses /(income)	**5,670,812**	**12.2%**	**4,603,331**	**10.5%**	**23.2%**
Finance income	– 540,551	– 1.2%	– 131,224	– 0.3%	311.9%
Finance expenses	960,219	2.1%	869,523	2.0%	10.4%
Foreign exchange losses/(income)	209,362	0.4%	101,936	0.2%	105.4%
Equity in losses of unconsolidated subsidiaries	0	0.0%	0	0.0%	na
Other operating income	– 329,204	– 0.7%	– 470,087	– 1.1%	– 30.0%
Other operating expenses	865,798	1.9%	1,125,002	2.6%	– 23.0%
Earnings before taxes	**4,505,188**	**9.7%**	**3,108,181**	**7.1%**	**44.9%**
Income tax expenses					
Current taxes	1,298,305	2.8%	136,218	0.3%	**853.1%**
Deferred taxes	– 516,354	– 1.1%	904,785	2.1%	**– 157.1%**
	781,951	**1.7%**	**1,041,003**	**2.4%**	**– 24.9%**
Net income	**3,723,237**	**8.0%**	**2,067,178**	**4.7%**	**80.1%**
Thereof:					
Minority interest	109,344	0.2%	– 33,399	– 0.1%	– 427.4%
Attributable to equity holders of the parent	**3,613,893**	**7.7%**	**2,100,577**	**4.8%**	**72.0%**
Basic earnings per share	**0.19**		**0.11**		**72.5%**
Fully diluted earnings per share	**0.19**		**0.11**		**72.5%**

Earnings before interest and taxes (EBIT)

	4/1 – 6/30/2008 Euro	in percent of sales	4/1 – 6/30/2007 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**5,670,812**	**12.2%**	**4,603,331**	**10.5%**	**23.2%**
Foreign exchange losses/(income)	209,362	0.4%	101,936	0.2%	105.4%
Other operating income	– 329,204	– 0.7%	– 470,087	–1.1%	– 30.0%
Other operating expenses	865,798	1.9%	1,125,002	2.6%	– 23.0%
Equity in losses of unconsolidated subsidiaries	0	0.0%	0	0.0%	na
EBIT	**4,924,856**	**10.6%**	**3,846,480**	**8.8%**	**28.0%**

Condensed consolidated income statement

1st half-year 2008	1/1 – 6/30/2008 Euro	in percent of sales	1/1 – 6/30/2007 Euro	in percent of sales	Change
Sales	90,841,053	100.0%	84,914,915	100.0%	7.0%
Cost of sales	51,512,399	56.7%	50,355,473	59.3%	2.3%
Gross profit	**39,328,654**	**43.3%**	**34,559,442**	**40.7%**	**13.8%**
Research and development expenses	15,777,969	17.4%	14,785,132	17.4%	6.7%
Distribution expenses	5,722,206	6.3%	5,449,647	6.4%	5.0%
Administrative expenses	8,044,557	8.9%	8,213,920	9.7%	– 2.1%
Operating income before other operating expenses/(income)	**9,783,922**	**10.8%**	**6,110,743**	**7.2%**	**60.1%**
Finance income	– 968,649	– 1.1%	– 280,102	– 0.3%	245.8%
Finance expenses	1,691,172	1.9%	1,712,280	2.0%	– 1.2%
Foreign exchange losses/(income)	322,309	0.4%	133,575	0.2%	141.3%
Equity in losses of unconsolidated subsidiaries	0	0.0%	– 48,999	– 0.1%	– 100.0%
Other operating income	– 705,840	– 0.8%	– 846,960	– 1.0%	– 16.7%
Other operating expenses	1,147,894	1.3%	2,568,602	3.0%	– 55.3%
Earnings before taxes	**8,297,036**	**9.1%**	**2,872,347**	**3.4%**	**188.9%**
Income tax expenses					
Current taxes	1,736,466	1.9%	96,737	0.1%	**1.695.0%**
Deferred taxes	304,005	0.3%	821,482	1.0%	**– 63.0%**
	2,040,471	**2.2%**	**918,219**	**1.1%**	**122.2%**
Net income	**6,256,565**	**6.9%**	**1,954,128**	**2.3%**	**220.2%**
Thereof:					
Minority interest	– 134,322	– 0.1%	– 148,030	– 0.2%	– 9.3%
Attributable to equity holders of the parent	**6,390,887**	**7.0%**	**2,102,158**	**2.5%**	**204.0%**
Basic earnings per share	**0.33**		**0.11**		**204.8%**
Fully diluted earnings per share	**0.33**		**0.11**		**204.8%**

Earnings before interest and taxes (EBIT)

	1/1 – 6/30/2008 Euro	in percent of shares	1/1 – 6/30/2007 Euro	in percent of shares	Change
Operating income before other operating expenses/(income)	**9,783,922**	**10.8%**	**6,110,743**	**7.2%**	**60.1%**
Foreign exchange losses/(income)	322,309	0.4%	133,575	0.2%	141.3%
Other operating income	– 705,840	– 0.8%	– 846,960	– 1.0%	– 16.7%
Other operating expenses	1,147,894	1.3%	2,568,602	3.0%	– 55.3%
Equity in losses of unconsolidated subsidiaries	0	0.0%	– 48,999	– 0.1%	– 100.0%
EBIT	**9,019,560**	**9.9%**	**4,304,524**	**5.1%**	**109.5%**

Condensed consolidated statement of changes in equity

	Shares Number	Share capital Euro	Paid-in capital Euro
As of January 1, 2007	**19,413,805**	**19,413,805**	**88,733,815**
Exercise of share options	400	400	2,748
Foreign currency adjustments			
Changes of the basis of consolidation			
Net income first half-year 2007			
As of June 30, 2007	**19,414,205**	**19,414,205**	**88,736,563**
As of January 1, 2008	**19,414,205**	**19,414,205**	**88,736,563**
Purchase of own shares	– 50,000	– 50,000	– 251,601
Foreign currency adjustments			
Net income first half-year 2008			
As of June 30, 2008	**19,364,205**	**19,364,205**	**88,484,962**

Surplus reserve Euro	Accumulated other comprehensive income Euro	Retained earnings Euro	Total Euro	Minority interest total Euro	Group total Euro
102,224	**– 5,587,888**	**49,091,408**	**151,753,364**	**505,088**	**152,258,452**
			3,148		3,148
	– 40,360		– 40,360		– 40,360
		– 161,913	– 161,913	51,000	– 110,913
		2,102,158	2,102,158	– 148,030	1,954,128
102,224	**– 5,628,248**	**51,031,653**	**153,656,397**	**408,058**	**154,064,455**
102,224	**– 6,407,297**	**57,809,788**	**159,655,483**	**309,704**	**159,965,187**
			– 301,601		– 301,601
	– 764,019		– 764,019		– 764,019
		6,390,887	6,390,887	– 134,322	6,256,565
102,224	**– 7,171,316**	**64,200,675**	**164,980,750**	**175,382**	**165,156,132**

Condensed consolidated cash flow statement

	1/1 – 6/30/2008 Euro	1/1 – 6/30/2007 Euro	4/1 – 6/30/2008 Euro	4/1 – 6/30/2008 Euro
Cash flow from operating activities				
Net income after minority interest	6,390,887	2,102,158	3,613,893	2,100,577
Depreciation	9,073,046	10,014,016	4,645,864	4,837,413
Non-cash effective expenses /income	304,005	821,482	– 516,354	904,786
Current tax expense	1,736,466	96,737	1,298,305	136,218
Minority interest	– 134,322	– 148,030	109,344	– 33,398
Equity in losses of unconsolidated subsidiaries	0	– 48,999	0	0
Changes in pension liabilities	– 56,264	– 95,771	– 28,132	– 36,484
Changes in net working capital:				
Trade receivables	– 2,423,930	– 699,140	– 1,060,138	– 1,498,231
Inventories	– 743,039	– 3,101,510	305,097	– 1,384,074
Prepaid expenses and other assets	– 3,434,282	– 888,570	397,177	608,691
Trade payables	– 1,947,900	1,353,204	– 1,881,077	578,545
Other provisions and other liabilities	– 1,471,075	– 2,127,065	– 841,824	– 3,870,299
Income tax payments	– 934,436	– 612,235	– 48,079	784,380
Cash flow from operating activities	**6,359,156**	**6,666,277**	**5,994,074**	**3,128,123**
Cash flow from investing activities				
Capital expenditures for intangible assets	– 2,344,884	– 3,668,714	– 868,625	– 1,150,049
Capital expenditures for property, plant and equipment	– 10,742,269	– 10,170,364	– 5,133,733	– 4,959,284
Disposal of / Capital expenditures for non-current assets classified as held for sale	– 198,261	3,304,287	– 224,137	2,822,896
Disposal of fixed assets	84,669	909,465	11,729	489,117
Purchase/Disposal of investments	0	– 61,912	0	0
Cash flow from investing activities	**– 13,200,745**	**– 9,687,238**	**– 6,214,766**	**– 2,797,321**
Cash flow from financing activities				
Proceeds from capital increase	0	3,148	0	3,148
Purchase of own shares	– 301,601	0	0	0
Repayment of non-current liabilities	– 839,866	– 2,041,354	– 516,777	– 1,089,798
Proceeds from/Repayment of current liabilities to banks	– 171,212	– 450,081	469,709	451,660
Cash flow from financing activities	**– 1,312,679**	**– 2,488,287**	**– 47,069**	**– 634,991**
Decrease/Increase in cash and cash equivalents	**– 8,154,268**	**– 5,509,248**	**– 267,761**	**– 304,189**
Effect of exchange rate changes in cash and cash equivalents	244,067	– 59,079	115,418	– 57,765
Cash and cash equivalents at beginning of reporting period	42,855,617	16,634,086	35,097,758	11,427,711
Cash and cash equivalents at end of reporting period	**34,945,416**	**11,065,759**	**34,945,416**	**11,065,759**

Condensed notes to interim consolidated financial statements

The condensed interim consolidated financial statements for the first half-year 2008 were released for publication by Management Board resolution in August 2008.

1 General notes

ELMOS Semiconductor Aktiengesellschaft ("the company" or "ELMOS") has its headquarters 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 on December 14, 2007.

The company's business is the development, manufacture, and distribution of microelectronic components and system parts (Application Specific Integrated Circuits, or in short: ASICs) and technological devices with similar functions. The company may conduct all transactions suitable for serving the object of business directly or indirectly. The company is authorized to 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 and the U.S. and cooperates with other German and international companies in the development and production of ASIC chips.

Basic principles of preparation

The condensed interim consolidated financial statements for the period from January 1 to June 30, 2008 have been prepared in accordance with IAS 34, "Interim Financial Reporting". These interim financial statements do therefore not contain all the information and statements prescribed for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2007.

Essential accounting policies and valuation methods

For the preparation of the condensed consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied to the preparation of the consolidated financial statements for the fiscal year ended December 31, 2007, with the exception of the new IFRS Standards and Interpretations listed below. No effect on the group's profit situation, finances and asset situation has resulted from the application of these new Standards and Interpretations.

- IFRIC 12 — Service Concession Agreements
- IFRIC 14/IAS 19 — Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Estimates and assumptions

The company provides pension provisions for partial retirement obligations according to IAS 19. As in the year 2007, an actuarial interest rate of 5.6% was applied for 2008.

Exceptional business transactions

There were no exceptional business transactions in the first half-year 2008.

Basis of consolidation

There were no changes in the basis of consolidation in the first half-year 2008.

2 Segment reporting

The company divides its business activity into two business segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, France, South Africa, and the United States of America. Sales in the micromechanics segment are generated by the subsidiary SMI in the U.S. The following tables provide information on sales and earnings (for the period from January 1 to June, 30 of the years 2008 and 2007) as well as assets and liabilities of the group's business segments (as of June 30, 2008 and December 31, 2007).

1st half-year ended June 30, 2008	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Sales with third parties	85,286	5,555	0	90,841
Sales with other segments	153	2,104	– 2,257	0
Total sales	**85,439**	**7,659**	**– 2,257**	**90,841**
Earnings				
Segment earnings	10,365	– 1,346	0	9,020
Finance income				– 723
Earnings before taxes				**8,297**
Income tax expense				– 2,040
Net income including minority interest				**6,257**
Assets and liabilities				
Segment assets	193,247	14,895	0	208,142
Investments	74	0	0	74
Non-attributable assets				42,539
Total assets				**250,755**
Segment liabilities	23,751	1,603	0	25,354
Non-attributable liabilities				60,245
Total liabilities				**85,599**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	12,955	132		13,087
Depreciation	8,426	647		9,073
Other material non-cash expenses	420	0		420

1st half-year ended June 30, 2007	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Sales with third parties	79,148	5,767	0	84,915
Sales with other segments	137	463	– 600	0
Total sales	**79,285**	**6,230**	**– 600**	**84,915**
Earnings				
Segment earnings	8,542	– 4,286	0	4,256
Finance income				– 1,432
Equity in losses of unconsolidated subsidiaries	49	0	0	49
Earnings before taxes				**2,872**
Income tax expense				918
Net income including minority interest				**1,954**
Assets and liabilities as of December 31, 2007				
Segment assets	181,424	16,788	0	198,212
Investments	74	0	0	74
Non-attributable assets				51,039
Total assets				**249,325**
Segment liabilities	24,821	2,131	0	26,952
Non-attributable liabilities				62,408
Total liabilities				**89,360**

3 Notes to essential financial positions

Selected non-current assets

Development of selected non-current assets from January 1 to June 30, 2008	Net book value 1/1/2008 thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation thousand Euro	Net book value 6/30/2008 thousand Euro
Intangible assets	42,109	2,345	435	3,010	41,009
Property, plant and equipment	86,984	10,742	449	6,063	91,214
Securities and investments	74	0	0	0	74
	129,167	**13,087**	**884**	**9,073**	**132,297**

The position “disposals/other movements” includes foreign currency adjustments in the amount of 799 thousand Euro

Goodwill

The development of goodwill is as follows:

	6/30/2008 Euro	12/31/2007 Euro
SMI		
Acquisition costs	7,567,365	7,567,365
Foreign currency adjustment	– 3,352,110	– 3,044,227
Book value	**4,215,255**	**4,523,138**
ELMOS NA		
Acquisition costs	554,617	554,617
Foreign currency adjustment	– 25,450	– 13,700
Book value	**529,167**	**540,917**
ELMOS France	**1,614,578**	**1,614,578**
ELMOS Services B.V.	**206,170**	**206,170**
	6,565,170	**6,884,803**

Inventories

	6/30/2008 EUR thousand	12/31/2007 EUR thousand
Raw materials	7,627,209	8,126,138
Work in process	19,801,959	18,762,550
Finished goods	6,927,798	6,725,239
	34,356,966	**33,613,927**

Equity

As of June 30, 2008 the share capital of ELMOS Semiconductor AG consists of 19,364,205 shares. The interest held by ELMOS Finanzholding GmbH (EFH) and its subsidiaries is 53.0%. The free float is 47.0%.

Altogether 415,446 share options are outstanding as of June 30, 2008. The options are attributable to the various tranches as follows:

Year of resolution	Year of issue	Exercise price in Euro	Blocking period ex issue (years)	Exercise period after blocking period (years)	Options outstanding as of	
					12/31/2007	6/30/2008
2002	2003	7.87	2	3	162,286	0
2003	2004	11.59	2	3	270,822	268,172
2004	2005	13.98	2	3	149,272	147,274
					582,380	**415,446**

As of June 30, 2008 ELMOS Semiconductor AG holds 50,000 own shares (corresponding with 0.26% of the share capital). These shares were repurchased in the first quarter 2008 at an average price of 5.95 Euro within the context of the authorization given by the shareholders at the Annual General Meeting of May 10, 2007.

4 Related party disclosures

As has been reported in the consolidated financial statements for the fiscal year ended December 31, 2007, the ELMOS Group has business relationships with related companies and individuals within the context of usual business activity. These supply and performance relationships are transacted at market prices.

Shares and share options held by Management Board and Supervisory Board members

As of June 30, 2008 the members of Management Board and Supervisory Board held the following numbers of ELMOS shares and share options:

Management Board	Shares	Options
Dr. Anton Mindl	12,225	0
Reinhard Senf	3,923	25,000
Nicolaus Graf von Luckner	2,975	0

Supervisory Board	Shares	Options
Prof. Dr. Günter Zimmer	0	0
Dr. Burkhard Dreher	5,000	0
Jörns Haberstroh	3,956	0
Dr. Klaus Weyer	10,000	25,000
Dr. Peter Thoma	9,200	25,000
Jutta Weber	200	0

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

In the reporting period from January 1 to June 30, 2008, the following directors' dealings were made:

Date/Place	Name	Function	Transaction	Number	Price/Exercise price (Euro)	Total volume (Euro)
5/15/2008 Frankfurt/Main	Dr. Burkhard Dreher	Supervisory Board member	Purchase of ELMOS shares	3,100	6.40	19,840.00

5 Subsequent events

The Supervisory Board has appointed Jürgen Höllisch Management Board member for Sales and Development. Höllisch will fill this position effective October 1, 2008. The CEO of ELMOS, Dr. Anton Mindl, has assumed the responsibilities involved provisionally since the end of April.

Responsibility statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 2008

Dr. Anton Mindl Nicolaus Graf von Luckner Reinhard Senf

Review report

To ELMOS Semiconductor AG

We have reviewed the condensed interim consolidated financial statements – comprising condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of ELMOS Semiconductor AG for the period from January 1 to June 30, 2008 that are required components of the half-year financial report according 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 review 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 that we plan and conduct the review in such a way that we can rule out the possibility with a certain level of assurance that the condensed interim consolidated financial statements have not been prepared in material aspects 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 aspects 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 assurance attainable in a financial statement audit. As we have not performed a financial statement audit, in accordance with our engagement, we cannot issue an auditor's certificate.

No matters have come to our attention on the basis of our review that cause 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, and 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 12, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Englisch
Wirtschaftsprüfer

Krebs
Wirtschaftsprüfer

Financial calendar

August 13, 2008	Report on the first half-year 2008
November 5, 2008	Report on the third quarter 2008
November 11, 2008	Analysts' conference at the German Equity Forum, Frankfurt

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