

Q3 | 2010

July 1 – Sept. 30, 2010

Mastering challenges^[1]

Seizing opportunities^[2]

^[1] *Chal•lenge* to rise to a challenge, to bear a challenge, Inflected Form(s): challenged; challenging, *defiance*, provocation, ^[2] *Op|por|tu|ni|ty* <Funct.: noun>, a favorable juncture of circumstances, the halt provided an opportunity for rest and refreshment, *a good chance* for advancement or progress

OVERVIEW

Highlights

- > Quality of earnings substantially increased once more
- > Gross profit almost doubled compared to prior-year quarter
- > EBIT forecast raised for 2010
- > Clouding of the market not apparent in the short term

Key figures

in million Euro or %, unless otherwise indicated	3 rd quarter			9 months		
	7/1 – 9/30/2010	7/1 – 9/30/2009	Change	1/1 – 9/30/2010	1/1 – 9/30/2009	Change
Sales	46.3	35.5	30.3%	136.1	83.3	63.3%
Semiconductor	42.6	32.3	31.8%	124.9	75.6	65.4%
Micromechanics	3.7	3.2	15.4%	11.1	7.8	43.4%
Gross profit	22.4	12.4	79.9%	60.6	19.9	>100.0%
in % of sales	48.3%	35.0%		44.5%	23.9%	
R&D expenses	7.3	6.2	16.4%	22.1	19.2	14.7%
in % of sales	15.7%	17.6%		16.2%	23.1%	
Operating income	7.6	0.3	>100.0%	15.7	-17.8	n/a
in % of sales	16.4%	0.8%		11.6%	-21.4%	
EBIT	7.4	0.1	>100.0%	15.6	-18.7	n/a
in % of sales	16.0%	0.3%		11.5%	-22.4%	
Net income/loss for the period	5.2	-0.3	n/a	10.5	-14.0	n/a
in % of sales	11.2%	-0.8%		7.7%	-16.7%	
Basic earnings per share in Euro	0.27	-0.02	n/a	0.54	-0.72	n/a
Operating cash flow	4.7	2.7	71.7%	22.4	1.0	>100.0%
Capital expenditures for intangible assets and property, plant and equipment	3.3	1.1	>100.0%	11.0	4.6	>100.0%
in % of sales	7.1%	3.2%		8.1%	5.5%	
Free cash flow*	-1.3	2.5	n/a	5.7	-2.0	n/a
Adjusted free cash flow**	1.4	1.6	-12.1%	11.4	-3.6	n/a

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

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

in million Euro or %, unless otherwise indicated	9/30/2010	12/31/2009	Change
Equity	169.1	159.1	6.3%
in % of total assets	69.4%	70.3%	
Employees (balance sheet date)	978	1,009	- 3.1%

INTERIM GROUP MANAGEMENT REPORT

Course of business

SALES DEVELOPMENT AND ORDER SITUATION

Sales showed a very satisfying development over the first nine months of 2010 compared to the prior-year period. Sales increased from 83.3 million Euro to 136.1 million Euro. This represents a sales growth of 63.3%. In the third quarter of 2010, sales grew by 30.3% from 35.5 million Euro in the prior-year quarter to 46.3 million Euro. In the course of the year, however, the sales increase has slowed down.

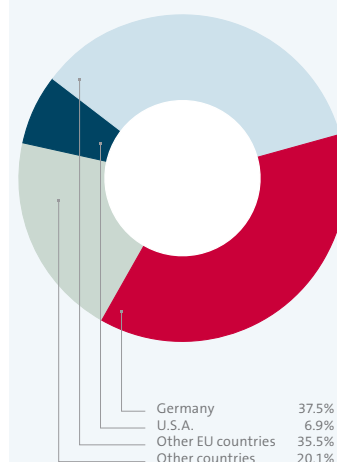
A positive business performance is also apparent in view of the segments. The semiconductor segment managed to benefit to a particularly large extent from the automotive industry's recovery. Over the first nine months of 2010, semiconductor sales went up 65.4% to 124.9 million Euro (9M 2009: 75.6 million Euro). In the third quarter of 2010, sales amounted to 42.6 million Euro. Compared to the prior-year period, this means an improvement of sales by 31.8% (Q3 2009: 32.3 million Euro). The growth of the micromechanics segment was strong as well, reporting a 43.4% increase to 11.1 million Euro for the first nine months of 2010 (9M 2009: 7.8 million Euro) and a 15.4% increase to 3.7 million Euro comparing quarters (Q3 2009: 3.2 million Euro).

The regional distribution of sales shows a continued positive development of the key markets. Increased distribution activities in the Asian markets over the past quarters lead to a rising share in sales of the "other countries".

Region	1/1 – 9/30/2010 thousand Euro	in percent of sales	1/1 – 9/30/2009 thousand Euro	in percent of sales	Change
Germany	50,964	37.5%	32,231	38.7%	58.1%
Other EU countries	48,306	35.5%	31,336	37.6%	54.2%
U.S.A.	9,392	6.9%	5,574	6.7%	68.5%
Other countries	27,413	20.1%	14,182	17.0%	93.3%
Group sales	136,075	100.0%	83,323	100.0%	63.3%

Compared to the extraordinarily strong 1st half-year 2010, the volume of orders received stabilized in the third quarter of 2010. As in the months before, ELMOS successfully supplied all customers with semiconductor and sensor products according to the customers' volume and timeline requirements. The relation of orders received to sales, the so-called book-to-bill, came to roughly one at the end of the third quarter of 2010.

Sales by region 9 months 2010



PROFIT SITUATION, FINANCES, AND ASSET SITUATION

The gross profit was more than tripled by nine-month comparison from 19.9 million Euro to 60.6 million Euro. The gross margin reached 44.5% as opposed to 23.9% in the prior-year period of comparison. Improvements in manufacturing efficiency and increased inventories resulted in a significant increase of the gross margin in the third quarter of 2010, even compared to the first half-year 2010, to 48.3% (Q3 2009: 35.0%; HY1 2010: 42.5%).

Research and development expenses climbed to 22.1 million Euro in the first nine months of 2010 (9M 2009: 19.2 million Euro), thus disproportionately low compared to sales. R&D expenses amounted to 16.2% of sales (9M 2009: 23.1%). The same trend applies for distribution costs and general administrative expenses. These items respectively gained 17.7% and 27.2% and amounted to 9.3 million Euro and 13.5 million Euro (9M 2009: 7.9 million Euro and 10.6 million Euro, respectively). In relation to sales, distribution costs came to 6.8% (9M 2009: 9.5%), and general administrative expenses came to 9.9% (9M 2009: 12.7%).

The considerable increase in both operating income and EBIT to respective amounts of 15.7 million Euro and 15.6 million Euro over the first nine months of 2010 (9M 2009: -17.8 million Euro and -18.7 million Euro, respectively) is particularly the result of the rise in gross profit in the third quarter of 2010. The EBIT margin came to 16.0% in the third quarter of 2010 (Q3 2009: 0.3%); over the nine-month period 2010, the EBIT margin was 11.5%.

The net income improved to 10.5 million Euro or 7.7% of sales in the first nine months of 2010 (9M 2009: -14.0 million Euro or -16.7%). This results in earnings per share of 0.54 Euro (9M 2009: -0.72 Euro per share). Especially the significant improvement of the quality of earnings in the third quarter of 2010 (net profit margin of 11.2% or earnings per share of 0.27 Euro) led to this strong growth in net income. The number of 19,294,598 shares outstanding as of September 30, 2010 was slightly reduced in comparison with the previous year because of share buyback (2009: 19,414,205 shares).

The operating cash flow reached 22.4 million Euro in the first nine months of 2010 (9M 2009: 1.0 million Euro). This is essentially accounted for by the improvement of earnings. Compared to the prior-year period, however, cash was needed for financing growth and thus the working capital. Capital expenditures in the amount of 11.0 million Euro or 8.1% of sales (9M 2009: 4.6 million Euro or 5.5% of sales) as well as other investment transactions of 5.7 million Euro (9M 2009: -1.6 million Euro) resulted in a free cash flow of 5.7 million Euro (9M 2009: -2.0 million Euro). The adjusted free cash flow (cash flow from operating activities less capital expenditures for fixed assets) came to 11.4 million Euro (9M 2009: -3.6 million Euro). The conversion of production from 6-inch to 8-inch wafers at the Dortmund location continued to be carried out intensively through the first nine months of 2010 and will have a positive effect on earnings in the medium term.

The cash flow from financing activities came to –1.4 million Euro for the first nine months of 2010 on account of the repurchase of the company's own shares and the repayment of current and non-current liabilities. Compared to December 31, 2009, cash and cash equivalents thus increased from 46.8 million Euro to 51.3 million Euro as of September 30, 2010. The equity ratio of 69.4% continues to be at a high level (December 31, 2009: 70.3%).

Economic environment

The global demand for new cars continued to be satisfying in the third quarter of 2010. While the great dynamics in the Asian markets has slightly slowed down, it can still be assessed as very positive. Furthermore, the U.S. market keeps up its recovery. In Western Europe, though, passenger car demand fell short of the bonus-supported high prior-year numbers as was expected.

The **German market** turns out 18% below the prior-year level with 260,000 new car registrations in this year's first nine months. However, the German Association of the Automotive Industry (VDA) is optimistic that rising registration numbers will again be filed by the end of the year. The figures of the German market must still be considered in view of last year's car scrap bonus. The export business paints a very satisfying picture with a growth of 56% compared to the first nine months of 2009.

In **Western Europe**, the market performance has been rather restrained. Over the first nine months of 2010, passenger car sales in Western Europe missed the prior-year level by 3%. This comparison must also be considered in the context of national incentive schemes particularly with regard to the first half-year 2009.

Registrations of passenger cars and light trucks have gained 10% since the beginning of the year in the **U.S. market**. Sales figures turned out positive in September 2010 especially. With a 28% plus in September, new registrations were considerably ahead of the admittedly weak prior-year volume.

In **Asia**, the growth dynamics has been slowing down as expected, but the development of demand in Asia is still satisfying. On the Chinese market, more than 8 million vehicles have been delivered since the beginning of the year (+38%). In India, car sales have gained 32% over the year so far. In Japan, the number of new registrations was raised by close to a fifth to 3.5 million automobiles.

Significant events

From June through August, ELMOS carried out a **share buyback plan**. A total of 119,607 shares were repurchased at an average share price of 7.03 Euro. The shares are primarily intended as share-based remuneration component.

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

ELMOS continued the development and marketing of standard products (ASSPs) in the reporting period. The advancements are summarized in the **new product catalog**. Altogether 63 products are presented on 24 pages. 18 semiconductors were newly included in the catalog.

In the quarter under review, ELMOS celebrated the company’s **25+1 year anniversary**. Customers, friends and neighbors looked back in time, and ahead. Among other events, ELMOS welcomed a large number of customers within the framework of a two-day workshop, featuring top-notch speakers from automotive suppliers or car manufacturers such as Audi, BMW, Daimler, Ford, Opel, and VW, as well as from utility and infrastructure companies. The speeches were framed by the motto “Mobility 2020 and beyond...” Focal issues were the future electric drivetrain, alternative energy supply from the desert (Desertec), individual mobility concepts including those on two wheels, mobility and operation systems for the aged, and last not least the light/vision technology of the future. As its guest of honor, ELMOS was proud to welcome the Minister-President of the federal state of NRW, Hannelore Kraft.

Other information

STAFF DEVELOPMENT

The number of ELMOS Group employees went down by 3.1% to 978 compared to December 31, 2009 (1,009 employees).

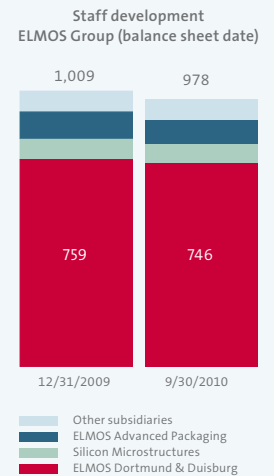
ELMOS SHARE

The ELMOS share moved within a margin between 5.60 Euro and 8.43 Euro over the first nine months of 2010. It closed on September 30, 2010 at 7.90 Euro. The market capitalization came to 152.4 million Euro as of September 30, 2010 (based on 19.3 million shares outstanding). The ELMOS share reached its nine-month high on September 2, 2010 at 8.43 Euro and its low on May 25, 2010 at 5.60 Euro. In comparison with the beginning of the year, the ELMOS share gained 17.9%. Its performance is thus considerably ahead of the performances of the market indices DAX (4.6%) and TecDax (-4.4%). The average daily trading volume of the ELMOS share came to 41.6 thousand shares in the first nine months of 2010 and is thus higher than over the full year 2009 (27.4 thousand shares).

By September 30, 2010, altogether 119,607 own shares have been repurchased in the context of a share buyback plan at an average share price of 7.03 Euro, reducing the number of shares outstanding to 19,294,598 as of September 30, 2010.

By way of the release of voting rights notifications, it was announced in January 2010 that the shares in the company formerly held directly and indirectly by EFH ELMOS Finanzholding GmbH were divided between the shareholders of (extinct) EFH ELMOS Finanzholding GmbH, namely Dr. Weyer GmbH & Co. Vermögensverwaltung KG (20.50%), Jumakos GmbH & Co. KG (16.67%), and ZOE GmbH & Co. KG (15.71%). The above-mentioned shares in voting interests are held indirectly by the respective companies.

On September 17, 2010 Fidelity Management & Research Company (Boston, MA, U.S.A.) fell below the voting rights threshold of 5%, holding 4.97% or 964,785 ELMOS shares as of that time according to the company's information.



COMPANY BOARDS

Supervisory Board

Prof. Dr. Günter Zimmer, chairman

Graduate physicist | Duisburg

Dr. Burkhard Dreher, vice chairman

Graduate economist | Dortmund

Dr. Klaus Egger (until May 4, 2010)

Graduate engineer | Steyr-Gleink, Austria

Jörns Haberstroh (until May 4, 2010)

Business management graduate | Kerken

Jutta Weber (until May 4, 2010)

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

Dr. Klaus G. Weyer

Graduate physicist | Schwerte

Management Board

Dr. Anton Mindl, chairman

Graduate physicist | Lüdenscheid

Nicolaus Graf von Luckner

Graduate economist | Oberursel

Reinhard Senf

Graduate engineer | Iserlohn

Jürgen Höllisch

Engineer | Purbach, Austria

Outlook

OPPORTUNITIES AND RISKS

Risk management and the individual corporate risks and opportunities are described in our Annual Report 2009. Over the first nine months of 2010, no material changes in 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 general conditions continue to indicate a positive trend. An economic downturn in 2010 has become far less probable over the past months. However, due to increasingly volatile markets macroeconomic uncertainties remain beyond the year 2010.

According to VDA information, the global auto market will increase to at least 59 million passenger cars for the full year 2010 (2009: 53 million vehicles). The U.S. is anticipated to grow by 12%, China by roughly 20%. In the third quarter of 2010, a light slowdown in the Chinese market expected for the second half-year 2010 set in, according to the VDA. Western Europe will not reach the prior-year level over the full year as government incentive programs have expired in many EU member states.

OUTLOOK FOR THE ELMOS GROUP

The order situation appears solid. The relation of orders received to sales, the so-called book-to-bill, came to roughly one at the end of the first nine months. Irrespective of a consolidation movement apparent in the short term, the medium-term and long-term growth dynamics is sound, both in the existing business and with respect to new product launches.

As the materialization of macroeconomic risks before the end of 2010 has become highly improbable and as the year's first nine months have shown a positive development, ELMOS raises its EBIT forecast once more. For the full year 2010, ELMOS still predicts a sales growth of more than 40%. For the EBIT margin, a level of at least 10% is now anticipated for the current fiscal year. The adjusted free cash flow will be clearly positive.

Based on the available information, the start into the new year 2011 can also be assessed as positive with respect to the development of sales and earnings. Whether this trend will keep up over the full year cannot be predicted at present.

The principal risk is another slump in worldwide car sales. Therefore the company's management directs its special attention to lingering risks which could trigger a new downturn in the economy.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated balance sheet

Assets	9/30/2010 Euro	12/31/2009 Euro
Non-current assets		
Intangible assets*	36,337,911	38,311,293
Property, plant and equipment*	73,160,316	72,779,258
Investments accounted for at equity	1	1
Securities and investments**	6,000,919	503,619
Deferred tax assets	6,180,408	7,831,575
Total non-current assets	121,679,555	119,425,746
Current assets		
Inventories*	35,681,518	31,538,737
Trade receivables	23,744,668	20,008,220
Securities	1,232,614	0
Other financial assets	4,229,795	3,803,473
Other receivables	5,579,762	4,446,499
Income tax assets	46,157	305,731
Cash and cash equivalents	51,274,244	46,841,487
Total current assets	121,788,758	106,944,147
Non-current assets classified as held for sale	152,888	0
Total current assets	121,941,646	106,944,147
Total assets	243,621,201	226,369,893

* Cf. note 3

** Cf. notes 1 and 3

Equity and liabilities	9/30/2010 Euro	12/31/2009 Euro
Equity		
Equity attributable to equity holders of the parent		
Share capital*	19,294,598	19,414,205
Additional paid-in capital	88,388,645	89,001,006
Surplus reserve	102,224	102,224
Accumulated other comprehensive income	-5,156,891	-5,414,047
Retained earnings	66,656,384	56,193,375
	169,284,960	159,296,763
Non-controlling interest	-209,277	-242,098
Total equity	169,075,683	159,054,665
Liabilities		
Non-current liabilities		
Provisions	615,963	791,895
Financial liabilities	40,128,122	40,237,034
Other liabilities	1,839,214	2,011,452
Deferred tax liabilities	1,291,971	0
Total non-current liabilities	43,875,270	43,040,381
Current liabilities		
Provisions	10,933,178	8,439,717
Income tax liabilities	1,123,002	199,741
Financial liabilities	342,393	576,497
Trade payables	16,529,530	12,917,877
Other liabilities	1,742,145	2,141,015
Total current liabilities	30,670,248	24,274,847
Total liabilities	74,545,518	67,315,228
Total equity and liabilities	243,621,201	226,369,893

* Cf. note 3

Condensed consolidated comprehensive income statement

3 rd quarter	7/1 – 9/30/2010 Euro	in percent of sales	1.7. – 30.9.2009 Euro	in percent of sales	Change in %
Sales	46,295,224	100.0%	35,527,578	100.0%	30.3%
Cost of sales	23,930,484	51.7%	23,095,616	65.0%	3.6%
Gross profit	22,364,740	48.3%	12,431,962	35.0%	79.9%
Research and development expenses	7,269,177	15.7%	6,245,472	17.6%	16.4%
Distribution expenses	3,136,741	6.8%	2,481,856	7.0%	26.4%
Administrative expenses	4,350,466	9.4%	3,437,671	9.7%	26.6%
Operating income before other operating expenses/(income)	7,608,356	16.4%	266,963	0.8%	>100%
Finance income	-265,556	-0.6%	-192,211	-0.5%	38.2%
Finance expenses	621,255	1.3%	570,900	1.6%	8.8%
Foreign exchange losses/(gains)	-131,832	-0.3%	13,006	0.0%	n/a
Other operating income	-712,757	-1.5%	-382,735	-1.1%	86.2%
Other operating expenses	1,045,813	2.3%	513,092	1.4%	>100%
Earnings before taxes	7,051,433	15.2%	-255,089	-0.7%	n/a
Income taxes					
Income tax expense	746,358	1.6%	177,189	0.5%	>100%
Deferred tax expense/(income)	1,081,079	2.3%	-241,030	-0.7%	n/a
	1,827,437	3.9%	-63,842	-0.2%	n/a
Net income/(loss)	5,223,996	11.3%	-191,247	-0.5%	n/a
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	-328,149		-126,079		
Foreign currency adjustments with deferred tax effect	-1,729,905		-504,640		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	441,126		129,356		
Valuation differences in cash flow hedges	-588,114		0		
Deferred taxes on valuation differences in cash flow hedges	143,281		0		
Other comprehensive income after taxes	-2,061,761		-501,363		
Comprehensive income after taxes	3,162,235		-692,610		
Net income/(loss) attributed to:					
Equity holders of the parent	5,203,828	11.3%	-293,530	-0.8%	n/a
Non-controlling interest	20,168	0.0%	102,282	0.3%	-80.3%
	5,223,996	11.3%	-191,247	-0.5%	n/a
Comprehensive income attributed to:					
Equity holders of the parent	3,142,067		-794,892		
Non-controlling interest	20,168		102,282		
	3,162,235		-692,610		
Earnings per share (with respect to net income/(loss))					
Basic earnings per share	0.27		-0.02		
Fully diluted earnings per share	0.27		-0.02		
Earnings before interest and taxes (EBIT)	7/1 – 9/30/2010 Euro	in percent of sales	7/1 – 9/30/2010 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	7,608,356	16.4%	266,963	0.8%	n/a
Foreign exchange losses/(gains)	-131,832	-0.3%	13,006	0.0%	n/a
Other operating expenses/(income)	333,056	0.8%	130,357	0.3%	>100%
EBIT	7,407,132	16.0%	123,600	0.3%	n/a

9 months	1/1 – 9/30/2010 Euro	in percent of sales	1/1 – 9/30/2009 Euro	in percent of sales	Change in %
Sales	136,075,355	100.0%	83,322,994	100.0%	63.3%
Cost of sales	75,511,008	55.5%	63,435,486	76.1%	19.0%
Gross profit	60,564,347	44.5%	19,887,507	23.9%	>100%
Research and development expenses	22,067,711	16.2%	19,247,371	23.1%	14.7%
Distribution expenses	9,274,096	6.8%	7,880,617	9.5%	17.7%
Administrative expenses	13,473,873	9.9%	10,590,573	12.7%	27.2%
Operating income before other operating expenses/(income)	15,748,667	11.6%	-17,831,055	-21.4%	n/a
Finance income	-690,254	-0.5%	-716,202	-0.9%	-3.6%
Finance expenses	1,830,045	1.3%	1,686,829	2.0%	8.5%
Foreign exchange losses/(gains)	-26,263	0.0%	696,119	0.8%	n/a
Other operating income	-2,149,184	-1.6%	-1,713,859	-2.1%	25.4%
Other operating expenses	2,302,374	1.7%	1,849,593	2.2%	24.5%
Earnings before taxes	14,481,949	10.6%	-19,633,536	-23.6%	n/a
Income taxes					
Income tax expense	905,846	0.7%	609,723	0.7%	48.6%
Deferred tax expense/(income)	3,080,274	2.2%	-6,335,740	-7.6%	n/a
	3,986,120	2.9%	-5,726,017	-6.9%	n/a
Net income/(loss)	10,495,829	7.7%	-13,907,518	-16.7%	n/a
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	135,900		1,004,915		
Foreign currency adjustments with deferred tax effect	759,851		-1,634,497		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	-193,762		395,650		
Valuation differences in cash flow hedges	-588,114		0		
Deferred taxes on valuation differences in cash flow hedges	143,281		0		
Other comprehensive income after taxes	257,156		-233,932		
Comprehensive income after taxes	10,752,985		-14,141,450		
Net income/(loss) attributed to:					
Equity holders of the parent	10,463,008	7.7%	-13,955,626	-16.7%	n/a
Non-controlling interest	32,821	0.0%	48,108	0.0%	-31.8%
	10,495,829	7.7%	-13,907,518	-16.7%	n/a
Comprehensive income attributed to:					
Equity holders of the parent	10,720,164		-14,189,558		
Non-controlling interest	32,821		48,108		
	10,752,985		-14,141,450		
Earnings per share (with respect to net income/(loss))					
Basic earnings per share	0.54		-0.72		
Fully diluted earnings per share	0.53		-0.72		
Earnings before interest and taxes (EBIT)	1/1 – 9/30/2010 Euro	in percent of sales	1/1 – 9/30/2009 Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	15,748,667	11.6%	-17,831,055	-21.4%	n/a
Foreign exchange losses/(gains)	-26,263	0.0%	696,119	0.8%	n/a
Other operating expenses/(income)	153,190	0.1%	135,734	0.1%	12.9%
EBIT	15,621,740	11.5%	-18,662,908	-22.4%	n/a

Condensed consolidated statement of changes in equity

	Equity attributable to equity holders of the parent			
	Shares Number	Share capital Euro	Additional paid-in capital Euro	Surplus reserve Euro
January 1, 2009	19,414,205	19,414,205	88,736,563	102,224
Net loss				
Other comprehensive income/loss for the period				
Comprehensive income/loss				
Stock option expense			37,187	
Acquisition of minority interest/Mechaless			199,366	
September 30, 2009	19,414,205	19,414,205	88,973,116	102,224
January 1, 2010	19,414,205	19,414,205	89,001,006	102,224
Net income				
Other comprehensive income/loss for the period				
Comprehensive income/loss				
Stock option expense			109,353	
Acquisition of own shares*	-119,607	-119,607	-721,713	
September 30, 2010	19,294,598	19,294,598	88,388,646	102,224

* Cf. note 3

Equity attributable to equity holders of the parent				Non-controlling interest	Group
Cash flow hedge reserve Euro	Foreign currency translation reserve Euro	Retained earnings Euro	Total Euro	Total Euro	Total Euro
0	-5,445,033	68,410,785	171,218,744	-13,825	171,204,919
		-13,955,626	-13,955,626	48,108	-13,907,518
0	-233,932		-233,932		-233,932
0	-233,932	-13,955,626	-14,189,558	48,108	-14,141,450
			37,187		37,187
			199,366	-248,366	-49,000
0	-5,678,965	54,455,159	157,265,739	-214,083	157,051,656
0	-5,414,047	56,193,375	159,296,763	-242,098	159,054,665
		10,463,008	10,463,008	32,821	10,495,829
-444,833	701,989		257,156		257,156
-444,833	701,989	10,463,008	10,720,164	32,821	10,752,985
			109,353		109,353
			-841,320		-841,320
-444,833	-4,712,058	66,656,384	169,284,960	-209,277	169,075,683

Condensed consolidated cash flow statement

	1/1 – 9/30/2010 Euro	1/1 – 9/30/2009 Euro	7/1 – 9/30/2010 Euro	7/1 – 9/30/2009 Euro
Cash flow from operating activities				
Net income/loss	10,495,829	-13,907,518	5,223,996	-191,247
Depreciation and amortization	11,908,948	12,383,344	4,025,132	4,342,744
Financial result	1,139,791	970,628	355,699	378,690
Other non-cash expenses/income	3,080,274	-6,335,740	1,081,079	-241,030
Income tax expenses	905,846	609,723	746,358	177,189
Stock option plan expense	109,353	37,187	42,504	27,890
Changes in pension provisions	-175,932	-93,705	-79,824	-31,209
Changes in net working capital:				
Trade receivables	-3,736,448	9,235,361	1,183,008	-4,759,443
Inventories	-4,142,781	3,862,089	-2,265,046	2,254,144
Other assets	-1,559,585	2,666,535	-838,656	1,224,175
Trade payables	3,611,653	-6,140,990	-3,486,779	556,414
Other provisions and other liabilities	1,649,760	591,980	-592,279	162,719
Income tax refunds/payments	276,990	-1,893,731	-334,325	-781,410
Interest paid	-1,830,045	-1,686,829	-621,255	-570,900
Interest received	690,254	716,202	265,556	192,211
Cash flow from operating activities	22,423,908	1,014,535	4,705,168	2,740,936
Cash flow from investing activities				
Capital expenditures for intangible assets	-2,040,347	-2,889,075	-674,505	-737,879
Capital expenditures for property, plant and equipment	-8,934,789	-1,683,088	-2,607,149	-384,224
Capital expenditures for/Disposal of non-current assets classified as held for sale	-152,888	1,516,251	527,913	933,111
Disposal of fixed assets	1,139,628	126,667	84,869	12,958
Capital expenditures for securities	-6,322,449	0	-3,316,887	0
Capital expenditures for investments	-407,465	0	0	0
Acquisition of minority interest	0	-49,000	0	-49,000
Cash flow from investing activities	-16,718,311	-2,978,246	-5,985,759	-225,034
Cash flow from financing activities				
Payment of non-current liabilities	-318,718	-315,766	-117,814	-108,459
Payment/Borrowing of current liabilities to banks	-196,537	236,872	84,806	152,610
Acquisition of own shares	-841,320	0	-339,458	0
Cash flow from financing activities	-1,356,575	-78,894	-372,466	44,151
Increase/Decrease in cash and cash equivalents	4,349,022	-2,042,605	-1,653,057	2,560,052
Effect of exchange rate changes on cash and cash equivalents	83,735	387,476	-180,581	-162,632
Cash and cash equivalents at beginning of reporting period	46,841,487	42,463,401	53,107,882	38,410,852
Cash and cash equivalents at end of reporting period	51,274,244	40,808,273	51,274,244	40,808,273

Condensed notes to consolidated financial statements

The condensed interim consolidated financial statements for the 3rd quarter of 2010 were released for publication in November 2010 pursuant to Management Board resolution.

1 General notes

ELMOS Semiconductor Aktiengesellschaft (“the company” or “ELMOS”) has its registered office in Dortmund (Germany) and is entered in the register of companies kept at the District Court (Amtsgericht) Dortmund, section B, no. 13698. The articles of incorporation are in effect in the version of March 26, 1999, last amended by shareholders’ resolution of May 4, 2010 and entered in the register of companies on September 13, 2010.

The company’s business is the development, manufacture, and distribution of microelectronic components and system parts (application specific integrated circuits or, in short: ASICs) and technological devices with similar functions. The company may conduct all transactions suitable for serving the object of business directly or indirectly. The company may establish branches, acquire or lease businesses of the same or a similar kind, or invest in them, and conduct all business transactions that are beneficial for the purpose of the articles of association. The company may conduct business in Germany as well as abroad.

In addition to its domestic branches, the company maintains sales companies in France and the U.S. and cooperates with other German and international companies in the development and manufacture 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, 2010 have been prepared in accordance with IAS 34: Interim Financial Reporting. These financial statements do therefore not contain all the information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2009.

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

Essential accounting policies and valuation methods

For the preparation of the condensed interim consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2009, with the exception of the new or amended IFRS Standards and Interpretations listed below. The application of these new Standards and Interpretations had no effect on the group’s assets and liabilities, finances, and profit situation.

->	IAS 27	Consolidated and Separate Financial Statements
->	Amendments to IAS 39	Eligible Hedged Items
->	Amendment to IFRS 1	Additional Exemptions for First-time Adopters
->	IFRS 1	First-time Adoption of IFRS
->	IFRS 2	Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
->	IFRS 3	Business Combinations
->	IFRIC 12	Service Concession Arrangements
->	Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement
->	IFRIC 15	Agreements for the Construction of Real Estate
->	IFRIC 16	Hedges of a Net Investment in a Foreign Operation
->	IFRIC 17	Distributions of Non-cash Assets to Owners
->	IFRIC 18	Transfers of Assets from Customers
->	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
->	Improvements to IFRS 2009	

Estimates and assumptions

The company makes provisions for pension and partial retirement obligations pursuant to IAS 19. An actuarial interest rate of 5.6% has been applied for 2010, the same interest rate as of December 31, 2009.

Exceptional business transactions

There were no exceptional business transactions in the third quarter of 2010.

Basis of consolidation

Compared to December 31, 2009, securities and investments disclosed under non-current assets have increased by 5,497 thousand Euro. In the amount of 407 thousand Euro, this increase represents the acquisition of shares by the U.S. subsidiary Silicon Microstructures Inc., Milpitas/U.S.A. However, due to the percentage of shares of below 2%, this transaction had no effects on the basis of consolidation.

Seasonal and economic impact on business operations

The general conditions continue to indicate a positive trend. An economic downturn in 2010 has become far less probable over the past months. However, macroeconomic uncertainties remain beyond the year 2010 due to increasingly volatile markets. The business of ELMOS Semiconductor AG is not subject to material seasonal fluctuation.

2 Segment reporting

The segments correspond with 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 with those applied by the Group.

The company divides its business activities into two segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, France, South Africa, and the U.S.A. Sales in this segment are generated predominantly with electronics for the automotive industry. In addition, ELMOS operates in the markets for industrial and consumer goods and provides semiconductors e.g. for applications in household appliances, photo cameras, installation and building technology, and machine control. Sales in the micromechanics segment are generated by the subsidiary SMI in the U.S.A. The product portfolio includes micro-electro-mechanical systems (MEMS) which are primarily silicon-based high-precision pressure sensors. The following tables provide information on sales and earnings (for the period from January 1 to September 30, 2010 and 2009, respectively) and on assets of the Group's business segments (as of September 30, 2010 and December 31, 2009).

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	0
Total sales	125,187	11,274	-386	136,075
Earnings				
Segment earnings	15,057	565	0	15,622
Financial result				-1,140
Earnings before taxes				14,482
Income taxes				3,986
Net income				10,496
Assets				
Segment assets	170,202	15,007	0	185,209
Investments	504	407		911
Non-attributable assets				57,501
Total assets				243,621
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	10,829	146		10,975
Depreciation and amortization	10,882	1,027		11,909

Non-attributable assets as of September 30, 2010 comprise cash and cash equivalents (51,274 thousand Euro), income tax assets (46 thousand Euro), and deferred taxes (6,181 thousand Euro), as these assets are controlled at Group level.

9 months as of 9/30/2009	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	75,558	7,765	0	83,323
Inter-segment sales	282	137	-419	0
Total sales	75,840	7,902	-419	83,323
Earnings				
Segment earnings	-17,260	-1,402	0	-18,663
Financial result				-971
Earnings before taxes				-19,634
Income taxes				5,726
Net loss				-13,908
Assets (as of 12/31/2009)				
Segment assets	155,275	15,612	0	170,887
Investments	504	0	0	504
Non-attributable assets				54,979
Total assets				226,370

Non-attributable assets as of December 31, 2009 comprise cash and cash equivalents (46,841 thousand Euro), income tax assets (306 thousand Euro), and deferred taxes (7,832 thousand Euro), as these assets are controlled at Group level.

Geographical information

Sales generated with third-party customers	9 months as of 9/30/2010 thousand Euro	9 months as of 9/30/2009 thousand Euro
Germany	50,964	32,231
EU	48,306	31,336
U.S.A.	9,392	5,574
Others	27,413	14,182
	136,075	83,323

Geographical distribution of non-current assets	9/30/2010 thousand Euro	9/30/2009 thousand Euro
Germany	98,128	93,888
EU	8,092	8,426
U.S.A.	9,277	9,277
Others	2	3
	115,499	111,594

3 Notes to essential financial positions

Selected non-current assets

Development of selected non-current assets from Jan. 1 to Sept. 30, 2010	Net book value 1/1/2010 thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation and amortization thousand Euro	Net book value 9/30/2010 thousand Euro
Intangible assets	38,311	2,040	-428	3,585	36,338
Property, plant and equipment	72,779	8,935	-230	8,324	73,160
Securities and investments	504	5,497	0	0	6,001
	111,594	16,472	-658	11,909	115,499

Additions to securities and investments relate to investments in bonds with maturities of more than 12 months in the amount of 5,090 thousand Euro.

The position of disposals/other movements includes positive currency adjustments in the amount of 481 thousand Euro. Amortization of intangible assets includes extraordinary impairment loss in the amount of 723 thousand Euro. The impairment loss was disclosed in the consolidated comprehensive income statement under other operating expenses. Assets are attributable to the semiconductor segment.

Inventories

	9/30/2010 thousand Euro	12/31/2009 thousand Euro
Raw materials	7,215	6,099
Work in process	22,688	19,534
Finished goods	5,779	5,905
	35,682	31,539

Equity

The share capital of ELMOS Semiconductor AG consists of 19,294,598 shares as of September 30, 2010. By shareholders' resolution passed at the General Meeting of May 4, 2010, the Management Board was authorized, subject to the Supervisory Board's consent, to acquire the company's own shares in the total amount of up to 10% of the current share capital until May 3, 2015. Due to the acquisition of 119,607 own shares as of closing date September 30, 2010, the equity was reduced by 841 thousand Euro compared to December 31, 2009.

By way of the release of voting rights notifications, it was announced in January 2010 that the shares in the company formerly held directly and indirectly by EFH ELMOS Finanzholding GmbH were divided between the shareholders of (extinct) EFH ELMOS Finanzholding GmbH, namely Dr. Weyer GmbH & Co. Vermögensverwaltung KG (20.50%), Jumakos GmbH & Co. KG (16.67%), and ZOE GmbH & Co. KG (15.71%). The above-mentioned shares in voting interests are held indirectly by the respective companies.

713,040 options from stock option plans are altogether outstanding as of September 30, 2010. The options are attributable to the tranches as follows:

	Tranche 5	Tranche 6	Tranche 7	Total
Year of resolution	2004	2009	2010	
Year of issue	2005	2009	2010	
Exercise price in EUR	13.98	3.68	7.49	
Blocking period ex issue (years)	2	3	4	
Exercise period after blocking period (years)	3	3	3	
Options outstanding as of 12/31/2009 (number)	140,306	486,800	0	627,106
1/1-9/30/2010 granted (number)	0	0	250,000	250,000
1/1-9/30/2010 exercised (number)	0	0	0	0
1/1-9/30/2010 expired (number)	140,306	19,850	3,910	164,066
Options outstanding as of 9/30/2010 (number)	0	466,950	246,090	713,040
Options exercisable as of 9/30/2010 (number)	0	0	0	0

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

4 Related party disclosures

As has been reported in the consolidated financial statements for the fiscal year ended December 31, 2009, the ELMOS Group maintains business relationships with related companies and individuals in the ordinary course of business.

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

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


The following reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to September 30, 2010.

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

5 Subsequent events

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

Dortmund, November 2010



Dr. Anton Mindl



Nicolaus Graf von Luckner



Reinhard Senf



Jürgen Höllisch

CONTACT | IMPRINT

Janina Rosenbaum | Investor Relations

Phone + 49 (0) 231 - 75 49 - 287

Fax + 49 (0) 231 - 75 49 - 548

invest@elmos.de

This interim financial report was released on November 2, 2010 in English and German. Both versions are available for download on the Internet at www.elmos.de.

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

FINANCIAL CALENDAR 2010/2011

Analysts' conference (Equity Forum in Frankfurt)	November 24, 2010
Preliminary results 2010	February 17, 2011
Results 2010	March 16, 2011
Annual press conference	March 17, 2011
Analysts' conference	March 17, 2011
Quarterly results Q1/2011	May 10, 2011
Annual General Meeting in Dortmund	May 17, 2011
Quarterly results Q2/2011	August 9, 2011
Quarterly results Q3/2011	November 3, 2011

Results are usually announced after-hours. Conference calls are usually conducted the day after the announcement of quarterly results.

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.