Mobility 2020 and beyond

INTERIM REPORT Q1 2011

Overview

In focus

- Sales in Q1 2011 11.0% above prior-year quarter
- Earnings meet expectations
- Continued positive development of cash flows
- Forecast affirmed

Key figures

1st quarter 2011

in million Euro or percent unless otherwise indicated	1/1 – 3/31/2011	1/1 – 3/31/2010	Change
Sales	**48.1**	**43.4**	**11.0%**
Semiconductor	44.0	39.7	10.8%
Micromechanics	4.1	3.6	12.7%
Gross profit	**20.8**	**18.1**	**15.2%**
in percent of sales	43.3%	41.7%	
R&D expenses	8.2	7.1	15.5%
in percent of sales	17.0%	16.3%	
Operating income	5.0	3.8	33.5%
in percent of sales	10.4 %	8.7%	
EBIT	**5.8**	**3.5**	**67.9%**
in percent of sales	12.1%	8.0%	
Net income for the period after non-controlling interests	4.1	2.6	54.8%
in percent of sales	8.5 %	6.1%	
Basic earnings per share in Euro	**0.21**	**0.14**	**55.8%**
Operating cash flow	7.9	10.3	−23.1%
Capital expenditures	5.3	2.1	>100.0%
in percent of sales	11.0%	4.9%	
Free cash flow[1]	0.0	8.4	n.a.
Adjusted free cash flow[2]	6.1	8.2	−25.3%

in million Euro or percent unless otherwise indicated	3/31/2011	12/31/2010	Change
Equity	175.9	172.3	2.1%
in percent of total assets	67.8 %	69.1%	
Employees (reporting date)	965	991	−2.6%

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

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

Interim group management report

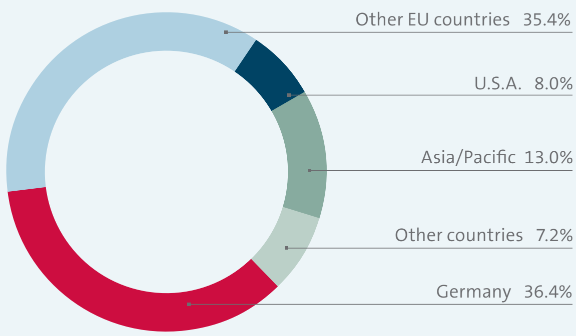
Course of business

Sales development and order situation

Compared to the prior-year period, sales grew by 11.0% to 48.1 million Euro (Q1 2010: 43.4 million Euro). The level of sales was virtually unchanged in relation to the fourth quarter of 2010 (Q4 2010: 48.6 million Euro). With respect to the prior-year quarters it must be taken into consideration that these include sales and earnings of the special packaging business sold as of December 31, 2010, recording sales of 6.1 million Euro for the full year 2010.

The segments *semiconductor* and *micromechanics* showed similar growth. The semiconductor segment achieved sales of 44.0 million Euro (Q1 2010: 39.7 million Euro), the micromechanics segment also grew rapidly by 12.7% to 4.1 million Euro in the first three months of 2011 (Q1 2010: 3.6 million Euro).

Sales by region



In all regions sales increases compared to the previous year were generated. Very satisfying is the continuing positive development in the region Asia/Pacific. Its contribution to group sales in the first quarter of 2011 rose to 13.0% (Q1 2010: 11.7%). U.S. sales also showed a pleasant development with a gain of 28.1%.

The order receipt has stabilized. The relation of orders received to sales, the so-called book-to-bill, came to one at the end of the first quarter of 2011. The supply of customers with semiconductor and sensor products continued to be performed successfully according to customer requirements.

Region	1/1 – 3/31/2011 thousand Euro	in percent of sales	1/1 – 3/31/2010 thousand Euro	in percent of sales	Change
Germany	17,505	36.4%	16,362	37.7%	7.0%
Other EU countries	17,033	35.4%	16,019	37.0%	6.3%
U.S.A.	3,839	8.0%	2,998[1]	6.9%	28.1%
Asia/Pacific	6,244	13.0%	5,078	11.7%	23.0%
Other countries	3,488	7.2%	2,899[1]	6.7%	20.3%
Group sales	**48,109**	**100.0%**	**43,356**	**100.0%**	**11.0%**

[1] *Prior-year amounts have been adjusted.*

Profit situation, finances and asset situation

The gross profit developed disproportionately to sales, growing to 20.8 million Euro in the quarter under review (Q1 2010: 18.1 million Euro). The gross margin thus increased from 41.7% in the prior-year quarter to 43.3% in Q1 2011. Decisive for the improvement of the gross margin was essentially the higher sales level, resulting in an increase in the quality of earnings due to the leverage of operations. Thus adverse effects on earnings could be overcompensated. These effects comprised price reductions granted to customers at the beginning of the year, burdens on the production performance due to inventory reduction, and the impairment of efficiency due to the transfer from 6-inch to 8-inch manufacturing at currently high utilization of production capacity.

Research and development expenses climbed from 7.1 million Euro in the first quarter of 2010 to 8.2 million Euro in the reporting quarter. The main reason are new employees in the design department for addressing new applications in the future. The ratio of R&D expenses grew from 16.3% to 17.0% of sales. The increase in distribution expenses from 3.1 million Euro to 3.5 million Euro, or from 7.1% to 7.4% of sales, is also accounted for by additional staff in sales, particularly in support of the activities in Asia. General administrative expenses were on the decline, coming to 4.1 million Euro in the quarter under review or 8.5% of sales (Q1 2010: 4.2 million Euro or 9.6% of sales).

The improvement of the gross profit and the overall slightly declining functional costs in relative terms lead to an increase in the operating income from 3.8 million Euro in the first quarter of 2010 to 5.0 million Euro in the reporting quarter. The EBIT (earnings before interest and taxes) – which grew even stronger than the operating income, essentially due to the higher other operating income compared to the prior-year quarter – climbed to 5.8 million Euro or 12.1% of sales (Q1 2010: 3.5 million Euro or 8.0% of sales).

The net income after deduction of non-controlling interests rose from 2.6 million Euro in the first quarter of 2010 to 4.1 million Euro and resulted in basic earnings per share of 0.21 Euro (Q1 2010: 0.14 Euro).

The operating cash flow of the first quarter of 2011 reached 7.9 million Euro (Q1 2010: 10.3 million Euro). The difference from the prior-year amount is accounted for primarily by the outflow of funds for the acquisition of securities in the amount of 3.5 million Euro and the lower increase in trade payables compared to Q1 2010 (+1.1 million in Q1 2011 vs. +4.5 million Euro in Q1 2010). Capital expenditures amounted to 5.3 million Euro in the first quarter of 2011, equivalent to 11.0% of sales (Q1 2010: 2.1 million Euro or 4.9%). The cash flow from investing activities added up to 8.0 million Euro in the first quarter of 2011 altogether so that the free cash flow (cash flow from operating activities less cash flow from investing activities) was balanced in the reporting period. The adjusted free cash flow (cash flow from operating activities plus investments in marketable securities less capital expenditures) reached 6.1 million Euro (Q1 2010: 8.2 million Euro).

Cash and cash equivalents without consideration of acquired securities increased from 58.0 million Euro as of December 31, 2010 to 60.7 million Euro. The equity ratio of 67.8% remained at a high level (December 31, 2010: 69.1%).

Economic environment

3.58 million passenger cars were newly registered in the **EU** over the first quarter of 2011. This equals a 2.3% decrease compared to the prior-year period. Most cars were sold in Germany in this period, namely 763,403 units, thus recording a 13.9% plus. The second largest market, France, put more cars on the road than in the first quarter 2010 as well, according to the European auto manufacturers' association ACEA: 647,454 units correspond to a plus of 8.9%. On the other hand, declining registration numbers were posted by the important markets of Spain (–27.3%), Great Britain (–8.7%), and Italy (–23.1%).

Sales figures were positive throughout in the **global car market,** according to the German Association of the Automotive Industry (VDA), with the exception of Japan. Sales in Russia gained 76.9% according to the VDA to reach 517,300 units, sales in U.S. grew by 20.1% to come to 3.05 million vehicles.

In China 3.11 million cars were newly registered, thus 12.2% more than in the first quarter of 2010. However, sales in Japan went down 25.6% to 963,700 passenger cars due to the earthquake and its aftermath.

Significant events

Dr. Anton Mindl, CEO of ELMOS, and Nicolaus Graf von Luckner, CFO of ELMOS, explained the annual result 2010 at the **annual press conference** and the analysts' conference on March 17, 2011. In addition, the Management Board issued a forecast for the current fiscal year 2011. The **analysts' conference** is available as a recording at www.elmos.de.

Furthermore, ELMOS launched new standard products and released an updated version of the standard product catalog. Among the products introduced were:

-> The ELMOS component E981.56 is the second generation of the series-produced active FlexRay™ star coupler. The first component worldwide, it has been successfully certified according to the recent FlexRay™ Electrical Physical Layer (EPL) specification V3.0.

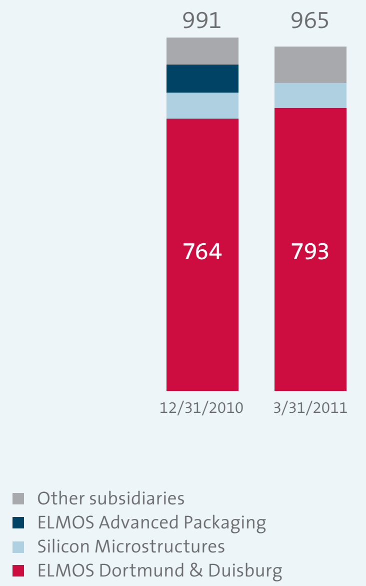
-> ELMOS presents the first dual IO-Link master transceiver worldwide with the E981.12. IO-Link is a low-cost communication system at the lowest level of industrial automation.

Other information

Staff development

The staff of the ELMOS Group came to 965 employees as of March 31, 2011. The number of employees is slightly reduced (–2.6%) compared to December 31, 2010 (991 employees). This is primarily due to the sale of the special packaging business as of December 31, 2010.

Staff development ELMOS Group



ELMOS share

In the first quarter of 2011, the ELMOS share performed very positively, gaining 21.1%. In comparison with the indices and competitors, the ELMOS share did considerably better. While TecDax and Technology All Share gained 9.4% and 7.9% after all, respectively, the DAX only increased by 1.8%. The ELMOS share reached its 3-month high on March 9, 2011 at 11.75 Euro and its low shortly thereafter as a consequence of the strong price response to the catastrophic events in Japan, on March 15, 2011 at 9.25 Euro. Until the end of the reporting quarter, the ELMOS share compensated this weakness almost entirely, closing at 11.40 Euro on March 31, 2011. Market capitalization came to 221.3 million Euro (based on 19.4 million shares outstanding). The average daily trading volume also showed a pleasant development compared to the previous year once more, amounting to 53.2 thousand shares (annual average 2010: 42.3 thousand shares).

ELMOS Semiconductor AG holds 119,607 own shares (treasury stock) as of March 31, 2011, unchanged from December 31, 2010.

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

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

On March 4, 2011 FPM Funds SICAV exceeded the voting rights threshold of 3% and held 3.017% or 585,785 voting rights as of that date.

Company boards

Supervisory Board

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

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

Dr. Klaus G. Weyer
Graduate physicist | Schwerte

Management Board

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

Nicolaus Graf von Luckner
Graduate economist | Oberursel

Reinhard Senf
Graduate engineer | Iserlohn

Jürgen Höllisch
Engineer | Purbach/Austria

Outlook

Opportunities and risks

Risk management and individual corporate risks and opportunities are described in our Annual Report 2010. Over the first three months 2011 no material changes of the company's risks and opportunities as detailed therein have occurred. At present no risks are visible that could either separately or collectively jeopardize the company's continued existence.

Economic framework

The macroeconomic situation continues to be determined by local and global crises such as the economic crisis in some euro countries or the conflicts in the Middle East. No noteworthy effects of the catastrophe in Japan are foreseeable at present.

The forecast from March 2011 is therefore affirmed. Based on a stable economy, ELMOS continues to expect sales between 190 and 200 million Euro for 2011. This equals a growth rate between 6% and 12% on the basis of 2010 sales of 178.6 million Euro, adjusted by the sale of the special packaging business. The 2011 EBIT margin will reach or slightly exceed the level of 2010. The forecast takes into consideration cost increases due to higher global market prices for materials and rising development expenses and distribution expenses within the scope of the expansion of product lines and broader market coverage in Asia. Capital expenditures are scheduled to come to less than 15% of sales. The free cash flow will be positive. The forecast is held up despite an updated exchange rate of USD 1.40/EUR (previously USD 1.30/EUR).

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

Interim consolidated financial statements

Condensed consolidated statement of financial position

Assets	3/31/2011 thousand Euro	31/12/2010 thousand Euro
Non-current assets		
Intangible assets *	30,658	30,589
Property, plant and equipment*	70,129	69,494
Investments accounted for at equity	0	0
Securities*	9,797	6,272
Investments*	821	911
Other financial assets*	2,254	2,090
Deferred tax assets	4,703	5,015
Total non-current assets	**118,362**	**114,371**
Current assets		
Inventories*	35,662	35,826
Trade receivables	26,473	25,328
Securities	6,536	3,033
Other financial assets	4,526	5,253
Other receivables	3,901	3,148
Income tax assets	3,114	2,926
Cash and cash equivalents	60,737	58,010
	140,949	**133,524**
Assets classified as held for sale	312	1,291
Total current assets	**141,261**	**134,815**
Total assets	**259,623**	**249,186**

*Cf. note 3

Equity and liabilities	3/31/2011 thousand Euro	12/31/2010 thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital*	19,414	19,414
Treasury stock*	–119	–119
Additional paid-in capital	88,557	88,486
Surplus reserve	102	102
Other equity components	–2,306	–1,740
Retained earnings	70,458	66,380
	176,106	**172,523**
Non-controlling interests	–165	–227
Total equity	**175,941**	**172,296**
Liabilities		
Non-current liabilities		
Provisions	321	376
Financial liabilities	40,342	40,101
Other liabilities	1,718	1,781
Deferred tax liabilities	1,966	1,316
Total non-current liabilities	**44,347**	**43,574**
Current liabilities		
Provisions	11,158	9,568
Income tax liabilities	3,184	2,627
Financial liabilities	3,063	374
Trade payables	19,935	18,792
Other liabilities	1,995	1,955
Total current liabilities	**39,335**	**33,316**
Total liabilities	**83,682**	**76,890**
Total equity and liabilities	**259,623**	**249,186**

**Cf. note 3*

Condensed consolidated statement of comprehensive income

1st quarter	1/1 – 3/31/2011 thousand Euro	in percent of sales	1/1 – 3/31/2010 thousand Euro	in percent of sales	Change
Sales	48,109	100.0%	43,356	100.0%	11.0%
Cost of sales	27,295	56.7%	25,293	58.3%	7.9%
Gross profit	**20,814**	**43.3%**	**18,063**	**41.7%**	**15.2%**
Research and development expenses	8,157	17.0%	7,061	16.3%	15.5%
Distribution expenses	3,539	7.4%	3,083	7.1%	14.8%
Administrative expenses	4,105	8.5%	4,162	9.6%	–1.4%
Operating income before other operating expenses/(income)	**5,013**	**10.4%**	**3,756**	**8.7%**	**33.5%**
Finance income	–340	–0.7%	–195	–0.5%	74.2%
Finance costs	601	1.2%	571	1.3%	5.1%
Foreign exchange losses/(gains)	–124	–0.3%	–1	0.0%	>100.0%
Other operating income	–1,158	–2.4%	–507	–1.2%	>100.0%
Other operating expenses	465	1.0%	792	1.8%	–41.2%
Earnings before taxes	**5,569**	**11.6%**	**3,095**	**7.1%**	**79.9%**
Income taxes					
Current income tax expense	754	1.6%	–66	–0.1%	n.a.
Deferred taxes	686	1.4%	529	1.2%	29.6%
	1,440	3.0%	464	1.1%	>100.0%
Net income	**4,129**	**8.6%**	**2,632**	**6.1%**	**56.9%**
Other comprehensive income					
Foreign currency adjustments without deferred tax effect	11		177		
Foreign currency adjustments with deferred tax effect	–913		959		
Deferred taxes (on foreign currency adjustments with deferred tax effect)	225		–244		
Value differences with respect to hedges	164		0		
Deferred taxes (on value differences with respect to hedges)	–53		0		
Other comprehensive income after taxes	**–566**		**891**		
Total comprehensive income after taxes	**3,563**		**3,523**		
Net income attributable to:					
Owners of the parent	**4,067**	**8.5%**	**2,626**	**6.1%**	**54.8%**
Non-controlling interests	62	0.1%	6	0.0%	>100.0%
	4,129	**8.6%**	**2,632**	**6.1%**	**56.9%**
Total comprehensive income attributable to:					
Owners of the parent	3,501		3,517		
Non-controlling interests	62		6		
	3,563		**3,523**		
Earnings per share					
Basic earnings per share (in Euro)	0.21		0.14		55.8%
Fully diluted earnings per share (in Euro)	0.21		0.13		54.7%

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT)	1/1 – 3/31/2011 thousand Euro	in percent of sales	1/1 – 3/31/2010 thousand Euro	in percent of sales	Change
Operating income before other operating expenses/(income)	**5,013**	**10.4%**	**3,756**	**8.7%**	**33.5%**
Foreign exchange losses/(gains)	–124	–0.3%	–1	0.0%	>100.0%
Other operating expenses/(income)	–693	–1.4%	285	0.6%	n.a.
EBIT	**5,830**	**12.1%**	**3,472**	**8.0%**	**67.9%**

Condensed consolidated statement of cash flows

	1/1 – 3/31/2011 thousand Euro	1/1 – 3/31/2010 thousand Euro
Cash flow from operating activities		
Net income	4,129	2,632
Depreciation and amortization	4,480	3,954
Write-down of investments	34	0
Financial result	261	376
Other non-cash expenses/income	648	529
Current income tax expense	754	−66
Expenses for stock option plan and stock award plan	71	28
Changes in pension provisions	−55	−14
Changes in net working capital:		
Trade receivables	−1,145	−2,147
Inventories	163	−483
Securities	−3,503	0
Other assets	−27	−362
Trade payables	1,143	4,478
Other provisions and other liabilities	1,631	1,558
Income tax refunds/payments	−385	212
Interest paid	−601	−571
Interest received	340	195
Cash flow from operating activities	**7,938**	**10,318**
Cash flow from investing activities		
Capital expenditure for intangible assets	−905	−760
Capital expenditure for property, plant and equipment	−4,402	−1,349
Payments for acquisitions less acquired cash and cash equivalents	−558	0
Payments for/Disposal of non-current assets held for sale	976	−318
Disposal of property, plant and equipment	420	506
Payments for securities	−3,524	0
Disposal of investments	33	0
Cash flow from investing activities	**−7,960**	**−1,921**
Cash flow from financing activities		
Repayment/Borrowing of non-current liabilities	198	−93
Repayment/Borrowing of current liabilities to banks	2,669	−274
Cash flow from financing activities	**2,867**	**−367**
Increase in cash and cash equivalents	**2,845**	**8,030**
Effect of exchange rate changes on cash and cash equivalents	−118	113
Cash and cash equivalents at beginning of reporting period	58,010	46,841
Cash and cash equivalents at end of reporting period	**60,737**	**54,984**

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent				
	Shares thousand shares	Share capital thousand Euro	Treasury stock thousand Euro	Additional paid-in capital thousand Euro	Surplus reserve thousand Euro
January 1, 2010 (after corrections according to IAS 8)	**19,414**	**19,414**	**0**	**89,001**	**102**
Net income					
Other comprehensive income for the period					
Total comprehensive income					
Stock option expense				28	
March 31, 2010	**19,414**	**19,414**	**0**	**89,029**	**102**
January 1, 2011	**19,414**	**19,414**	**–119**	**88,486**	**102**
Net income					
Other comprehensive income for the period					
Total comprehensive income					
Changes in the basis of consolidation					
Stock option expense				71	
March 31, 2011	**19,414**	**19,414**	**–119**	**88,557**	**102**

Equity attributable to owners of the parent				Non-controlling interests	Group
Other equity components – hedges thousand Euro	Other equity components – foreign currency translations thousand Euro	Retained earnings thousand Euro	Total thousand Euro	Total thousand Euro	Total thousand Euro
0	**–2,489**	**48,626**	**154,654**	**–242**	**154,412**
		2,626	2,626	6	2,632
	891		891		891
	891	2,626	3,517	6	3,523
			28		28
0	**–1,598**	**51,252**	**158,199**	**–236**	**157,963**
61	**–1,801**	**66,380**	**172,523**	**–227**	**172,296**
		4,067	4,067	62	4,129
111	–677		–566		–566
111	–677	4,067	3,501	62	3,563
		11	11		11
			71		71
172	**–2,478**	**70,458**	**176,106**	**– 165**	**175,941**

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 1st quarter of 2011 were released for publication in May 2011 pursuant to Management Board resolution.

1 General information

ELMOS Semiconductor Aktiengesellschaft ("the company" or "ELMOS") has its registered office in Dortmund (Germany) and is entered in the register of companies maintained at the District Court (Amtsgericht) Dortmund, section B, no. 13698. The articles of incorporation are in effect in the version of March 26, 1999, last amended by shareholders' resolution of May 4, 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 to the articles of association. The company is authorized to conduct business in Germany as well as abroad.

In addition to its domestic branches, the company has sales companies in France, the U.S., Singapore, and South Korea and cooperates with other German and international companies in the development and production of ASIC chips.

Basic principles of the preparation of financial statements

The condensed interim consolidated financial statements for the period from January 1 to March 31, 2011 have been prepared in accordance with IAS 34: Interim Financial Reporting. These financial statements do therefore not contain all the information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2010.

Essential accounting policies and valuation methods

For the preparation of the condensed interim consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2010 with the exception of the new IFRS Standards and Interpretations listed below. The application of these Standards and Interpretations had no effect on the group's asset situation, finances and profit situation.

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

–> Improvements to IFRS 2010

Estimates and assumptions

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

Exceptional business transactions

There were no exceptional business transactions in the first quarter of 2011.

Basis of consolidation

The basis of consolidation of the ELMOS Group was expanded by three companies in the first quarter of 2011. First of all, a 50% interest in a joint venture was acquired. This company was included in the consolidated financial statements by way of proportional consolidation with economic effect as of January 1, 2011. Second of all, a subsidiary founded in South Korea in 2010 was included in these 3-month financial statements for the first time by way of full consolidation. The third company is a fully consolidated subsidiary founded in March 2011 in Singapore. These changes in the basis of consolidation have altogether no material effects on the Group's asset situation, finances and profit situation.

Seasonal and economic impact on business operations

The macroeconomic situation continues to be determined by local and global crises such as the economic crisis in some euro countries or the conflicts in the Middle East. No noteworthy effects of the catastrophe in Japan are foreseeable at present. The business of ELMOS Semiconductor AG is not subject to material seasonal fluctuations.

2 Segment reporting

The segments correspond with the internal organizational and reporting structure of the ELMOS Group. The definition of segments considers the different products and services supplied by the group. The accounting principles of the individual segments correspond with those applied by the group.

The company divides its business activities into two segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, France, South Africa, South Korea, Singapore, 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 March 31, 2011 and 2010, respectively) as well as on assets of the group's business segments (as of March 31, 2011 and December 31, 2010).

Quarter ended 3/31/2011	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	44,003	4,106	0	48,109
Inter-segment sales	44	191	−235[1]	0
Total sales	**44,047**	**4,297**	**−235**	**48,109**
Earnings				
Segment earnings	5,560	270	0	5,830
Finance income				340
Finance expenses				−601
Earnings before taxes				**5,569**
Income taxes				−1,440
Net income including non-controlling interests				**4,129**
Assets				
Segment assets	177,408	12,840	68,554[2]	258,802
Investments	469	352		821
Total assets				**259,623**
Other segment information				
Capital expenditures	5,229	78		5,307
Depreciation and amortization	4,152	328		4,480

Quarter ended 3/31/2010	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	39,714	3,642	0	43,356
Inter-segment sales	74	25	−99[1]	0
Total sales	**39,788**	**3,667**	**−99**	**43,356**
Earnings				
Segment earnings	3,057	415	0	3,472
Financial result				−376
Earnings before taxes				**3,096**
Income taxes				−464
Net income including non-controlling interests				**2,632**
Assets (as of 12/31/2010)				
Segment assets	168,837	13,487	65,951[3]	248,275
Investments	537	374	0	911
Total assets				**249,186**

[1] Sales from inter-segment transactions are eliminated for consolidation purposes.
[2] Non-attributable assets as of March 31, 2011 include cash and cash equivalents (60,737 thousand Euro), income tax assets (3,114 thousand Euro), and deferred taxes (4,703 thousand Euro), as these assets are controlled on group level.
[3] Non-attributable assets as of December 31, 2010 include cash and cash equivalents (58,010 thousand Euro), income tax assets (2,926 thousand Euro), and deferred taxes (5,015 thousand Euro), as these assets are controlled on group level.

Geographical information

Sales generated with third-party customers	Quarter ended 3/31/2011 thousand Euro	Quarter ended 3/31/2010 thousand Euro
Germany	17,505	16,362
EU	17,033	16,019
U.S.A.	3,839	2,998[1]
Asia/Pacific	6,244	5,078
Others	3,488	2,899[1]
	48,109	**43,356**

[1] *Prior-year amounts have been adjusted*

Geographical distribution of non-current assets	3/31/2011 thousand Euro	12/31/2010 thousand Euro
Germany	100,432	95,758
EU	8,968	8,767
U.S.A.	4,253	4,829
Others	6	2
	113,659	**109,356**

3 Notes to essential items

Selected non-current assets

Development of selected non-current assets from January 1 to March 31	Net book value 1/1/2011 thousand Euro	Changes in basis of consolidation thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation and amortization thousand Euro	Net book value 3/31/2011 thousand Euro
Intangible assets	30,589	555	905	–76	1,315	30,658
Property, plant and equipment	69,494	0	4,402	–602	3,165	70,129
Securities	6,272	0	3,525	0	0	9,797
Investments	911	0	0	–56	34	821
Other financial assets	2,090	0	164	0	0	2,254
	109,356	**555**	**8,996**	**–734**	**4,514**	**113,659**

Additions to securities relate to investments in bonds with maturities of more than 12 months in the amount of 3,525 thousand Euro.

The position of disposals/other movements includes negative currency adjustments in the amount of 257 thousand Euro.

Inventories

	3/31/2011 thousand Euro	12/31/2010 thousand Euro
Raw materials	7,698	6,709
Work in process	20,372	20,929
Finished goods	7,592	8,188
	35,662	**35,826**

Equity

As of March 31, 2011 the share capital of ELMOS Semiconductor AG consists of 19,414,205 shares. At present the company holds 119,607 own shares (treasury stock).

As of March 31, 2011 altogether 707,573 options from stock option plans are outstanding. The options are attributable to the tranches as follows:

	2009	2010	Total
Year of resolution and issue	2009	2010	
Exercise price in EUR	3.68	7.49	
Blocking period ex issue (years)	3	4	
Exercise period after blocking period (years)	3	3	
Options outstanding as of 12/31/2010 (number)	465,950	244,415	710,365
1/1-3/31/2011 exercised (number)	0	0	0
1/1-3/31/2011 forfeited (number)	2,100	692	2,792
Options outstanding as of 3/31/2011 (number)	**463,850**	**243,723**	**707,573**
Options exercisable as of 3/31/2011 (number)	0	0	0

4 Related party disclosures

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

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

Directors' dealings according to Section 15a WpHG (German Securities Trading Act)
No reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to March 31, 2011.

5 Subsequent events

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

Dortmund, May 2011

Dr. Anton Mindl Nicolaus Graf von Luckner Reinhard Senf Jürgen Höllisch

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This interim report was released on May 10, 2011 in German and English. Both versions are available for download on the Internet at www.elmos.de.

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

Financial calendar 2011

Annual General Meeting in Dortmund	May 17, 2011
6-month results Q2/2011 (after trading hours)	August 9, 2011
9-month results Q3/2011 (after trading hours)	November 3, 2011
Analysts' conference at the Equity Forum in Frankfurt	November 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.