360° Elmos

Interim report Q1 2013

Overview

In focus

- Slow start of the year 2013 as expected – Q1 2013 sales down 8%
- Solid operating and adjusted free cash flows
- Promising ramp-up of new products
- Growth forecast confirmed for 2nd quarter 2013 onwards

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

Key figures 1st quarter 2013

in million Euro or percent unless otherwise indicated	1/1 – 3/31/2013	1/1 – 3/31/2012	Change
Sales	**43.1**	**46.9**	**–8.0%**
Semiconductor	39.1	41.9	–6.8%
Micromechanics	4.0	5.0	–18.6%
Gross profit	**16.8**	**18.2**	**–7.7%**
in percent of sales	39.0%	38.9%	
R&D expenses	8.8	8.8	0.3%
in percent of sales	20.4%	18.7%	
Operating income before other operating expenses/(income)	–0.6	0.7	n/a
in percent of sales	–1.5%	1.4%	
Exchange rate losses/(gains)	–0.1	0.1	n/a
Other operating expenses/(income)	–0.8	–0.4	92.8%
EBIT	**0.3**	**1.0**	**–73.2%**
in percent of sales	0.6%	2.1%	
Consolidated net income after non-controlling interests	0.4	0.6	–31.8%
in percent of sales	1.0%	1.3%	
Basic earnings per share (in Euro)	**0.02**	**0.03**	**–31.7%**
Cash flow from operating activities	5.2	0.5	>100.0%
Capital expenditures for intangible assets and property, plant and equipment	2.2	3.3	–33.8%
in percent of sales	5.1%	7.0%	
Free cash flow[1]	–13.3	–2.8	>100.0%
Adjusted free cash flow[2]	**3.0**	**–2.8**	**n/a**

in million Euro or percent unless otherwise indicated	3/31/2013	12/31/2012	Change
Equity	188.5	189.6[3]	–0.5%
in percent of total assets	68.5%	69.6%	
Employees (reporting date)	1,041	1,032	0.9%

[1] Cash flow from operating activities less cash flow from investing activities
[2] Cash flow from operating activities less capital expenditures for intangible assets and property, plant and equipment, less payments for investments, plus disposal of investments
[3] Please refer to note 1 in the condensed notes to the consolidated financial statements

Interim group management report

Course of business

Sales development and order situation

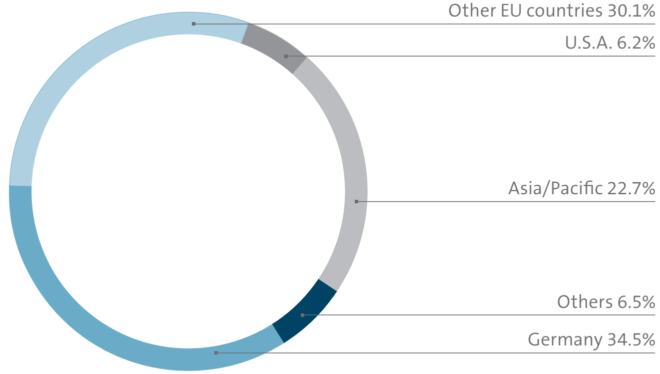
The effects of the uncertain economic situation in Europe had their impact on sales of Elmos Semiconductor AG in the first quarter of 2013 as expected. Sales went down altogether by 8.0% to 43.1 million Euro (Q1 2012: 46.9 million Euro).

The trend that combines weak business with European automotive customers and a pleasant development in Asia is currently determining sales figures of carmakers and their suppliers throughout the industry. However, the growth in Asia does not compensate for the decline of the business of Elmos in Europe. While sales generated with European customers dropped by 3.8 million Euro or 12.1% to 27.9 million Euro, sales generated with Asian customers went up 1.1 million Euro or 12.2% to 9.8 million Euro.

In comparison with the fourth quarter of 2012 which also suffered from the weakness of the European auto market with respect to volume projects, sales went down merely by 2.9% (Q4 2012: 44.4 million Euro). This decline is due on the one hand to price concessions typically granted at the beginning of the year and on the other hand to the relatively large share of development sales of the fourth quarter 2012.

Third-party sales	1/1 – 3/31/2013 thousand Euro	in percent of sales	1/1 – 3/31/2012 thousand Euro	in percent of sales	Change
Germany	14,901	34.5%	15,018	32.0%	–7.8%
Other EU countries	12,980	30.1%	16,704	35.6%	–22.3%
U.S.A.	2,683	6.2%	3,044	6.5%	–11.9%
Asia/Pacific	9,788	22.7%	8,725	18.6%	12.2%
Others	2,790	6.5%	3,423	7.3%	–18.5%
Consolidated sales	**43,142**	**100.0%**	**46,914**	**100.0%**	**–8.0%**

Sales by region Q1 2013



Compared to the prior-year quarter, the decline reported for the semiconductor segment is less (–6.8%) than that of the micromechanics segment (–18.6%).

The order intake currently reflects the expectation of a sales increase for the second quarter of 2013 onwards based on the ramp-up of several products. The relation of orders received to sales, the so-called book-to-bill, was above one at the end of the first quarter of 2013.

Profit situation, finances and asset situation

Compared to the first quarter of 2012, the cost of sales dropped by 8.3% to 26.3 million Euro in the quarter under review (Q1 2012: 28.7 million Euro), approximately in proportion to sales, so that the gross margin of 39.0% remained stable compared to the previous year despite the lower production output (Q1 2012: 38.9%). The gross profit reached 16.8 million Euro in the first quarter of 2013 (Q1 2012: 18.2 million Euro).

Apart from the lower production output, the decline of the gross margin as compared to the fourth quarter of 2012 (Q4 2012: 48.5%) is also accounted for by price effects generally taking place at the beginning of the year to a disproportionate extent and the lower share of development sales.

Research and development expenses of 8.8 million Euro remained stable in comparison with the prior-year quarter despite the full consolidation of MAZ Mikroelektronik-Anwendungszentrum GmbH im Land Brandenburg, Berlin (MAZ) effective as of April 1, 2012. The increase of the R&D ratio to 20.4% (Q1 2012: 18.7%) is accounted for by lower sales of the reporting quarter for the most part.

Based on increased activity in the Asian region, distribution expenses went up slightly by 3.3% to 4.6 million Euro (Q1 2012: 4.5 million Euro). Administrative expenses decreased from 4.3 million Euro in the first quarter of 2012 by 6.0% to 4.1 million Euro in the reporting quarter.

Earnings before interest and taxes (EBIT) went down to 0.3 million Euro due to weaker sales (Q1 2012: 1.0 million Euro). The EBIT margin came to 0.6% (Q1 2012: 2.1%).

The consolidated net income attributable to owners of the parent reached 0.4 million Euro (Q1 2012: 0.6 million Euro). This equals basic earnings per share (EPS) of 0.02 Euro (Q1 2012: 0.03 Euro).

The cash flow from operating activities climbed from 0.5 million Euro in the prior-year period to 5.2 million Euro in the first quarter of 2013. An essential reason for this gain is the increase in trade payables (Q1 2013: +2.5 million Euro vs. Q1 2012: –3.4 million Euro).

Capital expenditures for intangible assets and property, plant and equipment amounted to 2.2 million Euro or 5.1% of sales in the first quarter of 2013 (Q1 2012: 3.3 million Euro or 7.0% of sales). The adjusted free cash flow (cash flow from operating activities less capital expenditures for intangible assets and property, plant and equipment, less payments for investments, plus disposal of investments) also showed a very positive development, reaching 3.0 million Euro in the first quarter of 2013 as opposed to –2.8 million Euro in Q1 2012.

In addition to cash and cash equivalents in the amount of 40.3 million Euro, the Company holds long-term and short-term securities worth 43.2 million Euro (December 31, 2012: 55.6 million Euro and 26.6 million Euro respectively). Cash and cash equivalents plus fungible securities thus totaled 83.5 million Euro as of March 31, 2013, increased again in comparison with December 31, 2012 (82.2 million Euro). Net cash at 40.8 million Euro was also up slightly compared to the level as of December 31, 2012 (39.3 million Euro). The equity ratio remained solid at 68.5% as of March 31, 2013 (December 31, 2012: 69.6%).

Economic environment

The worldwide market of new passenger car registrations shows considerable regional differences. In the first quarter of 2013, the passenger car market in **Western Europe** was almost 10% below the prior-year level at more than 2.9 million new vehicles. Among the major markets only Great Britain managed to report an increase (+7.4%). Contrary to that, significantly less new cars were registered in Spain (–11.5%), Germany (–12.9%), Italy (–13.0%), and France (–14.6%).

Yet the development in the countries outside Europe was more pleasant for the most part. Sales of so-called light vehicles in the U.S. were up more than 6% over the full first quarter of 2013 compared to the prior-year period, coming to almost 3.7 million new cars. The market in **China** showed a very positive performance. Passenger car sales since January were more than 25% above the prior-year level, equivalent to 3.9 million new cars. The new registrations statistics of **Japan** must be considered in view of last year's March, incentivized with government awards. As March 2012 had therefore been a strong selling month, the 1st quarter of 2013 was 9% below the prior-year quarter at 1.3 million passenger cars.

Significant events

Dr. Anton Mindl, CEO, and Nicolaus Graf von Luckner, CFO, explained the 2012 annual result within the framework of the **annual press conference** and the **analysts' conference** held on March 19, 2013. The Management Board also presented the general economic conditions and the outlook for 2013. The **analysts' conference** is available as a video file at www.elmos.com.

Furthermore, Elmos presented its product portfolio at the **trade shows** "embedded world 2013" in Nuremberg and "electronica China" in Shanghai and received positive customer response throughout.

In February Elmos announced the news that it had successfully implemented an **energy management** system which was certified in accordance with DIN EN ISO 50001. The goal is to save energy. Elements of the energy management system are a corporate energy policy, the definition of energy targets, the identification of energy savings potential, the determination of measures, and review cycles as well as monitoring.

A new **product** introduced in the reporting period is the component E931.08. The IC is designed especially for the interface between thermopile sensor and microcontroller or processor. One of the potential applications is a compact-sized in-ear thermometer.

Other disclosures

Staff development

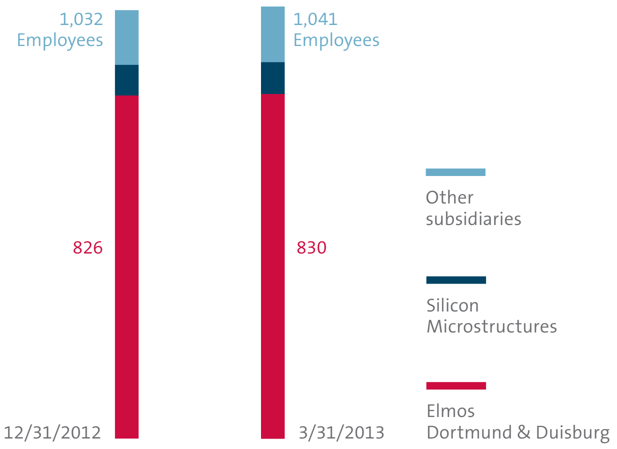
The workforce of the Elmos Group came to 1,041 employees as of March 31, 2013. Compared with December 31, 2012 (1,032 employees) the staff is thus slightly increased (0.9%). This is accounted for essentially by the employment of temporary staff.

Elmos share

Despite the declining economy in Europe and enduring uncertainty caused by economic crises in some European countries, the stock markets generally showed positive developments in the first quarter of 2013. DAX (2.4%), TecDAX (12.5%), DAX Sector Technology (2.8%) and Technology All Share (12.9%) all reported gains. The Elmos share had a very good performance and climbed by 20.7% in the first quarter of 2013.

The share closed on March 28, 2013 at 8.63 Euro. Market capitalization amounted to 169.3 million Euro at that date (based on 19.6 million shares issued). The stock reached its high on March 20, 2013 at 9.00 Euro and its low on January 3, 2013 at 7.17 Euro

Staff development Elmos Group



(Xetra closing prices all). The average daily trading volume of the first three months of 2013 was 17.4 thousand shares (Xetra and Frankfurt floor) and was thus below the 2012 average (23.8 thousand shares).

At the end of March 2013, Elmos completed its share buyback program launched in August 2012. Altogether 348,783 shares were repurchased at an average share price of 7.57 Euro. This equals a total purchase price of 2.6 million Euro. The amount of treasury shares was reduced by servicing stock options with treasury shares. On March 31, 2013 Elmos Semiconductor AG held 378,587 treasury shares.

Company boards

Supervisory Board

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

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

Dr. Klaus Egger
Graduate engineer | Steyr-Gleink, Austria

Thomas Lehner
Graduate engineer | Dortmund

Sven-Olaf Schellenberg
Graduate physicist | Dortmund

Dr. Klaus Weyer
Graduate physicist | Penzberg

Management Board

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

Nicolaus Graf von Luckner
Graduate economist | Oberursel

Reinhard Senf
Graduate engineer | Iserlohn

Dr. Peter Geiselhart
Graduate physicist, Ettlingen

Outlook

Opportunities and risks

Risk management and individual corporate risks and opportunities are described in our Annual Report 2012. Over the first three months of 2013 no material changes of the Company's risks and opportunities as detailed therein have occurred. No risks are visible at present that could either separately or collectively jeopardize the Company's continued existence.

Economic framework

The general economic conditions for 2013 continue to be dismal primarily due to the euro crisis. The true extent of the euro crisis is uncertain and keeps showing up in the forecasts as a constant reminder. The German Association of the Automotive Industry (VDA) also identifies the euro crisis as a factor of uncertainty: "... Yet obviously customers are unsettled by the debt crisis in the euro area which has lasted for two years now. This perennial issue is rather depressing. ... 2013 will become a challenging year for the auto industry," says VDA President Matthias Wissmann.

According to the industry association, the Western European passenger car market will turn out slightly weaker in the year 2013 than in 2012 and amount to 11.4 million new registrations (minus 3%). Other forecasts also assume that 2013 will become the weakest car year in Europe in 20 years. Outside Western Europe, the VDA finds a positive automotive economy. The global passenger car market will continue its course for growth in 2013 and take aim at the 70-million mark (2012: about 68 million cars). This dynamic growth is driven primarily by the markets in China and the U.S.

Outlook for the Elmos Group

Elmos has pursued a solid economic policy in the past years. As a consequence of that, Elmos now stands on a secure financial foundation. Moreover, Elmos is highly regarded by the customers; the deciding factors for this reputation were the power of innovation, the high quality level, and the Company's delivery reliability.

The ramp-up of various products is presently reflected in the current year's order intake. We are expecting significant growth stimulation for the second quarter of 2013 onwards. Elmos has the right products in order to benefit from a sound economy. The large number of ramp-ups at the end of last year and the success with customer acquisitions also give proof of this. Therefore we have a positive outlook on the current year despite the rather dim prospects for the automotive market and thus confirm our growth forecast for 2013.

In 2013 Elmos anticipates a sales increase in the mid single-digit percentage range based on essentially unchanged general economic conditions. The EBIT margin will be above the 2012 level (6.3%). The adjusted free cash flow is expected to be positive. Capital expenditures are budgeted to amount to no more than 15% of sales.

In the medium and long term, Elmos will benefit from the global megatrends: increasing urbanization, more renewable energy sources (and generally dealing with energy in an efficient way), and more as well as environmentally sound mobility. To all these dynamically growing market segments, Elmos will make important contributions.

Interim consolidated financial statements

Condensed consolidated statement of financial position

Assets	3/31/2013 thousand Euro	12/31/2012 thousand Euro
Non-current assets		
Intangible assets[1]	29,324	30,236
Property, plant and equipment[1]	69,842	71,755
Investments in associates	0	0
Securities[1, 2]	36,389	18,741
Investments[1, 2]	2,717	2,652
Other financial assets[1]	1,124	1,116
Deferred tax assets	3,721	3,624[3]
Total non-current assets	**143,117**	**128,124**
Current assets		
Inventories[1]	44,402	42,968
Trade receivables[2]	29,894	27,644
Securities[2]	6,798	7,840
Other financial assets	4,028	4,203
Other receivables	5,874	5,479
Income tax assets	362	411
Cash and cash equivalents[2]	40,333	55,576
	131,691	**144,121**
Non-current assets held for sale	269	144
Total current assets	**131,960**	**144,265**
Total assets	**275,077**	**272,389**

Condensed consolidated statement of financial position

Equity and liabilities	3/31/2013 thousand Euro	12/31/2012 thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital[1]	19,616	19,616
Treasury stock[1]	–379	–240
Additional paid-in capital	87,501	88,599
Surplus reserve	102	102
Other equity components	–2,509	–2,869
Retained earnings	82,131	81,794[3]
	186,462	**187,002**
Non-controlling interests	2,086	2,587
Total equity	**188,548**	**189,589**
Liabilities		
Non-current liabilities		
Provisions	711	756[3]
Financial liabilities[2]	12,571	12,571
Other liabilities	5,046	5,277
Deferred tax liabilities	3,517	4,219
Total non-current liabilities	**21,845**	**22,823**
Current liabilities		
Provisions	9,695	8,107
Income tax liabilities	1,411	1,409
Financial liabilities[2]	30,186	30,290
Trade payables[2]	20,232	17,755
Other liabilities	3,160	2,416
Total current liabilities	**64,684**	**59,977**
Total liabilities	**86,529**	**82,800**
Total equity and liabilities	**275,077**	**272,389**

[1] Cf. note 3
[2] Cf. note 4
[3] Please refer to note 1 in the condensed notes to the consolidated financial statements

Condensed consolidated income statement

For the period January 1 to March 31	1/1 – 3/31/2013 thousand Euro	in percent of sales	1/1 – 3/31/2012 thousand Euro	in percent of sales	Change
Sales	**43,142**	**100.0**	**46,914**	**100.0**	**–8.0%**
Cost of sales	26,303	61.0	28,679	61.1	–8.3%
Gross profit	**16,839**	**39.0**	**18,235**	**38.9**	**–7.7%**
Research and development expenses	8,783	20.4	8,755	18.7	0.3%
Distribution expenses	4,610	10.7	4,464	9.5	3.3%
Administrative expenses	4,083	9.5	4,342	9.3	–6.0%
Operating income before other operating expenses / income (–)	**–638**	**–1.5**	**674**	**1.4**	**n/a**
Finance income	–462	–1.1	–458	–1.0	0.8%
Finance costs	565	1.3	594	1.3	–5.0%
Exchange rate losses/gains (–)	–125	–0.3	102	0.2	n/a
Other operating income	–1,030	–2.4	–697	–1.5	47.8%
Other operating expenses	256	0.6	296	0.6	–13.2%
Earnings before taxes	**158**	**0.4**	**837**	**1.8**	**–81.2%**
Taxes on income					
Current income tax expense	505	1.2	24	0.1	>100.0%
Deferred taxes	–855	–2.0	186	0.4	n/a
	–350	**–0.8**	**210**	**0.5**	**n/a**
Consolidated net income	**508**	**1.2**	**627**	**1.3**	**–19.0%**
Consolidated net income attributable to					
Owners of the parent	**422**	**1.0**	**619**	**1.3**	**–31.8%**
Non-controlling interests	86	0.2	8	0.0	>100.0%
	508	1.2	627	1.3	–19.0%
Earnings per share					
Basic earnings per share (in Euro)	0.02		0.03		–31.7%
Fully diluted earnings per share (in Euro)	0.02		0.03		–31.1%

Condensed consolidated statement of comprehensive income

For the period January 1 to March 31	1/1 – 3/31/2013 thousand Euro	1/1 – 3/31/2012 thousand Euro
Consolidated net income	**508**	**627**
Other comprehensive income		
Items that may be reclassified to the income statement in future periods, including respective tax effects		
Foreign currency adjustments not affecting deferred taxes	–5	–11
Foreign currency adjustments affecting deferred taxes	394	–455
Deferred tax (on foreign currency adjustments affecting deferred taxes)	–99	114
Value differences relating to hedges	74	–207
Deferred tax (on value differences relating to hedges)	–13	66
Available-for-sale financial assets	38	65
Deferred tax (on available-for-sale financial assets)	–47	–9
Other comprehensive income after taxes	**342**	**–437**
Total comprehensive income after taxes	**850**	**190**
Total comprehensive income attributable to		
Owners of the parent	782	178
Non-controlling interests	68	12
	850	**190**

Condensed consolidated statement of cash flows

For the period January 1 to March 31	1/1 – 3/31/2013 thousand Euro	1/1 – 3/31/2012 thousand Euro
Cash flow from operating activities		
Consolidated net income	508	627
Depreciation and amortization	4,652	4,247
Financial result	103	136
Other non-cash income (–)/expense	–924	245
Current income tax expense	505	24
Expenses for stock option and stock award plans	109	96
Changes in pension provisions	–45	–38
Changes in net working capital:		
Trade receivables	–2,250	–1,219
Inventories	–1,434	–80
Other assets	–220	–1,559
Trade payables	2,477	–3,371
Other provisions and other liabilities	2,226	1,990
Income tax payments	–454	–461
Interest paid	–565	–594
Interest received	462	458
Cash flow from operating activities	**5,150**	**501**

Condensed consolidated statement of cash flows (continuation)

For the period January 1 to March 31	1/1 – 3/31/2013 thousand Euro	1/1 – 3/31/2012 thousand Euro
Cash flow from investing activities		
Capital expenditures for intangible assets	–376	–781
Capital expenditures for property, plant and equipment	–1,810	–2,521
Payments for (–)/Disposal of non-current assets held for sale	–125	137
Disposal of property, plant and equipment	474	2
Payments for securities	–17,581	–219
Disposal of securities	1,013	0
Payments for non-current financial assets (–)/ Payments from other non-current financial assets	–8	50
Cash flow from investing activities	**–18,413**	**–3,332**
Cash flow from financing activities		
Repayment of non-current liabilities	0	–64
Repayment of current liabilities to banks	–104	–138
Newly created non-controlling interests	0	48
Purchase of treasury shares	–1,525	0
Issue of treasury shares	183	0
Distribution to non-controlling shareholders	–84	0
Increase of majority stake	–570	0
Other changes	–4	–6
Cash flow from financing activities	**–2,104**	**–160**
Decrease in cash and cash equivalents	**–15,367**	**–2,991**
Effect of exchange rate changes on cash and cash equivalents	124	–195
Cash and cash equivalents at beginning of reporting period	55,576	59,002
Cash and cash equivalents at end of reporting period	**40,333**	**55,816**

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent										Non-controlling interests	Group
						Other equity components						
						Reserve for available-for-sale financial assets	*Hedges*	*Foreign currency translation*				
	Shares thousand	Share capital thousand Euro	Treasury shares thousand Euro	Additional paid-in capital thousand Euro	Surplus reserve thousand Euro	thousand Euro	thousand Euro	thousand Euro	Retained earnings thousand Euro	Total thousand Euro	Total thousand Euro	Total thousand Euro
January 1, 2012 prior to adjustments	**19,414**	**19,414**	**–106**	**88,516**	**102**	**–37**	**–627**	**–1,400**	**81,450**	**187,312**	**633**	**187,945**
Effects of first-time application of IAS 19R[1]									37	37		37
January 1, 2012 after adjustments	**19,414**	**19,414**	**–106**	**88,516**	**102**	**–37**	**–627**	**–1,400**	**81,487**	**187,349**	**633**	**187,982**
Consolidated net income									619	619	8	627
Other comprehensive income for the period						56	–141	–356		–441	4	–437
Total comprehensive income						56	–141	–356	619	178	12	190
Expenses for stock options and stock awards				96						96		96
Newly created non-controlling interests									17	17	31	48
Other changes									–6	–6		–6
March 31, 2012	**19,414**	**19,414**	**–106**	**88,612**	**102**	**19**	**–768**	**–1,756**	**82,117**	**187,634**	**676**	**188,310**
January 1, 2013 prior to adjustments	**19,616**	**19,616**	**–240**	**88,599**	**102**	**71**	**–1,306**	**–1,634**	**82,255**	**187,463**	**2,587**	**190,050**
Effects of first-time application of IAS 19R[1]									–461	–461		–461
January 1, 2013 after adjustments	**19,616**	**19,616**	**–240**	**88,599**	**102**	**71**	**–1,306**	**–1,634**	**81,794**	**187,002**	**2,587**	**189,589**
Consolidated net income									422	422	86	508
Other comprehensive income for the period						–9	61	308		360	–18	342
Total comprehensive income						–9	61	308	422	782	68	850
Issue of treasury shares			50	133						183		183
Transaction costs				–4						–4		–4
Purchase of treasury shares			–189	–1,336						–1,525		–1,525
Distribution to non-controlling shareholders										0	–84	–84
Expenses for stock options and stock awards				109						109		109
Increase of majority stake									–85	–85	–485	–570
March 31, 2013	**19,616**	**19,616**	**–379**	**87,501**	**102**	**62**	**–1,245**	**–1,326**	**82,131**	**186,462**	**2,086**	**188,548**

[1] Please refer to note 1 in the condensed notes to the consolidated financial statements.

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 1st quarter 2013 were released for publication in May 2013 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 Dortmund District Court (Amtsgericht), section B, no. 13698. The Articles of Incorporation are in effect in the version of March 26, 1999, last amended by resolution of the Annual General Meeting of May 8, 2012.

The Company's business is the development, manufacture and distribution of microelectronic components and system parts (**a**pplication **s**pecific **i**ntegrated **c**ircuits, or in short: ASICs) as well as technological devices with similar functions. The Company may conduct all transactions suitable for serving the object of business directly or indirectly. The Company may establish branches, acquire or lease businesses of the same or a similar kind or invest in them, and conduct all business transactions that are beneficial to the Articles of Association. The Company is authorized to conduct business in Germany as well as abroad.

In addition to its domestic branches, the Company has sales companies in Asia and the United States 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, 2013 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, 2012.

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, 2012, with the exception of the following new or amended IFRS standards and interpretations listed below.

-> IFRS 13: Fair Value Measurement
-> IAS 19: Employee Benefits (revised 2011)
-> Improvements to IFRS (2009-2011): collection of amendments

Except for the adjustments described below, the application of these standards and interpretations had no material effect on the Group's asset situation, finances and profit situation.

Adjustment of prior-year amounts

In June 2011 the IASB released amendments to IAS 19: Employee Benefits, adopted by the EU in June 2012. The amendments to IAS 19 must generally be applied with retrospective effect for financial statements prepared for fiscal years beginning on or after January 1, 2013. Elmos has adjusted the reported prior-year amounts for the effects of the amendments to IAS 19. For Elmos, the revision of IAS 19 has the following effects altogether:

Retrospective presentation as of January 1, 2012

thousand Euro	January 1, 2012 prior to adjustments	Effects from first-time application of IAS 19R	January 1, 2012 after adjustments
Consolidated statement of financial position			
Retained earnings	81,450	37	81,487
Non-current provisions	243	–55	188
Deferred tax liabilities	3,994	18	4,012

Retrospective presentation as of January 1, 2013

thousand Euro	January 1, 2013 prior to adjustments	Effects from first-time application of IAS 19R	January 1, 2013 after adjustments
Consolidated statement of financial position			
Deferred tax assets	3,421	203	3,624
Retained earnings	82,255	– 461	81,794
Non-current provisions	92	664	756

Prior-year amounts have been adjusted accordingly in these consolidated financial statements. There were no effects in the basic or fully diluted earnings per share.

Estimates and assumptions

The Company recognizes provisions for pension and partial retirement obligations pursuant to IAS 19. An actuarial interest rate of 3.5% has been applied for 2013, the same rate as applied as of December 31, 2012.

Exceptional business transactions

There were no exceptional business transactions in the first quarter of 2013.

Basis of consolidation

There were no changes to the basis of consolidation in the first quarter of 2013 through either additions or disposals.

As of acquisition date January 1, 2013, 26.1% of the shares in GED Gärtner-Electronic-Design GmbH, Frankfurt/Oder were acquired. After this increase of the already existing majority stake, Elmos Semiconductor AG holds 100% of the shares in this affiliate.

Seasonal and economic impact on business operations

The general economic conditions for 2013 continue to be dismal primarily due to the euro crisis. The true extent of the euro crisis is uncertain and keeps showing up in the forecasts as a constant reminder. The business of Elmos Semiconductor AG is not subject to material seasonal fluctuations.

2 // Segment reporting

The business segments correspond to 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 to those applied by the Group.

The Company divides its business activities into two segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, South Africa, Asia and the U.S.A. Sales in this segment are generated predominantly with electronics for the automotive industry. In addition, 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); these 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, 2013 and 2012, respectively) as well as on assets of the Group's business segments (as of March 31, 2013 and December 31, 2012).

Quarter ended 3/31/2013	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Group thousand Euro
Sales				
Third-party sales	39,101	4,041	0	43,142
Intersegment sales	91	227	–318[1]	0
Total sales	**39,192**	**4,268**	**–318**	**43,142**
Earnings				
Segment earnings	–15	275	0	260
Finance income				462
Finance expenses				–565
Earnings before taxes				**158**
Taxes on income				350
Consolidated net income including non-controlling interests				**508**
Assets				
Segment assets	213,162	14,782	44,416[2]	272,360
Investments	470	2,247	0	2,717
Total assets				**275,077**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	2,160	26	0	2,186
Depreciation and amortization	4,484	168	0	4,652

[1] Sales from intersegment transactions have been eliminated for consolidation purposes.
[2] Non-attributable assets as of March 31, 2013 include cash and cash equivalents (40,333 thousand Euro), income tax assets (362 thousand Euro) and deferred taxes (3,721 thousand Euro) as these assets are controlled at Group level.

Quarter ended 3/31/2012	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Group thousand Euro
Sales				
Third-party sales	41,947	4,967	0	46,914
Intersegment sales	55	157	–212[1]	0
Total sales	**42,002**	**5,124**	**–212**	**46,914**
Earnings				
Segment earnings	495	478	0	973
Finance income				458
Finance expenses				–594
Earnings before taxes				**837**
Taxes on income				–210
Consolidated net income including non-controlling interests				**627**
Assets (as of 12/31/2012)				
Segment assets	196,462	13,664	59,611[2, 3]	269,737
Investments	470	2,182	0	2,652
Total assets				**272,389**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	2,842	460	0	3,302
Depreciation and amortization	4,093	154	0	4,247

[1] Sales from intersegment transactions have been eliminated for consolidation purposes.
[2] Non-attributable assets as of December 31, 2012 include cash and cash equivalents (55,576 thousand Euro), income tax assets (411 thousand Euro) and deferred taxes (3,624 thousand Euro) as these assets are controlled at Group level.
[3] Please refer to note 1 in the condensed notes to the consolidated financial statements.

Geographical information

Sales generated with third-party customers	Quarter ended 3/31/2013 thousand Euro	Quarter ended 3/31/2012 thousand Euro
Germany	14,901	15,018
Other EU countries	12,980	16,704
U.S.A.	2,683	3,044
Asia/Pacific	9,788	8,725
Others	2,790	3,423
Consolidated sales	**43,142**	**46,914**

Geographical distribution of non-current assets	3/31/2013 thousand Euro	12/31/2012 thousand Euro
Germany	127,042	112,054
Other EU countries	4,671	4,796
U.S.A.	6,489	6,458
Others	70	76
Non-current assets	**138,272**	**123,384**

3 // Notes on essential items

Selected non-current assets

Development of selected non-current assets from January 1 to March 31	Net book value 1/1/2013 thousand Euro	Reclassification thousand Euro	Additions thousand Euro	Disposals/Other movements thousand Euro	Depreciation and amortization thousand Euro	Net book value 3/31/2013 thousand Euro
Intangible assets	30,236	0	376	19	1,307	29,324
Property, plant and equipment	71,755	0	1,810	–378	3,345	69,842
Securities	18,741	0	17,581	67	0	36,389
Investments	2,652	0	0	65	0	2,717
Other financial assets	1,116	0	8	0	0	1,124
	124,500	**0**	**19,775**	**–227**	**4,652**	**139,396**

The item “Disposals/Other movements” includes positive currency adjustments in the amount of 179 thousand Euro.

Inventories

	3/31/2013 thousand Euro	12/31/2012 thousand Euro
Raw materials	7,381	7,432
Work in process	29,362	27,464
Finished goods	7,659	8,072
	44,402	**42,968**

Equity

As of March 31, 2013, the share capital of Elmos Semiconductor AG consists of 19,615,705 shares. At present, the Company holds 378,587 treasury shares.

As of March 31, 2013, altogether 1,085,696 options from stock option plans are outstanding. The options are attributable to the separate tranches as follows:

	2009	2010	2011	2012	Total
Year of resolution and issue	2009	2010	2011	2012	
Exercise price in Euro	3.68	7.49	8.027	7.42	
Blocking period ex issue (years)	3	4	4	4	
Exercise period after blocking period (years)	3	3	3	3	
Options outstanding as of 12/31/2012 (number)	255,580	238,088	246,410	400,000	1,140,078
1/1-3/31/2013 exercised (number)	49,640	0	0	0	49,640
1/1-3/31/2013 forfeited (number)	300	1,010	1,200	2,232	4,742
Options outstanding as of 3/31/2013 (number)	**205,640**	**237,078**	**245,210**	**397,768**	**1,085,696**
Options exercisable as of 3/31/2013 (number)	205,640	0	0	0	205,640

4 // Information on financial instruments

The following table lists the book values and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability as of the measurement date between market participants in a regular business transaction. In view of varying factors of influence, the presented fair values may only be regarded as indicators of the amounts actually recoverable in the market. Detailed information on the methods and assumptions underlying the determination of the value of financial instruments can be found under note 29 to the 2012 consolidated financial statements. Their relevance to these quarterly financial statements is undiminished.

Book values and fair values of financial instruments

	March 31, 2013		December 31, 2012	
thousand Euro	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets				
Investments	2,717	2,717	2,652	2,652
Long-term securities	36,389	36,389	18,741	18,741
Short-term securities	6,798	6,798	7,840	7,840
Trade receivables	29,894	29,894	27,644	27,644
Cash and cash equivalents	40,333	40,333	55,576	55,576
Other financial assets				
Other receivables and assets	2,297	2,297	2,398	2,398
Other loans	2,231	2,231	2,305	2,305
Call option	54	54	54	54
Earn-out	570	570	562	562
Financial liabilities				
Trade payables	20,232	20,232	17,755	17,755
Liabilities to banks	42,757	43,737	42,861	44,027
Other financial liabilities				
Miscellaneous financial liabilities	393	393	342	342
Put option	2,242	2,242	2,242	2,242
Hedged derivatives (short-term)	314	314	207	207
Hedged derivatives (long-term)	1,538	1,538	1,719	1,719
Fixed-interest forward loans	0	1,342	0	1,373

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

Hierarchy of fair values

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

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

Stage 2: methods where all input parameters with material effect on the determined fair value can be monitored either directly or indirectly

Stage 3: methods using input parameters that have material effect on the determined fair value and are not based on market data that can be monitored

As of March 31, 2013, the Group held the following financial instruments measured at fair value:

Available-for-sale financial assets	Stage 1 thousand Euro	Stage 2 thousand Euro	Stage 3 thousand Euro
January 1, 2013	**23,081**	**0**	**2,652**
Foreign-currency valuation of investment in TetraSun Inc.	0	0	65
Additions of securities (long-term)	13,648	0	0
Disposal of securities (short-term)	–1,042	0	0
March 31, 2013	**35,687**	**0**	**2,717**
Hedged derivatives			
January 1, 2013	**0**	**–1,926**	**0**
Correction of measurement of hedged derivatives outside profit or loss (short-term and long-term)	0	74	0
March 31, 2013	**0**	**–1,852**	**0**
Call option			
January 1, 2013	**0**	**0**	**54**
March 31, 2013	**0**	**0**	**54**
Put option			
January 1, 2013	**0**	**0**	**–2,242**
March 31, 2013	**0**	**0**	**–2,242**

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

The hedged derivatives allocated to *hierarchy stage 2* comprise the Company's interest rate swaps.

The available-for-sale financial assets reported under *hierarchy stage 3* are investments in various companies, among other assets. With this respect, the book value essentially corresponds with the market value. The shares in TetraSun Inc. acquired in previous years were reported under non-current assets in the consolidated statement of financial position. In the first quarter of 2013 this stake was increased by 65 thousand Euro due to foreign exchange differences. The call and put options agreed on with a non-controlling shareholder are measured on a yearly basis at fair value most recently as of December 31, 2012 in application of the DCF method and in consideration of the terms and conditions of the contract. In the course of the measurement process, the required publicly available market data are collected and the input parameters that cannot be monitored are reviewed on the basis of internally available current information and updated if necessary. Material changes of the input parameters and their respective effects on book values are subject to routine reporting to management.

5 // Related party disclosures

As reported in the consolidated financial statements for the fiscal year ended December 31, 2012, the Elmos Group maintains business relationships with related companies and individuals in the context of the ordinary course of business.

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

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

The following reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to March 31, 2013:

Date Place	Name	Function	Transaction	Number	Price/Basic price (Euro)	Total volume (Euro)
3/19/2013 XETRA	Dr. Klaus Weyer	Supervisory Board member	Purchase of Elmos shares	19,000	8.63	163,938
3/21/2013 XETRA	Dr. Klaus Weyer	Supervisory Board member	Purchase of Elmos shares	18,400	8.71	160,272
3/22/2013 Off-market	Reinhard Senf	Management Board member	Sale of Elmos shares from exercise of stock options	6,000	8.76	52,584
3/22/2013 Off-market	Ute-Karin Senf	Spouse of a Management Board member	Sale of Elmos shares from exercise of stock options	400	8.76	3,506
3/22/2013 XETRA	Dr. Klaus Weyer	Supervisory Board member	Purchase of Elmos shares	4,500	8.74	39,318

6 // Significant events after the end of the first three months of 2013

There have been no reportable events or transactions of special significance after the end of the reporting period.

Dortmund, May 2013

Dr. Anton Mindl   Nicolaus Graf von Luckner   Reinhard Senf   Dr. Peter Geiselhart

Financial calendar 2013

3-month results Q1/2013[1]	May 7, 2013
Annual General Meeting in Dortmund	May 24, 2013
6-month results Q2/2013[1]	August 7, 2013
9-month results Q3/2013[1]	November 6, 2013
Equity Forum in Frankfurt	November 11-13, 2013

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

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This interim report was released on May 7, 2013 in German and English. Both versions are available for download on the Internet at www.elmos.com.

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

This report contains statements directed to the future that are based on assumptions and estimates made by the Elmos management. 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.

This English translation is for convenience purposes only.

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