elmos

360° Elmos

Half-year report HY1 2013

Overview

In focus

- Positive sales performance due to ramp-up of new products – Q2 2013 vs. Q1 2013 plus 9.1%
- Sales in Asia grew by 12.1% on half-year comparison
- Significant improvement of earnings expected for the second half-year 2013
- Forecast for full year 2013 confirmed

	3 months – year-over-year comparison			6 months – year-over-year comparison		
in million Euro or percent unless otherwise indicated	4/1 – 6/30/2013	4/1 – 6/30/2012[1]	Change	1/1 – 6/30/2013	1/1 – 6/30/2012[1]	Change
Sales	**47.1**	**45.5**	**3.5%**	**90.2**	**92.4**	**–2.4%**
Semiconductor	43.3	40.6	6.6%	82.4	82.5	–0.2%
Micromechanics	3.8	4.9	–22.5%	7.8	9.9	–20.5%
Gross profit	**18.3**	**18.0**	**1.7%**	**35.2**	**36.3**	**–3.0%**
in percent of sales	39.0%	39.6%		39.0%	39.2%	
R&D expenses	9.0	9.1	–1.1%	17.8	17.9	–0.4%
in percent of sales	19.2%	20.1%		19.7%	19.4%	
Operating income before other operating expenses/income	0.5	0.4	33.8%	–0.1	1.1	n/a
in percent of sales	1.2%	0.9%		–0.1%	1.2%	
Exchange rate gains (–)/losses	0.1	–0.1	n/a	–0.1	0.0	n/a
Other operating expenses/income (–)	–1.1	–2.9	–61.9%	–1.9	–3.3	–42.9%
EBIT	**1.6**	**3.4**	**–53.1%**	**1.8**	**4.4**	**–57.9%**
in percent of sales	3.3%	7.4%		2.0%	4.7%	
Consolidated net income after non-controlling interests	1.1	2.9	–63.9%	1.5	3.6	–58.5%
in percent of sales	2.2%	6.4%		1.6%	3.9%	
Basic earnings per share (in Euro)	**0.05**	**0.15**	**–63.7%**	**0.08**	**0.18**	**–58.4%**
Cash flow from operating activities	0.0	4.5	–99.5%	5.2	5.0	3.1%
Capital expenditures for intangible assets and property, plant and equipment	4.9	5.0	–2.4%	7.1	8.3	–14.9%
in percent of sales	10.4%	11.0%		7.8%	9.0%	
Free cash flow [2]	–13.7	–3.4	>100.0%	–27.0	–6.2	>100.0%
Adjusted free cash flow[3]	**–3.2**	**–0.5**	**>100.0%**	**–0.2**	**–3.3**	**94.0%**

in million Euro or percent unless otherwise indicated	6/30/2013	12/31/2012	Change
Equity	184.5	189.6[4]	–2.7%
in percent of total assets	69.0%	69.6%	
Employees (reporting date)	1,047	1,032	1.5%

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

[1] Adjustment of prior-year amounts due to amendment to IAS 19; please refer to note 1 in the condensed notes to the consolidated financial statements
[2] Cash flow from operating activities less cash flow from investing activities
[3] Cash flow from operating activities less capital expenditures for intangible assets and property, plant and equipment, less payments for investments, plus disposal of investments
[4] Adjustment due to amendment to IAS 19; 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

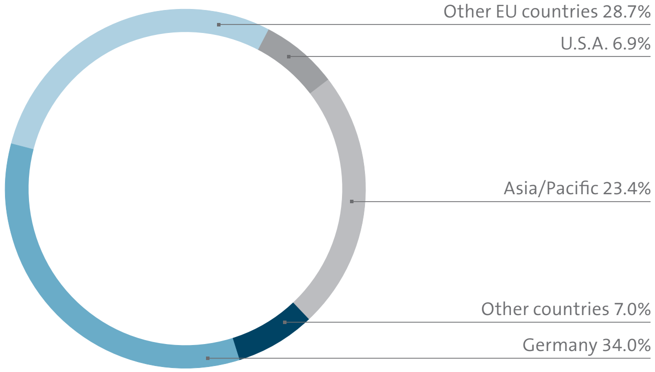
Sales of the first half-year 2013 were slightly below those of the first half-year 2012 as expected, going down by 2.4% to 90.2 million Euro (HY1 2012: 92.4 million Euro). This is accounted for by the uncertain European economy which negatively affected sales primarily over the first quarter of 2013.

However, a positive trend has come up in the course of the year 2013: In the second quarter of 2013, product ramp-ups and replacements of product generations contribute to the pleasing growth in sales. Compare to the previous quarter, sales were up by 9.1% to 47.1 million Euro (Q1 2013: 43.1 million Euro).

The trend that combines weak business with European automotive customers and a pleasant development in Asia is still determining sales figures of carmakers and their suppliers throughout the industry. However, the growth in Asia cannot fully compensate for the declining sales of Elmos in Europe. The Asia/Pacific share in sales rose from 20.4% in the first half-year 2012 to 23.4% in the half-year 2013 under review.

While the semiconductor segment almost reaches the level of the prior-year period in the first half-year 2013 with sales of 82.4 million Euro (HY1 2012: 82.5 million) based on a strong second quarter 2013, the sales performance in the micromechanics segment was in sharp decline. Segment sales dropped 20.5% from 9.9 million Euro in the first half-year 2012 to 7.8 million Euro in the first half-year 2013. The reason for this development in micromechanics is the fact that some products will phase out in fiscal year 2013 and successor product generations will only be ramped up at the end of 2013 or rather in 2014.

Sales by region HY1 2013



The order intake fulfills the expectations that form the basis of the forecast at present. The ratio of orders received to sales, the so-called book-to-bill, was above one at the end of the second quarter of 2013.

Third-party sales	1/1 – 6/30/2013 thousand Euro	in percent of sales	1/1 – 6/30/2012 thousand Euro	in percent of sales	Change
Germany	30,689	34.0%	27,846	30.1%	10.2%
Other EU countries	25,889	28.7%	31,357	33.9%	–17.4%
U.S.A.	6,172	6.9%	7,630	8.3%	–19.1%
Asia/Pacific	21,135	23.4%	18,848	20.4%	12.1%
Others	6,328	7.0%	6,733	7.3%	–6.0%
Consolidated sales	**90,213**	**100.0%**	**92,414**	**100.0%**	**–2.4%**

Profit situation, finances and asset situation

The cost of sales was reduced by 2.0% to 55.0 million Euro in the first half-year 2013, roughly proportionate to sales. The gross margin remained stable, at the level of the prior-year period of comparison, at 39.0% (HY1 2012: 39.2%). The gross profit reached 35.2 million Euro in the first half-year 2013 (HY1 2012: 36.3 million Euro). The gross margin is affected by price effects becoming effective at the beginning of the year as well as by changes in the product mix.

In the course of the year 2013 so far, the gross margin could not be increased yet as the inventory development could not keep track with the sales increase in the second quarter of 2013 and as negative cost effects from the 6 to 8-inch production conversion still have an impact.

Research and development expenses remained stable year-over-year at 17.8 million Euro for the first half-year 2013 (HY1 2012: 17.9 million) despite the full consolidation of MAZ Mikroelektronik-Anwendungszentrum GmbH im Land Brandenburg, Berlin (MAZ), in effect since April 1, 2012. The R&D ratio of 19.7% of sales also stayed almost the same (HY1 2012: 19.4%).

Based on increased activity in the Asian region, distribution expenses went up slightly by 3.3% to 9.2 million Euro (HY1 2012: 9.0 million Euro). Administrative expenses decreased from 8.3 million Euro in the first half-year 2012 by 1.4% to 8.2 million Euro in the half-year under review.

Analogous to the gross profit, the operating income went down by 1.2 million Euro to −0.1 million Euro (HY1 2012: 1.1 million Euro). Yet a positive trend can be identified in the development of the quarters: In the first quarter of 2013, the operating income was still negative at −0.6 million Euro and could be improved to 0.5 million Euro over the second quarter of 2013. This is accounted for by the higher gross profit and the lower operating costs in relation to sales.

Earnings before interest and taxes (EBIT) were reduced to 1.8 million Euro (HY1 2012: 4.4 million Euro), due on the one hand to a 1.1 million Euro lower gross profit in the reporting period compared to the first half-year 2012 and on the other hand to the income from the revaluation of the old shares in MAZ, included in the prior-year period's other operating income. First-time consolidation of MAZ in the second quarter of 2012 had resulted in income of 1.8 million Euro. The EBIT margin reached 2.0% in the first six months of 2013 (HY1 2012: 4.7%).

The consolidated net income attributable to owners of the parent amounted to 1.5 million Euro (HY1 2012: 3.6 million Euro). This equals basic earnings per share of 0.08 Euro (HY1 2012: 0.18 Euro).

The cash flow from operating activities was roughly stable in year-over-year comparison of the six-month period, reaching 5.2 million Euro in the first half-year 2013 (HY1 2012: 5.0 million Euro). Capital expenditures for intangible assets and property, plant and equipment were 7.1 million Euro in the first half-year 2013, or 7.8% of sales (HY1 2012: 8.3 million Euro, or 9.0% 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) came to −0.2 million Euro in the first half-year 2013 as opposed to −3.3 million Euro in the first half-year 2012.

In addition to cash and cash equivalents in the amount of 21.5 million Euro, the Company holds 52.4 million Euro in long-term and short-term securities (December 31, 2012: 55.6 million Euro and 26.6 million Euro respectively). Cash and cash equivalents plus fungible securities amounted to 73.9 million Euro as of June 30, 2013 altogether, lower by comparison to December 31, 2012 (82.2 million Euro). Net cash also went down from December 31, 2012 (39.3 million Euro), to 31.3 million Euro. The main reasons for this are the payment of the dividend, the share buyback scheme, and capital expenditures. The equity ratio of 69.0% as of June 30, 2013 remained stable (December 31, 2012: 69.6%).

Economic environment

The development of the global auto market continues to be inconsistent.

The **Western European** car market was determined by persisting weakness over the first half-year 2013. 6.1 million vehicles were newly registered in Western Europe altogether, equaling a 6.6% decline from the already weak prior-year period of comparison. All relevant European markets with the sole exception of Great Britain (+10.0%) recorded declining figures of varying significance. Germany dropped 8.1%, France lost 11.2%, Italy was down by 10.3%, and Spain added another loss of 4.9% to its weak prior-year level. These figures are reported by the European Automobile Manufacturers' Association (ACEA).

By contrast, the development in countries outside Europe is more pleasant in most cases. According to the German Association of the Automotive Industry (VDA), the **Chinese** auto market showed a very dynamic performance in the first six months of 2013, gaining 20.6% to 7.7 million passenger cars. The **Indian** market, however, fell by 9.7% to 1.3 million cars in the first half-year 2013. The decline in **Japan** by 8.5% to 2.3 million vehicles must be regarded against the backdrop of the high prior-year level.

Demand for passenger cars ("light vehicles") grew in the **U.S.** by 7.5% to 7.8 million units in the first half-year 2013.

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 spread 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.

Elmos presented several new **products** in the reporting period. The **IC E931.08** 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. The **IC family 522.7x** comprises highly efficient step-down converters designed consistently for low quiescent current draw and high efficiency. The achievable efficiency rate exceeds 90%. Potential fields of use for the E522.7x product range are industrial applications in voltage supply systems. With the application of an IC in a multifunction wall scanner, the **HALIOS® technology** managed to score another milestone for the product family. For the very first time, this IC is not merely used in an optical sensor system but in a capacitive application and thus helps the scanner to identify all relevant materials in walls, floors and ceilings (e.g. power lines, wooden beams). With the **IC E527.16,** which is also based on the HALIOS® principle, Elmos has introduced a semiconductor specially designed for the control of light and lighting fixtures. The new product recognizes simple gestures such as approach or wiping motions up to a distance of approx. 25 cm. Functions such as on/off, "search light" or dimming and many more can thus be realized very easily and touchless.

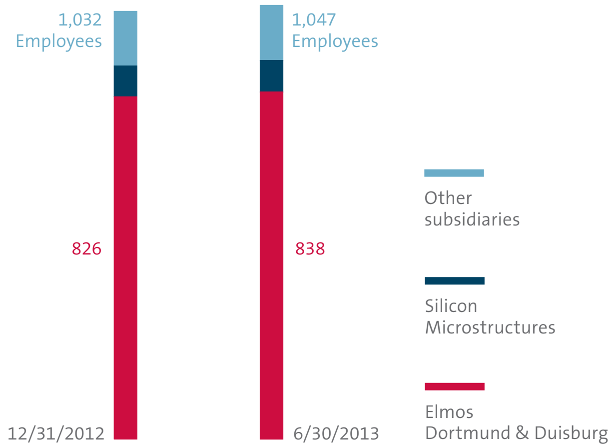
In April the partnership of Elmos and SMI with the **distributor Mouser Electronics Inc.** was announced. Mouser will distribute mixed-signal semiconductors, MEMS pressure sensors, HALIOS® sensors, and integrated microsystems.

Elmos held its **14th Annual General Meeting** on May 24, 2013. All items on the agenda were adopted by a large majority. Among them was the resolution for the payment of an unchanged dividend in the amount of 0.25 Euro per share. The General Meeting is available as webcast (www.elmos.com/english/investor-relations/annual-general-meeting).

On June 25, 2013 Elmos hosted a **development workshop for customers** dealing with the topic of industrial products. Its focus was on the efficient integration of IO-Link, DC/DC and KNX products into new or existing systems.

In June 2013 Elmos released the **new product catalog** 2013/14, providing a large number of application examples and detailed information. With application examples, Elmos gives proof of its system know-how. The complete design of a system, for instance an airbag safety system, a vehicle's headlights and an air-conditioning system, are vividly outlined with the help of Elmos components.

Staff development Elmos Group



Other disclosures

Staff development

The Elmos Group's workforce came to 1,047 employees as of June 30, 2013. Compared with December 31, 2012 (1,032 employees), the staff is thus slightly increased (1.5%). This is accounted for essentially by the regular employment of formerly temporary staff.

Elmos share

Despite the persisting economic uncertainties in Europe, the stock markets generally showed positive developments in the first half-year 2013. DAX (4.6%), TecDAX (14.3%), DAX Sector Technology (6.4%) and Technology All Share (13.4%) all reported gains. The Elmos share had a very good performance and climbed by 20.4% over the first six months of 2013. Similar to most indices, the increase of the Elmos stock took place primarily in the first quarter of 2013, followed by a sideways movement in the following quarter.

The Elmos share closed on June 28, 2013 at 8.61 Euro. Market capitalization amounted to 169.0 million Euro at that date (based on 19.6 million shares outstanding). The stock price reached its high on March 20, 2013 at 9.00 Euro and its low on January 3, 2013 at 7.17 Euro (Xetra closing prices all). The average daily trading volume of the first six months of 2013 was 17.8 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 plan 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 portfolio of treasury shares was reduced by servicing stock options with treasury stock and through share-based remuneration. On June 30, 2013 Elmos Semiconductor AG held 327,697 treasury shares.

Altogether 65,940 stock options were exercised in the first half-year 2013, originating from the stock option plan of the 2009 tranche. As a part of these options were serviced with treasury shares (54,690 shares) and another part by the creation of conditional capital (11,250 shares), the share capital amounts to 19,626,955 shares or Euro as of June 30, 2013.

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. No material changes of the Company's risks and opportunities as detailed therein have occurred in the first half-year 2013. 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 on account of the euro crisis. The resulting uncertainty makes many customers hesitate when it comes to buying a new car. While on the global scope, a slight growth by 2% to 70.5 million units is expected for the passenger car market, the European market remains the problem child. The German Association of the Automotive Industry (VDA) identifies the ever increasing divide in the growth dynamics of relevant markets as a challenge. VDA President Matthias Wissmann calls the automotive year 2013 "a challenging year of hard work", yet he anticipates a modest stabilization to occur in the second half-year 2013.

The VDA expects the Western European market to shrink by about 5% to 11.1 million new cars in 2013 which would be the fourth year of decline in a row, recording almost 4 million units below the record year of 2007 (14.8 million units). In Western Europe, especially Italy, Spain and France show pronounced weakness in the market, particularly due to the sovereign debt crises. An approximate growth of 5% is expected for the U.S. in 2013; for China, even a double-digit growth rate of 10% is anticipated.

Outlook for the Elmos Group

Elmos has pursued a solid economic policy over 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.

This current year's ramp-up of several new products reflects in our sales performance of the first half-year 2013 as well as in our order backlog and order intake. We are therefore expecting higher sales for the second half-year 2013 at – compared to the first half-year 2013 – significantly improved earnings.

Elmos has the right products in order to benefit from a sound economy. Therefore we maintain a positive outlook on the current year despite the rather dim current 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	6/30/2013 thousand Euro	12/31/2012[1] thousand Euro
Non-current assets		
Intangible assets[2]	28,377	30,236
Property, plant and equipment[2]	70,884	71,755
Investments in associates	0	0
Securities[2, 3]	48,596	18,741
Investments[2, 3]	470	2,652
Other financial assets[2]	1,632	1,116
Deferred tax assets	3,195	3,624
Total non-current assets	**153,154**	**128,124**
Current assets		
Inventories[2]	44,771	42,968
Trade receivables[3]	30,720	27,644
Securities[3]	3,791	7,840
Other financial assets	4,669	4,203
Other receivables	6,953	5,479
Income tax assets	870	411
Cash and cash equivalents[3]	21,543	55,576
	113,318	**144,121**
Non-current assets held for sale	1,021	144
Total current assets	**114,339**	**144,265**
Total assets	**267,493**	**272,389**

[1]Adjustment of prior-year amounts due to amendment to IAS 19;
please refer to note 1 in the condensed notes to consolidated financial statements

[2] Cf. note 3

[3] Cf. note 4

Condensed consolidated statement of financial position

Equity and liabilities	6/30/2013 thousand Euro	12/31/2012[1] thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital[2]	19,627	19,616
Treasury stock[2]	–328	–240
Additional paid-in capital	87,855	88,599
Surplus reserve	102	102
Other equity components	–3,555	–3,402
Retained earnings	78,905	82,327
	182,607	**187,002**
Non-controlling interests	1,931	2,587
Total equity	**184,538**	**189,589**
Liabilities		
Non-current liabilities		
Provisions	516	756
Financial liabilities[3]	22,531	12,571
Other liabilities	4,660	5,277
Deferred tax liabilities	2,633	4,219
Total non-current liabilities	**30,340**	**22,823**
Current liabilities		
Provisions	8,533	8,107
Income tax liabilities	2,210	1,409
Financial liabilities[3]	20,149	30,290
Trade payables[3]	17,868	17,755
Other liabilities	3,855	2,416
Total current liabilities	**52,616**	**59,977**
Total liabilities	**82,956**	**82,800**
Total equity and liabilities	**267,493**	**272,389**

Condensed consolidated income statement

For the period from April 1 to June 30	4/1 – 6/30/2013 thousand Euro	in percent of sales	4/1 – 6/30/2012 thousand Euro[1]	in percent of sales	Change
Sales	**47,071**	**100.0%**	**45,500**	**100.0%**	**3.5%**
Cost of sales	28,727	61.0%	27,463	60.4%	4.6%
Gross profit	**18,343**	**39.0%**	**18,037**	**39.6%**	**1.7%**
Research and development expenses	9,031	19.2%	9,128	20.1%	–1.1%
Distribution expenses	4,638	9.9%	4,488	9.9%	3.4%
Administrative expenses	4,130	8.8%	4,014	8.8%	2.9%
Operating income before other operating expenses/income	**544**	**1.2%**	**407**	**0.9%**	**33.8%**
Finance income	–582	–1.2%	–449	–1.0%	29.6%
Finance costs	567	1.2%	601	1.3%	–5.7%
Exchange rate gains (–)/losses	58	0.1%	–95	–0.2%	n/a
Other operating income	–1,425	–3.0%	–3,304	–7.3%	–56.9%
Other operating expenses	335	0.7%	444	1.0%	–24.5%
Earnings before taxes	**1,590**	**3.4%**	**3,210**	**7.1%**	**–50.5%**
Taxes on income					
Current income tax expense	514	1.1%	758	1.7%	–32.2%
Deferred taxes	–153	–0.3%	–529	–1.2%	71.1%
	361	**0.8%**	**229**	**0.5%**	**57.5%**
Consolidated net income	**1,229**	**2.6%**	**2,981**	**6.6%**	**–58.8%**
Consolidated net income attributable to					
Owners of the parent	**1,056**	**2.2%**	**2,922**	**6.4%**	**–63.9%**
Non-controlling interests	173	0.4%	59	0.1%	>100.0%
Earnings per share					
Basic earnings per share (in Euro)	0.05		0.15		–63.7%
Fully diluted earnings per share (in Euro)	0.05		0.15		–63.7%

[1]Adjustment of prior-year amounts due to amendment to IAS 19;
please refer to note 1 in the condensed notes to consolidated financial statements

Condensed consolidated statement of comprehensive income

For the period from April 1 to June 30	4/1 – 6/30/2013 thousand Euro	4/1 – 6/30/2012 thousand Euro[1]
Consolidated net income	**1,229**	**2,981**
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	–61	59
Foreign currency adjustments affecting deferred taxes	–289	859
Deferred tax (on foreign currency adjustments affecting deferred taxes)	73	–215
Value differences relating to hedges	178	–303
Deferred tax (on value differences relating to hedges)	–58	98
Available-for-sale financial assets	–677	–31
Deferred tax (on available-for-sale financial assets)	280	2
Items that will not be reclassified to the income statement in future periods, including respective tax effects		
Actuarial gains/losses (–) from pension plans	42	–29
Deferred tax on actuarial gains/losses (–) from pension plans	–13	10
Other comprehensive income after taxes	**–525**	**450**
Total comprehensive income after taxes	**704**	**3,431**
Total comprehensive income attributable to		
Owners of the parent	543	3,369
Non-controlling interests	161	62

[1]Adjustment due to the amendment to IAS 19

Condensed consolidated income statement

For the period from January 1 to June 30	1/1 – 6/30/2013 thousand Euro	in percent of sales	1/1 – 6/30/2012 thousand Euro[1]	in percent of sales	Change
Sales	**90,213**	**100.0%**	**92,414**	**100.0%**	**–2.4%**
Cost of sales	55,030	61.0%	56,142	60.8%	–2.0%
Gross profit	**35,182**	**39.0%**	**36,272**	**39.2%**	**–3.0%**
Research and development expenses	17,814	19.7%	17,883	19.4%	–0.4%
Distribution expenses	9,249	10.3%	8,952	9.7%	3.3%
Administrative expenses	8,213	9.1%	8,329	9.0%	–1.4%
Operating income before other operating expenses/income	**–94**	**–0.1%**	**1,108**	**1.2%**	**n/a**
Finance income	–1,044	–1.2%	–907	–1.0%	15.0%
Finance costs	1,132	1.3%	1,196	1.3%	–5.3%
Exchange rate gains (–)/losses	–66	–0.1%	7	0.0%	n/a
Other operating income	–2,455	–2.7%	–4,002	–4.3%	–38.7%
Other operating expenses	592	0.7%	740	0.8%	–20.0%
Earnings before taxes	**1,748**	**1.9%**	**4,075**	**4.4%**	**–57.1%**
Taxes on income					
Current income tax expense	1,018	1.1%	782	0.8%	30.2%
Deferred taxes	–1,007	–1.1%	–333	–0.4%	>100.0%
	11	**0.0%**	**449**	**0.5%**	**–97.6**
Consolidated net income	**1,737**	**1.9%**	**3,626**	**3.9%**	**–52.1%**
Consolidated net income attributable to					
Owners of the parent	**1,478**	**1.6%**	**3,560**	**3.8%**	**–58.5%**
Non-controlling interests	259	0.3%	66	0.1%	>100.0%
Earnings per share					
Basic earnings per share (in Euro)	0.08		0.18		–58.4%
Fully diluted earnings per share (in Euro)	0.08		0.18		–58.2%

[1]Adjustment of prior-year amounts due to amendment to IAS 19; please refer to note 1 in the condensed notes to consolidated financial statements

Condensed consolidated statement of comprehensive income

For the period from January 1 to June 30	1/1 – 6/30/2013 thousand Euro	1/1 – 6/30/2012 thousand Euro[1]
Consolidated net income	**1,737**	**3,626**
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	–65	44
Foreign currency adjustments affecting deferred taxes	104	404
Deferred tax (on foreign currency adjustments affecting deferred taxes)	–26	–101
Value differences relating to hedges	252	–510
Deferred tax (on value differences relating to hedges)	–71	164
Available-for-sale financial assets	–639	34
Deferred tax (on available-for-sale financial assets)	233	–7
Items that will not be reclassified to the income statement in future periods, including respective tax effects		
Actuarial gains/losses (–) from pension plans	42	–58
Deferred tax on actuarial gains/losses (–) from pension plans	–13	19
Other comprehensive income after taxes	**–183**	**–11**
Total comprehensive income after taxes	**1,554**	**3,615**
Total comprehensive income attributable to		
Owners of the parent	1,325	3,546
Non-controlling interests	229	69

[1]Adjustment due to the amendment to IAS 19

Condensed consolidated statement of cash flows

For the period from January 1 to June 30	1/1 – 6/30/2013 thousand Euro	1/1 – 6/30/2012 thousand Euro[1]	4/1 – 6/30/2013 thousand Euro	4/1 – 6/30/2012 thousand Euro[1]
Cash flow from operating activities				
Consolidated net income	1,737	3,626	1,229	2,981
Depreciation and amortization	9,309	8,595	4,657	4,348
Financial result	88	289	–15	153
Other non-cash income (–)/expenses	–1,109	–2,315	–185	–2,542
Current income tax expense	1,018	782	513	758
Expenses for stock option and stock award plans	210	161	101	65
Changes in pension provisions	–199	–107	–154	–69
Changes in net working capital:				
Trade receivables	–3,076	–522	–826	697
Inventories	–1,803	1,012	–369	1,092
Other assets	–1,941	–1,623	–1,721	–64
Trade payables	113	–2,706	–2,364	665
Other provisions and other liabilities	1,601	–34	–625	–2,024
Income tax payments	–676	–1,853	–222	–1,392
Interest paid	–1,132	–1,196	–567	–602
Interest received	1,034	907	572	449
Cash flow from operating activities	**5,174**	**5,016**	**24**	**4,515**

[1]Adjustment due to the amendment to IAS 19

Condensed consolidated statement of cash flows (continuation)

For the period from January 1 to June 30	1/1 – 6/30/2013 thousand Euro	1/1 – 6/30/2012 thousand Euro[1]	4/1 – 6/30/2013 thousand Euro	4/1 – 6/30/2012 thousand Euro[1]
Cash flow from investing activities				
Capital expenditures for intangible assets	–794	–1,279	–418	–498
Capital expenditures for property, plant and equipment	–6,286	–7,037	–4,476	–4,516
Payments for (–)/Disposal of non-current assets held for sale	–878	57	–753	–80
Payments from acquisition of shares in subsidiaries	0	302	0	302
Disposal of property, plant and equipment	530	63	56	61
Payments for (–)/Disposal of securities	–26,446	–3,318	–9,878	–3,099
Disposal of investments	1,709	0	1,709	0
Payments for other non-current financial assets	–17	–4	–9	–54
Cash flow from investing activities	**–32,181**	**–11,216**	**–13,768**	**–7,884**
Cash flow from financing activities				
Repayment (–) /Borrowing of non-current liabilities	–40	190	–40	254
Repayment of current liabilities to banks	–141	–147	–37	–9
Newly created non-controlling interests	0	48	0	0
Issue of treasury shares/Share-based remuneration	457	207	274	207
Purchase of treasury shares	–1,525	0	0	0
Capital increase from conditional capital	41	271	41	271
Dividend payment	–4,814	–4,827	–4,814	–4,827
Dividend payment to non-controlling shareholders	–400	0	–316	0
Increase of majority stake	–570	0	0	0
Other changes	–4	–32	0	–26
Cash flow from financing activities	**–6,996**	**–4,290**	**–4,892**	**–4,130**
Decrease in cash and cash equivalents	**–34,003**	**–10,490**	**–18,636**	**–7,499**
Effect of exchange rate changes on cash and cash equivalents	–30	166	–154	361
Cash and cash equivalents at beginning of reporting period	55,576	59,002	40,333	55,816
Cash and cash equivalents at end of reporting period	**21,543**	**48,678**	**21,543**	**48,678**

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent											Non-controlling interests	Group
						Other equity components							
	Shares thousand	Share capital thousand Euro	Treasury stock thousand Euro	Additional paid-in capital thousand Euro	Surplus reserve thousand Euro	*Reserve for available-for-sale financial assets* thousand Euro	*Hedges* thousand Euro	*Foreign currency translation* thousand Euro	*Unrealized actuarial gains/ losses* 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**	**0**	**81,450**	**187,312**	**633**	**187,945**
Effects of first-time application of IAS 19R[1]									43	–6	37		37
January 1, 2012 after adjustments	**19,414**	**19,414**	**–106**	**88,516**	**102**	**–37**	**–627**	**–1,400**	**43**	**81,444**	**187,349**	**633**	**187,982**
Consolidated net income										3,560	3,560	66	3,626
Other comprehensive income for the period						27	–346	344	–39		–14	3	–11
Total comprehensive income						27	–346	344	–39	3,560	3,546	69	3,615
Share-based remuneration			26	181							207		207
Capital increase from conditional capital	74	74		197							271		271
Changes in basis of consolidation												1,659	1,659
Put option non-controlling shareholder										–2,214	–2,214		–2,214
Dividend payment										–4,827	–4,827		–4,827
Stock option and stock award expenses				161							161		161
Newly created non-controlling interests										17	17	31	48
Other changes										–181	–181		–181
June 30, 2012	**19,488**	**19,488**	**–80**	**89,055**	**102**	**–10**	**–973**	**–1,056**	**4**	**77,799**	**184,329**	**2,392**	**186,721**
January 1, 2013 prior to adjustments	**19,616**	**19,616**	**–240**	**88,599**	**102**	**71**	**–1,306**	**–1,634**	**0**	**82,255**	**187,463**	**2,587**	**190,050**
Effects of first-time application of IAS 19R[1]									–533	72	–461		–461
January 1, 2013 after adjustments	**19,616**	**19,616**	**–240**	**88,599**	**102**	**71**	**–1,306**	**–1,634**	**–533**	**82,327**	**187,002**	**2,587**	**189,589**
Consolidated net income										1,478	1,478	259	1,737
Other comprehensive income for the period						–406	181	43	29		–153	–30	–183
Total comprehensive income						–406	181	43	29	1,478	1,325	229	1,554
Share-based remuneration			46	209							255		255
Capital increase from conditional capital	11	11		30							41		41
Issue of treasury shares			55	147							202		202
Transaction costs				–4							–4		–4
Purchase of treasury shares			–189	–1,336							–1,525		–1,525
Dividend payment										–4,814	–4,814		–4,814
Dividend payment to non-controlling shareholders											0	–400	–400
Stock option and stock award expenses				210							210		210
Increase of majority stake										–85	–85	–485	–570
June 30, 2013	**19,627**	**19,627**	**–328**	**87,855**	**102**	**–335**	**–1,125**	**–1,591**	**–504**	**78,905**	**182,607**	**1,931**	**184,538**

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

Condensed notes to the consolidated financial statements

The condensed interim consolidated financial statements for the 1st half-year 2013 were released for publication in August 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 24, 2013.

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 June 30, 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.

-> IAS 19: Employee Benefits (revised 2011)

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. So far the Group has applied the so-called corridor method. Upon the elimination of the corridor method by the revised IAS 19, actuarial gains and losses have immediate effect on the consolidated statement of financial position and result in an increase of pension provisions as well as a decrease in equity. From now on the consolidated income statement remains free of effects from actuarial gains and losses as those are now to be recorded in other comprehensive income. Elmos has adjusted the reported prior-year amounts for effects from the amendment to IAS 19. For Elmos, the amendment to IAS 19 results in the following effects:

Retrospective presentation of the consolidated statement of financial position 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			
Other equity components	–2,064	43	–2,021
Retained earnings	81,450	–6	81,444
Non-current provisions	243	–55	188
Deferred tax liabilities	3,994	18	4,012

Retrospective presentation of the consolidated statement of financial position 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
Other equity components	–2,869	–533	–3,402
Retained earnings	82,255	72	82,327
Non-current provisions	92	664	756

Retrospective presentation of the consolidated income statement for the second quarter 2012

thousand Euro	4/1 – 6/30/2012 prior to adjustments	Effects from first-time application of IAS 19R	4/1 – 6/30/2012 after adjustments
Consolidated income statement			
Administrative expenses	4,043	–29	4,014
Operating income before other operating expenses/income	378	29	407
Earnings before taxes	3,181	29	3,210
Deferred taxes	–538	9	–529
Consolidated net income	2,961	20	2,981

Retrospective presentation of the consolidated income statement for the first half-year 2012

thousand Euro	1/1 – 6/30/2012 prior to adjustments	Effects from first-time application of IAS 19R	1/1 – 6/30/2012 after adjustments
Consolidated income statement			
Administrative expenses	8,386	–57	8,329
Operating income before other operating expenses/income	1,051	57	1,108
Earnings before taxes	4,018	57	4,075
Deferred taxes	–351	18	–333
Consolidated net income	3,587	39	3,626

The above adjustments to the consolidated income statement did not have material effects on the basic earnings and diluted earnings per share.

-> IFRS 13: Fair Value Measurement

In May 2011 the IASB released IFRS 13: Fair Value Measurement, merging regulations on the measurement of fair value, previously scattered over several IFRS, in a single standard and replacing them by a uniform regulation. IFRS 13 is subject to prospective application for fiscal years beginning on or after January 1, 2013. First-time application does not result in material effects on the measurement of assets and liabilities. Changes do particularly address the notes to consolidated financial statements. Accordingly, information about market values of financial instruments and the categorization of financial instruments, so far reportable only as of the reporting date of annual financial statements, must now also be provided during the fiscal year in the interim consolidated financial statements.

-> Improvements to IFRS (2009-2011): collection of standards

The regulation includes clarifications of several existing standards and is subject to application for fiscal years beginning on or after January 1, 2013. It did not have any material effects on the the Group's financial, profit and economic situation.

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 pension obligations in 2013 (12/31/2012: 3.5%) and of 1.4% for partial retirement obligations (12/31/2012: 3.5%).

Exceptional business transactions

There were no exceptional business transactions in the first half-year 2013.

Basis of consolidation

There were neither additions to nor disposals from the basis of consolidation in the first half-year 2013.

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 affected negatively by the euro crisis. The resulting uncertainty makes many customers hesitate when it comes to buying a new car. The German Association of the Automotive Industry (VDA) identifies the ever increasing divide in the growth dynamics of relevant markets as a challenge. The business of Elmos Semiconductor AG is not subject to material seasonal fluctuations.

2 // Segment reporting

The business segments correspond to the Elmos Group’s internal organizational and reporting structure. The definition of segments considers the different products and services supplied by the Group. The accounting principles of the individual segments correspond to those applied by the Group.

The Company divides its business activities into two segments. The semiconductor business is operated through the various national subsidiaries and branches in Germany, the Netherlands, South Africa, Asia, and the U.S.A. Sales in this segment are generated predominantly with electronics for the automotive industry. In addition, 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. Its 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 June 30, 2013 and 2012, respectively) as well as on assets of the Group’s business segments (as of June 30, 2013 and December 31, 2012).

1st half-year ended June 30, 2013	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Total thousand Euro
Sales				
Third-party sales	82,371	7,842	0	90,213
Inter-segment sales	220	409	−629[1]	0
Total sales	**82,591**	**8,251**	**−629**	**90,213**
Earnings				
Segment earnings	1,122	714	0	1,836
Finance income				1,044
Finance costs				−1,132
Earnings before taxes				**1,748**
Taxes on income				−11
Consolidated net income including non-controlling interests				**1,737**
Assets				
Segment assets	226,226	15,189	25,608[2]	267,023
Investments	470	0	0	470
Total assets				**267,493**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	6,990	90	0	7,080
Depreciation and amortization	8,973	336	0	9,309

[1] Sales from intersegment transactions are eliminated for consolidation purposes.
[2] Non-attributable assets as of June 30, 2013 include cash and cash equivalents (25,543 thousand Euro), income tax assets (870 thousand Euro), and deferred taxes (3,195 thousand Euro), as these assets are controlled at group level.

1st half-year ended June 30, 2012	Semiconductor thousand Euro[3]	Micromechanics thousand Euro	Consolidation thousand Euro[3]	Group thousand Euro[3]
Sales				
Third-party sales	82,546	9,868	0	92,414
Inter-segment sales	133	401	−534[1]	0
Total sales	**82,679**	**10,269**	**−534**	**92,414**
Earnings				
Segment earnings	3,316	1,048	0	4,364
Finance income				907
Finance costs				−1,196
Earnings before taxes				**4,075**
Taxes on income				−449
Consolidated net income including non-controlling interests				**3,626**
Assets (as of 12/31/2012)				
Segment assets	196,462	13,664	59,611[2]	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	11,412	865	0	12,277
Depreciation and amortization	8,278	317	0	8,595

[1] Sales from intersegment transactions are 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] Adjustment of prior-year amounts due to amendment to IAS 19; please also refer to note 1 in the notes to consolidated financial statements

Geographical information

Sales generated with third-party customers	Half-year ended 6/30/2013 thousand Euro	Half-year ended 6/30/2012 thousand Euro
Germany	30,689	27,846
Other EU countries	25,889	31,357
U.S.A.	6,172	7,630
Asia/Pacific	21,135	18,848
Others	6,328	6,733
Consolidated sales	**90,213**	**92,414**

Geographical distribution of non-current assets	6/30/2013 thousand Euro	12/31/2012 thousand Euro
Germany	139,605	112,054
Other EU countries	4,546	4,796
U.S.A.	4,059	6,458
Others	117	76
Non-current assets	**148,327**	**123,384**

3 // Notes on essential items

Selected non-current assets

Development of selected non-current assets from January 1 to June 30, 2013	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 6/30/2013 thousand Euro
Intangible assets	30,236	0	794	–51	2,602	28,377
Property, plant and equipment	71,755	0	6,286	–450	6,707	70,884
Securities	18,741	0	31,781	–1,926	0	48,596
Investments	2,652	0	0	–2,182	0	470
Other financial assets	1,116	0	516	0	0	1,632
	124,500	**0**	**39,377**	**–4,609**	**9,309**	**149,959**

The item “Disposals/Other movements” includes positive currency adjustments in the amount of 30 thousand Euro.

Inventories

	6/30/2013 thousand Euro	12/31/2012 thousand Euro
Raw materials	7,234	7,432
Work in process	31,223	27,464
Finished goods	6,314	8,072
	44,771	**42,968**

Equity

As of June 30, 2013, the share capital of Elmos Semiconductor AG consists of 19,626,955 shares. At present, the Company holds 327,697 treasury shares.

As of June 30, 2013, altogether 1,065,451 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
Exercised 1/1-6/30/2013 (number)	65,940	0	0	0	65,940
Forfeited 1/1-6/30/2013 (number)	700	1,660	1,875	4,452	8,687
Options outstanding as of 6/30/2013 (number)	**188,940**	**236,428**	**244,535**	**395,548**	**1,065,451**
Options exercisable as of 6/30/2013 (number)	188,940	0	0	0	188,940

4 // Information on financial instruments

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

Book values and fair values of financial instruments

	June 30, 2013		December 31, 2012	
thousand Euro	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets				
Investments	470	470	2,652	2,652
Long-term securities	48,596	48,596	18,741	18,741
Short-term securities	3,791	3,791	7,840	7,840
Trade receivables	30,720	30,720	27,644	27,644
Cash and cash equivalents	21,543	21,543	55,576	55,576
Other financial assets				
Other receivables and assets	3,406	3,406	2,398	2,398
Other loans	2,207	2,207	2,305	2,305
Call option	54	54	54	54
Earn-out	579	579	562	562
Forward exchange contracts	55	55	0	0
Financial liabilities				
Trade payables	17,868	17,868	17,755	17,755
Liabilities to banks	42,680	44,567	42,861	44,027
Other financial liabilities				
Miscellaneous financial liabilities	177	177	342	342
Put option	2,242	2,242	2,242	2,242
Hedged derivatives (short-term)	471	471	207	207
Hedged derivatives (long-term)	1,203	1,203	1,719	1,719
Fixed-interest forward loans	0	0	0	675[1]
FX derivatives	–13	–13	0	0

[1] Prior-year amount adjusted; the disclosure of fixed-interest forward loans has been included in liabilities to banks as of the beginning of the respective terms.

At the end of the reporting period a review is conducted to find out whether reclassifications between valuation hierarchies must be made. The following presentation shows which valuation 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 June 30, 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**		**2,652**
Disposal investments TetraSun Inc.			–2,182
Addition securities (long-term)	27,781		
Disposal securities (long-term)	–1,926		
Disposal securities (short-term)	–4,049		
June 30, 2013	**44,887**		**470**
Hedged derivatives			
January 1, 2013		**–1,926**	
Correction of measurement of hedged derivatives outside profit or loss (short-term and long-term)		252	
June 30, 2013		**–1,674**	
Call option			
January 1, 2013			**54**
June 30, 2013			**54**
Put option			
January 1, 2013			**–2,242**
June 30, 2013			**–2,242**
Forward exchange contracts			
January 1, 2013		**0**	
Addition forward exchange contracts		55	
June 30, 2013		**55**	
FX derivatives			
January 1, 2013		**0**	
Addition FX derivatives		–13	
June 30, 2013		**–13**	

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. In addition to that, foreign currency transactions (USD) are reported under this hierarchy stage.

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 sold in the first half-year 2013. The call and put options agreed on with a non-controlling shareholder are measured annually 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 (Securities Trading Act)

The following reportable securities transactions (directors' dealings) were made in the reporting period from January 1 to June 30, 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 half-year

There have been no reportable significant events or transactions after the end of the first half-year 2013.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dortmund, August 7, 2013

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

Review report

To Elmos Semiconductor AG, Dortmund

We have reviewed the condensed interim consolidated financial statements – comprising condensed statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of Elmos Semiconductor AG for the period from January 1 to June 30, 2013 that are required components of a half-year financial report pursuant to Section 37w WpHG (Securities Trading Act).

The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and of the interim group management report in accordance with the regulations of the WpHG applicable to interim group management reports is the responsibility of the company's management. It is our responsibility to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We have performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements as defined by the Institut der Wirtschaftsprüfer (IDW). Those standards require the review to be planned and conducted in such a way that allows us to rule out the possibility with reasonable assurance that the condensed interim consolidated financial statements have not been prepared in material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union and that the interim group management report has not been prepared in material respects in accordance with the regulations of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the degree of assurance attainable in a financial statement audit. As we have not performed a financial statement audit in accordance with our engagement, we cannot issue an audit opinion.

No matters have come to our attention on the basis of our review that lead us to presume that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union or that the interim group management report has not been prepared in all material respects in accordance with the regulations of the WpHG applicable to interim group management reports.

Düsseldorf, August 7, 2013

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Senger	Ulrich Diersch
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial calendar 2013

6-months results Q2/2013[1]	August 7, 2013
9-months 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.

Contact | Imprint

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This interim report was released on August 7, 2013 in English and German. 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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