elmos

360° Elmos

Interim Report Q3 2013

Overview

In focus

- Significant sales growth in Q3 2013 compared to Q3 2012 (+6.8%)
- Quality of earnings significantly improved in Q3 2013 vs. prior-year quarter and in the course of 2013
- Strong fourth quarter 2013 expected
- Forecast for full year 2013 confirmed

	3rd quarter			9 months		
in million Euro or percent unless otherwise indicated	7/1 – 9/30/2013	7/1 – 9/30/2012[1]	Change	1/1 – 9/30/2013	1/1 – 9/30/2012[1]	Change
Sales	**46.2**	**43.3**	**6.8%**	**136.4**	**135.7**	**0.5%**
Semiconductor	42.5	38.7	10.0%	124.9	121.2	3.0%
Micromechanics	3.6	4.6	–20.3%	11.5	14.4	–20.5%
Gross profit	**19.9**	**18.3**	**8.9%**	**55.1**	**54.5**	**1.0%**
in percent of sales	43.1%	42.2%		40.4%	40.2%	
R&D expenses	7.8	8.9	–13.2%	25.6	26.8	–4.7%
in percent of sales	16.8%	20.7%		18.7%	19.8%	
Operating income before other operating expenses/income	3.7	1.4	>100.0%	3.6	2.5	46.1%
in percent of sales	8.0%	3.2%		2.7%	1.8%	
Exchange rate losses	0.2	0.2	46.8%	0.2	0.2	2.6%
Other operating expenses/income	–0.2	–0.3	–9.6%	–2.1	–3.5	–40.4%
EBIT	**3.7**	**1.5**	**>100.0%**	**5.5**	**5.8**	**–5.0%**
in percent of sales	8.0%	3.4%		4.1%	4.3%	
Consolidated net income after non-controlling interests	3.1	1.0	>100.0%	4.5	4.6	–1.1%
in percent of sales	6.6%	2.4%		3.3%	3.4%	
Basic earnings per share (in Euro)	**0.16**	**0.05**	**>100.0%**	**0.23**	**0.24**	**–0.7%**
Cash flow from operating activities	6.6	7.8	–15.4%	11.8	12.8	–8.1%
Capital expenditures for intangible assets and property, plant and equipment	3.7	4.7	–21.1%	10.8	13.0	–17.1%
in percent of sales	8.0%	10.8%		7.9%	9.6%	
Free cash flow[2]	2.8	7.6	–62.5%	–24.2	1.4	n/a
Adjusted free cash flow[3]	**2.9**	**3.2**	**–7.0%**	**2.7**	**–0.1**	**n/a**

in million Euro or percent unless otherwise indicated	9/30/2013	12/31/2012	Change
Equity	187.6	189.6[4]	–1.1%
in percent of total assets	70.4%	69.6%	
Employees (reporting date)	1,063	1,032	3.0%

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

Elmos Semiconductor AG generated sales of 136.4 million in the first nine months of 2013. Sales have thus remained stable in comparison with the previous year (9M 2012: 135.7 million Euro). Business continues to be determined strongly by the precarious European economy.

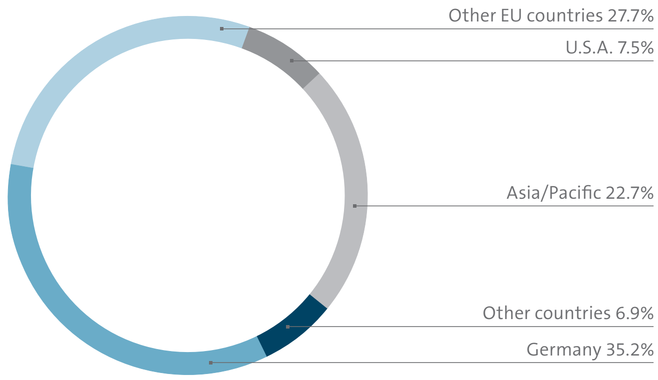
Sales of the third quarter 2013 were increased by 6.8% to 46.2 million Euro (Q3 2012: 43.3 million Euro). Contrary to expectations, sales turned out slightly below the preceding quarter's level related to the cut-off date (Q2 2013: 47.1 million Euro).

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. The Asia/Pacific share in sales rose from 19.9% in the first nine months of 2012 to 22.7% in the 2013 reporting period.

The distribution of sales between the semiconductor segment and the micromechanics segment was as expected. While the semiconductor segment slightly gained on the prior-year period in the 2013 reporting period (+3.0% to 124.9 million Euro), sales generated with micromechanical products went down to 11.5 million Euro in the first nine months of 2013 (9M 2012: 14.4 million Euro). The reason for this development in micromechanics is that some products phase out in fiscal year 2013 and the next product generations will be launched only in late 2013 or 2014.

The order backlog fulfills the expectations that form the basis of the forecast at present. The ratio of order backlog to sales, the so-called book-to-bill, was considerably above one at the end of the third quarter of 2013. In addition, negative cut-off date effects at the end of the third quarter 2013 will positively affect the fourth quarter 2013.

Sales by region



Third-party sales	1/1 – 9/30/2013 thousand Euro	in percent of sales	1/1 – 9/30/2012 thousand Euro	in percent of sales	Change
Germany	47,960	35.2%	40,211	29.6%	19.3%
Other EU countries	37,848	27.7%	45,412	33.5%	–16.7%
U.S.A.	10,177	7.5%	12,808	9.4%	–20.5%
Asia/Pacific	31,013	22.7%	26,961	19.9%	15.0%
Others	9,390	6.9%	10,275	7.6%	–8.6%
Consolidated sales	**136,388**	**100.0%**	**135,667**	**100.0%**	**0.5%**

Profit situation, finances and asset situation

The cost of sales remained more or less stable year-over-year at 81.3 million Euro for the first nine months of 2013 (9M 2012: 81.1 million Euro). Because of essentially unchanged sales, gross profit and gross margin also changed only insignificantly. The gross profit reached an amount of 55.1 million Euro in the reporting period, compared with 54.5 million Euro recorded for the first nine months of 2012.

The gross profit for the third quarter of 2013 went up disproportionately to sales by 8.9% to 19.9 million Euro (Q3 2012: 18.3 million Euro) so that the gross margin climbed from 42.2% to 43.1%.

Research and development expenses went down 4.7% to 25.6 million Euro in the first nine months of 2013 (9M 2012: 26.8 million Euro). The main reason for this is a higher amount of R&D subsidies in the third quarter of 2013. The R&D ratio was thus reduced from 19.8% for the first nine months of 2012 to 18.7% for the reporting period. Distribution expenses of the first nine months went up slightly year-over-year from 13.1 million Euro or 9.7% of sales to 13.6 million Euro or 10.0% of sales. Administrative expenses of 12.2 million Euro in the first nine months of 2013 remained stable in comparison with the prior-year period (9M 2012: 12.1 million Euro).

The slightly higher gross profit and the lower functional costs resulted in an increase of the operating income by 1.1 million Euro to 3.6 million Euro in the first nine months of 2013 (9M 2012: 2.5 million Euro). Accordingly, the margin climbed from 1.8% in the first nine months of 2012 to 2.7% in the period under review. A significant increase of the margin is notable in the course of the year 2013. While it was still negative in the first quarter 2013 at –1.5%, it reached a value of 1.2% in the second quarter 2013 and rose to 8.0% in the third quarter of 2013.

Contrary to the operating income, earnings before interest and taxes (EBIT) went slightly down in comparison with the prior-year period. The EBIT came to 5.8 million Euro in the first nine months of 2012 and to 5.5 million Euro in the reporting period, equivalent to margins of 4.3% and 4.1% respectively. A positive development is notable in the course of the year 2013 as well. The lower value as compared with the prior-year period is essentially accounted for by income from the revaluation of the old shares in MAZ, included in other operating income of the prior-year period. The subsidiary's first-time consolidation in the second quarter of 2012 resulted in income of 1.8 million Euro.

In addition to the increase of the gross profit, the decrease of operating expenses contributed to another improvement of the EBIT margin of the third quarter 2013, considerably exceeding the prior-year amount with 8.0% (Q3 2012: 3.4%). The increase of the earnings margins is apparent both in comparison with the prior-year quarter and in the course of the year 2013. This improvement is mainly due to the efficiency increase brought about by the continued conversion of production from 6 to 8-inch wafers.

At 4.5 million Euro for the first nine months 2013, the consolidated net income attributable to owners of the parent almost reached the prior-year level (9M 2012: 4.6 Mio. Euro) – due to the reporting period's better net financial result (9M 2013: even; 9M 2012: net financial expenses of 0.4 million Euro). This equals basic earnings per share of 0.23 Euro (9M 2012: 0.24 Euro).

The consolidated net income for the third quarter 2013 amounted to 3.1 million Euro (Q3 2012: 1.0 million Euro), equivalent to basic earnings per share of 0.16 Euro (Q3 2012: 0.05 Euro).

The cash flow from operating activities was roughly stable in year-over-year comparison, reaching 11.8 million Euro in the first nine months of 2013 (9M 2012: 12.8 million Euro). Capital expenditures for intangible assets and property, plant and equipment were 10.8 million Euro in the first nine months of 2013, or 7.9% of sales (9M 2012: 13.0 million Euro, or 9.6% 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 2.7 million Euro (9M 2012: –0.1 million Euro).

In the third quarter 2013, the adjusted free cash flow was 2.9 million Euro (Q3 2012: 3.2 million Euro), also reflecting an improvement in the course of the year.

In addition to cash and cash equivalents in the amount of 19.2 million Euro, the Company holds 52.6 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 altogether amounted to 71.8 million Euro as of September 30, 2013, 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 34.2 million Euro. The main reasons for this are the payment of the dividend, the share buyback scheme and capital expenditures. The equity ratio of 70.4% as of September 30, 2013 remained stable (December 31, 2012: 69.6%).

Economic environment

The **worldwide car market** continues to show major regional differences. Compared with the previous year, however, in September 2013 there are first signs of a slight recovery in some countries of Western Europe.

The **Western European car market** was still 4% below the prior-year level with close to 8.8 million new registrations in the first nine months. The relevant Western European markets, with the exception of Great Britain (+10.8%), showed negative or very negative performances. According to the European Automobile Manufacturers' Association (ACEA), new passenger car registrations went down from the prior-year period in Spain (–1.6%), Germany (–6.0%), Italy (–8.3%), and France (–8.5%).

China continues to be the auto industry's growth driver. In the first nine months of 2013, 11.6 million cars were registered. This is a 20.8% gain compared with the prior-year period. The German carmakers have a share of close to 22% in the Chinese market, as reported by the German Association of the Automotive Industry (VDA).

In other **Asian countries,** however, the market development is negative: Car sales in India have gone down by almost 8% to 1.9 million units so far this year. On the Japanese passenger car market, roughly 5% fewer cars, altogether 3.5 million, were registered in comparison with the year before.

The **U.S. market** continues its positive trend, recording altogether 11.7 million light vehicles and thus about 8% more registered cars in the reporting period.

Significant events

Group

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.

Elmos held its **14th Annual General Meeting** on May 24, 2013. All items on the agenda were adopted by a large majority.

The Supervisory Board of Elmos has appointed Dr. Arne Schneider (36) **as new member of the Management Board** effective July 1, 2014. He will be responsible for Finances and Administration. The acting CFO, Nicolaus Graf von Luckner (64), will go into retirement as of June 30, 2014 and thus leave the Management Board of Elmos Semiconductor AG. This announcement was released in September.

Products

In the reporting period Elmos introduced the following new **products,** among others:

- The **IC 931.08** 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 are industrial applications in voltage supply systems.
- With the **IC E527.16** based on the HALIOS® principle, Elmos has presented 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.

Elmos and SMI have announced a partnership with the **distributor Mouser Electronics Inc.** Since April, Mouser has been distributing mixed-signal semiconductors, MEMS pressure sensors, HALIOS® sensors, and integrated microsystems.

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

On June 25, 2013 Elmos held a **development workshop for customers** about industrial products. Its main focus was the efficient integration of IO-Link, DC/DC and KNX products into new as well as existing systems.

In June 2013 Elmos released the **new product catalog** 2013/14 containing many application examples and detailed information.

Miscellaneous

Elmos has successfully implemented an **energy management** system. It has been certified according to DIN EN ISO 50001. Its goal is to save energy. Components of the energy management system are energy policy, the definition of energy targets, the identification of energy savings potential, the determination of measures, and reviews and monitoring.

Elmos has also reported that is has aligned its IC development process with the requirements of **ISO 26262.** ISO 26262 is a comprehensive international standard that focuses on the functional safety of electric/electronic automotive systems. Elmos participates in the ZVEI ad hoc workgroup ISO 26262.

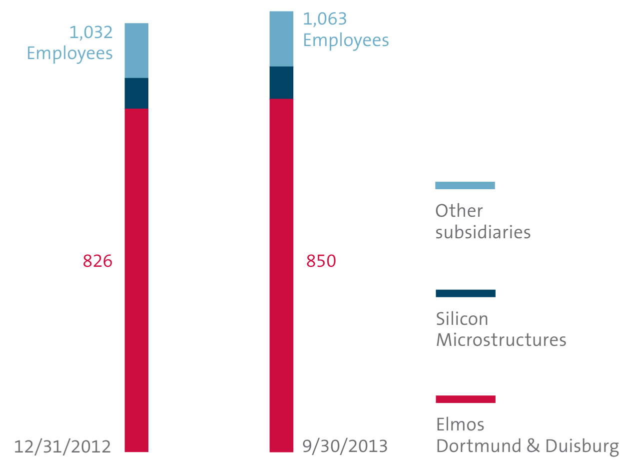
In mid-September Elmos launched its **new website.** Clearly laid out product pages, easy sample ordering, and all the facts at a single glance: These were the priorities Elmos had defined for redesigning its website. Moreover, the website is now ready and optimized for mobile devices such as smartphones and tablets.

Other disclosures

Staff development

The Elmos Group's workforce came to 1,063 employees as of September 30, 2013. Compared with December 31, 2012 (1,032 employees), the staff is thus slightly increased (3.0%). This is accounted for essentially by the regular employment of formerly temporary staff.

Staff development Elmos Group



Elmos share

Despite the persisting economic uncertainties in Europe, the stock markets generally showed positive developments in the first nine months of 2013. DAX (12.9%), TecDAX (30.8%), DAX Sector Technology (22.1%) and Technology All Share (30.2%) all reported gains. The very good performance of the third quarter 2013 is especially worth noting. The Elmos share also had a very good performance and climbed by 28.5% over the first nine months of 2013.

The Elmos share closed on September 30, 2013 at 9.24 Euro. Market capitalization amounted to 181.6 million Euro at that date (based on 19.7 million shares issued). The stock price reached its high on September 19, 2013 at 9.76 Euro and its low on January 3, 2013 at 7.17 Euro (Xetra closing prices all). The average daily trading volume of the first nine months of 2013 was 18.5 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 September 30, 2013 Elmos Semiconductor AG held 327,697 treasury shares.

Altogether 97,460 stock options were exercised in the first nine months of 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 (42,770 shares), the share capital amounts to 19,658,475 shares, or Euro, as of September 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 nine months of 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 make it the fourth year of decline in a row, recording almost 4 million units below the record year of 2007 (14.8 million units). A growth of more than 5% is expected for the U.S. in 2013; for China, even a double-digit growth rate 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.

Elmos has the right products in order to benefit from a sound economy. The current year's ramp-up of several new products continues to make us optimistic for this year despite the currently rather dim prospects for the automotive market so that we confirm our growth forecast for 2013. Sales of the third quarter 2013 were slightly lower than expected primarily on account of cut-off-date related effects. Therefore and because of the order backlog, we are expecting a strong fourth quarter of 2013. Following three quarters with increasing earnings, the margins will keep improving in the fourth quarter.

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	9/30/2013 thousand Euro	12/31/2012[1] thousand Euro
Non-current assets		
Intangible assets[2]	27,681	30,236
Property, plant and equipment[2]	70,619	71,755
Investments in associates	0	0
Securities[2, 3]	48,828	18,741
Investments[2, 3]	470	2,652
Other financial assets[2]	1,624	1,116
Deferred tax assets	3,129	3,624
Total non-current assets	**152,351**	**128,124**
Current assets		
Inventories[2]	46,529	42,968
Trade receivables[3]	31,688	27,644
Securities[3]	3,769	7,840
Other financial assets	4,279	4,203
Other receivables	6,450	5,479
Income tax assets	998	411
Cash and cash equivalents[3]	19,229	55,576
	112,942	**144,121**
Non-current assets held for sale	1,118	144
Total current assets	**114,060**	**144,265**
Total assets	**266,411**	**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	9/30/2013 thousand Euro	12/31/2012[1] thousand Euro
Equity		
Equity attributable to owners of the parent		
Share capital[2]	19,658	19,616
Treasury stock[2]	−328	−240
Additional paid-in capital	88,038	88,599
Surplus reserve	102	102
Other equity components	−3,780	−3,402
Retained earnings	81,970	82,327
	185,660	**187,002**
Non-controlling interests	1,925	2,587
Total equity	**187,585**	**189,589**
Liabilities		
Non-current liabilities		
Provisions	395	756
Financial liabilities[3]	37,531	12,571
Other liabilities	4,608	5,277
Deferred tax liabilities	2,997	4,219
Total non-current liabilities	**45,532**	**22,823**
Current liabilities		
Provisions	8,652	8,107
Income tax liabilities	1,437	1,409
Financial liabilities[3]	125	30,290
Trade payables[3]	19,855	17,755
Other liabilities	3,225	2,416
Total current liabilities	**33,294**	**59,977**
Total liabilities	**78,826**	**82,800**
Total equity and liabilities	**266,411**	**272,389**

Condensed consolidated income statement

For the period July 1 through September 30	7/1 – 9/30/2013 thousand Euro	in percent of sales	7/1 – 9/30/2012 thousand Euro[1]	in percent of sales	Change
Sales	**46,176**	**100.0%**	**43,253**	**100.0%**	**6.8%**
Cost of sales	26,295	56.9%	25,001	57.8%	5.2%
Gross profit	**19,881**	**43.1%**	**18,253**	**42.2%**	**8.9%**
Research and development expenses	7,758	16.8%	8,940	20.7%	–13.2%
Distribution expenses	4,389	9.5%	4,170	9.6%	5.3%
Administrative expenses	4,023	8.7%	3,775	8.7%	6.6%
Operating income before other operating expenses /income	**3,710**	**8.0%**	**1,368**	**3.2%**	**>100.0%**
Finance income	–576	–1.2%	–471	–1.1%	22.3%
Finance costs	476	1.0%	603	1.4%	–21.1%
Exchange rate losses	243	0.5%	166	0.4%	46.8%
Other operating income	–579	–1.3%	–590	–1.4%	–1.9%
Other operating expenses	339	0.7%	325	0.8%	4.5%
Earnings before taxes	**3,806**	**8.2%**	**1,335**	**3.1%**	**>100.0%**
Taxes on income					
Current income tax expense	365	0.8%	316	0.7%	15.5%
Deferred taxes	376	0.8%	–104	–0.2%	n/a
	741	**1.6%**	**212**	**0.5%**	**>100.0%**
Consolidated net income	**3,065**	**6.6%**	**1,123**	**2.6%**	**>100.0%**
Consolidated net income attributable to					
Owners of the parent	**3,053**	**6.6%**	**1,022**	**2.4%**	**>100.0%**
Non-controlling interests	12	0.0%	101	0.2%	–88.2%
Earnings per share					
Basic earnings per share (in Euro)	0.16		0.05		>100.0%
Fully diluted earnings per share (in Euro)	0.16		0.05		>100.0%

[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 July 1 through September 30	7/1 – 9/30/2013 thousand Euro	7/1 – 9/30/2012 thousand Euro[1]
Consolidated net income	**3,065**	**1,123**
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	–39	–53
Foreign currency adjustments affecting deferred taxes	–423	–411
Deferred tax (on foreign currency adjustments affecting deferred taxes)	106	98
Value differences relating to hedges	–46	–310
Deferred tax (on value differences relating to hedges)	15	100
Available-for-sale financial assets	210	99
Deferred tax (on available-for-sale financial assets)	–69	–25
Items that will not be reclassified to the income statement in future periods, including respective tax effects		
Actuarial gains/losses (–) from pension plans	21	–29
Deferred tax on actuarial gains/losses (–) from pension plans	–6	9
Other comprehensive income after taxes	**–231**	**–522**
Total comprehensive income after taxes	**2,834**	**601**
Total comprehensive income attributable to		
Owners of the parent	2,828	509
Non-controlling interests	6	92

[1] Adjustment due to the amendment to IAS 19

Condensed consolidated income statement

For the period January 1 through September 30	1/1 – 9/30/2013 thousand Euro	in percent of sales	1/1 – 9/30/2012 thousand Euro[1]	in percent of sales	Change
Sales	**136,388**	**100.0%**	**135,667**	**100.0%**	**0.5%**
Cost of sales	81,326	59.6%	81,143	59.8%	0.2%
Gross profit	**55,063**	**40.4%**	**54,525**	**40.2%**	**1.0%**
Research and development expenses	25,572	18.7%	26,823	19.8%	–4.7%
Distribution expenses	13,638	10.0%	13,122	9.7%	3.9%
Administrative expenses	12,236	9.0%	12,103	8.9%	1.1%
Operating income before other operating expenses /income	**3,616**	**2.7%**	**2,476**	**1.8%**	**46.1%**
Finance income	–1,620	–1.2%	–1,378	–1.0%	17.5%
Finance costs	1,608	1.2%	1,799	1.3%	–10.6%
Exchange rate losses	177	0.1%	173	0.1%	2.6%
Other operating income	–3,034	–2.2%	–4,592	–3.4%	–33.9%
Other operating expenses	931	0.7%	1,065	0.8%	–12.5%
Earnings before taxes	**5,554**	**4.1%**	**5,410**	**4.0%**	**2.7%**
Taxes on income					
Current income tax expense	1,383	1.0%	1,098	0.8%	26.0%
Deferred taxes	–631	–0.5%	–437	–0.3%	44.4%
	752	**0.6%**	**661**	**0.5%**	**13.8%**
Consolidated net income	**4,802**	**3.5%**	**4,749**	**3.5%**	**1.1%**
Consolidated net income attributable to					
Owners of the parent	**4,531**	**3.3%**	**4,582**	**3.4%**	**–1.1%**
Non-controlling interests	270	0.2%	167	0.1%	61.7%
Earnings per share					
Basic earnings per share (in Euro)	0.23		0.24		–0.7%
Fully diluted earnings per share (in Euro)	0.23		0.23		–0.8%

[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 January 1 through September 30	1/1 – 9/30/2013 thousand Euro	1/1 – 9/30/2012 thousand Euro[1]
Consolidated net income	**4,802**	**4,749**
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	–104	–9
Foreign currency adjustments affecting deferred taxes	–318	–7
Deferred tax (on foreign currency adjustments affecting deferred taxes)	79	–3
Value differences relating to hedges	206	–820
Deferred tax (on value differences relating to hedges)	–56	264
Available-for-sale financial assets	–429	133
Deferred tax (on available-for-sale financial assets)	164	–32
Items that will not be reclassified to the income statement in future periods, including respective tax effects		
Actuarial gains/losses (–) from pension plans	63	–86
Deferred tax on actuarial gains/losses (–) from pension plans	–19	27
Other comprehensive income after taxes	**–414**	**–533**
Total comprehensive income after taxes	**4,388**	**4,216**
Total comprehensive income attributable to		
Owners of the parent	4,153	4,055
Non-controlling interests	234	161

[1] Adjustment due to amendment to IAS 19

Condensed consolidated statement of cash flows

	1/1 – 9/30/2013 thousand Euro	1/1 – 9/30/2012 thousand Euro[1]	7/1 – 9/30/2013 thousand Euro	7/1 – 9/30/2012 thousand Euro[1]
Cash flow from operating activities				
Consolidated net income	4,802	4,749	3,065	1,123
Depreciation and amortization	13,839	13,009	4,530	4,414
Financial result	–12	421	–100	132
Other non-cash income (–)/expenses	–783	–2,511	326	–196
Current income tax expense	1,383	1,098	365	316
Expenses for stock option and stock award plans	308	229	98	68
Changes in pension provisions	–299	–145	–100	–38
Changes in net working capital:				
Trade receivables	–4,044	1,694	–968	2,216
Inventories	–3,561	–49	–1,758	–1,061
Other assets	–1,047	–1,037	894	586
Trade payables	2,100	–5,472	1,987	–2,766
Other provisions and other liabilities	1,043	1,082	–558	1,116
Income tax payments	–1,942	188	–1,266	2,041
Interest paid	–1,608	–1,799	–476	–603
Interest received	1,611	1,378	577	471
Cash flow from operating activities	**11,790**	**12,835**	**6,616**	**7,819**

[1] Adjustment of prior-year amounts due to amendment to IAS 19

Condensed consolidated statement of cash flows (continuation)

	1/1 – 9/30/2013 thousand Euro	1/1 – 9/30/2012 thousand Euro[1]	7/1 – 9/30/2013 thousand Euro	7/1 – 9/30/2012 thousand Euro[1]
Cash flow from investing activities				
Capital expenditures for intangible assets	–1,387	–1,714	–593	–435
Capital expenditures for property, plant and equipment	–9,377	–11,269	–3,091	–4,232
Payments for (–)/Disposal of non-current assets held for sale	–975	230	–97	173
Disposal of property, plant and equipment	531	804	1	741
Payments from acquisition of shares in subsidiaries	0	302	0	0
Payments for (–)/Disposal of securities	–26,445	174	1	3,492
Disposal of investments	1,709	0	0	0
Payments for (–) /Payments from other non-current financial assets	–10	22	7	26
Cash flow from investing activities	**–35,954**	**–11,451**	**–3,772**	**–235**
Cash flow from financing activities				
Repayment (–) /Borrowing of non-current liabilities	–40	191	0	1
Repayment (–) /Borrowing of current liabilities to banks	–5,165	–237	–5,024	–90
Newly created non-controlling interests	0	48	0	0
Purchase of treasury shares	–1,525	–405	0	–405
Issue of treasury shares/Share-based remuneration	457	216	0	9
Capital increase from conditional capital	157	660	116	389
Dividend payment	–4,814	–4,827	0	0
Dividend payment to non-controlling shareholders	–400	0	0	0
Increase of majority stake	–570	0	0	0
Other changes	–3	–52	1	–20
Cash flow from financing activities	**–11,903**	**–4,406**	**–4,907**	**–116**
Decrease (–) /Increase in cash and cash equivalents	**–36,067**	**–3,022**	**–2,064**	**7,468**
Effect of exchange rate changes on cash and cash equivalents	–280	–26	–250	–192
Cash and cash equivalents at beginning of reporting period	55,576	59,002	21,543	48,678
Cash and cash equivalents at end of reporting period	**19,229**	**55,954**	**19,229**	**55,954**

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 translations* 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										4,582	4,582	167	4,749
Other comprehensive income for the period						101	–556	–13	–59		–527	–6	–533
Total comprehensive income						101	–556	–13	–59	4,582	4,055	161	4,216
Share-based remuneration			26	190							216		216
Capital increase from conditional capital	180	180		480							660		660
Transaction costs				–21							–21		–21
Purchase of treasury shares			–56	–349							–405		–405
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				229							229		229
Newly created non-controlling interests										17	17	31	48
Other changes										–181	–181		–181
September 30, 2012	**19,594**	**19,594**	**–136**	**89,045**	**102**	**64**	**–1,183**	**–1,413**	**–16**	**78,821**	**184,878**	**2,484**	**187,362**
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										4,531	4,531	270	4,802
Other comprehensive income for the period						–265	150	–307	44		–378	–36	–414
Total comprehensive income						–265	150	–307	44	4,531	4,153	234	4,388
Share-based remuneration			46	209							255		255
Capital increase from conditional capital	42	42		115							157		157
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				308							308		308
Increase of majority stake										–85	–85	–485	–570
Other changes										11	11	–11	0
September 30, 2013	**19,658**	**19,658**	**–328**	**88,038**	**102**	**–194**	**–1,156**	**–1,941**	**–489**	**81,970**	**185,660**	**1,925**	**187,585**

[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 3rd quarter of 2013 were released for publication in November 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 principals of the preparation of financial statements

The condensed interim consolidated financial statements for the period January 1 through September 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 that were 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 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 entered in other comprehensive income. Elmos has adjusted the reported prior-year amounts for effects from the amendments to IAS 19. For Elmos, the amendments to IAS 19 result 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 of 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 of 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 third quarter 2012

thousand Euro	7/1 – 9/30/2012 prior to adjustments	Effects of first-time application of IAS 19R	7/1 – 9/30/2012 after adjustments
Consolidated income statement			
Administrative expenses	3,804	–29	3,775
Operating income before other operating expenses/income	1,339	29	1,368
Earnings before taxes	1,306	29	1,335
Deferred taxes	–113	9	–104
Consolidated net income	1,103	20	1,123

Retrospective presentation of the consolidated income statement for the first nine months 2012

thousand Euro	1/1 – 9/30/2012 prior to adjustments	Effects of first-time application of IAS 19R	1/1 – 9/30/2012 after adjustments
Consolidated income statement			
Administrative expenses	12,189	–86	12,103
Operating income before other operating expenses/income	2,390	86	2,476
Earnings before taxes	5,324	86	5,410
Deferred taxes	–464	27	–437
Consolidated net income	4,690	59	4,749

Due to above adjustments, basic earnings per share for the first nine months of the year 2012 are 0.01 Euro higher. Diluted earnings per share for the first nine months 2012 remain unchanged as do basic and diluted earnings per share for the third quarter 2012.

-> 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 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 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 (December 31, 2012: 3.5%) and of 1.4% for partial retirement obligations (December 31, 2012: 3.5%).

Exceptional business transactions

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

Basis of consolidation

There were neither additions to nor disposals from the basis of consolidation in the first nine months of 2013.

As of acquisition date January 1, 2013, 26.1% of the shares in GED Gärtner-Electronic-Design GmbH, Frankfurt/Oder were acquired. Following 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 January 1 through September 30, 2013 and 2012, respectively) as well as on assets of the Group's business segments (as of September 30, 2013 and December 31, 2012).

9 months ended September 30, 2013	Semiconductor thousand Euro	Micromechanics thousand Euro	Consolidation thousand Euro	Group thousand Euro
Sales				
Third-party sales	124,902	11,486	0	136,388
Inter-segment sales	303	586	–889[1]	0
Total sales	**125,205**	**12,072**	**–889**	**136,388**
Earnings				
Segment earnings	4,705	837	0	5,542
Finance income				1,620
Finance costs				–1,608
Earnings before taxes				**5,554**
Taxes on income				–752
Consolidated net income including non-controlling interests				**4,802**
Assets				
Segment assets	227,286	15,300	23,355[2]	265,941
Investments	470	0	0	470
Total assets				**266,411**
Other segment information				
Capital expenditures for intangible assets and property, plant and equipment	9,760	1,004	0	10,764
Depreciation and amortization	13,315	524	0	13,839

[1] Sales from intersegment transactions are eliminated for consolidation purposes.
[2] Non-attributable assets as of September 30, 2013 include cash and cash equivalents (19,229 thousand Euro), income tax assets (998 thousand Euro), and deferred taxes (3,129 thousand Euro), as these assets are controlled at group level.

9 months ended September 30, 2012	Semiconductor thousand Euro[3]	Micromechanics thousand Euro	Consolidation thousand Euro[3]	Group thousand Euro[3]
Sales				
Third-party sales	121,227	14,440	0	135,667
Inter-segment sales	170	725	–895[1]	0
Total sales	**121,397**	**15,165**	**–895**	**135,667**
Earnings				
Segment earnings	4,006	1,825	0	5,831
Finance income				1,378
Finance costs				–1,799
Earnings before taxes				**5,410**
Taxes on income				–661
Consolidated net income including non-controlling interests				**4,749**
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	16,054	890	0	16,944
Depreciation and amortization	12,536	473	0	13,009

[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	9 months ended 9/30/2013 thousand Euro	9 months ended 9/30/2012 thousand Euro
Germany	47,960	40,211
Other EU countries	37,848	45,412
U.S.A.	10,177	12,808
Asia/Pacific	31,013	26,961
Others	9,390	10,275
Consolidated sales	**136,388**	**135,667**

Geographical distribution of non-current assets	9/30/2013 thousand Euro	12/31/2012 thousand Euro
Germany	137,343	112,054
Other EU countries	5,485	4,796
U.S.A.	4,667	6,458
Others	103	76
Non-current assets	**147,597**	**123,384**

3 // Notes on essential items

Selected non-current assets

Development of selected non-current assets from January 1 through September 30	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 9/30/2013 thousand Euro
Intangible assets	30,236	0	1,387	–71	3,871	27,681
Property, plant and equipment	71,755	0	9,377	–545	9,968	70,619
Securities	18,741	0	31,781	–1,694	0	48,828
Investments	2,652	0	0	–2,182	0	470
Other financial assets	1,116	0	525	–17	0	1,624
	124,500	**0**	**43,070**	**–4,509**	**13,839**	**149,222**

The item “Disposals/Other movements” includes negative currency adjustments in the amount of 85 thousand Euro.

Inventories

	9/30/2013 thousand Euro	12/31/2012 thousand Euro
Raw materials	7,857	7,432
Work in process	31,087	27,464
Finished goods	7,560	8,072
Prepayments for inventories	25	0
	46,529	**42,968**

Equity

As of September 30, 2013, the share capital of Elmos Semiconductor AG consists of 19,658,475 shares. At present, the Company holds 327,697 treasury shares.

As of September 30, 2013, altogether 1,033,831 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 1/1-9/30/2013 (number)	97,460	0	0	0	97,460
Forfeited 1/1-9/30/2013 (number)	800	1,660	1,875	4,452	8,787
Options outstanding as of 9/30/2013 (number)	**157,320**	**236,428**	**244,535**	**395,548**	**1,033,831**
Options exercisable as of 9/30/2013 (number)	157,320	0	0	0	157,320

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 interim financial statements is undiminished.

Book values and fair values of financial instruments

	September 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	48,828	48,828	18,741	18,741
Short-term securities	3,769	3,769	7,840	7,840
Trade receivables	31,688	31,688	27,644	27,644
Cash and cash equivalents	19,229	19,229	55,576	55,576
Other financial assets				
Other receivables and assets	3,006	3,006	2,398	2,398
Other loans	2,256	2,256	2,305	2,305
Call option	54	54	54	54
Earn-out	587	587	562	562
Financial liabilities				
Trade payables	19,855	19,855	17,755	17,755
Liabilities to banks	37,656	38,457	42,861	44,027
Other financial liabilities				
Miscellaneous financial liabilities	203	203	342	342
Put option	2,242	2,242	2,242	2,242
Hedged derivatives (short-term)	517	517	207	207
Hedged derivatives (long-term)	1,201	1,201	1,719	1,719
Fixed-interest forward loans	0	0	0	675[1]
FX derivatives	16	16	0	0
Forward exchange contracts	162	162	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 September 30, 2013, the Group held the following financial instruments measured at fair value:

Securities	Stage 1 thousand Euro	Stage 2 thousand Euro	Stage 3 thousand Euro
January 1, 2013	**23,081**		
Addition securities (long-term)	27,781		
Disposal securities (long-term)	–1,694		
Disposal securities (short-term)	–4,071		
September 30, 2013	**45,097**		
Investments			
January 1, 2013			**2,652**
Disposal interest in TetraSun Inc.			–2,182
September 30, 2013			**470**
Hedged derivatives			
January 1, 2013		**–1,926**	
Correction of valuation of hedged derivatives outside profit or loss (short-term and long-term)		208	
September 30, 2013		**–1,718**	
Call option			
January 1, 2013			**54**
September 30, 2013			**54**
Put option			
January 1, 2013			**2,242**
September 30, 2013			**2,242**
Forward exchange contracts			
January 1, 2013		**0**	
Addition forward exchange contracts		–162	
September 30, 2013		**–162**	
FX derivatives			
January 1, 2013		**0**	
Addition FX derivatives		–16	
September 30, 2013		**–16**	

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 nine months 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 January 1 through September 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
8/12/2013 Off-market	Sven-Olaf Schellenberg	Supervisory Board member	Sale of Elmos shares from exercise of stock options	1,000	9.26	9,260
9/26/2013 Off-market	Reinhard Senf	Management Board member	Sale of Elmos shares from exercise of stock options	6,000	9.417	56,502

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

There have been no reportable significant events or transactions after the end of the third quarter of 2013.

Dortmund, November 6, 2013

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

Financial calendar 2013

9-months results Q3/2013[1]	November 6, 2013
Equity Forum in Frankfurt/Main	November 11-13, 2013

Financial calendar 2014

Preliminary results 2013[1]	February 19, 2014
Annual accounts 2013[1]	March 20, 2014
Annual press conference	March 20, 2014
Analysts' conference (conference call/webcast)	March 20, 2014
3-months results Q1/2014[1]	May 6, 2014
Annual General Meeting in Dortmund	May 13, 2014
6-months results Q2/2014[1]	August 6, 2014
9-months results Q3/2014[1]	November 5, 2014

[1] The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures of quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on this website (www.elmos.com). Conference Calls usually take place one day following the publication of quarterly results.

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This interim report is released on November 6, 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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