



Quarterly Report Q2/2003

- **Quarterly sales:**
EUR 30.3 million
(+15% vs. Q2/02)
- **Orders received:**
EUR 33.6 million
(+20% vs. Q2/02)
- **Gross margin:**
50% of sales
- **EBIT: EUR 5.4 million**
(+22% vs. Q2/02)
- **EPS: EUR 0.13**
(EUR 0.11 Q2/02)

Growth with new products

Dear shareholders,

The second quarter was characterized by the following topics:

- A weak economic environment has led to decreasing sales of new cars.
- The launch of the new BMW 5-series will yield higher number of cars not before the third quarter.
- Additional new products ramped-up into production.



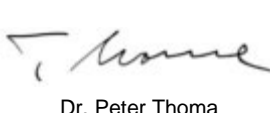

In view of this, the achieved quarterly sales of more than EUR 30 million are very pleasing, in fact, sales of the first quarter 2003 were outperformed by approx. 4%. In addition, the incoming orders could decouple from the negative overall market and exceeded with EUR 34 million (Q1/03: EUR 33 million) the previous year by as much as 20%.

We anticipate a good third quarter and expect the fourth quarter – anti-seasonal – to come out on a high level due to the ramping of the new BMW 5-series. Our estimates for the planned full year's sales figures of EUR 125 million are confirmed, but we like to point out that the weak US-Dollar may have an exchange-rate based influence of EUR 2-3 million.

Within the second quarter, the strength in margins is good. The missing high-margin ICs of the new BMW 5-series as well as the ramp-up of new customized products have got an impact on the gross margin, which reached 50% "only" (Q2/02: 47%). We define earnings per share of EUR 0.13 (+22% compared to Q2/02) in respect of the weak economic situation as excellent.

We expect about 20 additional product starts this year. These will increase the ramp-up costs naturally, but will pave the way for our expected profitable sales growth of 15 to 20% in the coming year 2004.

Dortmund,
August 2003

			
Knut Hinrichs Chairman of the Board	Dr. Klaus Weyer Member of the Board	Dr. Peter Thoma Member of the Board	Reinhard Senf Member of the Board

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Consolidated balance sheets

EUR, US-GAAP, 6 months unaudited, FY 2002 audited	as of Jun 30, 2003	as of Dec. 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	8,409,834	9,038,828
Marketable securities	4,447,609	2,020,843
Trade accounts receivable	28,615,792	22,787,802
Inventories	24,864,714	24,080,701
Prepaid expenses and other	7,361,774	5,865,241
Total current assets	73,699,723	63,793,415
Deferred taxes	13,546,765	13,913,236
Intangible assets:		
Goodwill after depreciation	7,622,344	7,622,344
Software and construction in progress	25,876,084	25,516,046
Less accumulated depreciation	(6,340,027)	(6,232,719)
	27,158,401	26,905,671
Investments in unconsolidated subsidiaries	398,397	468,792
Property, plant and equipment:		
Land	6,523,406	4,432,392
Buildings and improvements	56,608,346	56,068,821
Technical equipment and machinery	108,976,475	112,869,248
Construction in progress	11,793,914	15,824,461
Less accumulated depreciation	(89,152,101)	(85,754,221)
	94,750,040	103,440,701
Total assets	209,553,326	208,521,815
Liabilities and shareholders' equity		
Current liabilities:		
Amounts payable to banks	23,958,546	22,156,828
Trade accounts payable	9,888,453	11,462,149
Provisions for salaries and wages, social security benefits and taxes	4,304,833	3,060,320
Other accrued liabilities	5,328,984	5,734,989
Accrued income taxes	5,737,285	11,944,904
Current portion of long-term obligations	3,039,186	2,909,167
Total current liabilities	52,257,287	57,268,357
Long-term debt, less current portion	35,555,065	37,157,851
Non current liabilities	2,637,074	1,560,607
Minority interest	51,976	93,914
Shareholder's equity:		
Share capital	19,300,000	19,300,000
Paid-in capital	84,615,844	84,615,844
Accumulated other comprehensive income (loss)	(9,552,529)	(10,734,523)
Retained earnings	24,688,609	19,259,765
Total shareholder's equity	119,051,924	112,441,086
Total liabilities and shareholder's equity	209,553,326	208,521,815

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Consolidated statements of income

EUR, US-GAAP, unaudited	Q2 / 2003	Q2 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002
Net sales	30,317,461	26,399,976	59,557,807	52,040,970
Costs of sales	15,128,519	14,084,484	29,255,267	27,863,573
Gross profit	15,188,942	12,315,492	30,302,540	24,177,397
Research and development	5,205,251	4,262,656	10,135,204	8,940,623
Marketing and selling expenses	1,694,075	1,458,417	3,282,826	2,764,420
General and administrative expenses	3,252,931	2,993,344	6,418,063	5,795,727
Amortization of goodwill	0	0	0	0
Operating income	5,036,685	3,601,075	10,466,447	6,676,627
Interest expense (income)	1,119,587	838,307	2,062,169	1,578,394
Foreign exchange loss (income), net	137,524	(67,624)	(78,690)	(114,060)
Other (income) expense - net	(460,672)	(741,920)	(685,266)	(927,707)
Income (loss) before income taxes, equity in loss of unconsolidated subsidiaries and minority interest	4,240,246	3,572,312	9,168,234	6,140,000
Income tax expenses	1,711,922	1,481,295	3,674,607	2,489,857
Net income before equity in loss of unconsolidated subsidiaries and minority interest	2,528,324	2,091,017	5,493,627	3,650,143
Equity in losses of unconsolidated subsidiaries	54,000	0	54,000	0
Minority interest in earnings of consolidated subsidiaries	(86)	59,793	10,783	27,092
Net income	2,474,410	2,031,224	5,428,844	3,623,051

Consolidated statements of changes in shareholder's equity

EUR, US-GAAP, 3 months period unaudited, FY 2001 / 2002 audited	Shares	Share Capital	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2001	19,300,000	19,300,000	84,615,844	(1,193,374)	10,396,795	113,119,265
Net income					8,862,970	8,862,970
Cash dividends					-	-
Change in unrealized gains (losses) on marketable securities (net of tax)				(9,068,169)		(9,068,169)
Foreign currency adjustment				(472,980)		(472,980)
Balance at December 31, 2002	19,300,000	19,300,000	84,615,844	(10,734,523)	19,259,765	112,441,086
Net income					5,428,844	5,428,844
Cash dividends					-	-
Change in unrealized gains (losses) on marketable securities (net of tax)				857,629		857,629
Foreign currency adjustment				324,365		324,365
Balance at June 30, 2003	19,300,000	19,300,000	84,615,844	(9,552,529)	24,688,609	119,051,924

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Consolidated statements of cash flows

EUR, US-GAAP, unaudited	Jan 1 st to Jun 30 th 2003	Jan 1 st to Jun 30 th 2002
Operating Activities:		
Net income	5,428,844	3,623,051
Depreciation	7,914,389	8,526,453
Deferred income taxes	1,638	(875,705)
Goodwill amortization	0	0
Minority interest	10,783	27,092
Equity in losses of unconsolidated subsidiaries	54,000	0
Changes in operating assets and liabilities:		
Accounts receivable	(5,827,990)	(8,114,218)
Inventories	(784,014)	2,478,932
Prepaid expenses and other	(1,490,137)	(606,357)
Accounts payable	(1,573,696)	3,839,526
Accrued liabilities	838,508	730,573
Accrued income taxes payable	(6,207,619)	920,245
Net cash (used) provided by operating activities	(1,635,294)	10,549,592
Investing Activities:		
Capital expenditure	(10,165,099)	(16,182,169)
Disposal of fixed assets	10,688,641	1,659,329
Proceeds from sale and purchase of marketable securities and investments	(990,000)	267,268
Net cash (used) provided in investing activities	(466,458)	(14,225,572)
Financing Activities:		
Dividends paid	0	0
Repayment of advances to shareholder	0	(10,550,000)
Dividends paid by consolidated subsidiary to minority shareholder	(75,000)	(150,000)
Cash received by consolidated subsidiary from minority shareholder	0	0
Issuance of additional long-term debt	0	0
Repayments of long-term debt obligations	(396,300)	(933,567)
Proceeds (repayments) of notes payable	1,801,718	(973,652)
Net cash (used) provided in financing activities	1,330,418	(12,607,219)
Increase (decrease) in cash and cash equivalents	(771,334)	(16,313,199)
Effect of exchange rate changes in cash and cash equivalents	142,340	0
Cash and cash equivalents at beginning of the year	9,038,828	(18,280,808)
Cash and cash equivalents at the end of first half year	8,409,834	1,967,609

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NOTES

Sales breakdown and incoming orders

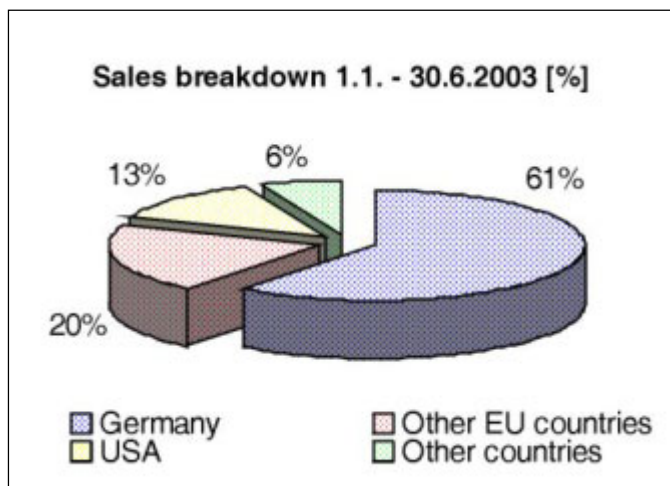
Sales	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
thereof						
production	28.578	25.899	10.3%	56.782	50.898	11.6%
development	1.660	0.487	240.9%	2.461	1.124	118.9%
others	0.079	0.014	465.8%	0.315	0.018	1650.5%

Figures in EUR million or %

In the second quarter of 2003 the ELMOS Group achieved total revenue of EUR 30.3 million, a new quarterly record in the history of the company. This tallies with a growth of 15% in comparison to last year's given period. While production sales increased by more than 10%, the significant higher sales by development underlines the future growth potential of the ELMOS Group .

The picture for the half year replicates: Significant plus of production and development sales led to a total sales figure for the first half year 2003 about 14% above the total sales of the last year's period.

One of the numerous ramping projects, the airbag-chipset for the company Autoliv, is responsible for the trend upwards in the segment "other EU countries" of the sales breakdown by region. Especially this contribution of France helped to grow "other EU-countries" by two percentage points on the back of Germany. But Germany still remains the strongest market for ELMOS' products with 61% of sales. This goes hand in hand with good sales figures of the premium German car makers.



Segmental reporting

Sales of the ELMOS Group can be roughly divided into three segments. First of all, there is the semiconductor core business transacted by the various national branches in Germany, France, and the United States. Sales in the micro-mechanic sensor segment are made by the subsidiary *SMI* in the U.S. Finally, the assembly segment is related to the third-party sales of the subsidiary *eurasem*.

The segmental reporting underlines the continued positive trend within all areas of the ELMOS Group . For example, the incoming orders for the group rose by 20% in the second quarter compared to the previous year. In fact, the amount of incoming orders of the semiconductor segment went up by 16% only compared to the previous year and even 2% plus against the first quarter of 2003. Also pleasing the incoming orders of the micro-mechanical segment, which increased from EUR 1.8 million to EUR 2.5 million by about 38%. Last but not least, the growth of incoming orders of *eurasem* was positive, adding an increase of third-party orders with a ramped-up inter-company supply of the ELMOS Group .

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Segmental reporting	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	Q1/2003
Orders received of the group	33.597	27.973	20.1%	32.669
thereof				
Semiconductor	29.572	25.585	15.6%	29.087
MEMS, third party	2.537	1.844	37.6%	2.532
Assembly, third party	1.488	0.544	173.5%	1.050
Total sales of the group	30.317	26.400	14.8%	29.240
thereof				
Semiconductor	26.641	24.601	8.3%	25.515
MEMS, third party	2.245	1.138	97.3%	2.598
Assembly, third party	1.431	0.661	116.5%	1.128
<i>Figures in EUR million or %</i>				
Book-to-Bill of the group	1.11	1.06		1.12
thereof				
Semiconductor	1.11	1.04		1.14
MEMS, third party	1.13	1.62		0.97
Assembly, third party	1.04	0.82		0.93

The semiconductor sector convinced with a solid growth of 8%, the investments in the subsidiaries *eurasem* and *SMI* came to fruition. Micro-mechanics could double sales to EUR 2.2 million compared to the previous year, and expects additional growth for the third quarter. As a matter of fact, the integration of processes into the new fab in Milpitas as well as the expansion and reconstruction of clean-rooms led to short-term interruption of the production process during the second quarter. Also in the assembly segment the trend upwards is visible. Third-party sales more than doubled compared to the second quarter of last year, versus the first quarter 2003, the growth reaches a remarkable 27%.

The book-to-bill ratios fuel the expectation of continuous growth within all segments. Especially the book-to-bill ratio of 1.11 for the semiconductor business and the 1.13 for micro-mechanical business were pleasing.

Costs of sales and gross profit

Costs of sales and gross profit	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Cost of sales	15.129	14.084	7.4%	29.255	27.864	5.0%
% of sales	49.9%	53.4%		49.1%	53.5%	
Gross profit	15.189	12.315	23.3%	30.303	24.177	25.3%
% of sales	50.1%	46.6%		50.9%	46.5%	
<i>Figures in million Euro or %</i>						

Though the total sales within the second quarter went up by 15% compared to the last year's period, the growth in cost of sales ended up by half with only 7%. As a result, the gross profit developed extreme well with +23%, and the cost of sales went down sharply from 53% in the second quarter 2002 to 50% of sales in the reporting period.

Based on the very good first quarter 2003, the half year's figures increased even more significant. Therefore, with EUR 30.3 million the gross profit exceeded the last year's period by 25% and the gross margin reached 51% for the first half year 2003.

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Gross margin	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	Q1 / 2003
Total sales	30.317	26.400	14.8%	29.240
Total gross margin	50.1%	46.6%		51.7%
Semiconductor sales	26.641	24.601	8.3%	25.515
Semiconductor gross profit	14.007	12.034	16.4%	14.259
Gross margin semiconductor	52.6%	48.9%		55.9%
MEMS, third party sales	2.245	1.138	97.3%	2.598
MEMS, third party gross profit	0.995	0.407	144.5%	0.809
Gross margin MEMS, third party	44.3%	35.7%		31.1%
Assembly, third party sales	1.431	0.661	116.5%	1.128
Assembly, third party gross profit	0.186	-0.125	248.9%	0.046*
Gross margin Assembly, third party	13.0%	-19.0%		4.1%

Figures in million Euro or % (Difference in consolidation 73 TEUR in Q1)*

The segmental reporting shows a more differentiated picture of the situation. The gross profit of EUR 14.0 million of the semiconductor segment exceeded the value of the corresponding quarter of the previous year by 16%. As a consequence of a product mix with weaker margins (new products entering production, ramp-up of the BMW 5-series), the semiconductor gross profit suffered by approx. EUR 0.3 million compared to the first quarter 2003.

Gross profit of the micro-mechanics sector showed a significant increase caused by the entire in-house production. In spite of 14% lower sales compared to the first quarter, this led to an increase of the micro-mechanic gross margin to 44%.

Within the assembly sector the gross profit increased significantly by higher utilization of the production capacities. Here, we expect a break-even situation in the fourth quarter.

Research and development

Research and development	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Research and development	5.205	4.263	22.1%	10.135	8.941	13.4%
<i>% of sales</i>	17.2%	16.1%		17.0%	17.2%	

Figures in million Euro or %

Research and development expenditures rose to more than EUR 5.2 million in the second quarter 2003, coming from approx. EUR 4.3 million in the last year's period. The disproportional increase against the previous year is based on higher expenses in the development, especially the expansion of design capacity as well as the intensified cooperation with external design centres. The comparison with the first quarter 2003 shows that the expenditures for research and development continue to be on the same level of 17% of sales.

Comparing the half year's periods, research and development expenses show the same proportional evolution on a level of 17% of sales.

The current overall economic situation more and more results in customers carrying less of the development costs for new products. This reduces the contribution margin for the product development. Therefore the portion of ELMOS' development costs increases and cost-covering becomes part of the volume production. Internal efficiency programs in the research and development area cope with measures against a long term increase of the expenditures towards 20% of sales.

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Marketing, selling and general & administrative expenses

Marketing, selling and general & administrative expenses	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Marketing and selling expenses	1.694	1.458	16.2%	3.283	2.764	18.8%
% of sales	5.6%	5.5%		5.5%	5.3%	
General and administrative exp.	3.253	2.993	8.7%	6.418	5.796	10.7%
% of sales	10.7%	11.3%		10.8%	11.1%	

Figures in million Euro or %

Marketing and distribution costs rose by approx. 16% as compared to the second quarter of the previous year, coming to roughly EUR 1.7 million or about 6% of sales. The increase in marketing and selling expenses reflects the intensified activities of ELMOS on conferences, trade fairs and in the public media. Overall, the level of marketing and selling expenses is comparable with the last year's period, which is underlined by the half year's results. General and administrative costs reached EUR 3.3 million, both, the half year's period and the quarterly figures, are on the same level of 11% of sales.

Operating income

Operating income	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Operating income	5.037	3.601	39.9%	10.466	6.677	56.7%
% of sales	16.6%	13.6%		17.6%	12.8%	

Figures in million Euro or %

The operating income reached roughly EUR 5.0 million or 17% of sales in the second quarter 2003. This represents an increase of about 40% compared to the last year's period. One of the reasons behind is the improved utilization of the fabrication line especially in Dortmund. The even better figures of the first quarter (e.g. product mix) made the operating income of the half year's period increasing to EUR 10.5 million or about 18% of sales. Compared to the last year's period, this represents an increase of approximately 57%.

Interest expenses, foreign exchange losses and other income

Interest expense, foreign exchange losses & other income	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Interest expense	1.120	0.838	33.6%	2.062	1.578	30.6%
Foreign exchange losses	0.138	(0.068)	-303.4%	(0.079)	(0.114)	-31.0%
Other income	(0.461)	(0.742)	-37.9%	(0.685)	(0.928)	-26.1%
Subtotal interest expense, foreign exchange losses & other income	0.796	0.029	2669%	1.298	0.537	141.9%
% of sales	2.6%	0.1%		2.2%	1.0%	

Figures in million Euro or %

During the second quarter, tax liabilities of EUR 8.5 million had to be paid off, accounting for additional EUR 0.2 million interest expenses. The short-, mid-, and long-term amounts payable to banks stayed more or less stable, the level of interest expenses is about EUR 0.9 million per quarter at the moment.

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Longer terms of payment, especially for ELMOS North America, lead to gains or losses on a quarterly base caused by the USD exchange rate.

Under the item "Other income" government subsidies in connection with research and promotion projects are listed, among others. The decrease is related to the stringent situation of the public sectors in Germany, leading to delayed payments for running research and development projects, respectively resulting in a fall off of new projects.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT)	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
EBIT	5.360	4.411	21.5%	11.230	7.718	45.5%
<i>% of sales</i>	17.7%	16.7%		18.9%	14.8%	

Figures in million Euro or %

In the second quarter 2003, the income before interest and taxes (EBIT) reached roughly EUR 5.4 million. Compared to last year's period, the income before interest and taxes increased by 22%. The comparison of the first half year's turned out even better.

Pre-tax-profit (EBT)

Pre-tax-profit (EBT)	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
EBT	4.240	3.572	18.7%	9.168	6.140	49.3%
<i>% of sales</i>	14.0%	13.5%		15.4%	11.8%	

Figures in million Euro or %

In the second quarter 2003, the income before taxes (EBT) reached a total of EUR 4.2 million or roughly 14% of sales and improved by 19% compared to the previous year. Comparing the half years, the income before taxes grew by approximately 49% to a total of about EUR 9.2 million in the first half year 2003. This represents a quota of more than 15% of sales!

Net income and earnings per share

Net income and earnings per share	Q2 / 2003	Q2 / 2002	Δ Q2 2003 / 2002	1.1. – 30.6. 2003	1.1. – 30.6. 2002	Δ 1HY 2003 / 2002
Total sales	30.317	26.400	14.8%	59.558	52.041	14.4%
Net income	2.474	2.031	21.8%	5.429	3.623	49.8%
<i>% of sales</i>	8.2%	7.7%		9.1%	7.0%	
Earnings per Share (EPS) in Euro	0.13	0.11		0.28	0.19	

Figures in million Euro or %

At a tax rate of about 40%, net income resulted in EUR 2.5 million within the second quarter 2003. Therefore net income increased by 22% compared to the year before. Inclusive the strong first quarter, the half year's net income ended up with EUR 5.4 million, representing a growth of 50% compared to the last year's period.

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Earnings per share reached EUR 0.13 in the second quarter 2003 versus EUR 0.11 in the corresponding quarter of the year before. As a result, the earnings per share achieved EUR 0.28 in the first half year of 2003, which represents an increase of EUR 0.09 compared to the last year's period. The number of 19.3 million common shares was brought in as the basis of calculation.

Investments

In the second quarter the investments in tangible assets reached EUR 6.6 million and amounted to EUR 10.2 million for the first half year 2003. Compared to the previous year the investments were reduced by 37% on half year's base. Highlights of the investing activities of the second quarter were: ELMOS Dortmund invested EUR 4.5 million, inter alia equipment for 0.35µm lithography, *eurasem* about EUR 0.8 million, and *SMI* spent EUR 1.2 million.

According to appraisal of ELMOS, there is no reason for amortization of identified goodwill at present as the subsidiaries are still being expanded and upgraded as scheduled.

Directors dealings

The following members of the management board hold ELMOS' shares or stock options: Knut Hinrichs 41,776 shares, Dr. Klaus Weyer 16,206 shares, Dr. Peter Thoma 6,200 shares and Mr. Reinhard Senf 2,700 shares. The following members of the supervisory board hold ELMOS' shares: Mr. Sporea as a 6,665 shares and Dr Burkhard Dreher 1,900 ELMOS' shares. In the previous quarter, no transactions took place.

EFH ELMOS Finanzholding GmbH continues to hold approximately 11.1 million shares (57,7% of all shares) and is the dominating shareholder of the company. 8.2 million shares (42.3%) are free-floating and are traded at the stock exchanges of the Prime Standard. ELMOS Semiconductor AG is part of the German Technology Index TecDAX 30.

In the previous quarter a third tranche of stock options was presented to the employees and to the management board of the company. These non-exercisable options have got a striking price of EUR 7.87, a waiting period of two years, and an exercise deadline of three years. In conclusion, the number of stock options of the company being in circulation increased by additional 292,829 pieces. Out of this, 15,000 stock options each are related to the members of the management board as part of the profit-related remuneration system.

Events of particular significance

During the second quarter of 2003 several sale & lease-back deal were performed ending up with total earnings of about EUR 12.5 million.

Human resources

As of June 30th, 2003 the ELMOS Group employed 879 staff members, thereof 578 employees at the Dortmund location, 151 employees at *eurasem*, 70 employees at *SMI* and 27 at *GED*.

Accompanying notes to consolidated financial statements

The consolidated financial statements of June 30th 2003 are prepared according to the principles of the United States generally accepted accounting principles (US GAAP). This quarterly report has been limited reviewed by Ernst & Young AG, Dortmund. Some information and statements of the official annual US GAAP consolidated financial statements and annexes have been combined or left out. This document should be viewed in conjunction with the audited annual consolidated financial statement with the reporting date December 31st, 2003. For comparison, see accompanying notes to the consolidated financial statements of the Annual Report for the fiscal year ended December 31st, 2002.