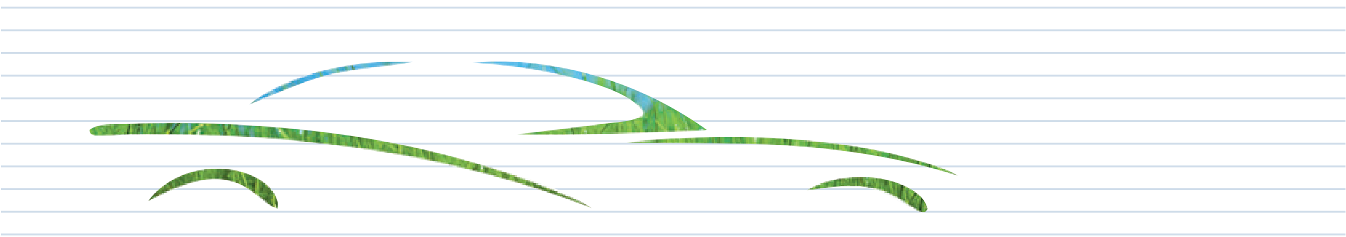
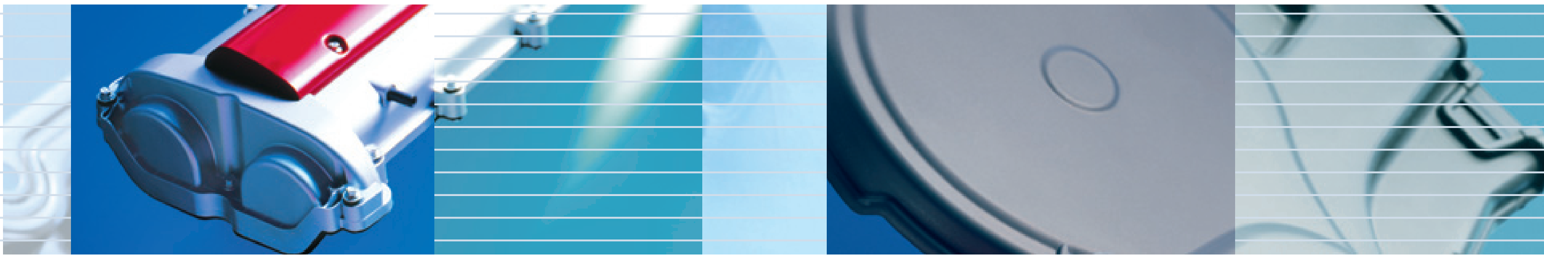


Experience mobility – Drive the future.

Report on the Second Quarter and First Half of 2008

elringklinger

Developing the Future.



Sustainability – in the way we think and act with regard to the environment and to our commercial success. Continued growth in revenues, earnings and dividends – this is the goal we are working towards. As a trusted development partner and supplier to the automobile industry and other sectors, we have established a strong presence in the global arena. Committed to innovative, environment-focused products, we are expanding within existing and new fields of business – and unlocking additional opportunities for tomorrow's growth.

Revised version, 2nd print run:

In copies issued as part of the first print run a figure of EUR 26,700 thousand was specified as the amount attributable to profit distribution instead of the correct figure of EUR 26,880 thousand. The amount of EUR 26,700 thousand was also used as a basis for the statement of changes in equity, the statement of cash flows and information relating to the financial position. The latest publication includes the revised figure.

Contents

Economic and Business Climate

Significant downturn in global economic growth

The global economy lost considerable momentum over the course of the first six months of 2008. Surging raw material and energy prices, the concomitant rise in inflation and higher interest rates proved a potent force, placing downward pressure on the economy worldwide.

While Germany had recorded growth in its GDP in the first quarter of 2008, the second quarter of the current year showed signs of contraction for the first time in almost four years.

The economic slowdown was also in evidence in the euroarea as a whole. On the back of 2.1% growth in the first quarter, GDP in the eurozone stagnated in the second quarter compared to the preceding three-month period.

The US economy proved particularly sluggish, with GDP growing by just 1.0% in the first quarter of 2008. Government tax rebates in the US prompted more pronounced GDP growth of 1.9% in the second quarter. However, once the positive effects of this external stimulus have subsided it is more than likely that the domestic economy will again trend weaker during the remainder of the year.

By contrast, South America was able to emulate the solid performance displayed a year ago. In Brazil, for example, GDP rose by around 5.0% in the first half of 2008.

The Asian economies remained dynamic, although the overall growth rate contracted toward the end of the second quarter. In China, GDP grew by 10.4% in the first six months, and India recorded a gain of more than 8.0% in its GDP over the same period.

Established automobile markets remain lackluster

The automobile industry as a whole remained very sluggish in the first half of 2008, particularly within the well-established markets of Western Europe, Japan and the US. At 1.5%, global automobile output was down on last year’s figure for the first half. The big-three automobile markets (Western Europe, Japan and the US), which are of particular significance to ElringKlinger’s business, recorded a 5.7% decline in vehicle sales in the first six months of 2008.

On the back of low registration figures recorded in the first half of 2007 – mainly as a result of the increase in domestic VAT effective from January 1, 2007 – the German automotive market recorded a moderate increase in the volume of cars registered in the first six months of 2008. New car registrations rose 3.6% compared with the same period a year ago. At 2.3 million units, exports remained at the high level recorded a year ago, even edging up slightly by 2.0%. Domestic car production also rose by 2.0%.

In the first half of 2008, sales volumes in Europe as a whole stood at 8.3 million units, 2.0% down on last year's figure. While sales in Western Europe declined by 2.7% in the first six months of the year, the number of cars sold in the new EU member states rose at a more robust rate of 6.8%. At 1.4 million units, the number of vehicles sold in Europe in June 2008 declined by 7.9% compared with the figure recorded in June 2007. Vehicle production in Europe as a whole exceeded last year's figure by 3.2%.

The Russian vehicle market developed very well in the first half of the year. Compared with the same period a year ago, sales volumes rose from 1.0 to 1.4 million units, which corresponds to growth of 34.6%.

The performance of the commercial vehicle market proved highly inconsistent in the period under review. In Europe, the number of new registrations rose by a further 6.1% to 236 thousand units, which was all the more impressive given the high levels recorded in the same period of 2007. By contrast, the US commercial vehicle market remained subdued, with sales slipping by 22.5%.

The North American market as a whole had to contend with a significant decline in business. Some vehicle manufacturers were forced to slash their production by up to 20%. The NAFTA region saw an 11.1% year-on-year decline in the number of vehicles produced in the first six months. In the US, production stood at 5.0 (5.7) million units after the first half, which was equivalent to a 13.5% decline compared to the first six months of 2007. New vehicle registrations in the US stood at 7.4 (8.3) units in the first half of 2008, 9.7% down on last year's figure.

In Japan, sales of cars and light commercial vehicles contracted by 0.6% in the period from January to June 2008. By contrast, China continued to generate forward momentum. Car sales rose by 14.1% to 2.7 million units. The Indian vehicle market recorded double-digit growth, starting from a relatively low base.

Having said this, the strong performance of Asia, Russia and South America was not sufficient to offset the significant declines recorded in North America and Western Europe.

Diesel remains on track for growth in Western Europe

Despite the disproportionately high increase in diesel prices in some European markets, particularly when compared to standard petrol/gasoline, the share of diesel-powered engines rose once again in the second quarter of 2008. Overall, the proportion of diesel vehicles in Western Europe increased to 53.2% (52.4%) during this period. This is attributable mainly to the fact that diesel engines consume up to 30% less fuel than other vehicles. Additionally, the service life of diesel engines is more favorable, which is also reflected in lower vehicle leasing fees. The introduction of CO_2-based vehicle taxation in some European markets also had a positive impact on the overall share of diesel engines.

Significant Events during the Reporting Period

Acquisition of the SEVEX Group

Both sales and earnings of the ElringKlinger Group were effected the acquisition in April 2008 of SEVEX AG, Sevelen, a Swiss manufacturer of thermal and acoustic shielding systems. Alongside the Swiss parent company, ElringKlinger acquired the US subsidiary SEVEX North America, Inc., Buford (Georgia), as well as SEVEX Asia, based in Suzhou, China.

The acquisition is to be seen against the backdrop of growing demand for thermal shielding systems. In order to scale back consumption and reduce emission levels, vehicle manufacturers have stepped up their efforts to develop smaller, turbo-charged engines with high injection pressures. While ElringKlinger has established a strong position in the field of engine shielding components, SEVEX is recognized as a market leader within the area of underbody heat shield systems and solutions deployed in the vehicle exhaust tract. Therefore, customers can now be offered an all-embracing portfolio of products tailored to their shielding requirements. In acquiring the SEVEX Group, ElringKlinger has advanced to become the second largest supplier of shielding systems for engines, underbodies and exhaust tracts.

Now trading as ElringKlinger Abschirmtechnik Schweiz AG, SEVEX AG and its subsidiaries have been integrated into the Shielding Technology division of the ElringKlinger Group. All the key integration processes have been completed, and the existing cost structures will continue to be streamlined. The degree of automation within the area of production has already been raised by a considerable margin, while central functions are now being performed by ElringKlinger AG. The Group’s activities within the area of product development have also benefited from corporate integration. ElringKlinger anticipates that the profitability levels formerly achieved by the Group as a whole – calculated on the basis of operating profit – will be attained within two to three years.

The newly acquired entity was included in the consolidated group affective from April 1, 2008. In the second quarter of 2008 the former SEVEX Group generated sales of approx. EUR 17 million. ElringKlinger Abschirmtechnik Schweiz AG achieved an operating margin close to the double-digit mark. The former SEVEX subsidiary ElringKlinger USA, Inc. incurred additional costs of EUR 0.3 million in connection with ramp-up preparations relating to North American commercial vehicle and engine manufacturers.

As a result of the purchase price allocation performed in accordance with IFRS in terms of order backlog existing at the date of the acquisitions, the acquired entities will record lower margins until contracts associated with order backlog existing at the date of acquisition have been completed. Due to the accounting-specific measures involved, the sort of margins generally associated with activities in this market will not be achieved until the fourth quarter of 2008 onwards. The thus resulting impact on earnings in the second quarter of 2008 was EUR 1.2 million, with an amount of EUR 1.1 million attributable to SEVEX. As from the fourth quarter of 2008, the encumbrances associated with purchase price allocation to order backlog will no longer apply.

In the second quarter of 2008, interest expense relating to the proportion of the purchase price financed by means of external funding was EUR 0.6 million. Negative foreign currency effects accounted for EUR 0.5 million. This was compounded by unfavorable foreign currency effects associated with the depreciation of the Swiss franc, which in turn were attributable to external financing put in place for the purpose of acquiring the SEVEX Group. The earnings contribution of the SEVEX Group, after taxes, was minus EUR 0.9 million.

Growth in Asia: additional interest acquired in Marusan Corporation

In May 2008 the ElringKlinger Group increased its equity interest in Japanese gasket manufacturer Marusan Corporation, Tokyo, from 10% to 50%, thus strengthening its position in the Asian market, particularly with regard to its business relations with Japanese vehicle manufacturers. Marusan Corporation produces cylinder-head gaskets, specialty gaskets and heat shields for cars and commercial vehicles.

In 2004, ElringKlinger AG and Marusan Corporation established ElringKlinger Marusan Corporation, a joint venture which at the time focused on research and development as well as distribution in Japan and other Asian markets. Prompted by the success in attracting new development projects, both companies decided to extend their collaborative efforts to the field of production. The existing ElringKlinger Marusan Corporation was amalgamated with the newly founded manufacturing joint venture and trades as ElringKlinger Marusan Corporation.

Drawing on its more prominent position in the Asian market, ElringKlinger was able to secure a contract from a major Japanese manufacturer in recent weeks, the emphasis being on the development of a weight-reduced plastic cam cover.

ElringKlinger Marusan Corporation plans to generate sales of approx. EUR 40 million in 2008. In the second quarter of 2008, the equity interest in ElringKlinger Marusan Corporation, which was accounted for on the basis of proportionate consolidation as from May 1, 2008, contributed approx. EUR 4 million to Group sales. The operating margin is within the mid-single-digit range. The allocation of the purchase price to order backlog existing at the date of acquisition had an impact of EUR 0.1 million on earnings in the second quarter. As in the case of SEVEX, these charges attributable to allocation of cost of purchase will no longer apply from the fourth quarter of 2008 onwards, which means that standard margins will be achievable from this point on.

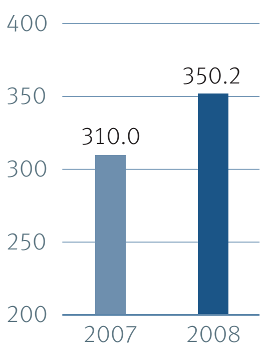
In the case of the interests acquired in Marusan Corp., the equity of Marusan exceeded the purchase price by EUR 5,808 thousand. This excess was accounted for as other operating income, in accordance with IFRS, and had a positive impact on second-quarter earnings. After taxes, this non-recurring item contributed EUR 4.2 million to net income.

Sales and Earnings Performance

Acquisitions add to organic growth

In the first half of 2008 Group sales rose by 13.0%, up from EUR 310.0 million to EUR 350.2 million. In the second quarter, Group sales increased by 19.4% to EUR 187.4 (157.0) million.

Sales
1st Half 2008
in EUR million

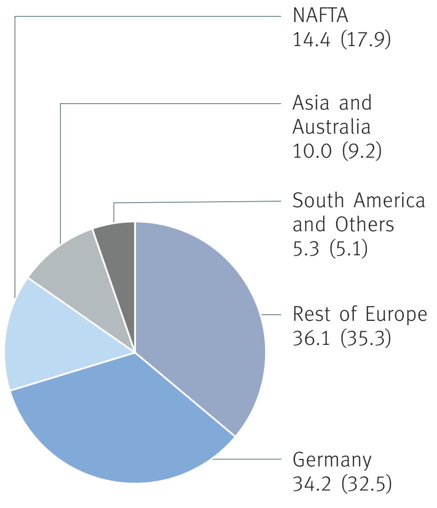


The expansion of revenue in the second quarter of 2008 was again driven by organic growth within the ElringKlinger Group. The persistent weakness seen in the North American and Western European automobile markets was offset in particular by new product ramp-ups and stronger demand in Asia. In parallel, the first-time inclusion of the newly acquired SEVEX Group as well as the consolidation of ElringKlinger Marusan contributed a total of around EUR 22.0 million to sales in the second quarter.

Asia and Eastern Europe record buoyant growth

With the exception of the North American market, ElringKlinger managed to expand its revenue from sales in all regions of the globe. Asia, Eastern Europe and South America, in particular, recorded significant organic growth. The share of Group sales generated abroad by ElringKlinger fell to 65.5% (67.5%) in the second quarter as a result of the SEVEX acquisition. Alongside Asian manufacturers, the SEVEX Group mainly supplies German vehicle manufacturers.

Sales by Region
1st Half 2008 (prior year)
in %



In Germany, ElringKlinger lifted sales by 19.0% in the first six months of the 2008 financial year, taking the total to EUR 119.9 (100.8) million. In the second quarter sales grew by 26.9%.

In the rest of Europe sales rose by 15.7% to EUR 126.5 (109.3) million in the first half of 2008. The significant growth rate in this region was attributable first and foremost to more expansive deliveries and ramp-ups associated with customers based in France. In the second quarter, sales increased by 22.1% in this region compared with the same period a year ago, taking the figure to EUR 66.8 (54.7) million overall.

The ElringKlinger Group generated sales of EUR 50.3 (55.6) million in the NAFTA region over the course of the first six months of 2008 – a year-on-year decline of 9.5% that is to be seen within the context of a significant downturn in the automobile market. Adjusted for foreign currency effects, sales in North America remained largely unchanged year on year. Alongside cylinder-head gaskets and cam covers, ElringKlinger increasingly also supplied specialty gaskets for exhaust systems as well as thermal shielding components to US-based customers.

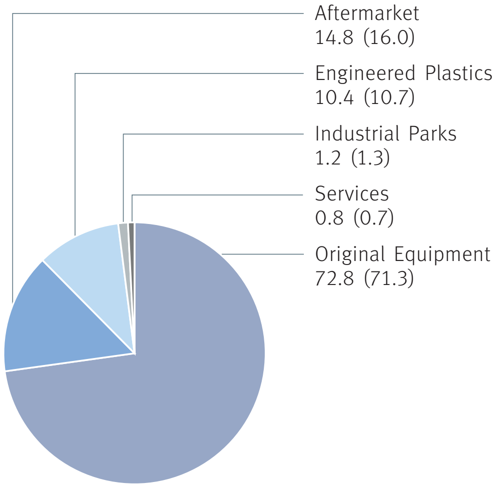
ElringKlinger maintained its forward momentum in the Asian markets. Sales in Asia increased by 23.1% to EUR 34.9 (28.4) million in the first half of 2008. Alongside rising demand for motor vehicles, the introduction of stricter emission regulations based on European legislation provided a significant stimulus. In China, sales volumes relating to cylinder-head and specialty gaskets as well as heat shields increased significantly. In acquiring the SEVEX subsidiary SEVEX Asia, based in Suzhou, ElringKlinger has strengthened its position within the Chinese market. In Korea, ElringKlinger is currently in the start-up phase for lightweight plastic cam covers. Orders received for the company's plant in Ranjangaon, India, which commenced operations at the end of 2007, also developed well in the period under review. At present, 23 projects have been launched for Indian vehicle manufacturers. Asia was once again the fastest-growing region within the Group in the second quarter. Sales were propelled by 38.2%, reaching EUR 20.8 (15.1) million. For the first time, the share of Group sales generated by the ElringKlinger Group in Asia exceeded the 11% mark.

Demand in South America continued to develop well in the period under review. In the first six months of 2008 sales grew by 16.7% to EUR 18.6 (13.6) million, driven mainly by the favorable business performance of Brazilian subsidiary, ElringKlinger do Brasil Ltda. In the second quarter, sales rose by 19.5%, up from EUR 8.2 million to EUR 9.8 million.

Growth in all segments

The ElringKlinger Group succeeded in expanding sales revenue in all segments over the course of the first six months of 2008. Growth in sales within the Original Equipment segment was driven mainly by new product ramp-ups. In the first six months of 2008 sales rose by 15.3% to EUR 254.8 (221.1) million. The proportion of Group sales generated through business from vehicle manufacturers rose to 72.8% (71.3%). Sales revenue contributed by the SEVEX Group and by ElringKlinger Marusan was attributable mainly to Original Equipment.

Sales by Segment
1st Half 2008 (prior year)
in %



Organic sales growth was most pronounced in the areas of shielding technology and specialty gaskets.

In the second quarter of 2008 sales grew in the original equipment by 22.5%. During this period, ElringKlinger lifted its sales to EUR 140.0 (114.2) million. Within this area shielding technology and specialty gaskets produced particularly strong growth. The growing trend towards highly efficient engine components with low displacement and turbo charging, as well as greater demands when it comes to emission reduction in the exhaust tract, stimulated demand for these product groups.

On the back of strong growth a year ago, the Aftermarket segment continued to develop at an encouraging level, despite the weak dollar making products more expensive for customers based in the key markets of the Middle East and the Indian subcontinent. In the first half-year sales within the Aftermarket segment climbed by 4.4% to EUR 51.8 (49.6) million. Within this context, the encouraging trend witnessed at the beginning of the year continued into the second quarter. Sales revenue expanded by 8.3% in the second quarter, up from EUR 23.7 million to EUR 25.6 million. In Europe, the advancing age of the region's existing vehicle stock provided fresh impetus. In Eastern Europe, in particular, ElringKlinger managed to capture additional market share and expand its customer base. In addition, the expansion of ElringKlinger's product range within the area of gasket sets proved advantageous, as did the improved level of product availability.

The Engineered Plastics segment, which specializes in the development and manufacture of products made of PTFE (polytetrafluoroethylene), raised sales by 10.0% in the first six months, taking the total to EUR 36.5 (33.2) million. Demand within the automotive, biotech and medical engineering industries, as well as in the mechanical engineering and chemicals sectors, remained solid in the period under review. Operating profit continued to be impacted by the introduction of applications technology and preparations for full-scale manufacturing of products made of the new, injection-moldable PTFE material Moldflon®. Construction work on the new facility in Bietigheim is scheduled to be completed by the end of the first quarter of 2009. Start-up costs were also incurred as part of efforts to expand the Group's business activities in Asia, led by the newly established subsidiary ElringKlinger

Engineered Plastics (Quingdao) Commercial Co., Ltd. in China. Having said that, the EBIT margin reached 18.7% in the second quarter of 2008. Revenue growth accelerated slightly in the second quarter to 13.0%.

Continued rise in raw material and energy costs

The surge in raw material costs and energy prices was only partially offset by the effects of streamlining measures and productivity increases within the Group. The prices for both aluminum and polymer granules continued to spiral. Alloy surcharges for nickel, a component of high-grade steel, was hedged in part by means of derivative instruments. The lower gross margins of the SEVEX Group and ElringKlinger Marusan Corporation put downward pressure on the gross profit margin of the Group as a whole in the second quarter. Additionally, the decline in high-grade steel alloy surcharges for nickel has yet to filter through to purchase prices, as suppliers generally pass on a reduction in supply-side prices with a time lag of between three to four months. At the same time, wage-related costs, which increased at a more pronounced rate compared with previous years, contributed in part to the disproportionately high increase in the cost of sales, which rose by 18.1% to EUR 240.8 (203.9) million in the first half of 2008. The gross margin for the first six months of 2008 was 31.2% (34.2%). In the second quarter, the gross margin stood at 29.7% (34.6%). Within this context, it should be noted that income from the close-out of a nickel hedging contract contributed to a reduction in material-related expenses by EUR 0.9 million. In the first half-year of 2007 the close-out of such contracts had contributed one-time income of EU 1.7 million.

Selling expenses as well as general and administrative expenses rose at a less pronounced rate than sales in the first half and second quarter of 2008.

Research and development expenses within the ElringKlinger Group rose by EUR 1.3 million year on year in the first half of 2008, which took the figure to EUR 16.5 (15.2) million. The ratio of R&D to sales was 4.7% (4.9%) at Group level. Among the focal points for R&D in the period under review were projects relating to the New Business Areas division. In addition, ElringKlinger worked on components for battery technology and applications for the new injection-moldable PTFE material Moldflon®. Other fields of activity included advanced development work on existing technologies relating to cylinder-head gaskets, new specialty gaskets and thermal shielding components for turbo chargers as well as components for the new generation of fuel-efficient automatic transmissions. Of the EUR 16.5 million in development expenses, an amount of EUR 1.0 (0.8) million was capitalized. Depreciation expense associated with capitalized R&D activities amounted to EUR 0.8 million, i.e. there was no significant effect on earnings.

Non-recurring effects from insurance payout and nickel hedging contracts

Other operating income increased by an additional EUR 5.8 million in the second quarter of 2008 as a result of added value generated by acquiring further interest in Marusan Corporation. Despite this, other operating income still remained EUR 3.8 million down on the same period of 2007, as last year's second quarter had included significant insurance reimbursements in connection with the damages from a fire at the company's Runkel plant. In the second quarter of 2008, other operating expenses rose as a result of the one-time allocation of provisions for commodity-based derivatives amounting to EUR 4.0 million. ElringKlinger uses derivative hedging instruments for the purpose of medium- and long-term hedging of prices for nickel alloy surcharges. Against the backdrop of additional expenses incurred in the second quarter of 2007 in connection with the fire at the company's Runkel plant, other operating expenses for the second quarter of 2008 were scaled back by EUR 2.7 million.

The insurance-related reimbursement right attributable to the fire in Runkel produced non-recurring income of EUR 0.8 million in the second quarter of 2008. In the same quarter a year ago, non-recurring income from insurance-related reimbursements for the fire had amounted to EUR 4.7 million.

Second quarter operating result before non-recurring effects at previous year's level

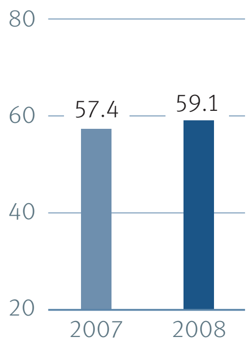
The operating margin of the ElringKlinger Group as a whole was adversely affected by what are as yet relatively low operating margins at the SEVEX Group and ElringKlinger Marusan Corporation – a situation that is in line with expectations – as well as by the charges relating to the allocation of the cost of purchase, as outlined above.

ElringKlinger increased EBITDA by 4.4% to EUR 87.5 (83.8) million in the first half-year of 2008. Adjusted for the non-recurring effects from insurance income, provisions for commodities hedging and added value generated from the purchase of further equity interest in MARUSAN, EBITDA rose by 7.4% to EUR 84.9 (79.1) million. In the second quarter of 2008, EBITDA grew slightly to EUR 47.0 (46.3) million. Adjusted for non-recurring effects, EBITDA expanded by 6.7% to EUR 44.5 (41.6) million.

As a result of significant investments in capacity expansion, depreciation and amortization rose by EUR 4.5 million to EUR 27.1 (21.7) million in the first six months of 2008, thus outpacing sales growth. This figure includes a total of EUR 1.2 million in expenses attributable to the purchase price allocation to order backlog of SEVEX and MARUSAN. In the second quarter of 2008, depreciation and amortization rose to EUR 15.8 (11.2) million.

EBIT fell by 2.7% to EUR 60.4 (62.1) million in the first six months of 2008. Excluding the non-recurring effects and purchase price allocations, EBIT grew by 2.9% to EUR 59.1 (57.4) million. In the second quarter, the ElringKlinger Group achieved EBIT of EUR 31.2 (35.1) million. Adjusted for the non-recurring effects outlined above, EBIT before purchase price allocation reached EUR 29.9 (30.4) million, having accounted for negative foreign currency effects equivalent to EUR 0.5 million. The adjusted operating result before purchase price allocation stood at EUR 30.4 million, which was comparable to the figure posted for the same period a year ago.

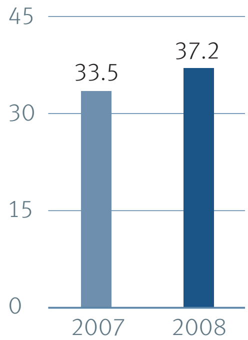
EBIT adjusted for non-recurring effects 1st Half in EUR million



As a result of higher interest expenses in connection with the acquisitions made as well as negative foreign currency effects, net finance costs in the second quarter 2008 were down by EUR 2.5 million to EUR -3.7 (-1.2) million. In the first half, net finance costs decreased from EUR -2.9 million a year ago to EUR -5.1 million.

This led to a 6.9% decline in earnings before taxes for the first six months of 2008, down to EUR 55.6 (59.7) million. Excluding non-recurring effects and purchase price allocation, earnings before taxes came in 1.3% lower on the figure recoded in the same period a year ago. In the second quarter, earnings before taxes amounted to EUR 28.0 (33.9) million. Excluding non-recurring effects, earnings before taxes and purchase price allocation totaled EUR 26.7 (29.2) million.

Profit attributable to Shareholders of ElringKlinger AG adjusted for non-recurring effects 1st Half in EUR million



Primarily as a result of the reduction in the tax rate to 28.4% (34.7%) consolidated net income after minority interests rose by 4.7% to EUR 38.1 (36.4) million in the first half of 2008. Adjusted for non-recurring effects and excluding the allocation of the cost of purchase, consolidated net income after minority interests (profit attributable to the shareholders of ElringKlinger AG) rose by 11.1% to EUR 37.2 (33.5) million. In the second quarter, consolidated net income after minority interests fell by 8.6% to EUR 19.2 (21.0) million. Excluding non-recurring effects and the allocation of the cost of purchase, consolidated net income after minority interests amounted to EUR 18.3 (18.1) million, which was 1.0% higher than in the same quarter a year ago.

As a result of the 1:3 stock split executed on July 4, 2008, the number of shares trebled from 19,200,000 to 57,600,000. The increase in the number of shares was taken into account when calculating earnings per share. Earnings per share accounted for on the basis of IFRS rose from EUR 0.63 to EUR 0.66 in the first six months. Adjusted for non-recurring effects, earnings per share before purchase price allocation stood at EUR 0.65 (0.58), up 11.1% on the figure posted for the same period a year ago. In the second quarter 2008, earnings per share amounted to EUR 0.33 (0.37). Adjusted for non-recurring effects, earnings per share rose slightly to EUR 0.32 (0.31).

Headcount rises following acquisitions and capacity expansion

As a result of the acquisition of the SEVEX Group and the additional ownership interest acquired in Marusan Corporation, the number of employees within the ElringKlinger Group rose by 530 in the second quarter of 2008. Thus, the Group headcount at June 30, 2008, stood at 4,172 (3,399).

Capacity increases, more expansive research and development work as well as the expansion of the New Business Areas division prompted a rise in the number of domestic personnel from 2,197 to 2,355.

The number of people employed at foreign subsidiaries as at June 30, 2008 – including former SEVEX and MARUSAN employees – increased to 1,817 (1,202). As a result, the proportion of staff employed abroad rose to 43.5% (35.4%).

Net Assets and Financial Position

Balance sheet total up 39%

In terms of assets and liabilities, the financial position of the ElringKlinger Group remained solid as at June 30, 2008. Within this context, the full takeover of the Spanish subsidiary in the first quarter of 2008 as well as the acquisition of the SEVEX Group and the expansion of the ownership interest in Marusan Corporation in the second quarter were the key factors in influencing the Group's balance sheet structure.

The balance sheet rose compared to June 30, 2007, by 39.0% to EUR 739.3 (531.9) million.

As at June 30, 2008 intangible assets when compared to June 30, 2007 – mainly as a result of the aforementioned acquisitions – increased to EUR 83.9 (28.4) million. To a large extent, the year-on-year increase is attributable to goodwill capitalization in connection with the SEVEX Group.

Property, plant and equipment as at June 30, 2008 rose from EUR 224.4 million to EUR 318.4 million on the back of significant capital expenditure and the acquisitions, which were mainly channeled into capacity expansion. This corresponds to an increase of EUR 94.1 million. Consequently, non-current assets as a share of the balance sheet total rose from 57.0% to 60.6%.

Compared to June 30, 2007, inventories increased by EUR 25.3 million, or 25.5%, to EUR 124.5 (99.2) million at June 30, 2008. This year-on-year change was attributable chiefly to the expansion in sales revenue (including acquisitions) as well as the increase in stocks of merchandise from new Asian suppliers for the Group's independent aftermarket business. Inventories in relation to total assets declined by from 18.7% a year ago to 16.8% at the end of the current reporting period. Compared to June 30, 2007, trade receivables increased by EUR 28.5 million to EUR 133.2 (104.7) million. This was due to a disproportionately high increase in sales revenue from customers with extended payment periods. Besides the corporate acquisitions had an influence in that respect as well.

Revenue reserves stood at EUR 214.0 (169.2) million as at June 30, 2008. Owing to the acquisitions made in the period under review, minority interests as a proportion of the balance sheet total receded from 3.1% to 1.8%.

In total, equity rose by EUR 41.7 million to EUR 287.5 (245.8) million compared to June 30, 2007. The equity ratio at Group level fell as a result of the externally financed acquisitions, down from 46.2% at June 30, 2007, to 38.9% at June 30, 2008.

ElringKlinger expanded its current financial liabilities for the purpose of funding the aforementioned acquisitions and its investing activities, as well as for the interim financing of its dividend distribution. Compared to the same period a year ago, non-current financial liabilities rose from EUR 49.1 to 140.9 million, which corresponds to a share of 19.1% (9.2%) of the balance sheet total. Current financial liabilities rose by EUR 51.2 million to EUR 88.9 (37.7) million.

Compared with June 30, 2007, trade payables were up EUR 22.8 million.

In total, liabilities accounted for 61.1% (53.8%) of the balance sheet total.

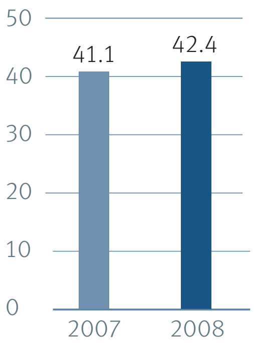
Cash flow dominated by acquisitions

The ElringKlinger Group generated an operating cash return (cash flow from operating activities in relation to sales) of 12.1% (13.3%) in the first six months of 2008.

Despite the acquisition of SEVEX Group and further interest in MARUSAN, at EUR 24.5 (42.8) million the rise in inventories and trade receivables in the first half of 2008 was significantly lower than in the same period a year ago.

Trade payables increased by EUR 4.9 (13.3) million in the first six months of 2008, which was less pronounced than in the first half of 2007. Rising by EUR 5.4 million moves year on year, depreciation and amortization contributed to higher cash flow.

Net cash from operating activities
1st Half
in EUR million



Net cash from operating activities rose from EUR 41.1 million in the first half of 2007 to EUR 42.4 million in the first six months of 2008, which corresponds to a year-on-year increase of 3.1%. After EUR 2.3 million in operational free cash flow (cash flow from operating activities less cash flow from investing activities) in the first quarter, ElringKlinger recorded operational free cash flow of minus EUR 13.9 million in the second quarter of 2008 – adjusted for acquisitions; this was attributable to the higher level of investments in property, plant and equipment in the second quarter of 2008.

In the first six months of 2008 net cash used in investing activities amounted to minus EUR 130.0 (-35.0) million, which was attributable mainly to payments for the acquisition of interests in consolidated entities in the amount of EUR 75.9 million. Additionally, payments for investments in property, plant and equipment as well as investment property rose by EUR 19.0 million, from EUR 35.1 to 54.1 million.

The main focus of capital expenditure during the first six months of 2008 was on preparations for new product ramp-ups, capacity expansion and streamlining projects. ElringKlinger is currently in the process of establishing a new plant at Bietigheim-Bissingen, Germany, for the manufacture of products made of PTFE, as well as expanding its capacities in India and China. Compared with the same period a year ago, the investment ratio increased to 15.8% (11.6%) in the first six months of 2008.

In the first six months of 2008, current financial liabilities were increased by EUR 33.1 million, while long-term bank borrowings were extended by EUR 80.0 million, mainly for the purpose of financing the Group's investment activities. The dividend distribution to shareholders and minorities accounted for EUR 26.9 (26.3) million in total. Thus, net cash from financing activities exceeded the figure for the first half of 2007 by EUR 92.1 million and totaled EUR 86.1 (-6.0) million.

At June 30, 2008, cash amounted to EUR 13.5 (5.5) million.

Opportunities and Risks

The global economic climate deteriorated significantly over the course of the first half of 2008. If the financial crisis spreads to other segments of the economy, particularly the motor vehicle industry, automotive suppliers may also be adversely affected.

Spiraling energy prices and the current volatility of the oil price, which remains at a high level, have exerted considerable pressure on the economy. In addition, businesses are having to contend with a steady rise in raw material prices, which often can only be passed on to customers in part, if at all.

However, the crisis within the American automobile industry has also opened up opportunities for ElringKlinger. US customers are increasingly opting for the small and mid-sized engines already used by their European subsidiaries. All of ElringKlinger's business segments are well represented within these engine categories.

Despite this, continuing weakness within the automobile sector may present a risk to sales volumes.

Derivative hedging instruments are deployed for the purpose of mitigating risks relating to interest rates, hedging receivables in Canadian dollars and Mexican pesos, and in particular securing adequate purchase prices for raw materials in the medium to long term (particularly nickel). The negative fair values for the commodities-based derivatives may generally result in short-term provisions in consideration of contingent losses associated with onerous contracts (i.e. pending transactions). At the same time, however, the ElringKlinger Group thus has the opportunity to secure for the long term more moderate procurement prices, particularly against the backdrop of highly volatile prices relating to alloy surcharges for nickel.

Outlook

Strained economic climate

In the wake of more tangible recessionary fears, the unrelenting financial crisis and spiraling energy and commodity prices, the general outlook for the world economy has become increasingly bleak.

The German economy is expected to grow by 2.0% in the current year, with the domestic climate already showing clear signs of a downturn in the second half of 2008. On the back of this, the outlook for 2009 points to growth of just 1%.

Growth in the euroarea as a whole is expected to halve to 1.3% as early as 2008 and then remain at a subdued level throughout 2009.

The world's largest economy, the United States, is expected to generate GDP growth of 1.3% in 2008, while 2009 is likely to see a decline to just 0.8% growth.

The economic boom experienced in Asia will continue, albeit at a slower pace. The forecast for China has been set at GDP growth of around 10% for 2008. India's economy will expand by approx. 8%. Asia as a whole is expected to generate GDP growth of 5.1% in 2008.

Automobile industry remains sluggish

Business within the global automobile sector has continued to deteriorate, with demand being dampened by surging prices for crude oil and fuel. The key high-volume markets of Western Europe, Japan and the US are expected to develop sluggishly in 2008.

In contrast to Spain, Italy and the UK, new vehicle registrations are forecast to rise slightly in Germany to 3.2 million in 2008, after demand had slumped in 2007 due to the VAT hike on January 1, 2007.

In the US, car sales are expected to recede from 16.1 million units in 2007 to under 14 million in 2008. This corresponds to a year-on-year fall of more than 10%. Starting from this low base, demand is, however, a slight improvement in demand is possible.

ElringKlinger anticipates that demand for smaller vehicles with more fuel-efficient engines – similar to those offered in Europe – will become more pronounced in North America. This trend is expected to create opportunities for ElringKlinger, particularly as the company has a significant share of the market with regard to the European portfolio of vehicles held by US manufacturers.

Against the backdrop of surging fuel prices, the Western European car market is forecast to shrink by 3 to 4% in 2008 in terms of overall automobile sales. This trend will be counterbalanced only partially by growing demand in Eastern Europe, led in particular by Russia and Ukraine.

In Asia automobile sales are expected to maintain their forward momentum in the second half of the year, albeit at a less buoyant level than in the first six months of 2008. The forecast for China suggests slightly weaker growth of approx. 12% for the year as a whole. The emerging markets of India, Malaysia, Thailand and Vietnam will continue to develop at a solid level in terms of demand for automobiles, whereas Japan is expected to remain stagnant. The gains recorded in the Asian markets as well as in South America and Russia will not be sufficient to offset the significant contraction of the US and Western European markets.

Order intake remains positive

Order intake at ElringKlinger continued to develop well in the first half and the second quarter of 2008. In the first six months order intake increased by 9.0% to EUR 355.1 (325.8) million. In the second quarter, the volume of incoming orders expanded by 10.7% to EUR 190.0 (171.7) million.

At the end of the second quarter order backlog stood at EUR 288.2 (224.0) million, which was 28.7% higher than the level recorded at June 30, 2007. This figure includes the order backlog of SEVEX for the second quarter of 2008.

The pressure on prices exerted by customers within the automotive industry remains high. As a result, competition within the market continues to be fierce.

The ElringKlinger Group is channeling substantial funds into the establishment of its New Business Areas division. Within this field, the main emphasis is on taking the company's new diesel particulate filter to series production level, implementing a fuel cell solution and spearheading initial development projects relating to battery technology. The input required by ElringKlinger Kunststofftechnik GmbH for the purpose of establishing large-scale production capacities for its new injection-moldable PTFE, Moldflon®, is considerable. In addition, the company is currently extending its business in China.

In developing an extensive range of new products and applications covering all segments, ElringKlinger has created a strong base for revenue and earnings growth in what is essentially a stagnant automotive market. In particular, the company is able to offer targeted solutions that address the key issue currently faced by vehicle producers – the significant reduction in fuel consumption.

Prices for non-hedged raw materials such as carbon steel, aluminum and polymer granules as well as for merchandise and semi-finished products remain high. Despite the current economic malaise, it remains to be seen whether the prices for raw materials deployed by ElringKlinger will eventually fall.

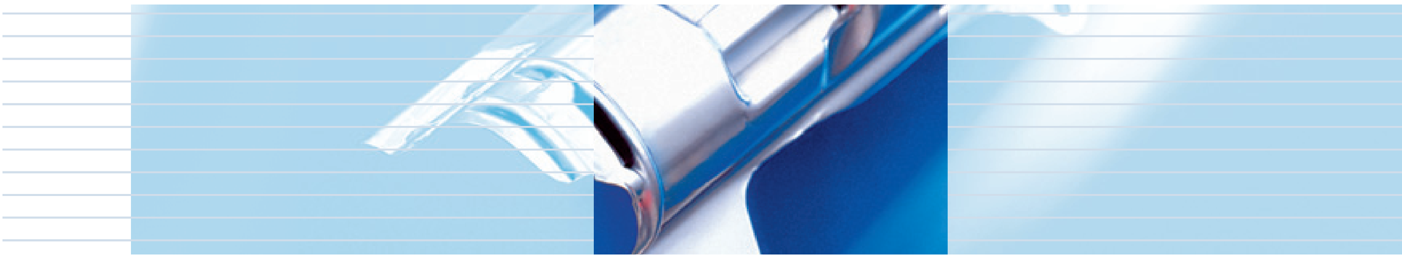
Revenue and earnings growth for annual period

ElringKlinger forecast for organic revenue growth in the 2008 financial year as a whole remains unchanged at 5 to 7%. This is based on the assumption that what is currently a sluggish automobile industry is not faced with a significant deterioration in its economic outlook.

In terms of earnings, ElringKlinger expects to achieve a higher gross margin compared to the second quarter, as the price reductions relating to alloy surcharges, particularly nickel, are generally not passed on by steel suppliers until three to four months after the initial price cut. Adjusted for non-recurring effects, net income after minority interests (i.e. profit attributable to the shareholders of ElringKlinger AG) is forecast to grow at a more pronounced rate than sales. In 2007, earnings had included one-time income of EUR 3.2 million after taxes from insurance payouts following the fire at one of ElringKlinger's operating facilities as well as non-recurring income of EUR 5.5 million from the revaluation of deferred taxes, prompted by the corporate tax reform in Germany.

This is on top supplemented by revenue and earnings attributable to ElringKlinger Marusan Corporation as well as the SEVEX Group, which will contribute to total sales and profit on a pro rata basis. To a large extent, the expense items relating to the allocation of the cost of purchase to the acquired order backlog, as required under IFRS, will no longer apply as from the fourth quarter.

Overall, the ElringKlinger Group believes that it is well equipped to attain the goals it had originally set itself for 2008, despite the more challenging economic conditions now faced by the industry as a whole.



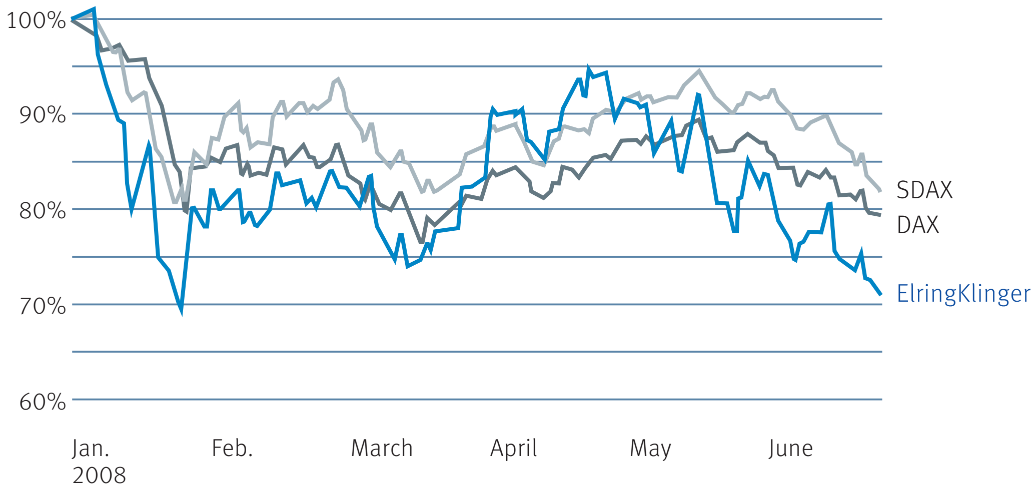
Share Performance

Despite the company's continued success in the business arena over the course of the first six months of 2008, ElringKlinger shares were unable to circumvent the stormy waters created within the capital markets by the US subprime mortgage crisis. Unfavorable news from the industry as a whole proved an encumbrance to share performance. At the same time, however, it should be noted that Elring-Klinger's stock had recorded a gain in excess of 70% last year.

Caught in the general economic maelstrom, the company's share price receded to EUR 19.63 in mid-January, adjusted for the stock split. This was followed by a period of recovery lasting several months until the end of April, over the course of which ElringKlinger's shares rose at a more pronounced rate than the benchmark DAX and SDAX indices, reaching an apex of EUR 26.11.

The return of the US mortgage crisis, spiraling fuel prices and more bad news emanating from the automobile industry – particularly from the North American market – combined to put additional pressure on share prices. As a result, Elring-Klinger's share price fell to around EUR 20.00 by June 2008. Having said that, the company's stock performed slightly better than that of comparable automotive suppliers.

ElringKlinger's Share Price Performance (XETRA) since January 1, 2008, compared to SDAX and DAX



Further rise in trading volume

Trading volumes for ElringKlinger stock continued to develop at an encouraging level during the first six months of 2008. The average daily volume of shares traded rose from around EUR 1,188,000 in the first six months of 2007 to EUR 2,711,000 in the period under review. This represents an increase of approx. 128%.

The average number of shares traded per day was propelled from 59,900 to 115,400 units. Both figures reflect the 1:3 stock split executed at the beginning of July 2008.

Activities within the capital markets

ElringKlinger took part in two international capital markets conferences during the first six months of 2008: one in Frankfurt/Germany and the other in France. The company also hosted a number of roadshows in Germany and abroad, thus presenting its business model to a broad audience of international investors and outlining its position within the marketplace, new product developments and business prospects. International investors and analysts visited ElringKlinger's facilities in Dettingen/Erms and Bietigheim-Bissingen in order to gain an insight into the company, its production processes and new developments.

Dividend for 2007 financial year

At the 103rd Annual General Meeting on May 30, 2008, the company's shareholders passed a resolution for the distribution of a dividend of EUR 0.47 (0.42) per share (having accounted for the stock split) from unappropriated retained earnings of EUR 26.9 million, as reported for the 2007 financial year ended December 31. Maintaining a dividend policy that allows shareholders to participate in the company's success in a sustained manner, ElringKlinger AG increased its dividend by 12%.

Calculated on the basis of consolidated net income after minority interests and adjusted for extraordinary income, the dividend ratio thus stands at 40%. The dividend payout took place on June 2, 2008.

1:3 stock split executed

The 1:3 stock split agreed at the Annual General Meeting of ElringKlinger AG on May 30, 2008, was implemented on Friday, July 4, 2008. The initial "ex-split" listing of the new shares took place on Monday, July 7, 2008. The company's share capital was restructured into 57,600,000 no-par-value shares with a notional interest in share capital of EUR 1.00 per share. The amendment to the Articles of Association agreed by the Annual General Meeting was entered in the Commercial Register at the Stuttgart District Court on June 9, 2008. The stock split had no effect on the company's ownership structures or equity. The rationale behind the stock split and the associated reduction in the share price was to promote the liquidity of ElringKlinger stock by means of higher trading volumes. This is considered particularly important when it comes to meeting the requirements of institutional investors.

ElringKlinger Stock (ISIN DE0007856023)

	1st Half 2008	1st Half 2007
Number of shares as of June 30 (in units)	57,600,000	57,600,000
Share price (daily closing price in EUR)		
High	28.42	23.84
Low	19.63	16.50
Closing price on June 30	20.00	22.49
Average daily trading volumes (German stock exchanges; no. of shares)	115,400	59,900
Average daily trading volumes (German stock exchanges; in EUR)	27,110	11,880

Consolidated Income Statement

For the period from January 1 to June 30, 2008

	2nd Quarter 2008	2nd Quarter 2007	1st Half 2008	1st Half 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Sales	187,400	157,000	350,200	310,000
Cost of sales	-131,800	-102,600	-240,800	-203,900
Gross profit	**55,600**	**54,400**	**109,400**	**106,100**
Selling expenses	-12,500	-10,900	-23,100	-20,900
General and administrative expenses	-7,000	-6,100	-13,800	-12,700
Research and development expenses	-8,600	-7,600	-16,500	-15,200
Other operating income	8,700	12,500	10,600	13,500
Other operating expenses	-4,500	-7,200	-5,900	-8,200
Operating result	**31,700**	**35,100**	**60,700**	**62,600**
Financial income	300	300	3,000	500
Financial costs	-4,000	-1,500	-8,100	-3,400
Net finance costs	**-3,700**	**-1,200**	**-5,100**	**-2,900**
Earnings before taxes	28,000	33,900	55,600	59,700
Taxes on income	-7,900	-11,600	-15,800	-20,700
Net income	**20,100**	**22,300**	**39,800**	**39,000**
Minority interests	879	1,269	1,690	2,602
Profit attributable to shareholders of ElringKlinger AG	**19,221**	**21,031**	**38,110**	**36,398**
Diluted and undiluted earnings per share in EUR	0.33	0.37	0.66	0.63

Consolidated Balance Sheet

ASSETS	June 30, 2008	Dec. 31, 2007	June 30, 2007
	EUR '000	EUR '000	EUR '000
Intangible fixed assets	83,914	37,037	28,440
Property, plant and equipment	318,439	256,339	224,363
Investment property	30,637	30,442	31,336
Financial assets	1,542	4,543	4,534
Other non-current assets	5,556	5,127	5,396
Deferred tax assets	7,599	7,452	9,249
Non-current assets	**447,687**	**340,940**	**303,318**
Inventories	124,479	113,371	99,212
Trade receivables	133,249	93,585	104,735
Other current assets	20,368	17,224	19,092
Cash	13,475	7,405	5,543
Current assets	**291,571**	**231,585**	**228,582**
	739,258	572,525	531,900

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2008	Dec. 31, 2007	June 30, 2007
	EUR '000	EUR '000	EUR '000
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	213,985	205,229	169,167
Shareholders' equity before minority interests	**274,332**	**265,576**	**229,514**
Minority interests	13,118	15,484	16,286
Shareholders' equity	**287,450**	**281,060**	**245,800**
Provisions for pensions	57,331	54,430	54,173
Non-current provisions	6,652	6,508	8,808
Non-current financial liabilities	140,855	56,877	49,137
Deferred tax liabilities	30,558	26,505	33,175
Other non-current liabilities	20,663	16,857	14,653
Non-current liabilities	**256,059**	**161,177**	**159,946**
Current provisions	9,220	8,105	10,128
Trade payables	48,877	38,375	26,099
Current financial liabilities	88,886	41,245	37,693
Tax payables	3,944	10,104	11,674
Other current liabilities	44,822	32,459	40,560
Current liabilities	**195,749**	**130,288**	**126,154**
	739,258	572,525	531,900

Consolidated Cash Flow Statement

	2nd Quarter 2008	2nd Quarter 2007	1st Half 2008	1st Half 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Earnings before taxes	28,000	33,900	55,600	59,700
Depreciation/Amortization (less write-ups) of non-current assets	15,630	11,236	27,070	21,661
Net interest	3,204	1,200	4,800	2,400
Change in provisions	-1,557	-654	-369	669
Loss from disposal of intangible assets and of property, plant and equipment	109	3,660	239	2,850
Increase in inventories, trade receivables and other assets not resulting from financing and investing activities	-20,567	-19,572	-24,519	-42,845
Increase in liabilities not resulting from financing and investing activities	11,516	3,663	4,868	13,290
Income taxes paid	-12,228	-9,049	-16,374	-15,563
Interest paid	-1,977	-527	-2,872	-1,154
Interest received	25	50	125	200
Other non-cash income	-5,808	0	-5,808	0
Currency effects on items relating to operating activities	22	-90	-330	-63
Net cash from operating activities	**16,369**	**23,817**	**42,430**	**41,145**
Proceeds from disposals of intangible assets and of property, plant and equipment	245	71	1,150	959
Proceeds from disposals of financial assets	2	5	103	7
Payments for investments in intangible assets	-389	-847	-1,105	-868
Payments for investments in property, plant and equipment and investment properties	-30,158	-20,961	-54,065	-35,081
Payments for investments in financial assets	0	-10	-188	-15
Payments for the acquisition of consolidated entities	-61.857	0	-75,892	0
Net cash from investing activities	**-92,157**	**-21,742**	**-129,997**	**-34,998**
Dividends paid to shareholders and minorities	-26,880	-26,250	-26,886	-26,250
Changes in current financial liabilities	18,203	21,451	33,055	21,442
Changes in non-current financial liabilities	82,572	805	79,967	-1,243
Currency effects on items relating to financing activities	78	31	-71	32
Net cash from financing activities	**73,973**	**-3,963**	**86,065**	**-6,019**
Changes in cash	-1,815	-1,888	-1,502	128
Currency effects on cash	-105	-94	317	-38
Other changes	7,255	0	7,255	0
Cash at beginning of period	8,140	7,525	7,405	5,453
Cash at end of period	13,475	5,543	13,475	5,543

Statement of Changes in Equity

2nd Quarter 2008

	Share capital	Capital reserve	Revenue reserves				Minority interests	Group equity
			Revenue reserve first-time adoption of IFRS	Currency translation differences	Group equity generated	Total		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
As of Dec. 31, 2006	**57,600**	**2,747**	**26,181**	**-5,706**	**134,419**	**154,894**	**15,957**	**231,198**
Dividend paid					-24,000	-24,000	-2,250	-26,250
Adjustments due to consolidation				1,875		1,875	-23	1,852
Period income					36,398	36,398	2,602	39,000
As of June 30, 2007	**57,600**	**2,747**	**26,181**	**-3,831**	**146,817**	**169,167**	**16,286**	**245,800**
As of Dec. 31, 2007	**57,600**	**2,747**	**26,181**	**-7,275**	**186,323**	**205,229**	**15,484**	**281,060**
Dividends distributions					-26,880	-26,880	-6	-26,886
Adjustments due to consolidation				-2,474		-2,474	-134	-2,608
Other changes							-3,916	-3,916
Period income					38,110	38,110	1,690	39,800
As of June 30, 2008	**57,600**	**2,747**	**26,181**	**-9,749**	**197,553**	**213,985**	**13,118**	**287,450**

Group Sales by Region

	2nd Quarter 2008	2nd Quarter 2007	1st Half 2008	1st Half 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Germany	64,701	51,000	119,921	100,792
Change compared to prior year in %	26.9		19.0	
Rest of Europe	66,802	54,699	126,490	109,334
Change compared to prior year in %	22.1		15.7	
NAFTA	25,292	28,051	50,301	55,595
Change compared to prior year in %	-9.8		-9.5	
Asia and Australia	20,847	15,085	34,931	28,373
Change compared to prior year in %	38.2		23.1	
South America and others	9,758	8,165	18,557	15,906
Change compared to prior year in %	19.5		16.7	
Group	**187,400**	**157,000**	**350,200**	**310,000**
Change compared to prior year in %	19.4		13.0	

Segment Reporting

2nd Quarter 2008/2nd Quarter 2007

	Original Equipment		Aftermarket		Engineered Plastics	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	160,806	135,091	27,544	25,647	18,110	16,022
- Intersegment sales	-5,208	-5,089	0	0	0	0
- Consolidation	-15,606	-15,769	-1,913	-1,970	-73	-54
Sales	139,992	114,233	25,631	23,677	18,037	15,968
EBIT	21,510	26,453	4,867	4,513	3,392	2,885
Amortization & depreciation	-14,497	-10,133	-125	-114	-530	-457
Investments	101,797	20,535	305	287	1,054	847

	Industrial Parks		Services		Group	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	2,195	2,115	2,456	1,866	211,111	180,741
- Intersegment sales	0	0	0	0	-5,208	-5,089
- Consolidation	0	0	-911	-859	-18,503	-18,652
Sales	2,195	2,115	1,545	1,007	187,400	157,000
EBIT	869	987	562	262	31,200	35,100
Amortization & depreciation	-299	-286	-179	-163	-15,630	-11,153
Investments	47	18	1,092	121	104,295	21,808

Segment Reporting

1st Half 2008/1st Half 2007

	Original Equipment		Aftermarket		Engineered Plastics	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**296,800**	**264,801**	**55,882**	**53,679**	**36,576**	**33,255**
- Intersegment sales	-9,325	-10,950	0	0	0	0
- Consolidation	-32,675	-32,788	-4,103	-4,061	-102	-92
Sales	**254,800**	**221,063**	**51,779**	**49,618**	**36,474**	**33,163**
EBIT	**40,566**	**42,523**	**10,188**	**9,649**	**6,934**	**6,606**
Amortization & depreciation	-24,835	-19,522	-269	-254	-1,029	-913
Investments	132,098	33,087	2,845	489	3,819	1,975

	Industrial Parks		Services		Group	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**4,296**	**4,149**	**4,589**	**3,702**	**398,143**	**359,586**
- Intersegment sales	0	0	0	0	-9,325	-10,950
- Consolidation	0	0	-1,738	-1,695	-38,618	-38,636
Sales	**4,296**	**4,149**	**2,851**	**2,007**	**350,200**	**310,000**
EBIT	**1,741**	**2,719**	**971**	**603**	**60,400**	**62,100**
Amortization & depreciation	-578	-568	-359	-325	-27,070	-21,582
Investments	120	27	1,265	371	140,147	35,949

Notes to the First Half of 2008

ElringKlinger AG is an exchange-listed stock corporation headquartered in Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of June 30, 2008, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, as well as in compliance with the additional provisions set out in Section 37w of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG). As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the first half of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

Required Disclosures

The consolidated interim financial statements have not been audited. The accounting policies applied to the consolidated interim financial statements for the first half of 2008 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2007. For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2007 Annual Report published by ElringKlinger AG.

The cost-of-sales (also referred to as function-of-expense) method has been applied when preparing the income statement. The Group currency is the euro.

In addition to the financial statements of ElringKlinger AG, the interim financial statements as of June 30, 2008, include 4 domestic and 21 foreign subsidiaries. Subsidiaries are entities in which the parent company holds more than half of the voting rights or over which, for other reasons, it has the power to govern the financial and operating policies ("Control").

ElringKlinger AG concluded the following corporate acquisitions in the second quarter of 2008:

- On April 21, 2008, the acquisition of all interests in SEVEX AG, Sevelen, Switzerland, as well as this entity's subsidiaries ("SEVEX Group"). The SEVEX Group has been integrated into the Shielding Technology division of the ElringKlinger Group.

- As of May 1, 2008, the acquisition of an additional 40% interest in Marusan Corporation, Tokyo, Japan, and this entity's subsidiaries (MARUSAN). As a result, the overall ownership interest of ElringKlinger AG in MARUSAN has increased from 10% to 50%. The joint-venture enterprise ElringKlinger Marusan Corporation, in which both partners each hold a 50% interest, was merged into MARUSAN as of June 1, 2008. MARUSAN was subsequently renamed ElringKlinger Marusan Corporation. In accordance with IAS 31, the joint-venture enterprise MARUSAN was included in the interim financial statements on the basis of proportionate consolidation.

The total acquisition price for these interests (including ancillary costs of purchase) was EUR 61,856 thousand, of which EUR 55,781 thousand was attributable to the SEVEX Group and EUR 6,075 thousand to MARUSAN.

These acquisitions were accounted for in the interim financial statements by applying the purchase method. As part of this method, the initial step was to identify and realize on a pro rata basis any hidden reserves and hidden charges in the recognized or unrecognized assets and liabilities of the acquired entities. The pro rata hidden reserves of EUR 2,959 thousand were allocated to intangible assets. As a result, deferred tax liabilities amount to EUR 431 thousand. The difference of EUR 37,443 thousand arising from the acquisition of the SEVEX Group was recognized as goodwill. This goodwill is to be seen against the backdrop of both the order situation and the favorable earnings outlook of the SEVEX Group.

In the case of MARUSAN, an assessment of the fair values of recognized and unrecognized assets and liabilities led to the conclusion that MARUSAN's equity exceeded the acquisition price by EUR 5,808 thousand. In accordance with IFRS 3, this amount was recognized as other operating income.

The acquisition of the two company groups contributed approx. EUR 22 million to total sales of the ElringKlinger Group and approx. EUR 4.7 million to earnings before taxes (approx. EUR 3.4 million to post-tax profit).

The joint-venture enterprise ElringKlinger Korea Co., Ltd., Changwon, South Korea, has been included in the interim financial statements on the basis of proportionate consolidation, in accordance with IAS 31.

Exchange rates developed as follows:

		Closing rate = EUR 1		Average rate = EUR 1	
		June 30, 2008	Dec. 31, 2007	2008	2007
US-Dollar (USA)	USD	1.5783	1.4718	1.54508	1.37871
Pound Sterling (UK)	GBP	0.7929	0.7347	0.77952	0.68727
Swiss Franc (Switzerland)	CHF	1.6063	1.6562	1.60248	1.64606
Canadian Dollar (Canada)	CAD	1.5940	1.4450	1.54903	1.46517
Real (Brazil)	BRL	2.5253	2.6208	2.60202	2.65601
Mexican Peso (Mexico)	MXN	16.2407	16.0381	16.32540	15.06080
Renminbi Yuan (China)	CNY	10.8208	10.7494	10.83573	10.44672
South Korean WON (South Korea)	KRW	1,632.2000	1,377.4600	1,529.62333	1,279.07417
Rand (South Africa)	ZAR	12.3300	10.0300	11.91867	9.66725
Yen (Japan)	JPY	166.3300	165.1000	160.88333	162.09167
Forint (Hungary)	HUF	235.3000	252.0000	252.23333	251.350000
Indian Rupee (India)	INR	67.7700	57.8600	63.18167	56.59667

In the six months of 2008 derivative financial instruments were utilized for the purpose of hedging interest rate risk, smoothing the volatility of purchasing prices for raw materials (particularly nickel) and hedging receivables denominated in Canadian dollars and Mexican pesos. The negative fair values for the commodities-based derivatives in the amount of EUR 4,027 thousand have been accounted for, under current provisions, as provisions in consideration of contingent losses associated with onerous contracts (i.e. pending transactions); they led to a corresponding increase in other operating expenses.

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2007 were not subject to significant changes in the first half of 2008.

The fire in one of the production buildings at the Runkel plant in 2007 resulted in a range of additional expenses during the first half of 2008 (including recognition of provisions), totaling EUR 1,060 thousand. The insurance proceeds exceeded the reimbursement rights accounted for as of December 31, 2007, by EUR 750 thousand.

Dividend Payment

In the second quarter of 2008, ElringKlinger AG distributed a dividend of EUR 26,880 to shareholders from its unappropriated retained earnings of 2007.

Events after the Reporting Period

There were no significant events after the end of the interim reporting period that would necessitate additional explanatory disclosure.

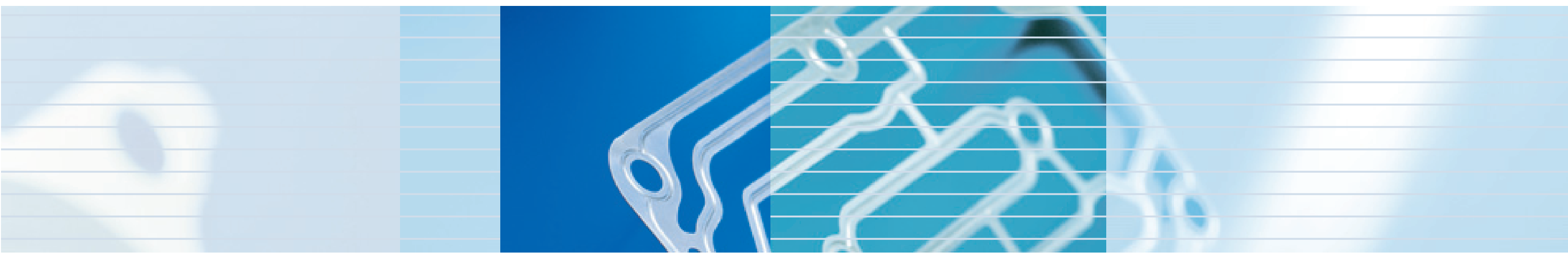
Responsibility Statement

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.

Dettingen/Erms, August 7, 2008

The Management Board

Dr. Stefan Wolf   Theo Becker   Karl Schmauder



Disclaimer – Future-oriented Statements and Predictions

This report contains statements about the future. These statements are based on current expectations, market evaluations and predictions by the Management Board, and on information that is currently available to them. The statements about the future should not be interpreted as guarantees of the future developments and results that they refer to. Whilst the Management Board are convinced that the statements that have been made, and the convictions and expectations on which they are based, are realistic, they rely on suppositions that may conceivably prove to be incorrect; future results and developments are dependant on a multitude of factors, they involve various risks and imponderabilities that can affect whether the ongoing development deviates from the expectations that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

The English version of this report is a translation of the original German report. Only the German version of this report is legally binding.

Calendar

Automechanika (Frankfurt)	September 16–21, 2008
Engine Trade Show “Motoren-Kolloquium Aachen”	October 6–8, 2008
International Supplier Fair (IZB) (Wolfsburg)	October 29–31, 2008
Interim Report on the 3rd Quarter of 2008	November 6, 2008
German Equity Forum (Frankfurt)	November 10–12, 2008
Absolventenkongress (Cologne)	November 19–20, 2008
International Automotive Transmission Symposium Berlin	December 1–5, 2008
104th Annual General Shareholder Meeting Cultural and Congress Centre Liederhalle, Stuttgart, Hegelsaal, 10.00 CET	May 28, 2009

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