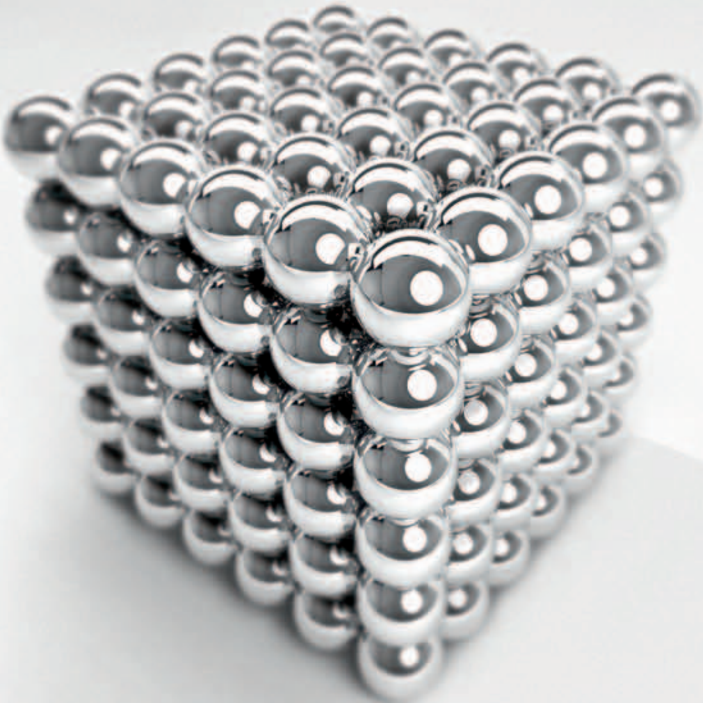
REPORT ON THE 2ND QUARTER AND 1ST HALF OF 2012

NEW DIMENSIONS

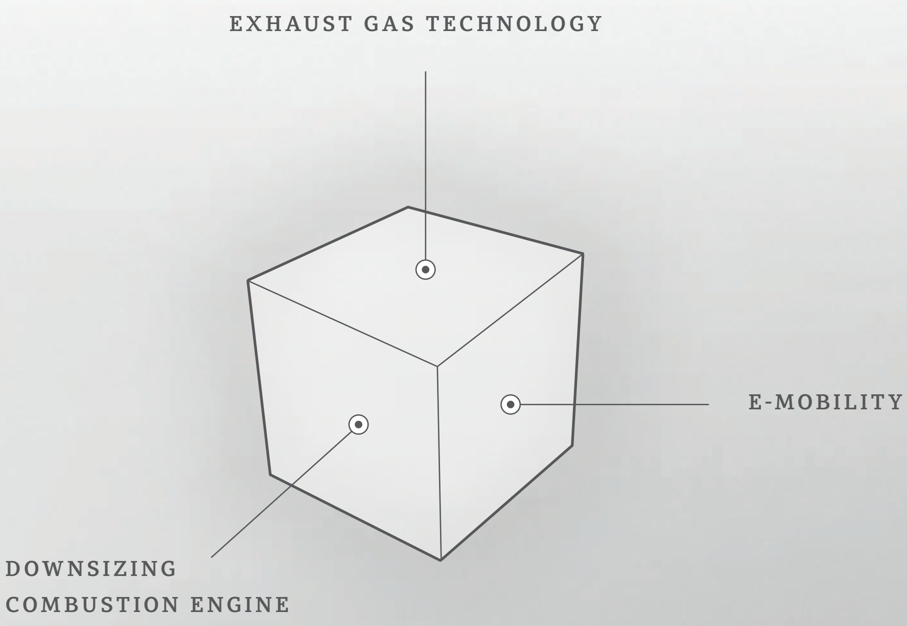


elringklinger

New dimensions

Whether the focus is on the combustion engine or e-mobility, ElringKlinger is one of just a handful of suppliers in the world that develop technologically sophisticated components for all drive systems – for conventional combustion engines optimized by downsizing as well as for hybrid and electric vehicles using battery-powered electric motors or fuel cells. With its acquisition of the Hug Group, ElringKlinger has now added a third dimension to its business model – that of exhaust gas purification.

As a development partner and original equipment manufacturer with a global presence, we supply cylinder-head and specialty gaskets, plastic housing modules, shielding components for engine, transmission and exhaust systems, exhaust gas purification technology as well as battery and fuel cell components to almost all of the world's vehicle and engine manufacturers. To round off our portfolio, the ElringKlinger Kunststofftechnik supplies products made of high-performance PTFE plastics also to manufacturers outside the automotive industry. We harness our innovative strengths to achieve the company's goals of environmentally compatible mobility and profit-driven growth. These efforts are supported by our committed workforce of around 6,200 people at 41 ElringKlinger Group locations worldwide.



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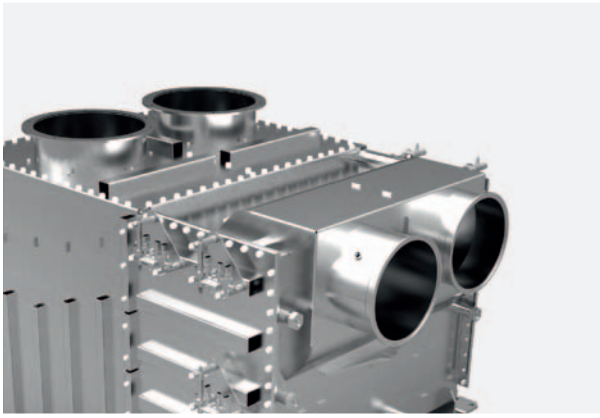

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Macroeconomic Conditions and Business Environment

Global growth shows increasing regional disparity

Concerns about further developments in the eurozone debt crisis and the resulting deterioration in a number of economic indicators and confidence surveys weighed heavily on European economies in the second quarter of 2012, which was marked by a slight contraction in the region's gross domestic product (GDP).

Germany continues to benefit from overall growth in the global economy as a whole and in particular from solid demand for its exports from non-euro countries. At the same time, however, its own performance is hampered by weak demand from the rest of the eurozone. On balance, Germany is expected to post a small increase in GDP of under one percent for the second quarter of 2012.

Although some recent economic indicators in the United States have been disappointing, the country's economy continued to grow, helped in the presidential election year by a package of tax cuts for consumers and economic stimulus measures. Second-quarter GDP growth is expected to reach 1.9 %. Brazil's economic output grew by 1.5 % over the same period.

In response to a more restrictive economic policy and an uncertain global outlook, the pace of growth in China also slowed further over the first half-year, although GDP still rose by 7.8 % in the second quarter. India's GDP was up 5.3 % over the same period. Japan's economy put on 1.9 % in the second quarter as it begins to catch up following the collapse in output in the wake of the tsunami in the previous year.

Global car production shows decline in second quarter

Outside Europe, the major car markets reported a further improvement in sales figures in the second quarter of 2012. In western Europe, by contrast, the market fell heavily, especially in the southern countries. After a positive start to the year, global vehicle production in the second quarter of 2012 declined by 4 % compared to the preceding three months. However, car production for the first half-year as a whole remained well above the corresponding period for 2011, when second-quarter figures were extremely low following the collapse in production among Japanese car makers.

Debt crisis puts brakes on German car production

Germany's car industry was held back in the first half by the impact of the European debt crisis. At 2.8 million vehicles, domestic car production ended the period slightly down on the same period for 2011 (2.9* million). Nevertheless, sales were buoyed by consistently solid demand from Asia and North America, which together account for a substantial proportion of all car exports from Germany.

*Comparative figures for 2011 have been adjusted by the VDA, with the country of production being defined according to the main focus of value creation.

Overall, vehicle exports fell by nearly 1 % in the first half-year to 2.2 million as a result of extremely weak demand from Europe. The domestic market remained stable with a rise of 0.7 % in new car registrations to 1.6 (1.6) million in Germany.

Market growth in eastern Europe contrasts with sharp decline in West

Vehicle demand in western Europe fell sharply in the first half of 2012. With the exception of Germany, the UK and the Netherlands, car sales declined significantly on all markets, ending the period down by a further 6.9 % at 6.5 (7.0) million from an already low base.

By contrast, sales figures for eastern Europe were up. At 403,975, new car registrations over the first six months of 2012 were 4.8 % higher compared to the same period in 2011. Sales of cars and light commercial vehicles in Russia rose by an impressive 14.3 %. Indeed, with total vehicle sales of 1.4 million, the Russian market is now approaching the size of the market in Germany.

Dynamic growth in US automobile market

So far this year, the US vehicle market has grown faster than anticipated and remains buoyant. From the beginning of January to the end of June, sales of cars and light trucks grew by 14.8 % to reach 7.3 (6.3) million, making North America the fastest-growing of the world's three mature automobile markets.

Car and light truck sales in Brazil fell back 0.4 % to 1.6 (1.6) million in the first half-year as the country's economy cooled. In fact, the decline over the first five months was as high as 4.4 % before the introduction of government incentives triggered a rapid 24 % increase in June sales.

Asian automotive markets remain key growth drivers

Despite a noticeably weaker rate of growth in China, sales nevertheless continued to rise in the world's single biggest vehicle market. The number of new vehicles sold in the first half-year jumped by 8.7 % to 6.4 (5.9) million.

Starting from a much lower base, car sales in India ended the period up 12.7 % at 1.5 (1.3) million.

In Japan, the first-half increase in new car sales was particularly striking, with buyers driving the figure up by 56.6 % to 2.5 (1.6) million.

Tough going for commercial vehicles

The economic difficulties affecting many European states have led fleet operators and haulage firms to scale back their purchasing activities. Accordingly, the commercial vehicle market in western Europe lost ground in the first half of 2012 with only 234,660 (247,717) new registrations in the medium-heavy and heavy categories, equivalent to a decline of 5.3 %.

New truck registrations in Germany were down 4.2 % at 75,266 (78,435), although the figure for June was slightly higher. Among the major commercial vehicle markets in Europe, only the UK reported a growth in the first half of 2012.

Even in eastern Europe, where truck registrations in the previous year grew by 70 %, first-half sales in 2012 fell to 37,407 (40,004).

By contrast with Europe, the US commercial vehicle market put in a solid performance, with heavy truck (Class 8) sales up by more than a third at 99,246 (72,088) over the first six months of 2012.

Sales and Earnings Performance

Organic revenue increase boosted by structural growth and new products

Calculated on the basis of car production figures, the ElringKlinger Group again managed to outpace the global vehicle markets in terms of growth generated over the course of the first half of 2012.

Against this background, the Group's sales revenue for the first six months of 2012 rose by 14.2 % to EUR 569.8 (498.9) million. This was in excess of the record level of sales previously achieved in the first half of 2011. In the second quarter – operating from a higher comparative base than in the first quarter – revenue increased by a solid 12.4 % to EUR 286.0 (254.4) million.

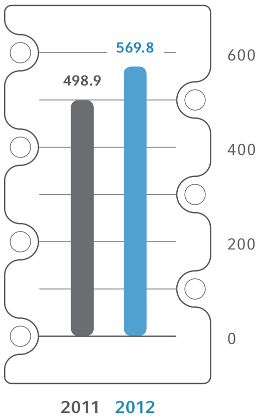
The significant organic rise in sales was driven to a large extent by structural growth in product areas such as turbochargers and exhaust gaskets, thermal shielding parts and lightweight plastic housing modules. This was complemented by products from the New Business Areas division, e. g. cell contact systems now rolled out at serial production level for the use in lithium-ion batteries, which will make an increasingly large contribution to sales in 2012.

First-time consolidation of acquired entities contributes EUR 16.9 million to sales for the first six months

The inclusion into the ElringKlinger Group accounts of the Hug Group, the Hummel-Formen Group and ThaWa GmbH, the latter of which has now been merged into ElringKlinger AG, produced an additional revenue contribution of EUR 16.9 million in total during the first half of 2012. In the second quarter of 2012, the above-mentioned entities contributed incremental EUR 7.7 million to Group sales.

When comparing the latest figures to those of the first half of the previous year, it should be taken into account that the aforementioned entities had not yet been included in the consolidated sales and earnings figures of the Group at that time or had only been included on a pro-rata basis. The Swiss exhaust treatment specialist Hug was included in the scope of consolidation of the ElringKlinger Group as at May 1, 2011, and the mold and tool manufacturer Hummel-Formen Group as at October 1, 2011.

SALES 1ST HALF
in EUR million



The overall contribution to earnings before taxes generated by the ElringKlinger Group was in negative territory in the first half of 2012 as a whole, primarily due to the weak financial performance of the Hug Group. After a loss of EUR 2.2 million contributed to pre-tax earnings in the first quarter, the loss incurred by the acquired entities in the second quarter of 2012 was just EUR 0.7 million.

In the second quarter, ThaWa GmbH Thaler Warenautomaten and related AGD Group Entwicklungs- und Vertriebs GmbH were merged into ElringKlinger AG retrospectively as from January 1, 2012.

Excluding the sales revenues attributable to the acquired entities mentioned above, Group revenue increased by 10.8 % in organic terms to EUR 552.9 (498.9) million.

Losses at Hug Group scaled back during second quarter

The revenue contribution of the Swiss-based Hug Group had totaled EUR 7.0 million in the first quarter of 2012. The loss before taxes had stood at EUR 2.0 million. Within this context, EUR 0.5 million of the total loss had been attributable to the purchase price allocation.

In the second quarter, however, measures introduced for the purpose of improving the company’s unsatisfactory earnings performance by means of cost streamlining and process enhancements began to take effect. The loss before taxes was slashed to EUR 0.9 million, with sales having been expanded to EUR 8.4 million. Totaling EUR 0.5 million, the purchase price allocation again exerted downward pressure on earnings in the second quarter.

The operating business of Hug Engineering AG continued to be adversely affected by a persistently strong Swiss franc, as the company generates a large proportion of its sales revenue in euros, whereas the majority of costs are expensed in Swiss francs. Demand fell short of expectations, impacted in particular by the Swiss domestic market.

The acquisition and expansion of ThaWa GmbH, a key supplier to Hug, will help to scale back production costs and mitigate the foreign exchange risks associated with the Swiss franc. Expansion of the site in Thale, Saxony-Anhalt, began in the second quarter. The new extension is scheduled for completion in the fourth quarter of 2012. The focus here will then mainly be on housings production for exhaust gas purification systems and canning of diesel particulate filters in larger batches.

In the United States, Hug succeeded in securing approval from the California Air Resources Board (CARB) for its diesel particulate filter for on-road vehicles. On the back of this, the company managed to secure a contract from a US truck manufacturer for the retrofit of several hundred vehicles.

In the second quarter of 2012, the Swiss-based subsidiary of ElringKlinger was awarded two major orders for the manufacture of exhaust gas purification units used in stationary applications as well as in marine diesel engines. Hug is to supply the end-to-end exhaust gas purification technology for a stationary electricity power plant in North America. Fired by gas and light oil, the plant generates 170 MW of electricity. Additionally, Hug is to develop and manufacture exhaust aftertreatment systems for diesel engines used to power a series of six river cruise ships. The Hug exhaust gas purification systems include a catalytic diesel particulate trap filter as well as oxidation catalytic converters for the reduction of hydrocarbon and carbon monoxide emissions. Revenues from the two new contracts are scheduled to flow mainly in the course of 2013. The overall volume of the contract is in excess of EUR 5 million.

Recently acquired ThaWa GmbH contributed a total of EUR 1.9 million to consolidated sales of the ElringKlinger Group in the first half of 2012. Earnings before taxes were neutral. In the second quarter, revenue generated by the Thale site amounted to EUR 0.9 million. Earnings before taxes for this period totaled 0.1 million.

Hummel-Formen Group strengthens expertise in lightweight design

The mold and tool manufacturer Hummel-Formen Group has been a member of the ElringKlinger Group since October 1, 2011. In acquiring the company, ElringKlinger expands its expertise in the area of lightweight construction using plastics. In the first six months of 2012, Hummel-Formen contributed EUR 4.7 million to Group revenue.

Additionally, a significant proportion of operating activities was performed within the Group, primarily for the Plastic Housing Modules division of ElringKlinger AG. The loss before taxes amounted to EUR 0.4 million. This figure includes a negative component of EUR 0.2 million attributable to the purchase price allocation. In the second quarter, sales rose significantly compared to the previous quarter, surging to EUR 3.6 million. The loss before taxes for this period stood at EUR 0.3 million.

In future, ElringKlinger Abschirmtechnik (Schweiz) AG will source some of the tools required for the production of shielding components from the Hummel-Formen Group. Until now, these tools had been procured from external sources. Additionally, Hummel-Formen will increasingly offer its services within the field of tool design and development, including associated maintenance services, to non-affiliated companies.

Gradual improvement in earnings performance at former Freudenberg companies

The overall earnings situation of the metallic flat gaskets business acquired from the Freudenberg Group as at January 1, 2011, continued to improve over the course of the first six months of 2012.

Within this context, efforts to optimize cost structures as well as measures aimed at raising operational efficiency in production began to have a positive impact on earnings performance. Key measures in the form of production process automation and the introduction of state-of-the-art manufacturing technology have already been implemented to a large extent.

The German site in Gelting, which is mainly responsible for the production of turbocharger gaskets, as well as the Italian plant in Settimo-Torinese have already succeeded in achieving operating margins that are just within the double-digit range.

By contrast, the French site in Nantiat fell short of breaking even in the first half of 2012. It should be taken into account that sales were impacted in particular by the anemic state of the western European car market and consequently by the low volume of just-in-time deliveries requested by customers in this region. In parallel, however, this was partially offset by new ramp-ups and solid demand within specific product categories.

In total, the former Freudenberg sites generated sales of EUR 27.0 million in the first half and contributed EUR 0.5 million to Group earnings before taxes. Of these aggregate figures, EUR 13.7 million in sales and EUR 0.2 million in earnings before taxes were attributable to the first quarter of 2012. Impacted by market demand, revenue in the second quarter was slightly lower at EUR 13.3 million. Earnings before taxes amounted to EUR 0.3 million in this period. The fourth quarter of 2011, by contrast, had produced a significant loss of EUR 0.7 million.

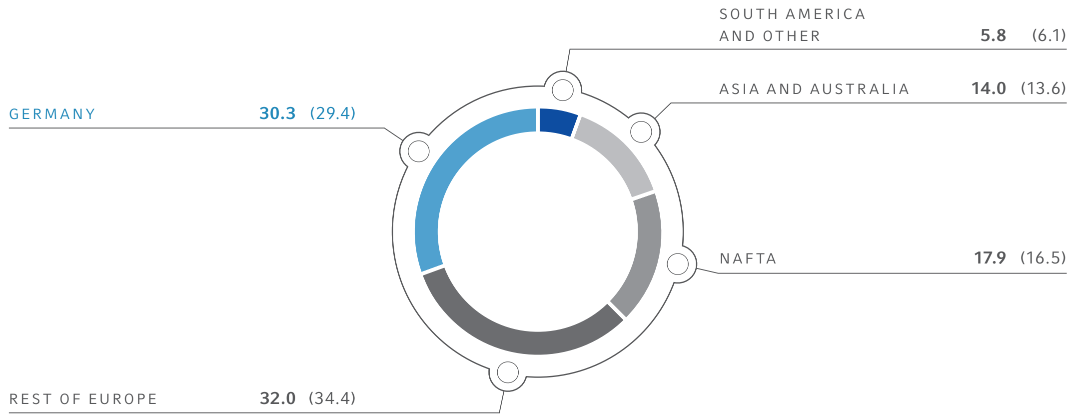
Growth in all regions worldwide – Expansion in share of domestic business

The ElringKlinger Group managed to boost its revenues in markets around the globe over the course of the first half of 2012. The Group's global presence and broad customer base helped to compensate for extremely sluggish business within the western European vehicle markets. The decline in sales in Europe (excluding Germany) from the first to the second quarter – to some extent as a result of fewer working days during the second quarter as a result of public holidays – was more than offset by gains made in the Asian markets and in North America.

In the domestic market, the Group saw sales revenue surge by 17.8 % to EUR 172.9 (146.8) million in the first six months of 2012. The significant year-on-year increase was attributable primarily to more expansive business with German vehicle makers and the market rollout of new products.

Domestic car production benefited from the sustained strength of overseas demand from Asia and North America. This is particularly evident in the premium segment. Additionally, revenue contributions from former ThaWa GmbH, an entity included in the scope of consolidation for the first time, as well as the Hummel-Formen Group were mainly attributable to the German sales region. Overall, the percentage share of domestic sales in relation to total Group revenue rose to 30.3 % (29.4 %).

GROUP SALES BY REGION 1ST HALF 2012 (prior year) in %



Despite the marked downturn in car sales within the southern European markets, revenue in the Rest of Europe (excluding Germany) increased by a further 6.2 % to EUR 182.1 (171.4) million in the first six months of 2012. In the second quarter, however, revenue generated from sales within this region contracted slightly. The Rest of Europe (excluding Germany) retained its position as the strongest revenue-generating region within the ElringKlinger Group.

In this context, it should be taken into account that sales revenues generated by the Hug Group, acquired in May 2011, are mainly attributable to this region. In the same period a year ago, this entity had only contributed to Group sales on a pro-rata basis (two months).

What is more, many of the engines produced in Europe and fitted with ElringKlinger components are destined for export markets. In fact, around three in four of the cars produced in Germany are subsequently exported to other countries.

The surprisingly healthy state of the US car market in terms of units sold is also reflected in the sales figures of the ElringKlinger Group. Recording a gain of 23.6 %, North America was the region with the highest growth rate within the Group. The company boosted its sales in the NAFTA region to EUR 102.0 (82.5) million in the first six months of 2012.

In South America, too, the ElringKlinger Group succeeded in expanding revenue, with sales rising to EUR 33.1 (30.4) million – an increase of 8.9 %.

In Asia, meanwhile, sales totaled EUR 79.8 (67.8) million in the first half of 2012.

Growth was driven mainly by the Chinese subsidiaries operating within the ElringKlinger Group, but also by more expansive revenue contributions made by ElringKlinger Marusan Corporation, Japan.

Thus, the share of sales attributable to Asia within total Group sales rose to 15.1 % (14.3 %) in the second quarter of 2012. The overall significance of the Asian markets for the ElringKlinger Group is actually much greater. Indeed, it should be noted that a sizeable proportion of vehicles, transmissions and engines produced in Europe – particularly in Germany – and equipped with components supplied by ElringKlinger is exported to Asia. If these exports are taken into account, the proportion of Group sales attributable to Asia would actually be around 22 %.

Responding to the sustained strength of order intake in China, ElringKlinger China Ltd., Suzhou, expanded its premises, thereby increasing its manufacturing capacity and extending its production floorspace by roughly 5,000 m².

A new production plant is currently being built in Indonesia together with the joint-venture partner ElringKlinger Marusan Corporation, Tokyo. Thus, the ElringKlinger Group will also be establishing a presence in the burgeoning car market of the ASEAN region.

Overall, the share of foreign sales in total revenue generated by the Group decreased to 69.7 % (70.6 %) in the first half of 2012 as a result of the developments outlined above.

Original Equipment grows above average

The largest proportion of revenue growth generated by the Group in the first half of 2012 was attributable to the Original Equipment segment. Against the backdrop of sustained strength in demand for new cars outside western Europe, together with new product ramp-ups and the revenue contributions by acquired entities, sales rose by 15.8 % or EUR 62.5 million to EUR 458.0 (395.5) million in the period under review. Sales attributable to the acquisitions included in the scope of consolidation for the first time, totaling EUR 16.9 million, were allocated to the Original Equipment segment. Eliminating these acquisitions, segment revenue was propelled upward by 11.5 % to EUR 441.1 million. Thus, ElringKlinger's core business once again outpaced global vehicle production.

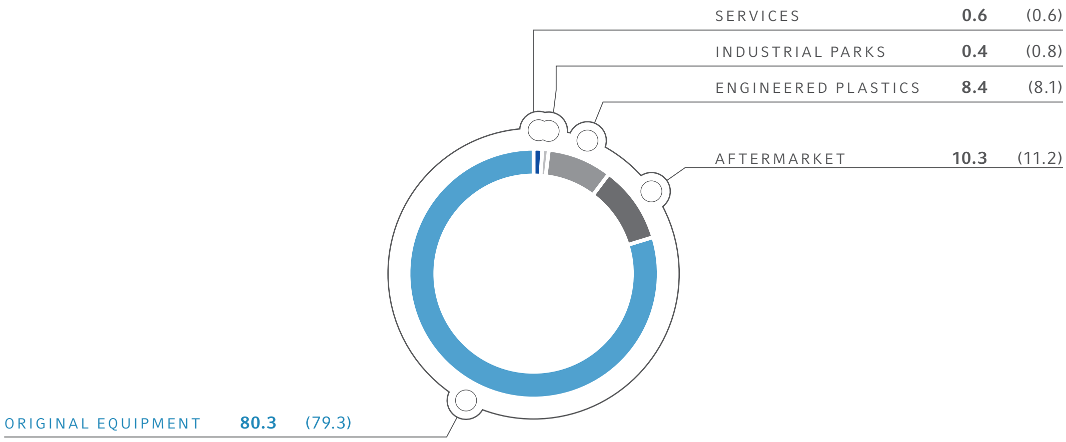
Segment earnings were adversely affected by the initial negative earnings contributions of the acquired entities. In total, earnings before taxes increased at a more pronounced rate than sales, rising to EUR 46.3 (35.2) million.

Consistent growth in Aftermarket segment

As a result of scrappage incentive schemes in recent years, the average age of vehicles currently in operation has decreased both in Germany and in most of the other European markets. Despite this situation, the Aftermarket segment managed to lift sales by 4.8 % to EUR 59.1 (56.4) million in the first half of 2012.

While the western European spare parts markets remained relatively sluggish, additional market share captured in Germany translated into slight gains compared to the same period a year ago. In acquiring the metallic flat gaskets unit from the Freudenberg Group, ElringKlinger has added cylinder-head and specialty gaskets for the French and Italian market to its portfolio. Operating from this platform, the Aftermarket segment is further expanding its range of products and considers these markets to have tremendous growth potential in the medium-term future.

SALES REVENUES BY SEGMENT 1ST HALF 2012 (prior year) in %



In the eastern European market, meanwhile, ElringKlinger was able to reap the rewards of consistently strong demand and the formidable positioning of its "Elring – das Original" brand. Aftermarket business in this region recorded double-digit growth in the first half of 2012. Despite the prevailing political turmoil and visible hesitancy on the part of many wholesalers, the Group also managed to increase its sales in the important markets of northern Africa and the Middle East during the first six months of 2012.

Within this segment, earnings before taxes rose faster than revenue to EUR 13.4 (11.5) million in the first six months of 2012.

Engineered Plastics segment with strongest percentage growth

Despite a slight loss of momentum in the second quarter, the substantial growth in sales remained unbroken year on year in the first six months of 2012 as a whole. Strong demand from the automotive, mechanical engineering and medical devices industry prompted a surge in sales revenue by 18.1 % to EUR 47.6 (40.3) million in the first six months of 2012.

In this context, new products – such as those engineered from the injection-moldable high-performance plastic Moldflon – have been making an increasingly large contribution to revenue growth recently. At the same time, initial efforts aimed at international expansion of activities previously restricted almost entirely to the German-speaking region are beginning to bear fruit.

Following the successful start-up of a subsidiary in Qingdao, China, the next step is to expand within the North American market.

Despite the significant raw material costs associated with PTFE, earnings before taxes increased by 41.7 % to EUR 8.5 (6.0) million in the first half of 2012.

Lower earnings contribution by Industrial Parks after disposal

In the Industrial Parks segment operated by the ElringKlinger Group, the sale of the Ludwigsburg industrial park effective from October 1, 2011, had a major impact on the business development.

At EUR 2.4 (4.2) million, rental income for the first six months of 2012 was considerably lower than in the same period a year ago due to the absence of rental income from the former Ludwigsburg property.

Earnings before taxes in the Industrial Parks segment fell by EUR 1.5 million to EUR 0.3 (1.8) million.

Sustained demand for engineering service

The Services segment, an area in which ElringKlinger provides engineering and testing services for vehicle manufacturers as well as other automotive suppliers, saw its sales revenue expand to EUR 5.4 (4.8) million in the first half of 2012.

Over the course of the first six months of 2012 customer demand was mainly centered around services relating to exhaust gas technology, with a particular emphasis on SCR technology for the reduction of nitrogen oxides. Earnings before taxes for this segment rose to EUR 0.8 (0.7) million.

Headcount up 12.1 %

In order to cope with the forward momentum in sales over the course of the first six months of 2012, the ElringKlinger Group expanded its workforce in the period under review. Alongside the increase in capacity levels, the acquisitions transacted in 2011 and 2012 also contributed to the Group's higher headcount. As at June 30, 2012, the number of people employed by the Group rose by 670 (12.1 %) to 6,219 (5,549).

The acquired Hummel-Formen Group as well as the former entities ThaWa GmbH and AGD Group Entwicklungs- und Vertriebs GmbH had 289 employees in total as at June 30, 2012. Neither of the companies had been included in the figures reported as at June 30, 2011. Adjusted for these effects, the increase in personnel within the Group would have stood at just 6.9 %.

In the second quarter of 2012 staffing levels expanded by a further 0.6 % compared to March 31, 2012.

Former ThaWa GmbH has now been merged into ElringKlinger AG, as a result of which the headcount for ElringKlinger AG rose to 2,043 (1,853) at the end of the first half of 2012. Thus, the proportion of staff employed within the domestic market was 46.5 %, equivalent to 2,890 people. In the previous year, this figure had stood at 45.3 %.

The number of staff employed abroad rose to 3,329 (3,035) people as at June 30, 2012, primarily as a result of more expansive capacity levels. Due to the fact that the expansion of the workforce was less pronounced at the international sites operated by the Group than in the domestic market, the proportion of staff employed outside Germany declined to 53.5 % (54.7 %).

Gross profit margin improves despite charges attributable to acquisitions

In the first half, the Group managed to lift its gross profit margin year on year to 29.3 % (27.6 %).

Compared to the peaks recorded in the first half of 2011, prices for the majority of raw materials required by ElringKlinger trended lower in the first six months of 2012. On the whole, alloy surcharges contracted in the period under review, whereas purchasing prices for certain types of material, such as polymer granules, remained at a relatively high level.

For the purpose of counteracting the rise in material costs, ElringKlinger generally agrees supply contracts that are as long term as possible, optimizes its product designs on a continual basis and introduces more cost-effective materials.

The collective wage increase of 4.3 % that came into effect on May 1, 2012, with regard to sites based in Germany exerted pressure on the Group's gross profit margin. This was largely offset by means of automation and optimization of production processes as well as by the downward trend in commodity prices. Furthermore, the headcount expanded at a slower rate relative to gross operating revenue and sales.

The staff profit-sharing bonus of EUR 1,150 per employee for members of the ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH and Elring Klinger Motortechnik GmbH workforce, as agreed for the financial year 2011, were accounted for as other liabilities as early as the first quarter of 2012 and resulted in staff costs of EUR 3.3 (2.5) million in total.

The weaker gross profit margins generated by the acquired entities also exerted downward pressure on the overall Group gross profit margin. As at the end of the reporting period for the first half of 2011, the Hug Group had only been included in the consolidated financial statements since May, while the Hummel-Formen Group and ThaWa GmbH had not yet been included at all in the consolidated financial statements. The former Freudenberg companies, which had already been part of the ElringKlinger Group for an entire annual period in 2011, remained well below the Group level in the first half of 2012, despite gradual improvements in their gross margins. In total, the dilutive effect on the Group's gross profit margin in the second quarter was equivalent to almost 1 percentage point.

Regardless of this, the cost of sales rose at a less pronounced rate than sales revenue during the first half of the year. The cost of sales increased by 11.6 % to EUR 402.9 (361.0) million, whereas sales revenue expanded by 14.2 %.

R&D costs account for 5.3 % of sales revenue

In total, ElringKlinger spent EUR 6.2 million more on research and development during the first half of 2012 than in the same period a year ago. This took R&D costs to EUR 30.4 (24.2) million. The share of R&D expenses in Group sales rose to 5.3 % (4.9 %). ElringKlinger AG received government grants of EUR 1.2 (1.2) million in the first six months of 2012. The aforementioned grants for R&D purposes were offset by comparable expenses relating to prototyping and development activities.

ElringKlinger stepped up its development efforts in the New Business Areas and E-Mobility division as well as in its core line of business.

The focus of R&D activities in the area of E-Mobility was on developing cell connectors with even higher performance ratings for the use in lithium-ion batteries, which are deployed primarily in hybrid vehicles but also in pure electric cars. ElringKlinger is currently working on a number of new development projects and prototype contracts for cylindrical and prismatic cell structures of the next generation.

Having ramped up the first series production system for the industrial-scale manufacture of cell contact systems in 2011, ElringKlinger purchased additional machinery over the course of the first half of 2012 and further improved the level of automation as well as the overall flexibility of the production line.

While the E-Mobility division has incurred considerable start-up costs, it has yet to generate corresponding revenue contributions. As soon as the volumes requested by customers expand within the context of existing projects and additional contracts are awarded, ElringKlinger expects to reach the profit threshold in this highly promising new line of business within the next two years.

Research and development costs totaling EUR 2.8 (2.4) million were capitalized in the period under review. In parallel, systematic depreciation/amortization associated with capitalized R&D activities amounted to EUR 2.6 (2.0) million in the first half of 2012. Thus, there was no significant effect on earnings in the period under review.

Selling expenses rose by 25.4 % to EUR 39.5 (31.5) million, while general and administrative expenses increased by 29.6 % to EUR 23.2 (17.9) million. The more pronounced increase relative to sales was partly due to the first-time consolidation of acquired entities, but also to charges associated with the staff profit-sharing program, as outlined earlier. Additionally, ElringKlinger expanded its HR capacities within the sales department and in some of the central functions.

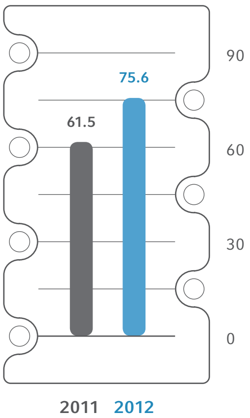
Other operating income, which rose by EUR 1.3 million year on year to EUR 4.8 (3.5) million, included a non-recurring gain of EUR 0.1 million relating to the first-time consolidation of former ThaWa GmbH.

EBIT grows by 22.9 % in first half

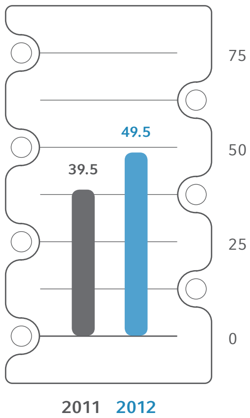
Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by EUR 10.0 million year on year, taking the total to EUR 115.4 (105.4) million in the first half of 2012.

In the second quarter of 2012, EBITDA was up EUR 1.3 million on the figure posted in the first quarter, reaching EUR 58.3 million. Compared with the same period a year ago, EBITDA expanded by 11.8 % in the second quarter of 2012.

EBIT 1ST HALF
in EUR million



PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ELRINGKLINGER AG 1ST HALF
in EUR million



Despite the negative earnings contribution made by the acquired entities in aggregate as well as substantial outlays with regard to battery technology, the ElringKlinger Group managed to expand its operating result by 15.9 % to EUR 76.5 (66.0) million in the first half of 2012. Of this total, EUR 37.5 (33.3) million was attributable to the second quarter. The contribution made by the aforementioned acquisitions, including the former Freudenberg companies, diluted the Group's operating result by minus EUR 1.9 million in the first half of 2012 and by minus EUR 0.6 million in the second quarter. Despite this, the operating result expanded at a more pronounced rate than sales revenue. The Group's operating margin improved slightly year on year to 13.4 % (13.2 %) in the first half of 2012.

Depreciation and amortization totaled EUR 39.8 (43.9) million in the first six months of 2012. Within this context, the reduction in depreciation and amortization was attributable partly to the changes regarding the interpretation of supply contracts for tools. The purchase price allocation relating to recent acquisitions had a negative effect of EUR 1.2 million in total.

Earnings before interest and taxes (EBIT) – in contrast to the operating result, this indicator includes foreign exchange gains and losses – rose by 22.9 % to EUR 75.6 (61.5) million in the first six months of 2012. In the same period a year ago, EBIT had been adversely affected by foreign exchange losses amounting to EUR 4.5 million. Whereas EBIT was diluted by foreign exchange losses of EUR 1.7 million in the first quarter of 2012, foreign exchange rates produced a positive effect in the second quarter that was equivalent to EUR 0.8 million. At EUR 38.3 (29.6) million, EBIT generated in the second quarter was up 29.4 % on the previous year's figure. The EBIT margin rose to 13.4 % (11.6 %). Compared to the preceding quarter, the Group saw EBIT increase by EUR 1.0 million.

Net finance costs down due to foreign exchange effects

In the first half of 2012, net finance costs were scaled back from EUR 10.8 million to EUR 7.3 million.

In the second quarter, net finance costs stood at EUR 2.3 (7.0) million, an improvement on the figure posted for the first three months of 2012 when they had totaled EUR 5.0 (3.8) million. This was attributable largely to foreign exchange effects. While the first quarter had been adversely affected by net foreign exchange losses of EUR 1.7 million, the second quarter produced net foreign exchange gains of EUR 0.8 million. In the first half of 2012, this figure included a negative component of minus EUR 0.4 (- 1.7) million from a forex-related increase in liabilities associated with the loan taken out for the purchase of the Swiss SEVEX Group in 2008. At the time, ElringKlinger AG had financed the purchase consideration in Swiss francs.

Net interest expense was scaled back in the second quarter of 2012 compared to the first quarter, primarily as a result of the sustained decline in interest rates. In total, net interest expense fell by EUR 0.3 million to EUR 3.0 million in this period. In aggregate, net interest expense amounted to EUR 6.3 (6.4) million in the first half of 2012, largely unchanged from the figure posted in the first six months of 2011.

The ElringKlinger Group saw its earnings before taxes expand by 25.5 % to EUR 69.3 (55.2) million. At plus 34.2 %, the increase in earnings before taxes generated in the second quarter was even slightly higher. In this period, the Group recorded pre-tax earnings of EUR 35.3 (26.3) million.

Profit attributable to shareholders of ElringKlinger AG rises by 34.6 % in Q2 2012

As a result of more expansive earnings before taxes, the Group also incurred higher tax expenses. Tax expense rose by 29.9 % to EUR 18.7 (14.4) million. As a result of the disproportionately large increase in earnings contributed by subsidiaries with particularly high tax rates, the Group saw its tax rate rise to 27.0 % (26.1 %). In the second quarter, by contrast, the Group tax rate was slightly lower at 26.3 %.

On this basis, the ElringKlinger Group recorded net income of EUR 50.6 (40.8) million in the first half of 2012. In the second quarter of 2012, net income amounted to EUR 26.0 (19.4) million. Compared with the second quarter of 2011, this corresponds to growth of 34.0 %.

As ElringKlinger AG had acquired additional minority interests in 2011, profit attributable to non-controlling interests was down to just EUR 1.1 (1.3) million in the first half of 2012. Therefore, profit attributable to the shareholders of ElringKlinger AG grew at a slightly more pronounced rate in percentage terms than net income, rising to EUR 49.5 (39.5) million. In the second quarter of 2012, profit attributable to shareholders of ElringKlinger AG increased to EUR 25.3 (18.8) million.

As at June 30, 2012, the number of ElringKlinger AG shares outstanding remained unchanged year on year at 63,359,990. Basic and diluted earnings per share amounted to EUR 0.78 (0.62) in the first half of 2012. In the second quarter earnings per share stood at EUR 0.40 (0.30).

Financial Position and Cash Flows

As at June 30, 2012, the ElringKlinger Group remained solid with regard to its financial position and cash flows, recording an equity ratio of around 50 % together with positive operating cash flow of EUR 28.4 million.

Total assets expand to EUR 1,261 million

As at June 30, 2012, total assets held by the ElringKlinger Group amounted to EUR 1,260.8 (1,135.4) million. Compared to March 31, 2012 (EUR 1,242.9 million), this represents an increase of 1.4 % or EUR 17.9 million. The expansion in total assets was attributable mainly to investment-induced growth in property, plant and equipment as well as an increase in inventories. Since the end of 2011, total assets have risen by EUR 43.2 million.

When comparing these figures with those reported as at June 30, 2011, and December 31, 2011, it should be taken into account that the Hummel-Formen Group has only been included in the consolidated financial statements of the ElringKlinger Group since October 1, 2011. Additionally, ThaWa GmbH, the entity now merged into ElringKlinger AG, has only been included in the scope of consolidation of the ElringKlinger Group since January 1, 2012.

Compared to March 31, 2012, property, plant and equipment increased by EUR 7.6 million to EUR 548.8 million. This was mainly attributable to investments in production systems and machinery. Compared to December 31, 2011, the expansion of property, plant and equipment amounted to EUR 11.3 million, while the same item increased by as much as EUR 43.1 million in comparison with June 30, 2011.

In total, non-current assets rose by EUR 7.4 million to EUR 723.4 (683.1) million in the second quarter of 2012. As at March 31, 2012, non-current assets had stood at EUR 716.0 million.

Expansion in inventories and receivables – Treatment of tools adds to inventories

As at June 30, 2012, inventories were up EUR 7.6 million compared to March 31, 2012, taking the figure to EUR 231.7 million. Owing to a reinterpretation of supply contracts, the treatment of tools changed in 2011. Until the transfer of economic ownership, they are now accounted for as inventories, rather than being recognized as property, plant and equipment. As a result of this, inventories rose by EUR 4.4 million in the second quarter of 2012.

As compared to June 30, 2011, inventories held by the ElringKlinger Group were 26.3 % higher.

At the end of the second quarter of 2012, inventories accounted for 18.4 % (16.2 %) of total assets. As at March 31, 2012, inventories had accounted for 18.0 %.

Capital tied up in trade receivables was scaled back slightly as at June 30, 2012. It amounted to EUR 204.6 (181.5) million, compared to EUR 205.9 million as at March 31, 2012. In the first quarter of 2012, by contrast, trade receivables had grown by EUR 18.7 million.

As at June 30, 2012, cash held by the ElringKlinger Group amounted to EUR 63.5 (43.7) million. Compared to March 31, 2012, (EUR 60.1 million) it rose by EUR 3.4 million. In the first three months of 2012, by contrast, cash funds had contracted by EUR 5.1 million.

Equity ratio remains solid at 50 %

Compared to March 31, 2012, revenue reserves declined by EUR 11.5 million to EUR 389.6 million. This was mainly attributable to the dividend payout in the second quarter of 2012 totaling EUR 36.7 million. Compared to December 31, 2011, however, revenue reserves were boosted by EUR 12.7 million and by as much as EUR 68.1 million compared to March 31, 2012 (EUR 321.5 million).

The decline in the equity of the ElringKlinger Group was attributable to changes in the revenue reserves. Compared to March 31, 2012, (EUR 631.7 million) equity declined slightly by 1.0 %. As at June 30, 2012, it totaled EUR 625.4 (550.4) million. The equity ratio thus declined from 50.8 % to 49.6 % (48.5 %) in the second quarter of 2012. It remains well in excess of the minimum figure of 40 % defined for the Group.

Rise in net debt

In the second quarter of 2012 non-current financial liabilities were replaced with current financing instruments. Additionally, current liabilities for the interim financing of the dividend payout as well as for the partial financing of capital expenditure were expanded. As at June 30, 2012, non-current financial liabilities thus fell by EUR 42.1 million, but still remained comparable to last year's figure of EUR 117.6 (115.0) million. Current financial liabilities rose to EUR 225.1 (156.1) million. In the first half of the year, long-term bank borrowings fell by EUR 43.8 million in total, while short-term bank borrowings rose by EUR 99.0 million.

In total, non-current and current financial liabilities as at June 30, 2012, amounted to EUR 342.7 (271.1) million.

Thus, net financial debt (current and non-current financial liabilities less cash) stood at EUR 279.2 (227.4) million. Now that the dividend payout has been completed, net financial debt will gradually decline over the course of the remaining financial year 2012.

Compared to March 31, 2012, other current liabilities fell by EUR 11.4 million to EUR 60.6 million. This was attributable largely to the staff profit-sharing bonus recognized in other liabilities during the first quarter and paid out during the second quarter. The figure was also influenced by bonuses for the Management Board and executives. Additionally, an amount of EUR 1.0 million was settled as part of a warranty incident (Notes, page 41), which also contributed to the reduction in other current liabilities. In parallel with the liabilities associated with the warranty incident, the Group has receivables of EUR 14.4 million attributable to a claim towards an insurer. Other current liabilities were down by EUR 7.8 million compared to December 31, 2011 (EUR 68.4 million). As at June 30, 2011, they had amounted to as much as EUR 82.6 million.

In total, current and non-current liabilities accounted for 50.4 % (51.5 %) of total equity and liabilities.

Operating cash flow of EUR 28 million

In the first half of 2012, the ElringKlinger Group generated net cash from operating activities of EUR 28.4 (18.9) million. In the second quarter, operating cash flow totaled EUR 22.5 (-3.5) million.

At EUR 69.3 million, earnings before taxes for the first six months were up EUR 14.1 million on the figure for the same period a year ago (EUR 55.2 million). This was counteracted by lower depreciation, amortization and write-downs totaling EUR 39.8 (43.9) million.

Cash flow was reduced by the expansion of inventories, trade receivables and other assets not attributable to investing or financing activities. They increased by EUR 32.7 (72.9) million in the first half of 2012. Of this amount, EUR 5.0 (48.3) million was attributable to the second quarter of 2012. The figure reported in the same period a year ago had included an insurance claim of EUR 24.4 million in connection with the warranty incident outlined above. Changes regarding the treatment of supply contracts for tools were responsible for an additional EUR 9.7 (10.6) million in inventories in the first six months of 2012 and EUR 4.4 (5.7) million in the second quarter of 2012. Contrary to this trend, the Group saw a reduction in its trade receivables during the second quarter.

Trade payables as well as other liabilities not attributable to investing or financing activities were scaled back by EUR 29.6 million in the first six months of 2012. In the first half of 2011, by contrast, these items had been brought down by just EUR 1.8 million. In this context, however, it should be noted that this figure included an increase in other liabilities of EUR 16.9 million relating to the warranty incident. In the second quarter of 2012, the reduction amounted to EUR 13.8 (0.8) million. Trade payables alone were reined back by EUR 2.1 million in the second quarter. Additionally, the total figure was influenced by payments made in connection with staff profit-sharing for the previous year as well as bonuses for the Management Board and executives. Furthermore, other liabilities of EUR 1.0 million were settled as part of the warranty incident.

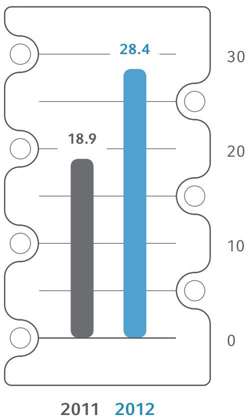
In the first six months of 2012, total income taxes payable amounted to EUR 22.0 (11.3) million, of which the largest share – EUR 16.4 (6.3) million – was due in the second quarter. This figure included tax arrears for fiscal 2011 totaling EUR 5.3 million.

Lower cash outflow from investing activities

In the first half of 2012, ElringKlinger invested EUR 45.4 (53.2) million – of which EUR 24.5 (28.5) million was attributable to the second quarter – in property, plant and equipment as well as investment property and intangible assets. The investment ratio was 8.0 % (10.7 %) in the first half and 8.6 % (11.2 %) in the second quarter of 2012. In line with corporate planning, this was lower than the respective prior-year figures.

Capital expenditure was targeted mainly at new facilities and plant extensions as well as at new machinery and equipment for product ramp-ups and streamlining projects.

NET CASH FROM OPERATING ACTIVITIES 1ST HALF
in EUR million



At the headquarters in Dettingen/Erms, funds were invested in the further expansion of operations at the new plant for plastic housing modules. Since the beginning of 2012, this site has been producing lightweight plastic components, primarily for the commercial vehicle market. In parallel, ElringKlinger further increased the level of automation on the first serial production line used in the manufacture of cell contact systems for lithium-ion batteries.

Additional funds were directed at measures to expand the operating site in Thale, Saxony-Anhalt, which was acquired in January 2012. The plant in Saxony-Anhalt, Germany, is being extended to accommodate automated manufacture of larger volumes as part of serial production projects.

At the Chinese site in Changchun, additional production machinery was purchased for new product ramp-ups.

In the first half of 2011, the ElringKlinger Group had paid a total of EUR 51.6 million for the acquisition of subsidiaries. In the first half of 2012, by contrast, the outflow of cash for the acquisition of former ThaWa GmbH, Thale, amounted to EUR 1.3 million, which was attributable to the first quarter of 2012.

In total, net cash used in investing activities amounted to EUR 45.3 (103.7) million in the first half of 2012. In the second quarter of 2012, net cash used in investing activities totaled EUR 24.4 (44.6) million.

Thus, the ElringKlinger Group generated negative operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) of minus EUR 15.6 (-33.2) million in the first six months of 2012. In the second quarter of 2012, operating free cash flow was close to break even at minus EUR 1.9 (-30.9) million.

Expansion of current financial liabilities

In the first half of 2012, ElringKlinger expanded its current financial liabilities by EUR 99.7 (62.2) million in total for interim financing of its dividend payout as well as partial financing of capital expenditure. Of this amount, EUR 84.1 (63.0) million was attributable to the second quarter, which coincided with the dividend payment.

By contrast, non-current financial liabilities were scaled back by EUR 47.0 (18.3) million in the first six months of 2012, of which a total of EUR 43.2 (16.4) million was attributable to the second quarter.

The payouts to shareholders of ElringKlinger AG as well as minority interests amounted to EUR 37.9 (22.2) million in the period under review.

Overall, net cash from financing activities totaled EUR 14.4 (26.9) million in the first half of the year.

The ElringKlinger Group saw an increase in cash during the second quarter of 2012, with funds totaling EUR 63.5 (43.7) million at the end of the period.

Opportunities and Risks

As regards the assessment of opportunities and risks for the ElringKlinger Group, there were no significant changes to the details presented in the 2011 Annual Report (pages 85 to 97).

At the beginning of the second half of 2012, however, the consumer climate has become more subdued at an international level. Indeed, even China's forward momentum appears to be waning somewhat as a result. In recent weeks, consumer confidence and, ultimately, purchasing behavior have been severely undermined by the sovereign debt crisis in the US and several European countries as well as by sustained turbulence throughout the capital markets. Against this backdrop, the risks associated with future demand patterns within the car market have not subsided over the course of 2012. More visible signs of recession and high rates of unemployment in countries on the southern periphery of the eurozone pose a tangible risk, particularly for car demand in western Europe. However, in a long-term comparison the western European automobile market has already reached a very low level in terms of unit sales.

Disarray within the political and economic arena – areas in which companies have hardly any direct influence – remains a source of unquantifiable risk with regard to a potential increase in interest rate fluctuations and more pronounced volatility in foreign exchange rates.

In the event of a more severe economic downturn – which currently seems unlikely – and concomitant repercussions for the automotive market, the ElringKlinger Group would be well placed both in terms of its capabilities and the preparations already made to respond to changing market conditions as rapidly as it did in 2008/9. In this context, ElringKlinger's flexibility with regard to the Group's positioning and cost structure would provide a good foundation.

There are currently no identifiable risks that might jeopardize the future existence of the Group as a going concern, either in isolation or in conjunction with other risk factors.

The report on opportunities and risks can be accessed on the website of ElringKlinger at www.elringklinger.de/ar2011/report-on-opportunities-and-risks.

Outlook

Outlook – Market and Sector

More clouds on the economic horizon

The global economy will continue to develop along divergent lines in the second half of 2012. Against the backdrop of heightened uncertainty associated with the international sovereign debt crisis, the prospects for economies around the globe have become bleaker. Despite this situation, the global economy is expected to generate growth in 2012 as a whole. Having revised upwards its forecast by 0.2 percentage points in April 2012, the International Monetary Fund (IMF) left its growth outlook unchanged at 3.5 % for the full annual period. However, it lowered its forecast for global economic growth to 3.9 % for 2013.

The European markets remain in the grip of the resurgent debt crisis, with the peripheral markets of southern Europe bearing the brunt. Consumer confidence throughout Europe has taken a nosedive over the course of 2012, while the rate of unemployment continues to rise. Against this background, the euro area as a whole is likely to be faced with a moderate recession in 2012. GDP is expected to contract by 0.3 %. There is no substantial evidence to suggest a significant improvement in the short to medium term.

The German economy will not be able to decouple itself completely from developments in the rest of Europe. Having said that, as a major exporting nation, the country continues to be buoyed by solid demand from Asia and North America. The IMF has already revised upwards its forecast for Germany for the second time, projecting economic output of 1 % in 2012 as a whole.

The US economy will also remain on track for modest growth as the year progresses. The rate of unemployment, which remains high, is expected to contract slightly. The IMF has projected GDP growth of 2.0 % for the United States in 2012 as a whole. Brazil is edging forward at a relatively slow pace. The largest economy in South America is expected to grow by 2.5 % in 2012.

Asia remains the principal growth driver for the global economy. Although the speed of expansion has been diminishing throughout the emerging countries, GDP is nevertheless expected to grow at a solid rate in these economies. Economic output in China is projected to increase by 8.0 % in 2012. The Indian economy is likely to grow by 6.1 %. Japan, meanwhile, is expected to generate GDP growth of 2.4 % in 2012 as a whole.

Global vehicle demand shows distinct regional differences

The severe weakness seen throughout the western European car market is likely to persist over the remainder of 2012. With unit sales down to a low level, however, the risk of a further slide is considered to be minuscule. While the western European market remains sluggish, the emerging economies together with the United States continue to generate considerable forward momentum in terms of market demand. With this in mind, the majority of market analysts have provided an outlook of sustained growth in the global car market and anticipate that vehicle sales will expand by around 4 %. The ElringKlinger Group remains committed to its forecast of 1 to 2 % growth in international vehicle production.

The economic downturn affecting Europe has also become more visible in Germany recently. Regardless of this, the western European vehicle market has been provided with a certain amount of stability by the German car market and also that of the United Kingdom. New registrations in Germany are expected to total 3.1 million units, unchanged from a strong performance last year.

However, Germany's automobile industry association VDA believes that the sector will struggle to reproduce the previous year's record production levels in 2012. Its projection for domestic car production stands at 5.5 (5.6*) million units. Export business will remain an important pillar: the proportion of non-domestic vehicle sales is expected to reach 4.2 million units.

As there is little chance of a fast-track solution to the sovereign debt crisis, there would appear to be no hope of an immediate improvement in demand in the southern European markets. Therefore, western Europe is expected to see sales volumes decline by at least 6 % in 2012. In this context, they are also not ruling out the chance of a more severe slump.

The US car market is likely to remain on track for growth in the second half of 2012. The number of cars and light trucks sold is expected to grow to more than 14 million units. In June, the seasonally adjusted projection for 2012 as a whole stood at 14.1 million units. This represents growth of more than 10 % compared with the previous year. As regards vehicle production, ElringKlinger believes that the US market will expand at a percentage rate towards the higher single-digit range.

Supported by government purchasing incentives that came into force in May 2012, the vehicle market in Brazil is likely to expand during the year as a whole, thus more than offsetting the previous downturn in new registrations over the course of the first half. Against this backdrop, the number of cars sold in this region is expected to grow in the mid single-digit range in 2012.

Growth within the Chinese market has decelerated in recent months but nevertheless remains at a high level. Vehicle sales are likely to expand by between 5 and 8 % in 2012. Given the impressive size of the Chinese market, this constitutes solid growth. Alongside China, the Indian market is also likely to see an expansion in the overall volume of cars sold. Forecasts point to percentage growth towards the upper end of the single-digit range. In Japan, meanwhile, car production is expected to expand by more than 10 %, buoyed by catch-up effects following the natural disasters in 2011.

*Comparative figures for 2011 have been adjusted by the VDA, with the country of production being defined according to the main focus of value creation.

Weak trend in European truck market

The prevailing uncertainties surrounding the European debt crisis have also impacted on the purchasing behavior of freight forwarders and fleet operators – with a concomitant effect on the situation within the commercial vehicle markets. The outlook for western Europe points to a significant reduction in truck sales, by as much as 10 %. In Germany, too, new truck registrations are expected to contract slightly for vehicles in excess of six tons.

By contrast, the situation within the US market is more encouraging. The United States is likely to see a significant increase in the number of heavy trucks (Class 8) sold, with percentage growth towards the middle of the double-digit range.

In Brazil, meanwhile, fleet operators are currently monitoring the economic situation. In June, domestic truck registrations showed another sequential downturn. The second half of 2012 is expected to produce relatively weak demand.

While the commercial vehicle market in China is likely to stagnate in 2012 as a whole, Japan can look forward to solid growth of up to 15 % or more.

Overall, global demand for trucks is expected to remain relatively stagnant in 2012 or, in a best-case scenario, expand at a modest rate.

Outlook – Company

Demanding competitive environment

The industry as a whole remains highly competitive with regard to the majority of product groups manufactured by ElringKlinger and continues to be dominated by challenging price demands on the part of customers. In parallel, suppliers are now responsible for an increasingly large proportion of value creation relating to new vehicle production. This calls for consistently high research and development expenditure as well as associated financing capabilities. Given these multifaceted challenges, it is likely that consolidation within the industry will continue at pace.

There would appear to be little chance of market entry by new competitors when one considers the significant technological barriers, the specific expertise required in process engineering and the relatively high level of capital intensity within the field of production.

The introduction of exacting emission standards, primarily based on the European Euro 5/6 guidelines, has prompted greater demand in many of the rapidly emerging countries, the emphasis being on components that are tailored to the growing demands of modern engine and exhaust treatment technology. This provides the ElringKlinger Group with quite a substantial platform from which to propel growth forward with the support of its product portfolio, pushing ahead at a faster rate than the level of expansion in global vehicle production.

Demand on the part of customers operating in the automotive industry has become easier to gage compared to overall visibility in the crisis years of 2008 and 2009. Despite this, the smoldering risks associated with the international sovereign debt crisis and the recessionary economic trend in southern Europe continue to give rise to uncertainty as regards the future direction of vehicle demand. This may affect future demand for new vehicles and, consequently, the overall volumes requested from ElringKlinger by its customers as part of their production schedules.

Therefore, the current market climate again calls for a highly flexible approach by the company in the second half of 2012, particularly with regard to cost structure and capacity planning.

Further increase in order intake during second quarter

Despite the high comparative base in 2011, order intake continued to expand in the second quarter of 2012. It rose by 13.1 % to EUR 337.1 (298.1) million. Order backlog for the ElringKlinger Group totaled EUR 485.1 (447.4) million as at June 30, 2012. This represents an increase of 8.4 % on the previous year's figure.

Performance by acquired companies

The pressure exerted on the Group's profit margin following the inclusion of the companies acquired in 2011 – particularly the Freudenberg Group and Hug Engineering AG – is to be further reduced over the course of the year. In the first and second quarter of 2012, the acquired entities as a whole made a negative contribution to earnings before taxes.

The measures currently being implemented for the purpose of raising efficiency levels – extensive automation as well as harmonization of production processes and product designs – will lead to cost savings and gradually bring earnings generated by the former Freudenberg companies and Hug Engineering AG, which are now part of the ElringKlinger Group, into closer alignment with the Group margin.

The new factory building currently under construction will transform the low-cost Thale site into an "extended workbench" for Hug Engineering AG, the focus being on the production of housings for exhaust gas purification systems and the canning of particulate filters. This will help to reduce the negative effects that a strong Swiss franc has on Hug's operating margin, as well as scaling back staff costs.

Cost situation

ElringKlinger is again committed to optimizing its production processes in 2012, with the express purpose of raising efficiency levels by at least 3 % with the aid of additional automation, process improvements and new manufacturing methods. Within this context, the emphasis of streamlining programs over the course of 2012 will be on the subsidiaries and investees.

Prices for some of the key commodities and materials used by ElringKlinger declined markedly from the peaks observed in 2011, particularly in the case of alloy surcharges for high-grade steel. The positive effects tend to trickle through to ElringKlinger's purchasing prices with some delay. By contrast, prices for some of the special alloys as well as for the growing volume of polymer granules remain at a relatively high level. Overall, ElringKlinger anticipates that market prices in 2012 will remain largely stable or trend slightly lower.

As a result of the collective wage agreement in the metal and electrical engineering industry, salaries and wages at almost all German sites operated by the ElringKlinger Group rose by 4.3 % effective from May 1, 2012. The ElringKlinger Group still employs almost half of its workforce at sites in Germany. These wage increases will have to be offset to the largest extent possible by the partial reduction in commodity prices as well as streamlining measures and cost savings. The rise in the Group's headcount will again be relatively modest in the second half of the year, increasing at a less pronounced rate compared to planned growth in sales.

Investments in property, plant and equipment to be scaled back to normal level

Following the substantial investments in property, plant and equipment over recent years, dominated in particular by construction work on new facilities at sites in Germany as well as in Asia, capital expenditure within this area will be scaled back to a more normal level in 2012 and the subsequent years.

The investment ratio, i.e. capital expenditure as a percentage of Group sales, will be lower in the coming years. After EUR 112.7 million in capital expenditure on property, plant and equipment as well as investment property in 2011, the ElringKlinger Group has earmarked EUR 95 to 100 million for investments in 2012 and 2013 respectively. These funds will be directed primarily at machinery and operating systems required for scheduled production ramp-ups as well as for streamlining projects.

Some of this capital expenditure will be attributable to the new factory for plastic housing modules at the site in Dettingen/Erms, which commenced operations at the beginning of 2012. Additional production equipment will be procured in the second half of 2012 for the new products to be manufactured at this site.

In preparation for new serial production ramp-ups, ElringKlinger AG will expand its production line for cell contact systems – components used in lithium-ion batteries – at its plant in Dettingen/Erms and transform it into a fully automated assembly line based on sequential manufacturing principles.

ElringKlinger Abschirmtechnik (Schweiz) AG has secured a number of major contracts from a premium manufacturer based in Germany; ramp-up is scheduled to commence in the second half of 2013. The ElringKlinger subsidiary is currently building new production premises in order to create the capacities required for these purposes as well as for other new projects in the field of shielding technology. The investment volume is around EUR 10 million.

The amount planned for investments also includes the costs associated with a new plant in Thale, Saxony-Anhalt, as well as the procurement of equipment for the precision welding and canning of particulate filters and exhaust gas purification systems at this site.

Anticipated increase in sales and earnings adjusted for one-time charges in year as a whole
Based on the assumption of continued economic stability and moderate expansion within global vehicle production, the ElringKlinger Group anticipates that it will be able to increase sales revenue by 5 to 7 % through organic growth in fiscal 2012 as a whole. In this context, it should be noted that the organic growth rate of 19.3 % in sales achieved in fiscal 2011 was considerably higher than originally planned, thus resulting in a higher comparative base.

An additional revenue contribution of approximately EUR 20 million is expected from the consolidation of recently acquired Hug Engineering AG, the Hummel-Formen Group and ThaWa GmbH, which in 2012 will be included in the scope of consolidation for a full annual period for the first time. In 2011, the Hug Group had been included in the scope of consolidation of the ElringKlinger Group on a pro-rata basis as from May 1, 2011, while the Hummel-Formen Group had been included on a pro-rata basis as from October 1, 2011.

The EBIT margin of the Group's core business will be diluted in 2012 as a result of the as yet much weaker margins recorded by the acquired entities and the purchase price allocations associated with these acquisitions. This will be compounded by substantial lead costs incurred in the field of E-Mobility, although it should be noted that sales revenue will gradually expand. Despite these effects, ElringKlinger remains confident that earnings before interest and taxes, adjusted for one-time charges, can be expanded at a faster rate than sales revenue. Adjusted EBIT for the Group as a whole (EUR 126.0 million in 2011) is expected to be in the range of EUR 145 to 150 million.

In summary, the financial performance, financial position and cash flows of the ElringKlinger Group remain solid at the end of the first half of 2012. The management considers the company to be in a favorable position when it comes to achieving the corporate goals outlined above.

Events after the Reporting Period

No significant events requiring disclosure occurred after the reporting period.

Dettingen/Erms, August 3, 2012

The Management Board

Dr. Stefan Wolf Theo Becker Karl Schmauder

ElringKlinger and the Capital Markets

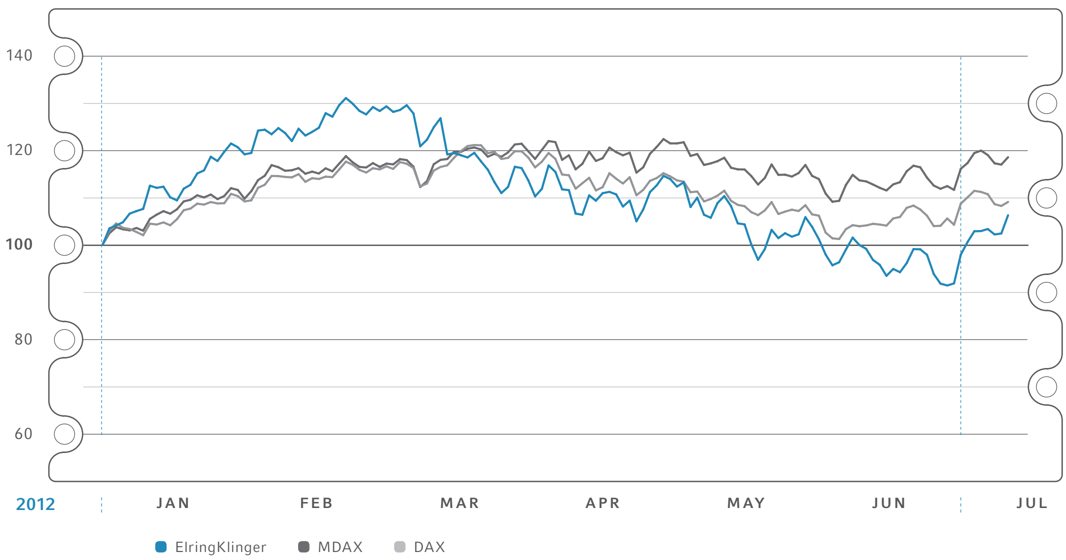
Stock markets gripped by debt crisis

Having recorded some impressive gains in the first three months of 2012, equity markets came under considerable pressure in the second quarter. Prices plummeted around the globe in response to fears of a possible Greek exit from the single currency and weak economic data from the eurozone.

The DAX closed the first half-year 8.8 % higher at 6,416 points. During the same period, Germany's MDAX advanced by an even bigger margin of 16.3 %.

Buoyed at first by generally positive trading, ElringKlinger's own stock put on nearly 30 %, outperforming both the benchmark indices DAX and MDAX in relative terms to reach a high for the year to date of EUR 25.20 in February. In the second quarter of 2012, however, reflecting the negative mood throughout the markets, it lost ground, with international investors losing confidence in cyclical stock such as that of automotive suppliers. By the end of June, shares in the company had declined to EUR 18.77. Overall (including the ex-dividend markdown), the stock ended the first half 2.1 % down on the price quoted at the beginning of the year. Moving into the third quarter, however, it rose back above the EUR 20 mark in early July.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JAN. 1, 2012
compared to MDAX and DAX



Trading volume lower in line with market trend

The average daily volume of ElringKlinger shares traded in the first half of 2012 stood at around 167,200 (176,100). The average daily value of shares traded was 14 % lower at EUR 3,583,000 (EUR 4,147,000). In relative terms, however, this was significantly above the general market trend. Given the size of the company, shares in ElringKlinger remain very tradable.

Proactive communication with the capital markets and private investors

In the second quarter of 2012, ElringKlinger again held a series of face-to-face meetings, conferences and road shows in order to respond to the questions of shareholders and maintain contact with both institutional and private investors and financial analysts. The company gave presentations at capital market conferences and road shows in Baden-Baden, Frankfurt, Zurich, Lugano, Geneva, Hamburg, London, Boston and Chicago.

ElringKlinger has always placed great importance on keeping its private investors well informed, and in April 2012 CEO Dr. Stefan Wolf spoke to representatives of this group about the company and its strategy. As part of a series of events organized by a renowned private bank under the slogan "Entrepreneurial Spirit and the World of Wine", those who attended the presentation in Stuttgart were offered a comprehensive picture of the Group and its strong product portfolio. In relaxed surroundings, investors made good use of the opportunity to discuss specific issues and industry-wide matters in person with representatives of the company.

Private investors with an interest in ElringKlinger will have another opportunity to chat with the CEO online in a thirty-minute session scheduled for 4 p.m. CEST on September 20, 2012, in German language. You can take part anonymously and put your questions directly to the CEO at www.elringklinger.de/de/chat-mit-dem-ceo. Questions for the chat session can also be submitted in advance using the form on the company's Investor Relations page.

AGM 2012 approves special bonus and elects Prof. Sachs to Supervisory Board

The 107th Annual General Meeting of ElringKlinger AG was held at Stuttgart's Liederhalle Culture and Conference Center on May 16, 2012. Shareholders attending the AGM adopted a resolution to increase the company's dividend by 65.7 % to EUR 0.58 (0.35) per share (including a special bonus of EUR 0.18 from the sale of the Ludwigsburg Industrial park). The total amount distributed for the financial year 2011 stood at EUR 36.7 (22.2) million.

At the same time, the Annual General Meeting elected Prof. Hans-Ulrich Sachs (59) as a new member of the Supervisory Board of ElringKlinger AG. Prof. Sachs is the managing partner of BeTec GmbH in Adelmannsfelden (Germany) and honorary professor of business planning at Esslingen University of Applied Sciences. The outgoing chair, Dr. Helmut Lerchner, stepped down at the end of the meeting for reasons of age. At its constitutive meeting following the AGM, the Supervisory Board elected Walter H. Lechler as its new chairperson.

ELRINGKLINGER STOCK (ISIN DE 0007856023)

	1st half 2012	1st half 2011
Number of shares outstanding	63,359,990	63,359,990
Share price (daily closing price in EUR)[1]		
High	25.20	26.45
Low	17.51	19.53
Closing price as of June 30	18.77	24.47
Average daily trading volume (German stock exchanges; no. of shares traded)	167,200	176,100
Average daily trading value (German stock exchanges; in EUR)	3,583,000	4,147,000
Market capitalization as of June 30 (EUR millions)	1,189.3	1,550.4

[1] XETRA trading

Group Income Statement

of ElringKlinger AG, January 1 to June 30, 2012

	2nd Quarter 2012 EUR k	2nd Quarter 2011 EUR k	1st Half 2012 EUR k	1st Half 2011 EUR k
Sales revenue	**286,046**	**254,416**	**569,808**	**498,866**
Cost of sales	-202,978	-183,313	-402,897	-361,002
Gross profit	**83,068**	**71,103**	**166,911**	**137,864**
Selling expenses	-20,110	-16,695	-39,510	-31,538
General and administrative expenses	-11,121	-9,519	-23,234	-17,886
Research and development costs	-15,404	-12,233	-30,367	-24,211
Other operating income	2,231	1,599	4,787	3,456
Other operating expenses	-1,130	-932	-2,058	-1,688
Operating result	**37,534**	**33,323**	**76,529**	**65,997**
Finance income	3,043	2,301	5,646	4,912
Finance costs	-5,307	-9,306	-12,905	-15,741
Net finance costs	**-2,264**	**-7,005**	**-7,259**	**-10,829**
Earnings before taxes	**35,270**	**26,318**	**69,270**	**55,168**
Income tax expense	-9,281	-6,960	-18,670	-14,392
Net income	**25,989**	**19,358**	**50,600**	**40,776**
of which: attributable to non-controlling interests	726	604	1,132	1,268
of which: attributable to shareholders of ElringKlinger AG	**25,263**	**18,754**	**49,468**	**39,508**
Basic and diluted earnings per share in EUR	**0.40**	**0.30**	**0.78**	**0.62**

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to June 30, 2012

	2nd Quarter 2012 EUR k	2nd Quarter 2011 EUR k	1st Half 2012 EUR k	1st Half 2011 EUR k
Net income	**25,989**	**19,358**	**50,600**	**40,776**
Currency translation difference	5,863	8,481*	2,970	-1,529*
Changes recognized directly in equity	**5,863**	**8,481**	**2,970**	**-1,529**
Total comprehensive income	**31,852**	**27,839**	**53,570**	**39,247**
of which: attributable to non-controlling interests	1,122	1,190	1,826	1,624
of which: attributable to shareholders of ElringKlinger AG	**30,730**	**26,649**	**51,744**	**37,623**

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

Group Statement of Financial Position

of ElringKlinger AG, as at June 30, 2012

	June 30, 2012 EUR k	Dec. 31, 2011 EUR k	June 30, 2011 EUR k
ASSETS			
Intangible assets	133,619	134,133	124,346*
Property, plant and equipment	548,831	537,545	505,735
Investment property	13,653	13,071	26,148
Financial assets	1,623	2,621	1,764
Non-current income tax assets	3,609	3,355	3,432
Other non-current assets	1,185	1,730	1,212
Deferred tax assets	20,875	20,991	20,471
Non-current assets	**723,395**	**713,446**	**683,108***
Inventories	231,659	216,467	183,488
Trade receivables	204,564	187,279	181,492
Current income tax assets	1,781	1,539	941
Other current assets	35,869	33,706	42,604
Cash	63,532	65,153	43,743
Current assets	**537,405**	**504,144**	**452,268**
	1,260,800	1,217,590	1,135,376*

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

	June 30, 2012 EUR k	Dec. 31, 2011 EUR k	June 30, 2011 EUR k
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	389,566	376,847	321,480
Other reserves	24,774	22,208	19,319*
Equity attributable to the shareholders of ElringKlinger AG	**595,938**	**580,653**	**522,397***
Non-controlling interest in equity	29,490	29,458	28,045
Equity	**625,428**	**610,111**	**550,442***
Provisions for pensions	80,073	79,132	73,412
Non-current provisions	7,835	7,402	12,542
Non-current financial liabilities	117,578	161,348	115,001
Deferred tax liabilities	45,555	44,900	37,328
Other non-current liabilities	15,151	21,069	27,606
Non-current liabilities	**266,192**	**313,851**	**265,889**
Current provisions	16,457	15,499	14,346
Trade payables	52,658	65,019	53,827
Liabilities to affiliated companies	0	0	4
Current financial liabilities	225,149	126,145	156,093
Tax payable	14,276	18,546	12,224
Other current liabilities	60,640	68,419	82,551
Current liabilities	**369,180**	**293,628**	**319,045**
	1,260,800	1,217,590	1,135,376*

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to June 30, 2012

	Share Capital EUR k	Capital-reserve EUR k	Revenue reserves EUR k
Balance as of Dec. 31, 2010/Balance as of Jan. 1, 2011	**63,360**	**118,238**	**304,148**
Dividend distribution			-22,176
Changes in scope of consolidated financial statements			
Total comprehensive income			39,508
Net income			39,508
Changes recognized directly in equity			
Balance as of June 30, 2011	**63,360**	**118,238**	**321,480**
Balance as of Dec. 31, 2011	**63,360**	**118,238**	**376,847**
Dividend distribution			-36,749
Purchase of shares in controlled entities			
Total comprehensive income			49,468
Net income			49,468
Changes recognized directly in equity			
Balance as of June 30, 2012	**63,360**	**118,238**	**389,566**

Other reserves						
Revenue reserves from SoRIE/OCI EUR k	Equity impact of controlling interests EUR k	Currency translation differences EUR k	IAS 8 adjustment EUR k	Equity attributable to the shareholders of ElringKlinger AG EUR k	Non-controlling interests in equity EUR k	Group equity EUR k
-4,255	**-946**	**16,448**	**9,957**	**506,950**	**15,340**	**522,290**
				-22,176		-22,176
				0	11,081	11,081
		-3,970	2,085	37,623	1,624	39,247
				39,508	1,268	40,776
		-3,970	2,085	-1,885	356	-1,529
-4,255	**-946**	**12,478**	**12,042**	**522,397**	**28,045**	**550,442**
-8,287	**-1,484**	**31,979**	**0**	**580,653**	**29,458**	**610,111**
				-36,749	-1,175	-37,924
	290			290	-619	-329
		2,276		51,744	1,826	53,570
				49,468	1,132	50,600
		2,276	0	2,276	694	2,970
-8,287	**-1,194**	**34,255**	**0**	**595,938**	**29,490**	**625,428**

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to June 30, 2012

	2nd Quarter 2012 EUR k	2nd Quarter 2011 EUR k	1st Half 2012 EUR k	1st Half 2011 EUR k
Earnings before taxes	35,270	26,318	69,270	55,168
Depreciation/Amortization (less write-ups) of non-current assets	20,026	22,571	39,788	43,878
Net interest	3,030	3,247	6,292	6,363
Change in provisions	614	2,011	805	376
Gains/losses on disposal of non-current assets	279	-56	134	240
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-4,991	-48,285	-32,740	-72,857
Change in trade payables and other liabilities not resulting from financing and investing activities	-13,808	-768	-29,600	-1,752
Income taxes paid	-16,402	-6,280	-21,968	-11,340
Interest paid	-2,627	-3,061	-4,638	-4,961
Interest received	57	106	100	146
Other non-cash expenses/income	1,070	747	944	3,632
Net cash from operating activities	**22,518**	**-3,450**	**28,387**	**18,893**
Proceeds from disposals of intangible assets and of property, plant and equipment and investment properties	97	1,053	184	1,112
Proceeds from disposals of financial assets	0	111	1,181	116
Payments for investments in intangible assets	-1,761	-1,540	-3,220	-2,900
Payments for investments in property, plant and equipment and investment properties	-22,718	-26,947	-42,140	-50,303
Payments for investments in financial assets	0	-101	-8	-109
Payments for the acquisition of consolidated entities, less cash	0	-17,141	-1,315	-51,629
Net cash from investing activities	**-24,382**	**-44,565**	**-45,318**	**-103,713**
Contributions from capital increases from minority shareholders	0	5,181	0	5,181
Payments to minorities for the purchase of shares	-329	0	-329	0
Dividends paid to shareholders and minorities	-37,784	-22,176	-37,924	-22,176
Changes in current financial liabilities	84,108	63,010	99,672	62,223
Additions to non-current financial liabilities	500	5,884	925	6,968
Repayment of non-current financial liabilities	-43,657	-22,236	-47,972	-25,310
Net cash from financing activities	**2,838**	**29,663**	**14,372**	**26,886**
Changes in cash	974	-18,352	-2,559	-57,934
Effects of currency exchange rates on cash	2,507	168	938	-1,680
Cash inflow from the acquisition of consolidated entities	0	2,116	0	2,167
Cash at beginning of period	60,051	59,811	65,153	101,190
Cash at end of period	63,532	43,743	63,532	43,743

Group Sales by Region

	2nd Quarter 2012 EUR k	2nd Quarter 2011 EUR k	1st Half 2012 EUR k	1st Half 2011 EUR k
Germany	84,734	73,902	172,875	146,779
Rest of Europe	88,380	88,976	182,102	171,386
NAFTA	53,005	40,209	101,953	82,478
Asia and Australia	43,109	36,282	79,814	67,844
South America and other	16,818	15,047	33,064	30,379
Group	**286,046**	**254,416**	**569,808**	**498,866**

Segment Reporting

of ElringKlinger AG, April 1 to June 30, 2012

Segment	Original Equipment 2012 EUR k	Original Equipment 2011 EUR k	Aftermarket 2012 EUR k	Aftermarket 2011 EUR k	Engineered Plastics 2012 EUR k	Engineered Plastics 2011 EUR k
Segment revenue	**237,291**	**209,124**	**29,045**	**26,659**	**22,172**	**20,110**
- Intersegment revenue	-5,074	-4,860	0	0	0	0
Sales revenue	**232,217**	**204,264**	**29,045**	**26,659**	**22,172**	**20,110**
EBIT[1]	**27,142**	**19,204**	**7,217**	**5,961**	**3,487**	**3,088**
+ Interest income	43	86	3	4	106	88
- Interest expense	-2,745	-2,861	-319	-283	-83	-94
Earnings before taxes	**24,440**	**16,429**	**6,901**	**5,682**	**3,510**	**3,082**
Depreciation and amortization	-18,608	-21,124	-298	-160	-752	-701
Capital expenditures[2]	22,196	26,580	674	729	1,002	912

January 1 to June 30, 2012

Segment	Original Equipment 2012 EUR k	Original Equipment 2011 EUR k	Aftermarket 2012 EUR k	Aftermarket 2011 EUR k	Engineered Plastics 2012 EUR k	Engineered Plastics 2011 EUR k
Segment revenue	**469,290**	**406,964**	**59,108**	**56,360**	**47,602**	**40,337**
- Intersegment revenue	-11,306	-11,489	0	0	0	0
Sales revenue	**457,984**	**395,475**	**59,108**	**56,360**	**47,602**	**40,337**
EBIT[1]	**51,908**	**40,357**	**14,077**	**11,967**	**8,421**	**6,428**
+ Interest income	78	131	7	11	210	108
- Interest expense	-5,686	-5,265	-661	-524	-165	-488
Earnings before taxes	**46,300**	**35,223**	**13,423**	**11,454**	**8,466**	**6,048**
Depreciation and amortization	-37,003	-41,013	-572	-319	-1,500	-1,400
Capital expenditures[2]	41,329	49,643	1,130	1,367	2,058	1,674

[1] Earnings before interest and taxes
[2] Investments in intangible assets and property, plant and equipment and investment property

	Industrial Parks		Services		Consolidation and other		Group	
	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k
	1,116	2,190	2,626	2,359	-1,130	-1,166	291,120	259,276
	0	0	0	0	0	0	-5,074	-4,860
	1,116	2,190	2,626	2,359	-1,130	-1,166	286,046	254,416
	108	1,079	346	233			38,300	29,565
	0	0	4	0	-102	-72	54	106
	-35	-175	-4	-12	102	72	-3,084	-3,353
	73	904	346	221			35,270	26,318
	-102	-277	-266	-309			-20,026	-22,571
	105	24	502	242			24,479	28,487

	Industrial Parks		Services		Consolidation and other		Group	
	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k	2012 EUR k	2011 EUR k
	2,411	4,220	5,386	4,805	-2,683	-2,331	581,114	510,355
	0	0	0	0	0	0	-11,306	-11,489
	2,411	4,220	5,386	4,805	-2,683	-2,331	569,808	498,866
	338	2,064	818	715			75,562	61,531
	1	0	7	0	-203	-77	100	173
	-75	-314	-8	-22	203	77	-6,392	-6,536
	264	1,750	817	693			69,270	55,168
	-200	-553	-513	-593			-39,788	-43,878
	129	175	714	344			45,360	53,203

Notes to the First Half of 2012

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, 2012, 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 IFRS Interpretations Committee, as adopted by the European Union (EU).

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.

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on August 3, 2012.

Basis of reporting

The accounting policies applied to the consolidated interim financial statements for the first half of 2012 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2011.

For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2011 Annual Report published by ElringKlinger AG.

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

The presentation currency of the ElringKlinger Group is the euro.

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of June 30, 2012, include the financial statements of seven domestic and 26 foreign entities in which ElringKlinger AG holds 50 % of the interests, either directly or indirectly, or over which, for other reasons, it has the power to govern the financial and operating policies ("Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

The two joint-venture companies ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corporation, Tokyo, Japan, with both of their subsidiaries, were included in the interim report on the basis of proportionate consolidation in accordance with IAS 31. In the case of proportionate consolidation, all assets and liabilities as well as expenses and income of the joint ventures are included in the consolidated financial statements at the proportionate interest held (50 %).

In connection with a warranty incident, ElringKlinger AG and the customers concerned concluded a settlement agreement in 2011 for the payment of an amount totaling EUR 24.4 million. The warranty case relates to gaskets supplied at the beginning of 2008. A partial amount of EUR 17.4 million was paid in 2011. Another part payment of EUR 5.0 million was made in the first quarter of 2012, while a further payment of EUR 1.0 million was made in the second quarter of 2012. The remaining amount of EUR 1.0 million is due for payment in 2013. In parallel, ElringKlinger AG has a claim against its primary insurer and excess carrier for the same amount, of which EUR 10.0 million was settled in July 2011. Settlement of the remaining amount claimed has not yet occurred. Therefore, ElringKlinger has filed suit. The proceedings have yet to be concluded. ElringKlinger continues to anticipate that this claim will be settled in full.

During the second quarter of 2012, ThaWa GmbH Thaler Warenautomaten and AGD Group Entwicklungs- und Vetriebs GmbH, acquired effective from January 1, 2012, were merged into ElringKlinger AG retrospectively as of January 1, 2012. In the first half of 2012, the acquisition of the two companies contributed EUR 1,986k to sales and EUR 4k to earnings before taxes of the ElringKlinger Group.

At June 30, 2012, 6,219 (5,549) people were employed by the Group. Amounts relating to leased personnel included in the financial reports of two international subsidiaries were eliminated; the prior-year figures were adjusted accordingly.

Acquisition of non-controlling interests

In the second quarter of 2012, ElringKlinger AG acquired – effective from January 1, 2012 – 2 % of the interests previously held by minorities in the subsidiary Hug Engineering AG, Elsau, Switzerland. As from this date, it holds 68.67 % of the interests.

The purchase price amounted to EUR 329k and was recognized directly in equity.

Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Rate on the closing date June 30, 2012	Rate on the closing date Dec. 31, 2011	Average rate Jan.–Jun. 2012	Average rate Jan.–Dec. 2011
US Dollar (USA)	USD	1.25770	1.29320	1.30238	1.39887
Pound (United Kingdom)	GBP	0.80650	0.83670	0.82148	0.87124
Swiss Franc (Switzerland)	CHF	1.20180	1.21650	1.20317	1.23198
Canadian Dollar (Canada)	CAD	1.28770	1.31920	1.30567	1.38082
Real (Brazil)	BRL	2.61220	2.41370	2.43405	2.33703
Mexican Peso (Mexico)	MXN	16.90930	18.07250	17.12287	17.43407
RMB (China)	CNY	7.99300	8.14350	8.23413	9.02397
WON (South Korea)	KRW	1,440.74000	1,499.59000	1,479.77167	1,542.59167
Rand (South Africa)	ZAR	10.36590	10.47630	10.26877	10.15627
Yen (Japan)	JPY	99.97000	100.07000	103.64000	111.32833
Forint (Hungary)	HUF	287.97000	312.82000	292.22000	280.84250
Turkish Lira (Turkey)	TRY	2.28450	2.44600	2.32492	2.35696
Leu (Romania)	RON	4.45190	4.33090	4.40090	4.23938
Indian Rupee (India)	INR	70.24040	68.58550	68.02335	65.47647

Contingencies and related party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2011 were not subject to significant changes in the first half of 2012.

Government grants

As a result of government grants received in respect of development projects, other operating income rose by EUR 1,244k in the first half of 2012, of which a total of EUR 600k was attributable to the first quarter of 2012.

Dividend payment

In the second quarter of 2012, ElringKlinger AG distributed a total dividend of EUR 36,749k (EUR 0.58 per entitled share) to shareholders from its unappropriated retained earnings of 2011.

Governing bodies of the Company

On May 16, 2012, the Supervisory Board of ElringKlinger AG elected Mr. Walter H. Lechler as its new Chairman. He is the successor to Dr. Helmut Lerchner, who stepped down from his post for reasons of age at the end of the Annual General Meeting on May 16, 2012.

The Annual General Meeting elected Prof. Hans-Ulrich Sachs as a new member of the Supervisory Board.

Events after the reporting period

There were no significant events after the end of the interim reporting period that 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 3, 2012

The Management Board

Dr. Stefan Wolf Theo Becker Karl Schmauder

Disclaimer – Forward-looking Statements and Forecasts
This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments 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.

This report was published on August 3, 2012, and is available in German and English. Only the German version shall be legally binding.

Financial Calendar

NOVEMBER 7, 2012
Interim Report on the 3rd Quarter and the first nine months of 2012

MARCH 28, 2013
Annual Press Conference, Stuttgart
Analysts' Meeting, Frankfurt/Main

MAY 16, 2013
108th Annual General Shareholders' Meeting, Stuttgart,
Cultural and Congress Centre Liederhalle

Calendar Trade Fairs

SEPTEMBER 11 – 16, 2012
Automechanika, Frankfurt/Main

SEPTEMBER 20 – 27, 2012
64th IAA Commercial Vehicles, Hanover

OCTOBER 8 – 10, 2012
21st Aachen Colloquium Automobile and Engine Technology, Aachen

OCTOBER 8 – 10, 2012
f-cell and Battery+Storage, Stuttgart

OCTOBER 23 – 25, 2012
eCarTec, Munic

NOVEMBER 13 – 15, 2012
The Battery Show, Detroit, USA

DECEMBER 4 – 5, 2012
11th International CTI Symposium & Exhibition
Innovative Automotive Transmissions and Hybrid & Electric Drives, Berlin

If you would like to receive our interim reports by e-mail please send your details to:
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