Wacker Chemie AG
Interim Report

January – June 2011

Q2

WACKER Group sales up 10 percent in Q2 2011 to €1.33 billion

Earnings before interest, taxes, depreciation and amortization grow by 5 percent to €325 million

Net income for Q2 2011 reaches €143 million

Investments focus on polysilicon expansion and climb to €208 million, almost 50 percent above Q2 2010

Full-year sales and earnings forecasts for 2011 reaffirmed

Cover: The new US polysilicon site at Charleston (Tennessee). Construction has got well underway since the April 8 groundbreaking ceremony.

WACKER at a Glance

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales	**1,325.8**	1,202.0	10.3	**2,617.5**	2,269.0	15.4
EBITDA[1]	**324.8**	308.6	5.2	**675.8**	562.3	20.2
EBITDA margin[2] (%)	**24.5**	25.7	–4.6	**25.8**	24.8	4.0
EBIT[3]	**215.1**	204.7	5.1	**461.0**	358.4	28.6
EBIT margin[2] (%)	**16.2**	17.0	–4.7	**17.6**	15.8	11.4
Financial result	**–9.7**	–9.0	7.8	**–17.6**	–12.3	43.1
Income before taxes	**205.4**	195.7	5.0	**443.4**	346.1	28.1
Net income for the period	**142.7**	135.4	5.4	**310.7**	241.3	28.8
Earnings per share (€)	**2.87**	2.71	6.0	**6.26**	4.85	29.0
Investments (incl. financial assets)	**208.3**	140.9	47.8	**344.9**	239.2	44.2
Net cash flow[4]	**–53.1**	55.5	n.a.	**233.2**	110.1	>100

€ million	June 30, 2011	June 30, 2010	Dec. 31, 2010
Equity	**2,599.7**	2,169.0	2,446.8
Financial liabilities	**547.4**	499.1	533.4
Net financial receivables/liabilities[5]	**348.3**	–58.1	264.0
Total assets	**5,843.0**	4,962.6	5,501.2
Employees (number at end of period)	**16,834**	15,901	16,314

[1] EBITDA is EBIT before depreciation and amortization
[2] Margins are calculated based on sales
[3] EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes
[4] Sum of cash flow from operating activities and noncurrent investment activities before securities, including additions from finance leases (internal key indicator)
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities

Interim Report January – June 2011

WACKER is building a fully integrated polysilicon plant in eastern Tennessee (USA), its first outside of Germany. Since the groundbreaking ceremony in early April, construction work has been in full swing and will last for the next two years. Costing about €1.1 billion, this complex major project is WACKER's biggest single investment ever. It takes WACKER into uncharted territory, in every sense of the expression. Now, instead of expanding an existing plant, WACKER is constructing a completely new one on a greenfield site, on the other side of the Atlantic. This means tried-and-true formulas that have worked in Germany cannot always be transferred one-to-one. To meet the project's ambitious schedule, WACKER experts from Procurement, Engineering, Production and Human Resources are not relying just on their own substantial experience alone. They are also exploring new paths, helped by the support and great interest of WACKER's local partners in Tennessee.

“Like Being Back in Bavaria”

The Charleston (Tennessee) construction site is dominated by mammoth construction machinery. Around three million cubic meters of earth need to be moved in preparation for the polysilicon complex.

"Are you ready? Then go for it!" With chrome-plated spades gleaming, about 20 men and women in business attire turn over the yellowish clay soil, which has been laid bare at numerous spots on WACKER's future polysilicon site. Hundreds of workers have already spent weeks preparing the 220-hectare plot near Cleveland (eastern Tennessee), so that construction can start on the new polysilicon facilities. It is April 8, and the groundbreaking ceremony has formally launched the ambitious large-scale project.

WACKER executives and some 200 guests from the world of politics, business and society enjoy lunch together, rounding out the festive occasion. But for Martin Richtberg and his team, the real work is just beginning. He is director of polysilicon projects at Corporate Engineering, and coordinates facility construction for the entire polysilicon supply chain – including facilities for producing the precursor tricholorosilane, for depositing hyperpure silicon, and for recycling byproducts and auxiliaries.

After completing his doctorate in process engineering, Richtberg joined WACKER in 2001, and has acquired extensive experience with polysilicon plants. He was responsible for polysilicon capacity extensions in Burghausen. Most recently, he acted as project director at Nünchritz's polysilicon plant, which starts up in a few months – a task that 41-year-old Richtberg handled successfully. Now, Tennessee beckons. Soon, he will relocate there for a while and oversee the construction of this cutting-edge polysilicon site. Richtberg is relishing the new challenge: "Helping create a completely new site from scratch – that's probably a once-in-a-lifetime opportunity."

It will take some time before the buildings are finished and the production equipment installed. At the moment, the site is dominated by mammoth construction machinery. Around three million cubic meters of earth need to be moved by excavator, bulldozer and dump truck in preparation for the polysilicon complex. "We're making good progress with the basic infrastructure," explains Johann Mayer, pointing to a draw-

High workload for the project team: HR director Erika Burk, project director Martin Richtberg and project engineer Johann Mayer in a meeting at historic Wright House.

ing that covers almost his entire desk. “We’ve got the main wastewater pipes in place and excavated the retention basin. Our next job is to lay the foundations and build the road network.” The 44-year-old project engineer directs operations on the vast construction site with calm expertise. Having worked for WACKER since 1990, he has been involved in many of the Group’s construction projects, such as the 300 mm silicon wafer fab at Freiberg in Saxony completed in 2004.

Mayer has set up office in Wright House, a two-story building dating from 1870. WACKER acquired this mansion from the previous owner, along with the grounds. Taking great care to protect the building’s historic fabric, WACKER skillfully converted its eight rooms and kitchen into offices. “We want to preserve the charm of Wright House for as long as possible,” stresses Mayer. Indeed, the chances look good – the facilities currently under construction are no threat to the brick mansion, which dates back to the American Civil War.

Engineers and construction workers are not the only ones who are already very busy. By the time the Charleston plant starts producing hyperpure polysilicon in late 2013, some 650 new employees must be on site. As a result, HR Director Erika Burk and her team are urgently sifting through applications and arranging training programs.

“We’ve been staging recruitment fairs, placing ads and running TV commercials to make people in the area aware of the openings at WACKER,” explains Burk. The response has been very good. Her HR team has now received over 4,200 applications – and hired about 100 employees already, 95 percent from the new plant’s neighborhood. “At the same time, we must see to it that the new employees receive proper training,” she adds. This is one of the key challenges facing the HR expert and her team: “We are looking for electronics engineers, chemical technicians and lab assistants, for example. Many applicants, though, don’t have any relevant experience in the chemical industry yet. Our new hires will be doing complex,

The wastewater pipes are in place. Now, it is time to lay the foundations for the production facilities and service buildings.

highly specialized tasks, so we'll need to train them."

In mid-March, WACKER launched a partnership with the Chattanooga State Community College to do just that. A WACKER institute was set up there on campus to train future polysilicon employees. A course lasts about 16 months and, for certain jobs, includes six months of practical training at WACKER's polysilicon facilities in Germany. At Burghausen, the new employees can hone their skills under real production conditions.

For Erika Burk, the Tennessee project is kind of taking her back to her roots. A native of Alabama, she spent several years of her professional career working for a large automotive company in Germany. "I find it just great how things have come full circle. Now, I'm helping WACKER set up a new site here in the USA," says Burk in fluent German.

Johann Mayer's family has meanwhile joined him in Tennessee. The project engineer is pleased with how things have worked out. "We've found a nice house," he explains, "and my wife and two children have settled in well." He attributes that largely to the friendly locals, and probably to the location as well. "The green, hilly countryside here in Bradley County all seems so familiar to us. It's almost like being back home in Bavaria."

Full steam ahead at the construction site: the Charleston plant will start up hyperpure polysilicon production as early as late 2013. The project's ambitious schedule demands an all-out effort from its participants.

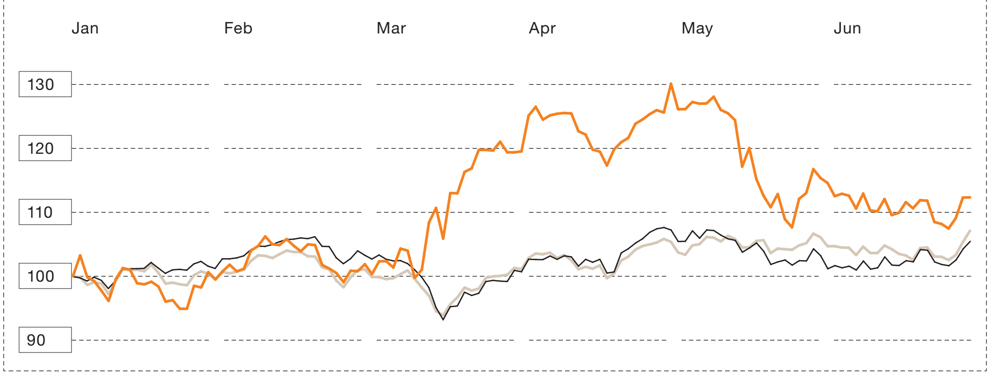
WACKER Stock

Stock markets were characterized by uncertainty and volatility from April through June 2011, caused by sometimes conflicting economic, political and fiscal impulses and reports. The overall mood was reflected in the second-quarter performance of Germany's DAX and MDAX equity indices. Positive news from businesses reporting record sales and earnings alternated with negative headlines about the state of public finances in countries like Greece, Portugal and Italy. The USA's high level of sovereign debt likewise caused political tension and unsettled global financial markets. In Germany, sentiment was also influenced by the government's decision to phase out nuclear power and by positive news on economic growth.

WACKER's share price started out the second quarter at €166.15 and reached its current 2011 record of €172.80 in early May. Subsequently, it experienced a substantial decline after a number of analysts reduced their estimates for the solar industry.

From late May, WACKER's share price hovered between €145 and €155, closing the quarter at €149.10 on June 30, 2011. Overall, WACKER significantly outperformed both the DAX and MDAX in the first six months of 2011.

WACKER Share Performance in the First Half of 2011 (indexed to 100)[1]



[1] 100 = €132.70 (closing price on January 3, 2011)

At this year's Annual Shareholders' Meeting, held in Munich on May 18, 2011, a large majority of Wacker Chemie AG shareholders adopted the Executive and Supervisory Boards' proposal to distribute a total dividend of €159.0 million (2010: €59.6 million) from the retained 2010 profit of €775.3 million (2009: €533.4 million). €139.8 million was transferred to retained earnings and €476.5 million was carried forward. As a result, the dividend per dividend-bearing share for 2010 was €3.20 (2009: €1.20).

On May 31, 2011, WACKER held this year's Capital Markets Day in London. More than 40 analysts from a total of 37 banks and investment firms took part and were able to gain an up-to-date overview of WACKER and its strategies, technologies, products and innovations.

Facts & Figures on WACKER Stock

€	Q2 2011	6M 2011
High (€)	172.80	172.80
Low (€)	142.60	125.85
Closing price (€) (June 30, 2011)	149.10	149.10
Average daily trading volume in shares/day (XETRA)	216,125	196,227
Market capitalization at the start of the reporting period (€ billion) (based on shares outstanding)	8.3	6.6
Market capitalization at the end of the reporting period (€ billion) (based on shares outstanding)	7.4	7.4
Earnings per share (€)	2.87	6.26

Please refer to the current 2010 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. shareholder structure, banks and investment firms that monitor and rate WACKER, and investor and analyst events held or attended by WACKER).

Report on the 2nd Quarter of 2011

April – June 2011

Dear Shareholders,

Business at WACKER continued to thrive in the second quarter of 2011. The positive trend was reflected in our key figures for earnings, net assets and financial position, which were above the comparable prior-year results. We profited in all markets and segments from the global economy's enduring strength. Thanks to high customer demand, our sales volumes increased against Q2 2010. Benefiting from the robust market environment, we were able to at least partially offset the sharp rise in raw-material costs through higher prices for our products. At the half-way point of 2011, we are well on track to achieve the sales and earnings targets we set for the full year.

Despite the many signs currently pointing to continued economic growth, there are important reasons to stay vigilant – above all, the high energy and raw-material prices that are already holding back our profitability. China, which remains a very attractive and dynamic growth market, is an example of how an overheating economy can quickly fan inflationary concerns. Furthermore, high sovereign debt in several eurozone countries and the USA remains a risk to the stability of these economies and of global financial markets.

We are keeping a close eye on these developments, and continue to work intently on reinforcing our strengths. When markets promise profitable growth, we expand our capacities. We increase our market presence and sales capabilities to remain competitive and successful. We optimize our structures and processes to become even more efficient. And we invest in innovation and research so that we can continue offering customers attractive products and services.

As in the past, these goals shaped our global activities during Q2 2011 – as evidenced by our new integrated polysilicon site in Tennessee (USA), currently under construction, and by the strengthening of our distribution network in South America and Africa.

In our efforts to continuously enhance the company, we benefit greatly from being able to make decisions and take action from a position of financial strength. This advantage gives us the necessary flexibility to look beyond today's challenges and to actively shape WACKER's future to ensure our long-term competitive success in the marketplace.

Munich, July 28, 2011
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation

The world economy remained on a broad-based growth path through mid-year 2011. However, the upswing is slowing slightly, and the risks to future global growth are on the rise. Downward pressures come mainly from continuing uncertainty on international financial markets, from the high global inflation rate, and from rising prices for energy and many raw materials. In most of the eurozone's advanced economies, growth remains at a low level, with only Germany and France reporting increases. In the developing and emerging economies of Asia and South America, the dynamic upturn continues.

The International Monetary Fund (IMF), in its latest World Economic Outlook Update, has slightly scaled back its 2011 growth forecast for the world economy. It now expects global GDP to rise 4.3 percent by year-end (instead of 4.4 percent). According to the IMF, advanced economies will deliver 2.2-percent growth. Developing and emerging countries are expected to improve their GDP by 6.6 percent during the year.[1]

Asia remains the world economy's strongest growth driver. Reaffirming its Asian growth forecast of 8.4 percent for 2011, the IMF expects China to increase its economic output by 9.6 percent and India by 8.2 percent. As for Japan, the impact of the earthquake and tsunami is expected to be far harsher than originally thought. According to the latest IMF projections, Japan is likely to face a 0.7-percent decline in economic output this year.[1]

In the USA, the economic recovery is faltering somewhat. Because of this, the IMF reduced its 2011 growth forecast for the US from 2.8 to 2.5 percent.[1]

For the eurozone, both the IMF and the Organisation for Economic Co-Operation and Development (OECD) anticipate real economic growth of 2.0 percent in 2011. The upswing will be more balanced because economic output is no longer expanding solely through export strength, but also through accelerating domestic demand. In this environment, consumer spending and corporate investment activity have both picked up.[1,2]

Germany continues to be a growth leader in Europe. Domestic demand remains a mainstay of German economic expansion amid a sustained labor-market upturn, rising incomes and restored corporate profitability. IMF analysts have adjusted their full-year 2011 projections significantly upward, with German economic output expected to increase by 3.2 percent. The OECD has forecast a growth rate of 3.4 percent.[1,2]

[1] International Monetary Fund, World Economic Outlook Update: Mild Slowdown of the Global Expansion, and Increasing Risks; Washington, June 17, 2011
[2] OECD, Economic Outlook No. 89, Paris, May 25, 2011

According to Germany's Chemical Industry Association (VCI), the first six months were unusually strong for the country's chemical sector. From January through June 2011, sales climbed 12 percent year on year, to €90.5 billion. Domestic sales rose by just under 10.5 percent, while exports gained 13 percent. Compared with the first half of 2010, chemical output increased by 6.5 percent, with production approaching full capacity in some segments.[1] Due to the favorable economic and business trends, the European Chemical Industry Council (CEFIC) decided in late June to improve its 2011 growth forecast for Europe's chemical industry from 2.5 to 4.5 percent.[2] At WACKER's chemical divisions, strong second-quarter customer demand brought higher production volumes coupled with sustained and high plant-utilization rates.

Compared to 2010, when global silicon-wafer sales volumes for semiconductors soared almost 40 percent, market research institute Gartner anticipates only moderate surface-area growth of 4.2 percent this year. In its latest forecast of mid-June, Gartner has trimmed down its earlier estimate (+6.9 percent) to properly account for the effects of the natural disaster in Japan. Although Gartner believes that the March 11 earthquake has only marginally affected semiconductor production, it does not expect delivery capacities for 300 mm wafers to return to peak capacity again until Q3 2011. Inventories of 300 mm wafers are not likely to reach normal levels until early 2012. Since this temporary manufacturing and supply capacity shortage is pushing up silicon-wafer prices, Gartner predicts that sales in the semiconductor sector will expand by about 10 percent this year.[3] From April through June, Siltronic reported higher sales volumes compared with both a year ago and Q1 2011. This growth was driven primarily by the division's 300 mm wafer segment.

In its Global Solar Industry Update of June 16, investment bank UBS sees upward solar potential, both in Europe and the USA. In Germany, UBS analysts expect that 2011 will see a pull-in effect prior to the reduction of feed-in tariffs scheduled for early next year. In the USA, photovoltaic growth is expected to come primarily from the installation of new, large utility-scale facilities. For full-year 2011, UBS forecasts over 21 gigawatts of newly-installed photovoltaic capacity. Germany and Italy remain the largest markets, with an installation capacity of 8 and 5 gigawatts, respectively. UBS is observing a decline in spot-market prices for polysilicon.[4] In Q2 2011, WACKER POLYSILICON benefited from brisk demand in the photovoltaic sector. Sales volumes remained high from April through June and average prices for WACKER polysilicon showed considerable stability. Virtually the entire output from WACKER's existing polysilicon facilities and those under construction is sold out until the end of 2015.

Sales and Earnings for the WACKER Group

WACKER Posts a Further Sales Increase – High Raw-Material Prices Constrain Profitability

WACKER continued on its growth path in Q2 2011, generating April-through-June sales of €1,325.8 million – over 10 percent higher than a year ago (Q2 2010: €1,202.0 million) and almost 3 percent up on Q1 2011 (€1,291.7 million). All divisions contributed to the Group's positive performance, exceeding their Q2 2010 sales figures. In the six months from January through June 2011, consolidated sales totaled €2,617.5 million, rising more than 15 percent (6M 2010: €2,269.0 million).

[1] VCI (German Chemical Industry Association), First-Half Report 2011: "New record marks in the German chemical industry," Frankfurt, July 14, 2011
[2] CEFIC, News Release, "Cefic makes sharp upward revision to 2011 forecast for EU chemicals sector output," Birmingham, June 23, 2011
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q11 Update, Stamford (USA), June 14, 2011
[4] UBS, Global Solar Industry Update 2011 – Volume 11: "Some temporary relief from Germany," June 16, 2011

Sales-revenue growth resulted primarily from higher sales volumes and product-mix effects (+ 9 percent). In some cases, WACKER's silicones and polymers businesses successfully raised prices in the marketplace. Average prices for semiconductor silicon wafers and for polysilicon remained more or less at Q1 2011 levels. Overall, price increases bolstered consolidated sales by 6 percent year on year. In contrast, exchange-rate effects – led by a US dollar that was much weaker in Q2 2011 than a year ago – reduced sales by 5 percent.

Benefiting from strong and sustained demand, plant utilization has remained high in the Group's chemical divisions and semiconductor business. In Q2 2011, WACKER POLYMERS and WACKER SILICONES reported that utilization rates of existing plant capacities were at 80 percent or more. WACKER POLYSILICON operated at full capacity, with output exceeding the comparable prior-year level. At Siltronic, plant utilization ranged between 80 and 90 percent, and sometimes even higher, depending on the wafer diameter. In the 300 mm wafer segment, WACKER's semiconductor division strongly increased output to meet surging customer demand following the natural disaster in Japan.

The performance of each WACKER division during the second quarter of 2011 is described in detail in the Division Results section, starting on page 27.

Asia Underscores Its Importance as WACKER's Largest Market

Across every region, WACKER profited from the global economic uptrend in Q2 2011. Compared with a year ago, the Group posted double-digit sales growth in all key markets, apart from the Americas.

From April through June 2011, the Group again generated the largest share of its total sales in Asia – some 38 percent. At €499.8 million, second-quarter Asian sales rose 16 percent (Q2 2010: €430.9 million). About 55 percent of the Asian total came from China (including Taiwan). Operating extensive production capacities there for silicone and polymer products strengthens WACKER's market position and opens up new growth opportunities. In the six months from January through June 2011, the Group's Asian sales totaled €971.7 million (6M 2010: €795.7 million).

WACKER also posted double-digit sales growth in Germany and in the other European countries during Q2 2011. In Germany, second-quarter sales grew 11 percent to €242.8 million (Q2 2010: €217.8 million). In the other European countries, sales reached €329.5 million (Q2 2010: €296.1 million). For the first six months of 2011, aggregate sales in Germany reached €490.0 million (6M 2010: €436.9 million) and in the rest of Europe €641.4 million (6M 2010: €557.9 million).

In line with global economic trends, WACKER products performed less strongly in North America. Additionally, sales were squeezed by exchange-rate effects due to the weaker US dollar. As a result, although sales were higher in US dollar terms, they were slightly below the prior-year figure when converted into euros. In Q2 2011, WACKER generated total sales of €211.8 million in the Americas, down nearly 1 percent (Q2 2010: €213.3 million). From January through June 2011, sales in this region totaled €432.3 million (6M 2010: €399.1 million).

In the other regions, WACKER posted total sales of €41.9 million in Q2 2011 (Q2 2010: €43.9 million). In the first six months of 2011, sales reached €82.1 million (6M 2010: €79.4 million).

Overall, WACKER generated about 82 percent of its second-quarter sales with customers outside Germany (Q2 2010: 82 percent).

Regional Breakdown of WACKER Group Sales

Group Sales by Region

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %	% of Group sales
Asia	499.8	430.9	16	971.7	795.7	22	38
Europe excluding Germany	329.5	296.1	11	641.4	557.9	15	25
Germany	242.8	217.8	11	490.0	436.9	12	18
The Americas	211.8	213.3	–1	432.3	399.1	8	16
Other regions	41.9	43.9	–5	82.1	79.4	3	3
Total sales	1,325.8	1,202.0	10	2,617.5	2,269.0	15	100

Please refer to WACKER's Annual Report 2010 (pp. 54 and 55) for more detailed information on the Group's business and growth potential in the relevant markets, as well as on the respective market and competitive positions of Group divisions. There were no material changes in this respect during Q2 2011.

Profitability Held Back by Rising Raw-Material Prices

Group EBITDA Margin at 24.5 Percent in Second Quarter

From April through June 2011, WACKER achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of €324.8 million (Q2 2010: €308.6 million). This 5-percent increase yielded an EBITDA margin of 24.5 percent (Q2 2010: 25.7 percent). For the first six months of 2011, the Group's EBITDA totaled €675.8 million, rising about 20 percent (6M 2010: €562.3 million). The first-half EBITDA margin was 25.8 percent (6M 2010: 24.8 percent).

WACKER did not quite match its EBITDA figure of Q1 2011 (€351.0 million), largely because the surge in raw-material costs fully impacted the second quarter. At the start of 2011, WACKER was still able – in some segments – to use raw-material inventory from 2010 that had been purchased at lower prices. Compared to Q2 2010 prices, silicon metal increased by over 30 percent, ethylene by about 25 percent and methanol by just under 20 percent. Silicon metal and ethylene rose against Q1 2011, too. WACKER's second-quarter profitability was also dampened by start-up costs for the new polysilicon plant at Nünchritz and expenses for the construction of the new site at Charleston (Tennessee, USA). Furthermore, since plant utilization has been very high for some time, there are only limited opportunities to bolster earnings by increasing fixed-cost coverage above the levels already achieved.

To strengthen the Group's profitability, WACKER is implementing price increases as a way of easing the burden of higher raw-material costs. WACKER POLYMERS, for example, has introduced several price rises for dispersions and dispersible polymer powders over the past few months. At WACKER SILICONES, too, higher second-quarter prices have helped soften the impact of far steeper raw-material costs.

From April through June 2011, WACKER posted consolidated earnings before interest and taxes (EBIT) of €215.1 million, a rise of 5 percent year on year (Q2 2010: €204.7 million). In Q1 2011, EBIT had reached €245.9 million. The Group's second-quarter EBIT margin was 16.2 percent, compared to 17.0 percent a year ago and 19.0 percent in Q1 2011. For the first six months of 2011, EBIT amounted to €461.0 million (6M 2010: €358.4 million), with the EBIT margin improving to 17.6 percent (6M 2010: 15.8 percent).

The profitability trend of each of WACKER's five divisions in Q2 2011, and the respective key factors involved, are described in detail in the Division Results section, starting on page 27.

Business Developed as Expected in Q2 2011

WACKER's second-quarter business performance was essentially in line with the expectations and forecasts of the Group's Executive Board and management. In our report on Q1 2011, published in early May, we referred not only to accelerating demand for polysilicon, semiconductor wafers, and silicone and polymer products, but also to the higher cost of raw materials and energy. The impact of USD/EUR exchange-rate fluctuations on sales and earnings stayed within the expected range. The end of the year's first half saw WACKER making good progress toward achieving its annual sales and earnings targets.

Earnings per Share at €2.87

The factors presented in this report had a major influence both on earnings performance and on second-quarter net income, which came in at €142.7 million, over 5 percent higher than a year ago (Q2 2010: €135.4 million). As a result, earnings per share amounted to €2.87 (Q2 2010: €2.71).

For the six months from January through June 2011, net income was €310.7 million (6M 2010: €241.3 million) and earnings per share amounted to €6.26 (6M 2010: €4.85).

High Investment Level with Focus on Polysilicon Capacity Expansion

In Q2 2011, WACKER continued its vigorous investment strategy. At €208.3 million, capital expenditures were significantly higher than in both Q2 2010 (€140.9 million) and Q1 2011 (€136.6 million).

The focus was on expanding polysilicon production capacities at Nünchritz and Charleston. Almost two-thirds of April-through-June investments were for these two key projects. Further funds were spent on increasing silicon-wafer output and on eliminating bottlenecks at the plants of other divisions.

The polysilicon facility at Nünchritz is nearing completion and will come on stream, as planned, in the next few months. At Charleston (Tennessee, USA), construction work on WACKER's new integrated polysilicon site is also in full swing after the groundbreaking ceremony in early April. The site, with a nominal capacity of 15,000 metric tons per year, is expected to be completed by the end of 2013.

Another investment project in Q2 2011 was a new pyrogenic-silica production facility at Zhangjiagang (China). At Burghausen, new production lines came on stream for high-purity specialty silicones, encapsulation and coating compounds, and UV-activated silicones – targeting the medical, LED and electronics industries. With this expansion, WACKER is reinforcing its leading position in the field of high-purity silicones and encapsulants.

In India, the end of June saw WACKER starting up a new compounding facility for the manufacture of ready-to-use silicone elastomers at the site of its Indian joint venture, Wacker Metroark Chemicals Pvt. Ltd., near Kolkata. The facility is designed for an annual output of several thousand metric tons and can be expanded in stages, as required. The purpose of this measure is to supply India's booming economy with high-quality silicone products even faster and more flexibly.

Net Cash Flow Marked by High Investments

WACKER's net cash flow from April through June 2011 amounted to €–53.1 million (Q2 2010: €55.5 million). Two factors were mainly responsible for this decline. Capital expenditures in Q2 2011 were about 50 percent higher than a year ago. At the same time, the payment of variable salary components to employees for a highly successful 2010 decreased gross cash flow. In the April-through-June quarter, gross cash flow amounted to €138.4 million, down 23 percent (Q2 2010: €180.4 million). In addition, the balance of customer prepayments at the end of Q2 2011 was only slightly higher than on March 31, 2011. In the six months from January through June 2011, net cash flow totaled €233.2 million (6M 2010: €110.1 million).

For more information on cash flow during Q2 2011, please refer to the comments about the condensed statement of cash flows on pages 25 and 26 of this quarterly report.

WACKER's R&D Is Actively Involved in Shaping Tomorrow's Technologies

At €43.3 million, WACKER's second-quarter R&D expenses rose only slightly (Q2 2010: €41.8 million). In the first six months of 2011, WACKER spent €85.9 million (6M 2010: €82.1 million) on R&D.

The current socio-political discussions about efficient energy utilization, renewable energy sources and low-emission drive systems reveal important technological trends and business opportunities that lie ahead. WACKER is actively involved in investigating and realizing leading-edge innovations and technologies, for instance, as a member of the National Platform for Electric Mobility, a joint German government and industry initiative. As an example, our R&D engineers are working on materials for use in fuel cells and high-performance batteries, which could be efficient energy sources and find application in the drive systems of tomorrow's electric vehicles.

WACKER silicone products are already found in hybrid engines today. Moreover, Siltronic supplies silicon wafers for chips that enable locomotives to recuperate braking energy and store it for later use.

Corporate R&D's activities and the research fields of WACKER's divisions are described in detail on pages 95 to 98 of the Group's 2010 Annual Report.

The fields and projects mentioned there remain the focus of WACKER's R&D activities. There were no major changes to the goals and priorities during Q2 2011.

In early June, WACKER received this year's Best Innovator award in the Chemistry category for its sustainable innovation management. The award was created on the initiative of management consulting firm A.T. Kearney and German business weekly WirtschaftsWoche. It was presented this year for the seventh time.

Important Product Launches from January through June 2011

In the first half of 2011, WACKER launched about a dozen new products, mostly innovative grades of dispersible polymer powders, dispersions and surface-coating resins (VINNAPAS®, VINNEX® and VINNOL® brands), as well as silicone grades (SILRES® and GENIOSIL®). Most of these new products have been developed for construction applications. WACKER's innovative resin grades are used in textiles and packaging.

Employee Numbers Secure Quality as Production Output and Customer Demand Rise

As of June 30, 2011, WACKER had 16,834 employees worldwide (March 31, 2011: 16,602). The overall increase of 232 enables us to maintain the quality of production, customer service and administrative processes amid growing customer demand and high plant utilization.

On June 30, 2011, WACKER had 12,572 employees in Germany (March 31, 2011: 12,414) and 4,262 at its international sites (March 31, 2011: 4,188).

Condensed Statement of Income – Earnings

January 1 through June 30, 2011

Condensed Statement of Income

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales	1,325.8	1,202.0	10.3	2,617.5	2,269.0	15.4
Gross profit from sales	361.8	353.8	2.3	761.0	643.1	18.3
Selling, R&D and general administrative expenses	–145.8	–137.9	5.7	–284.4	–266.6	6.7
Other operating income and expenses	7.5	2.8	>100	–1.1	7.5	n.a.
Operating result	223.5	218.7	2.2	475.5	384.0	23.8
Result from investments in joint ventures and associates	–8.4	–14.0	–40.0	–14.5	–25.6	–43.4
EBIT	215.1	204.7	5.1	461.0	358.4	28.6
Financial result	–9.7	–9.0	7.8	–17.6	–12.3	43.1
Income before taxes	205.4	195.7	5.0	443.4	346.1	28.1
Income taxes	–62.7	–60.3	4.0	–132.7	–104.8	26.6
Net income for the period	142.7	135.4	5.4	310.7	241.3	28.8
Of which						
Attributable to Wacker Chemie AG shareholders	142.6	134.5	6.0	310.9	241.1	29.0
Attributable to non-controlling interests	0.1	0.9	–88.9	–0.2	0.2	n.a.
Earnings per share (€)	2.87	2.71	5.9	6.26	4.85	29.0
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	215.1	204.7	5.1	461.0	358.4	28.6
Write-downs/write-ups of noncurrent assets	109.7	103.9	5.6	214.8	203.9	5.3
EBITDA	324.8	308.6	5.2	675.8	562.3	20.2

From April through June 2011, WACKER achieved a year-on-year increase in both sales and earnings. At €1,325.8 million, second-quarter sales were up 10 percent compared to Q2 2010 (€1,202.0 million). Higher volumes were the main factor behind this rise, ensuring high plant utilization. Sales grew across all divisions. From January through June 2011, aggregate sales climbed to €2,617.5 million (6M 2010: €2,269.0 million). Overall, 2011's first half benefited especially from additional polysilicon volumes from Burghausen's expansion stage 8. This polysilicon plant did not reach its full nominal capacity of 10,000 metric tons/year until during the course of Q2 2010. First-half 2011 sales revenue also benefited from Siltronic's higher sales volumes, due to increased customer demand following the natural disaster of March 11 in Japan.

In Q2 2011, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €324.8 million, up 5 percent (Q2 2010: €308.6 million). For the first six months as a whole, EBITDA climbed 20 percent to €675.8 million (6M 2010: €562.3 million). Second-quarter earnings before interest and taxes (EBIT) rose to €215.1 million (Q2 2010:

€204.7 million). Depreciation for the second quarter remained virtually unchanged at €109.7 million (Q2 2010: €103.9 million). EBIT for the first six months of 2011 totaled €461.0 million, compared to €358.4 million a year earlier.

Sales growth did not fully compensate for the rise in the cost of goods sold during the second quarter of 2011. The cost-of-sales ratio was 73 percent for the past quarter (Q2 2010: 71 percent) and 71 percent for the first half of the year (6M 2010: 72 percent). In the first quarter of 2011, the cost-of-sales ratio had been 69 percent, benefiting from lower raw-material costs, since some inventories procured on more favorable terms were still being used up at that time. In Q2 2011, higher prices for silicon metal, ethylene and other raw materials prompted a substantial rise in the cost of goods sold. Start-up expenses for the Nünchritz production plant also increased this item. As expected, the higher cost of goods sold meant that second-quarter gross profit from sales, at €361.8 million, was below the first quarter's €399.2 million. However, it rose by 2 percent against Q2 2010 (€353.8 million). For the full half-year, gross profit from sales increased by 18 percent to €761.0 million (6M 2010: €643.1 million). In every division, capacity utilization was strong at virtually all facilities, enabling high fixed-cost coverage and low specific production costs. The second-quarter gross margin was 27 percent, as against 31 percent in the previous quarter and 29 percent in the prior-year quarter. The gross margin for the first half year was 29 percent (6M 2010: 28 percent).

In Q2 2011, other functional costs (selling, R&D and general administrative expenses) climbed by 6 percent to €145.8 million (Q2 2010: €137.9 million). As in Q1 2011, the rise is attributable to increased volume-related selling expenses and higher personnel expenses in all functional areas. For the first six months of 2011, other functional costs increased by 7 percent or €17.8 million to €284.4 million.

The second-quarter balance of other operating income and expenses was €7.5 million (Q2 2010: €2.8 million). For the first six months, the result was virtually balanced (6M 2010: €7.5 million). This was mainly attributable to a foreign currency gain of €10.0 million in Q2 2011 and €5.7 million in the first six months of 2011.

Due to these effects, the second-quarter operating result rose to €223.5 million (Q2 2010: €218.7 million). The operating result for January through June 2011 was €475.5 million (6M 2010: €384.0 million).

In Q2 2011, the result from investments in joint ventures and associates was €–8.4 million, a 40-percent improvement on last year (Q2 2010: €–14.0 million). For the whole first half year, this result amounted to €–14.5 million (6M 2010: €–25.6 million). This improvement was chiefly due to the start of production at our joint venture with Dow Corning in China.

WACKER's financial result in both the second quarter and the first half year was lower than in the corresponding 2010 periods. The Q2 2011 figure was €–9.7 million (Q2 2010: €–9.0 million), with the first-half-year total coming in at €–17.6 million (6M 2010: €–12.3 million). The following factors affected the financial result in different ways. Interest income from the extensive portfolio of current and noncurrent securities and demand deposits had a positive impact on both the second quarter and the first half year as a whole – the first-half total for these items was €8.4 million (6M 2010: €3.6 million). Interest expenses in the first six months climbed to €4.4 million (6M 2010: €2.6 million). Capitalized construction-related borrowing costs of €5.9 million (6M 2010: €6.9 million) reduced the interest cost. The other financial result for the first half year came in at €–21.6 million, compared with €–13.3 million for the first half of 2010. Higher expenses from interest-bearing elements of pension and other noncurrent provisions dampened the financial result in both the second quarter and the entire first half of 2011.

The tax rate in the first half of 2011 was 29.9 percent, compared with 30.3 percent in the same period last year. Income taxes consist primarily of current taxes paid on the Group's positive pre-tax net income, which improved to €443.4 million in the first half of 2011 (6M 2010: €346.1 million). Income tax expense in the period under review was €132.7 million (6M 2010: €104.8 million).

The above effects drove up first-half 2011 net income to €310.7 million (6M 2010: €241.3 million), an increase of 29 percent. Second-quarter net income of €142.7 million did not reach the first-quarter figure of €168.0 million. It was nevertheless up 5 percent on Q2 2010 (€135.4 million).

Condensed Statement of Financial Position – Net Assets

As of June 30, 2011

Assets

€ million	June 30, 2011	June 30, 2010	Change in %	Dec. 31, 2010	Change in %
Intangible assets, property, plant and equipment, and investment property	3,152.5	2,901.9	8.6	3,060.4	3.0
Investments in joint ventures and associates accounted for using the equity method	92.2	132.1	−30.2	111.7	−17.5
Other noncurrent assets	296.0	200.6	47.6	375.5	−21.2
Noncurrent assets	3,540.7	3,234.6	9.5	3,547.6	−0.2
Inventories	608.0	492.1	23.6	530.7	14.6
Trade receivables	681.8	649.5	5.0	596.0	14.4
Other current assets	1,012.5	586.4	72.7	826.9	22.4
Current assets	2,302.3	1,728.0	33.2	1,953.6	17.8
Total assets	5,843.0	4,962.6	17.7	5,501.2	6.2

Equity and Liabilities

€ million	June 30, 2011	June 30, 2010	Change in %	Dec. 31, 2010	Change in %
Equity	2,599.7	2,169.0	19.9	2,446.8	6.2
Noncurrent provisions	726.9	753.2	−3.5	745.8	−2.5
Financial liabilities	456.8	352.8	29.5	407.1	12.2
Other noncurrent liabilities	1,111.6	765.2	45.3	909.0	22.3
Of which advance payments received	1,059.2	737.9	43.5	869.9	21.8
Noncurrent liabilities	2,295.3	1,871.2	22.7	2,061.9	11.3
Financial liabilities	90.6	146.3	−38.1	126.3	−28.3
Trade payables	315.1	259.3	21.5	335.2	−6.0
Other current provisions and liabilities	542.3	516.8	4.9	531.0	2.1
Current liabilities	948.0	922.4	2.8	992.5	−4.5
Liabilities	3,243.3	2,793.6	16.1	3,054.4	6.2
Total equity and liabilities	5,843.0	4,962.6	17.7	5,501.2	6.2

Total assets grew by €341.8 million to €5.84 billion (Dec. 31, 2010: €5.50 billion), an increase of 6 percent. This rise was chiefly supported by substantially higher business volumes and asset additions in the period under review. Net exchange-rate effects, in contrast, reduced total assets by €65.2 million against 2010's year-end figure. Total assets were up 18 percent compared to June 30, 2010.

Noncurrent assets were virtually unchanged, remaining at the level of December 31, 2010 – they account for 61 percent of total assets. Intangible assets and property, plant and equipment came to a combined total of €3.15 billion as of June 30, 2011, up 3 percent on year-end 2010. Investments in property, plant and equipment grew by €335.7 million in the first half of 2011, mainly because of capital expenditures on WACKER's new Tennessee site and on the new polysilicon plant at Nünchritz. Depreciation reduced property, plant and equipment by €209.4 million. Investments in associates accounted for using the equity method fell by 18 percent to €92.2 million, among other reasons, due to investment losses and exchange-rate effects.

Other noncurrent assets of €296.0 million included noncurrent securities totaling €116.4 million (Dec. 31, 2010: €210.8 million). Some of these securities were reclassified as current in view of their maturity dates. Further items contained in other noncurrent assets included loans of €95.4 million to associated companies (Dec. 31, 2010: €88.8 million), noncurrent derivative financial instruments totaling €30.7 million (Dec. 31, 2010: €16.9 million), and also tax receivables and deferred tax assets. Exchange-rate effects reduced noncurrent assets by €34.5 million in the first half of 2011.

Current assets rose by €348.7 million to €2.30 billion (Dec. 31, 2010: €1.95 billion). This is an increase of 18 percent, stemming mainly from the expansion of operational business in the first half of 2011. Trade receivables rose by €85.8 million to €681.8 million as of June 30, 2011 – 14 percent above year-end 2010. Due to the high business volumes, inventories also grew, reaching €608.0 million as of June 30, 2011 (Dec. 31, 2010: €530.7 million), a rise of 15 percent. Overall, inventories and trade receivables climbed by 14 percent in the first half of 2011. Their share of total assets at the first-half reporting date was 22 percent.

Other current assets likewise grew in the first half of 2011, rising 22 percent from €826.9 million to €1,012.5 million. This total included current securities in the amount of €217.2 million (Dec. 31, 2010: €41.4 million). In the first half of 2011, WACKER invested around €100 million of available liquidity in current and noncurrent securities. These liquid reserves will be available for use in long-term investment projects, for example. Cash and cash equivalents of €562.1 million at the end of the first half of 2011 were broadly unchanged from year-end 2010 (€545.2 million). These had amounted to €750.8 million at the end of Q1 2011, but investment outlays, dividend payments and the payout of performance-related compensation for 2010 reduced liquidity between April and June 2011. The fair values of derivative financial instruments amounted to €54.9 million as of June 30, 2011 (Dec. 31, 2010: €22.6 million). Other current assets represented 17 percent of total assets.

Group equity rose by 6 percent against December 31, 2010 to €2.60 billion. The resultant equity ratio was 44.5 percent. At year-end 2010, this ratio had also been 44.5 percent. First-half net income of €310.7 million supported the equity trend. In contrast, the dividend payout of €159.0 million lowered 2011's second-quarter equity. Other equity components amounting to €1.2 million had only a minor impact. Changes in the market value of derivative financial instruments increased equity by €35.8 million, while exchange-rate effects from consolidation measures reduced it by €33.0 million.

Noncurrent liabilities rose by €233.4 million or 11 percent on year-end 2010, to about €2.30 billion. That is 39 percent of total equity and liabilities. Provisions for pensions increased by €18.8 million compared with December 31, 2010, amounting to €494.2 million as of June 30, 2011. In contrast, other noncurrent provisions fell by €50.9 million. The decrease was driven by the utilization of provisions for personnel and reclassifications to the current category. Other noncurrent liabilities included advance payments, which rose by €189.3 million compared with December 31, 2010 to €1.06 billion, representing 18 percent of total equity and liabilities. New customer contracts bringing in further payments had been concluded in Q1 2011. In contrast, advance payments reclassified as current reduced the noncurrent advance payments.

Noncurrent financial liabilities rose by €49.7 million compared with year-end 2010. One investment loan was renegotiated and extended in Q1 2011, and was thus moved from the current to the noncurrent category.

Current liabilities decreased to €948.0 million, €44.5 million lower than on December 31, 2010. Their share of total equity and liabilities was 16 percent. Trade payables fell from €335.2 million to €315.1 million as per June 30, 2011. Other current provisions rose mainly because previously noncurrent provisions were reclassified as current. Other current liabilities fell marginally, by €12.3 million to €354.7 million, among other reasons because of the payout of performance-related compensation components for 2010. Several factors had a contrary effect. Vacation and flextime credits along with performance-related compensation for 2011 increased other current liabilities. Reclassified advance payments had a similar effect and amounted to €188.3 million at the reporting date (Dec. 31, 2010: €162.2 million).

As of June 30, 2011, current financial liabilities fell by €35.7 million, mainly due to the reclassification of an extended investment loan as noncurrent. Financial liabilities as a whole remained virtually unchanged from year-end 2010 – amounting to €547.4 million on June 30, 2011 (Dec. 31, 2010: €533.4 million). That is 9 percent of total equity and liabilities. Current liquidity (cash and cash equivalents, and current securities) was higher than at year-end 2010, rising to €779.3 million (Dec. 31, 2010: €586.6 million). Additionally, noncurrent securities valued at €116.4 million (Dec. 31, 2010: €210.8 million) are available as liquid reserves. WACKER, consequently, has net financial receivables (the balance of gross financial debt and noncurrent and current liquidity) totaling €348.3 million (Dec. 31, 2010: €264.0 million). Advance payments received and cash contributions from operations are the reason for net financial receivables being higher than on December 31, 2010. They are, however, below their €559.5 million peak of March 31, 2011, due not only to investment spending, but also to the payment of the dividend and of performance-related compensation.

WACKER does not use any off-balance-sheet financial instruments. For additional information, please see page 79 of the 2010 Annual Report.

Condensed Statement of Cash Flows – Financial Position

January 1 through June 30, 2011

Condensed Statement of Cash Flows

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Net income for the period	142.7	135.4	5.4	310.7	241.3	28.8
Write-downs/write-ups of noncurrent assets	109.7	103.9	5.6	214.8	203.9	5.3
Changes in inventories	–24.8	–14.6	69.9	–90.8	–15.4	>100
Changes in trade receivables	–32.6	–55.5	–41.3	–94.4	–148.8	–36.6
Changes in other assets	23.9	–7.7	n.a.	21.9	–10.6	n.a.
Change in advance payments made and received	28.2	–2.5	n.a.	215.3	–31.2	n.a.
Non-cash changes from equity accounting	9.5	14.4	–34.0	15.6	26.0	–40.0
Other non-cash expenses, income and other items	–118.2	7.0	n.a.	–4.7	74.7	n.a.
Cash flow from operating activities (gross cash flow)	138.4	180.4	–23.3	588.4	339.9	73.1
Payments for investments	–191.5	–124.9	53.3	–353.8	–229.8	54.0
Cash flow from noncurrent investment activities before securities	–191.5	–124.9	53.3	–353.8	–229.8	54.0
Acquisition/disposal of securities	17.0	0.6	>100	–81.4	–42.2	92.9
Cash flow from investment activities	–174.5	–124.3	40.4	–435.2	–272.0	60.0
Distribution of profit from prior-year net income	–159.0	–59.6	>100	–159.0	–59.6	>100
Changes in financial liabilities	6.5	–30.5	n.a.	26.0	18.8	38.3
Cash flow from financing activities	–152.5	–90.1	69.3	–133.0	–40.8	>100
Changes due to exchange-rate fluctuations	–0.1	4.5	n.a.	–3.3	8.1	n.a.
Changes in cash and cash equivalents	–188.7	–29.5	>100	16.9	35.2	–52.0
At the beginning of the period	750.8	428.3	75.3	545.2	363.6	49.9
At the end of the period	562.1	398.8	40.9	562.1	398.8	40.9

Net Cash Flow

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Cash flow from operating activities (gross cash flow)	138.4	180.4	–23.3	588.4	339.9	73.1
Cash flow from noncurrent investment activities before securities	–191.5	–124.9	53.3	–353.8	–229.8	54.0
Additions from finance leases	–	–	–	–1.4	–	n.a.
Net cash flow (incl. additions from finance leases)	–53.1	55.5	n.a.	233.2	110.1	>100

At €588.4 million, WACKER's first-half 2011 cash flow from operating activities was significantly stronger than in the prior-year period (6M 2010: €339.9 million). This increase in gross cash flow stemmed partly from first-half net income rising to €310.7 million (6M 2010: €241.3 million). At the same time, depreciation remained virtually constant at €214.8 million (6M 2010: €203.9 million). This combined effect improved gross cash flow by €80.3 million. Gross cash flow also benefited from advance payments received for future polysilicon deliveries, which boosted it by €215.3 million. In the prior-year period, the cash flow from advance payments received had been negative because deliveries made to customers reduced the balance. In contrast, first-half gross cash flow decreased by €185.2 million (6M 2010: €164.2 million) due to working-capital changes, in particular the build-up of inventories and trade receivables.

In the first six months of 2011, cash flow from noncurrent investment activities reflected the intensified pace of production-plant expansion. From January through June, WACKER invested €353.8 million, mainly in the construction of the Tennessee site and in completing the polysilicon production plant at Nünchritz. In the comparable prior-year period, fixed-asset investments had totaled €229.8 million.

Cash flow from investment activities also included expenditures of €101.4 million for financial investments. In the first quarter of 2011, WACKER invested a portion of its liquidity in current and noncurrent securities with terms of over three months. Some of these securities fell due during the period under review.

Net cash flow (the difference between cash inflow from operating activities and cash outflow from noncurrent investment activities) amounted to €233.2 million in the first six months of 2011 (6M 2010: €110.1 million). This figure takes additions from finance leases into account.

First-half cash flow from financing activities came in at €–133.0 million. The main determining factor was the distribution of €159.0 million in Wacker Chemie AG dividends for fiscal 2010. The increase in cash and cash equivalents compared to December 31, 2010 was €16.9 million (6M 2010: €35.2 million).

Division Results

January 1 through June 30, 2011

Sales

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
WACKER SILICONES	421.1	406.5	3.6	831.6	773.5	7.5
WACKER POLYMERS	249.7	224.6	11.2	455.1	395.4	15.1
WACKER BIOSOLUTIONS	39.0	38.3	1.8	76.7	72.7	5.5
WACKER POLYSILICON	399.2	321.5	24.2	813.6	645.4	26.1
SILTRONIC	276.9	255.8	8.2	557.1	474.9	17.3
Corporate functions/Other	46.7	35.1	33.0	85.3	69.4	22.9
Consolidation	–106.8	–79.8	34.0	–201.9	–162.2	24.5
Group sales	1,325.8	1,202.0	10.3	2,617.5	2,269.0	15.4

EBIT

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
WACKER SILICONES	31.1	55.8	–44.3	87.9	100.7	–12.7
WACKER POLYMERS	23.3	28.6	–18.5	40.4	39.7	1.8
WACKER BIOSOLUTIONS	7.0	5.9	18.6	10.6	9.1	16.5
WACKER POLYSILICON	148.6	138.1	7.6	326.2	261.1	24.9
SILTRONIC	14.5	–5.1	n.a.	29.2	–25.6	n.a.
Corporate functions/Other	–10.8	–17.0	–36.5	–33.3	–24.3	37.0
Consolidation	1.4	–1.6	n.a.	0.0	–2.3	–100.0
Group EBIT	215.1	204.7	5.1	461.0	358.4	28.6

EBITDA

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
WACKER SILICONES	50.1	73.3	–31.7	125.2	135.4	–7.5
WACKER POLYMERS	32.0	37.8	–15.3	58.0	57.9	0.2
WACKER BIOSOLUTIONS	8.6	7.8	10.3	13.8	12.6	9.5
WACKER POLYSILICON	188.2	174.6	7.8	402.9	332.1	21.3
SILTRONIC	37.3	18.0	>100	74.1	19.2	>100
Corporate functions/Other	7.2	–1.3	n.a.	1.8	7.4	–75.7
Consolidation	1.4	–1.6	n.a.	0.0	–2.3	–100.0
Group EBITDA	324.8	308.6	5.2	675.8	562.3	20.2

Reconciliation with Segment Results

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
EBIT of reporting segments	224.5	223.3	0.5	494.3	385.0	28.4
Corporate functions/Other	–10.8	–17.0	–36.5	–33.3	–24.3	37.0
Consolidation	1.4	–1.6	n.a.	0.0	–2.3	–100.0
Group EBIT	215.1	204.7	5.1	461.0	358.4	28.6
Financial result	–9.7	–9.0	7.8	–17.6	–12.3	43.1
Income before taxes	205.4	195.7	5.0	443.4	346.1	28.1

WACKER SILICONES

WACKER SILICONES						
€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales						
External sales	416.6	402.3	3.5	823.9	765.1	7.7
Internal sales	4.5	4.2	7.1	7.8	8.4	−7.1
Total sales	421.1	406.5	3.6	831.6	773.5	7.5
EBIT	31.1	55.8	−44.3	87.9	100.7	−12.7
EBIT margin (%)	7.4	13.7	−46.0	10.6	13.0	−18.5
Write-downs/write-ups	19.0	17.5	8.6	37.3	34.7	7.5
EBITDA	50.1	73.3	−31.7	125.2	135.4	−7.5
EBITDA margin (%)	11.9	18.0	−33.9	15.1	17.5	−13.7
Investments	22.3	24.1	−7.5	41.2	42.7	−3.5
As of	June 30, 2011	March 31, 2011		June 30, 2011	Dec. 31, 2010	
Number of employees	3,973	3,905	1.7	3,973	3,892	2.1

In the second quarter of 2011, WACKER SILICONES generated total sales of €421.1 million – a rise of 4 percent year on year (Q2 2010: €406.5 million) and of 3 percent on the preceding quarter (Q1 2011: €410.5 million). In the six months from January through June 2011, sales totaled €831.6 million, an increase of almost 8 percent (6M 2010: €773.5 million).

Robust Demand and High Plant Utilization

Customer demand remained robust in every major business field in Q2. Toward the end of the quarter, though, orders from some sectors – especially construction – edged down slightly. Particularly strong Q2 growth was achieved by organofunctional silanes for the formulation of construction foams and by silicones for electronic, solar and medical applications. WACKER SILICONES reported plant utilization of about 80 percent for the entire quarter, with some silicone plants operating at maximum capacity at times. April-through-June sales were higher than a year ago in all regions, except for the Americas. There, an unfavorable US dollar/euro exchange rate lowered sales.

The steep rise in raw-material costs weighed more heavily on the division's profitability in Q2 than at the beginning of the year. Second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) came in at €50.1 million (Q2 2010: €73.3 million). The division thus failed to reach both the prior-year level and that of Q1 2011 (€75.1 million). In Q2 2011, silicon metal cost over 30 percent more than a year earlier and methanol almost 20 percent more. WACKER SILICONES was able to offset the cost rise only in part through greater volumes and higher sales prices in some sectors. In Q2 2011, the division posted an EBITDA margin of 11.9 percent (Q2 2010: 18.0 percent). Aggregate EBITDA for the first six months of 2011 was €125.2 million – nearly 8 percent lower year on year (6M 2010: €135.4 million). The EBITDA margin for the first half of 2011 was 15.1 percent (6M 2010: 17.5 percent).

In Q2 2011, WACKER SILICONES invested €22.3 million (Q2 2010: €24.1 million). One investment focus was expanding Burghausen's production capacity for specialty silicones used in the medical, LED and electronics industries. In late June, the division started up a new compounding facility on the site of WACKER's Indian joint venture Wacker Metroark Chemicals Pvt. Ltd. (near Kolkata) for the manufacture of ready-to-use silicone elastomers. The new facility will contribute to supplying India's strongly growing economy with high-quality silicone products even faster and more flexibly. It is designed for an annual output of several thousand metric tons and can be expanded in stages if required. During Q2 2011, WACKER SILICONES also started up further pyrogenic-silica production facilities at Zhangjiagang (China).

As of June 30, 2011, WACKER SILICONES had 3,973 employees (March 31, 2011: 3,905).

WACKER POLYMERS

WACKER POLYMERS

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales						
External sales	242.2	219.1	10.6	441.5	384.9	14.7
Internal sales	7.5	5.5	34.5	13.6	10.5	29.5
Total sales	249.7	224.6	11.2	455.1	395.4	15.1
EBIT	23.3	28.6	–18.5	40.4	39.7	1.8
EBIT margin (%)	9.3	12.7	–26.7	8.9	10.0	–11.0
Write-downs/write-ups	8.7	9.2	–5.4	17.6	18.2	–3.3
EBITDA	32.0	37.8	–15.3	58.0	57.9	0.2
EBITDA margin (%)	12.8	16.8	–23.8	12.7	14.6	–13.0
Investments	5.4	2.4	>100	9.0	5.0	80.0
As of	June 30, 2011	March 31, 2011		June 30, 2011	Dec. 31, 2010	
Number of employees	1,396	1,394	0.1	1,396	1,377	1.4

Amid continued strong demand for dispersible polymer powders and dispersions – particularly from the construction industry – WACKER POLYMERS increased its total second-quarter sales to €249.7 million, up 11 percent year on year (Q2 2010: €224.6 million). In the first quarter, which is always a little weaker for seasonal reasons, the division had posted sales of €205.4 million. Owing to strong customer demand, plant utilization rose to over 80 percent in the reporting period. Sales volumes and revenues were significantly higher in all regions compared with Q2 2010. For the first six months of 2011, sales revenues totaled €455.1 million – an increase of 15 percent (6M 2010: €395.4 million).

Higher raw-material costs had an appreciable impact on divisional earnings. Ethylene, for instance, cost about 25 percent more than in Q2 2010. From April through June 2011, WACKER POLYMERS posted EBITDA of €32.0 million (Q2 2010: €37.8 million), a 15-percent decline year on year. Compared with Q1 2011 (€26.0 million), though, EBITDA actually rose 23 percent. The division's EBITDA margin for Q2 2011 was 12.8 percent (Q2 2010: 16.8 percent). In the first six months of 2011, EBITDA of €58.0 million matched the previous year's level (6M 2010: €57.9 million). However, the EBITDA margin of 12.7 for the first six months was below the comparable 2010 figure (6M 2010: 14.6 percent).

WACKER POLYMERS has raised its prices for dispersions and dispersible polymer powders several times in recent months to at least partially offset higher raw-material costs. Additionally, the price increases ensure consistently high product quality and secure optimal service and technical support for customers.

Distribution Network Further Enhanced

In Q2 2011, WACKER POLYMERS continued enhancing its distribution network. Effective April 1, 2011, the division appointed quantiQ as its distributor for dispersible polymer powders for construction applications in Brazil. quantiQ was already distributing selected WACKER products, such as silicones and vinyl acetate-ethylene copolymer dispersions, for several market segments. The company is one of Brazil's largest distributors of chemical and petrochemical products. In North Africa, WACKER POLYMERS reinforced its sales activities by transferring the distribution of various polymer and silicone products to the Orkila Group, as of June 1, 2011.

WACKER POLYMERS' second-quarter capital expenditures amounted to €5.4 million (Q2 2010: €2.4 million). Investments focused on eliminating bottlenecks at the division's production facilities.

As of June 30, 2011, WACKER POLYMERS had 1,396 employees (March 31, 2011: 1,394).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales						
External sales	36.5	37.3	−2.1	71.7	70.5	1.7
Internal sales	2.5	1.0	>100	5.0	2.2	>100
Total sales	39.0	38.3	1.8	76.7	72.7	5.5
EBIT	7.0	5.9	18.6	10.6	9.1	16.5
EBIT margin (%)	17.9	15.4	16.2	13.8	12.5	10.4
Write-downs/write-ups	1.6	1.9	−15.8	3.2	3.5	−8.6
EBITDA	8.6	7.8	10.3	13.8	12.6	9.5
EBITDA margin (%)	22.0	20.4	7.8	18.0	17.3	4.0
Investments	1.2	1.9	−36.8	1.7	3.9	−56.4
As of	June 30, 2011	March 31, 2011		June 30, 2011	Dec. 31, 2010	
Number of employees	359	361	−0.6	359	363	−1.1

From April through June 2011, WACKER BIOSOLUTIONS generated total sales of €39.0 million, up slightly year on year (Q2 2010: €38.3 million). Sales also increased on the preceding quarter (Q1 2011: €37.7 million). Business was particularly strong for pharmaceutical proteins and other products for the pharmaceutical and agrochemical sectors. Acetylacetone and gumbase also experienced brisk demand. Cysteine and cyclodextrin business, however, was more subdued. For the first six months of 2011, aggregate sales came in at €76.7 million, climbing around 6 percent (6M 2010: €72.7 million).

Second-quarter EBITDA at WACKER BIOSOLUTIONS amounted to €8.6 million (Q2 2010: €7.8 million), yielding an EBITDA margin of 22.0 percent (Q2 2010: 20.4 percent). The positive factors here included higher prices. In Q1 2011, the division had generated EBITDA of €5.2 million, corresponding to an EBITDA margin of 13.8 percent. Aggregate EBITDA for the first six months of 2011 was €13.8 million (6M 2010: €12.6 million). The EBITDA margin for January through June 2011 was 18.0 percent (6M 2010: 17.3 percent).

In Q2 2011, WACKER BIOSOLUTIONS invested €1.2 million (Q2 2010: €1.9 million).

As of June 30, 2011, WACKER BIOSOLUTIONS had 359 employees (March 31, 2011: 361).

WACKER POLYSILICON

WACKER POLYSILICON						
€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales						
External sales	337.8	275.5	22.6	693.9	548.7	26.5
Internal sales	61.4	46.0	33.5	119.7	96.7	23.8
Total sales	399.2	321.5	24.2	813.6	645.4	26.1
EBIT	148.6	138.1	7.6	326.2	261.1	24.9
EBIT margin (%)	37.2	43.0	–13.4	40.1	40.5	–1.0
Write-downs/write-ups	39.6	36.5	8.5	76.7	71.0	8.0
EBITDA	188.2	174.6	7.8	402.9	332.1	21.3
EBITDA margin (%)	47.1	54.3	–13.2	49.5	51.5	–3.9
Investments	129.0	71.8	79.7	207.2	124.0	67.1
As of	June 30, 2011	March 31, 2011		June 30, 2011	Dec. 31, 2010	
Number of employees	1,929	1,851	4.2	1,929	1,763	9.4

In Q2 2011, WACKER POLYSILICON continued to benefit from the high volumes of hyperpure polycrystalline silicon that could be placed on the market. At €399.2 million, total second-quarter sales were 24 percent higher than a year earlier (Q2 2010: €321.5 million). Demand for WACKER's hyperpure polycrystalline silicon remained buoyant in Q2 2011. As a result, sales volumes were far higher than a year ago. Sales revenues actually came close to the record set in Q1 2011 (€414.4 million), when strong road-salt business had provided an added boost. In the first-half of 2011, the division's total sales amounted to €813.6 million – up 26 percent (6M 2010: €645.4 million).

Entire Output Virtually Sold Out until End of 2015

Currently, all of WACKER POLYSILICON's production facilities are running at full capacity. The division produced more polysilicon in Q2 2011 than a year ago. This was because last year's second quarter was already well under way when Burghausen finished ramping up its new Poly 8 expansion stage. The division has sold virtually its entire output until the end of 2015 – both from its existing plants and those under construction. In Q2 2011, the average prices achieved for polysilicon remained broadly stable at about the level seen in both the comparable prior-year quarter and Q1 2011.

WACKER POLYSILICON generated second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) of €188.2 million, up 8 percent year on year (Q2 2010: €174.6 million). However, April-through-June earnings were 12 percent down on the preceding quarter (Q1 2011: €214.7 million). This decline stems chiefly from start-up costs for Nünchritz's new polysilicon plant and from expenditures for the new site under construction at Charleston (Tennessee, USA). As a result, the second-quarter EBITDA margin narrowed to 47.1 percent (Q2 2010: 54.3 percent). Aggregate EBITDA for the first six months of 2011 reached €402.9 million (6M 2010: €332.1 million), yielding an EBITDA margin of 49.5 percent (6M 2010: 51.5 percent).

WACKER POLYSILICON's second-quarter investments rose by 80 percent to €129.0 million (Q2 2010: €71.8 million). The focus was on the ongoing expansion of production capacities in Germany and the USA.

Production Start-Up at Nünchritz in Next Few Months

At Nünchritz, expansion stage 9 is nearing completion and is expected to come on stream in the next few months. Meanwhile, construction at the new Charleston site in Tennessee (USA) is in full swing. The groundbreaking ceremony for the production complex, which will have an annual capacity of 15,000 metric tons, took place on April 8, 2011. Production is expected to start by the end of 2013. This new integrated production site will cost a total of around €1.1 billion, making it WACKER's single largest investment ever. About 650 new jobs will be created in Charleston.

As of June 30, 2011, WACKER POLYSILICON's workforce grew to 1,929 (March 31, 2011: 1,851).

SILTRONIC

SILTRONIC

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales						
External sales	275.2	254.3	8.3	554.1	472.4	17.3
Internal sales	1.7	1.5	13.3	3.0	2.5	20.0
Total sales	276.9	255.8	8.2	557.1	474.9	17.3
EBIT	14.5	−5.1	n.a.	29.2	−25.6	n.a.
EBIT margin (%)	5.2	−2.0	n.a.	5.2	−5.4	n.a.
Write-downs/write-ups	22.8	23.1	−1.3	44.9	44.8	0.2
EBITDA	37.3	18.0	>100	74.1	19.2	>100
EBITDA margin (%)	13.5	7.0	92.9	13.3	4.0	>100
Investments	28.9	13.6	>100	46.5	23.8	95.4
As of	June 30, 2011	March 31, 2011		June 30, 2011	Dec. 31, 2010	
Number of employees	5,026	5,019	0.1	5,026	5,025	–

In the second quarter of 2011, Siltronic generated total sales of €276.9 million (Q2 2010: €255.8 million), an increase of 8 percent. The division also almost matched the preceding quarter's sales (Q1 2011: €280.2 million). Second-quarter sales volumes were higher than in either Q2 2010 or Q1 2011. Volume growth was driven mainly by 300 mm wafers. Plant utilization in this segment passed the 90-percent threshold toward the end of the quarter. This allowed Siltronic to boost its 300 mm-wafer output to meet the demand surge caused by production shortfalls in earthquake-damaged Japan. In the first six months of 2011, Siltronic's sales totaled €557.1 million (6M 2010: €474.9 million), up more than 17 percent. Double-digit sales growth was achieved in every key region, with Asia putting in the strongest performance.

Earnings Growth Supported by Higher Sales Volumes

As for EBITDA, Siltronic more than doubled its Q2 2010 figure. EBITDA reached €37.3 million from April through June 2011 (Q2 2010: €18.0 million), thus edging above the Q1 2011 figure (€36.8 million). Earnings growth was due not only to higher volumes, but also to better average prices compared with a year ago, especially for 200 mm and smaller-diameter wafers. Prices for 300 mm wafers were about the same as in Q1 2011. The EBITDA margin in Q2 2011 was 13.5 percent (Q2 2010: 7.0 percent). Aggregate EBITDA for the six months from January through June 2011 came in at €74.1 million (6M 2010: €19.2 million), yielding an EBITDA margin of 13.3 percent (6M 2010: 4.0 percent).

In Q2 2011, Siltronic invested €28.9 million (Q2 2010: €13.6 million). A focus for expenditures was additional production facilities for epitaxial wafers at Burghausen.

Siltronic had a total of 5,026 employees as of June 30, 2011 (March 31, 2011: 5,019).

Other

Second-quarter sales recognized under "Other" totaled €46.7 million (Q2 2010: €35.1 million). Other EBITDA for Q2 2011 was €7.2 million (Q2 2010: €–1.3 million). For the first six months of 2011, aggregate sales were €85.3 million (6M 2010: €69.4 million) and EBITDA €1.8 million (6M 2010: €7.4 million).

As of June 30, 2011, the "Other" segment had 4,151 employees, compared with 4,072 on March 31, 2011.

Risks and Opportunities

WACKER Benefits Strongly from Global Economic Growth

The world economy's positive momentum stimulated demand for WACKER products and services in all regions and markets. Even if the economic upswing's pace moderates during the remainder of 2011, the global economy is likely to stay on its growth path. Moreover, the forces driving global growth have become more broad-based in recent months. One possible risk to growth is increasing inflationary pressure. Continued high public deficits are another relevant source of uncertainty. In southern Europe, in particular, but also in the USA, national deficits are fueling political debate and financial-market concerns. Currently, however, we do not expect WACKER's performance to be materially affected by these factors during the remainder of the year.

At WACKER POLYSILICON, vibrant customer demand for our high-grade polysilicon continues unabated. Virtually all our polysilicon output until the end of 2015 is sold out, including the volumes from the plants under construction at Nünchritz and Charleston (Tennessee). This secures capacity utilization, sales volumes and sales-revenue plans. However, because almost all of our output is contractually committed, we see little scope – in the short term – for harnessing a further rise in demand to generate substantial extra business. By building an integrated polysilicon site in Tennessee (USA), WACKER POLYSILICON is not only reducing its concentration risks on the production side, but also capitalizing on the lower energy prices there.

At Siltronic, incoming orders increased in the second quarter, since Japan only had limited capacity for silicon wafers and monocrystals following the catastrophic earthquake and tsunami. Now, there are increasing signs that Japan's semiconductor industry will recover from the damage faster than originally expected. In early July, for instance, Japanese wafer manufacturer Shin-Etsu announced that its earthquake-damaged facilities were fully operational again and that 300 mm wafer-production at its Shirakawa site was back to pre-disaster levels. Customer orders in this segment are expected to return to normal as soon as the supply situation on the wafer market eases. This would then limit prospects for pushing through wafer-price increases on semiconductor markets.

Price trends for raw materials and energy will be a major factor in determining how profitable WACKER is over the coming months. In some cases, the costs of raw materials and precursors in the second quarter were more than 30 percent higher than a year ago. Where these extra costs cannot be recouped through volume growth and improved efficiency, WACKER tries to raise its product prices as the competitive environment and customer contracts allow. Last year's acquisition of the silicon-metal plant at Holla (Norway) has proved to be the right move in light of the rising costs for this key raw material. Moreover, WACKER has concluded a number of high-volume silicon-metal delivery contracts, which will secure its supplies for several years to come.

Over recent weeks, the euro has appreciated further against the US dollar. The average euro/dollar exchange rate in Q2 2011 was 1.44 dollars to the euro, and WACKER assumes that the euro will stabilize at roughly this level in the second half of the year. The company does not anticipate any substantial changes to its planned sales and earnings performance from negative exchange-rate effects.

Evaluation of Overall Risk

The specific risks facing individual divisions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail on pages 118 to 129 of our current 2010 Annual Report. The assessments we made there did not change substantially in the period under review.

Overall, WACKER's Executive Board and management do not currently discern any individual or aggregate risks that could substantially endanger the Group as a going concern. We continue to regard ourselves as strategically and financially well positioned to seize any opportunities for bolstering our growth and competitiveness.

Munich, July 28, 2011
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date of June 30, 2011

No material events occurred between the balance sheet date and the publication of this Interim Report.

Outlook and Forecast

Overall and Sector-Specific Economic Framework

Global Economy and WACKER's Key Sales Markets Continue Growing

According to the latest economic estimates and forecasts, global expansion will continue beyond 2011. The International Monetary Fund (IMF) predicts that 4.3 percent growth this year will be followed by 4.5 percent in 2012. Advanced economies are expected to deliver real GDP growth of 2.6 percent in 2012, and developing and emerging economies around 6.4 percent.[1]

Growth remains consistently strong in Asia, where the IMF expects a rate of 8.4 percent again next year. China continues to spearhead this dynamic trend, with growth for 2012 anticipated at 9.5 percent, followed by India at 7.8 percent. As for Japan, it will gradually recover from the setbacks of the March 11 natural disaster, and is expected to deliver 2.9-percent growth in 2012. The US economy, too, will continue expanding next year, even gaining some momentum with a 2.7 percent rise in GDP.[1]

For the eurozone, the IMF's experts see economic growth slowing to 1.7 percent in 2012. Although Germany's momentum is also likely to weaken slightly, the country's economy will still continue expanding steadily, with growth estimated at 2.0 percent.[1]

Further expansion is also forecast for WACKER's key markets – chemicals, semiconductors and solar. According to Germany's Chemical Industry Association (VCI), the country's chemical sector will increase its full-year 2011 sales by 10 percent compared to 2010. Both production output and producer prices are projected to rise by 5 percent.[2] In the global silicon-wafer market, research institute Gartner forecasts that sales by surface area sold will rise by 4.2 percent and sales revenues by 9.6 percent in 2011.[3] As for the solar sector, investment bank UBS anticipates that newly installed photovoltaic capacity will exceed 21 gigawatts in 2011, 21.9 percent above last year's level.[4]

The WACKER Group's Prospects

We expect that WACKER's divisions will benefit from the positive outlook for our sales markets and the economy as a whole, even though the overall pace of economic growth could slow slightly in the second half of 2011. At our WACKER SILICONES and WACKER POLYMERS chemical divisions, vibrant economic growth – especially in the emerging markets of Asia and Latin America – will keep demand for our products and services high in the months ahead. At WACKER POLYSILICON, we have contractually secured virtually our entire output until the end of 2015. This ensures high capacity utilization, but also limits our opportunities for generating extra business in the short term.

[1] International Monetary Fund, World Economic Outlook Update; Mild Slowdown of the Global Expansion, and Increasing Risks, Washington, June 17, 2011
[2] VCI (German Chemical Industry Association), First-Half Report 2011: "New record marks in the German chemical industry," Frankfurt, July 14, 2011
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q11 Update, Stamford (USA), June 14, 2011
[4] UBS, Global Solar Industry Update 2011 – Volume 11: Some temporary relief from Germany, June 16, 2011

At Siltronic, the order-book situation will depend, in the medium term, on how well global silicon-wafer production keeps pace with demand. Japan's wafer manufacturers, for instance, have resumed production sooner than originally expected, which means Siltronic's sales-volume growth could be less dynamic in the second half of 2011 than in the first half.

The future price trends for raw materials and energy will greatly influence business profitability at our five divisions. We will keep our focus firmly on countering the heavier cost burden with improved efficiency. Wherever market conditions and customer contracts allow, we will cushion the impact of higher raw-material costs, at least to some extent, by raising the prices of our products.

We expect that the costs of starting up our new polysilicon plant at Nünchritz and building a polysilicon site at Charleston (Tennessee) will constrain earnings somewhat in the second half of 2011.

Employee numbers are likely to edge up over the next six months, in line with the expansion of our production capacities and our plant-utilization levels.

We provided a detailed description about our expectations of the Group's development over the next two years in our 2010 Annual Report. Please refer to pages 145 to 151 of the current 2010 Annual Report for our comments on investment policy, future products and services, R&D, production, procurement and logistics, sales and marketing, employees, sustainability, financing, and our expected liquidity and financial position. Our assessments did not change substantially in the period under review.

We do not envisage any major changes in the business policies, corporate goals and organizational orientation of the WACKER Group at the moment. The current 2010 Annual Report (pages 49 to 52) provides detailed explanatory notes on the individual aspects of the Group's structure and its activities, organization and decision-making, as well as on corporate goals, strategy, financing, control of operational processes, and the strategies of the five individual WACKER divisions.

Overall Corporate Performance Expectations

WACKER showed a strong sales and earnings performance both for the second quarter and the entire first half of 2011. Due to the solid order intake, plant utilization was high at all our divisions, and we expect it to remain at a good level in the months ahead. Our current business expectations take account of the raw-material and energy price increases, and the start-up costs for our polysilicon plant at Nünchritz. Overall, we reaffirm our full-year guidance that 2011's sales will exceed €5 billion. We currently anticipate that EBITDA will be above last year's figure of €1.19 billion.

Munich, July 28, 2011
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through June 30, 2011

Consolidated Statement of Income

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Sales	1,325.8	1,202.0	10.3	2,617.5	2,269.0	15.4
Cost of goods sold	−964.0	−848.2	13.7	−1,856.5	−1,625.9	14.2
Gross profit from sales	361.8	353.8	2.3	761.0	643.1	18.3
Selling expenses	−72.5	−69.0	5.1	−139.4	−132.3	5.4
Research and development expenses	−43.3	−41.8	3.6	−85.9	−82.1	4.6
General administrative expenses	−30.0	−27.1	10.7	−59.1	−52.2	13.2
Other operating income	35.9	77.9	−53.9	76.5	121.0	−36.8
Other operating expenses	−28.4	−75.1	−62.2	−77.6	−113.5	−31.6
Operating result	223.5	218.7	2.2	475.5	384.0	23.8
Result from investments in joint ventures and associates	−8.4	−14.0	−40.0	−14.5	−25.6	−43.4
EBIT (earnings before interest and taxes)	215.1	204.7	5.1	461.0	358.4	28.6
Interest income	4.0	2.4	66.7	8.4	3.6	>100
Interest expenses	−2.1	−1.5	40.0	−4.4	−2.6	69.2
Other financial result	−11.6	−9.9	17.2	−21.6	−13.3	62.4
Financial result	−9.7	−9.0	7.8	−17.6	−12.3	43.1
Income before taxes	205.4	195.7	5.0	443.4	346.1	28.1
Income taxes	−62.7	−60.3	4.0	−132.7	−104.8	26.6
Net income for the period	142.7	135.4	5.4	310.7	241.3	28.8
Of which						
Attributable to Wacker Chemie AG shareholders	142.6	134.5	6.0	310.9	241.1	29.0
Attributable to non-controlling interests	0.1	0.9	−88.9	−0.2	0.2	n.a.
Earnings per common share (€) (basic/diluted)	2.87	2.71	5.9	6.26	4.85	29.0
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through June 30, 2011

January to June

€ million	2011			2010		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			310.7			241.3
Difference from foreign currency translation adjustments	−33.0	–	−33.0	84.9	–	84.9
Changes in market values of the securities available for sale	0.1	–	0.1	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	46.7	−12.5	34.2	−52.6	14.8	−37.8
Of which recognized in profit and loss	−15.4	4.2	−11.2	5.7	−1.6	4.1
Share of cash flow hedge in associates accounted for using the equity method	1.6	–	1.6	−5.2	–	−5.2
Non-controlling interests	−1.7	–	−1.7	3.0	–	3.0
Income and expenses recognized in equity	13.7	−12.5	1.2	30.1	14.8	44.9
Total income and expenses reported			311.9			286.2
Of which						
Attributable to Wacker Chemie AG shareholders			313.8			283.0
Attributable to non-controlling interests			−1.9			3.2

April to June

€ million	2011			2010		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			142.7			135.4
Difference from foreign currency translation adjustments	−4.5	–	−4.5	47.5	–	47.5
Changes in market values of the securities available for sale	–	–	–	0.1	–	0.1
Changes in market values of derivative financial instruments (cash flow hedge)	4.2	−1.2	3.0	−34.1	9.5	−24.6
Of which recognized in profit and loss	−12.6	3.6	−9.0	5.4	−1.5	3.9
Share of cash flow hedge in associates accounted for using the equity method	−0.1	–	−0.1	−4.5	–	−4.5
Non-controlling interests	−0.3	–	−0.3	1.5	–	1.5
Income and expenses recognized in equity	−0.7	−1.2	−1.9	10.5	9.5	20.0
Total income and expenses reported			140.8			155.4
Of which						
Attributable to Wacker Chemie AG shareholders			141.0			153.0
Attributable to non-controlling interests			−0.2			2.4

Consolidated Statement of Financial Position

As of June 30, 2011

Assets

€ million	June 30, 2011	June 30, 2010	Change in %	Dec. 31, 2010	Change in %
Intangible assets	29.1	21.1	37.9	33.2	–12.3
Property, plant and equipment	3,121.9	2,879.3	8.4	3,025.7	3.2
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	92.2	132.1	–30.2	111.7	–17.5
Financial assets	107.8	88.6	21.7	101.4	6.3
Noncurrent securities	116.4	–	n.a.	210.8	–44.8
Other assets	45.2	84.2	–46.3	37.1	21.8
Tax receivables	11.6	12.0	–3.3	12.7	–8.7
Deferred tax assets	15.0	15.8	–5.1	13.5	11.1
Noncurrent assets	3,540.7	3,234.6	9.5	3,547.6	–0.2
Inventories	608.0	492.1	23.6	530.7	14.6
Trade receivables	681.8	649.5	5.0	596.0	14.4
Other assets	176.6	99.7	77.1	153.2	15.3
Tax assets	56.6	45.7	23.9	87.1	–35.0
Current securities	217.2	42.2	>100	41.4	>100
Cash and cash equivalents	562.1	398.8	40.9	545.2	3.1
Current assets	2,302.3	1,728.0	33.2	1,953.6	17.8
Total assets	5,843.0	4,962.6	17.7	5,501.2	6.2

Equity and Liabilities

€ million	June 30, 2011	June 30, 2010	Change in %	Dec. 31, 2010	Change in %
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	−45.1	−45.1	–	−45.1	–
Retained earnings	2,174.7	1,773.2	22.6	2,022.8	7.5
Other equity items	29.1	2.6	>100	26.2	11.1
Equity attributable to Wacker Chemie AG shareholders	2,576.9	2,148.9	19.9	2,422.1	6.4
Non-controlling interests	22.8	20.1	13.4	24.7	−7.7
Equity	2,599.7	2,169.0	19.9	2,446.8	6.2
Provisions for pensions	494.2	465.2	6.2	475.4	4.0
Other provisions	176.7	242.9	−27.3	227.6	−22.4
Tax provisions	56.0	45.1	24.2	42.8	30.8
Deferred tax liabilities	51.4	12.9	>100	36.0	42.8
Financial liabilities	456.8	352.8	29.5	407.1	12.2
Other liabilities	1,060.2	752.3	40.9	873.0	21.4
Noncurrent liabilities	2,295.3	1,871.2	22.7	2,061.9	11.3
Other provisions	137.0	52.0	>100	85.2	60.8
Tax provisions	33.9	114.2	−70.3	62.2	−45.5
Tax liabilities	16.7	19.4	−13.9	16.6	0.6
Financial liabilities	90.6	146.3	−38.1	126.3	−28.3
Trade payables	315.1	259.3	21.5	335.2	−6.0
Other liabilities	354.7	331.2	7.1	367.0	−3.4
Current liabilities	948.0	922.4	2.8	992.5	−4.5
Liabilities	3,243.3	2,793.6	16.1	3,054.4	6.2
Total equity and liabilities	5,843.0	4,962.6	17.7	5,501.2	6.2

Consolidated Statement of Cash Flows

January 1 through June 30, 2011

Consolidated Statement of Cash Flows

€ million	Q2 2011	Q2 2010	Change in %	6M 2011	6M 2010	Change in %
Net income for the period	142.7	135.4	5.4	310.7	241.3	28.8
Write-downs/write-ups of noncurrent assets	109.7	103.9	5.6	214.8	203.9	5.3
Changes in provisions	–11.2	42.3	n.a.	24.4	46.2	–47.2
Changes in deferred taxes	–1.8	5.9	n.a.	0.7	9.1	–92.3
Changes in inventories	–24.8	–14.6	69.9	–90.8	–15.4	>100
Changes in trade receivables	–32.6	–55.5	–41.3	–94.4	–148.8	–36.6
Changes in other assets	23.9	–7.7	n.a.	21.9	–10.6	n.a.
Change in advance payments made and received	28.2	–2.5	n.a.	215.3	–31.2	n.a.
Changes in liabilities	–97.7	–19.9	>100	–28.7	56.6	n.a.
Non-cash changes from equity accounting	9.5	14.4	–34.0	15.6	26.0	–40.0
Other non-cash expenses, income and other items	–7.5	–21.3	–64.8	–1.1	–37.2	–97.0
Cash flow from operating activities (gross cash flow)	138.4	180.4	–23.3	588.4	339.9	73.1
Investment in noncurrent assets	–191.8	–126.6	51.5	–354.5	–231.7	53.0
Proceeds from the disposal of noncurrent assets	0.3	1.7	–82.4	0.7	1.9	–63.2
Cash flow from noncurrent investment activities before securities	–191.5	–124.9	53.3	–353.8	–229.8	54.0
Acquisition/disposal of securities	17.0	0.6	>100	–81.4	–42.2	92.9
Cash flow from investment activities	–174.5	–124.3	40.4	–435.2	–272.0	60.0
Distribution of profit from prior-year net income	–159.0	–59.6	>100	–159.0	–59.6	>100
Changes in financial liabilities	6.5	–30.5	n.a.	26.0	18.8	38.3
Cash flow from financing activities	–152.5	–90.1	69.3	–133.0	–40.8	>100
Changes due to exchange-rate fluctuations	–0.1	4.5	n.a.	–3.3	8.1	n.a.
Changes in cash and cash equivalents	–188.7	–29.5	>100	16.9	35.2	–52.0
At the beginning of the year	750.8	428.3	75.3	545.2	363.6	49.9
At the end of the period	562.1	398.8	40.9	562.1	398.8	40.9
Additional information						
Additions from finance leases	–	–	–	–1.4	–	n.a.

Consolidated Statement of Changes in Equity & Reconciliation of Other Equity Items

January 1 through June 30, 2011

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2010	260.8	157.4	–45.1	1,591.7	–39.3	1,925.5	16.9	1,942.4
Net income for the period	–	–	–	241.1	–	241.1	0.2	241.3
Dividends paid	–	–	–	–59.6	–	–59.6	–	–59.6
Income and expenses recognized in equity	–	–	–	–	41.9	41.9	3.0	44.9
June 30, 2010	260.8	157.4	–45.1	1,773.2	2.6	2,148.9	20.1	2,169.0
Jan. 1, 2011	260.8	157.4	–45.1	2,022.8	26.2	2,422.1	24.7	2,446.8
Net income for the period	–	–	–	310.9	–	310.9	–0.2	310.7
Dividends paid	–	–	–	–159.0	–	–159.0	–	–159.0
Income and expenses recognized in equity	–	–	–	–	2.9	2.9	–1.7	1.2
June 30, 2011	260.8	157.4	–45.1	2,174.7	29.1	2,576.9	22.8	2,599.7

Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Total (excluding non-controlling interests)
Jan. 1, 2010	0.6	–50.9	11.0	–39.3
Additions	–	–	–9.9	–9.9
Other changes	–	–	–37.2	–37.2
Reclassification in the statement of income	–	–	4.1	4.1
Changes in exchange rates	–	84.9	–	84.9
June 30, 2010	0.6	34.0	–32.0	2.6
Jan. 1, 2011	0.5	7.5	18.2	26.2
Additions	0.1	–	7.2	7.3
Other changes	–	–	39.8	39.8
Reclassification in the statement of income	–	–	–11.2	–11.2
Changes in exchange rates	–	–33.0	–	–33.0
June 30, 2011	0.6	–25.5	54.0	29.1

Notes

January 1 through June 30, 2011

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of June 30, 2011 have, pursuant to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") been prepared in accordance with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2010. The interim Group management report has been prepared in accordance with the applicable requirements of the WpHG. New accounting standards were introduced in 2011, but they had no substantial impact on WACKER's accounting and valuation methods.

The preparation of the interim financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingencies. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from the assumptions and estimates made if the economic conditions referred to do not develop in line with the expectations as per the reporting date. Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options envisaged in the IFRSs are explained in detail there. We refer to the Notes as of December 31, 2010 for further explanations.

As of June 30, 2011, there were no changes in the legal corporate and organizational structures as portrayed in the 2010 Annual Report. There were no disclosure obligations in the interim period in respect of any misinterpretations in previous reporting periods.

The Group's parent company, Wacker Chemie AG, is a listed company with headquarters in Munich, Germany. Its address is Wacker Chemie AG, Hanns-Seidel-Platz 4, 81737 München, Germany. It is registered at the Munich District Court (Amtsgericht) under HRB 159705.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Because of the weather, sales volumes are higher in the summer months than in the winter, when the construction industry's order books are low. This effect can be cushioned by overseas business. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3. Another area of business that is exposed to seasonal variation is road salt, which depends very much on the severity of winter weather in the first and fourth quarters.

Other Financial Obligations

We refer to the consolidated financial statements as of December 31, 2010 with regard to the disclosures on other financial obligations. The construction start at the new polysilicon site in Tennessee, USA, during the interim reporting period resulted in increased obligations from orders for the planned investment project. The ordering commitments for the project amount to €161.8 million as of the reporting date. The project's total investment volume is €1.1 billion. It is scheduled for completion in late 2013.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first six months of 2011:

Standard/ Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters	July 1, 2010	June 30, 2010	In the absence of relevant circumstances, there was no substantial impact on WACKER's earnings, net assets and financial position.
Amendments to IAS 32	Classification of Rights Issues	Feb. 1, 2010	Dec. 23, 2009	In the absence of relevant circumstances, the application of the revised standard had no impact on WACKER's earnings, net assets and financial position.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	July 23, 2010	In the absence of relevant circumstances, the application of the revised standard had no impact on WACKER's earnings, net assets and financial position.
Amendments to IFRIC 14	Prepayments of minimum funding requirements	Jan. 1, 2011	July 19, 2010	The changes had no impact on the statement, presentation, and valuation of WACKER's earnings, net assets and financial position.
IAS 24	Related Party Disclosures	Jan. 1, 2011	July 19, 2010	The revised version clarifies the definition of the term "related party." The amendments had no substantial impact on the presentation of the consolidated financial statements of Wacker Chemie AG.
Miscellaneous	Amendments following the annual improvements to IFRSs (2008–2010 cycle) issued by the IASB in May 2010	Jan. 1, 2011	Feb. 18, 2011	Miscellaneous changes. These changes had no substantial impact on the statement, presentation, and valuation of the figures in the consolidated financial statements of Wacker Chemie AG.

The following standards have been approved by the IASB in 2010 and 2011, but their application is not yet mandatory for the period under review:

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IFRS 1	Severe Hyper-inflation and Removal of Fixed Dates	Dec. 20, 2010	July 1, 2011	Expected in Q1 2012	The amendment replaces the existing references to the date of January 1, 2004, with a reference to the timing of the transition to IFRS. This amendment also includes rules for those cases in which hyperinflation makes it impossible for an entity to comply with all IFRS stipulations. Its application will have no impact on WACKER's earnings, net assets and financial position.
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2012	Expected in Q1 2012	The amendment contains a partial clarification on the treatment of temporary taxable differences from IAS 40's fair value model. Investment property often makes it difficult to assess whether existing differences are recovered as part of continuing use or in the wake of a sale. The amendment therefore generally makes it necessary to presume recovery due to a sale. Its application will have no substantial impact on WACKER's earnings, net assets and financial position.
Amendment to IFRS 7	Financial Instruments: Disclosures in Notes	Oct. 7, 2010	July 1, 2011	Expected in Q3 2011	Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2013	Deferred	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 10 changes the definition of "control" so that the same criteria are applied to all companies in determining control. The standard replaces the consolidation guidelines in the previous IAS 27 and SIC 12. The new rules may lead to major changes in the scope of consolidation compared with the previous determination of the Group pursuant to IAS 27. WACKER is currently of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.
IFRS 11	Joint Arrange-ments	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 11 regulates the accounting of arrangements where a company exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31. In the future, joint ventures will be accounted for using exclusively the equity method. The option of proportionate consolidation has been abolished. The abolition of proportionate consolidation has no impact on WACKER's earnings, net assets and financial position because WACKER already accounts for joint ventures using the equity method. WACKER is currently investigating the other effects of IFRS 11, including in respect of joint operations.
IFRS 12	Disclosure of Interests in Other Entities	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 12 regulates the disclosures in the consolidated financial statements that enable users to assess the nature, risk and financial effects of the entity's involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard will lead to a substantial broadening of the disclosures in WACKER's consolidated financial statements.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 13 describes how fair value is to be measured and extends the disclosures on fair value. Application of the new method of determining fair value will be relevant to all areas of the consolidated financial statements of Wacker Chemie AG in which fair values are determined. WACKER does not expect the new approach to have any substantial impact on its earnings, net assets and financial position. The disclosure obligations in the consolidated financial statements will increase.
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
IAS 28	Investments in Associates	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IAS 28 now also regulates the accounting of joint ventures using the equity method. Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
Amendments to IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	Pending	The amendments to IAS 19 will affect the recording and measurement of the expense for defined benefit pension plans and termination benefits, and result in wider disclosure obligations on employee benefits. The option of accounting for actuarial gains and losses using the corridor method is eliminated. In the future, these impacts will be recognized immediately in "other comprehensive income." Additionally, the return on plan assets is no longer to be recognized based on the expected interest rate but on the discount rate. For WACKER, this change will probably result in a reduction in Group equity when adopted for the first time. Its recording within other comprehensive income will result in increased volatility of equity in the future.
Amendments to IAS 1	Presentation of items of Other Comprehensive Income	June 16, 2011	July 1, 2012	Pending	Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.

Changes in the Scope of Consolidation

As of June 30, 2011, the scope of consolidation comprises 56 companies, including Wacker Chemie AG, of which 50 have been fully consolidated in the interim financial statements. The scope of consolidation has not changed compared with December 31, 2010.

Segment Reporting

Please refer to the interim management report for information on segment reporting.

Related Party Disclosures

IAS 24 stipulates that parties which control, or are controlled by, Wacker Chemie AG must be disclosed unless they are already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. Control in this sense is held to apply when a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

The WACKER Group is affected by the IAS 24 rules mainly in respect of its business relations with Wacker Chemie AG's joint ventures, major shareholders, Executive and Supervisory Board members, and management members in key positions.

Provision of services between Wacker Chemie AG and its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, is of subordinate importance. Furthermore, WACKER Group companies have not conducted any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of which these persons are members of executive or supervisory bodies. The same applies to close relatives of the aforementioned persons.

Business with non-consolidated subsidiaries, joint ventures and associated companies is, as a rule, carried out on conditions that are customary between outside third parties. For joint-venture and associated-company product shipments, contractually agreed transfer price formulas were defined that contain, e.g. start-up costs and financing elements.

The following table shows the volume of trade with related parties that are reported in the WACKER consolidated financial statements using the equity method or are recognized in the statement of financial position at amortized cost:

Related Party Disclosures

€ million				2011				2010
	6M 2011		June 30, 2011		6M 2011		Dec. 31, 2011	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies/joint ventures	36.6	70.0	20.4	3.6	42.3	26.5	18.2	−2.4
Non-consolidated subsidiaries	–	–	–	0.2	–	–	0.2	–

In addition, €95.4 million was loaned to associated companies (Dec. 31, 2010: €88.8 million).
Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2010 for further information.

Exchange Rates

During the reporting period and the previous year, the following euro/US dollar, euro/Japanese yen and euro/Chinese renminbi exchange rates were used for translating foreign currency items and for the financial statements of companies that have the above currencies as their functional currency:

Exchange Rates

	Exchange rate as of		Average exchange rate	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
USD	**1.45**	1.22	**1.44**	1.27
JPY	**116.55**	108.46	**117.51**	117.10
CNY	**9.36**	8.30	**9.36**	8.68

Major Events during the Reporting Period

Events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report.

Events after the Balance Sheet Date

No material events occurred between the balance sheet date and the publication of this Interim Report.

Munich, July 28, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl	Wilhelm Sittenthaler
Joachim Rauhut	Auguste Willems

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 Group's earnings, net assets and financial position, and the Group's interim management report includes a fair review of the development and performance of the Group's business and position, together with a description of the principal opportunities and risks associated with the Group's expected development for the remaining months of the fiscal year.

Munich, July 28, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

Review Report

To Wacker Chemie AG

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the condensed statement of consolidated cash flows, the consolidated statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG for the period from January 1 to June 30, 2011 that are part of the semi-annual financial report according to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, July 28, 2011
KPMG AG
Wirtschaftsprüfungsgesellschaft

Kozikowski	**Dr. Grottel**
Auditor	**Auditor**

2011 Financial Calendar & Contacts

2011 Financial Calendar

October 28, 2011
Interim Report on the 3rd Quarter of 2011

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