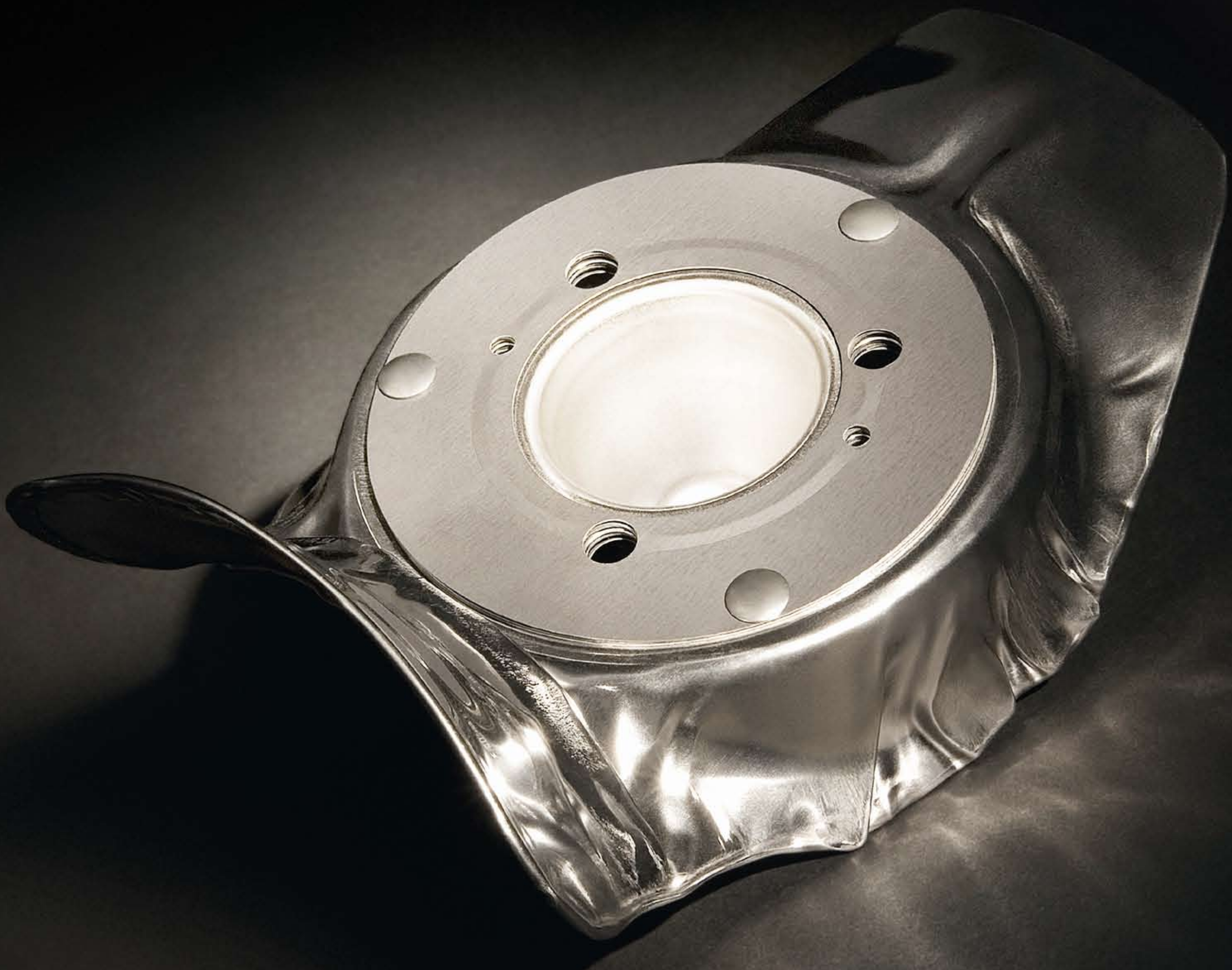
REPORT ON THE 2ND QUARTER AND 1ST HALF OF 2010

CO_2 REDUCTION – OUR PATH TO GROWTH



elringklinger

CO_2 Reduction – Our Path to Growth

As a global development partner and original equipment manufacturer (OEM) for cylinder-head and specialty gaskets, housing modules and shielding components for engines, transmissions and exhaust systems, ElringKlinger supplies the majority of vehicle manufacturers in Europe and in North and South America as well as a large and growing number of Asian car makers. Our products play an important role in reducing fuel consumption and emissions. We also develop innovative products to the series production stage for use with alternative drive technologies. To round off our portfolio, the ElringKlinger Engineered Plastics division supplies products made of high-performance PTFE plastics to other manufacturers outside the automobile industry. We make full and targeted use of our ability to innovate as a way of promoting environmentally compatible forms of mobility, while generating sustained and highly profitable growth. At 29 sites across the world ElringKlinger's 4,300-plus employees are committed to achieving these aims.

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Macroeconomic Conditions and Business Environment

Global economy continues to rally

The global economic recovery continued with renewed vigor in the first half of 2010. The emerging markets of Asia and South America in particular proved to be the growth engines behind this upward trend. In the developed economies of Europe and North America, expansive fiscal policies as well as inventory adjustments on the part of companies also played a supporting role.

The German economy – after moderate growth in the first quarter of 2010 – registered an increase in gross domestic product (GDP) of 2.5% in the second quarter of the year. In particular, high export growth rates fueled by the weaker euro helped stimulate the economic recovery.

In the eurozone as a whole, the restrained economic trend persisted, even in the second quarter of 2010, largely as a result of rising uncertainty in the wake of the European debt crisis and ongoing lending constraints. GDP rose by 1.2% compared with the second quarter of 2009.

In almost all the Eastern European states, economic output continued to increase, with the Russian economy expanding by 6.7% in the second quarter of 2010 compared with the same quarter a year ago.

The US economy remained on expansion course in the second quarter of 2010, reporting economic growth of 3.5%. As a result, GDP in the US almost reached the level of the period prior to the economic crisis.

The majority of the Latin American economies also maintained a stable growth pattern in the second quarter of 2010. The Brazilian economy expanded significantly, primarily due to rising investment activity, achieving an increase in GDP of 6.5%.

Japan also recovered surprisingly quickly from the recession. Buoyed by the strong upsurge in global trade and fiscal support programs, GDP increased in the second quarter of 2010 by 4.6% compared to the same quarter of the previous year.

The Asian nations also accounted for a high proportion of global economic growth in the second quarter of 2010. In China the rate of growth in the second quarter of 2010 increased further to 11.9%. The economic output of the Indian subcontinent also showed an appreciable increase, with a growth rate of 8.6% in the second quarter of 2010.

The sustained economic recovery also had a positive impact on most of the world’s car markets.

Strong demand and low stock levels see global car production rise by more than a third

After the crisis year of 2009, there was a noticeable revival in many markets in the global demand for cars during the first half of 2010. Burgeoning sales in the car markets of Asia and South America and widespread recovery in North America contributed to growth in the global car market – based on the number of new vehicle sales – of 15.0 % in the first six months of 2010. In the established vehicle markets of Western Europe, the US and Japan, new car registrations rose by a total of 10.0 %.

The sharp rise in demand for cars and the return to more normal stock levels after a period of downsizing in response to the economic crisis resulted in carmakers worldwide significantly increasing their production levels. Vehicle production in the first half of 2010 thus rose by more than a third over the corresponding period in the previous year.

Exports boost German car production

New vehicle registrations in Germany, as expected, were adversely affected by the decline in demand following the expiry of the government scrappage scheme. Domestic new car registrations thus declined by 29.0 % to 1.5 million vehicles. However, the positive trend in the international markets served by the German automotive industry more than compensated for the decline in domestic sales.

The strong demand from Asia and North America in particular for vehicles produced by German carmakers led to a dynamic rise in exports. In the first half of 2010, exports of 2.2 million vehicles exceeded the level of the previous year by 44.0 %.

Carried by these exports, car production in Germany in the first six months of 2010 was up 23.0 % on the corresponding period of the previous year.

Differing levels of demand in Europe

New car registrations in Europe as a whole rose in the first half of 2010 by 0.6 %. However, sales trends in Western and Eastern Europe differed significantly.

Most Western European markets benefited in the first six months of 2010 from government-funded programs that helped boost demand for new vehicles. In the first half of 2010, new car registrations in Western Europe rose by 1.5 % to 7.1 million vehicles.

In the car markets of Eastern European nations the decline in vehicle demand gradually eased. Having said that, in the first half of 2010, the contraction in sales was still 14.0 % compared to the corresponding period of the previous year.

In the Russian car market, the economic recovery and scrappage scheme introduced in 2010 led to a renewed increase in vehicle sales. While a decline in new car sales of 24.8 % was registered in the first quarter, sales figures rose by almost a third in the second quarter of 2010.

European car production rises by 20%

In contrast to the above-mentioned sales figures, European production levels in the second quarter of 2010 rose by 12.0% to 4.4 million vehicles compared to the same period a year ago. A rise of 20% overall was registered in the first half of 2010, primarily attributable to strong exports and the efforts of manufacturers to align their stock levels with the upturn in demand for cars.

US market recovers from low point

The recovery of the US vehicle market from the troughs of the previous year continued with renewed vigor in the first half of 2010. Some 5.6 million vehicles or 16.7% more cars and light trucks were registered as new vehicles in the first six months of 2010.

Production in North America rose by as much as 71.5% over the very weak first half of recession-driven 2009 to 6.2 million vehicles.

The Brazilian car market developed favorably in the first half of 2010, despite some restrictions on government-funded incentives for new vehicle purchases. Domestic car sales increased in the first six months of the year by a further 7.3% to 1.5 million vehicles.

Booming car markets in Asia

Fueled by a fast-recovering economy and rising income levels, the car business in Asian markets continued to forge ahead in leaps and bounds. In China, new car registrations in the first six months of 2010 rose by 49.6% to 5.4 million vehicles, while in India car sales increased by 31.3% to 1.1 million vehicles.

The mature Japanese car market also recorded some solid gains, with car sales there rising by 23.2% in the first half of 2010.

Recovery begins to take shape in the commercial vehicle markets

Global commercial vehicle markets have begun to emerge from the depth of the recession. There was a significant increase in new orders for commercial vehicles, even though production output in the first half of 2010 remained well short of the levels recorded before the crisis.

In Germany, new registrations for heavy vehicles in the 6-ton-and-over class declined in the first six months of 2010 by 5.0%, while exports rose by as much as 22.0%. Buoyed by this demand from abroad, production of heavy vehicles in the first half of 2010 increased by 24.0% compared to the same period of the previous year.

In Europe as a whole, the demand for heavy vehicles in the first half of 2010 still fell short of the demand experienced within the same period of the previous year. Some 13.7% fewer heavy-vehicle registrations were recorded than in the first six months of last year. While truck makers in Western

Europe sold 15.3% fewer vehicles, new vehicle registrations for trucks in Eastern Europe rose by 4.4%. By the second quarter of 2010, a marked improvement in European heavy-vehicle sales was already discernible. Compared to the second quarter of the previous year, an increase of 0.6% was recorded there for the first time since the recession.

Meanwhile, the recovery within the US commercial vehicle market made further strides. In the first half of 2010, some 9.0% more trucks were sold in North America than in the same period of the previous year.

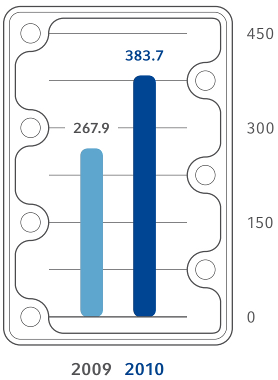
Sales and Earnings Performance

Continued upturn in sales

The first half of 2010 saw a sustained recovery within the vehicle markets. Benefiting from this trend, together with additional product start-ups, the ElringKlinger Group managed to lift sales by 43.2% to EUR 383.7 (267.9) million in the first half of 2010. It should be noted, however, that the first half of 2009 had been affected by significant production downsizing on the part of many vehicle manufacturers.

In the second quarter of 2010, sales revenue for the Group expanded by 45.4% to EUR 201.0 (138.2) million. ElringKlinger also recorded an improvement of EUR 18.3 million in sales revenue compared to the first quarter of 2010 – a period already buoyed by a significant upturn in vehicle production figures – despite the fact that the quarter was two working days shorter than the previous quarter in many of the key markets covered.

SALES 1ST HALF
in EUR million



GROUP SALES BY REGION 1ST HALF 2010 (prior year) in %

SOUTH AMERICA AND OTHER	6.8 (6.2)
ASIA AND AUSTRALIA	15.4 (13.5)
NAFTA	17.9 (13.0)
REST OF EUROPE	30.9 (34.3)
GERMANY	29.0 (33.0)

Solid growth in all regions worldwide

The recovery seen within the vehicle markets provided fresh impetus for sales in all regions covered by the Group. In particular, the subsidiaries and affiliated companies in Asia as well as North and South America recorded significant levels of growth. As a proportion of total consolidated sales, foreign sales rose to 71.0% (67.0%) in the first half of 2010.

Despite the scheduled termination of the scrappage scheme, revenue generated from sales in Germany grew by 26.0% to EUR 111.5 (88.5) million. The Group's domestic sales benefited indirectly from the considerable surge in exports by German vehicle manufacturers to North America and Asia.

In the rest of Europe, excluding Germany, sales revenue rose by 29.2% in the first half of 2010.

The upturn in demand for vehicles in North America, albeit from a very low base, allowed the ElringKlinger Group to almost double its revenue from sales in the NAFTA region. In the first half of 2010, revenue increased by 96.6% to EUR 68.6 (34.9) million. Benefiting from ramp-ups and its strong position in the area of smaller, fuel-efficient engine technology, the ElringKlinger Group succeeded in outperforming the market in terms of growth.

In South America, the Group lifted sales revenue by 55.1% year-on-year, buoyed in particular by the positive business performance of the Brazilian subsidiary Elring Klinger do Brasil Ltda. In total, sales revenue reached EUR 25.9 (16.7) million in South America over the course of the first six months of 2010.

In Asia, the ElringKlinger Group extended its sales by 63.9% to EUR 59.0 (36.0) million. Growth in this region was driven primarily by the two Chinese subsidiaries ElringKlinger China, Ltd. and Changchun ElringKlinger Ltd. Furthermore, the recovery in demand at ElringKlinger Marusan Corporation, Japan, had a positive impact. Thus, Asia accounted for 15.4% of total Group revenue, up from 13.5%.

Continued expansion of Original Equipment business

On the back of a solid performance in the first three months of 2010, the Original Equipment segment maintained its forward momentum during the second quarter. Compared to the first quarter of 2010, ElringKlinger was able to increase its revenue from Original Equipment sales by a further EUR 16.8 million.

Within this context, performance in the Original Equipment segment was again adversely affected by business in the commercial vehicle sector, which showed some signs of recovery but nevertheless remained well below the normal level.

In total, revenue generated from sales in the Original Equipment segment rose by 55.9 % compared to the sluggish first half of 2009, taking the total to EUR 289.6 (185.8) million. The Specialty Gaskets and Elastomer Technology/Modules division performed above average in the period under review. Both areas benefited from strong customer demand for solutions aimed at CO_2 reduction. This was visible in particular within the area of components used in fuel-efficient downsized engines that operate at very high temperatures and combustion pressures. Within this area, ElringKlinger has established leading technologies with regard to thermal management, weight reduction and sealing solutions.

Having posted moderate pre-tax earnings of EUR 2.3 million in the first half of 2009 as a result of the dramatic downsizing of production on the part of vehicle manufacturers, the Original Equipment segment returned to more buoyant pre-tax earnings of EUR 30.7 million in the first half of 2010.

Global Aftermarket business records steady growth

In the first six months, the Aftermarket segment operated by the ElringKlinger Group moved beyond the EUR 50 million mark for the first time in the company's history. Expanding by 13.5 %, sales revenue generated in this segment rose to EUR 53.9 (47.5) million in the first half of 2010.

The German market remained subdued, with the overall volume of vehicles aged nine years and over declining steeply as a result of the car scrappage scheme. This prompted a decline in demand for repair work and spare parts.

In contrast, demand rose visibly in the key markets of Eastern Europe and the Middle East. The gradual economic upturn and improved financing programs on the part of wholesalers provided a more favorable basis for Aftermarket sales. Many customers adjusted their inventory levels to match higher demand for components. At the same time, ElringKlinger managed to capture additional market share at an international level thanks to targeted expansion of its product range.

Segment profit before taxes rose by 20.7 % year-on-year to EUR 10.5 (8.7) million.

Recovery in Engineered Plastics segment

The Engineered Plastics segment, which generally shows a somewhat more delayed cyclical response, also began to recover from the impact of the economic and financial crisis over the first half of 2010. After the number of automotive parts requested by vehicle manufacturers as part of their production scheduling had improved markedly in the first quarter, demand from other industries, such as mechanical and plant engineering as well as telecommunications, also picked up over the course of the second quarter. Thus, sales revenue generated in this segment in the first half of 2010 amounted to EUR 34.9 (28.0) million, 24.6% up on the figure posted for the same period a year ago. The positive sales trend was driven also by the growing number of new projects commencing at the subsidiary ElringKlinger Engineered Plastics (Qingdao) Commercial Co., Ltd. in China.

While earnings performance improved during the first half of 2010, it was still affected by excess capacities in some product categories. Additionally, the substantial application development and start-up costs associated with products made of the injection-moldable material Moldflon® had an impact on performance.

Earnings were also adversely affected by provisions recognized for early partial retirement following the collective wage agreement negotiated in March 2010.

In total, pre-tax earnings for the Engineered Plastics segment nevertheless reached EUR 4.9 (2.5) million in the first half of 2010.

Stable earnings from Industrial Parks

The Industrial Parks segment recorded rental income of EUR 3.9 (3.9) million in the first half of 2010, unchanged from the figure posted a year ago. Pre-tax earnings also remained stable at EUR 1.4 (1.3) million.

Continued pressure on Services segment

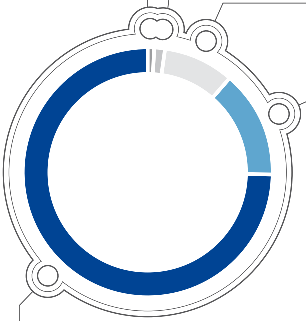
The Services segment, which offers engine testing and other development services, recorded a decline in revenue by 14.0% to EUR 3.7 (4.3) million in the first half of 2010.

The economic crisis had prompted many vehicle producers to conduct more of their development activities in-house again, a trend that continued to affect this business segment in the period under review. Engineering services were only outsourced to a very limited extent, as a result of which utilization levels at ElringKlinger test facilities were unsatisfactory. Demand from vehicle manufacturers picked up again in the second quarter compared to the first three months of 2010, particularly in the area of SCR (Selective Catalytic Reduction) technology for nitrogen oxide reduction. At EUR 0.1 (0.4) million, pre-tax earnings for the segment remained well short of last year's figure for the first half. At EUR 0.2 (0.2) million, however, pre-tax earnings for the second quarter were comparable to last year's figure for the same period.

Visible improvement in financial performance – Burden from exceptional charges

The ElringKlinger Group saw a continued improvement in its financial performance during the first half of 2010. Alongside the program of streamlining implemented during the economic crisis, higher utilization of production capacity had a positive effect on performance.

SALES REVENUES BY SEGMENT 1ST HALF 2010 (prior year) in %



SERVICES	0.4 (1.1)
INDUSTRIAL PARKS	1.0 (1.5)
ENGINEERED PLASTICS	9.1 (10.4)
AFTERMARKET	14.0 (17.7)
ORIGINAL EQUIPMENT	75.5 (69.3)

This was driven by the significant upturn in the volume of parts requested by car manufacturers as part of their production scheduling. By contrast, production capacity for commercial vehicle components remained still under-utilized compared to the period prior to the market crisis. In the course of the second quarter, however, the volume of components requested by truck manufacturers rose markedly.

Due to the partial-retirement scheme for personnel employed in the metal and electrical industry, as enshrined within the 2010 collective wage agreement for this sector, in the first quarter of 2010 the Group had to allocate partial-retirement provisions for the entire term of the agreement until the end of March 2012. As a result, staff costs rose by EUR 1.8 million on a non-recurring basis. Furthermore, employee benefits of EUR 1,000 per person for staff employed at ElringKlinger AG and ElringKlinger Kunststofftechnik GmbH, as agreed for the years 2008 and 2009, were provisioned for in the first quarter of 2010 and were paid in the second quarter, the total being EUR 2.4 million. This led to an additional rise in staff costs by the same amount.

The first half of 2010 saw negative non-cash foreign currency effects of EUR 6.0 million attributable to the appreciation of the Swiss franc against the euro, which prompted an increase in liabilities recognized in connection with a loan taken out for the purpose of financing the acquisition of the SEVEX Group. In 2008, ElringKlinger AG had financed the purchase consideration for the SEVEX Group, Switzerland, in Swiss francs. In the second quarter, the negative non-cash foreign currency effects attributable to this loan were EUR 3.8 million.

Gross profit margin returns to above 30%

While sales revenue rose by 43.2%, the increase in the cost of sales rose by just 29.9% in the first half of 2010. Thus, the gross profit margin rose to 30.3% (23.2%) in the first half. In the second quarter of 2010, the gross profit margin rose to 31.2% (23.8%), which meant it also improved on the figure of 29.5% registered in the preceding quarter of 2010.

The price of materials rose substantially from the lows recorded in 2009. Compared to the long-term average, however, the price of key commodities required by ElringKlinger remained at a manageable level in the first half of 2010. Price hedging for alloy surcharges (nickel) associated with high-grade steel resulted in additional material expenses of EUR 0.6 million in the first half of 2010 due to requisite settlement payments. In parallel, however, the overall trend of the fair value of commodity-related derivatives had a favorable impact on earnings of EUR 0.1 million due to the positive net effect of the reversal/use of current provisions for commodity-related hedges (other operating income of EUR 0.8 million) on the one hand and the settlement payments on the other. The earnings effect was slightly negative at EUR 0.02 million in the second quarter of 2010, which marked the end of the hedging contracts.

During the crisis ElringKlinger had made use of the option to postpone the 2009 wage increase stipulated under the collective agreement by nine months to the end of December 2009, as a result of which the first half of 2010 was – for the first time – affected fully by the higher wage rates applicable under the agreement. The end of short-time work at the Group's facilities in Germany also led to an increase in personnel expenses as from the beginning of the year. The two exceptional items outlined above are included in staff costs.

In the first six months of 2010, research and development expenses within the ElringKlinger Group were EUR 2.3 million up on last year's first-half figure. Research and development costs increased by 12.0% to EUR 21.4 (19.1) million. Alongside the development and application of a number of new products in the areas of Elastomer Technology/Modules and Shielding Technology, the company focused in particular on expanding its activities in the field of battery and fuel cell technology. A new contract secured in the first half of 2010 for the serial production of cell contact systems used in lithium-ion batteries represents a major reference project for ElringKlinger. What is more, the company is already in negotiation for additional contracts for this new product group. In the first half, the coating for the reduction of soot in diesel particulate filters, which is currently in endurance tests, was also applied to applications in the commercial vehicle sector.

In the first six months of 2010, ElringKlinger received EUR 1.4 million in government grants for ongoing development projects relating to battery and fuel cell technology, for which, however, there was corresponding development expense.

Of the development expense incurred in the first half of 2010, an amount of EUR 2.1 (2.1) million was capitalized. Systematic amortization amounted to EUR 1.8 (1.5) million, i.e. there was no significant earnings effect.

Whereas selling expenses rose by just 7.5%, general and administrative expenses increased by 37.7%. However, this includes the above-mentioned exceptional items associated with the staff profit-sharing program and the increase in partial-retirement provisions, which contributed to higher general and administrative expenses.

Operating result benefits from cost structure and capacity utilization

Earnings before interest, taxes, depreciation and amortization (EBITDA) generated in the first half of 2010 exceeded last year's first-half figure by EUR 38.3 million, totaling EUR 94.3 (56.0) million. As a result of significant investment spending in previous years, depreciation rose by EUR 7.0 million to EUR 40.4 (33.4) million.

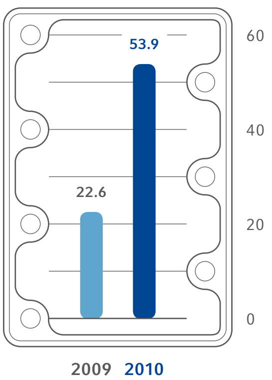
The global upturn in customer demand and the much improved level of capacity utilization of production resources in the majority of ElringKlinger's divisions prompted a disproportionate rise in operating profit relative to revenue growth. Compared to the sluggish first half of 2009, operating profit was EUR 37.0 million higher in the first half of 2010, totaling EUR 57.6 (20.6) million. In the second quarter, operating profit was EUR 34.3 (16.9) million.

Earnings before interest and taxes (EBIT) was slightly lower than operating profit, having been impacted by negative net foreign currency effects of EUR 3.7 million in the first half of 2010. Thus, EBIT including a total of EUR 2.7 million in negative foreign currency effects stood at EUR 53.9 (22.6) million. Despite the above-mentioned exceptional factors, the EBIT margin reached 14.1 % (8.4 %) in the first half of 2010. Excluding the non-recurring effects on earnings from commodity price hedging, the increase in partial-retirement provisions as well as costs in connection with employee benefits, the EBIT margin stood at 15.1 %. In the second quarter of 2010, EBIT improved by EUR 15.8 million year-on-year to EUR 31.6 (15.8) million, thus also increasing in comparison to the figure for the first quarter of 2010 (EUR 22.3 million).

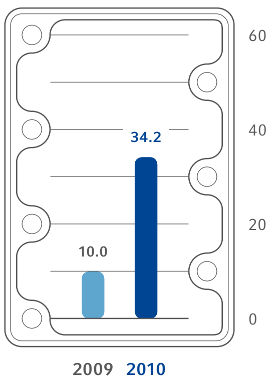
Earnings before taxes at EUR 47.6 million in first half

Net finance costs stood at minus EUR 10.1 (-5.3) million in the first half of 2010. In this context, it should be noted that the net finance costs for the first half of 2009 had benefited from positive foreign currency effects equivalent to EUR 2.0 million. While the Group's net interest result improved slightly, the remeasurement at the end of the reporting period of liabilities relating to the financing of ElringKlinger's acquisition of the SEVEX Group, Switzerland, produced finance cost of EUR 6.0 million, EUR 3.8 million of which was attributable to the second quarter of 2010.

EBIT 1ST HALF
in EUR million



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



Earnings before taxes trebled in the first half of 2010 to EUR 47.6 (15.3) million. In the second quarter, earnings before taxes rose by EUR 16.7 million to EUR 28.6 (11.9) million.

Prior-year net income achieved as early as first half of 2010

The income tax rate decreased to 24.9% (29.4%) in the first half of 2010. This was attributable primarily to the disproportionately strong earnings performance of those ElringKlinger Group companies that have a below-average tax rate.

The ElringKlinger Group achieved net income of EUR 35.7 million in the first half of 2010, compared to EUR 10.8 million in the first half of 2009. After minority interests of EUR 1.5 (0.8) million, profit attributable to shareholders of ElringKlinger AG rose by EUR 24.2 million to EUR 34.2 (10.0) million for the first half of 2010.

In the second quarter of 2010, profit attributable to shareholders of ElringKlinger AG increased by EUR 12.6 million to EUR 20.6 (8.0) million.

The number of ElringKlinger AG shares outstanding as at June 30, 2010, remained unchanged at 57,600,000. Basic and diluted earnings per share for the first half of 2010 amounted to EUR 0.59 (0.17). In the second quarter earnings per share rose to EUR 0.36 (0.14).

Higher headcount as a result of international growth and takeover of Ompaş

As at June 30, 2010, the ElringKlinger Group employed 4,390 (3,999) people. Compared to the previous year, which had been impacted particularly severely by the economic crisis, the Group headcount thus rose by 9.8%.

The year-on-year change was attributable mainly to the expansion of capacity levels at the sites in Asia, Brazil and Mexico. The acquisition of the Turkish company Ompaş A. Ş. in October 2009 added an extra 44 employees to the workforce compared to June 30, 2009.

In response to more buoyant customer demand and higher levels of production output, ElringKlinger Group moderately increased staff at its domestic facilities, as a result of which the number of people employed in Germany rose slightly compared with June 30, 2009, to 2,258 (2,255). Compared to December 31, 2009, the headcount in Germany increased by 33.

Due to the significant growth recorded in China, local production capacity had to be further expanded during the first half of 2010. Compared to June 30, 2009, the number of employees at the Chinese subsidiaries of ElringKlinger AG rose by 17.1% to 329 (281) people.

In total, the headcount at the international sites operated by the Group increased by 22.2% year-on-year to 2,132 (1,744) employees. Correspondingly, the proportion of the workforce employed abroad rose from 43.6% to 48.6%.

Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group remained solid in the first half of 2010.

Total assets rose by 15.2% year-on-year, reaching EUR 863.3 (749.4) million as at June 30, 2010.

Due to the continued investment in streamlining of production processes and machinery for new product start-ups – regardless of the market crisis of 2009 –, property, plant and equipment rose by EUR 51.9 million to EUR 425.6 (373.7) million as at June 30, 2010, despite elevated write-downs.

Inventories and receivables rise slower than revenue growth

The significant increase in revenue during the first half of 2010 prompted an expansion of inventories. Compared to December 31, 2009, inventories rose by EUR 13.8 million to EUR 115.3 million as at June 30, 2010. However, with the help of intensive inventory management, the Group was able to limit the overall build-up of stock levels, as a result of which the rise in inventories was considerably lower than revenue growth. As at June 30, 2010, the proportion of inventories in relation to total assets declined to 13.4% (13.8%) year-on-year.

The sustained rise in customer demand over the course of the last twelve months, in conjunction with the gradual increase in production output, resulted in higher trade receivables. Compared to June 30, 2009, trade receivables rose by EUR 41.9 million or 41.9% to EUR 141.9 (100.0) million, slightly slower relative to revenue growth.

Equity ratio reaches 42.4%

Significant allocations were made to revenue reserves from net income for 2009 as well as net income from the first half of 2010, as a result of which this item rose by EUR 45.9 million to EUR 272.7 (226.8) million compared to June 30, 2009.

Other reserves, mainly comprising differences arising from foreign currency translation, rose in response to the weakness of the euro in the first half of 2010. Compared to the end of 2009 and March 31, 2010, these reserves increased by EUR 23.7 million and EUR 14.3 million respectively.

As a result of the above-mentioned developments, shareholders' equity rose by 25.9% to EUR 366.2 (290.9) million as at June 30, 2010. Thus, the Group equity ratio edged up to 42.4% (38.8%) as at June 30, 2010.

With sales volumes expanding as the market gradually emerged from the crisis, trade payables increased by EUR 12.6 million to EUR 34.0 (21.4) million compared to June 30, 2009.

Net debt contracts year-on-year

Compared to June 30, 2009, the ElringKlinger Group was able to scale back its net debt by EUR 10.6 million to EUR 221.1 (231.7) million. Compared to December 31, 2009, as planned, net debt increased over the course of the first half of 2010.

The Group temporarily extended its financial liabilities for the purpose of funding capital expenditure measures as well as for interim financing of its dividend payout in the second quarter of 2010. Since December 31, 2009, financial liabilities rose by a total of EUR 32.6 million.

Other current liabilities, which mainly comprise accruals from tool-related revenue as well as deferred income, increased by EUR 16.0 million to EUR 54.1 (38.1) million compared to June 30, 2009.

Since the end of 2009, liabilities continued to fall relative to total equity and liabilities, accounting for just 57.6% (61.2%) of this total as at June 30, 2010.

Operating cash flow dominated by market recovery

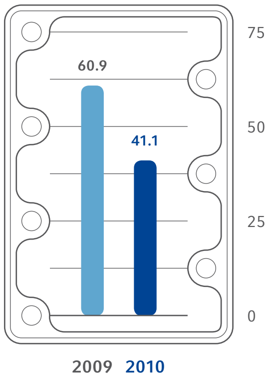
The significant expansion in business volume is reflected in operating cash flow.

The rise in pre-tax earnings of EUR 32.3 million to EUR 47.6 (15.3) million in the first half of 2010 as well as the increase in non-cash depreciation expense, which edged up by EUR 7.0 million to EUR 40.4 (33.4) million as a result of more expansive investing activities, had a positive effect on cash flow from operating activities but were nevertheless more than offset by contrary effects.

As a result of the dynamic increase in sales, which prompted a corresponding rise in procurement volumes and stock levels as well as an increase in trade receivables, inventories and trade receivables as well as other assets not attributable to investing or financing activities rose by EUR 30.9 million in the first quarter and by a further EUR 18.8 million in the second quarter. In total, this produced an increase of EUR 49.7 million in the first half of 2010, placing downward pressure on cash flow from operating activities. By contrast, the first half of 2009 had seen a significant reduction in working capital (inventories plus trade receivables) by EUR 29.4 million against the backdrop of the crisis within the automobile market.

As a result of the significant upturn in sales and the associated build-up of stock levels, the first six months of 2010 also saw an expansion of trade liabilities and other liabilities attributable to operating activities by EUR 6.8 million. In the first half of 2009, in contrast, the Group had seen cash flow contract by EUR 6.0 million within this context, as a result of lower trade payables in that period due to the reduction in procurement volumes. In contrast to the first quarter of 2010 trade liabilities and other liabilities not resulting from financing and investing activities were scaled back by EUR 2.5 million in the second quarter.

NET CASH FROM OPERATING ACTIVITIES 1ST HALF
in EUR million



While provisions fell by just EUR 0.8 million in the first half of 2010, reversals of provisions in the same period a year ago had stood at EUR 10.4 million.

In the first half of 2010, income tax payments by the ElringKlinger Group amounted to EUR 5.8 (2.5) million. Of this total, an amount of EUR 5.0 million was attributable to the second quarter of 2010.

In total, net cash from operating activities declined by 32.5 % to EUR 41.1 (60.9) million in the first half of 2010.

Project-related rise in investments

During the first six months of 2010, the ElringKlinger Group invested EUR 58.3 (43.9) million in property, plant and equipment, investment property as well as intangible assets, which was EUR 14.4 million more than in the same period a year ago.

Investments were directed primarily at buildings as well as plant and machinery for subsidiaries in Asia, in addition to tools for new product ramp-ups. Other projects included the complete refurbishment of the company headquarters and the first construction phase of the new logistics center at the site in Dettingen/Erms.

In the first half of 2010, net cash used in investing activities amounted to EUR 57.5 million, compared to EUR 45.8 million during the same period a year ago.

In total, operational free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted from acquisitions) was minus EUR 16.4 (17.3) million in the first half of 2010.

In the first half of 2010, the Group took out short-term financial loans of EUR 44.7 million for the partial interim financing of investments and the dividend payment as well as to meet its working capital requirements.

An amount of EUR 11.7 (8.7) million was distributed to shareholders and minority shareholders.

No long-term financial loans were taken out during the first half of 2010. In the same period a year ago, the ElringKlinger Group had carried out partial refinancing from short- to long-term maturities, thereby increasing its non-current financial liabilities by EUR 40.0 million. In the first six months of 2010, the Group extinguished EUR 12.1 (21.7) million in non-current financial liabilities.

As a result, net cash from financing activities stood at EUR 18.4 million in the first six months of 2010, compared to net cash of EUR 12.0 million used in financing activities during the same period a year ago.

At June 30, 2010, the ElringKlinger Group had cash amounting to EUR 31.9 (23.0) million.

Opportunities and Risks

As regards the assessment of opportunities and risks for the ElringKlinger Group, there were no significant changes in the second quarter and first half of 2010 to the opportunities and risks discussed in the 2009 Annual Report of the ElringKlinger Group (pages 70 to 80).

However, market conditions in mid-2010 are more favorable – gauged on the basis of global automobile production – than could have been anticipated at the beginning of the year.

With credit ratings for several southern European countries having been revised downwards by some credit agencies in the wake of the economic and financial crisis and national debt having soared at a global level, the economic outlook for some markets is now tinged with uncertainty. At present, however, ElringKlinger does not anticipate that this situation will have a direct impact on demand for automobiles.

The Report on Opportunities and Risks included in the 2009 Annual Report can be accessed at http://ar2009.elringklinger.de/report-on-opportunities-and-risks.

Outlook

Outlook – Market and Sector

Global economy continues to recover – Emerging markets drive growth

Over the course of 2010, the global economy has recovered more strongly than had been anticipated. The International Monetary Fund (IMF) has again upgraded its forecast for the current year, with global growth now expected to reach 4.6 %. Within this context, the emerging markets of Asia and South America are proving to be the main drivers.

In Germany, however, the economic upturn has been more modest, with gross domestic product (GDP) likely to rise by 1.5 %. For the eurozone as a whole, economic output is projected to expand by 1.0 %. Indicators of tangible economic improvement are also becoming clearer in the Eastern European economies: growth forecasts for Russia have been raised from 4.0 % to 4.3 %.

In spite of the continuing uncertainty, the IMF expects the United States to be one of the best performing industrial nations in 2010, with GDP climbing by 3.3 %. Economic development in South America will be far more pronounced than this: in Brazil, the largest market in the region, the growth forecast has been raised by another 1.6 percentage points to 7.1 %.

Principally, growth around the world is being driven by the emergent economies of Asia. In 2010, China and India are expected to record the highest expansion rates in terms of gross domestic product, achieving 10.5 % and 9.4 % respectively.

The upturn for Japan is also likely to outstrip the projections put forward at the start of the year. Economic output for the Japanese economy is now likely to expand by 2.4 %.

The brighter economic picture across many regions is having a generally positive impact on levels of demand for cars and commercial vehicles.

Global automobile production to rise sharply in 2010

For 2010 as a whole, it is anticipated that the world-wide production of cars and light commercial vehicles will expand year on year from 56.9 million to 65.0 million vehicles. However, given the rise recorded in the third and fourth quarter last year, the rate of growth will actually slow.

Car production in Germany boosted by export boom

The domestic market in Germany is continuing to feel the pre-emptive effects of the domestic scrappage scheme. For 2010 as a whole, 2.8 to 2.9 million cars are expected to be registered – around one million fewer vehicles than were registered last year. The drop in domestic registrations, however, is likely to be less severe in the second half of the year than it was in the first six months of 2010.

Nonetheless, car production figures in Germany, driven by strong exports on the part of domestic manufacturers in the first half of the year, have been high enough to make an overall increase in car production a distinct possibility for 2010.

Inconsistent performance within European vehicle markets for the second half

Now that trade-in incentive schemes for new car buyers have expired in many Western European countries, new registrations are predicted to drop by as much as 20.0% in the second six months of 2010. As a result, compared to the previous year, it is likely that 9.0% fewer cars will be registered in Western Europe this year. By contrast, car sales in Eastern Europe are expected to climb by around 12.0%. New registrations for Europe as a whole will probably decline by as much as 18.0% over the same period.

Although the Russian vehicle market has been slow to recover, purchases of new cars may climb by around 20.0% to 1.8 million vehicles by the end of the year, compared to 1.5 million last year.

US automobile market maintains upward trend

The situation within the automobile market in the United States continued to improve in the first six months of 2010. For the year as a whole, registrations are expected to rise by 10.0% to 15.0%. This would be equivalent to a sales volume of 11.4 million to 12.0 million vehicles, compared to 10.4 million vehicles last year. Even this figure is well below the normal long-term demand level, however.

Sales markets in South America remain in good shape, despite the slowdown in economic growth reported for the second quarter. State subsidies for new car buyers have been cut in a number of segments in Brazil, but new car registrations are still likely to rise by as much as 10.0% for 2010 overall.

Asian car markets continue to spur growth

The expanding car markets in the emerging Asian economies (China and India as well as the ASEAN nations) continue to be the main drivers of the global automobile sector. In 2010, car sales in China are set to increase by another 20.0% or so on last year. Similar rates of growth are likely in India.

Even the highly developed automobile market in Japan will record growth in the mid-single-digit percentage range in terms of new registrations for 2010 as a whole.

Recovery of commercial vehicle market picks up speed

The upturn within the markets for commercial vehicles is set to gather pace, with order intakes having risen particularly sharply in the second quarter of 2010. However, it should be pointed out that truck markets are still far short of the sales performance of 2007 and 2008.

Bearing in mind the low level recorded last year as a result of the crisis, production of heavy goods vehicles (over 6 tons) in Germany is likely to increase by around 5.0 % in 2010.

Sales figures for trucks in Europe will not exceed last year's level to any significant degree.

With the economy continuing to pick up, the US truck market looks set to expand by 10-15 % this year.

Outlook – Company

Order intake remains strong

Order intake has been rising steadily since mid-2009, and the pattern continued throughout the first six months of 2010. Over this period, client orders increased by 62.1 % compared to the first half of 2009, climbing from EUR 274.2 million to EUR 444.6 million.

Order intake for the second quarter of 2010 amounted to EUR 244.1 million, exceeding the figure for the first three months (EUR 200.5 million). Compared to the poor performance in the second, crisis-hit quarter of last year (EUR 148.8 million), the ElringKlinger Group has raised its order intake by 64.0 %. New orders were particularly strong in Asia, with North and South America also performing well.

As at June 30, 2010, the Group's order backlog stood at EUR 303.1 million, 41.1 % above the comparable figure for last year (EUR 214.8 million).

Investment stays focused on Asian expansion and product launches

To a significant degree, ElringKlinger is expecting demand to transfer from the three well-established markets comprising the United States, Europe and Japan to the emerging economies of Asia. The Group is gearing up for this shift by raising its investment level in Asia accordingly. This year, the Group invests almost EUR 15 million in China to build two new plants and to install new machinery and equipment at existing sites in Suzhou and Changchun, thereby doubling its production capacities in the country.

The high number of product launches planned for 2011 and 2012 calls for preparatory investment in tools and equipment this year; the Group will therefore increase the share of total investment for this area. Machinery and manufacturing equipment will also be acquired to produce the newly developed components.

At Dettingen/Erms, a new and fully automated logistics center is currently being built for ElringKlinger's Original Equipment and Aftermarket business. Investment of some EUR 14.0 million has been earmarked for the center, which will not only bring about a major improvement in the stock turnover rate but also significantly improve the cost structure for logistical processes.

Since ElringKlinger secured its first order to produce cell connector modules used in lithium-ion batteries in the first half of 2010 the company will invest in setting up series production facilities, provided that additional orders will be gained.

Internal market forecasts

Automobile markets have recovered perceptibly in the first half of 2010; visibility has also improved somewhat as regards future sales trends. Nonetheless, it is still difficult to forecast market developments given the global spread of uncertainty as to the future direction of the economy.

At the present time, ElringKlinger is predicting vehicle production worldwide to exceed the figure for last year by more than 10.0 %.

As far as the European vehicle market is concerned, ElringKlinger is not ruling out a decline in new car registrations for 2010 as a whole in the high single-digit percentage range. However, given the continuing strength of exports and the stock levels of vehicle manufacturers, which are not excessively high, it is possible that car production in Europe could marginally exceed last year’s level.

ElringKlinger now expects car production in North America to increase substantially, from 8.6 million vehicles in 2009 to 11.0 million.

The company is also working on the assumption that the positive trends in both new registrations and vehicle production will be sustained in South America and the key emerging markets of Asia. Although the rapid pace of growth in India and China is likely to slow, the increase for the year will still be well over 10.0 %.

Return to pre-crisis levels within sight

As far as vehicle production is concerned, global markets will not return to pre-crisis levels (73 million cars and light commercial vehicles manufactured) until 2012 respectively 2013. However, the ElringKlinger Group is confident that it will exceed its pre-crisis sales level as early as 2010 thanks to the market upturn, a series of product launches and the Group’s clear focus on growth markets in Asia and South America.

Sales and earnings targets for 2010 raised for the second time

On the basis of the continuing upturn within the vehicles markets and steady economic development, the ElringKlinger Group has revised upwards its overall sales and earnings targets for 2010 for a second time.

The company is now expecting sales revenues to rise to EUR 690-710 million (an increase on the former estimate of EUR 637-655 million). This figure does not include a pro-rata contribution relating to the planned takeover of the cylinder-head and exhaust gasket business from the Freudenberg Group. On a pro-rata basis, this would add some EUR 10 million to the consolidated revenue of the

ElringKlinger Group assuming the takeover goes ahead as planned in the final quarter of 2010. At EUR 90-95 million (compared to the previous estimate of EUR 76-79 million), earnings before interest and taxes (EBIT) are expected to outperform the increase in sales revenue.

In view of the company's impressive portfolio of CO_2 reduction products and high-potential technology pipeline for battery components and fuel cells, the ElringKlinger Group is well placed to achieve its estimated annual revenue growth of at least 5-7% over the long term, with earnings to expand at a rate at least comparable to this figure.

Events after the Reporting Date

On July 12, 2010, ElringKlinger AG disclosed that the company was close to acquiring the static metal gaskets business – business encompassing cylinder-head and exhaust system gaskets – from Freudenberg & Co. KG, Weinheim, and that negotiations were at an advanced stage. Alongside the Freudenberg subsidiary Burgmann Automotive GmbH, Gelting, Germany, parts of Freudenberg-Meillor S.A.S., Nantiat, France, as well as OIGRA-Meillor s.r.l., Turin, Italy, are also to be taken over.

The conclusion of the contractual agreement and the subsequent execution of the takeover are dependent on information and participation proceedings by employee representatives in France, as well as being subject to other standard provisions such as the approval of the transaction by the antitrust authorities. Subject to these approvals, ElringKlinger anticipates the contract can be signed in September 2010 and that the transaction can come into legal effect on October 1, 2010.

During the crisis year of 2009, the Freudenberg unit, which employs 370 people, generated revenue of EUR 38 million. The forecast for fiscal 2010 as a whole suggests an operating result just slightly below break-even and revenue of approx. EUR 42 million, which would contribute pro rata to ElringKlinger's consolidated revenue effective from the date of acquisition. For 2011, the revenue target stands at almost EUR 50 million. ElringKlinger is of the opinion that the operating margin can be guided towards that of its own level for the Group by 2012 at the latest. In total, the transaction would be earnings accretive as from 2011. Both parties to the contract have agreed not to disclose details of the planned purchase price.

The acquisition will allow ElringKlinger to cement its position within the market for flat gaskets. In the area of specialty gaskets, the company will have the opportunity to extend its portfolio by adding new products and applications, e.g. in the rapidly growing segment of turbochargers and exhaust recirculation, as well as capturing additional market share among French and German vehicle manufacturers as well as in Italy.

ElringKlinger and the Capital Markets

Sustained rise in share price during first half of 2010

Following on from the upward trend initiated at the beginning of 2009, ElringKlinger stock succeeded in maintaining its forward momentum during the first six months of 2010. Within this context, the sustained recovery of the global automobile markets, in conjunction with the announcement of the company's results for the first quarter of 2010, had a positive impact on share performance. In April 2010, ElringKlinger shares moved beyond the twenty euro mark for the first time since mid-2008, rising to a first-half high of EUR 21.83 towards the middle of May.

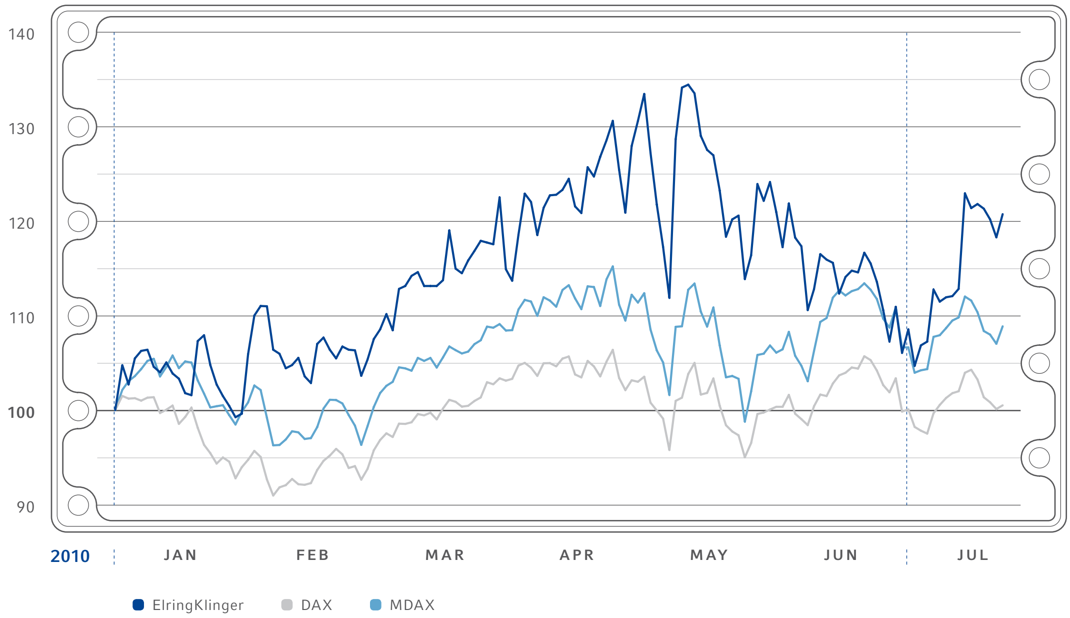
Prompted by growing uncertainty within the financial markets in the wake of the European national debt crisis, stock markets around the globe began to slide, a trend that also had an adverse effect on ElringKlinger's share performance. Until the end of June 2010 the company's stock remained dominated by a period of market correction that forced the price of ElringKlinger shares down to the level of EUR 17.

The announcement on July 12 of the planned takeover of the cylinder-head and exhaust system gasket business from the Freudenberg Group was well received by the capital markets. Additionally, analysts revised upwards their ratings of the company, which had a favorable impact on ElringKlinger's share price, propelling it back towards the EUR 20 mark.

Outperforming the benchmark indices

Rising by 8.6% in total during the first six months of 2010, ElringKlinger's share price fared better than the benchmark index DAX, which remained unchanged during the same period, as well as the MDAX, which recorded a gain of just 6.7%. Including the dividend payment, ElringKlinger shareholders achieved a solid gain in value of 9.8% in the first six months of 2010.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JAN. 1, 2010
compared to MDAX and DAX



Higher trading value

The encouraging rise in trading value recorded during the first three months of 2010 continued into the second quarter. In the first half the average daily trading value of ElringKlinger shares traded on German stock exchanges rose by 46.5% to EUR 1,970,000 (1,345,000).

Close dialog with investors

The company maintained its close dialog with investors, analysts and journalists over the course of the first six months of 2010.

Alongside the financial results press conference in Stuttgart and the subsequent analysts' meeting in Frankfurt, the company attended a number of road shows in Germany and abroad as well as investor conferences in Baden-Baden, Frankfurt and San Francisco. This program was complemented by several meetings at the company as well as a number of conference calls. The company provided information about its current business performance, market trends and conditions within the industry as a whole as well as new products designed for the purpose of reducing emissions and fuel consumption. There was also growing interest shown in the business activities of ElringKlinger AG in the field of battery and fuel cell technology.

Annual General Meeting approves higher dividend and potential buyback of shares

The 105th Annual General Meeting of ElringKlinger AG was held on May 21, 2010, in Stuttgart/Germany. Addressing around 700 shareholders, shareholder representatives and invited guests, the Management Board and Supervisory Board reported on a solid start to the year.

The shareholders present approved a dividend increase of 33.3%, from EUR 0.15 to EUR 0.20 per share, for the 2009 financial year just ended. Thus, calculated on the basis of profit attributable to the shareholders of ElringKlinger AG, the dividend ratio was 54.6%. Furthermore, the shareholders attending the AGM passed a resolution that, for a period of five years, authorizes the company to acquire own shares (treasury shares) of up to 10% of share capital existing at the date on which this resolution was passed. Furthermore, the company was granted the right to increase its share capital by up to EUR 28.8 million in the period up to 2015.

ElringKlinger Stock (ISIN DE 0007856023)	1st Half 2010	1st Half 2009
Number of shares outstanding	57,600,000	57,600,000
Share price (daily closing price in EUR)[1]		
High	21.83	13.47
Low	16.09	6.20
Closing price on June 30	17.60	11.90
Average daily trading volume (German stock exchanges; no. of shares traded)	106,100	144,200
Average daily trading volume (German stock exchanges; in EUR)	1,970,000	1,345,000

[1] XETRA

Consolidated Income Statement of ElringKlinger AG

for the period from January 1 to June 30, 2010

	2nd Quarter 2010 EUR ´000	2nd Quarter 2009 EUR ´000	1st Half 2010 EUR ´000	1st Half 2009 EUR ´000
Sales	**201,003**	**138,200**	**383,676**	**267,900**
Cost of sales	-138,368	-105,300	-267,241	-205,700
Gross profit	**62,635**	**32,900**	**116,435**	**62,200**
Selling expenses	-12,923	-12,300	-26,236	-24,400
General and administrative expenses	-6,906	-5,100	-13,768	-10,000
Research and development expenses	-10,549	-9,700	-21,379	-19,100
Other operating income	4,081	11,700	5,528	13,000
Other operating expenses	-2,079	-600	-2,931	-1,100
Operating result	**34,259**	**16,900**	**57,649**	**20,600**
Financial income	4,637	2,317	9,113	6,917
Financial costs	-10,254	-7,317	-19,201	-12,217
Net finance costs	**-5,617**	**-5,000**	**-10,088**	**-5,300**
Earnings before taxes	**28,642**	**11,900**	**47,561**	**15,300**
Taxes on income	-7,042	-3,500	-11,861	-4,500
Net income	**21,600**	**8,400**	**35,700**	**10,800**
Minority interests	-975	-408	-1,490	-849
Profit attributable to shareholders of ElringKlinger AG	**20,625**	**7,992**	**34,210**	**9,951**
Basic and diluted earnings per share in EUR	**0.36**	**0.14**	**0.59**	**0.17**

Reconciliation to Comprehensive Income

	2nd Quarter 2010 EUR ´000	2nd Quarter 2009 EUR ´000	1st Half 2010 EUR ´000	1st Half 2009 EUR ´000
Net income	**21,600**	**8,400**	**35,700**	**10,800**
Unrealized gains (losses) from currency translation adjustments	14,885	2,037	24,680	2,285
Other comprehensive income (loss)	**14,885**	**2,037**	**24,680**	**2,285**
Total comprehensive income	**36,485**	**10,437**	**60,380**	**13,085**
Minority interests in total comprehensive income	-1,604	-244	-2,465	-888
Total comprehensive income attributable to shareholders of ElringKlinger AG	**34,881**	**10,193**	**57,915**	**12,197**

Consolidated Statement of Financial Position of ElringKlinger AG

as at June 30, 2010

	June 30, 2010 EUR ´000	Dec. 31, 2009 EUR ´000	June 30, 2009 EUR ´000
ASSETS			
Intangible fixed assets	90,068	89,184	87,386
Property, plant and equipment	425,572	386,178	373,666
Investment property	26,279	27,400	27,680
Financial assets	1,541	1,610	1,640
Other non-current assets	4,928	5,105	5,323
Deferred tax assets	13,030	14,143	13,979
Non-current assets	**561,418**	**523,620**	**509,674**
Inventories	115,301	101,468	103,007
Trade receivables	141,912	106,761	100,021
Other current assets	12,737	11,651	13,610
Cash	31,948	25,580	23,046
Current Assets	**301,898**	**245,460**	**239,684**
	863,316	**769,080**	**749,358**

LIABILITIES AND SHAREHOLDER'S EQUITY	June 30, 2010 EUR ´000	Dec. 31, 2009 EUR ´000	June 30, 2009 EUR ´000
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	272,741	250,051	226,780
Other reserves	17,626	-6,079	-10,311
Equity attributable to shareholders of ElringKlinger AG	**350,714**	**304,319**	**276,816**
Minority interests	15,486	13,213	14,034
Shareholder´s equity	**366,200**	**317,532**	**290,850**
Provision for pensions	60,414	59,359	59,128
Non-current provisions	6,582	6,015	5,269
Non-current financial liabilities	152,167	164,269	168,472
Deferred tax liabilities	33,852	31,633	30,502
Other non-current liabilities	33,121	37,356	29,385
Non-current liabilities	**286,136**	**298,632**	**292,756**
Current provisions	9,630	10,651	13,589
Trade payables	34,044	35,712	21,418
Current financial liabilities	100,905	56,234	86,253
Tax payables	12,345	9,051	6,372
Other current liabilities	54,056	41,268	38,120
Current liabilities	**210,980**	**152,916**	**165,752**
	863,316	769,080	749,358

Consolidated Statement of Changes in Equity of ElringKlinger AG

	Share capital EUR ´000	Capital reserve EUR ´000
as of Dec. 31, 2008	**57,600**	**2,747**
Capital increase		
Dividends paid		
Changes in consolidated companies		
Comprehensive income		
Net profit Currency differences		
Other comprehensive income		
as of June 30, 2009	**57,600**	**2,747**
as of Dec. 31, 2009	**57,600**	**2,747**
Capital increase		
Dividends paid		
Changes in consolidated companies		
Comprehensive income		
Net profit Currency differences		
Other comprehensive income		
as of June 30, 2010	**57,600**	**2,747**

	Revenue reserves		Other reserves			
	Revenue reserve first-time adoption of IFRS EUR ´000	Group Equity generated EUR ´000	Currency translation differences EUR ´000	Equity attributable to shareholders of ElringKlinger AG EUR ´000	Minority interests EUR ´000	Group equity EUR ´000
	26,181	**199,288**	**-12,557**	**273,259**	**14,888**	**288,147**
				0		0
		-8,640		-8,640	-79	-8,719
				0	-1,663	-1,663
		9,951	2,246	12,197	888	13,085
		9,951		9,951	849	10,800
			2,246	2,246	39	2,285
				0		0
	26,181	**200,599**	**-10,311**	**276,816**	**14,034**	**290,850**
	26,181	**223,870**	**-6,079**	**304,319**	**13,213**	**317,532**
				0		0
		-11,520		-11,520	-192	-11,712
				0		0
		34,210	23,705	57,915	2,465	60,380
		34,210		34,210	1,490	35,700
			23,705	23,705	975	24,680
				0		0
	26,181	**246,560**	**17,626**	**350,714**	**15,486**	**366,200**

Consolidated Cash Flow Statement of ElringKlinger AG

	2nd Quarter 2010 EUR ´000	2nd Quarter 2009 EUR ´000	1st Half 2010 EUR ´000	1st Half 2009 EUR ´000
Earnings before taxes	28,642	11,900	47,561	15,300
Depreciation/Amortization (less write-ups) of non-current assets	20,978	16,995	40,393	33,420
Net interest	2,993	3,900	6,369	7,300
Change in provisions	-1,499	-9,634	-828	-10,371
Gains/Losses from disposal of intangible assets and of property, plant and equipment	-4	-7	1	55
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-18,831	20,015	-49,752	29,350
Change in trade liabilities and other liabilities not resulting from financing and investing activities	-2,451	-2,764	6,773	-5,953
Income taxes paid	-4,968	1,740	-5,754	-2,500
Interest paid	-2,674	-3,147	-4,615	-4,989
Interest received	27	10	58	20
Currency effects on items relating to operating activities	1,464	-768	924	-721
Net cash from operating activities	**23,677**	**38,240**	**41,130**	**60,911**
Proceeds from disposals of intangible assets and of property, plant and equipment	37	274	632	274
Proceeds from disposals of financial assets	383	1	383	210
Payments for investments in intangible assets	-1,252	-1,267	-2,362	-2,383
Payments for investments in property, plant and equipment and investment properties	-31,615	-19,773	-55,912	-41,479
Payments for investments in financial assets	197	-11	-281	-267
Payments for the acquisition of consolidated entities	0	-2,198	0	-2,198
Net cash from investing activities	**-32,250**	**-22,974**	**-57,540**	**-45,843**
Dividends paid to shareholders and minorities	-11,712	-8,719	-11,712	-8,719
Changes in current financial liabilities	33,429	-15,922	44,671	-21,776
Additions to non-current financial liabilities	0	26,000	0	40,000
Repayment of non-current financial liabilities	-10,250	-13,400	-12,102	-21,676
Currency effects on items relating to financing activities	-1,150	158	-2,504	122
Net cash from financing activities	**10,317**	**-11,883**	**18,353**	**-12,049**
Changes in cash	1,744	3,383	1,943	3,019
Currency on cash	2,777	270	4,425	286
Cash at beginning of period	27,427	19,393	25,580	19,741
Cash at end of period	**31,948**	**23,046**	**31,948**	**23,046**

Group Sales by Region

	2nd Quarter 2010 EUR ´000	2nd Quarter 2009 EUR ´000	1st Half 2010 EUR ´000	1st Half 2009 EUR ´000
Germany	51,430	44,573	111,456	88,493
Other Europe	66,776	47,691	118,690	91,872
NAFTA	38,526	17,309	68,636	34,860
Asia and Australia	32,236	19,622	58,972	36,024
South America and other	12,035	9,005	25,922	16,651
Group	**201,003**	**138,200**	**383,676**	**267,900**

Segment Reporting

for the period from April 1 to June 30, 2010

Segment	Original Equipment 2010 EUR ´000	Original Equipment 2009 EUR ´000	Aftermarket 2010 EUR ´000	Aftermarket 2009 EUR ´000	Engineered Plastics 2010 EUR ´000	Engineered Plastics 2009 EUR ´000
Segment sales[1]	**157,187**	**97,922**	**27,122**	**22,828**	**17,890**	**13,599**
- Intersegment sales	-3,991	528	0	0	0	0
Sales	**153,196**	**98,450**	**27,122**	**22,828**	**17,890**	**13,599**
EBIT[2]	**21,642**	**9,114**	**5,606**	**4,335**	**3,449**	**1,329**
+ Interest income	21	0	5	3	95	0
- Interest expenses	-2,611	-3,189	-251	-337	-106	-196
Earnings before taxes	**19,052**	**5,925**	**5,360**	**4,001**	**3,438**	**1,133**
Depreciation and amortization	19,528	15,642	269	196	635	620
Investments[3]	29,226	17,834	406	162	2,377	2,807

for the period from January 1 to June 30, 2010

Segment	Original Equipment 2010 EUR ´000	Original Equipment 2009 EUR ´000	Aftermarket 2010 EUR ´000	Aftermarket 2009 EUR ´000	Engineered Plastics 2010 EUR ´000	Engineered Plastics 2009 EUR ´000
Segment sales[1]	**298,357**	**189,120**	**53,908**	**47,451**	**34,855**	**27,962**
- Intersegment sales	-8,802	-3,359	0	0	0	0
Sales	**289,555**	**185,761**	**53,908**	**47,451**	**34,855**	**27,962**
EBIT[2]	**36,116**	**8,295**	**11,047**	**9,372**	**4,917**	**2,807**
+ Interest income	48	0	9	11	180	6
- Interest expenses	-5,505	-6,008	-543	-639	-212	-271
Earnings before taxes	**30,659**	**2,287**	**10,513**	**8,744**	**4,885**	**2,542**
Depreciation and amortization	37,509	30,718	504	433	1,269	1,226
Investments[3]	53,717	37,313	893	245	2,735	5,803

[1] Due to the fist-time adoption of IFRS 8 the prior-year figures have been adjusted with regard to the format of presentation relating to segment reporting
[2] Earnings before interest and taxes
[3] Additions to Intangible Assets and Property, Plant & Equipment, incl. interests acquired during previous financial year

Industrial Parks		Services		Consolidation und other[1]		Group	
2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000
1,915	**2,009**	**2,107**	**2,050**	**-1,227**	**-736**	**204,994**	**137,672**
0	0	0	0	0	0	-3,991	528
1,915	**2,009**	**2,107**	**2,050**	**-1,227**	**-736**	**201,003**	**138,200**
751	**845**	**187**	**177**			**31,635**	**15,800**
0	1	0	0	-94	0	27	4
-133	-182	-13	0	94	0	-3,020	-3,904
618	**664**	**174**	**177**			**28,642**	**11,900**
264	287	282	250			20,978	16,995
61	20	197	750			32,267	21,573

Industrial Parks		Services		Consolidation und other[1]		Group	
2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000	2010 EUR ´000	2009 EUR ´000
3,921	**3,932**	**3,673**	**4,258**	**-2,236**	**-1,464**	**392,478**	**271,259**
0	0	0	0	0	0	-8,802	-3,359
3,921	**3,932**	**3,673**	**4,258**	**-2,236**	**-1,464**	**383,676**	**267,900**
1,730	**1,684**	**120**	**442**	**0**	**0**	**53,930**	**22,600**
0	1	0	2	-179	0	58	20
-325	-396	-21	-6	179	0	-6,427	-7,320
1,405	**1,289**	**99**	**438**	**0**	**0**	**47,561**	**15,300**
542	551	569	492	0	0	40,393	33,420
94	48	235	988	0	0	57,674	44,397

Notes to the First Half of 2010

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

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of June 30, 2010, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the first half of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on July 30, 2010.

Basis of Reporting

The accounting policies applied to the consolidated interim financial statements for the first half of 2010 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2009. For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2009 Annual Report published by ElringKlinger AG.

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

In addition to the financial statements of ElringKlinger AG, the interim financial statements as of June 30, 2010, include 4 domestic and 20 foreign subsidiaries. Subsidiaries are entities in which the parent company holds more than half of the voting rights or over which, for other reasons, it has the power to govern the financial and operating policies ("Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

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

Exchange Rates and Derivative Financial Instruments

The following table includes details of the exchange rates applied for the purpose of currency translation:

Currency	Abbr.	Rate on the closing date June 30, 2010	Rate on the closing date Dec. 31, 2009	Average rate Jan. – Jun. 2010	Average rate Jan.–Dec. 2009
US Dollar (USA)	USD	1.22910	1.44050	1.31520	1.39660
Pound (United Kingdom)	GBP	0.81780	0.89000	0.86385	0.89005
Swiss Franc (Switzerland)	CHF	1.32830	1.48360	1.42372	1.50885
Canadian Dollar (Canada)	CAD	1.28800	1.51000	1.36797	1.58070
Real (Brazil)	BRL	2.22650	2.50970	2.37603	2.76663
Mexican Peso (Mexico)	MXN	15.73000	18.82600	16.67290	18.87628
RMB (China)	CNY	8.33340	9.82990	8.96958	9.53857
WON (South Korea)	KRW	1,502.33000	1,678.97000	1,527.65833	1,764.09167
Rand (South Africa)	ZAR	9.36840	10.67500	9.92192	11.50169
Yen (Japan)	JPY	109.05000	133.06000	120.06167	130.64000
Forint (Hungary)	HUF	285.20000	270.15000	272.42500	281.24500
Turkish Lira (Turkey)	TRY	1.94130	2.15260	2.01308	2.16571
Indian Rupee (India)	INR	57.05930	67.00340	60.12292	67.40177

In the first half of 2010, financial instruments were used for the purpose of hedging interest rate risk and smoothing the volatility of purchasing prices for raw materials (nickel).

The overall trend of the fair value of commodity-related derivatives had a positive effect on earnings in the first half of 2010. The balance between the reduction of current provisions (other operating income of EUR 788 thousand) and settlement payments to be made by the company (additional material expenses of EUR 647 thousand) improved the result before taxes by EUR 141 thousand in the first half of 2010. Of this, other operating income attributable to the second quarter of 2010 amounted to EUR 5 thousand, while additional material expenses attributable to the second quarter of 2010 were EUR 25 thousand, as a result of which the net earnings effect in the second quarter was slightly negative at EUR 20 thousand.

In the first half of 2010 current provisions recognized for swap contracts entered into for the purpose of hedging interest risks increased by EUR 287 thousand (other operating expenses). Of this, a total of EUR 110 thousand in other operating expenses was attributable to the second quarter of 2010.

Since the beginning of May 2010, the Group only has financial derivatives that are used solely for the purpose of hedging interest rate risks.

Government Grants

As a result of government grants, primarily for development projects, other operating income rose by EUR 1,429 thousand in the second quarter.

Contingencies and Related Party Disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2009 were not subject to significant changes in the first half of 2010.

Dividend Payment

In the second quarter of 2010, ElringKlinger AG distributed a dividend of EUR 11,520 thousand (EUR 0.20 per share) to shareholders from its unappropriated retained earnings of 2009.

Events after the Reporting Period

ElringKlinger AG, Dettingen/Erms, plans to take over the business of static metal gaskets from Freudenberg & Co. Kommanditgesellschaft, Weinheim. Alongside the Freudenberg subsidiary Burgmann Automotive GmbH, Gelting, Germany, parts of Freudenberg Meillor S.A.S., Nantiat, France, and OIGRA-Meillor s.r.l., Turin, Italy, are also to be taken over. There were no other significant events after the end of the interim reporting period that would necessitate additional explanatory disclosure.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dettingen/Erms, July 30, 2010

The Management Board

Dr. Stefan Wolf   Theo Becker   Karl Schmauder

Disclaimer – Forward-looking Statements and Forecasts

This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

Calendar 2010

SEPTEMBER 14 – 19, 2010
Trade fair Automechanika, Frankfurt

OCTOBER 4 – 6, 2010
Engine colloquium, Aachen

NOVEMBER 4, 2010
Interim Report on the 3rd Quarter of 2010

NOVEMBER 22 – 24, 2010
German Equity Forum, Frankfurt

NOVEMBER 30 – DECEMBER 1, 2010
9th CTI-Symposium Innovative Automotive Transmission, Berlin

MAY 31, 2011
106th Annual General Shareholders' Meeting

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