Report on the Third Quarter and First Nine Months of

2006

elringklinger

ElringKlinger – global development partner and production supplier for cylinder-head and specialty gaskets, cover modules and shielding parts for engines, transmissions and exhaust systems, as well as for products made of high-performance plastics. Committed to innovative technologies, we regularly set new standards in the automotive original-equipment and aftermarket industry. For environmentally-friendly mobility and sustained, profitable growth.

Contents

Dear Shareholders and Friends of ElringKlinger,

ElringKlinger succeeded in maintaining its momentum of growth in the first nine months of 2006. Despite unfavorable conditions for the automobile industry, we were able to increase sales revenue and earnings in the period under review. In particular, new projects were initiated with customers in North America and Asia, presenting us with the prospect of sustained growth in the coming years.

The upturn witnessed in Germany's automotive industry was relatively restrained over the course of the first nine months of 2006. Domestic car production figures rose by just 2%. In Western Europe, vehicle production declined by 4% in the third quarter. At the same time, sales were 3% lower than a year ago. The North American market recorded a 5% year-on-year fall in vehicle production figures. Passenger vehicle sales contracted by 4%.

In contrast, the emerging markets recorded growth in the period under review, led in particular by China, Korea, Eastern Europe and Brazil. In China alone, car sales were propelled upward by 34% in the first nine months. ElringKlinger will be stepping up its efforts within these growth regions.

The impact of spiraling raw material prices, particularly with regard to premium-quality stainless steel, remained noticeable over the course of the third quarter.

Sales revenue generated by the ElringKlinger Group increased from EUR 360.0 million in the first nine months of 2005 to EUR 398.0 million in the period from January to September 2006 – growth of 10.6%. Consolidated net income rose from EUR 35.1 million a year ago to EUR 42.0 million in the first nine months of 2006, which corresponds to an increase of 19.7%.

We have set ourselves a target of revenue growth in the region of 5 to 7% and an increase in earnings of 10 to 12% for fiscal 2006 as a whole. Indeed, we expect to reach – or even exceed – the upper end of this guidance range. Given the number of new projects secured by ElringKlinger, it would appear likely that 2007 will produce comparable growth rates, provided that the state of the economy does not deteriorate significantly.

We hope you enjoy reading our interim report.

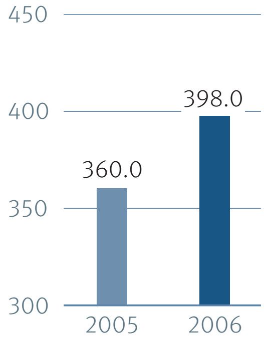
Sincerely,

Dr. Stefan Wolf

Continued Momentum Abroad: Double-digit Revenue Growth in Asia and North America

The ElringKlinger Group propelled sales revenue by 10.6% to EUR 398.0 (360.0) million in the first nine months of 2006. This figure includes EUR 4.3 million in sales revenue generated through a one-time order placed by an international commercial vehicle manufacturer in the first quarter. In the third quarter, sales revenue increased by 7.3% compared with the same period a year ago, taking the figure to EUR 128.7 (120.0) million overall.

Sales Revenues
First 9-months
in EUR million



Demand was buoyed by the continued increase in diesel penetration throughout Europe, the favorable situation within the commercial vehicle sector, as well as numerous product ramp-ups.

ElringKlinger was able to generate growth in all regions covered by Group operations. The share of Group sales revenue attributable to domestic activities stood at 32.6% (34.1%) in the third quarter of 2006. The formidable level of growth achieved in foreign markets is a tribute to the incisive strategy of international expansion implemented by the ElringKlinger Group. Sales revenue generated abroad grew by 9.7% to EUR 86.7 (79.1) million in Q3 2006. Thus, the proportion of foreign sales increased to 67.4% (65.9%).

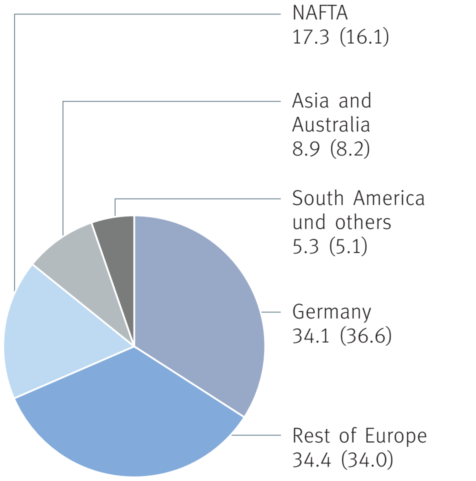
The level of additional market share captured in Asia as well as North and South America proved particularly encouraging. In North America alone, ElringKlinger has been able to secure new orders worth more than US $ 41 million per annum since the beginning of the year. These projects will gradually be phased into production between the second half of 2007 and 2010. In addition to securing orders from leading car manufacturers, ElringKlinger was particularly successful at attracting new customers within the commercial vehicle and engine production sector.

Despite a pronounced decline in vehicle production figures on the North American continent, the Group succeeded in lifting its sales revenue in the NAFTA region by 18.4% to EUR 68.8 (58.1) million in the first nine months of 2006.

Sales Revenues by Region

First 9-months 2006 (prior year)

in %



Growth in Asia was attributable chiefly to China and Korea. Both markets registered significant increases in the volume of cylinder-head and specialty gaskets sold. In the first nine months of 2006, Group sales revenue in Asia rose by 19.9% year on year to EUR 35.4 (29.5) million. In the third quarter, sales revenue totaled EUR 12.2 (10.6) million, a 14.9% increase compared with the same period a year ago. ElringKlinger further strengthened its position in Japan. One of Japan's major producers placed a follow-up order with ElringKlinger for the development and manufacture of cylinder-head gaskets to be used in a new gasoline engine.

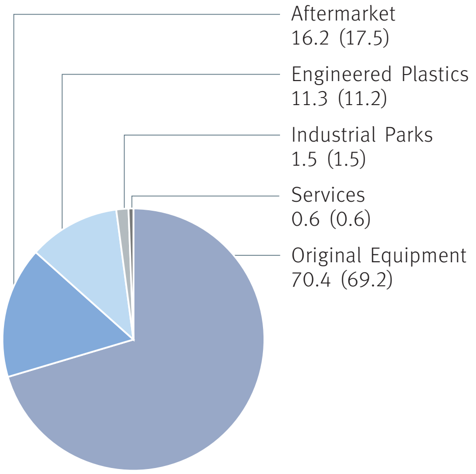
ElringKlinger intends to establish a subsidiary in India by the end of the year. Work on the production facilities in Ranjangaon near Pune is to commence at the beginning of 2007. Indian vehicle manufacturers have already placed several orders, and on this basis production ramp-up is to take place in the second half of 2007. Furthermore, there are preliminary plans to transfer to India the manufacture of various products currently made in Europe for ElringKlinger's aftermarket business.

Revenue Growth in All Segments: Successful Start to Major OEM Projects

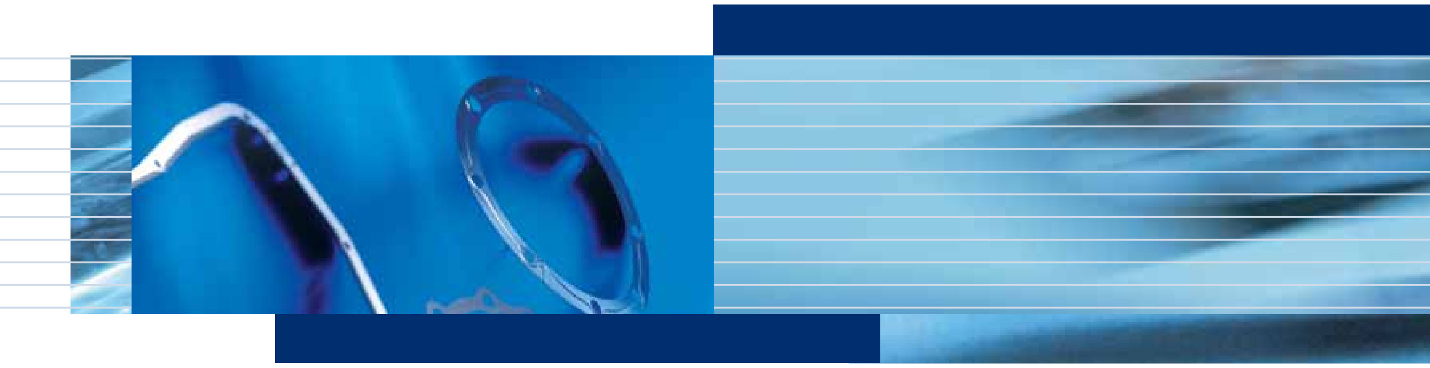
Sales Revenues by Segment

First 9-months 2006 (prior year)

in %



Revenue growth achieved within ElringKlinger's OEM business with passenger car and commercial vehicle manufacturers was above Group average, driven in particular by the additional ramp-up of production relating to coined stopper technology for cylinder-head gaskets, the AdBlue injection module and an automatic transmission control plate. In the first nine months of 2006, sales revenue generated in this segment increased by 12.5% to EUR 280.3 (249.1) million. Owing to the newly initiated projects in this area, the OEM segment's share of Group sales revenue increased to 70.4% (69.2%). In the third quarter, ElringKlinger lifted OEM sales revenue by 6.8% to EUR 88.0 (82.3) million. The Shielding Technology division yet again recorded significant growth. As the technology leader in this field, ElringKlinger has been able to establish a premier position in the market for complex heat shields.



Fresh Impetus for Aftermarket Segment

Sales revenue generated in the Aftermarket segment rose by 2.5% to EUR 64.4 (62.8) million in the first nine months of 2006. At plus 5.4%, third-quarter growth was significantly higher than in the previous quarter. The Middle East and Eastern Europe in particular were responsible for solid gains. Revenue growth within the Western European sector for spare parts was more moderate.

Engineered Plastics Segment Develops Injection Moldable PTFE

ElringKlinger also continued on its path of growth in the Engineered Plastics segment. In the first nine months of 2006, this segment managed to drive sales revenue generated with PTFE-based products by 11.3% to EUR 44.8 (40.3) million. Sales revenue for the third quarter rose by 12.0%. In addition to extending its R&D activities, the division stepped up its efforts to accelerate growth in the international arena. The product portfolio was further expanded, e.g. within the field of medical engineering. One of the focal points of the division's current development work is on the industrial application of injection moldable PTFE. The potential of this material for deployment in a wide range of fields is outstanding.

Operating Result Outpaces Revenue Growth

ElringKlinger increased its gross margin to 35.3% (34.4%) in the first nine months of 2006. In the third quarter, the gross margin stood at 35.5% (34.6%). Higher raw material costs – particularly with regard to stainless steel – were partially offset by continued streamlining and improved productivity levels.

In the first nine months of 2006, ElringKlinger invested EUR 20.9 (21.0) million in research and development. The ratio of R&D to sales revenue was 5.3% (5.8%). Alongside the development of new product fields and areas of application, the main focus was on enhancing existing technologies. Of the total of EUR 20.9 million in R&D expense, EUR 0.8 million was capitalized. Due to depreciation of the same amount, this did not have an impact on earnings.

By improving workflow and unlocking synergies within the Group companies, ElringKlinger was able to make further progress with regard to productivity levels in administration and central functions. As a direct result of these measures, general administration costs were reined back by 0.6% in the first nine months, despite the Group's forward momentum within the business arena. Administration costs for the third quarter were scaled down by 6.7% year on year.

In total, selling expenses in the first nine months of 2006 were 7.9% higher than in the same period a year ago. The increase was attributable to the expansion of international sales and project management activities in the Engineered Plastics segment as well as in the area of commercial vehicles, where ElringKlinger recorded a significant increase in incoming orders. Third-quarter selling expenses remained unchanged year on year at EUR 9.1 (9.1) million.

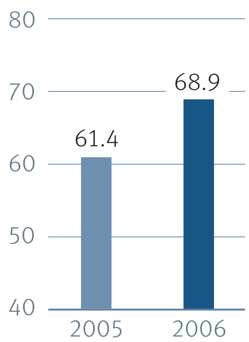
Earnings performance benefited from higher capacity utilization and the growing proportion of new products within the portfolio. Correspondingly, the ElringKlinger Group strengthened its operating result by 19.8% to EUR 70.8 (59.1) million in the period from January to September 2006.

In the third quarter of 2006, the operating result increased by 17.5% compared with the same period a year ago. The operating margin stood at 17.7% (16.2%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose to EUR 103.1 (90.9) million in the first nine months of 2006, having accounted for foreign currency losses amounting to EUR 1.9 million. Thus, EBITDA increased 13.3% compared with the same period a year ago. Due to the higher increase in depreciation expense in relation to growth in sales revenue, EBITDA was propelled by 17.7% to EUR 36.0 (30.6) million in the third quarter.

Earnings before interest and taxes (EBIT), including the negative exchange rate effects outlined above, increased by 12.2% to EUR 68.9 (61.4) million in the first nine months of 2006. In the same period a year ago, foreign exchange rates had produced a positive effect on earnings amounting to EUR 2.3 million. In the third quarter, ElringKlinger increased EBIT by 13.2% to EUR 23.1 (20.4) million.

EBIT
First 9-months
in EUR million

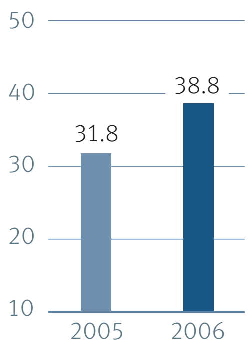


Earnings before taxes rose from EUR 57.0 million in the first nine months of 2005 to EUR 65.2 million in the same period this year. This represents year-on-year growth of 14.4%. In the third quarter, earnings before taxes increased by 14.2%, from EUR 19.0 million in Q3 2005 to EUR 21.7 million in the period under review.

The decrease in the tax rate at Group level to 35.6% (38.4%) resulted in a disproportionately high increase in consolidated net income by 19.7% to EUR 42.0 (35.1) million in the first nine months of 2006. The level of growth recorded in the third quarter was similar. In this period, ElringKlinger increased its consolidated net income by 19.8% to EUR 13.9 (11.6) million. The tax rate for the third quarter stood at 35.9% (38.9%).

After deduction of minority interests amounting to EUR 3.2 (3.3) million, consolidated net income stood at EUR 38.8 (31.8) million in the first nine months of 2006. Compared with the same period a year ago, this constitutes an increase of 22.2%. In the third quarter, consolidated net income after minority interests increased by 20.8% to EUR 12.7 (10.5) million.

Net income after minorities
First 9-months
in EUR million



Earnings per share calculated in accordance with IFRS rose by 22.2%, up from EUR 1.66, to EUR 2.02 in the first nine months of 2006. In the third quarter, ElringKlinger increased earnings per share by 20.8%, from EUR 0.55 a year ago to EUR 0.66 in the period under review.

Headcount Increases at a Slower Rate than Sales Revenue

As of September 30, 2006, the Group employed 3,218 (3,029) people. Thus, the year-on-year increase in staffing levels amounted to 6.3%, which was lower than the growth rate recorded for sales revenue. The general increase in the number of staff employed within the Group was attributable to double-digit revenue growth, coupled with higher capacity utilization, as well as more extensive R&D work and the expansion of sales activities, particularly at ElringKlinger Kunststofftechnik.

At the end of the third quarter, the number of people employed in Germany stood at 2,110 (2,040). In the first nine months of 2006, the headcount at foreign subsidiaries and affiliated companies grew at a more pronounced rate to 1,108 (989).

Investment Ratio Exceeds 8% Despite Revenue Growth

In the first nine months of 2006, capital expenditure was slightly lower than in the same period a year ago. The ElringKlinger Group allocated EUR 33.0 (35.8) million to property, plant and equipment as well as intangible assets and investment property.

The funds were mainly channeled into preparations for product ramp-ups and the expansion of manufacturing capacity. An additional production line for the manufacture of heat shields was installed at the plant in Toluca, Mexico. In the period under review, ElringKlinger also introduced a new production unit for state-of-the-art plastic cam cover modules with an integrated oil separator at its plant in Dettingen/Erms; the new unit is to be deployed for projects within the area of Elastomer Technology/Modules. In addition, an assembly line for the newly launched AdBlue module was installed at this location. The Company also invested in a new research laboratory to step up activities within the area of fuel-cell technology.

Furthermore, funds were invested in machinery and equipment as part of Group-wide projects to enhance efficiency levels, the prime objective being to further optimize these processes.

In the fourth quarter of 2005, ElringKlinger made deposits for equipment subsequently delivered in the first nine months of 2006. Due to the solid growth in sales revenue in the first nine months of 2006 and above-average investments in the same period a year ago, the investment ratio for the first nine months of 2006 receded to 8.3% (9.9%). In the third quarter, the Group invested a total of EUR 10.9 (13.5) million.

Solid Balance Sheet Structure: Equity Ratio Reaches 45.6%

The financial position of the ElringKlinger Group remains encouraging. Indeed, the balance sheet provides a very solid foundation in terms of implementing the Group's growth strategy under its own steam in the coming years. The balance sheet total increased in parallel with revenue and earnings growth. As of September 30, 2006, it amounted to EUR 470.4 (456.3) million. Compared with December 31, 2005, the balance sheet total thus increased by 3.1%.

Intangible assets decreased to EUR 27.8 (30.9) million compared with the year-end of 2005. This was mainly attributable to an impairment charge of EUR 2.0 million relating to a license acquired in 2003 for a single-layer, topographically coined cylinder-head gasket design concept. The latter failed to meet requirements for series production and was thus finally deemed impaired.

The carrying amount of property, plant and equipment fell to EUR 209.9 (210.5) million compared with the end of fiscal 2005 as a result of depreciation on a systematic basis. Non-current assets as a share of the balance sheet total receded from 63.3% to 60.2%.

The ongoing program aimed at optimizing inventory management had a positive effect. Despite the 10.6% increase in sales revenue, ElringKlinger was able to hold inventories at a level comparable to that posted at the end of fiscal 2005: EUR 82.2 (82.3) million.

In contrast, at EUR 90.4 (74.2) million, trade receivables were 21.9% higher than at December 31, 2005. This is primarily due to the fact that the settlement of accounts which are in part not yet due generally occurs at the end of the year. Additionally, the Group recorded higher sales revenue generated with tools used in production ramp-ups, which are associated with a longer payment period than production parts. Receivables grew by 14.4% compared with the end of Q3 2005, a more sizeable increase in relation to consolidated sales revenue. Compared with the end of the second quarter of 2006, however, receivables decreased by EUR 2.3 million.

Revenue reserves increased by EUR 18.0 million. In total, shareholders' equity rose by an additional EUR 18.3 million since December 31, 2005, taking this figure to EUR 214.4 (196.1) million. The Group equity ratio reached 45.6%, compared with 42.9% at the end of 2005.

Due to the significant level of tool-related sales, also with regard to affiliates, and the associated tool-specific deferrals, other non-current liabilities increased by EUR 3.5 million to EUR 14.7 (11.2) million.

Non-current financial liabilities were reined back by a considerable margin in the period under review. Since the end of 2005, the Company has repaid EUR 9.4 million in bank loans, as a result of which short-term borrowings stood at just EUR 25.6 (35.0) million as of the end of the third quarter.

ElringKlinger has also reduced its trade payables – having utilized available discounts – since December 31, 2005; this item decreased by EUR 4.3 million to EUR 21.4 (25.7) million. Current provisions increased by EUR 2.3 million to EUR 8.6 (6.3) million. Overall, current liabilities have been scaled down significantly by EUR 11.5 million since December 31, 2005; this item currently amounts to EUR 92.9 (104.3) million.

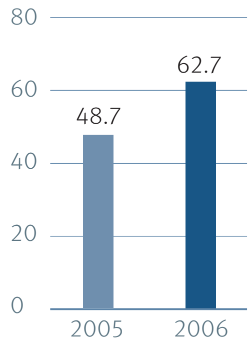
The share of liabilities as a percentage of the balance sheet total fell to 54.4%. Compared with December 31, 2005 (57.1%), the share of financial liabilities as a percentage of the balance sheet total thus decreased by an additional 2.7 percentage points.

Cash Flow Statement: Considerable Increase in Net Cash from Operating Activities in First Nine Months

The ElringKlinger Group generated a considerable cash return in the first nine months of 2006, thus sustaining its performance within this area. Despite substantial investments and a significant decline in trade payables, the Group managed to generate free cash flow of EUR 6.8 million from operating activities in the third quarter of 2006. At EUR 30.8 million, the original target of free cash flow in the region of EUR 30 to 35 million for fiscal 2006 has been attained after just nine months.

ElringKlinger increased its net cash from operating activities by 28.7% to EUR 62.7 (48.7) million in the first nine months of 2006, thus outpacing earnings growth. The main contributory factors were a EUR 8.2 million year-on-year increase in earnings before taxes and higher depreciation of EUR 4.7 million.

Net cash from operating activities First 9-months in EUR million



At EUR 18.6 (21.2) million, the increase in inventories and trade receivables as well as other assets was considerably lower than in the same period a year ago.

Net cash used in investing activities amounted to EUR minus 31.9 (-34.9) million in the first nine months of 2006. Compared with the same period a year ago, cash outflows for investments in property, plant and equipment as well as investment property receded to EUR 31.7 (35.6) million.

The significant reduction in financial liabilities resulted in a cash outflow of EUR 7.7 (0.2) million. In total, net cash used in financing activities was EUR minus 29.6 (-20.1) million in the first nine months of 2006.

At September 30, 2006, cash and cash equivalents amounted to EUR 5.8 (5.5) million.

Focusing on R&D: Share of New Products Increases

More stringent legislation on emissions, adopted both in the US and Europe, is leading to ever-growing demands on diesel technology. In the third quarter of 2006, ElringKlinger received a number of development contracts for the latest generation of coined Metaloflex® metal layer cylinder-head gaskets from Asian and North American vehicle and engine manufacturers. Meander and honeycomb stopper technology, which delivers superior performance rates, is deployed both in gasoline and diesel engines and makes a significant contribution to the reduction of emissions and oil consumption. The new segment stopper developed by ElringKlinger represents another first-class solution designed to address these issues. In the year to date, ElringKlinger has already implemented thirteen series production ramp-ups involving its new stopper technologies. In parallel, staff have been working on a number of development projects for new ramp-ups in 2007 to 2009.

Following the successful phase-in of AdBlue series production for the commercial vehicle sector, the Specialty Gaskets division has now developed tailor-made solutions for passenger cars. The new AdBlue module has been designed to provide sealing, thermal shielding and nozzle integration for urea injection to reduce nitrogen oxide emissions in diesel engines. R&D activities are also being targeted at new sealing systems for the rapidly growing market of exhaust aftertreatment. The Specialty Gaskets division is currently working on a new solution for the integration and sealing of Diesel Particulate Filters in the exhaust tract. The introduction of tax breaks for vehicles equipped with Particulate Filters is likely to unlock considerable potential for such products.

The Shielding Technology division has recently been focusing on integrating add-on functions, such as sensors, into shielding parts. The lead time required to develop samples and low-volume series has been further reduced. The trend among manufacturers to develop more compact yet at the same time more powerful engines with direct injection and supercharging – while also having to contend with a more confined space in the engine compartment – has resulted in greater demand for complex heat shielding solutions.

The Engineered Plastics division further expanded its R&D capacities in the period under review. One of the key projects within this area is the development of injection moldable PTFE as well as the introduction of manufacturing processes for a broad range of industrial applications. As regards automotive applications for PTFE – e.g. piston pump gaskets, blow-molded PTFE tubes for lambda sensors and compressor gaskets for air suspension – the main emphasis is on achieving reductions in fuel consumption and emissions. The Engineered Plastics division has also been stepping up its efforts within the area of medical technology, e.g. in terms of specialist applications and tubes required for medical devices.

Research and development capacities were further expanded within the area of fuel-cell technology. ElringKlinger has set its sights on gaining further momentum in sales revenues from fuel-cell components – prototypes and sample series – in the coming years.

Outlook:
Encouraging Growth in Sales Revenue and Earnings for 2006

Germany's economy has gained further momentum. Indeed, forecasts for the domestic economy all point to growth in excess of 2%. However, the prospects for Germany's future economic performance are less encouraging. The rise in value-added tax to be implemented in January 2007 is likely to produce a degree of uncertainty in the first quarter of the coming year. Vehicle purchases brought forward to 2006 in anticipation of the rise in VAT, Germany's domestic sales tax, may lead to a decline in domestic demand in the first quarter of 2007.

In North America, output-specific downsizing by the vehicle manufacturers that already occured in Q3 will prompt a reduction in the number of cars and light commercial vehicles produced. Vehicle production figures are also expected to decline slightly in Europe.

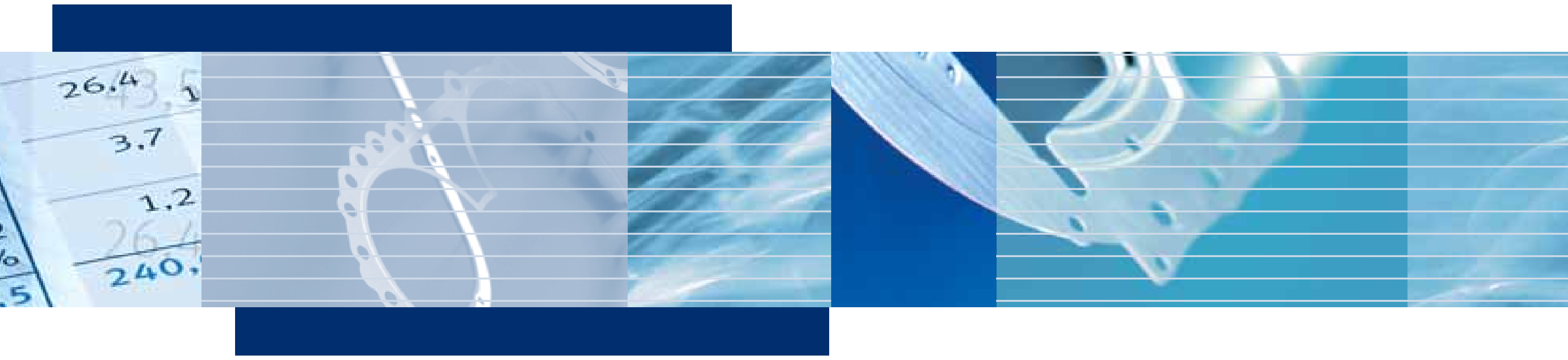
However, in view of the strong demand generated by Brazil, Russia, India and China (BRIC states), global vehicle production is nevertheless forecast to grow slightly.

Against the backdrop of high fuel prices, ElringKlinger anticipates more buoyant demand for diesel engines. Given the higher proportion of new products and the application of existing technology to other areas of business, it would appear likely that ElringKlinger can compensate for unfavorable market effects.

Both order intake and order backlog developed well in the first nine months and the third quarter of 2006. Order intake increased by 15.7% to EUR 423.3 (365.8) million in the first nine months. The third quarter accounted for EUR 141.2 (124.5) million in incoming orders. Thus, order intake for Q3 2006 was 13.4% higher than in the same quarter a year ago. In fact, incoming orders even exceeded the figure recorded for the second quarter (EUR 137.6 million), which had been particularly dynamic. At the end of the third quarter of 2006, order backlog stood at EUR 203.0 (168.6) million, i.e. 20.4% higher than a year ago.

As in the past, earnings performance in the third quarter of 2006 was adversely affected by spiraling prices for c-steel, stainless steel, alloys and intermediate plastic products as well as higher energy costs. ElringKlinger anticipates that prices will – at the very least – remain at their current level. The automotive supplier industry is having to contend with ever-increasing pressure on prices. However, the significant technological lead established by ElringKlinger, complemented by Group-wide measures aimed at enhancing efficiency and additional cost streamlining, has provided a solid basis for the planned increase in earnings in 2006.

ElringKlinger anticipates a 5 to 7% increase in sales revenue for the 2006 financial year. Consolidated net income is expected to grow by 10 to 12%. Provided that economic conditions remain stable, ElringKlinger expects to clearly reach or exceed the upper end of the guidance range for sales revenue and earnings.



Share Performance: Upward Trend Further Strengthened

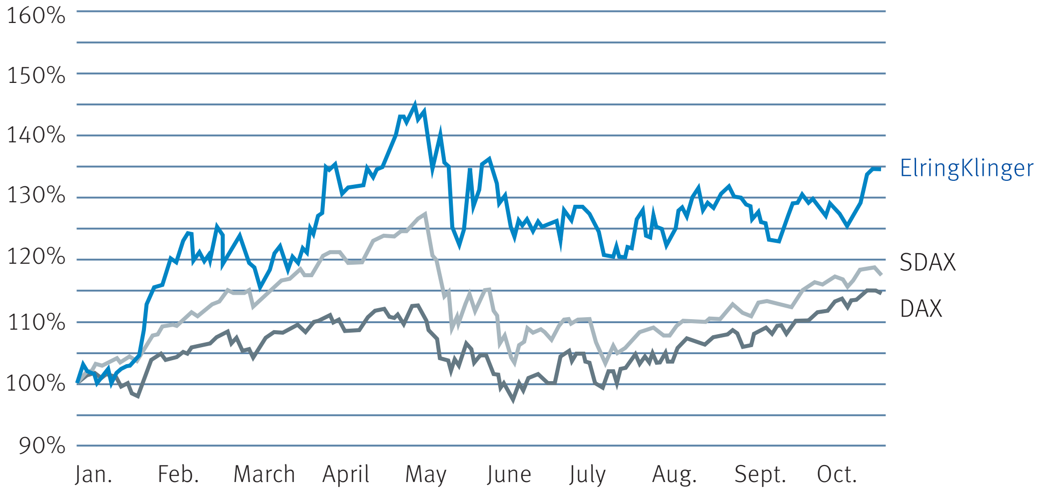
ElringKlinger Share (CUSIP 785 602)

	9-months 2006	9-months 2005
Number of shares as of September 30	19,200,000	19,200,000
Share price (Xetra closing price in EUR)		
High	45.46	36.38
Low	31.21	25.26
Closing price on September 30	40.46	35.94
Average daily volume (no. of shares)	19,000	20,300

The Company's solid development in the first nine months of 2006 and the successful expansion of its product portfolio had a positive effect on share performance, as did the favorable climate for stocks in general. Since the beginning of the year, ElringKlinger shares gained 32% in value.

In May, the share price reached EUR 45. Against the backdrop of sluggish capital markets and unfavorable industry data, ElringKlinger's share price receded to approx. EUR 37 in early summer. By the end of the third quarter it had regained its footing and breached the EUR 40 mark. Thus, ElringKlinger shares outperformed the benchmark indices DAX and SDAX.

Share price performance ElringKlinger AG (since January 1, 2006) relative to benchmark indices DAX and SDAX



The stock's liquidity, i.e. the number of shares traded on the stock exchange, which has improved markedly since the 1:2 stock split carried out in August 2005, remained stable at an elevated level. In the first nine months of 2006, the daily trading volume of ElringKlinger stock stood at 19,000 (20,300) and was thus only slightly lower than in the same period a year ago, despite the higher average share price.

In the period under review, management representatives organized meetings and presentations with a number of institutional investors in various European countries and the US, with the express purpose of outlining ElringKlinger's business performance and the Group's prospects for the future. Analysts and international investors visited the corporate headquarters in order to gain an impression of the company, its product innovations and its manufacturing processes. Furthermore, ElringKlinger attended five international capital markets' conferences and teamed up with two other small-cap companies in order to showcase its portfolio at a private investment meeting in Stuttgart.

Between now and the end of 2006, ElringKlinger will participate in three further international capital markets' conferences in Europe and North America, as well as presenting its investment case to an international audience at Deutsche Börse's German Equity Forum (Eigenkapitalforum).

Consolidated Income Statement

January 1 to September 30, 2006

	3rd Quarter 2006	3rd Quarter 2005	9-months 2006	9-months 2005
	EUR'000	EUR'000	EUR'000	EUR'000
Sales revenues	128,700	120,000	398,000	360,000
Cost of sales	-83,000	-78,500	-257,600	-236,100
Gross profit	**45,700**	**41,500**	**140,400**	**123,900**
Selling expenses	-9,100	-9,100	-28,600	-26,500
General and administrative expenses	-5,600	-6,000	-17,400	-17,500
Research and development expenses	-6,800	-7,100	-20,900	-21,000
Other operating income	1,300	3,500	2,900	5,100
Other operating expenses	-2,700	-3,400	-5,600	-4,900
Operating result	**22,800**	**19,400**	**70,800**	**59,100**
Earnings from affiliated companies	0	0	0	0
Net interest	-1,100	-400	-5,600	-2,100
Financial result	**-1,100**	**-400**	**-5,600**	**-2,100**
Earnings before taxes	**21,700**	**19,000**	**65,200**	**57,000**
Taxes on income	-7,800	-7,400	-23,200	-21,900
Consolidated net income	**13,900**	**11,600**	**42,000**	**35,100**
Minority interests	1,174	1,069	3,159	3,314
Consolidated net income after minority interests	12,726	10,531	38,841	31,786
Earnings per share in EUR	0.66	0.55	2.02	1.66

Consolidated Balance Sheet

ASSETS	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
	EUR'000	EUR'000	EUR'000
Intangible assets	27,805	30,913	30,400
Property, plant and equipment	209,911	210,452	203,250
Investment properties	30,973	32,390	32,100
Financial assets	4,571	4,543	4,450
Deferred taxes	9,845	10,732	11,100
Non-current assets	**283,105**	**289,030**	**281,300**
Inventories	82,841	82,246	78,300
Trade receivables	90,383	74,154	79,000
Other current assets	8,221	6,433	6,900
Cash and cash equivalents	5,833	4,434	5,500
Current assets	**187,278**	**167,267**	**169,700**
	470,383	456,297	451,000

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
	EUR'000	EUR'000	EUR'000
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	137,796	119,791	108,533
Minority interests	16,240	15,975	16,559
Shareholders' equity	**214,383**	**196,113**	**185,439**
Provisions for pensions	53,235	52,429	52,000
Non-current provisions	9,318	9,212	8,600
Non-current financial liabilities	52,130	50,504	54,000
Deferred taxes	33,749	32,517	36,000
Other non-current liabilities	14,706	11,173	10,500
Non-current liabilities	**163,138**	**155,835**	**161,100**
Current provisions	8,612	6,252	6,300
Trade payables	21,424	25,685	20,200
Liabilities to affiliated companies	0	17	0
Current financial liabilities	25,643	34,985	33,500
Tax payables	7,449	7,096	6,800
Other current liabilities	29,734	30,314	37,661
Current liabilities	**92,862**	**104,349**	**104,461**
	470,383	456,297	451,000

The classification corresponds to that of the 2005 annual financial statements (see the Notes to the financial statements).

Consolidated Cash Flow Statement

	3rd Quarter 2006	3rd Quarter 2005	9-months 2006	9-months 2005
	EUR'000	EUR'000	EUR'000	EUR'000
Earnings before taxes	21,700	19,000	65,200	57,000
Amortization and depreciation (less write-ups) on non-current assets	12,854	10,067	34,152	29,467
Net interest	1,400	1,400	3,700	4,400
Changes in provisions	-682	-195	1,489	1,394
Loss from disposal of intangible assets and of property, plant and equipment	0	87	0	58
Changes in inventories, receivables and other assets not resulting from financing and investing activities	-4,726	-900	-18,612	-21,240
Changes in liabilities not resulting from financing and investing activities	-4,118	3,017	-1,043	2,993
Income taxes paid	-8,020	-11,100	-21,175	-22,324
Interest paid	-801	-712	-2,052	-2,536
Interest received	50	25	300	275
Foreign currency translation changes from operating activities	-312	-717	705	-791
Net cash from operating activities	**17,345**	**19,972**	**62,664**	**48,696**
Proceeds from disposals of intangible assets and of property, plant and equipment	409	0	1,135	935
Proceeds from disposals of financial assets	3	11	412	26
Payments for investments in intangible assets	-336	-61	-1,304	-214
Payments for investments in property, plant and equipment and investment property	-10,607	-13,450	-31,698	-35,597
Payments for investments in financial assets	-16	0	-440	0
Net cash used in investing activities	**-10,547**	**-13,500**	**-31,895**	**-34,850**
Dividends paid	-31	0	-21,839	-18,804
Changes in financial liabilities	-8,090	-7,000	-7,716	-151
Foreign currency translation changes from investing activities	47	-48	-47	-1,116
Net cash used in financing activities	**-8,074**	**-7,048**	**-29,602**	**-20,071**
Net increase in cash and cash equivalents	-1,276	-576	1,167	-6,225
Foreign currency translation changes in cash and cash equivalents	-5	76	232	482
Cash and cash equivalents at beginning of period	7,114	6,000	4,434	11,243
Cash and cash equivalents at end of period	5,833	5,500	5,833	5,500

The classification corresponds to that of the 2005 annual financial statements (see the Notes to the financial statements).

Statement of Changes in Equity

3rd Quarter 2006

	Share capital	Capital reserve	Revenue reserves: Revaluation reserve	Currency translation differences	Equity capital earned by the Group	Minority interests	Group equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As of Dec. 31, 2004	**57,600**	**2,747**	**26,181**	**-7,798**	**70,216**	**14,977**	**163,923**
Dividend distributions					-16,800	-2,004	-18,804
Adjustments due to consolidation				4,948		272	5,220
Consolidated net income					31,786	3,314	35,100
As of Sept. 30, 2005	**57,600**	**2,747**	**26,181**	**-2,850**	**85,202**	**16,559**	**185,439**
As of Dec. 31, 2005	**57,600**	**2,747**	**26,181**	**-2,203**	**95,813**	**15,975**	**196,113**
Dividend distributions					-19,200	-2,639	-21,839
Adjustments due to consolidation				-1,636		-255	-1,891
Consolidated net income					38,841	3,159	42,000
As of Sept. 30, 2006	**57,600**	**2,747**	**26,181**	**-3,839**	**115,454**	**16,240**	**214,383**

Group Sales Revenues by Region

	3rd Quarter 2006	3rd Quarter 2005	9-months 2006	9-months 2005
	EUR'000	EUR'000	EUR'000	EUR'000
Germany	41,949	40,892	135,819	131,554
Change compared to prior year in %	2.6		3.2	
Rest of Europe	45,200	41,717	136,795	122,433
Change compared to prior year in %	8.3		11.7	
NAFTA	21,829	19,946	68,831	58,125
Change compared to prior year in %	9.4		18.4	
Asia and Australia	12,196	10,611	35,427	29,541
Change compared to prior year in %	14.9		19.9	
South America and others	7,526	6,834	21,128	18,347
Change compared to prior year in %	10.1		15.2	
Group	**128,700**	**120,000**	**398,000**	**360,000**
Change compared to prior year in %	7.3		10.6	

Segment Reporting

3rd Quarter 2006/3rd Quarter 2005

	Original Equipment		Aftermarket		Engineered Plastics	
	2006	2005	2006	2005	2006	2005
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues*	**107,049**	**102,050**	**24,040**	**23,885**	**15,495**	**14,286**
Intersegment revenues	-3,963	-4,185	0	0	0	0
Consolidation	-15,127	-15,534	-1,901	-2,887	-7	-463
Sales revenues	**87,959**	**82,331**	**22,139**	**20,998**	**15,488**	**13,823**
EBIT	**13,728**	**11,749**	**4,514**	**4,680**	**3,610**	**3,084**
Amortisation & depreciation	-11,800	-8,576	-108	-164	-437	-438
Investments	9,963	10,930	152	376	777	367

Segment Reporting

9-months 2006/9-months 2005

	Original Equipment		Aftermarket		Engineered Plastics	
	2006	2005	2006	2005	2006	2005
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues*	**332,577**	**303,700**	**69,703**	**71,558**	**44,902**	**41,712**
Intersegment revenues	-11,437	-12,316	0	0	0	0
Consolidation	-40,869	-42,253	-5,309	-8,721	-58	-1,438
Sales revenues	**280,271**	**249,131**	**64,394**	**62,837**	**44,844**	**40,274**
EBIT	**44,247**	**38,100**	**12,640**	**12,659**	**8,885**	**8,205**
Amortisation & depreciation	-31,113	-25,895	-387	-451	-1,292	-1,276
Investments	29,190	31,032	372	1,046	2,775	1,409

In the ”Services“ segment, structural changes occurred due to the integration by ElringKlinger AG of the independent division of Elring Klinger Motortechnik. This explains the decline in segment sales revenues. Segment earnings remained unaffected due to the original elimination of Intra-Group transactions.

	Industrial Parks		Services		Group	
	2006	2005	2006	2005	2006	2005
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues*	**2,035**	**1,900**	**1,797**	**2,029**	**150,416**	**144,150**
Intersegment revenues	0	0	0	0	-3,963	-4,185
Consolidation	0	0	-718	-1,081	-17,753	-19,965
Sales revenues	**2,035**	**1,900**	**1,079**	**948**	**128,700**	**120,000**
EBIT	**958**	**599**	**290**	**288**	**23,100**	**20,400**
Amortisation & depreciation	-267	-276	-186	-233	-12,798	-9,687
Investments	37	1,556	14	282	10,943	13,511

	Industrial Parks		Services		Group	
	2006	2005	2006	2005	2006	2005
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues*	**6,109**	**5,555**	**4,465**	**5,422**	**457,756**	**427,947**
Intersegment revenues	0	0	0	0	-11,437	-12,316
Consolidation	0	0	-2,083	-3,219	-48,319	-55,631
Sales revenues	**6,109**	**5,555**	**2,382**	**2,203**	**398,000**	**360,000**
EBIT	**2,777**	**2,018**	**351**	**418**	**68,900**	**61,400**
Amortisation & depreciation	-804	-824	-595	-706	-34,191	-29,152
Investments	362	1,771	303	553	33,002	35,811

*Due to the requirements of IAS 14 in accordance with IFRS, a minor reclassification was made in the prior year: Sales deductions for commissions in the amount of EUR 913 (2.579) thousand, which were previously allocated to the Original Equipment segment, have been reclassified to the Aftermarket segment since the preparation of the 2005 annual financial statements.

Notes to the Third Quarter of 2006

The interim report as of September 30, 2006, has been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), London, and taking into consideration the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The same accounting policies applied to the consolidated financial statements as of December 31, 2005, prepared in accordance with IFRS, have been used in the preparation of this interim report.

The guidelines for the classification of the consolidated income statement, consolidated balance sheet and consolidated cash flow statement were applied for the first time with the preparation of the 2005 consolidated financial statements as of December 31, 2005, in accordance with Accounting Interpretations Committee 1 (AIC 1, adopted in July 2005) as well as IAS 7. The new classification of items in the consolidated financial statements has also been applied to interim reporting.

In accordance with the guidelines set out in AIC 1, which require changes relating to the current/non-current distinction, provisions for warranties and onerous contracts were reclassified in the consolidated balance sheet, from long-term to short-term provisions. At the same time, tax liabilities classified under short-term provisions are now reported separately, while personnel-related provisions and other provisions that are by nature considered liabilities are now classified under other current liabilities.

Since the preparation of the 2005 annual financial statements, the consolidated cash flow statement has been reclassified in accordance with IAS 7. The summary statement pertaining to the change in liabilities and shareholders' equity has been divided into the effects from changes in the income tax liability, changes in the interest portion for pension provisions, other provisions and trade payables, as well as other items under liabilities and shareholders' equity which are not attributable to investing or financing activities. Securities held as current assets have been added to cash and cash equivalents.

Required Disclosures

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

In addition to the financial statements of ElringKlinger AG, the interim report as of September 30, 2006, includes 4 domestic and 15 foreign subsidiaries. These are subsidiaries over which ElringKlinger AG maintains a controlling influence as the majority holder of voting rights. The joint-venture companies ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corp., Tokyo, Japan, were included in the interim report on the basis of proportionate consolidation. Marusan Corp., Tokyo, Japan, was recognized as an investment and carried at cost. The financial year for all consolidated subsidiaries corresponds to the financial year of the parent company.

Exchange rates developed as follows:

		Closing rate = EUR 1		Average rate = EUR 1	
		Sept. 30, 2006	Dec. 31, 2005	2006	2005
US dollar (USA)	USD	1.26650	1.18330	1.24871	1.23786
Pound Sterling (UK)	GBP	0.67780	0.68740	0.68526	0.68312
Canadian dollar (Canada)	CAD	1.41000	1.37500	1.40452	1.49865
Real (Brazil)	BRL	2.74200	2.75030	2.71753	2.99513
Peso (Mexico)	MXN	13.97999	12.60210	13.61523	13.47397
RMB (China)	CNY	10.01230	9.54710	9.98590	10.12873
WON (South Korea)	KRW	1,198.32235	1,186.80000	1,194.12966	1,264.23000
Rand (South Africa)	ZAR	9.86000	7.49000	8.19901	7.87479
Yen (Japan)	JPY	149.40090	139.10000	144.47510	136.90250
Forint (Hungary)	HUF	273.20165	253.00000	266.46316	248.78333
Zloty (Poland)	PLN	3.97400	3.86500	3.91802	4.02573

Depreciation and amortization expense for the third quarter of 2006 includes impairment charges amounting to EUR 1,969 thousand relating to a license acquired in 2003 for a single-layer, topographically coined cylinder-head gasket design concept. The latter failed to meet requirements for series production and was thus finally deemed impaired. The carrying amount was reduced to EUR 1.

In the third quarter and the first nine months of 2006, derivative financial investments were utilized for the purpose of hedging interest rate risk and in order to smooth the volatility of purchasing prices for raw materials. In addition, derivative financial instruments were used to hedge receivables in Canadian and US dollars. The market value of a derivative financial instrument relating to raw materials developed favorably in the period under review, as a result of which material expense declined by EUR 222 thousand.

The contingencies disclosed in the 2005 financial statements were not subject to material changes in the first nine months of 2006.

Calendar

Small Cap Conference (London)	November 9–10, 2006
European Mid Cap Conference (New York)	November 16–17, 2006
SAE Automotive Supplier Symposium (São Paulo, Brazil)	November 21–23, 2006
German Equity Forum (Frankfurt)	November 27–29, 2006
Financial Press Conference	March 29, 2007
Analysts' Conference	March 29, 2007
Interim Report on the 1st Quarter of 2007	May 10, 2007
102nd Annual General Shareholder Meeting Liederhalle Cultural and Congress Centre Stuttgart, Hegelsaal, 10:00 CET	May 25, 2007

We would be pleased to e-mail you our interim reports as a PDF file.
Please send your e-mail address to:
stephan.haas@elringklinger.de or give us a call at
++49 (0)71 23/724-137

Further information is available at www.elringklinger.de

Address

ElringKlinger AG | Max-Eyth-Straße 2 | D-72581 Dettingen/Erms | Phone +49(0) 71 23/724-0 | Fax +49 (0) 71 23/724-90 06

www.elringklinger.de

Contact Investor Relations

Stephan Haas | Phone +49(0) 71 23/724-137 | Fax +49(0) 71 23/724-641 | E-Mail: stephan.haas@elringklinger.de