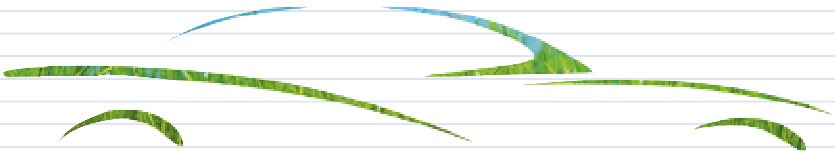


Experience mobility – Drive the future.

Report on the Third Quarter and First Nine Months of 2008

elringklinger

Developing the Future.

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

Contents

Economic and Business Climate

Economic growth weakens significantly

The first nine months of 2008 were marked by a noticeable slowdown in global economic growth. The third quarter in particular saw a major downturn in growth rates following a worsening of the international financial and credit crisis.

In Germany, third-quarter gross domestic product rose by as little as 0.1% after the 0.5% growth achieved in the preceding quarter.

In the eurozone as a whole, economic growth was almost at a standstill in the third quarter of 2008.

Figures for economic growth in the United States were scarcely better. Although tax credits from the US government gave a temporary boost to the country's second-quarter GDP in 2008, which ended up 2.8% on the same quarter a year ago, growth in the third quarter fell back to 0.5%.

Despite global turbulence, the South American economy recorded stable growth in the first nine months of 2008, with Brazil's GDP, for example, climbing 6.1% in the second quarter of 2008.

Asia continued its dynamic expansion, although even in this region the rate of growth slowed down around the middle of the year. China grew by 9.9% in the first three quarters of 2008 compared to the equivalent period in 2007. Here, economic output rose by as much as 9.0% in the third quarter. Growth rates in India were not far behind.

Plummeting motor vehicle demand in wake of financial market and credit crisis

The first nine months of 2008 saw an increasing slowdown in the automobile industry – especially in the well-established markets of Western Europe, North America and Japan, all of which are important to ElringKlinger. Nearly all manufacturers had to cut back production in the third quarter in response to a fall in demand that could be felt across the world. Global automobile sales volumes in the first nine months were 4.3% below the corresponding period for 2007. The three established markets – Western Europe, North America and Japan – recorded a fall of 8.0% in the first three quarters.

There was no appreciable recovery of the vehicle market in Germany in the first nine months of 2008, even though car sales in the equivalent period for 2007 were depressed by the increase in VAT on January 1, 2007. New car registrations in Germany rose by a mere 1.3% to 2.4 million units. Exports maintained the same level as the previous year at 3.2 million units. Domestic car production showed a modest increase of 1.0%.

Vehicle sales in Europe were even weaker and ended the first nine months of 2008 down 4.4% on the previous year. Sales in Western Europe declined by 5.0%, primarily on account of major falls in Spain, Italy and the UK. Vehicle production in Western Europe over the same period was 6.0% below the corresponding figure for 2007. By contrast, Eastern Europe recorded an increase over the previous year of 3.0% in new registrations from January to September 2008. The Russian automobile market grew by an impressive 25.6%.

The first nine months of 2008 were also marked by continued weakness of the US market. In some cases, North American car makers curbed production by up to 30%. Production collapsed over the period to 6.8 million vehicles, 17.1% below the corresponding figure for 2007. Compared to the previous year, new registrations in the United States were down 12.8% in the first three quarters.

Growth in the emerging markets of Asia remained solid. Chinese car sales stood at 3.9 million, an increase of 8.1% on the equivalent period for 2007. In India, 1.2 million vehicles were sold from January to September 2008 – a year-on-year rise of 8.2%. In Japan, however, vehicle sales were down 0.9% on the same three-quarter period in 2007.

Diesel consolidates share of Western European market

Against an overall background of lower sales, diesel vehicles were able to consolidate their share of new registrations in the first three quarters of 2008. Given the above-average increase in the price of diesel, the market share figure of almost 52.5% (52.4%) can be regarded as a sign of steady growth in this category. Another important factor in the increasing popularity of diesel has been the introduction of CO_2-based vehicle taxes in some European countries.

Commercial vehicle market faces slowdown

Demand for commercial vehicles showed marked regional differences in the first nine months of 2008. The US commercial vehicle market was extremely weak, with sales down by a further 19.7% in the first nine months compared to the same period in 2007. By contrast, new registrations in Europe rose by 1.2% over the nine-month period in the previous year. This was largely due to good sales figures in Western Europe, where growth of 4.5% compensated for a decline of 14.5% in the new EU member states. However, the level of new orders received 2008 by most European manufacturers up to September 2008 dropped – in some cases in double figures.

Significant Events during the First Nine Months of 2008

Acquisition in the Shielding Technology division

The takeover of SEVEX AG, a Swiss manufacturer of thermal and acoustic shielding components, now trading under the name of ElringKlinger Abschirmtechnik Schweiz AG, took effect in the second quarter of 2008. Alongside the Swiss parent company, ElringKlinger acquired the US subsidiary SEVEX North America, Inc., Buford, Georgia, as well as SEVEX Asia, based in Suzhou, China. The SEVEX Group was concluded in the consolidated group with effect from April 1, 2008.

The newly acquired companies have been fully integrated into ElringKlinger Group's production network. The degree of automation within the area of production has been increased by a considerable margin, while central functions are now being performed by ElringKlinger AG. Purchasing volumes have been combined and cost structures are being further optimized. The Group's activities within the area of product development have also benefited from the takeover.

In the second and third quarter of 2008, the former SEVEX Group achieved net sales revenue of around EUR 34 million. ElringKlinger Abschirmtechnik Schweiz AG achieved an operating margin close to the double-digit mark. Additional costs were incurred at former SEVEX subsidiary ElringKlinger USA, Inc. in preparation for production start-ups on behalf of North American commercial vehicle and engine manufacturers. These led to a negative operating result of EUR 0.6 million.

As a result of the required application of IFRS rules on the allocation of purchase price to the order backlog at the time of acquisition, lower margins will apply to these orders at the new companies until such time as the orders have been worked off. In few of this technical accounting rule, it will not be possible to achieve ElringKlinger's normal operating margins within these markets until the fourth quarter of 2008. The impact of this price allocation on earnings stood at around EUR 2.4 million in the second and third quarters of 2008 for the companies of the former SEVEX Group.

Interest costs payable in connection with the financing of this acquisition came to EUR 1.1 million for the second and third quarters. Earnings were also reduced by a total of EUR 1.5 million on account of negative currency fluctuations – primarily from an increase in the rate of exchange of the Swiss franc to the euro. The contribution to earnings before income tax made by the former SEVEX Group stood at EUR -2.7 million.

ElringKlinger strengthens presence in Asia through purchase of additional shares in Marusan Corporation

In May 2008, the ElringKlinger Group increased its equity interest in Japanese gasket manufacturer Marusan Corporation, Tokyo, from 10% to 50%, thus strengthening its position in the Asian market. Marusan Corporation manufactures cylinder head gaskets, specialty gaskets and heat shields for the Japanese car and commercial vehicle manufacturers.

Already in 2004, ElringKlinger AG and Marusan Corporation established ElringKlinger Marusan Corporation, a joint venture which had previously focused on research and development as well as distribution in Japan and other Asian markets. Prompted by its success in attracting new development projects, both companies decided to extend their collaborative efforts to the field of production. The existing ElringKlinger Marusan Corporation was amalgamated with the newly founded manufacturing joint venture and trades as ElringKlinger Marusan Corporation. In recent weeks, drawing on its more prominent position in the Asian market, ElringKlinger was able to secure a contract from a major Japanese manufacturer to develop a weight-reduced plastic cam cover.

The equity interest in ElringKlinger Marusan Corporation, which was accounted for on the basis of proportionate consolidation as from May 1, 2008, contributed approximately EUR 10 million in total to Group sales. The operating margin is within the mid-single-digit range. The allocation of purchase price to the order backlog at the time of acquisition has so far led to a charge against consolidated earnings of EUR 0.1 million. As in the case of SEVEX, this charge will no longer apply in the fourth quarter. At the time of the acquisition of additional interests in Marusan Corporation, the latter's equity exceeded the purchase price by EUR 5,808 thousand. This excess was accounted for in the first nine months of 2008 as other operating income and therefore had a positive impact on earnings.

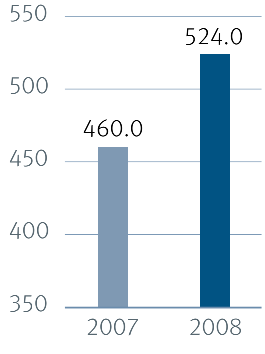
Sales and Earnings Performance

Organic growth complemented by acquisitions

In the first nine months of 2008 Group sales rose by 13.9% to EUR 524.0 (460.0) million. Within this context, the acquisition of the Swiss SEVEX Group and the expansion of the company's ownership interest in ElringKlinger Marusan Corporation, Japan, contributed a total of EUR 45 million to growth. The continuing malaise of the North American automobile market and the significant decline in the number of new vehicle registrations in Western Europe was counterbalanced in part by new product ramp-ups and solid demand in Asia.

In the third quarter Group sales increased by 15.9% in total, up from EUR 150.0 million to EUR 173.8 million. The ElringKlinger Group managed to maintain organically generated sales revenue at a consistent level compared to the same quarter a year ago. The inclusion of the recently acquired SEVEX Group as

Sales
First 9-months 2008
in EUR million



well as the consolidation of ElringKlinger Marusan Corporation contributed EUR 23.3 million to quarterly sales. As regards this figure, it should be noted that the former SEVEX Group has been fully integrated within the Group's manufacturing structure and in some cases is already producing specific components for orders secured by the ElringKlinger AG.

Asia and South America with stronger contribution

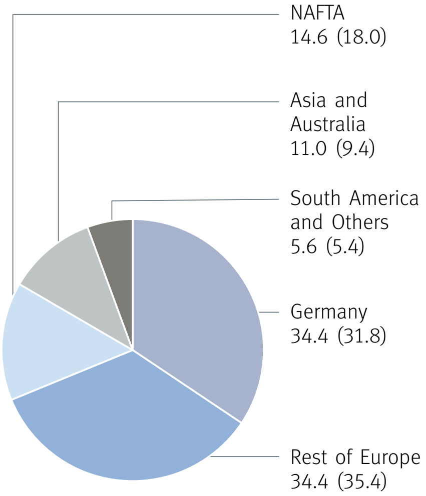
The dramatic slump affecting the North American automobile market is reflected in the decline in sales revenues generated by the ElringKlinger Group in this particular region. By contrast, Asia and South America, two regions in which the company's capital expenditure has been significant, recorded a considerable increase in sales driven by organic growth.

In the third quarter, the scale of foreign sales revenue as a percentage of total Group sales fell to 65.3% (69.5%), mainly as a result of the SEVEX acquisition. Alongside Asian manufacturers, the SEVEX Group mainly supplies German vehicle manufacturers.

In Germany, ElringKlinger lifted sales by 23.0% in the first nine months of the 2008 financial year, taking the total to EUR 180.3 (146.5) million. In the third quarter, domestic sales revenue rose by 32.0%, driven first and foremost by the contribution made by the former SEVEX AG, Switzerland, from its business with customers based in Germany.

In the rest of Europe sales rose by 10.6% to EUR 180.1 (162.8) million in the first nine months of 2008. Against the backdrop of a marked decline in the volume of components requested by Western European customers as part of their delivery schedules, sales were just marginally up on last year's figure in the third quarter at EUR 53.6 million at the end of the period under review compared to EUR 53.4 million a year ago.

Sales by Region
First 9-months 2008 (prior year)
in %



In the NAFTA region, sales revenue for the ElringKlinger Group as a whole contracted to EUR 76.5 (82.8) million in the first nine months of 2008, which corresponds to a year-on-year fall of 7.6%. Expressed in US dollars, however, the Group succeeded in almost matching the revenue figure from January to September 2007. Benefiting from more expansive deliveries of specialty gaskets for exhaust tract systems and thermal shielding components, ElringKlinger managed to outperform the market as a whole.

ElringKlinger also maintained its forward momentum in the Asian markets. Sales generated in Asia rose by 33.6% in the first nine months of 2008 to EUR 57.6 (43.1) million. The inclusion of the SEVEX subsidiary SEVEX Asia, based in Suzhou, and the additional ownership interest acquired in ElringKlinger Marusan Corporation have created a stronger base for ElringKlinger in Asia. In China, sales volumes relating to cylinder-head and specialty gaskets as well as heat shields increased over the course of the reporting period. Alongside the solid growth rates recently recorded within the area of automobile sales, the introduction of more stringent emission guidelines in India and China – based to a large extent on European standards – have contributed to more buoyant demand. In Korea, expansive sales from low-weight plastic cam covers also produced fresh impetus. Despite the postponement of some ramp-ups, the overall order-book situation of the plant in India, which commenced operations at the end of 2007, is considered good. A number of projects, primarily related to Indian vehicle manufacturers, are currently in the start-up phase. The third quarter again saw the Group achieving its highest growth in Asia. Sales rose by 53.6% to EUR 22.7 (14.8) million. The share of Group sales generated by the ElringKlinger Group in Asia exceeded the 13% mark in the third quarter.

In South America, the order situation as a whole remained encouraging. During the first nine months of 2008, sales revenues increased by 19.1% to EUR 29.6 (24.8) million, buoyed primarily by growth attributable to the Brazilian subsidiary ElringKlinger do Brasil Ltda. In the third quarter, sales in this region rose by 23.3%.

OEM business feels affect of market slowdown

Over the course of the first nine months of 2008, the ElringKlinger Group managed to lift sales in all segments by means of organic growth.

Benefiting particularly from new product launches, sales within the Original Equipment segment were propelled upwards by 16.9% to EUR 382.3 (327.1) million in the first nine months of 2008. Sales revenue contributed by the recently acquired SEVEX Group and by ElringKlinger Marusan Corporation was attributable mainly to Original Equipment.

The proportion of Group sales generated through business from vehicle manufacturers stood at 73.0% (71.1%). Within this context, the product areas encompassing shielding technology and specialty gaskets achieved the most pronounced growth rates. The growing trend towards highly efficient, turbo-charged engines with low displacement, together with greater demands when it comes to emission reduction in the exhaust tract, stimulated demand for these product groups.

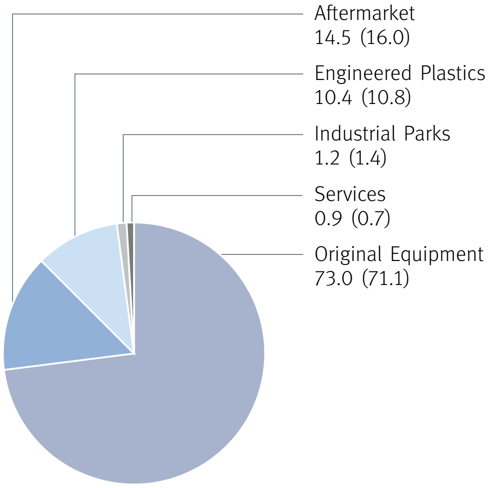
In the third quarter of 2008, the marked decline in demand for automobiles within the Western European market and the further reduction in manufacturing output in the US meant that the company's OEM business fell slightly short of the organic revenue figure posted for the same quarter last year.

Including the contribution from acquired companies, sales growth within the Original Equipment segment stood at 20.3%. During this period, ElringKlinger lifted Original Equipment sales to EUR 127.5 (106.0) million.

Growth in Aftermarket segment

On the back of strong growth a year ago, the Aftermarket segment again developed at an encouraging level, despite the adverse effects of a weak dollar on business in the key markets of the Middle East and the Indian subcontinent, where customers had to contend with a concomitant rise in purchase prices. Within this context, it should also be noted that the continuing uncertainty as to the future direction of the economy has prompted many vehicle owners to postpone repairs for as long as possible. The company succeeded in capturing additional market share and attracting new customers in Eastern Europe as well as in the domestic German market. Sales volumes rose as a result of an extended portfolio of sealing/gasket sets and the improved availability of products.

Sales by Segment
First 9-months 2008 (prior year)
in %



In the first nine months of 2008, sales within the Aftermarket segment increased by 3.5% to EUR 76.4 (73.8) million. In the third quarter, sales revenue within this area increased by 1.6% to EUR 24.6 (24.2) million.

The Engineered Plastics segment, which specializes in the development and manufacture of products made of PTFE (polytetrafluoroethylene), extended its sales revenue by 9.3% to EUR 54.3 (49.7) million in the first nine months of 2008. Developed as a high-heat-resistant material, PTFE is increasingly being deployed for a broader range of industrial applications. While the downturn witnessed within the automobile markets also had an adverse effect on ElringKlinger Kunststofftechnik, i.e. the Engineered Plastics segment, demand from the biotechnology, medical engineering, mechanical engineering, packaging technology and electrical engineering/telecommunications industries remained buoyant. Costs attributable to the project development and phase-in of industrial-level manufacturing capacity for products made of the new, injection-moldable PTFE material Moldflon® continued to put downward pressure on the operating result. In parallel, start-up activities relating to business conducted in Asia by the newly established subsidiary ElringKlinger Engineered Plastics (Quingdao) Commercial Co., Ltd., based in China, led to an initial increase in costs. Consequently, at 19.5% (21.0%), the EBIT margin for the first nine months fell short of the figure posted for the same period a year ago. Operating within a much more challenging economic environment, the ElringKlinger Group managed to expand sales revenue by 7.9% in the third quarter of 2008.

Industrial parks and services

Rental income from the industrial parks owned by the ElringKlinger Group in Ludwigsburg, Idstein (both Germany) and Kecskemét (Hungary) rose by 3.6% to EUR 6.5 (6.3) million in the first nine months. As a result of one-time income from property sales in 2007, EBIT generated within this segment contracted to EUR 2.6 (3.7) million in the period under review.

The Services segment, which encompasses development and testing services relating to engine and exhaust technology (performed by ElringKlinger Motortechnik), maintained its encouraging level of business development. Sales revenue within this segment increased by EUR 3.1 million to EUR 4.5 million in the first nine months. EBIT rose to EUR 1.7 (1.0) million.

Pressure from high commodity and energy prices

Although the purchasing prices for those raw materials that are of particular importance to ElringKlinger have contracted from the highs once recorded within the commodity markets, the overall cost of raw materials remains significant. Alloy surcharges for nickel, a component of high-grade steel, was hedged in part by means of derivative instruments. However, the decline in alloy surcharges for nickel has yet to have a palpable effect on purchase prices, as suppliers are currently passing on reductions in supply-side prices only after a time lag of anything up to six months. The rise in energy prices had an additional impact on expenses. Against this backdrop, the company was only able to partially offset its cost drivers with the help of streamlining measures and productivity improvements. The prices for aluminum and polymer granules continued to rise, although there have been signs of contraction in recent weeks.

In connection with the expanded group of consolidation, the lower gross margins associated with the SEVEX Group (from April 1, 2008) and ElringKlinger Marusan Corporation (from May 1, 2008) put downward pressure on the gross margins of the Group as a whole, both in the second and third quarter.

Consequently, the cost of sales rose by 20.3% to EUR 362.4 (301.2) million in the first nine months of 2008. At the end of the reporting period, the gross profit margin stood at 30.8% (34.5%). In the third quarter, the gross profit margin was 30.0% (35.1%).

Within this context, it should be noted that income from a nickel hedging contract had contributed to a reduction in material-related expenses by EUR 0.9 million in the third quarter of the previous financial year. In the first nine months of 2007 the close-out of such contracts had scaled back material expenses by EUR 2.6 million.

Selling expenses rose slightly faster than sales in the first nine months. Over the same period, general and administrative expenses increased by EUR 2.1 million. However, this rise was significantly lower than sales growth.

Higher R&D expense

Research and development expenses within the ElringKlinger Group rose by EUR 2.6 million in the first nine months of 2008 when compared to the same period a year ago. This took the overall figure to EUR 25.2 (22.6) million. The ratio of R&D to sales was 4.8% (4.9%) at Group level. Within this context, the main focus was on projects relating to the New Business Areas division. Work is centered around components for fuel cells and battery technology, a new production method for diesel particulate filters and applications for the new injection-moldable PTFE material Moldflon®. Among the other focal points were efforts to upgrade existing technology used in high-temperature gaskets and thermal shielding components for turbochargers, in addition to low-weight components for the newest generation of fuel-efficient automatic transmission systems and engines.

A total of EUR 1.5 (1.2) million in development costs was capitalized in the first nine months of 2008. Depreciation and amortization expense associated with capitalized R&D activities amounted to EUR 1.1 million in the first nine months, as a result of which there was no significant effect on earnings.

Exceptional effects of acquisitions, insurance payout and commodity price hedging

Other operating income rose by an additional EUR 5.8 million in the first nine months of 2008 as a result of added value generated by acquiring additional ownership interests in ElringKlinger Marusan Corporation. Despite this, other operating income still remained EUR 5.0 million down on the same period of 2007, as last year's nine-month period had included significant insurance reimbursements in connection with a fire at one of the company's facilities in Germany.

Other operating expenses increased over the course of the first nine months of 2008, prompted by provisions – necessary according to IFRS – for commodity-based hedging transactions amounting to EUR 4.0 million in the second quarter and EUR 7.0 million in the third quarter. ElringKlinger uses derivative hedging instruments mainly for the purpose of medium- and long-term hedging of prices for nickel alloy surcharges associated with high-grade steel.

Consequently other operating expenses for the first nine months of 2008 rose by EUR 2.3 million to EUR 13.4 (11.1) million. In the third quarter of 2008, other operating expenses were EUR 4.6 million higher than in the third quarter of 2007.

The insurance-related reimbursement attributable to the fire in 2007 produced additional non-recurring income of EUR 0.7 million in the first nine months of 2008. In the same quarter a year ago, non-recurring income from insurance-related reimbursements for the fire had amounted to EUR 4.7 million.

Operating result affected by contribution from acquisitions and exceptional charges

The operating margin of the ElringKlinger Group as a whole was adversely affected by what are as yet relatively low operating margins at the SEVEX Group and ElringKlinger Marusan Corporation as well as by charges relating to the allocation of the cost of purchase and finance charges, as outlined above. EBITDA and the subsequent pre-tax profit indicators were scaled down by EUR 11.1 million in the first nine months as a result of exceptional charges for required provisions associated with commodity price hedging.

In the first nine months of 2008 EBITDA for the ElringKlinger Group as a whole was slightly down on the figure posted for the same period a year ago, reaching EUR 121.7 (123.4) million. Excluding the non-recurring added value from the Marusan acquisition (EUR 5.8 million) and the one-time effects of insurance income in 2007 and 2008, EBITDA fell by 3.0% year on year.

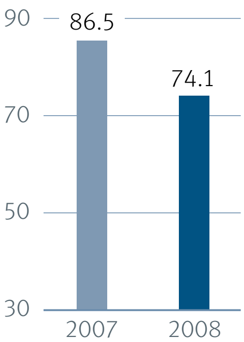
In the third quarter 2008, EBITDA receded by 13.7% to EUR 34.2 (39.7) million. Adjusted for the non-recurring effects, EBITDA declined by 13.4% to EUR 34.3 million.

Owing to the significant rise in investments, depreciation and amortization increased at a more pronounced rate than sales in the first nine months of 2008, up EUR 11.5 million to EUR 43.7 (32.2) million. This figure includes the above-mentioned allocations of purchase costs amounting to EUR 2.5 million, which affect order backlog in the form of amortization.

Depreciation and amortization rose from EUR 10.6 million in the third quarter of 2007 to EUR 16.6 million in the corresponding quarter of 2008.

In the first nine months of 2008, EBIT fell by 14.5% to EUR 78.0 (91.2) million. Excluding the non-recurring effects and purchase price allocation, EBIT receded by 14.4%.

EBIT adjusted for non-recurring effects First 9-months 2008 in EUR million



In the third quarter, the ElringKlinger Group recorded EBIT of EUR 17.6 (29.1) million. Adjusted for non-recurring effects, EBIT before purchase price allocation stood at EUR 19.0 million, which corresponds to an EBIT margin of 10.9%. Eliminating the additional expenses associated with provisions for nickel price hedging, the EBIT margin would have reached 15.0%.

As a result of higher interest costs attributable to acquisitions as well as negative foreign-currency effects, net finance costs rose by EUR 3.4 million to EUR 8.4 (5.0) million in the first nine months of 2008. In the third quarter, net finance costs rose from EUR 2.1 million a year ago to EUR 3.3 million.

As a result, earnings before taxes for the first nine months of 2008 declined by 19.9% year on year to EUR 69.8 (87.1) million. Excluding non-recurring effects and purchase price allocation, earnings before taxes were 20.1% down on the figure recorded in the same period a year ago.

In the third quarter, earnings before taxes amounted to EUR 14.2 (27.4) million. Excluding non-recurring effects, earnings before taxes and before purchase price allocation amounted to EUR 15.6 million. Before costs attributable to nickel price hedging, earnings before taxes amounted to EUR 22.7 million in the third quarter of 2008, which was 17.3% down on last year's third-quarter figure.

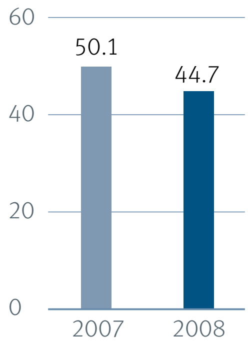
Consolidated net income after minority interests (profit attributable to the shareholders of ElringKlinger AG) totaled EUR 46.8 (58.9) million in the first nine months, which corresponds to a year-on-year fall of 20.6%.

Within this context, however, it should be noted that the third quarter of 2007 had included a one-time tax benefit of EUR 5.9 million due to the mandatory remeasurement of deferred taxes under Germany's corporate tax reform. The tax rate in the third quarter of 2008 was 31.7%, compared to just 14.6% in the same period a year ago.

Before purchase price allocation and excluding non-recurring effects, the ElringKlinger Group recorded consolidated net income after minority interests of EUR 44.7 million in the first nine months of 2008, compared to EUR 50.1 million in the same period a year ago.

In the third quarter of 2008, consolidated net income after minority interests fell from EUR 22.5 million to EUR 8.6 million. This significant year-on-year reduction was attributable primarily to the costs for nickel price hedging incurred in the quarter under review as well as the tax benefit recorded in the third quarter of 2007. On a like-for-like basis, consolidated net income after minority interests and before purchase price allocation and non-recurring effects would have been EUR 9.9 million. Excluding the expenses attributable to provisions for commodity price hedging, consolidated net income after minority interests would have been EUR 14.8 million, i.e. 11.1% down on last year's figure for the third quarter of 2008.

Profit attributable to shareholders of ElringKlinger AG adjusted for non-recurring effects First 9-months 2008 in Mio. EUR



As a result of the 1:3 stock split executed on July 4, 2008, the number of shares trebled from 19,200,000 to 57,600,000. The increase in the number of shares was taken into account when calculating earnings per share.

In the first nine months of 2008 earnings per share contracted from EUR 1.02 to 0.81. Adjusted for non-recurring effects, earnings per share before purchase price allocation stood at EUR 0.78 (0.87), down 10.7% on the figure posted for the same period a year ago.

In the third quarter of 2008, earnings per share stood at EUR 0.15 (0.39). Adjusted for non-recurring effects in 2007 as well as in 2008, earnings per share amounted to EUR 0.17 (0.29).

Higher staffing levels

Including the recently acquired SEVEX Group and the expansion of ownership interests in Marusan Corporation, the overall headcount within the ElringKlinger Group rose by 18.9%, without the acquisition and additional equity stake, the headcount would have been 6.1% higher. On this basis, a total of 4,221 (3,551) people were employed at Group level as at September 30, 2008.

Domestically, staffing levels rose by 112 in the first nine months of 2008, up from 2,271 to 2,383 people.

Driven mainly by the recent acquisition, the number of personnel employed abroad in relation to the Group's total headcount rose to 43.5% (36.0%) at September 30, 2008. In absolute terms, the total number of people employed at foreign subsidiaries rose to 1,838 (1,280).

Net Assets and Financial Position

Balance sheet total up 38%

The most significant changes to the balance sheet over the course of the first nine months of 2008 were attributable to the full takeover of the Spanish subsidiary in the first quarter of 2008 as well as, in particular, the acquisition of the SEVEX Group and the expansion of the company's ownership interest in Marusan Corporation during the second quarter. Additionally, investments aimed at expanding and streamlining assets within the area of property, plant and equipment rose significantly in the period under review. Compared to September 30, 2007, total assets increased by 38.5% to EUR 770.3 (556.3) million.

As at September 30, 2008, intangible assets rose to EUR 83.7 million, up from EUR 36.3 million at the end of September 2007. This was due primarily to the above-mentioned acquisitions, in particular to the capitalization of goodwill associated with the SEVEX Group.

Property, plant and equipment expanded by EUR 102.4 million to EUR 339.0 (236.6) million as at September 30, 2008, prompted by the aforementioned acquisitions and higher capital expenditure on fixed assets and investment property. Consequently, non-current assets as a share of the balance sheet total grew from 57.2% to 60.6%.

Inventories rose by EUR 23.9 million year on year to EUR 134.5 (110.6) million as at September 30, 2008. This upward trend was due firstly to the inclusion of recently acquired entities and secondly to the increase in stock levels of merchandise sourced from new suppliers in Asia. In parallel, the company took measures to enhance product availability within the aftermarket business, necessitating an expansion of the volume of inventory held.

Compared to September 30, 2007, trade receivables increased by EUR 29.9 million to EUR 133.0 (103.1) million at the end of the reporting period. This was driven first and foremost by the higher proportion of sales to customers with extended payment periods. The acquisitions and additional ownership interests were another contributory factor. Inventories and trade receivables as a percentage of total assets receded to 34.8% (38.4%) in the period under review, prompted by the rise in non-current assets.

Revenue reserves grew to EUR 223.2 (191.6) million as at September 30, 2008. Owing to the acquisitions made in the period under review, minority interests as a proportion of the balance sheet total receded from 2.6% to 1.9%.

In total, equity rose by 11.8% or EUR 31.5 million compared to the figure posted on September 30, 2007. As at September 30, 2008, it stood at EUR 298.0 (266.5) million. As a result of the externally financed acquisitions, the equity ratio at Group level contracted from 47.9% at September 30, 2007, to 38.7% at September 30, 2008.

Non-current financial liabilities rose by EUR 113.2 million year on year to EUR 156.3 (43.1) million, which corresponds to a share of 20.3% (7.7%) of the balance sheet total. This rise was attributable to financing in connection with the above-mentioned acquisitions and the company's more expansive investment activities. As at September 30, 2008, current financial liabilities grew by EUR 35.7 million year on year to EUR 91.0 (55.3) million. These funds were utilized among other things for interim financing of the company's dividend payout.

Trade payables rose by EUR 26.5 million compared to September 30, 2007, an increase that corresponded in large part to the trend seen within the area of trade receivables.

Due to financing activities in connection with acquisitions and property, plant and equipment, ElringKlinger recorded an increase in liabilities as an overall percentage of the balance sheet total. As at September 30, 2008, liabilities accounted for 61.3% (52.1%) of the balance sheet total.

Overall, the net assets and financial position of the ElringKlinger Group at September 30, 2008, continued to be solid.

Cash flow dominated by higher investments and acquisitions

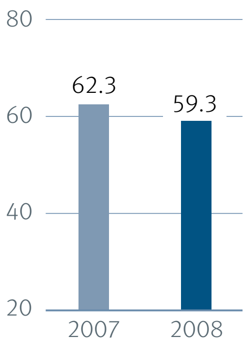
In the first nine months of the current financial year, the ElringKlinger Group generated an operating cash return (cash flow from operating activities in relation to sales) of 11.3% (13.6%).

As a result of the investments in property, plant and equipment made over the course of the previous financial year and the first nine months of 2008, depreciation and amortization rose by EUR 11.5 million to EUR 43.7 (32.2) million, prompting a rise in net cash from operating activities. This effect was more than offset by the decline in earnings before taxes.

At EUR 32.6 (50.8) million, the aggregate increase in inventories and trade receivables in the first nine months of 2008 was considerably lower than in the same period a year ago, despite the inclusion of the SEVEX Group and the additional interests acquired in MARUSAN.

Trade payables rose by EUR 4.7 (12.1) million in the first nine months. The increase was significantly lower than in the corresponding period a year ago.

Net cash from operating activities First 9-months 2008 in Mio. EUR



In total, net cash from operating activities receded by 4.9% in the first nine months of 2008, down from EUR 62.3 million to EUR 59.3 million.

In the first nine months of 2008, the outflow of cash for investments in property, plant and equipment as well as investment property was EUR 27.1 million higher than in the first nine months of 2007. In aggregate, the Elring-Klinger Group invested EUR 85.5 (58.4) million.

A significant proportion of this capital expenditure was channeled into investments aimed at replacing and expanding assets at company facilities in Germany and Asia. In addition to building a new production and logistics center for the shielding technology division in Langenzenn, Germany, the ElringKlinger Group is currently setting up a new manufacturing facility for Elring-Klinger Kunststofftechnik in Bietigheim-Bissingen. As regards the companies of the former SEVEX Group, investments were focused on the preparation of production ramp-ups as well as on automation and streamlining projects. Additionally, an amount of EUR 75.9 million was invested in the full takeover of ElringKlinger's subsidiary in Spain, the acquisition of the SEVEX Group and the expansion of the company's ownership interest in Marusan Corporation.

Net cash used in investing activities thus amounted to EUR 162.6 (-66.7) million in the first nine months of 2008. Compared to the same period a year ago, the investment ratio pre acquisitions rose from 13.0% to 16.8%.

For the purpose of financing the acquisitions and, to a certain extent, the investments in property, plant and equipment mentioned above, ElringKlinger increased its non-current financial borrowings from banks by EUR 95.4 million in the first nine months of 2008. During the third quarter of 2008, current financial liabilities were extended by just EUR 2.1 million in contrast to an expansion of EUR 17.6 million in the third quarter of the previous year with a view to optimizing the company's financing structures. In return, non-current financial liabilities were extended by EUR 15.4 million in the third quarter of 2008.

Thus, net cash from financing activities exceeded last year's nine-month figure by EUR 98.7 million, reaching EUR 103.5 (4.8) million at the end of the reporting date.

At September 30, 2008, cash amounted to EUR 14.8 (5.9) million.

Opportunities and Risks

Sharp deterioration in economic climate

The economic climate took an appreciable turn for the worse in the first nine months of 2008, and the level of risk has risen accordingly. The third quarter in particular saw the economy weaken at an even faster rate, and there is a danger that the financial and credit crisis will have a further knock-on effect on the real economy and strengthen the reluctance of consumers to spend.

Risk to sales volumes

This represents a risk of further declines in vehicle sales, especially in the USA and Western Europe, that cannot be offset by moderate increases in the emerging markets. The restrictions on lending that have already been introduced could increasingly prove an obstacle to sales.

With motor vehicle industry sales already falling heavily, any further curbs in production by vehicle manufacturers will have a direct impact on suppliers. The cutbacks and cancellations affecting production schedules experienced in recent weeks are well in excess of normal fluctuations and reduce the level of transparency for ElringKlinger's sales planning. Any deterioration in capacity utilization would have a negative impact on the Group's revenue and earnings and in the medium term would mean having to adjust production capacity accordingly.

The launch of a government program to encourage the purchase of new vehicles and the implementation of a much discussed vehicle tax based on CO_2 emissions could provide a short-term boost to demand for new cars. As long as the fallout from the financial crisis does not impinge even further on the automobile industry, there is a chance of a modest recovery of the US and European vehicle markets from their present low levels in the second half of 2009. Another consideration is that the average age of a vehicle in the USA is over seven years, while the figure in Germany is over eight. At present, there are no concrete signs of a recovery in motor vehicle demand.

However, the crisis in the North American automobile industry does open up a number of opportunities to ElringKlinger. American customers in particular are increasingly turning to the small and mid-range engines of their European subsidiaries. ElringKlinger has a strong presence across all its divisions in the production of components for these engines.

It is also possible that the already tough competition and the pricing pressure from car makers will increase in response to any intensification of the sales crisis. In this respect, as a leader in terms of cost-efficient production, ElringKlinger believes it is in a relatively good competitive position.

Thanks to its portfolio of products, which make an important contribution to cuts in CO_2 emissions and fuel consumption, ElringKlinger is in a better position than the sector as a whole. The Group has a strong technology pipeline, as can be seen from its development of an innovative, high-performance diesel particulate filter system, fuel cell and battery components, and Moldflon®, the first specialist PTFE plastic that can be made using injection-molding technology, which has the potential to make a significant contribution to revenue in the medium term.

Financing risks

There is a risk that the financial market crisis will lead to a much more restrictive approach to lending on the part of the banks. This in turn could produce a credit squeeze and a marked deterioration in borrowing terms in some parts of the automotive supplies industry.

With an equity ratio well above the sector average at around 40%, moderate gearing (ratio of interest-bearing loans to equity) and solid cash flow from operating activities of EUR 59.3 million in the first nine months 2008, ElringKlinger has a number of significant advantages in the current market environment. Drawing on its financial strength, ElringKlinger believes it is in a good position to achieve further competitive advantages in the coming years. This includes the capacity to finance new developments in partnership with vehicle manufacturers and to make sustained investments in new, more efficient manufacturing processes. The Group therefore has an opportunity to increase its market share, bring new product developments to the markets faster than its competitors and to emerge as one of the winners from the process of consolidation in the sector over the next two or three years.

Wage cost risks

Wages and materials are the main cost factors for the ElringKlinger Group. Consequently, the forthcoming wage negotiations present a cost risk. Given the current extremely weak situation of the industry and the high proportion of the workforce employed in Germany, the demands presented by IG Metall for wage increases of 8% could prove detrimental to earnings capacity and the Group's ability to invest. A moderate rise in wages would help to avoid a further increase in the Group's cost base in the event of a further downturn in motor vehicle sales and would therefore strengthen its competitiveness and capacity for innovation.

Materials cost risks

The continued high cost of energy and (compared with the long-term trend) of input materials weigh heavily on the automotive supplies industry. High purchase costs cannot be passed on in full to customers and in some cases not at all. In view of the present global economic slowdown, there is a chance that in 2009 prices will ease for the main input materials required by ElringKlinger, such as polymer granules, carbon steel and aluminum.

In order to minimize interest-rate costs, protect the value of receivables in Canadian dollars and Mexican pesos and above all to secure and guarantee reasonable medium- and long-term prices for input materials (especially nickel), ElringKlinger makes use of derivative hedging instruments. The negative fair values for input material-related derivatives may necessitate short-term provisions for possible losses from pending transactions. For the whole of 2008, ElringKlinger anticipates costs (for which a provision will be made) of around EUR 14 million for long-term hedging of the surcharges imposed on the alloys required for high-grade steel. While these costs have a negative impact on present earnings, they guarantee less expensive prices in the medium term. Given the reducing fair value and the fact that the price of nickel has now returned to a lower level, ElringKlinger does not anticipate further major risks in 2009 from materials price hedging.

ElringKlinger believes it is facing an extremely challenging market environment in the light of significant falls in vehicle sales. The Group is able to meet this challenge based on its solid asset, financial and earnings position and a stable foundation of new products and technologies. ElringKlinger sees an opportunity to emerge in an even stronger position from the current period of recession and consolidation in the industry.

Market Outlook

Exceptional times for the global economy

Against the background of an international crisis on the financial and credit markets, the global economy is on the brink of a serious downturn that will also affect the previously fast-growing emerging countries. Worries about a possible recession and a major loss of confidence among consumers are leading to an increasing reluctance to spend.

The forecast for global growth has been cut to 3.9% as a result of this increasing weakness and is likely to slow further to 3% in 2009. This means that the rate of growth will be at its lowest point since 2002.

Thanks to a positive performance in the first half-year, German GDP is still expected to achieve an increase of 1.7% over the year as a whole. In 2009, the German economy is forecast to grow by just 0.2%.

In the eurozone, overall GDP growth for 2008 is expected to reach 1.1% before slowing appreciably in the coming year to 0.2%.

The economy of Eastern Europe is set to continue growing, albeit at a slower rate. In Russia, forecast growth for 2008 is 7.0%, with GDP declining to 5.5% in 2009.

For 2008, the US economy is still set to report comparatively solid growth of 1.6% in GDP. Here, too, economic output is cooling noticeably in the second half-year. Ongoing weakness in the labor market and lower figures for household net worth are likely to create stagnation in the US economy in 2009.

In Japan, economic output is set to put on 0.7% in 2008. In 2009, however, growth is likely to be minimal at best.

Turning to China, where GDP is expected to grow by 9.7% in the year 2008 as a whole, 2009 will see a slight weakening in the rate of growth even here. In India GDP growth of 7.9% is anticipated for 2008, an increase of 6.9% is expected for 2009.

Even South America is showing clear signs of a slowdown. In Brazil, for example, GDP is forecast to rise by 5.2% overall in 2008 before falling back to 3.5% in the following year.

Automobile industry – demand hit by uncertainty

There is a risk that the economic situation will lead to a further drop in vehicle demand reaching into 2009. At present, activity in the automobile industry is slowing primarily in Europe but also in North America. Uncertainty about the future direction of the economy, continued high prices for fuel and the increasing cost of borrowing are creating an ongoing reluctance to spend among consumers. The possibility of further cuts in production by manufacturers as a response to these developments cannot be ruled out.

Looking ahead to 2009, global automobile sales are not expected to stabilize until the second half of the year. In the USA – after a third year of major falls in vehicle sales – around 30% fewer new cars will be registered than was the case as recently as 2005. However, it remains possible that in the traditional vehicle markets there will be a further decline in car and truck registrations for 2009 as a whole from the already low level of 2008. ElringKlinger has consequently revised its own market assessment for 2009 downwards and reduced its revenue and earnings expectations accordingly.

Contribution from acquisitions keeps order intake stable in third quarter

In the first nine months order intake rose by 6.0% to EUR 515.2 (486.2) million. In the third quarter the marked slump in the number of vehicles sold by a large segment of the automobile industry in both the US and Europe was reflected in order intake. Having said that, the downward trend was offset by the contribution made by acquisitions.

At EUR 160.1 (160.4) million, order intake during this period was 0.2 percentage points down on the same period a year ago.

Order backlog at the end of the third quarter of 2008 stood at EUR 274.5 (234.4) million, which was 17.1% up on last year's third-quarter figure. This includes order backlog attributable to the former SEVEX Group.

In mid-October 2008, the significant deterioration witnessed in the economic arena and the lack of tangible signs that market conditions will pick up in the short term within the fourth quarter of 2008 prompted ElringKlinger to downgrade its sales and earnings forecast for fiscal 2008 despite the standard cautionary deductions already factored into its financial forecast and a business performance that continues to be considerably better than that of the market. The decision was to be seen against the backdrop of a severe concurrent decline in vehicle production in North America and Europe as well as the recent fall in the volume of OEM components requested by customers as part of their delivery schedules, a downward trend which was more pronounced than the fluctuations known to occur within this area.

Benefiting from highly flexible employment and production models, ElringKlinger is in the position to react to a decline in demand with immediate effect in those areas of production affected by such trends. Should demand within the European market continue to decline, the company will also have the option of streamlining its cost structures by adjusting the overall capacity levels of temporary workers within the Group.

Sales revenue set to rise by 9 to 10% in 2008

The target for 2008 as a whole is to achieve organic Group sales at a level comparable to last year's annual figure. Until recently, ElringKlinger had anticipated organic growth of 5.0 to 7.0%. For 2008 as a whole – including contributions from the recent acquisition of the SEVEX Group, Switzerland, and the expansion of the company's ownership interest in ElringKlinger Marusan Corporation – Group sales are expected to rise at a rate of 9.0 to 10.0%. This is subject to the proviso, that there are no further significant production cutbacks beyond the output reductions and extended plant vacations already announced by vehicle manufacturers.

For 2008, ElringKlinger also anticipates costs of around EUR 14 million (EUR 11.1 million in the first nine months) for long-term commodity price hedging of high-grade steel alloy surcharges; they will be accounted for as provisions. While these costs have an adverse effect on current earnings, they will guarantee more favorable procurement prices in the medium term. The company does not anticipate any significant additional hedging costs for 2009. The Group's operating margin, adjusted for non-recurring effects (excluding the purchase price allocation, added value attributable to the increased stake in Marusan as well as insurance-related income), is expected to reach 13.0 to 14.0% in 2008, having factored in the SEVEX Group and ElringKlinger Marusan Corporation, whose earnings performances as yet remain significantly below par.

ElringKlinger does not anticipate a significant improvement in the general business climate in 2009, particularly with regard to the first half of the year, and is preparing itself for continued market weakness in North America and Europe as well as less pronounced growth in vehicle sales within the emerging markets. However, benefiting from scheduled product ramp-ups equivalent to approximately EUR 70 million, mainly in the United States and Asia, as well as the more expansive contributions by both the recently acquired SEVEX Group and ElringKlinger Marusan Corporation, ElringKlinger plans to offset protracted market weakness in 2009.

In view of the persisting crisis to have engulfed the world's automobile markets and the uncertainties among customers and consumers as to the future direction of the economy, an overall assessment of future market development should be viewed against the backdrop of more significant risk, which in turn reduces the accuracy of projections concerning the volume of components requested by customers as part of their delivery schedules.

Facing these risks, ElringKlinger Group's target for 2009 is to achieve figures that reach or slightly exceed fiscal 2008 sales. The company aims at achieving or slightly exceeding an operating margin, adjusted for non-recurring effects, of 14.0%.

Given the extremely low level of unit sales now witnessed in the well-established vehicle markets – the US, Western Europe and Asia – a rise in vehicle production figures is expected to be seen in 2010 at the latest.

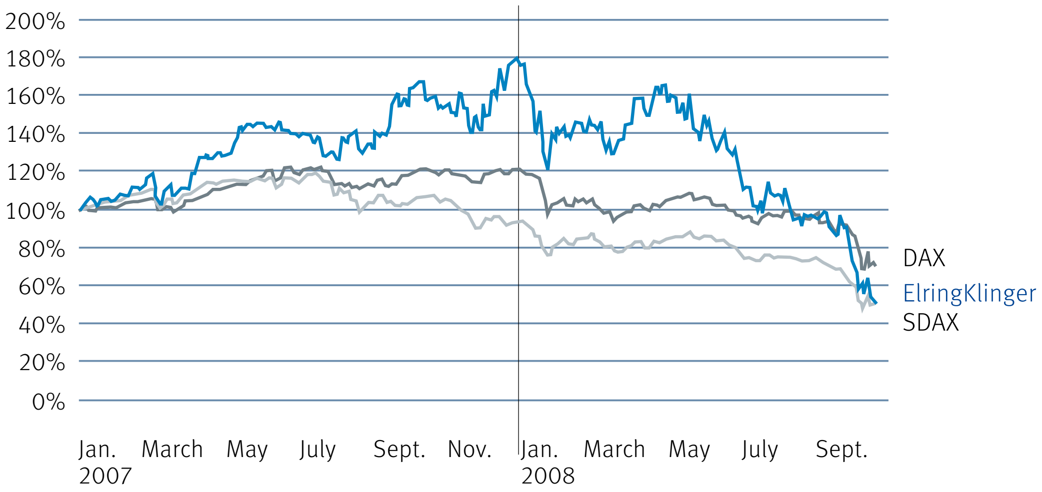
Share Performance

Share performance affected by credit crunch and sector trends

The financial market turbulence engulfing stock markets around the globe also had a detrimental effect on ElringKlinger shares. Up until the middle of May 2008 the company's share price managed to outperform the two benchmark indices DAX and SDAX. However, the capital market crisis, together with a significant fall in the number of automobiles sold in the United States and Europe as well as a host of negative headlines emerging from the automotive sector, prompted a decline in ElringKlinger's share price to EUR 14 at the end of the third quarter.

Triggered by the increasingly severe financial crisis and credit crunch, liquidity-driven sales by some investment funds also put downward pressure on the share price. The growing unwillingness among many institutional investors to channel resources into small and mid caps or automotive stocks in a climate dominated by uncertainty was also felt by ElringKlinger.

ElringKlinger's Share Price Performance (XETRA) since January 1, 2007, compared to SDAX and DAX



Significant improvement in volume of ElringKlinger shares traded

Turnover of ElringKlinger stock developed at an encouraging level in the first nine months of 2008. The average daily trading value rose significantly from approximately EUR 1,354,000 during the first nine months of 2007 to EUR 2,609,000 in the period under review.

This corresponds to an increase of over 90%. The 1:3 stock split executed at the beginning of July 2008 was one of the factors contributing to this vital improvement in the stock's liquidity – particularly with regard to institutional investors. The average volume of shares traded per day surged by 91%, up from 65,200 to 124,300 units. These figures reflect the stock split carried out by the company.

Activities within the capital markets

During the third quarter of 2008, ElringKlinger presented its business to a broad audience of international investors at various domestic capital market conferences. Among other things, the company highlighted its strong positioning with regard to sustainability at a CO_2-forum and an industry event in Frankfurt. ElringKlinger also organized several roadshows in Germany and abroad, outlining market conditions, ongoing efforts within the area of product development and medium-term business prospects.

Analysts and investors visited the facility in Dettingen/Erms as well as ElringKlinger Kunststofftechnik GmbH in Bietigheim-Bissingen and took advantage of several onsite meetings to find out about the company's production processes and product development activities.

In the coming months ElringKlinger will attend various international capital market conferences with the express purpose of reinforcing in particular the medium-term potential of its product portfolio, which is designed to make a considerable contribution to the reduction of both CO_2 levels and fuel consumption. Furthermore, the company will be highlighting its formidable technology pipeline. Within this context, the principal aim is to address value investors guided mainly by a company's net asset value and dividend yield.

ElringKlinger Stock (ISIN DE0007856023)

	Jan. – Sept. 2008	Jan. – Sept. 2007
Number of shares as of Sept. 30 (in units)	57,600,000	57,600,000
Share price (daily closing price in EUR)		
High	28.42	26.49
Low	13.55	16.50
Closing price on Sept. 30	13.71	26.49
Average daily trading volume (German stock exchanges; no. of shares traded)	124,300	65,200
Average daily trading value (German stock exchanges; in EUR)	2,609,000	1,354,000

Consolidated Income Statement

For the period from January 1 to September 30, 2008

	3rd Quarter 2008	3rd Quarter 2007	9-months 2008	9-months 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Sales	173,800	150,000	524,000	460,000
Cost of sales	-121,600	-97,300	-362,400	-301,200
Gross profit	**52,200**	**52,700**	**161,600**	**158,800**
Selling expenses	-12,600	-10,100	-35,700	-31,000
General and administrative expenses	-7,100	-6,100	-20,900	-18,800
Research and development expenses	-8,700	-7,400	-25,200	-22,600
Other operating income	1,200	3,300	11,800	16,800
Other operating expenses	-7,500	-2,900	-13,400	-11,100
Operating result	**17,500**	**29,500**	**78,200**	**92,100**
Financial income	1,000	1,500	4,000	2,000
Financial costs	-4,300	-3,600	-12,400	-7,000
Net finance costs	**-3,300**	**-2,100**	**-8,400**	**-5,000**
Earnings before taxes	14,200	27,400	69,800	87,100
Taxes on income	-4,500	-4,000	-20,300	-24,700
Net income	**9,700**	**23,400**	**49,500**	**62,400**
Minority interests	1,060	920	2,750	3,522
Profit attributable to shareholders of ElringKlinger AG	8,640	22,480	46,750	58,878
Diluted and undiluted earnings per share in EUR	0.15	0.39	0.81	1.02

Consolidated Balance Sheet

ASSETS	Sept. 30, 2008	Dec. 31, 2007	Sept. 30, 2007
	EUR '000	EUR '000	EUR '000
Intangible fixed assets	83,680	37,037	36,308
Property, plant and equipment	339,016	256,339	236,599
Investment property	29,950	30,442	30,777
Financial assets	1,523	4,543	4,564
Other non-current assets	5,586	5,127	4,770
Deferred tax assets	7,379	7,452	5,773
Non-current assets	**467,134**	**340,940**	**318,791**
Inventories	134,509	113,371	110,572
Trade receivables	132,981	93,585	103,065
Other current assets	20,819	17,224	17,959
Cash	14,819	7,405	5,885
Current assets	**303,128**	**231,585**	**237,481**
	770,262	572,525	556,272

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2008	Dec. 31, 2007	Sept. 30, 2007
	EUR '000	EUR '000	EUR '000
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	223,217	205,229	191,570
Shareholders' equity before minority interests	**283,564**	**265,576**	**251,917**
Minority interests	14,429	15,484	14,599
Shareholders' equity	**297,993**	**281,060**	**266,516**
Provisions for pensions	57,762	54,430	54,560
Non-current provisions	6,750	6,508	8,807
Non-current financial liabilities	156,294	56,877	43,105
Deferred tax liabilities	30,529	26,505	26,472
Other non-current liabilities	24,247	16,857	14,930
Non-current liabilities	**275,582**	**161,177**	**147,874**
Current provisions	9,651	8,105	10,327
Trade payables	52,865	38,375	26,419
Current financial liabilities	91,022	41,245	55,293
Tax payables	2,670	10,104	10,923
Other current liabilities	40,479	32,459	38,920
Current liabilities	**196,687**	**130,288**	**141,882**
	770,262	572,525	556,272

Consolidated Cash Flow Statement

	3rd Quarter 2008	3rd Quarter 2007	9-months 2008	9-months 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Earnings before taxes	14,200	27,400	69,800	87,100
Depreciation/Amortization (less write-ups) of non-current assets	16,643	10,558	43,713	32,219
Net interest	3,400	1,700	8,200	4,100
Change in provisions	263	-13	-106	656
Loss from disposal of intangible assets and of property, plant and equipment	114	0	353	2,850
Increase in inventories, trade receivables and other assets not resulting from financing and investing activities	-8,112	-7,931	-32,631	-50,776
Decrease (Increase) in liabilities not resulting from financing and investing activities	-219	-1,168	4,649	12,122
Income taxes paid	-4,545	-7,978	-20,919	-23,541
Interest paid	-2,364	-997	-5,236	-2,151
Interest received	5	20	130	220
Other non-cash income	0	0	-5,808	0
Currency effects on items relating to operating activities	-2,510	-400	-2,840	-463
Net cash from operating activities	**16,875**	**21,191**	**59,305**	**62,336**
Proceeds from disposals of intangible assets and of property, plant and equipment	87	48	1,237	1,007
Proceeds from disposals of financial assets	208	2	311	9
Payments for investments in intangible assets	-1,257	-270	-2,362	-1,138
Payments for investments in property, plant and equipment and investment properties	-31,436	-23,335	-85,501	-58,416
Payments for investments in financial assets	-201	-34	-389	-49
Payments for the acquisition of consolidated entities	0	-8,153	-75,892	-8,153
Net cash from investing activities	**-32,599**	**-31,742**	**-162,596**	**-66,740**
Dividends paid to shareholders and minorities	-51	-741	-26,937	-26,991
Changes in current financial liabilities	2,136	17,600	35,191	39,042
Changes in non-current financial liabilities	15,439	-6,032	95,406	-7,275
Currency effects on items relating to financing activities	-114	-48	-185	-16
Net cash from financing activities	**17,410**	**10,779**	**103,475**	**4,760**
Changes in cash	1,686	228	184	356
Currency effects on cash	-342	114	-25	76
Other changes	0	0	7,255	0
Cash at beginning of period	13,475	5,543	7,405	5,453
Cash at end of period	14,819	5,885	14,819	5,885

Statement of Changes in Equity

3rd Quarter 2008

	Share capital	Capital reserve	Revenue reserves: Revenue reserve first-time adoption of IFRS	Revenue reserves: Currency translation differences	Revenue reserves: Group equity generated	Revenue reserves: Total	Minority interests	Group equity
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
As of Dec. 31, 2006	**57,600**	**2,747**	**26,181**	**-5,706**	**134,419**	**154,894**	**15,957**	**231,198**
Dividend paid					-24,000	-24,000	-2,991	-26,991
Adjustments due to consolidation				42		42	-133	-91
Purchase of interests			320		1,436	1,756	-1,756	0
Period income					58,878	58,878	3,522	62,400
As of Sept. 30, 2007	**57,600**	**2,747**	**26,501**	**-5,664**	**170,733**	**191,570**	**14,599**	**266,516**
As of Dec. 31, 2007	**57,600**	**2,747**	**26,181**	**-7,275**	**186,323**	**205,229**	**15,484**	**281,060**
Dividends distributions					-26,880	-26,880	-57	-26,937
Adjustments due to consolidation				-1,882		-1,882	168	-1,714
Other changes							-3,916	-3,916
Period income					46,750	46,750	2,750	49,500
As of Sept. 30, 2008	**57,600**	**2,747**	**26,181**	**-9,157**	**206,193**	**223,217**	**14,429**	**297,993**

Group Sales by Region

	3rd Quarter 2008	3rd Quarter 2007	9-months 2008	9-months 2007
	EUR '000	EUR '000	EUR '000	EUR '000
Germany	60,338	45,725	180,258	146,517
Change compared to prior year in %	32.0		23.0	
Rest of Europe	53,580	53,419	180,070	162,753
Change compared to prior year in %	0.3		10.6	
NAFTA	26,211	27,178	76,512	82,773
Change compared to prior year in %	-3.6		-7.6	
Asia and Australia	22,674	14,760	57,605	43,133
Change compared to prior year in %	53.6		33.6	
South America and others	10,998	8,918	29,555	24,824
Change compared to prior year in %	23.3		19.1	
Group	**173,800**	**150,000**	**524,000**	**460,000**
Change compared to prior year in %	15.9		13.9	

Segment Reporting

3rd Quarter 2008/3rd Quarter 2007

	Original Equipment		Aftermarket		Engineered Plastics	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**150,046**	**128,907**	**26,519**	**26,105**	**18,072**	**16,566**
- Intersegment sales	-6,682	-5,164	0	0	0	0
- Consolidation	-15,854	-17,739	-1,901	-1,884	-228	-23
Sales	**127,510**	**106,004**	**24,618**	**24,221**	**17,844**	**16,543**
EBIT	6,892	17,424	5,369	6,380	3,733	3,835
Amortization & depreciation	-15,548	-9,651	-151	-117	-490	-449
Investments*	29,655	21,958	74	338	2,666	7,957

	Industrial Parks		Services		Group	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**2,178**	**2,101**	**2,579**	**2,017**	**199,394**	**175,696**
- Intersegment sales	0	0	0	0	-6,682	-5,164
- Consolidation	0	0	-929	-886	-18,912	-20,532
Sales	**2,178**	**2,101**	**1,650**	**1,131**	**173,800**	**150,000**
EBIT	840	1,027	766	434	17,600	29,100
Amortization & depreciation	-279	-285	-175	-162	-16,643	-10,664
Investments*	122	24	176	464	32,693	30,741

* incl. purchase of interests

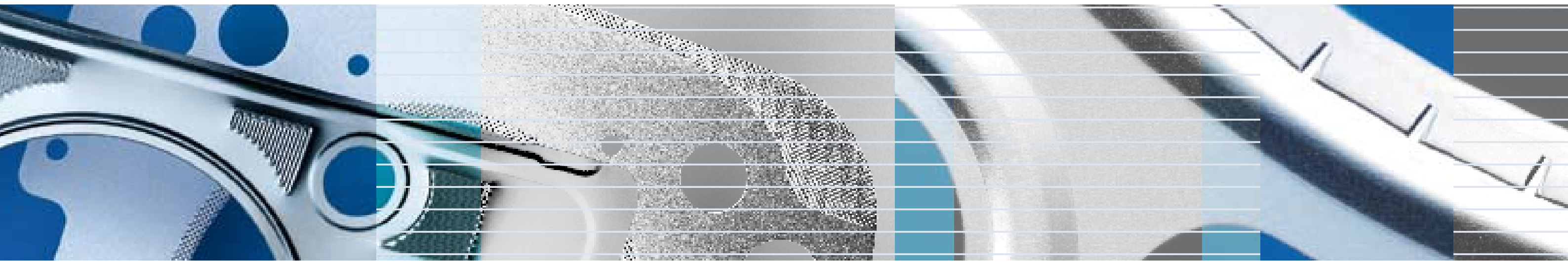
Segment Reporting

9-months 2008/9-months 2007

	Original Equipment		Aftermarket		Engineered Plastics	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**446,846**	**393,708**	**82,401**	**79,784**	**54,648**	**49,821**
- Intersegment sales	-16,007	-16,114	0	0	0	0
- Consolidation	-48,529	-50,527	-6,004	-5,945	-330	-115
Sales	**382,310**	**327,067**	**76,397**	**73,839**	**54,318**	**49,706**
EBIT	**47,457**	**59,945**	**15,557**	**16,030**	**10,667**	**10,441**
Amortization & depreciation	-40,383	-29,174	-421	-370	-1,519	-1,361
Investments*	161,751	55,046	2,919	827	6,486	9,931

	Industrial Parks		Services		Group	
	2008	2007	2008	2007	2008	2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Segment sales	**6,474**	**6,250**	**7,168**	**5,719**	**597,537**	**535,282**
- Intersegment sales	0	0	0	0	-16,007	-16,114
- Consolidation	0	0	-2,667	-2,581	-57,530	-59,168
Sales	**6,474**	**6,250**	**4,501**	**3,138**	**524,000**	**460,000**
EBIT	**2,581**	**3,747**	**1,738**	**1,037**	**78,000**	**91,200**
Amortization & depreciation	-857	-853	-533	-487	-43,713	-32,245
Investments*	243	51	1,441	834	172,840	66,689

* incl. purchase of interests



Notes to the Third Quarter and First Nine Months of 2008

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

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of September 30, 2008, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the third quarter of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

Required Disclosures

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

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

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

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

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

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

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

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

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

The acquisition of the two company groups contributed approx. EUR 45 million to total sales of the ElringKlinger Group and approx. EUR 3.4 million to earnings before taxes (approx. EUR 2.3 million to post-tax profit).

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

Exchange rates developed as follows:

		Closing rate = EUR 1		Average rate = EUR 1	
		Sept. 30, 2008	Dec. 31, 2007	2008	2007
US Dollar (USA)	USD	1.4338	1.4718	1.52640	1.37871
Pound Sterling (UK)	GBP	0.7966	0.7347	0.78522	0.68727
Swiss Franc (Switzerland)	CHF	1.5781	1.6562	1.60478	1.64606
Canadian Dollar (Canada)	CAD	1.5000	1.4450	1.54808	1.46517
Real (Brazil)	BRL	2.8102	2.6208	2.58470	2.65601
Mexican Peso (Mexico)	MXN	15.7693	16.0381	16.04816	15.06080
Renminbi Yuan (China)	CNY	9.8014	10.7494	10.61390	10.44672
South Korean WON (South Korea)	KRW	1,727.7800	1,377.4600	1,564.85556	1,279.07417
Rand (South Africa)	ZAR	11.8780	10.0300	11.79972	9.66725
Yen (Japan)	JPY	150.5000	165.1000	160.53889	162.09167
Forint (Hungary)	HUF	242.9000	252.0000	247.23333	251.350000
Indian Rupee (India)	INR	66.5300	57.8600	64.05000	56.59667

In the first nine months of 2008 derivative financial instruments were utilized for the purpose of hedging interest rate risk, smoothing the volatility of purchasing prices for raw materials (particularly nickel) and hedging receivables denominated in Canadian dollars and Mexican pesos. The negative fair values for the commodities-based derivatives in the amount of EUR 11,064 thousand have been accounted for, under current provisions, as provisions in consideration of contingent losses associated with onerous contracts (i.e. pending transactions). Additionally, material-related expenses increased by EUR 575 thousand due to the negative performance of the derivative financial instrument.

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

The fire in one of the production buildings at the Runkel plant in 2007 resulted in a range of additional expenses during the first nine months of 2008 (including recognition of provisions), totaling EUR 1,159 thousand. The insurance proceeds exceeded the reimbursement rights accounted for as of December 31, 2007, by EUR 650 thousand.

Events after the Reporting Period

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

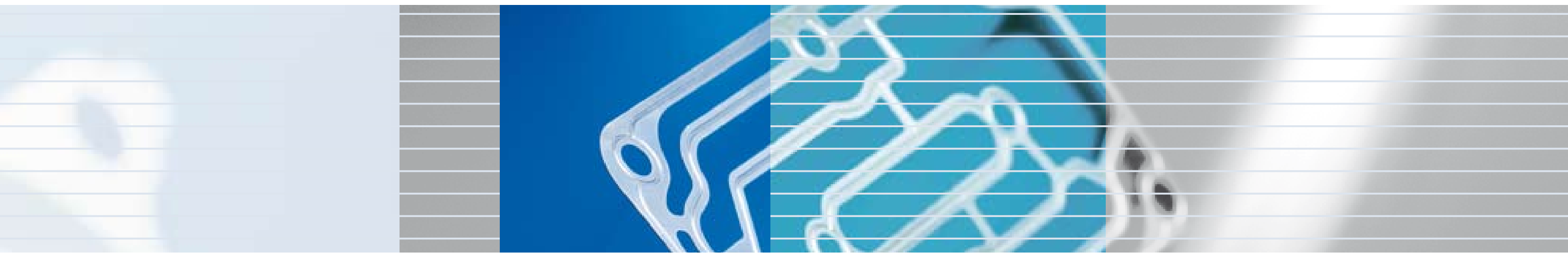
Responsibility Statement

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

Dettingen/Erms, November 5, 2008

The Management Board

Dr. Stefan Wolf Theo Becker Karl Schmauder



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

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

Calendar

German Equity Forum (Frankfurt)	November 10 – 12, 2008
International Automotive Transmission Symposium Berlin	December 1–5, 2008
7th International CTI Forum Exhaust Systems, Düsseldorf	January 26 – 29, 2009
Annual Press Conference	March 30, 2009
Analysts' Conference	March 30, 2009
104th Annual General Shareholder Meeting Cultural and Congress Centre Liederhalle, Stuttgart, Hegelsaal, 10.00 CET	May 26, 2009

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