REPORT ON THE 1ST QUARTER OF 2011

EMBRACING BOTH WORLDS

elringklinger

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Whether we are talking about efforts to enhance the conventional combustion engine through downsizing or about developments in electromobility (i.e. solutions using batteries and fuel cells), ElringKlinger is one of just a small group of suppliers throughout the world with the expertise to manufacture high-end components for all drive technologies.

As a global development partner and original equipment manufacturer for cylinder-head and specialty gaskets, plastic housing modules, battery components and shielding components for engines, gearboxes and exhaust systems, ElringKlinger supplies the majority of vehicle and engine makers operating around the globe. We make direct use of this capacity for innovation to promote eco-friendly mobility coupled with sustainable and profitable growth. It is a challenge that the ElringKlinger Group, with its team of around 5,200 employees at 33 sites around the world, is dedicated to meeting.

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Macroeconomic Conditions and Business Environment

Economy remains robust

On the back of its dynamic expansion in 2010, the world economy continued to prosper over the course of the first quarter of 2011. Despite the elevated price of oil and the impact of the natural disaster in Japan, the global economy remains buoyant.

Against this backdrop, however, the regional economic trends are anything but consistent. While the emerging markets maintained their significant forward momentum in the first quarter of 2011 and the United States continued to generate relatively solid growth, the overall performance of some European economies lacked stability.

Positive German economy

Buoyed by forceful growth in the industrial sector, the German economy recorded the best performance in the eurozone during the first three months of 2011, as its gross domestic product (GDP) expanded by 4.2 %.

Caught up in the quagmire of national debt, Europe's fringe states were again faced with a volatile economic situation. With these countries lagging far behind Europe's economic heavyweights, the eurozone as a whole was sluggish and inconsistent in its recovery. Economic growth in the eurozone stood at a modest 2.1 %.

By contrast, the eastern European economies recorded solid growth rates. In Russia, GDP grew by 5.0 % compared to the previous year.

US growth dampened slightly in first quarter of 2011

Recording growth of 2.5 % in the first quarter of 2011, the US economy lost some of its momentum. At the same time, however, recovery in the local industrial sector continued unabated.

After the significant gains made in 2010, economic growth in South America was slightly more subdued in the first quarter of 2011. In Brazil, GDP nevertheless rose by 4.6 % in the first quarter of 2011.

Asia's emerging economies remain growth drivers

Despite a slight dip, the emerging Asian economies were able to maintain a high level of growth. Compared to the first quarter of 2010, China saw its economy grow by 9.1 %, while India's economy expanded by 8.9 %. On the back of a strong economic performance and higher purchasing power, demand for automobiles in this region also proved brisk in the period under review.

After a slight decline in economic performance in the fourth quarter of 2010, the first quarter of 2011 produced an even more serious problem for Japan due to the severe earthquake and tsunami, the repercussions of which are still difficult to predict.

Global demand for cars rises from a high base

Benefiting from a buoyant global economy, worldwide demand for passenger cars increased further in the first quarter of 2011, despite the high levels of growth already seen in 2010.

In total, global demand within this area rose by approx. 5 % in the first quarter of 2011, driven once again by the dynamic emerging economies, but also by the surprisingly strong upturn in the US market. Global car production even rose by almost 8 % in the first three months of 2011.

Surging growth in German automobile market

In Germany, the number of cars sold rose by 13.9 % to 763,400 (670,500) units in the first quarter of 2011.

Driven by record exports, domestic car production expanded by 8.1 % in the same period, to 1.5 (1.4) million units, thus almost returning to the record levels seen in 2007. Passenger car exports rose by 10.9 % to 1.2 million units.

Divergent trends in European sales markets

The significant sales volumes achieved in Germany and France proved insufficient in terms of fully offsetting market contraction in the United Kingdom and southern Europe. Western Europe as a whole recorded a 2.4 % decline in vehicle sales, forcing the figure down to 3.5 (3.6) million units.

In eastern Europe, the car market developed much more dynamically in the first three months of 2011. Sales volumes in the new EU states were up 6.4 % year-on-year. Recovery within the Russian vehicle market, which had slumped severely during the financial crisis, picked up from where it had left off in 2010. Overall, the number of passenger cars sold grew by 76.5 % to around 520,000 (300,000) units.

Boost to auto sales in North and South America

The US market continued on the road to recovery. New registrations rose by 20.2 % to 3.1 (2.5) million cars and light trucks.

South America's largest vehicle market, Brazil, also latched onto the upward trend in the first quarter of 2011, having already developed exceedingly well during the preceding year. The number of passenger cars sold rose by 3.6 %.

Car boom continues in emerging economies of Asia

Consumer demand remained buoyant throughout the Asian markets. Alongside India and China, ASEAN states such as Indonesia, Malaysia, the Philippines and Thailand recorded substantial growth. In China, the number of cars sold during the first quarter of 2011 totaled 3.1 (2.8) million units, up 12.2 % on last year's figure. India recorded growth of 23.0 % in the same period, taking the figure to 715,000 (580,000) units.

Earthquake-induced slump in vehicle sales and production in Japan

In the wake of the devastating earthquake, Japan had to contend with a severe slump in new vehicle registrations in March 2011. In total, this led to a year-on-year decline of 25.6 % in the first quarter of 2011, with the number of vehicles sold falling to just 1.0 (1.3) million units. Faced with widespread damage and a subsequent shortage of energy resources, Japan's vehicle manufacturers were also severely impacted by the disaster.

However, in view of the small proportion of products supplied by the ElringKlinger Group to Japanese manufacturers, the adverse effects of production downtime on the Group were comparatively negligible.

Higher demand for commercial vehicles in first quarter of 2011

Against the backdrop of significant economic recovery and rising transport needs, the commercial vehicle market maintained its forward momentum in the period under review. Demand for commercial vehicles continued to grow both in Europe and in North America over the course of the first quarter of 2011.

In Germany, the number of new truck registrations rose by 31.5 % to 75,400 (57,300) units during this period. In contrast to the situation in the car market, truck sales were also propelled upward in the United Kingdom, Spain and Italy.

The commercial vehicle markets in the new EU states of eastern Europe proved particularly dynamic, with local truck sales doubling to around 9,900 units. In Europe as a whole, the number of trucks sold increased by 50.0 % year-on-year, taking the figure to 78,600 (52,400) units in the first quarter of 2011.

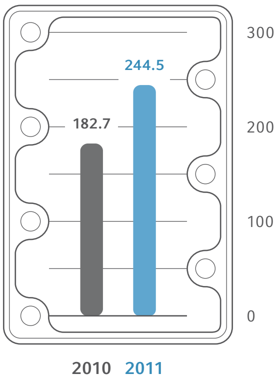
In North America, too, the market for commercial vehicles developed well over the course of the first quarter of 2011. Heavy truck rose by 31.2 % year-on-year to 80,200 (61,100) units.

Sales and Earnings Performance

Significant revenue growth after continued upturn in vehicle production and new product launches

The sustained recovery seen within the automotive markets continued over the course of the first quarter of 2011. A further increase in just-in-time requests for series-produced components, in conjunction with the contribution made by new product launches, translated into revenue growth of 33.8 % for the ElringKlinger Group, taking the figure to EUR 244.5 (182.7) million for the first quarter 2011. Even when eliminating revenue contributed by the flat gaskets business acquired from the Freudenberg Group, ElringKlinger managed to outpace global car production, which – starting from a high base – grew by around 8 % in the first three months of 2011.

SALES 1ST QUARTER
in EUR million



Integration of the metal flat gaskets business of the Freudenberg Group

The acquisition by ElringKlinger AG of Freudenberg Group's metal flat gaskets business was closed effective from January 1, 2011, and the acquired entities were included in the scope of consolidation of the ElringKlinger Group as of the first quarter of 2011. In total, the three acquired companies contributed revenue of EUR 14.4 million to the consolidated sales of the ElringKlinger Group.

The contribution made to pre-tax profit generated by the ElringKlinger Group was minus EUR 1.1 million and includes charges of EUR 0.2 million attributable to the purchase price allocation. As part of measures implemented for the purpose of restructuring and raising efficiency levels, the Group recorded non-recurring staff costs of EUR 0.8 million in the first quarter of 2011. The issue of cost savings and synergies is currently being addressed in the areas of Purchasing, Sales and Administration.

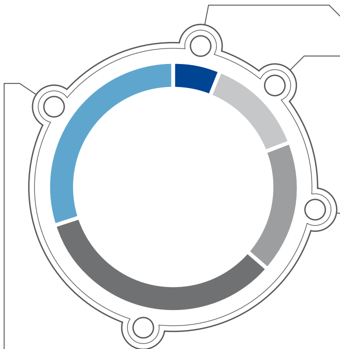
Significant steps aimed at improving earnings performance at production level have already been implemented or are currently underway. These measures include the introduction of fully automated manufacturing processes and state-of-the-art progressive system technologies.

ElringKlinger transferred production of cylinder-head gaskets from the site in Gelting, Germany, and merged these operations with those at the French plant in Chamborêt, thus ensuring greater proximity to its customers. In addition to optimizing the value chain and logistics, the company also raised the level of automation. The relocation measures have already been completed.

The Gelting site is to be further enhanced as a Centre of Excellence for the development and production of special exhaust system gaskets, e.g. for turbochargers.

The aim is to guide the operating margin of the acquired Freudenberg business towards a level of 10 % by the end of the year.

GROUP SALES BY REGION 1ST QUARTER 2011 (prior year) in %



SOUTH AMERICA AND OTHER	6.3	(7.6)
ASIA AND AUSTRALIA	12.9	(14.6)
NAFTA	17.3	(16.5)
REST OF EUROPE	33.7	(28.4)
GERMANY	29.8	(32.9)

Continued growth in proportion of foreign sales

Buoyed by the significant increase recorded by the subsidiaries and joint ventures in North America and Asia, the proportion of Group sales revenue attributable to foreign operations rose to 70.2 % (67.1 %) in the first quarter of 2011. This was also attributable to the fact that Italy and France accounted for the majority of revenue included in the consolidated group for the first time following the acquisition of the metal flat gaskets business from Freudenberg Group.

In Germany, sales revenue generated by the ElringKlinger Group rose by 21.5 % to EUR 72.9 (60.0) million. In regional terms, the Rest of Europe – excluding Germany – recorded the most significant revenue growth in the Group, with sales revenue increasing by 58.8 %. Generating EUR 82.4 (51.9) million, the Rest of Europe thus proved to be the strongest region in the Group with regard to sales revenue.

As regards the dynamic expansion of the Group's business activities in Europe over the course of the first quarter of 2011, it should be noted that a significant proportion of those cars and engines produced in Europe – and particularly in Germany – for which ElringKlinger supplies components are subsequently exported to Asia and North America.

Driven by the sustained upturn in vehicle demand in North America, together with newly launched series projects, revenue generated by the ElringKlinger Group in the NAFTA region surged by 40.5 % to EUR 42.3 (30.1) million in the first quarter of 2011.

In South America, revenue growth of 10.1 % was attributable primarily to the forward momentum maintained by the Brazilian subsidiary Elring Klinger do Brasil Ltda. In total, the Group managed to lift sales revenue to EUR 15.3 (13.9) million in South America in the period under review.

In Asia, sales revenue rose by 18.4 % to EUR 31.6 (26.7) million. Growth in this region was driven mainly by the two Chinese subsidiaries ElringKlinger China Ltd. and Changchun ElringKlinger Ltd. In the first quarter of 2011, the ElringKlinger Group commenced operations at its new plant in Changchun, which is more than double the size of the previous site.

Original Equipment business expands by 40 %

Sales revenue continued to recover at a high level within the Original Equipment segment. Quantities requested by customers as part of their production scheduling rose with regard to passenger cars as well as commercial vehicles. Against this backdrop, sales revenue was up EUR 54.8 million year-on-year to EUR 191.2 (136.4) million. Once again, the Group managed to outperform the market by a significant margin, calculated on the basis of growth in global vehicle production.

Within this context, consideration has to be given to the fact that revenue contributions from the first-time inclusion of the newly acquired Freudenberg business were attributable almost entirely to the Original Equipment segment.

In this segment, particularly the Plastic Housing Modules/Elastomer Technology division as well as Specialty Gaskets division generated above-average growth. Both areas benefited from the considerable interest shown by customers in solutions aimed at CO_2 reduction. The Specialty Gaskets division was buoyed by rising demand for components used in the latest generation of compact downsized combustion engines, e. g. with regard to highly heat-resistant gasket systems for turbochargers, an area in which the Group secured additional projects.

Earnings were affected not only by spiraling commodity prices and continued pricing pressures in the area of Original Equipment but also by preparations for various new product rollouts. The emphasis here was on preparations for the start-up of series production of new cell contact systems for lithium-ion batteries. Additional systems are currently in the development pipeline within this area.

Despite the dilutive effects of the negative earnings contribution by the newly acquired Freudenberg business, pre-tax earnings in the Original Equipment segment rose faster than sales revenue, up 62.1 % to EUR 18.8 (11.6) million.

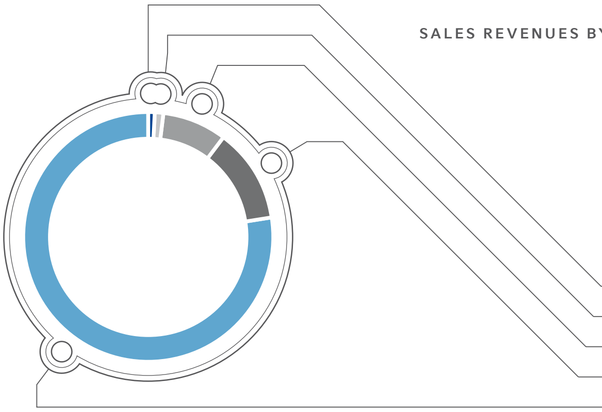
Aftermarket business with steady growth in international markets

The Aftermarket segment saw sales revenue grow by 10.8 % to EUR 29.7 (26.8) million in the first three months of 2011.

The fact that the Group again recorded double-digit growth in revenue from a high comparative base last year is primarily a tribute to the broader product range marketed under the “Elring – The Original” brand. What is more, ElringKlinger succeeded in extending its market share within the international business arena.

Within this context, the political uncertainties in large parts of North Africa and the Middle East had an adverse effect on aftermarket demand among local wholesalers.

By contrast, the markets in eastern Europe produced additional forward momentum. Aftermarket business also continued to develop well in South America.



SERVICES	0.6	(0.4)
INDUSTRIAL PARKS	0.8	(1.1)
ENGINEERED PLASTICS	8.2	(9.2)
AFTERMARKET	12.2	(14.7)
ORIGINAL EQUIPMENT	78.2	(74.6)

The segment earnings before taxes rose by 11.5 % year-on-year to EUR 5.8 (5.2) million in the period under review.

Further upturn in business within Engineered Plastics segment

The Engineered Plastics segment recorded 18.8 % growth in sales revenue in the first quarter of 2011, benefiting first and foremost from flourishing demand in the key sales markets. i. e. the automotive industry as well as the mechanical engineering and telecommunications / electrical engineering sector. Segment revenue edged up to EUR 20.2 (17.0) million.

Growth in sales revenue was supported by the more extensive number of new projects at the subsidiary ElringKlinger Engineered Plastics (Qingdao) Commercial Co., Ltd. in China. The first quarter of 2011 saw the successful commencement of series production of high-performance PTFE components for lambda sensors at the Group's plant in Suzhou.

Earnings generated by the Engineered Plastics segment were impacted by rising prices for polytetrafluoroethylene (PTFE), only a small proportion of which was initially passed on to customers. The essential adjustments to prices were made only after a certain period of time had elapsed. Additionally, the Engineered Plastics segment incurred significant development and start-up costs for products relating to the injection-moldable material Moldflon®, which is being used to an increasing extent in the field of medical engineering.

ElringKlinger Kunststofftechnik GmbH secured three additional large-scale projects – from manufacturers in Germany, Italy and the US – relating to PTFE sealing systems for car injection pumps. Preparations for series rollout are currently underway.

Rising faster than sales revenue, pre-tax earnings stood at EUR 3.0 (1.4) million.

Stable earnings from Industrial Parks

Rental income from the Industrial Parks segment remained unchanged at EUR 2.0 (2.0) million. In the first quarter of 2011, this segment contributed EUR 0.8 (0.8) million to the Group's earnings before taxes.

Strong demand for engineering services

In the period under review, the Services segment, which encompasses engine testing and other development services, saw its sales revenue increase by 50.0 % to EUR 2.4 (1.6) million compared to the first quarter of 2010.

Vehicle and engine manufacturers are now once again awarding a larger number of contracts for engineering services to external partners. Additionally, the portfolio offered by Elring Klinger Motortechnik GmbH in the area of emission technology – particularly with regard to SCR (Selective Catalytic Reduction) technology – met with strong demand from customers.

Against the backdrop of high capacity utilization, the segment result before taxes rose to EUR 0.5 (-0.1) million, having been severely impacted by the crisis in the same quarter a year ago.

Solid financial performance

The Group's financial performance remained solid in the first quarter of 2011. Alongside measures implemented throughout the Group for the purpose of raising efficiency levels, higher capacity utilization had a positive effect. By contrast, the Group was faced with rising costs with regard to personnel and materials.

Prices for materials increased markedly, reaching an elevated level in the first quarter of 2011 with regard to commodities required by ElringKlinger. In order to restrict material costs and safeguard the volumes required, ElringKlinger has negotiated long-term supplier contracts to the largest extent possible. Rising costs are also counterbalanced by optimized product design, the use of new materials and streamlining measures in production.

Having been brought forward by ElringKlinger from April to February 2011, the collective wage increase of 2.7 % for the Group's German sites resulted in higher staff costs in the period under review.

Provisions for the staff profit-sharing bonus of EUR 1,000 per employee for members of the ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH and Elring Klinger Motortechnik GmbH workforce, as agreed for the financial year 2010, were recognized as early as the first quarter of 2011, thus resulting in expenses of EUR 2.5 million in total.

While the cost of sales outpaced sales growth, rising by 37.9 %, the remaining expense items increased at a less pronounced rate relative to sales revenue. The gross profit was 27.3 %, compared to 29.5 % in the same quarter a year ago. Within this context, the inclusion of the recently acquired metal flat gaskets business of the Freudenberg Group had a dilutive effect of 1.3 percentage points on the gross profit margin.

R & D costs account for 4.9 % of sales revenue

In the first quarter of 2011, research and development costs within the ElringKlinger Group rose by EUR 1.2 million year-on-year. Research and development costs thus increased by 11.1 % compared to the same quarter a year ago, rising to EUR 12.0 (10.8) million in total.

Alongside R & D directed at several new applications for existing technologies, the Group focused in particular on expanding its activities in the new area of E-Mobility, which now employs 50 engineers and technicians. While this area has incurred significant input costs, it has yet to generate tangible sales; the first revenue contributions are scheduled for the second half of the year.

Preparations for the start of series production of cell contact systems for lithium-ion batteries, which are used in hybrid vehicles, have now been completed. In designing and installing a series production line at an industrial scale, ElringKlinger has achieved a significant advantage within this area in terms of production technology as well as the manufacturing processes specially developed for this purpose. ElringKlinger is currently developing several projects for further applications relating to cell contact systems, both for cylindrical and prismatic cell structures. Other products in the development pipeline include rotor and stator blades for electric motors as well as battery housing seals and pressure equalization systems.

Of the R & D costs amounting to EUR 12.0 million, a total of EUR 1.2 (1.1) million was capitalized in the first quarter of 2011. In parallel, systematic depreciation/amortization stood at EUR 1.1 (0.9) million, as a result of which this item had no significant effect on earnings.

Both selling expenses, up 11.5 %, and general and administrative expenses, up 21.9 %, rose at a less dynamic rate than sales revenue in the first quarter of 2011.

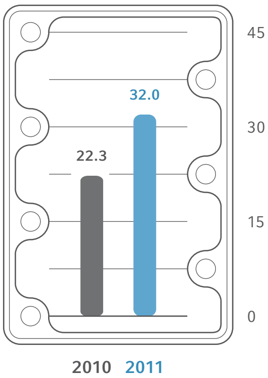
Operating result benefits from high capacity utilization

Earnings before interest, taxes, depreciation and amortization (EBITDA) were up EUR 11.6 million on last year's figure for the first quarter, taking the total to EUR 53.3 (41.7) million. Owing to the substantial investments seen in previous years and in the first quarter of 2011, depreciation and amortization rose by EUR 1.9 million to EUR 21.3 (19.4) million.

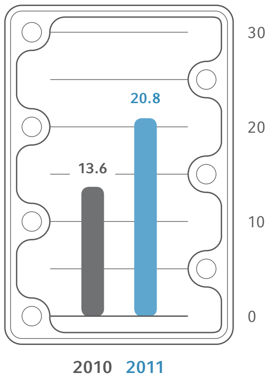
On the back of further revenue growth and solid utilization of production capacities in most of the divisions, the Group once again recorded a disproportionately high increase in its operating profit when compared to the rate of expansion in sales revenue in the first quarter of 2011. Operating profit rose by 39.7 % or EUR 9.3 million to EUR 32.7 (23.4) million. As a result, the Group's operating margin stood at 13.4 % in the period under review, despite a significant increase in material costs, the expenses associated with the staff profit-sharing bonus and the downward pressure exerted on earnings by the acquisition of the former Freudenberg business. Adjusted for the dilutive effects of the Freudenberg acquisition, ElringKlinger's core business achieved an operating margin of 14.7 %.

Earnings before interest and taxes (EBIT), which include a total of EUR 0.7 million in net foreign exchange losses, rose by 43.5 % to EUR 32.0 (22.3) million.

EBIT 1ST QUARTER
in EUR million



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



Earnings before taxes reach EUR 28.9 million

In 2008, ElringKlinger AG financed the purchase consideration for the SEVEX Group, Switzerland, in Swiss francs. The net foreign exchange gain associated with this loan was EUR 1.5 million in the first quarter of 2011. It was the result of the depreciation of the Swiss franc against the euro and the concomitant revaluation of this liability. In aggregate, however, the Group nevertheless recorded net foreign exchange losses of EUR 0.7 million in the first quarter of 2011. Net interest expenses fell slightly to EUR 3.1 (3.4) million. In total, net finance costs improved in the first quarter of 2011 to EUR 3.8 (4.5) million.

Earnings before taxes thus rose by 52.9 % to EUR 28.9 (18.9) million.

Net income after minority interest rises by 52.9 %

At 25.8 % (25.5 %), the income tax rate was slightly higher than in the same quarter a year ago, but remained well below the income tax rate of 27.0 % for the financial year 2010 as a whole. This was attributable mainly to higher earnings contributions by Group companies with a below-average tax rate.

On this basis, the ElringKlinger Group generated net income of EUR 21.4 million in the first quarter of 2011, compared to EUR 14.1 million in the same quarter a year ago. After minority interests of EUR 0.7 (0.5) million, profit attributable to the shareholders of ElringKlinger AG amounted to EUR 20.8 (13.6) million.

Basic and diluted earnings per share stood at EUR 0.33 (0.24) in the first quarter of 2011. As at March 31, 2011, the number of ElringKlinger AG shares outstanding following the seasoned equity offering of October 6, 2010, was 63,359,990 (57,600,000).

Headcount up after expansion of capacities and Freudenberg acquisition

The ElringKlinger Group employed 5,177 (4,299) people as at March 31, 2011, which represents a year-on-year increase in the Group's headcount of 20.4 %. As a result of the takeover of the metal flat gaskets business of the Freudenberg Group, four additional sites with a total of 362 employees were integrated within the ElringKlinger Group. Excluding the acquisition, the Group's headcount would have increased at a much less pronounced rate of 12.0 %.

International headcount rises

Higher staffing levels were attributable primarily to the expansion of production capacity at the sites in China and Brazil, but also North America and Mexico, in response to the significant increase in output.

As the international subsidiaries and joint ventures accounted for a much larger share of Group sales revenue than in the first quarter of 2010, the headcount also expanded faster overseas than domestically.

While ElringKlinger increased its personnel base in Germany by 260 employees, i.e. by 11.6 %, to 2,507 (2,247), the number of people employed abroad by the ElringKlinger Group rose by 30.1 % to 2,670 (2,052). In this context, 292 employees in Italy and France joined the ElringKlinger workforce as part of the acquisition of the Freudenberg companies.

As at March 31, 2011, for the first time more than half of the workforce of the ElringKlinger Group was employed at its international subsidiaries and joint ventures. The proportion of people employed abroad thus rose to 51.6 % (47.7 %).

Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group remained solid as at March 31, 2011.

The direction taken in terms of total assets is a reflection of the Group's significant growth and the seasoned equity offering executed in October 2010. Compared to March 31, 2010, total assets rose by 23.8 %. Totaling EUR 1,012.2 (817.6) million at March 31, 2011, they exceeded the threshold of EUR 1.0 billion for the first time.

Despite the contrary effects of higher write-downs, property, plant and equipment increased by EUR 67.7 million year-on-year to EUR 469.7 (402.0) million, primarily as a result of investments in land, new operating premises as well as plant and machinery.

Of this total increase in property, plant and equipment, a share of EUR 26.3 million was attributable to ElringKlinger's first-time consolidation of the flat gaskets business acquired from the Freudenberg Group as at January 1, 2011. The effects of the acquisition on the assets and liabilities of the ElringKlinger Group are discussed in detail in the notes on page 38.

The acquisition gave rise to goodwill of EUR 5.4 million and intangible assets of EUR 2.2 million. Thus, intangible assets accounted for by the ElringKlinger Group increased to EUR 98.6 (89.6) million in total.

Acquisition contributes to higher inventories and receivables

The Group adjusted its stock levels in response to the significant expansion of production volumes. As a result, inventories rose by EUR 46.3 million year-on-year to EUR 152.6 (106.3) million as at March 31, 2011. On this basis, the share of inventories in total assets reached 15.1 % (13.0 %). In this context, consideration should be given to the fact that the consolidation of the Freudenberg companies accounted for EUR 8.0 million in the expansion of inventory levels.

Capital tied up in trade receivables increased by 25,9 %, i.e. at a less pronounced rate than revenue growth. Compared to March 31, 2010, trade receivables rose by EUR 34.1 million to EUR 165.6 (131.5) million. This figure includes receivables of EUR 10.9 million acquired as part of the takeover of the flat gaskets business of the Freudenberg Group.

As at March 31, 2011, cash held by the ElringKlinger Group amounted to EUR 59.8 (27.4) million. The reduction in cash by EUR 41.4 million since December 31, 2010, was attributable primarily to the settlement of the purchase price for the above-mentioned acquisition of the Freudenberg companies.

Equity ratio at 51.9 %

The equity ratio was influenced to a large extent by the seasoned equity offering implemented in October 2010. As a result, share capital rose from EUR 57.6 million to EUR 63.4 million. The share premium from the issue of equity was accounted for in capital reserves, which consequently increased by EUR 115.5 million to EUR 118.2 (2.7) million.

Compared to March 31, 2010, revenue reserves increased by EUR 61.3 million to EUR 324.9 (263.6) million as a result of higher allocations from net income.

Total Group equity was up EUR 185.6 million year-on-year at EUR 525.6 (340.0) million. The equity ratio increased to 51.9 % (41.6 %).

Marked reduction in net debt

The amount allocated to pension provisions had to be raised due to an increase in pension benefit rights for entitled staff within the Group. In total, provisions for pensions increased by EUR 6.7 million to EUR 69.0 (62.3) million as at March 31, 2011. Non-current provisions rose by EUR 7.7 million compared to March 31, 2010.

Compared to March 31, 2010, trade payables increased by EUR 16.4 million to EUR 53.7 (37.3) million primarily as a result of the significant expansion of production volumes over the course of 2010 and during the first quarter of 2011. Of this figure, EUR 6.1 million was attributable to the inclusion of the acquired Freudenberg companies in the scope of consolidation of the ElringKlinger Group.

Using operating cash flow and some of the proceeds from its seasoned equity offering of October 6, 2010, the Group repaid long-term bank borrowings and partially reduced its current financial liabilities. This was one of the factors influencing non-current financial liabilities, which declined by EUR 43.8 million year-on-year to EUR 118.6 (162.4) million as at March 31, 2011. In contrast, current financial liabilities rose by EUR 9.5 million in the same period.

Since December 31, 2010, net financial liabilities have fallen by EUR 3.7 million and currently stand at EUR 195.6 million.

As at March 31, 2011, the Group's net debt (non-current and current financial liabilities less cash) fell by EUR 66.7 million year-on-year to EUR 135.8 (202.5) million, despite a higher dividend payment and sustained investment activity.

Other current liabilities, which mainly comprise accruals from tool-related revenue as well as deferred income, increased by EUR 15.0 million to EUR 69.7 (54.7) million compared to March 31, 2010. As regards the increase in other current liabilities, a total of EUR 6.7 million is attributable to the first-time consolidation of the recently acquired Freudenberg companies.

Overall, the share of liabilities in total equity and liabilities fell significantly. As at March 31, 2011, liabilities accounted for just 48.1 % (58.4 %) of total equity and liabilities at Group level.

Operating cash flow up 38.9 %

In the first quarter of 2011, the ElringKlinger Group generated net cash from operating activities of EUR 24.3 (17.5) million, which represents a year-on-year increase of 38.9 %.

Inventories and trade receivables, as well as other assets not attributable to investing or financing activities, rose by EUR 23.5 million in the period under review. In the first quarter of 2010, the ElringKlinger Group had increased its inventories and trade receivables, as well as other assets not attributable to investing or financing activities, by EUR 30.9 million.

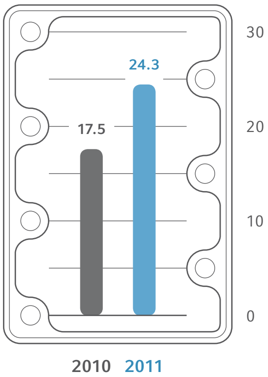
The year-on-year improvement in pre-tax earnings by EUR 10.0 million as well as the EUR 1.9 million increase in write-downs also had a positive effect on operating cash flow.

Whereas trade payables and other liabilities not resulting from financing and investing activities had increased by EUR 9.2 million in the first quarter of 2010, these items edged up by just EUR 0.2 million in the period under review.

In the first quarter of 2010, provisions had risen by EUR 0.7 million. By contrast, the Group recorded EUR 1.6 million in utilized or reversed provisions in the first quarter of 2011.

As a result of the significant increase in prior-year profit, income tax payments rose to EUR 5.1 (0.8) million.

NET CASH FROM OPERATING ACTIVITIES 1ST QUARTER
in EUR million



Lower investment ratio

In the first quarter of 2011, payments relating to property, plant and equipment, investment property and intangible assets totaled EUR 24.7 (25.4) million, slightly lower than in the same period a year ago.

The investment ratio (payments for investments in property, plant and equipment, investment property and intangible assets before acquisitions in relation to sales revenue) thus stood at 10.1 % (13.9 %).

Besides channeling funds into plant construction and expansion, the Group mainly invested in equipment and machinery for new product start-ups and streamlining projects.

At the site operated by ElringKlinger AG in Dettingen/Erms a highly efficient, energy-saving press was purchased for the manufacture of multilayer exhaust gaskets as well as an ElringKlinger-designed assembly line for the production of turbocharger V-rings.

Additionally, ElringKlinger invested in the build-up of its first serial production line for cell contact systems used in lithium-ion batteries. Further laboratory equipment and testing systems were also purchased for operations in this area.

At the subsidiaries and joint ventures of ElringKlinger AG the main emphasis was on completing construction work on the new plant in Changchun, China, as well as on the phase-in of new production machinery for polytetrafluoroethylene (PTFE) components at the site of ElringKlinger China Ltd., Suzhou.

Additionally, funds were used for the automation of production processes at the Group's newly integrated sites in Nantiat and Chamborêt following the acquisition of the flat gaskets business from the Freudenberg Group.

On closing the acquisition-related transaction on January 1, 2011, ElringKlinger AG paid the consideration in respect of the metal flat gaskets business of the Freudenberg Group amounting to EUR 34.5 million, as a result of which the total outflow from investing activities during the first quarter of 2011 was EUR 59.1 million. In the first quarter of 2010, net cash used in investing activities had amounted to EUR 25.3 million.

Excluding payments for acquisitions, the Group's free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for acquisitions) was virtually break even at minus EUR 0.3 (-7.8) million despite the preparation of several production launches.

Financial liabilities scaled back

While the ElringKlinger Group had taken on net financial liabilities of EUR 9.4 million in the first quarter of 2010, the Group repaid EUR 4.7 million in financial liabilities during the first three months of 2011. Net cash used in financing activities amounted to EUR 4.7 million, whereas cash flow from financing activities had stood at EUR 8.0 million in the fist quarter of 2010.

In total, cash contracted by EUR 41.4 million during the first quarter of 2011, from EUR 101.2 (25.6) million at the beginning of the period to EUR 59.8 (27.4) million as at March 31, 2011.

Opportunities and Risks

As regards the assessment of opportunities arising for the ElringKlinger Group and the evaluation of risks to which the Group is exposed, the first quarter of 2011 saw no significant changes to the opportunities and risks discussed in the annual report of the ElringKlinger Group for the financial year 2010 (Annual Report 2010, pages 84 to 96).

The Report on Opportunities and Risks 2010 can be accessed at http://www.elringklinger.de/gb2010/report-on-opportunities-and-risks

Potential risks associated with the natural disaster in Japan

The ElringKlinger Group holds an interest of 50.0 % in ElringKlinger Marusan Corporation, Tokyo, whose pro rata contribution to consolidated sales revenue was approx. EUR 24 million in 2010. The aforementioned company primarily supplies the Japanese commercial vehicle industry. The entity's operating margin was well below that of the Group average.

The devastating earthquake and tsunami of March 11, 2011, caused no damage to the two Japanese sites of ElringKlinger. However, in view of the recent interruptions to production at Japanese car-making plants, the production lines at ElringKlinger Marusan Corporation are currently operating well below capacity.

Owing to the relatively minor contributions to Group sales and profits made by ElringKlinger Marusan Corporation, it is unlikely that revenue and earnings performance will be severely affected. Numerous customers have announced that they will be resuming vehicle and engine production. However, due to the downtime in production and the shortfall in output, it is possible that volumes requested by customers in Japan as part of their scheduling will fall short of the quantities originally planned.

The ElringKlinger Group does not anticipate any interruptions to the company's own supply chain as a result of non-delivery or reduced quantities of procured parts manufactured in Japan. In those cases in which input products were not available, they have already been replaced with other products where necessary. Shortages have been announced by suppliers with regard to deliveries of materials. At present, however, supply-side deliveries are on target. ElringKlinger has offered its customers alternative materials. The process of approving these proposals is currently underway.

In light of the widespread damage and the shortage of energy resources, some market observers are wary of potential problems in the supply chain and temporary impediments to the supply of specific components produced in Japan. Vehicle and engine manufacturers were forced to scale down their operations temporarily, and in some cases there is the risk of production shortfalls. As a result, overall growth in vehicle production may fail to match the original forecasts issued by market analysts for 2011, which in most cases had been set at a figure towards the middle of the single-digit percentage range. Having said that, the global automotive industry is not expected to suffer any permanent or more serious impairment.

If the impediments to the supply of components were to cause a significant reduction in international vehicle and engine production figures, the future business performance of the ElringKlinger Group may be adversely affected.

Based on order intake and the just-in-time volumes requested by customers as part of their production scheduling, there is currently no evidence to suggest a significant decline in vehicle production figures. Global demand for vehicles remains very solid.

Outlook

Outlook – Market and Sector

Global economy remains buoyant despite risk factors

Despite risk factors such as spiraling oil and commodity prices, political upheaval in the Middle East and North Africa as well as potential repercussions from the natural disaster in Japan, global economic output is forecast to grow by 4.2 % in 2011 as a whole.

Germany's economy continues to thrive, buoyed by a tangible upturn in domestic demand in 2011 after the dynamism of export-driven growth in the preceding year. The growth outlook for Germany's economy stands at 2.8 % for 2011.

Forecasts for the eurozone vary markedly depending on the region in question. While economic data for Germany and the majority of the eastern European states is extremely favorable, many of the southern European economies are encumbered by significant national debt and the need for budgetary constraint. In total, gross domestic product within the eurozone is forecast to rise by 1.5 % in 2011.

Having expanded by 2.8 % in 2010, the US economy is likely to face a slight dip in GDP growth in 2011.

The economies of Latin America are expected to maintain their forward momentum. As the region's key economy, Brazil has forecast GDP growth of 4.7 %.

The economies of Asia will continue to act as global growth drivers, although the dynamic rate of expansion attributable to this region is likely to weaken slightly over the course of 2011. In this context, the People's Republic of China is looking to contain its heavily expansive economic policy seen in previous years. Having said that, with estimated GDP growth of 8.9 % (10.1 %), the economic upturn seen in China looks set to continue in 2011. Supported by higher private consumption, India is expected to generate growth of 7.9 % in 2011.

After visible signs of economic slowdown in Japan in the fourth quarter of 2010, the uncertainties arising from the country's recent natural and nuclear disaster have made forecasting more difficult. There is little doubt, however, that economic output will decline sharply in the short term as a result of these events.

Growth in global automotive market continues at less dynamic rate

As the year progresses, global car production is expected to return to more normal levels. While growth looks set to continue, the rate of expansion is likely to weaken slightly as a result of higher base figures.

In view of the production downtime in Japan and the attendant risk that this may adversely affect overall output and supply chains, some analysts revised downward their forecasts for growth in global car production from between 5 and 7 % to 3 %. Given the robust situation in terms of orders in hand and customer demand, the coming year should be slightly more buoyant again once the current risk of production shortfalls has been removed.

The ElringKlinger Group continues to predict growth in global vehicle production of 2 to 3 %.

The German automobile industry continues to be driven by the dynamism generated by international demand. Additionally, order intake within the domestic market, which rose by one quarter in the first three months of 2011, has developed briskly. Germany is expected to see its car production rise to 5.8 (5.6) million units in 2011.

As regards the European automobile market as a whole, ElringKlinger anticipates virtual stagnation. Both sales volumes and production output are unlikely to move much beyond the levels recorded in 2010.

The recovery of the North American vehicle market will continue over the course of the year, albeit at a slower pace. Against the backdrop of persistently high unemployment and a challenging economic situation, growth in domestic demand will be moderate. ElringKlinger anticipates a modest increase in new registrations of cars and light trucks in 2011. On this basis, both registration and production figures in North America are likely to remain well below their pre-crisis levels of around 17 million vehicles sold and 15 million units produced. In the medium term, however, the high average age of vehicles, together with scrappage rates that have been in excess of new vehicle purchases for many years now, should act as a stimulus for market growth.

The Brazilian car market, which generally acts as the pacesetter for South America, is likely to grow at a more moderate rate in 2011 following the significant expansion seen in previous years. As regards new vehicle registrations, the forecast for the current year stands at growth of 3.7 %.

The Asian vehicle markets are again expected to generate solid growth in 2011. Given the significant expansion recorded last year and the high level that has now been reached in absolute terms, the rate of growth is likely to weaken slightly as the year progresses. As regards China, which has emerged as the world's largest car market, ElringKlinger anticipates that vehicle production will grow with a mid single-digit percentage range to almost 18.0 million units. In 2011 as a whole, India is expected to see around 19.9 % more vehicles roll off the assembly lines than in 2010.

After the discontinuation of Japanese incentive programs for new vehicle purchases and in view of the economic uncertainties in the wake of the recent natural and nuclear disaster, it is difficult to predict which direction the Japanese vehicle market will take. For 2011 as a whole, however, it would seem likely that Japan's automotive sector will have to contend with a significant downturn in production and sales.

Recovery in commercial vehicle market continues

The recovery in the global commercial vehicle markets, which began in 2010, is expected to continue over the course of the year. Having said that, neither North America nor Europe is likely to return to pre-crisis levels in 2011.

Global sales of heavy trucks in excess of 6 tons are expected to rise by 8.0 % to 3.0 million units in 2011. German truck manufacturers have forecast growth of approx. 25 % in terms of production output. Against the backdrop of recovering economies and higher transport volumes, pan-European demand for commercial vehicles is likely to remain solid. On this basis, the European market for medium and heavy trucks is expected to grow by approx. 20 % year-on-year. The US market is likely to see an annual growth of around 30 % within this segment.

ElringKlinger generates approx. 12 % of its revenue through sales of truck components to the commercial vehicle industry. Therefore, the upturn in this sector is expected to have a positive impact on business. The ElringKlinger Group will expand its capacities as well as its product range in the area of plastic housing modules in fiscal year 2011 by building a new manufacturing plant at its site in Dettingen/Erms, the emphasis being on production for the commercial vehicle industry.

Outlook Company

Competitive environment and price situation

The industry as a whole continues to be influenced by considerable competitive forces. The pressure exerted on prices within the Original Equipment segment has returned to pre-crisis levels. Despite ongoing consolidation within the automotive supply industry, there are no signs of a significant improvement within this area.

Visibility has improved with regard to the level of orders placed by customers, and at the same time it has become easier to plan ahead in terms of the actual number of units requested as part of customer production scheduling. However, the economic uncertainties remain and continue to have an indirect influence on the industry as a whole. This, in turn, might lead to fluctuations in the quantity of components requested by customers as part of their production scheduling.

If global economic growth accelerates much further, there is the distinct possibility that high demand for commodities and components will lead to shortages in terms of the availability of materials and, consequently, a rise in commodity prices. Against the background of speculative interests within the commodity markets, it is impossible to rule out further price hikes. ElringKlinger endeavors to offset price rises by means of long-term supply contracts, hedging, consumption-optimized manufacturing methods and efficiency enhancements in production. To some extent, higher prices for sourced materials have to be passed on to customers.

Strong order intake

Order intake rose further in the first quarter of 2011, reaching an all-time high with the inclusion of contributions made by the recently acquired Freudenberg companies. Compared to the same quarter a year ago, which had already been very solid, order intake expanded by 29.9 % to EUR 260.5 (200.5) million. The sustained upward trend in orders is attributable largely to the continuous introduction of new products.

As at March 31, 2011, order backlog for the ElringKlinger Group as a whole was equivalent to EUR 369.0 (260.0) million, 41.9 % higher than a year earlier.

In total, the level of orders in hand at the respective Group companies is to be seen as a solid foundation in terms of fully utilizing production capacities and achieving the revenue and earnings targets set by the ElringKlinger Group.

Further growth planned for sales and earnings

Based on the general economic trend outlined above and gains expected to be achieved by the vehicle markets, ElringKlinger anticipates organic growth in sales revenue of between 5 and 7 % for 2011. In this context, the largest proportion of growth will be attributable to the subsidiaries and joint venture companies of ElringKlinger AG.

An additional revenue contribution of EUR 50 million is expected for the year as a whole from ElringKlinger's consolidation of the metal flat gaskets business acquired from the Freudenberg Group. As a result of first-time consolidation, the Group's operating margin for fiscal 2011 will be temporarily diluted by an estimated 0.6 to 0.8 percentage points, due to the purchase price allocation and the fact that the operating margin is currently much lower than the average figure for the Group. The objective is to gradually increase the operating margin of the newly acquired business to around 10 % by the end of 2011 and to guide it towards that of the ElringKlinger Group in 2012 with the help of integration measures already initiated as well as extensive automation and an alignment of internal production processes.

Despite the aforementioned dilutive effects and the fact that various products are still in the development and start-up pipeline, and regardless of high commodity prices, Group earnings before interest and taxes are expected to grow at a more pronounced rate than revenue, rising by 15 to 25 %.

Acquisitions, such as the takeover of 66.7 % interest in the Swiss-based Hug Group, which was closed on May 11, 2011 may produce additional revenue and earnings contributions. The Hug Group expects to generate sales revenue of around CHF 60 million (approx. EUR 46 million) in its current financial year. ElringKlinger anticipates that the inclusion of the acquired entity in its consolidated group will take place effective from May 1, 2011, as a result of which Hug will contribute to the Group's revenue and earnings in 2011 on a pro-rata basis.

Events after the Reporting Date

On April 5, 2011, ElringKlinger AG and the Hug Group, Elsau, Switzerland, signed a purchase agreement in respect of the acquisition of a 66.7 % interest in the Hug Group by ElringKlinger AG. In doing so, the ElringKlinger Group is looking to further extend its activities within the area of emissions reduction technology.

The core business activities of the Hug Group are centered around the development, engineering and manufacture of exhaust abatement systems for catalytic exhaust aftertreatment as well as diesel particulate filters for stationary and mobile applications. In future, Hug diesel particulate filter systems are to be combined with the ElringKlinger CleanCoat coating material for soot reduction and will be used within the commercial vehicle sector, in off-road vehicles as well as in stationary applications.

In cooperation with ElringKlinger AG, Hug Engineering AG will additionally be looking to supply a wider range of original-equipment customers with exhaust abatement systems tailored to heavy-duty applications (trucks, construction machinery). Against the backdrop of increasingly strict emission standards, the focus will also be on markets in Asia and South America. In view of the fact that the ElringKlinger Group operates 33 sites in all of the world’s key markets, Hug will be in a position to press ahead vigorously with its globalization efforts.

In addition to its majority stake in Hug Engineering AG, Elsau, Switzerland, ElringKlinger AG also acquired a pro rata interest in Hug Filter Systems AG, Elsau, Switzerland, and six international sales companies.

Both parties have agreed not to disclose specific details of the purchase price. In total it will be within a range of approx. 0.5 times targeted revenue. The Hug Group expects to generate sales revenue of approx. CHF 60 million (EUR 46 million) in the current 2010/11 financial year.

ElringKlinger has now received the official notice of approval by the Federal Cartel Office, as a result of which the transaction was closed on May 11, 2011.

ElringKlinger and the Capital Markets

Reports from Japan cause uncertainty among investors

Rising by 63.6 %, shares in ElringKlinger made considerable gains in 2010. Having begun the first quarter of 2011 at a price of EUR 26.50, the stock was affected by profit-taking on the part of investors, which subsequently saw the share price contract to EUR 19.53.

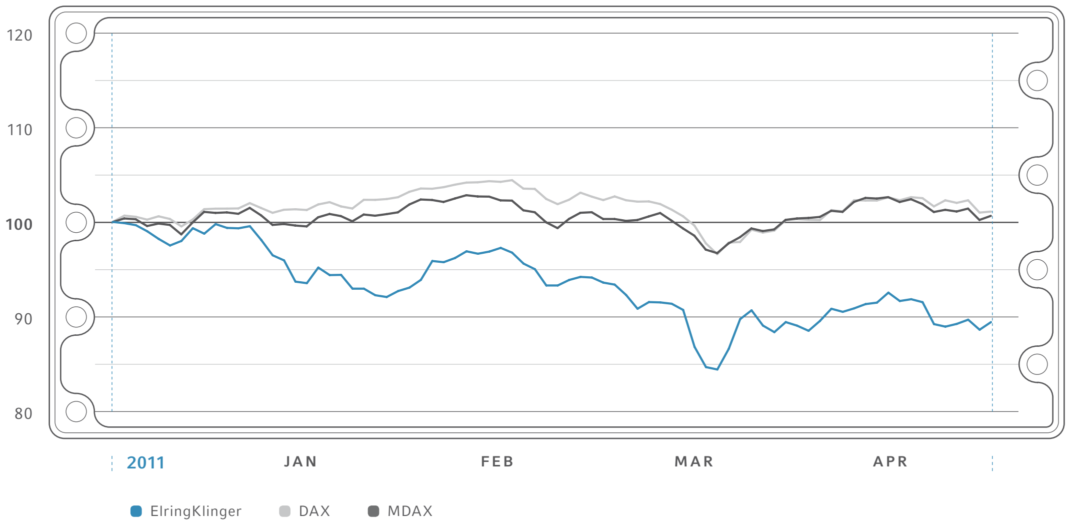
This was attributable in part to the considerable uncertainty among capital market participants over the possible repercussions of the natural disaster in Japan, which had prompted a significant correction in stock markets around the globe in mid-March. For a period of time, reports of production downsizing by Japanese manufacturers exerted considerable pressure on stocks of automobile and automotive supply companies in particular, as result of which these shares trended weaker relative to the main indices. The problem was compounded by the political unrest in North Africa, which led to additional uncertainty among investors.

Despite these factors, shares rebounded noticeably toward the end of the quarter, propelling ElringKlinger's stock to EUR 22.26 at the end of March.

ElringKlinger outpaced by DAX and MDAX following strong performance in 2010

Having outperformed both the MDAX and the DAX by a considerable margin in 2010, shares in ElringKlinger failed to benefit from the upturn experienced by these two indices in the weeks up to mid-February 2011. This was partly due to the fact that institutional investors opted for blue chips during this period, whereas small and mid caps proved less popular among investors.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JAN. 1, 2011
compared to MDAX and DAX



While the MDAX and DAX stagnated in the first quarter, ElringKlinger's shares contracted by 16.0 % in the same period. However, from mid-March 2011 onward the stock began to display greater momentum again compared to the DAX and MDAX.

Trading value grows threefold

The significant increase in the daily trading value of ElringKlinger shares during the first quarter of 2011 reflects the stock's improved liquidity and the greater interest shown by institutional investors. In this context, the stock also benefited from the increase in the number of shares by almost 10.0 % following the seasoned equity offering of October 2010 and the concomitant rise in the company's free float to 48.0 %. After EUR 1,677,000 in the same period a year ago, the trading value rose to EUR 5,200,000 in the first quarter of 2011. In view of the significant increase in liquidity, ElringKlinger stock has also become an interesting and tradable opportunity for larger investors.

Investor Relations activities

Transparency as well as a regular exchange of information with the capital markets again formed an integral part of the Investor Relations activities of ElringKlinger AG in the first quarter of 2011.

ElringKlinger maintained its close dialogue with institutional investors, financial analysts and the business media at several capital market conferences in Germany and abroad as well as a growing number of on-site meetings organized by the company. To an increasing extent ElringKlinger targeted investment companies with a focus on sustainability issues. Finally, the company's IR efforts encompassed numerous conference calls and one-on-one meetings, which also included private investors.

In addition to focusing on the current business performance, there was particular interest in trends within the automotive industry as well as the completion of the acquisition of the flat gaskets business of the Freudenberg Group and the impact of the disaster in Japan.

On March 29, 2011, the company held an annual financial results press conference in Stuttgart, followed by an analysts' meeting in Frankfurt, for the purpose of presenting its financial results for 2010. Both events attracted a large number of people, and those attending the meetings made good use of the opportunity to address the Management Board directly with their questions subsequent to the presentation. Presented under the heading "Embracing both worlds", the long-term focus of the ElringKlinger Group on products aimed at CO_2 reduction and e-mobility was well received by the capital markets and the media, subsequently prompting a number of shareholder inquiries with a particularly strong emphasis on technological matters.

Annual General Meeting 2011: dividend to rise by 75.0 %

As a result of much improved earnings in fiscal year 2010, the Management Board and Supervisory Board will propose to the Annual General Meeting of ElringKlinger AG on May 31, 2011, a dividend that exceeds last year's figure by 75 %, thereby allowing shareholders to participate appropriately in the company's success. The proposed dividend payment thus totals EUR 22.2 (11.5) million, i.e. EUR 0.35 (0.20) per share. The new shares of ElringKlinger AG placed at the beginning of October 2010 are entitled to dividends as from January 1, 2010.

ElringKlinger Stock (ISIN DE 0007856023)	1st Quarter 2011	1st Quarter 2010
Number of shares outstanding	63,359,990	57,600,000
Share price (daily closing price in EUR)[1]		
High	26.45	19.88
Low	19.53	16.09
Closing price on March 31	22.26	18.44
Average daily trading volume (German stock exchanges; no. of shares traded)	218,400	95,500
Average daily trading volume (German stock exchanges; in EUR)	5,200,000	1,677,000

[1] XETRA

Group Income Statement

of ElringKlinger AG, January 1 to March 31, 2011

	1st Quarter 2011 EUR k	1st Quarter 2010 EUR k
Sales revenue	**244,450**	**182,673**
Cost of sales	-177,689	-128,873
Gross profit	**66,761**	**53,800**
Selling expenses	-14,843	-13,313
General and administrative expenses	-8,367	-6,862
Research and development costs	-11,978	-10,830
Other operating income	1,857	1,447
Other operating expenses	-756	-852
Operating result	**32,674**	**23,390**
Financial income	2,611	4,476
Financial costs	-6,435	-8,947
Net finance costs	**-3,824**	**-4,471**
Earnings before taxes	**28,850**	**18,919**
Income tax expense	-7,432	-4,819
Net income	**21,418**	**14,100**
of which: attributable to minority interests	664	515
of which: attributable to shareholders of ElringKlinger AG	**20,754**	**13,585**
Basic and diluted earnings per share in EUR	**0.33**	**0.24**

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to March 31, 2011

	1st Quarter 2011 EUR k	1st Quarter 2010 EUR k
Net income	**21,418**	**14,100**
Currency translation difference	-8,137	9,795
Changes recognized directly in equity	**-8,137**	**9,795**
Total comprehensive income	**13,281**	**23,895**
of which: attributable to minority interests	434	861
of which: attributable to shareholders of ElringKlinger AG	12,847	23,034

Group Statement of Financial Position

of ElringKlinger AG, as at March 31, 2011

	March 31, 2011 EUR k	Dec. 31, 2010 EUR k	March 31, 2010 EUR k
ASSETS			
Intangible assets	98,633	91,460	89,550
Property, plant and equipment	469,658	449,494	401,985
Investment property	26,388	26,094	27,265
Financial assets	1,544	1,547	1,544
Non-current income tax assets	3,432	3,409	4,323
Other non-current assets	1,225	1,758	604
Deferred tax assets	17,935	18,749	13,828*
Non-current assets	**618,815**	**592,511**	**539,099**
Inventories	152,573	138,649	106,299
Trade receivables	165,643	138,195	131,514
Current income tax assets	941	1,658	2,487
Other current assets	14,454	9,175	10,772
Cash	59,811	101,190	27,427
Current assets	**393,422**	**388,867**	**278,499**
	1,012,237	981,378	817,598

* Prior-period figures adjusted, see disclosures in the consolidated notes of the annual report 2010 (cf. page 139)

	March 31, 2011 EUR k	Dec. 31, 2010 EUR k	March 31, 2010 EUR k
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	57,600
Capital reserves	118,238	118,238	2,747
Revenue reserves	324,902	304,148	263,636
Other reserves	3,340	11,247	1,960*
Equity attributable to the shareholders of ElringKlinger AG	**509,840**	**496,993**	**325,943**
Minority interests	15,774	15,340	14,027*
Equity	**525,614**	**512,333**	**339,970**
Provisions for pensions	68,985	66,645	62,271*
Non-current provisions	14,267	10,378	6,546
Non-current financial liabilities	118,638	122,359	162,417
Deferred tax liabilities	33,407	34,686	33,101
Other non-current liabilities	28,579	34,313	32,620
Non-current liabilities	**263,876**	**268,381**	**296,955**
Current provisions	11,135	10,721	11,071
Trade payables	53,703	46,405	37,260
Liabilities to affiliated companies	2	0	0
Current financial liabilities	76,939	76,876	67,476
Tax payable	11,238	10,440	10,121
Other current liabilities	69,730	56,222	54,745
Current liabilities	**222,747**	**200,664**	**180,673**
	1,012,237	981,378	817,598

* Prior-period figures adjusted, see disclosures in the consolidated notes of the annual report 2010 (cf. page 139)

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to March 31, 2011

	Share Capital EUR k	Capital-reserve EUR k	Revenue reserves EUR k
Balance as of Dec. 31, 2009/Balance as of Jan. 1, 2010	**57,600**	**2,747**	**250,051**
Dividend distribution			
Total comprehensive income			13,585
Net income			13,585
Changes recognized directly in equity			
Balance as of March 31, 2010	**57,600**	**2,747**	**263,636**
Balance as of Dec. 31, 2010	**63,360**	**118,238**	**304,148**
Dividend distribution			
Total comprehensive income			20,754
Net income			20,754
Changes recognized directly in equity			
Balance as of March 31, 2011	63,360	118,238	324,902

	Other reserves					
	Revenue reserves from SoRIE/OCI EUR k	Equity impact of controlling interests EUR k	Currency translation differences EUR k	Equity attributable to the shareholders of ElringKlinger AG EUR k	Minority interests EUR k	Group equity EUR k
	-1,410	**0**	**-6,079**	**302,909**	**13,166**	**316,075**
						0
			9,449	23,034	861	23,895
				13,585	515	14,100
			9,449	9,449	346	9,795
	-1,410	**0**	**3,370**	**325,943**	**14,027**	**339,970**
	-4,255	**-946**	**16,448**	**496,993**	**15,340**	**512,333**
						0
			-7,907	12,847	434	13,281
				20,754	664	21,418
			-7,907	-7,907	-230	-8,137
	-4,255	-946	8,541	509,840	15,774	525,614

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to March 31, 2011

	1st Quarter 2011 EUR k	1st Quarter 2010 EUR k
Earnings before taxes	28,850	18,919
Depreciation/Amortization (less write-ups) of non-current assets	21,307	19,415
Net interest	3,116	3,376
Change in provisions	-1,635	671
Losses on disposal of non-current assets	296	5
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-23,541	-30,921
Change in trade payables and other liabilities not resulting from financing and investing activities	150	9,224
Income taxes paid	-5,060	-786
Interest paid	-1,900	-1,941
Interest received	40	31
Other non-cash expenses/income	2,658	-540
Net cash from operating activities	**24,281**	**17,453**
Proceeds from disposals of intangible assets and of property, plant and equipment	59	595
Proceeds from disposals of financial assets	5	0
Payments for investments in intangible assets	-1,360	-1,110
Payments for investments in property, plant and equipment and investment properties	-23,356	-24,297
Payments for investments in financial assets	-8	-478
Payments for the acquisition of consolidated entities	-34,488	0
Net cash from investing activities	**-59,148**	**-25,290**
Proceeds from the issue of shares	0	0
Payments to minorities for the purchase of shares	0	0
Dividends paid to shareholders and minorities	0	0
Changes in current financial liabilities	-965	11,242
Additions to non-current financial liabilities	1,084	0
Repayment of non-current financial liabilities	-4,834	-1,852
Currency effects on items relating to financing activities	0	-1,354
Net cash from financing activities	**-4,715**	**8,036**
Changes in cash	-39,582	199
Effects of currency exchange rates on cash	-1,848	1,648
Cash inflow from the acquisition of consolidated entities	51	0
Cash at beginning of period	101,190	25,580
Cash at end of period	**59,811**	**27,427**

Group Sales by Region

	1st Quarter 2011 EUR k	1st Quarter 2010 EUR k
Germany	72,877	60,026
Rest of Europe	82,410	51,914
NAFTA	42,269	30,110
Asia and Australia	31,562	26,736
South America and other	15,332	13,887
Group	**244,450**	**182,673**

Segment Reporting

of ElringKlinger AG, January 1 to March 31, 2011

Segment	Original Equipment 2011 EUR k	Original Equipment 2010 EUR k	Aftermarket 2011 EUR k	Aftermarket 2010 EUR k	Engineered Plastics 2011 EUR k	Engineered Plastics 2010 EUR k
Segment sales	**197,840**	**141,171**	**29,701**	**26,786**	**20,227**	**16,964**
- Intersegment sales	-6,629	-4,811	0	0	0	0
Sales revenue	**191,211**	**136,360**	**29,701**	**26,786**	**20,227**	**16,964**
EBIT[1]	**21,153**	**14,473**	**6,006**	**5,441**	**3,340**	**1,468**
+ Interest income	45	27	7	5	20	84
- Interest expenses	-2,404	-2,894	-241	-292	-394	-106
Earnings before taxes	**18,794**	**11,606**	**5,772**	**5,154**	**2,966**	**1,446**
Depreciation and amortization	-19,890	-17,981	-159	-235	-698	-634
Investments[2]	23,064	24,491	638	487	761	358

[1] Earnings before interest and taxes
[2] Additions to Intangible Assets and Property, Plant & Equipment

Industrial Parks		Services		Consolidation and other		Group	
2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k
2,030	**2,006**	**2,446**	**1,566**	**-1,165**	**-1,009**	**251,079**	**187,484**
0	0	0	0	0	0	-6,629	-4,811
2,030	**2,006**	**2,446**	**1,566**	**-1,165**	**-1,009**	**244,450**	**182,673**
985	**979**	**482**	**-66**			**31,966**	**22,295**
0	0	0	0	-5	-85	67	31
-139	-192	-10	-8	5	85	-3,183	-3,407
846	787	472	-74			28,850	18,919
-276	-278	-284	-287			-21,307	-19,415
151	33	102	38			24,716	25,407

Notes to the First Quarter of 2011

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 March 31, 2011, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union (EU).

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

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on May 12, 2011.

Basis of Reporting

Changes in accounting policies

In preparing the interim financial statements for the first three months of 2011, changes were made to the accounting policies adopted for the recognition of customized tools.

Owing to amendments to the supply contracts, in the majority of cases customers acquire the economic ownership of the tools. As a result, the prerequisite for recognition of the tools in question as an item of non-current assets is no longer fulfilled.

Until they are completed, the tools are accounted for as inventories and are subsequently recognized in profit or loss once remuneration has been received by the customer.

In the first three months of 2011 the change implemented with regard to this accounting policy had no material impact on the earnings of the ElringKlinger Group.

With the exception of the change to the accounting policy for customized tools, the accounting policies applied to the consolidated interim financial statements for the first three months of 2011 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2010.

For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2010 Annual Report published by ElringKlinger AG.

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

In addition to ElringKlinger AG, the interim report as of March 31, 2011, includes the financial statements of five domestic and 22 foreign subsidiaries. Subsidiaries are entities in which the parent company holds more than half of the voting rights or over which, for other reasons, it has the power to govern the financial and operating policies (“Control”). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

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

Company acquisition

Effective from January 1, 2011, ElringKlinger AG closed the transaction relating to the acquisition of the Static Flat Gaskets business from Freudenberg & Co. KG, Weinheim. The takeover includes 100 % of the interests in Burgmann Automotive GmbH, Geretsried-Gelting, Germany, and Oigra-Meillor s.r.l., Settimo Torinese, Italy, as well as the static flat gaskets business of Freudenberg-Meillor SAS, Nantiat, France, which was incorporated in the newly established entity ElringKlinger Meillor SAS, Nantiat, France. Following the takeover, Burgmann Automotive GmbH has been trading as ElringKlinger Spezialdichtungen GmbH effective from January 1, 2011. In implementing the acquisition, ElringKlinger AG has strengthened its international position within the field of cylinder-head gaskets and highly heat-resistant specialty gaskets for engines and exhaust systems.

The purchase price agreed with regard to the acquisition was EUR 34,488 k. The acquisition-related costs amounted to EUR 292 k in the reporting period.

The goodwill of EUR 5,352 k arising on the acquisition was paid primarily in respect of the positive earnings prospects as well as the anticipated synergies associated with integration into the ElringKlinger Group.

The acquisition of the three entities contributed EUR 14,381 k in revenues for the ElringKlinger Group in the first quarter of 2011, while impacting pre-tax profit by EUR -1,113 k (EUR -883 k with regard to post-tax profit).

The Group does not anticipate that part of the goodwill recognized will be deductible for income tax purposes.

At the date of acquisition, the acquisition had the following effects on the Group's assets and liabilities:

EUR k	Fair Value
Intangible assets	2,227
Property, plant and equipment	26,305
Deferred tax assets	2,329
Inventories	8,022
Trade receivables	10,936
Other current assets	1,515
Cash	51
Provisions	-7,291
Deferred tax liabilities	-817
Other liabilities	-14,141
Net assets	**29,136**
Goodwill	5,352
Purchase price	34,488

Valuation allowances of EUR 6 k were accounted for in the case of trade receivables.

The fair values presented for the respective assets and liabilities are provisional. A definitive valuation of the assets and liabilities has yet to be made.

Exchange Rates and Derivative Financial Instruments

Exchange rates developed as follows:

Currency	Abbr.	Rate on the closing date March 31, 2011	Rate on the closing date Dec. 31, 2010	Average rate Jan. – Mar. 2011	Average rate Jan.–Dec. 2010
US Dollar (USA)	USD	1.42030	1.33800	1.39033	1.32091
Pound (United Kingdom)	GBP	0.88300	0.86250	0.86520	0.85601
Swiss Franc (Switzerland)	CHF	1.29930	1.25250	1.29077	1.36998
Canadian Dollar (Canada)	CAD	1.37650	1.33700	1.36543	1.36522
Real (Brazil)	BRL	2.31410	2.22110	2.30443	2.32703
Mexican Peso (Mexico)	MXN	16.89470	16.59260	16.76623	16.69878
RMB (China)	CNY	9.30200	8.82050	9.14073	8.92888
WON (South Korea)	KRW	1,555.99000	1,500.89000	1,549.07667	1,528.50083
Rand (South Africa)	ZAR	9.63900	8.88490	9.70300	9.65535
Yen (Japan)	JPY	117.76000	108.80000	114.44333	115.29333
Forint (Hungary)	HUF	266.51000	277.84000	270.51000	276.38500
Turkish Lira (Turkey)	TRY	2.19630	2.06610	2.20210	1.99815
Indian Rupee (India)	INR	63.35350	59.82760	62.91073	60.23459

In the first three months of 2011, derivative financial instruments were used for the purpose of hedging interest rate risks.

Owing to the favorable performance of the swap transactions, the Group recorded a positive earnings effect in the first quarter. The balance between the reduction of current provisions (other operating income of EUR 119 k) and settlement payments to be made (other operating expense of EUR 60 k) led to an improvement in the result before taxes by EUR 59 k in the first quarter of 2011.

Contingencies and Related Party Disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2010 were not subject to significant changes in the first three months of 2011.

Events after the Reporting Period

ElringKlinger AG is to acquire 66.7 % of the interests in the Hug Group, Elsau, Switzerland. The purchase agreement was signed by both parties to the contract on April 5, 2011.
Since then, ElringKlinger has received the official notice of approval by the Federal Cartel Office with regard to the aforementioned transaction. The formal closing of the transaction took place on May 11, 2011.

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

Responsibility Statement

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

Dettingen/Erms, May 12, 2011

The Management Board

Dr. Stefan Wolf Theo Becker Karl Schmauder

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

Financial Calendar 2011

MAY 31, 2011
106th Annual General Shareholders' Meeting, Stuttgart
Cultural and Congress Centre Liederhalle, 10:00 a.m. CEST

JUNE 1, 2011
Dividend distribution

AUGUST 4, 2011
Interim Report on the 1st half of 2011

NOVEMBER 10, 2011
Interim Report on the 3rd Quarter of 2011

JUNE 5, 2012
107th Annual General Shareholders' Meeting

Calendar Trade Fairs

SEPTEMBER 15 – 25, 2011
64th IAA International Motor Show, Frankfurt/Main

OCTOBER 10 – 12, 2011
20th Aachen Colloquium Automobile and Engine Technology, Aachen

OCTOBER 11 – 15, 2011
Equip Auto, Paris

DECEMBER 06 – 07, 2011
10th International CTI Symposium & Expo
Innovative Automotive Transmissions and Hybrid & Electric Drives, Berlin

If you would like to receive our interim reports by e-mail please send your details to: stephan.haas@elringklinger.com or give us a call at Phone + 49 (0) 71 23/724-137

Further information is available at www.elringklinger.com

ElringKlinger AG
Max-Eyth-Straße 2
D-72581 Dettingen / Erms
(Germany)