

Report on the Second Quarter and First Half of the year

2005

elringklinger 

Automotive cycle for the 2nd quarter and the 1st half of 2005

Car production (thousand units)

	4-6/2005	1-6/2005
Germany	1,420	2,738
Change against previous year in %	3.6	1.0
Western Europe	4,835	9,464
Change against previous year in %	-0.7	0.0
NAFTA*	4,277	8,378
Change against previous year in %	-0.7	-2.0
Japan	2,152	4,563
Change against previous year in %	2.8	3.5

*Incl. Sport Utility Vehicles and Light Trucks



New car registrations (thousand units)

	4-6/2005	1-6/2005
Germany	944	1,695
Change against previous year in %	6.0	2.4
Western Europe	3,991	7,814
Change against previous year in %	1.7	-0.3
NAFTA*	5,421	9,912
Change against previous year in %	4.0	2.0
Japan	1,091	2,541
Change against previous year in %	8.4	2.6

*Incl. Sport Utility Vehicles and Light Trucks

Figures for production and new vehicle registrations have been taken from sources available in the public domain. No guarantee can be given as to their accuracy.

Dear stockholders and friends of ElringKlinger,

There was no noticeable economic growth in the first half of 2005. Though, automotive markets of importance to ElringKlinger experienced a revival. Car manufacturers in Germany saw an upturn in domestic demand against the first quarter of 2005. Exports maintained their high level. In the rest of Europe and in the NAFTA region the slight increase in demand was used to reduce stocks. However, vehicle production fell in these markets. Asian vehicle manufacturers maintained in the second quarter the high level of the previous quarter.

ElringKlinger was pleased to register an increase in sales of 7.0 percent in the second quarter of 2005, and also increased the net income for the quarter by 11.2 percent. Sales in the first half of the year rose by 3.2 percent, and the net income was up 6.8 percent on the comparable period of the previous year.

The slight upwards trend continued in July 2005. This means that the sales and earnings targets for 2005 are achievable.

ElringKlinger stock fell to just above € 50 in May 2005, but progressed back to a level around € 60 during the second quarter. At the start of August 2005 it reached a level of around € 63. Almost all analysts who report on ElringKlinger recommend buying the stock.

ElringKlinger has drawn up this interim report in accordance with the regulations of the International Financial Reporting Standards (IFRS), and it is intended to give comprehensive information on the business operations of the Group. It also fulfils the requirements of the German Code of Corporate Governance and of the international capital markets.

We hope you enjoy reading it.

Kind Regards

A handwritten signature in black ink, appearing to read 'Stefan Wolf', with a long horizontal flourish extending to the right.

Dr. Stefan Wolf

Economic Trend

The growth of the global economy weakened slightly in the second quarter of 2005. The major cause of this was the oil price, which continued to rise strongly. Some raw material prices have also gone up. Steel prices which are essential for ElringKlinger have were still at a high level.

The Germany economy was unable to continue the slight recovery from the start of 2005 in the second quarter. The only economic stimulus came from exports, but these fell slightly. Domestic demand remained at a low level. The main causes of this were high unemployment levels, rising energy prices and pronounced savings by users based on fear of the future, which leads in turn to a fall in consumption.

The growth rate in the Euro Zone in the second quarter remained at a low level. Domestic demand was weak here, too. Exports provided only a minimal stimulus.

Growth in the USA remained at a high level. Demand for both investments and consumer goods was lively. The US dollar has recovered noticeably against the Euro and the Yen in the first half of the year. This has had a positive effect on economic development in the US.

The continued positive development in Asia was mainly driven by China. The national economy was very dynamic, in spite of deflationary measures by the Chinese government. The economic recovery in Japan has continued, although the level of growth achieved in the first quarter could not quite be achieved in the second.



Automotive Markets

The predominant trend in the global automotive markets in the second quarter was upwards. Car production in Germany in particular saw a noticeable revival.

If production figures in Germany for the first quarter were still regressive, 1.4 million cars in the second quarter meant that 3.6 percent more were produced than in the same quarter in the previous year. In the first half of 2005, 2.7 million cars were produced domestically, an increase of 1.2 percent. Exports, an important mainstay for the German car industry, held their own against the comparable period in the previous year with 1.9 million cars.

Car production in Western Europe for the second quarter was 0.7 percent below that of the comparable period in 2004. The same level as in the comparable period from the previous year was reached in the first half of 2005, with 9.5 million cars being produced.

Production figures in the NAFTA region continued to fall in the second quarter, this time by 0.7 percent. A production decrease of 2.0 percent to 8.4 million cars was recorded in the first half of 2005.

Production figures in Japan increased by 2.8 percent in the second quarter, to 2.2 million units. The growth in the first half of the year was 3.5 percent, and 4.6 million cars were produced in total.

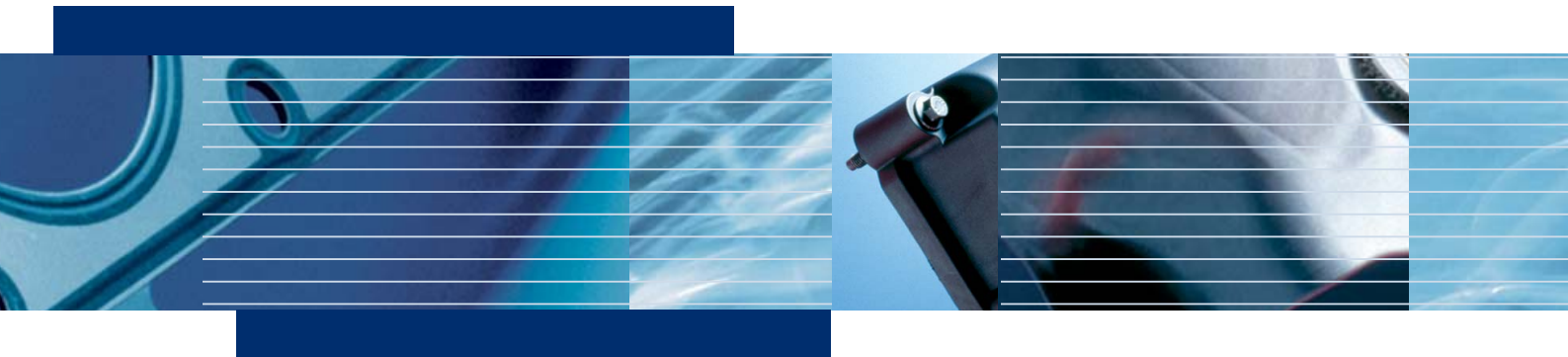
Car registrations for the second quarter are showing an overall recovery. With the exception of Western Europe, growth has been achieved for the first half of the year.

Car registrations in Germany rose by 6.0 percent in the second quarter, and by 2.4 percent in the first half of the year compared with the same period in 2004. A total of 1.7 million new vehicles were registered domestically in the first six months of 2005.

An increase of 1.7 percent to around 4 million new registrations was achieved in the second quarter in Western Europe. In contrast, 7.8 million new registrations in the first half of the year meant a marginal change in the level from the first half of 2004. ElringKlinger is particularly strongly committed to diesel motors within the automotive market, and their share has continued to increase. About 50 percent of new cars registered in Western Europe in the first half of the year had diesel engines.

New registrations in the NAFTA region increased noticeably in the second quarter; 5.4 million units put them at 4.0 percent above the same quarter of the previous year. This demonstrated the effectiveness of car manufacturers' new and improved sales promotional methods. Registrations in the first half of 2005 totaled 9.9 million units, which was 2.0 percent higher than in the first half of 2004.

New registrations in Japan in the second quarter rose by 8.4 percent to 1.1 million units. This resulted in a growth of 2.6 percent to 2.5 million units for this half of the year.



Sales

Net sales for the ElringKlinger Group for the second quarter of 2005 were € 123.0 million, 7.0 percent up year-on-year (€ 114.9 million). Group sales for the first half of the year were € 240.0 million, a growth of 3.2 percent against the comparable period in the previous year (€ 232.5 million). The automotive trade has gained momentum in the second quarter. The automotive industry has reduced stocks. Ongoing sales promotions have facilitated the increased sales.

Sales development by region was as follows:

Sales in Germany in the second quarter rose from € 45.4 to € 47.6 million, an increase of 4.8 percent. Sales in the first half of the year increased by 1.8 percent to € 90.7 million (€ 89.1 million for the first half of 2004).

Sales in the rest of Europe in the second quarter increased from € 37.4 to 39.4 million, a rise of 5.3 percent. Sales in the first half of 2005 grew by 5.8 percent to € 80.7 million (€ 76.3 million for the comparable period in the previous year).

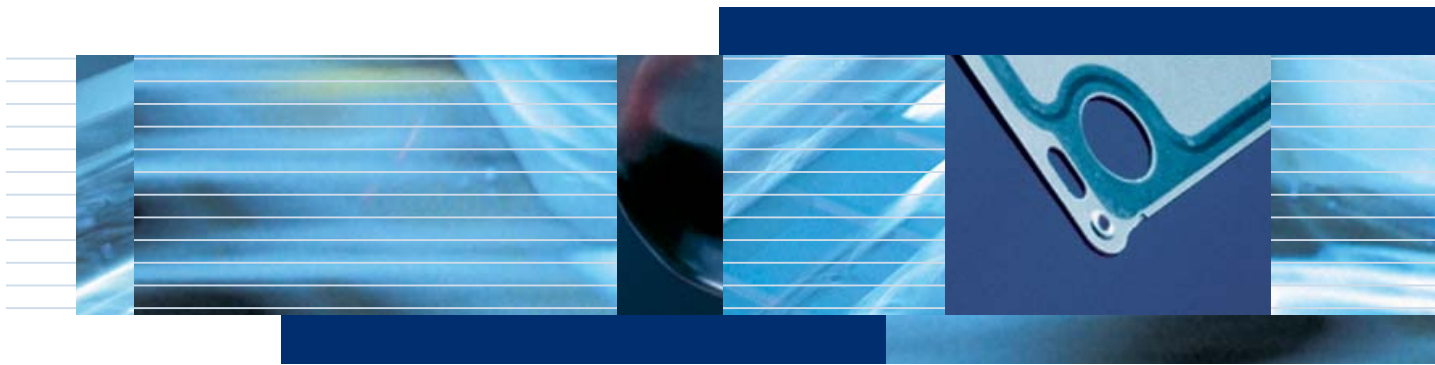
Sales in the NAFTA region began to move upwards again after the drop in the first quarter. For the second quarter they were € 19.8 million, 2.6 percent up on the second quarter in 2004. The weak first quarter meant that sales in the first half of the year fell by 5.0 percent to € 38.2 million (€ 40,2 million for the first half of 2004).

After a fall in the first quarter, sales in Asia achieved an increase of € 1.4 million to € 10.1 million, a growth of 16.1 percent. The first half of 2005 saw a growth of 2.2 percent to € 18.9 million (€ 18.5 million for the first half of 2004).

Good rates of growth were achieved in South America/other regions. Sales in the second quarter here rose from € 4.1 million to € 6.1 million, an increase of 48.8 percent. Sales in the first half of 2005 rose from € 8.4 million in the previous year to € 11.5 million, an increase of 36.9 percent. This is mainly due to the continued positive development of the Brazilian subsidiary.

Sales by Region

	2 nd Quarter 2005	2 nd Quarter 2004	1 st Half 2005	1 st Half 2004
Germany	47.6	45.4	90.7	89.1
Change against previous year in %	4.8		1.8	
Rest of Europe	39.4	37.4	80.7	76.3
Change against previous year in %	5.3		5.8	
NAFTA	19.8	19.3	38.2	40.2
Change against previous year in %	2.6		-5.0	
Asia	10.1	8.7	18.9	18.5
Change against previous year in %	16.1		2.2	
South America/Rest of the World	6.1	4.1	11.5	8.4
Change against previous year in %	48.8		36.9	
Total	123.0	114.9	240.0	232.5
Change against previous year in %	7.0		3.2	



Earnings

Earnings before interest and taxes for the ElringKlinger Group in the second quarter of 2005 rose from € 19.2 million to € 21.0 million, a growth of 9.4 percent. The first half of the year saw a growth of 5.7 percent to € 41.0 million (€ 38.8 million in the first half of 2004). Research and Development costs in the second quarter and in the first half of the year rose disproportionately against the comparable period in the previous year. Innovative developments of new products mean that ElringKlinger is laying the foundation for future company success.

Earnings before tax in the second quarter were € 19.5 million, an increase of 10.8 percent on the second quarter of the previous year (€ 17.6 million). Earnings before tax for the first half of 2005 were € 38.0 million, an increase of 6.7 percent on the previous year's figure of € 35.6 million.

The net income for the second quarter was € 11.9 million, 11.2 percent up on the second quarter of the previous year (€ 10.7 million). ElringKlinger achieved a net income of € 23.5 million for the first half of 2005, an increase of 6.8 percent on the comparable figure from the previous year (€ 22.0 million).

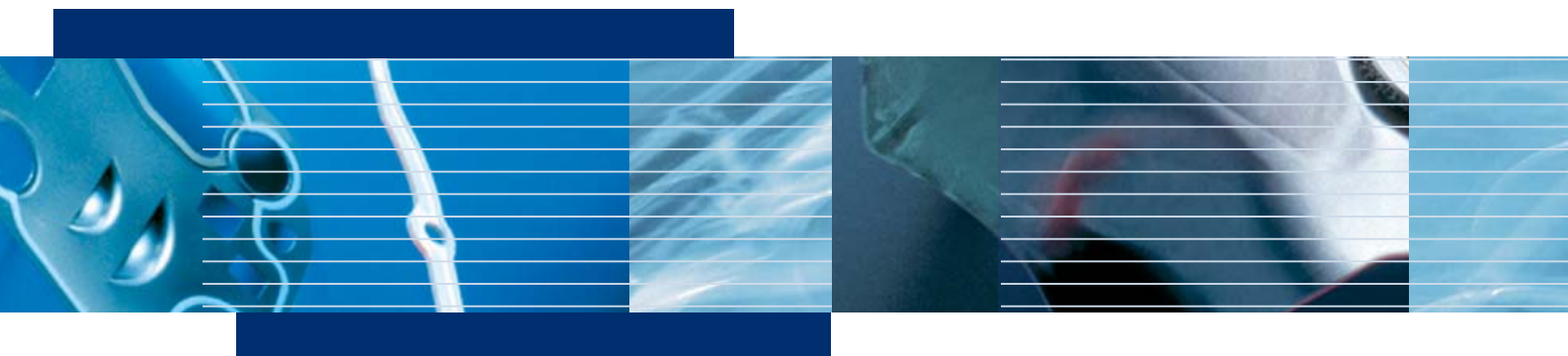
The second quarter fulfilled ElringKlinger's expectations. Business performance was still somewhat sluggish at the start of the year, but has since gained momentum. Earnings in the first half of the year are as expected by ElringKlinger.

DVFA Earnings

ElringKlinger's DVFA earnings before taxes for the second quarter were € 17.9 million, 14.0 percent above the comparable period in the previous year (€ 15.7 million). The total in the first half of 2005 was € 34.5 million, 8.5 percent more than in the period January to June 2004 (€ 31.8 million).

Earnings per share in the second quarter were € 1.13, against € 1.00 in the second quarter of 2004. In the first half of 2005 it was € 2.21, against € 2.04 in the first half of 2004; an increase of 8.3 percent.

The cash flow according to DVFA for the second quarter was € 22.4 million, 12.6 percent over the comparable period in the previous year (€ 19.9 million); in the first half of 2005 it was € 42.6 million, 7.8 percent above the result for the first half of 2004 (39.5 million).



Consolidated balance sheet

The balance sheet total for the ElringKlinger Group was € 446.0 million on the 30th June 2005, an increase of 5.2 percent over the € 423.9 million on the 31st December 2004.

On the asset side, the tangible assets have increased by € 7.7 million. This is mainly contributed to the new build in Brazil and the extension to the mexican subsidiary and the Runkel plant. The acquisition of new machines and the completion of several high grade tools have also contributed to the increase.

In short-term assets, trade receivables have increased by € 18.8 million. This is mainly due to the upturn in sales in the second quarter. Liquid funds have decreased by € 5.2 million.

On the liabilities side, the equity has increased by € 9.3 million to € 173.2 million compared to 31st December 2004. This equates to an equity ratio of 38.8 percent.

As planned for the long-term liabilities, € 3.4 million have been paid against long-term debts.

Short-term debts increased by € 10.3 million to € 35.3 million. This is due to the dividend distribution on 9th June 2005.

Consolidated Statement of Changes in Financial Position

The cash flow from ongoing business activities at the end of the first half of 2005 was € 28.7 million, against € 37.4 million on the 30th June 2005. The outflow of funds due to the inventories and trade receivables that have increased by € 8.0 million is especially noticeable here. Liabilities from trade receivables and other liabilities also decreased by € 2.6 million.

The cash flow from investment activities on the 30th June 2005 was € 21.4 million, against € 20.8 million in the previous year. The main items here are the investments in assets, which rose by € 2.0 million to € 22.3 million against the previous year.

The cash flow from financial activities was € 13.0 million at the 30th June 2005, against € 21.0 million in the previous year. Changes in liabilities to banks of € 11.4 million led to a substantial inflow of funds.

Overall the financial funds totaled € 4.2 million at the 30th June 2005, against € 4.4 million in the previous year.

Investments

In the ElringKlinger Group a total of € 14.8 million were invested in the second quarter, and € 22.3 million in the first half of the year as a whole. Investment activity was focused on expanding the capacity of individual plants and acquiring new facilities. A new building was erected on a substantially larger area of land in Brazil for the subsidiary Elring Klinger do Brasil Ltda. This will allow the company to fulfill the steadily rising demand in the South American market in the future. The existing building in Mexico was extended, in order to take over the production of shielding components from the US subsidiary. In Germany, ElringKlinger has invested in facilities to manufacture transmission plates, and production will start in the third quarter. Streamlining programs to further improve productivity have also been implemented. Introducing SAP into a further subsidiary also required investments.

Research & Development

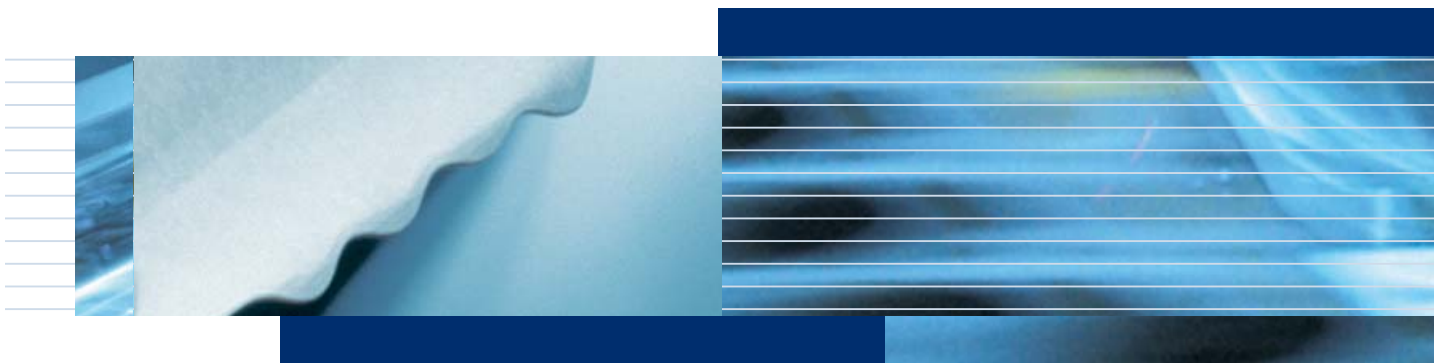
The costs for Research and Development in the second quarter were € 6.9 million, 11.3 percent more than in the comparable period in the previous year, and the costs for the first half of the year were € 13.9 million, 12.1 percent higher than the period from January to June 2004. This increase is due mainly to new products that will be used in the transmission domain.

The cylinder-head gasket division won 34 new development projects in the first half of 2005. Single and one-and-a-half layer cylinder-head gaskets are increasingly being used, primarily in motors with a cylinder capacity of less than 1.6 l, which poses a particular technological challenge.

The special-purpose gaskets division received a development contract for a control unit intermediate plate from an important manufacturer of commercial vehicles. In order to meet this requirement, ElringKlinger worked on further developing a laser pressing technology.

The metal elastomer technology/modules division received two noteworthy development contracts in the second quarter, for a valve hood and a transmission gasket from the Chinese subsidiary of a major customer.

The shielding parts division was able to win contracts for shielding of soot particle filters. These parts that will be used in diesel engines are being further improved and developed by ElringKlinger.



Employees

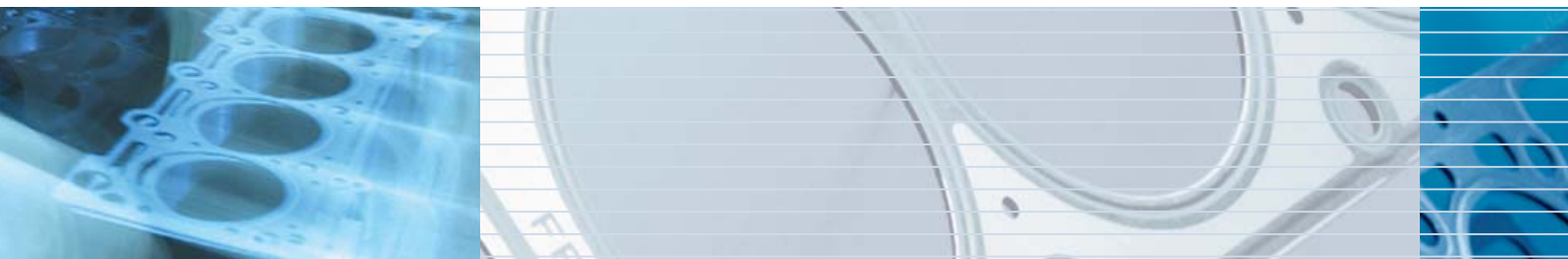
The ElringKlinger Group employed 3,034 people globally up to 30th June 2005, 94 fewer than to the 31st March 2005. The decrease is due mainly to the planned reduction in jobs at the site in Great Britain, as well as rationalisation measures at the Mexico and Canada site. The number of employees abroad thus fell by 79 to 1,019 (31st March: 1,098). 2,015 people were employed at the domestic sites, 15 fewer than at the 31st March 2005. Temporary employment contracts at the Dettingen site were not extended.

The Management Board and the Works Council for the Dettingen/Erms site agreed an assurance of employment in April 2005 that will run until 31st December 2010. The concessions made by the employee representatives were a major contributor to the safeguarding of the site.

Outlook

As before, ElringKlinger does not expect any significant trend for demand within the industry throughout the rest of the year.

Sales for the ElringKlinger Group will grow again in 2005, despite continuing weakness in the automotive industry. New production start-ups in the second half of the year are one of the reasons for this.

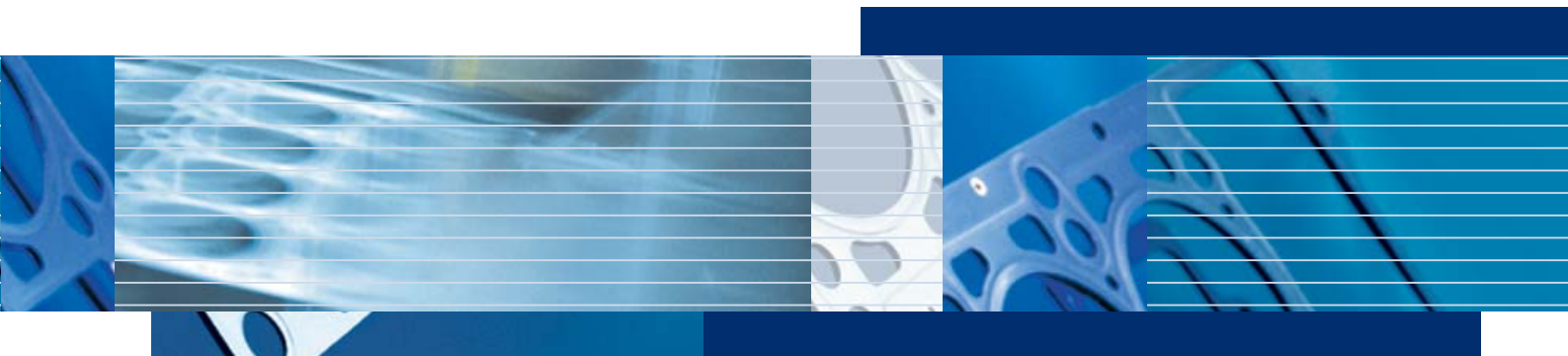


Fortunately for ElringKlinger, sales of diesel vehicles have recovered noticeably since April, after a poor showing in the first quarter of 2005. Around 50 percent of vehicles registered in Europe in the second quarter of 2005 had a diesel engine, and diesel vehicles are also increasingly popular in the USA.

The high prices for raw materials stay on their stiff level. Alloy prices which have a strong effect on the price of high-grade steel, felt no easing of the tension. Grants from the customers for the high steel prices could partially be achieved.

Pricing pressure from original equipment customers remains unchanged. ElringKlinger partially is using further streamlining measures to offset this.

ElringKlinger maintains its view that the planned growth in sales and earnings will be achieved for the year as a whole in 2005.



ElringKlinger Stock

The price of an ElringKlinger share developed during the second quarter from € 67.98 initially (1st April 2005) to € 72.19 (13th April 2005). It then began to fall, mainly because of the overall weakness of the automotive sector, but also due to profit takings of institutional investors. By the 17th May the share price had fallen to € 51.50, but the price then started to move upwards again. The figures submitted in the middle of May for the first quarter of 2005 have shown investors that ElringKlinger was able to further increase profitability, despite general weakness in the market. At the point when this report was written, the price of an ElringKlinger share had moved back up to € 64 again, putting it above the price at the start of 2005 (€ 59.54).

The liquidity of the ElringKlinger share has increased again in the second quarter. On average, 11,000 shares were traded every day on the Stock Exchanges. May was the strongest trading month, with an average of a little over 13,000 shares in the Stock Exchanges every day. The stock split agreed by the stockholders' meeting on the 8th June 2005 could further increase the liquidity. This will increase the number of ElringKlinger shares from 9.6 million to 19.2 million. The new shares will be quoted for the first time on the 15th August 2005.

In the second quarter, ElringKlinger has also made presentations to analysts and investors at various events. The company was represented in the USA for the first time at the largest Small and Mid Cap Conference for German securities in New York, in May 2005. Interest was substantial. Various US-American investment funds have acquired shares in the meantime. Investment presentations in London and Edinburgh, as well as in Frankfurt, have generated further enquiries.

The external auditing of ElringKlinger by credit institutions was extended again in the second quarter. Two further credit institutions have taken up the coverage. This means that 13 institutions are producing regular company reports for investors, and making investment recommendations.

On the 5th May 2005, ElringKlinger for the third consecutive year was awarded the Shareholder Value Award by the auditors Pricewaterhouse-Coopers and the newspaper Automotive News Europe, for the best share price development by an automotive supplier in the previous three years.

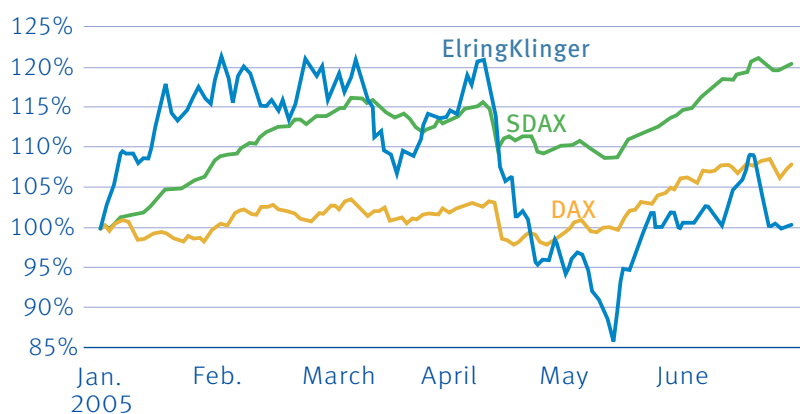
The 100th stockholders' meeting on the 8th June 2005 in Stuttgart was attended by over 700 stockholders and guests.

In the international annual report competition "ARC Award", held in New York, ElringKlinger's annual report for the 2004 business year was the only one of the 10 reports submitted to be recognized in the "Automotive Supplier" category. This demonstrates how open, comprehensive and well presented ElringKlinger's reports are.

Dividend

The stockholders' meeting of ElringKlinger AG decided on the 8th June 2005 that a dividend of € 1.75 per share would be paid for the business year 2004. The payment was made on the 9th June 2005.

Comparative Development of Stock Price from January 1, 2005:
ElringKlinger Stock (XETRA); SDAX; DAX



Consolidated Balance Sheet

ASSETS	At June 30, 2005	At Dec. 31, 2004
	€ 000s	€ 000s
Intangible assets	30,500	30,888
Tangible assets	230,500	222,771
Long-term investments	4,500	4,571
Deferred tax assets	11,200	11,472
Long-term assets	276,700	269,702
Inventories	76,100	75,624
Trade receivables	82,300	63,494
Other short-term assets	4,900	3,842
Other securities	1,800	1,800
Liquid funds	4,200	9,443
Short-term assets	169,300	154,203
	446,000	423,905

LIABILITIES	At June 30, 2005	At Dec. 31, 2004
	€ 000s	€ 000s
Share capital	57,600	57,600
Capital in excess of par value	2,747	2,747
Revaluation reserves	26,181	26,181
Adjustments to allow for currency conversions	-2,661	-7,004
Group equity	73,877	69,422
Minority interests	15,430	14,977
Stockholders' equity	173,174	163,923
Pension provisions	51,200	48,883
Long-term provisions	14,000	13,623
Long-term debts	59,200	62,634
Deferred tax liabilities	36,000	36,796
Other long-term liabilities	10,500	10,539
Long-term liabilities	170,900	172,475
Short-term debts	35,300	25,017
Trade payables	19,100	21,157
Accounts payable due to related parties	0	0
Short-term provisions	21,156	14,679
Other short-term liabilities	26,370	26,654
Short-term liabilities	101,926	87,507
	446,000	423,905

Consolidated Income Statement

	2 nd Quarter 2005	2 nd Quarter 2004	1 st Half 2005	1 st Half 2004
	€ 000s	€ 000s	€ 000s	€ 000s
Net sales	123,000	114,900	240,000	232,500
Cost of sales	-80,900	-75,700	-157,600	-153,800
Gross earnings from sales	42,100	39,200	82,400	78,700
Distribution costs	-8,800	-8,500	-17,400	-16,900
Administrative costs	-5,800	-5,400	-11,500	-10,800
Research and development costs	-6,900	-6,200	-13,900	-12,400
Other operating income	600	500	1,600	1,000
Other operating expenses	-600	-400	-1,500	-800
Special factors	0	0	0	0
Operating result	20,600	19,200	39,700	38,800
Interest charges/income	-1,500	-1,600	-3,000	-3,200
Earnings from investments and participations	0	0	0	0
Foreign currency exchange gains/losses	400	0	1,300	0
Other income/expenses	0	0	0	0
Earnings before taxes	19,500	17,600	38,000	35,600
Taxes on income	-7,600	-6,900	-14,500	-13,600
Group net earnings	11,900	10,700	23,500	22,000

DVFA Earnings

	2 nd Quarter 2005	2 nd Quarter 2004	1 st Half 2005	1 st Half 2004
DVFA pretax earnings in € millions	17.9	15.7	34.5	31.8
DVFA net earnings in € millions	10.9	9.6	21.3	19.6
DVFA/SG earnings per share in €	1.13	1.00	2.21	2.04
DVFA cash flow in € millions	22.4	19.9	42.6	39.5

Earnings per share IFRS = Earnings per share DVFA

Performance by Market Segment

2nd Quarter 2005/2nd Quarter 2004 (in € millions)

	Net sales		Intersegment sales		Consolidation adjustments		External sales		Earning before taxes on income	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Original Equipment	101.0	100.4 0.6%	-4.0	-4.6 -13.0%	-11.9	-14.2 -16.2%	85.1	81.6 4.3%	12.6	11.8 6.8%
Spare Parts	25.4	22.9 10.9%	0.0	0.0 0.0%	-3.0	-3.4 -11.8%	22.4	19.5 14.9%	4.0	3.2 25.0%
Engineered Plastics	13.6	11.9 14.3%	0.0	0.0 0.0%	-0.5	-0.5 0.0%	13.1	11.4 14.9%	2.3	1.8 27.8%
Industrial Parks	1.9	1.9 0.0%	0.0	0.0 0.0%	0.0	0.0 0.0%	1.9	1.9 0.0%	0.6	0.7 -14.3%
Services	1.6	1.6 0.0%	0.0	0.0 0.0%	-1.1	-1.1 0.0%	0.5	0.5 0.0%	0.0	0.1 -100%
Total	143.5	138.7 3.5%	-4.0	-4.6 -13.0%	-16.5	-19.2 -14.1%	123.0	114.9 7.0%	19.5	17.6 10.8%

Performance by Market Segment

1st Half 2005/1st Half 2004 (in € millions)

	Net sales		Intersegment sales		Consolidation adjustments		External sales		Earning before taxes on income	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Original Equipment	200.0	201.3 -0.6%	-8.1	-8.7 -6.9%	-26.7	-28.7 -7.0%	165.2	163.9 0.8%	23.7	22.8 3.9%
Spare Parts	49.4	47.3 4.4%	0.0	0.0 0.0%	-5.9	-6.6 -10.6%	43.5	40.7 6.9%	7.7	7.0 10.0%
Engineered Plastics	27.4	24.4 12.3%	0.0	0.0 0.0%	-1.0	-1.0 0.0%	26.4	23.4 12.8%	5.3	4.4 20.5%
Industrial Parks	3.7	3.4 8.8%	0.0	0.0 0.0%	0.0	0.0 0.0%	3.7	3.4 8.8%	1.1	1.1 0.0%
Services	3.4	3.3 3.0%	0.0	0.0 0.0%	-2.2	-2.2 0.0%	1.2	1.1 9.1%	0.2	0.3 -33.3%
Total	283.9	279.7 1.5%	-8.1	-8.7 -6.9%	-35.8	-38.5 -7.0%	240.0	232.5 3.2%	38.0	35.6 6.7%

The only major internal delivery and service relationships exist between the segments "Original Equipment" and "Spare Parts" as well as between the segments "Original Equipment" and "Services".

Investments (intangible/ tangible assets)		Depreciation allowances		Net interest income/loss	
2005	2004	2005	2004	2005	2004
13.3	8.8 51.1%	-8.9	-9.0 -1.1%	-1.4	-1.1 27.3%
0.5	0.0	-0.1	-0.2 -50.0%	-0.1	-0.2 -50.0%
0.6	0.5 -20%	-0.4	-0.4 0.0%	0.1	-0.1 -200.0%
0.2	1.3 -84.6%	-0.3	-0.3 0.0%	-0.1	-0.2 -50%
0.2	0.1 100%	-0.2	-0.2 0.0%	0.0	0.0 0.0%
14.8	10.7 38.3%	-9.9	-10.1 -2.0%	-1.5	-1.6 -6.3%

Investments (intangible/ tangible assets)		Depreciation allowances		Net interest income/loss		Long-term assets		Short-term assets		Short-term & long-term liabilities	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
20.1	17.3 16.2%	-17.4	-17.1 1.8%	-2.7	-2.2 22.7%	210.5	205.1 2.6%	112.5	102.3 10.0%	-212.7	-212.9 -0.1%
0.7	0.3 133.3%	-0.2	-0.4 -50.0%	-0.2	-0.4 -50.0%	9.1	8.8 3.4%	41.6	35.2 18.2%	-26.7	-26.6 0.4%
1.0	0.9 11.1%	-0.8	-0.8 0.0%	0.1	-0.2 -150.0%	19.0	19.1 -0.5%	14.1	11.7 20.5%	-16.2	-15.3 5.9%
0.2	1.4 -85.7%	-0.6	-0.6 0.0%	-0.2	-0.4 -50.0%	32.9	32.9 0.0%	0.5	0.8 -37.5%	-14.8	-16.5 -10.3%
0.3	0.4 -25.0%	-0.4	-0.4 0.0%	0.0	0.0 0.0%	5.2	5.8 -10.3%	0.6	0.5 20.0%	-2.4	-2.2 9.1%
22.3	20.3 9.9%	-19.4	-19.3 0.5%	-3.0	-3.2 -6.3%	276.7	271.7 1.8%	169.3	150.5 12.5%	-272.8	-273.5 -0.3%

More than 10 percent of group sales were made with each three clients in the “Original Equipment” segment. Overall, these three clients accounted for some 40% of group sales.

Changes in the Group's Equity Capitalization

1st Half 2005

	Subscribed share capital	Capital surplus	Revaluation reserves
	€ 000s	€ 000s	€ 000s
Status as at January 1, 2004		12,553	26,181
Dividend distributions			
Adjustments to allow for consolidations			
Consolidated net income			
Capital increase	28,800	-9,806	
Status as at June 30, 2004	57,600	2,747	26,181
Status as at December 31, 2004	57,600	2,747	26,181
Dividend distributions			
Adjustments to allow for consolidations			
Consolidated net income			
Status as at June 30, 2005	57,600	2,747	26,181

Group total capitalization	Adjustment to allow for foreign currency conversion	Stockholders' equity	Minority equity	Total stockholders' equity
€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
67,718	-7,174	128,078	13,733	141,811
-14,400		-14,400	-1,925	-16,325
	1,096	1,096	43	1,139
19,564		19,564	2,436	22,000
-18,994		0		0
53,888	-6,078	134,338	14,287	148,625
69,422	-7,004	148,946	14,977	163,923
-16,800		-16,800	-2,004	-18,804
	4,343	4,343	212	4,555
21,255		21,255	2,245	23,500
73,877	-2,661	157,744	15,430	173,174

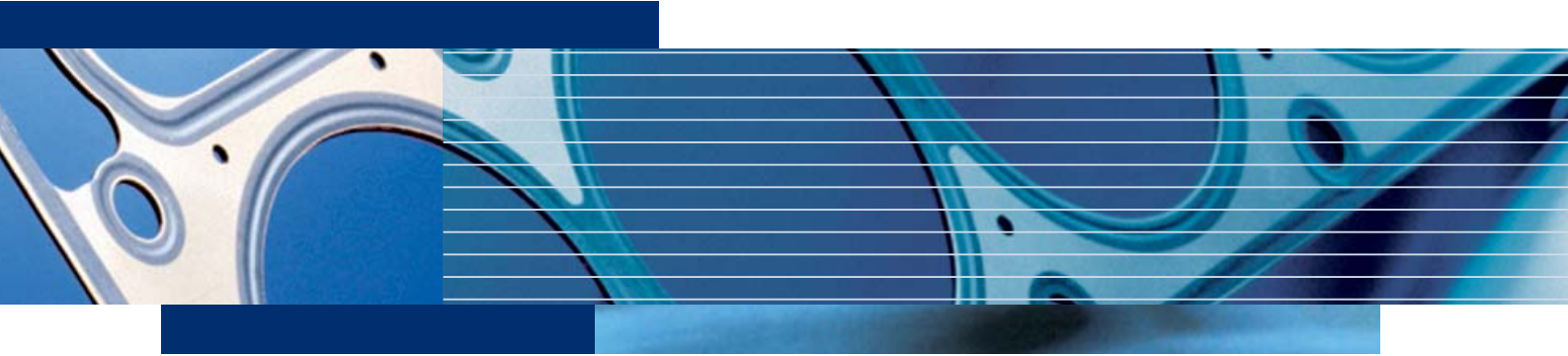


Consolidated Statement of Changes in Financial Position

	1 st Half 2005	1 st Half 2004
	€ 000s	€ 000s
Group net income for the fiscal year	23,500	22,000
Depreciation allowances on assets and earnings from disposals of assets, net of appreciations	19,371	19,141
Increase in inventories, trade receivables and other assets	-20,340	-12,312
Changes in accounts payable and other liabilities incl. provisions and special items	6,267	8,849
Foreign exchange effects on items related to ordinary activities	-74	-227
Cash flow from ordinary activities	28,724	37,451
Income from sales of fixed assets	950	256
Disbursements for investments in fixed assets	-22,300	-20,256
Disbursements arising from sales of securities	0	-805
Cash flow from investment transactions	-21,350	-20,805
Disbursements to company owners and minority stockholders	-18,804	-16,325
Changes in liabilities to banking institutions	6,849	-4,511
Effects of foreign-exchange rates on items related to financial transactions	-1,068	-145
Cash flow from financial transactions	-13,023	-20,981
Changes in cash requiring expenditures or yielding disburseable income	-5,649	-4,335
Effects of changes in foreign-exchange rates on liquid assets	406	135
Funds on hand at the start of the fiscal years	9,443	8,551
Funds on hand at the end of the fiscal years	4,200	4,351



ElringKlinger – global development partner and original equipment manufacturer for cylinder-head and special-purpose gaskets, housing modules and shielding parts for engines, transmissions and exhaust systems. With our innovative technology, we continue to set benchmarks in environmentally-friendly mobility and sustained, profitable growth.



Explanatory Notes for the Second Quarter of 2005 and the First Half of 2005

The interim financial statement from the 30th June 2005 has been created in line with the International Financial Reporting Standards (IFRS), and the International Accounting Standards Board (IASB), London, Great Britain, and complies with the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), and the IFRS 1 “First-Time Adoption of International Financial Reporting Standards”.

This interim financial statement is based on the same standard accounting and evaluation methods as the report for the first quarter of 2005. These standard accounting and evaluation methods are published in the appendix to the report for the first quarter of 2005.

Statement of Obligations

The cost of sales method is applied for the income statement. The reporting currency is the Euro.

The interim financial statement to the 30th June 2005 includes the annual financial statements of 4 domestic and 15 foreign subsidiaries, as well as that of ElringKlinger AG. These are subsidiaries that are controlled by ElringKlinger AG, as they hold the majority voting rights. The joint venture companies Jeil Elring Co. Ltd, Changwon, South Korea, and ElringKlinger Marusan Corp., Tokyo, Japan are included in the financial statement by means of proportional consolidation. The Marusan Corp., Tokyo, Japan, was evaluated as a stockholding at the cost of acquisition. The financial year for all included subsidiaries corresponds to the financial year of the parent company.

Exchange rates have developed as follows:

		Reporting date rate = 1 €		Average rate = 1 €	
		At June 30, 2005	At Dec. 31, 2004	2005	2004
US dollar (USA)	USD	1.20490	1.36400	1.27474	1.24649
Pounds Sterling (United Kingdom)	GBP	0.67190	0.70630	0.68262	0.68005
Canadian dollars (Canada)	CAD	1.48401	1.65850	1.57682	1.61692
Real (Brazil)	BRL	2.83870	3.62010	3.21088	3.63681
Peso (Mexico)	MXN	12.92006	15.23110	14.06347	14.10772
RMB (China)	CNY	9.97238	11.28910	10.55040	10.31687
WON (South Korea)	KRW	1,235.26026	1,441.8800	1,291.07890	1,416.94417
Rand (South Africa)	ZAR	8.02500	7.67000	7.95368	7.93000
Yen (Japan)	JPY	133.49353	139.72000	135.70405	134.04083
Forint (Hungary)	HUF	247.80015	245.80000	248.16279	250.46667
Zloty (Poland)	PLN	4.04700	4.08000	4.08585	4.51541

Derivative financial instruments were used in the second quarter of 2005 and the first half of 2005 to secure existing debts in foreign currency. There were only forward exchange transactions at the 30th June 2005 for collateralization of debts in Canadian and US dollars.

The contingent liabilities given in the annual financial statement at the 31st December 2004 have not been subject to any substantial changes in the second quarter of 2005 and the first half of 2005.

Dates

Moscow International Motor Show	August 24 – 28, 2005
Meetings with Investors, Helsinki, Oslo, Kopenhagen	August 30 – 31, 2005
Meetings with Investors, Paris, France	September 2, 2005
IAA, International Motor Show, Frankfurt, Germany	September 13 – 25, 2005
Analysts' Conference at the IAA, Frankfurt, Germany	September 14, 2005
German Investment Conference of the HypoVereinsbank, Munich, Germany	September 29, 2005
Aachen Colloquium for Automobile and Engine Technology, Aachen	October 4 – 6, 2005
CARAT Performance Exhibition (Vehicle Spares), Kassel, Germany	October 8 – 9, 2005
EQUIP AUTO, Paris	October 13 – 18, 2005
Small and Mid Cap Conference of the Berenberg Bank, Brompton Hall, England	November 17, – 18, 2005
German equity forum 2005, Frankfurt, Germany	November 22, 2005
Report on the Financial Results for the 3 rd Quarter and the First Nine Months of 2005	November 2005
Annual Report 2005	March 29, 2006
Financial Press Conference	March 29, 2006
Report on the Financial Results for the 1 st Quarter	May 2006
101 st Annual General Meeting of the Stockholders in the Hegelsaal at the Kultur- und Kongresszentrum Stuttgart, Germany	June 1, 2006
Dividend Distribution	June 2, 2006

We will be pleased to e-mail you our quarterly and semiannual reports in the form of PDF files. Simply drop us an e-mail at investor-relations@elringklinger.de or give us a call at +49-(0) 71 23/724-137 and let us have your e-mail address.

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