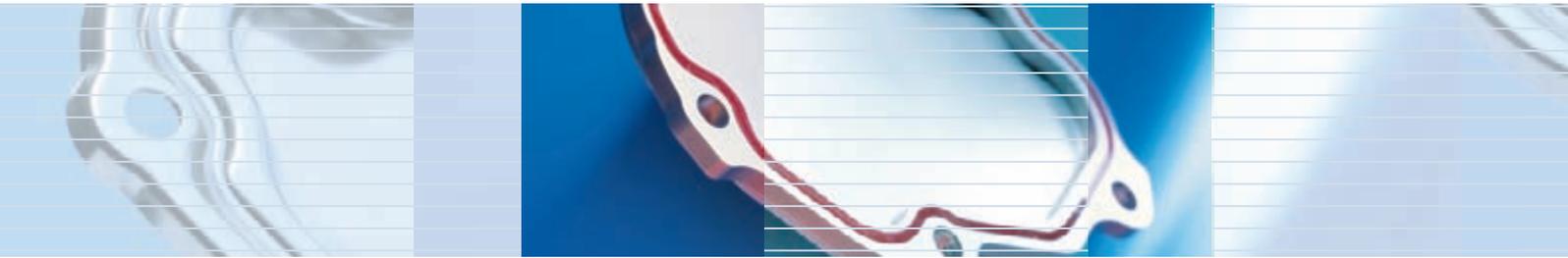




Report on the First Quarter of 2007



*Experience mobility – Drive the future.*



## Drive the future

Continuous and sustainable growth in sales, earnings and dividends – that is the goal and expectation of ElringKlinger. As a dependable development partner and supplier to the automotive industry and other sectors, we are there for our customers, worldwide. With innovative, environmentally-sound products, we expand new and existing business areas for profitable growth.



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## Stable economic performance

Despite spiraling raw material and energy prices, the global economy continued to grow in the first quarter of 2007.

First-quarter GDP growth in Germany came in at around 3.0%. Thus, it would appear that the dip in economic activity as a result of Germany's increase in sales tax was less severe than originally anticipated. Projections for Germany's economic growth in 2007 as a whole have been gradually revised upwards to 2.4% in recent weeks.

The European economy as a whole continued on a path of growth, expanding by approximately 3.0% in the first three months.

In the United States, GDP rose by 1.3% in the period under review.

Economic performance was particularly buoyant in the Asian region. In China, for instance, GDP grew by 11.1% in the first quarter of 2007. Likewise, India's economy gained further momentum during this period.

## Development in automobile markets

In terms of volume, global car sales in the first quarter of 2007 were 1.3% higher than in the same period a year ago. Worldwide demand for commercial vehicles differed within the regional markets.

The German car market had to contend with a significant reduction in sales volumes, induced to a large extent by the rise in sales tax. New passenger vehicle registrations fell by 10.0% to 718,000 units in the first three months of 2007. With an increase of 12% on the previous year's first quarter, exports, on the other hand, were encouraging. Buoyed by strong export business, domestic car production rose by 7% to 1.5 million units in the first three months of 2007.

In Western Europe, new car registrations in the first quarter stood at 4.0 million units, which corresponds to a year-on-year decline of 1.1%. This was mainly attributable to the sluggish performance of the German market. The European commercial vehicle market continued to produce solid demand. New registrations of large trucks over 16 metric tons rose by 10.1% in the first quarter of 2007. Mid-sized commercial vehicles in the 3.5 metric ton category and over recorded growth of 5.9%.

In the NAFTA region light vehicles production was down by 6.9% compared with the same period a year ago, as a result of which manufacturing output fell to 4.0 (4.3) million units. New registrations in the United States declined by 3.7% year on year in the first three months.

In Japan, car sales plunged by 5.8% compared with the first quarter of 2006. China recorded a massive surge of 23.7% in passenger cars sold during the first quarter.

## Higher proportion of diesel vehicles

Higher fuel prices and intense political debate over the introduction of CO<sub>2</sub>-based vehicle taxes combined to accelerate the growing trend toward diesel engines. Against the backdrop of receding car sales in the market as a whole, the number of automobiles equipped with diesel engines actually grew by 3.9%. Thus, the level of diesel penetration in Western Europe rose to 52.0% (49.6%) in the first quarter of 2007. Within the German market, the share of diesel vehicles in new registrations as a whole increased from 44.2% to 46.6%.

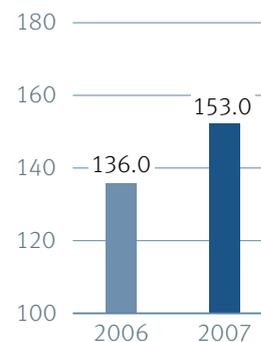
## Double-digit growth in revenue

The ElringKlinger Group succeeded in maintaining its forward momentum in the first quarter of 2007. Despite having to contend with stagnation and even a downturn in the key vehicle markets of Europe and North America, the Group managed to increase sales revenues by 12.5%, thereby exceeding its original target. After EUR 136.0 million in the first quarter of 2006, sales revenues rose to EUR 153.0 million in the period under review.

Growth was buoyed in particular by the continued rise in diesel penetration, growing demand for specialty gaskets and shielding parts used in the exhaust tract as well as new production ramp-ups.

Benefiting from favorable business conditions in the commercial vehicle sector, customers sourced a higher quantity of components as part of ongoing contracts than originally anticipated.

Sales Revenues  
1<sup>st</sup> Quarter 2007  
in EUR million

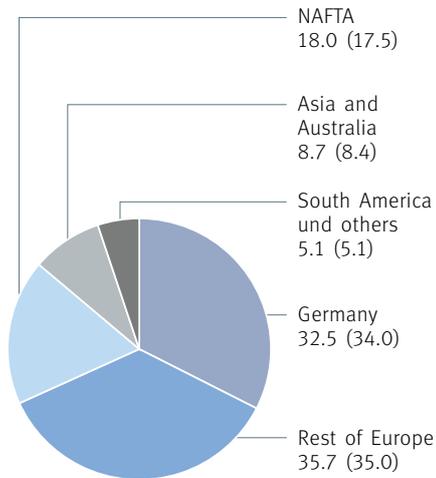


## Performance by region

The Group recorded growth in all regions covered by its global operations. International business was expanded by a significant 14.9%. The percentage share of foreign sales in relation to total Group revenue grew to 67.5% (66.0%).

Domestically, sales revenues increased by 7.8% to EUR 49.8 (46.2) million in the first quarter. Domestic sales in relation to Group revenue amounted to 32.5% (34.0%). In

Sales Revenues by Region  
1<sup>st</sup> Quarter 2007 (prior year)  
in %



the Rest of Europe, ElringKlinger managed to propel sales revenues upward by 14.8% to EUR 54.6 (47.6) million.

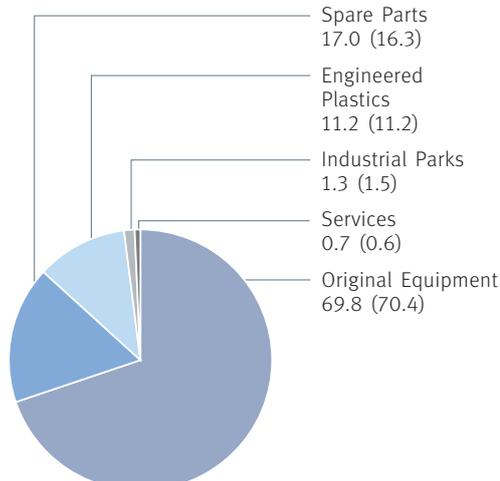
Growth rates were again encouraging in South America and the Rest of the World. In this region as a whole, sales revenues grew by 10.9% to EUR 7.7 (7.0) million. The double-digit gains made in this region were attributable chiefly to the solid business performance of the Brazilian subsidiary Elring Klinger do Brasil Ltda.

In the NAFTA region ElringKlinger was able to lift sales revenues by 15.6% to EUR 27.5 (23.8) million. Despite the regional decline in car and light truck production by 6.9% year on year, the Group managed to generate growth in a sluggish market environment by focusing on new projects and customers.

The Asian markets produced a surge in sales revenues by 16.2% to EUR 13.3 (11.4) million. Growth achieved in China and Korea was particularly substantial, the emphasis being on cylinder-head gaskets and cam cover modules with integrated sealing systems and oil trap. Having secured several orders from Indian vehicle manufacturers, ElringKlinger is currently establishing a plant in Ranjangaon, near Pune, which is to start production of cylinder-head and specialty gaskets by the end of the year.

## Revenue growth in all segments

Sales Revenues by Segment  
1<sup>st</sup> Quarter 2007 (prior year)  
in %



Within the Original Equipment segment, sales revenues rose by 11.5% to EUR 106.8 (95.8) million in the first three months of 2007. Thus, business with vehicle manufacturers accounted for 69.8% (70.4%) of Group revenue, remaining virtually unchanged year on year.

Growth was evident in all business areas. The Shielding Technology division and specialty gaskets for components within the area of exhaust management, recorded particularly impressive gains. Due to

increasingly compact designs – so-called downsizing – and higher temperatures produced by the latest generation of engines, coupled with more challenging specifications within the area of exhaust technology, demand for high-performance heat shields deployed in the engine and exhaust tract has grown substantially. ElringKlinger has established a particularly significant technological lead, as well as a formidable market position, in the field of heat shields equipped with additional features.

Within the Aftermarket segment, the tangible increase in demand for spare parts witnessed across several markets helped to accelerate sales revenues by 16.9% year on year. Products marketed under the Elring brand achieved considerable growth not only in Germany but also in the regions of the Middle East as well as Eastern Europe. In total, the Aftermarket segment generated sales revenues of EUR 25.9 (22.2) million in the first quarter of 2007.

The Engineered Plastics segment produced revenue growth of 12.7% compared with the same period a year ago. Sales revenues rose to EUR 17.2 (15.3) million. Within this context, significant demand for high-performance plastics and a surge in the quantity of PTFE products sold to customers operating in the automotive, mechanical engineering and chemical industries had a particularly favorable effect. The proportion of exports, which remains relatively small in this field of business, also showed signs of growth. Italy and England were among the principal growth drivers.

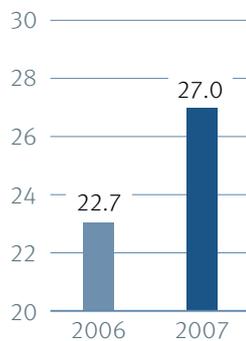
## **Significant Increase in operating result**

Despite efficiency gains, the deployment of state-of-the-art production technology and the continued streamlining of manufacturing processes, ElringKlinger was unable to offset fully the substantial energy costs and surging material prices seen in the first quarter, particularly for high-grade steel and even more so for alloys (nickel). The gross margin stood at 33.8%, after 34.9% at the end of Q1 2006. Cost of sales amounted to EUR 101.3 (88.5) million, which represents a 14.5% increase on the first quarter of 2006.

Selling as well as general and administrative expenses climbed at a slower rate than sales revenues. Research and development expenses amounted to EUR 7.6 million in the first three months of 2007, after EUR 7.1 million in the same period a year ago. In total, EUR 0.4 (0.3) million of the development expenses were capitalized. At EUR 0.3 (0.3) million, systematic depreciation and amortization was comparable in scale.

Due to the efficiency gains achieved within the Group, as well as higher capacity utilization and a favorable product mix for the quarter, EBITDA (earnings before

EBIT  
1<sup>st</sup> Quarter  
in EUR million

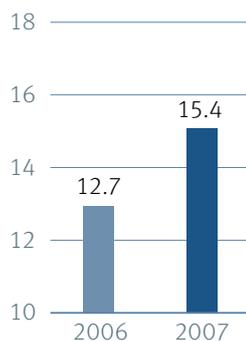


interest, taxes, depreciation and amortization) rose by 12.1% to EUR 37.4 (33.4) million in the first quarter of 2007. Depreciation and amortization expense was slightly lower.

The operating result rose by 12.7% to EUR 27.5 (24.4) million. EBIT (earnings before interest and taxes), including EUR 0.5 million in negative exchange rate effects, increased by 18.9% to EUR 27.0 (22.7) million.

Supported by an improved financial result of EUR -1.7 (-2.7) million, earnings before taxes increased by 18,9% to EUR 25.8 (21.7) million.

Consolidated net income  
after minorities  
1<sup>st</sup> Quarter  
in EUR million



The tax rate was slightly lower at 35.3% (35.9%). Consolidated net income for the quarter rose by 20.1% to EUR 16.7 (13.9) million year on year, while consolidated net income after minority interests increased by 20.6% to EUR 15.4 million, compared with EUR 12.7 million in the same period a year ago.

On this basis, earnings per share amounted to EUR 0.80 (0.66) in the first quarter of 2007. The number of ElringKlinger AG shares issues remained unchanged at 19,200,000.

## Growth in sales revenues outpaces expansion of workforce

As of March 31, 2007, the Group employed 3,335 (3,122) people. Thus, the year-on-year increase in staffing levels amounted to 6.8%, which was lower than the growth rate recorded for sales revenues.

At the end of the first quarter, the number of people employed in Germany stood at 2,161 (2,059). Staff recruitment was prompted mainly by demand-induced growth in sales revenues as well as the expansion of research and development capacities.

In the first three months of 2007, the headcount at foreign subsidiaries and affiliated companies grew by 10.4% to 1,174 (1,063). This was attributable to the more dynamic expansion of the Group's international manufacturing sites in Brazil, Mexico, China and Korea.

## Capital expenditure

In the first three months of 2007 the Group invested EUR 14.1 (7.0) million in property, plant and equipment, intangible assets and investment property, which represents a significant increase compared with the same period a year ago. Funds were mainly channeled into preparations for new product ramp-ups, the expansion of capacity levels as well as projects aimed at operational streamlining. Within this context, ElringKlinger directed a substantial part of capital expenditure at its international subsidiaries. The investment ratio was 9.2% (5.2%).

## Research and development: Higher proportion of new products and applications

ElringKlinger secured additional development contracts for the latest generation of Metaloflex® metal layer cylinder-head gaskets. The pioneering stopper technology, which is even more effective than previous generations, can be deployed both in diesel and gasoline engines. Higher injection pressures and temperatures have also created new challenges within the area of gasketing technology for next-generation petrol direct-injection engines.

More stringent legislation on emissions has prompted the design of increasingly complex exhaust systems, as a result of which demand for new, more sophisticated gasketing solutions for the various components has risen considerably, particularly in the case of diesel vehicles.

Within the area of Specialty Gaskets, the Group is currently developing exhaust tract products capable of withstanding extremely high temperatures, in addition to components used in transmission applications.

In the field of Shielding Technology, the main focus is on sophisticated thermal shielding modules with additional integrated features as well as on under-body applications. Other areas of interest include new shielding methods and next-generation process technologies.

ElringKlinger Kunststofftechnik, a high-growth unit specializing in engineered plastics, has recently been making the requisite preparations for the introduction of a new injection-moldable PTFE by the name of Moldflon®. At an industrial level, the use of injection-moldable PTFE in shapes and dimensions previously not possible will open up new fields of application, e.g. within the area of medical equipment design and biotechnology as well as mechanical and electrical engineering.

Working in close cooperation with several vehicle manufacturers, the New Business division is currently looking to enhance fuel cell components for Solid Oxide Fuel

Cells (SOFCs), as well as working on a PEM concept (Proton Exchange Membrane) for the exhaust tract. Within this area, the emphasis is on developing sealing frames and high-precision bipolar plates, as well as producing complete stacks. Additionally, this unit is working on the implementation of a concept for a state-of-the-art diesel particulate filter. A pilot system used for the production of samples and small batches is to be taken into service by mid-2007. In 2007 to date, upfront expenses associated with the expansion of these new product areas have amounted to approximately EUR 3.0 million at Group level.

## Equity ratio above 49%

The Group's net assets remain solid. In the period from December 31, 2006, to March 31, 2007, the balance sheet total rose by 5.7% to EUR 504.0 (476.6) million.

Due to higher capital expenditure, property, plant and equipment rose to EUR 215.8 (211.9) million. Non-current assets accounted for 58.1% (61.1%) of total assets.

As a result of significant revenue growth and the targeted expansion of raw material stock levels, particularly high-grade steel, at favorable rates, inventories rose by EUR 3.9 million to EUR 93.9 (90.0) million. When compared to December 31, 2006, receivables were up EUR 15.1 million to EUR 96.1 (81.0) million. The increase, which went beyond the percentage growth in revenue, was mainly attributable to the significant year-on-year rise in sales revenues recorded in March, payments for which are not due until the subsequent month.

Shareholders' equity rose by 16.7 million, or 7.2%, to EUR 247.9 (231.2) million since December 31, 2006. Thus, the Group equity ratio stood at 49.2%.

Non-current financial liabilities were scaled back by EUR 2.0 million.

Whereas trade payables receded by EUR 3.1 million to EUR 25.1 (28.2) million, other current liabilities rose by EUR 10.1 million to EUR 38.9 (28.9) million mainly due to accruals and deferrals.

Overall, liabilities as a percentage of the balance sheet total were reduced further and accounted for 50.8%.

## Net cash from operating activities rises by 7%

ElringKlinger again achieved a significant cash return in the first quarter of 2007, generating operational free cash flow of EUR 4.1 (9.5) million, despite a EUR 7.4 million increase in investments in property, plant and equipment as well as investment property.

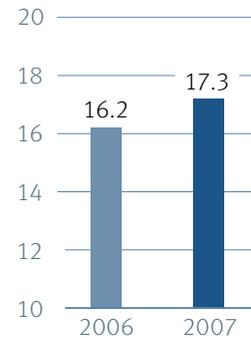
At EUR 23.3 million, the increase in inventories and trade receivables as well as other assets was significantly higher than in the same period a year ago. At the same time, trade payables and other liabilities rose by EUR 9.6 million. By contrast, ElringKlinger had scaled liabilities back by EUR 4.8 million in the first quarter of 2006. Net cash from operating activities thus rose to EUR 17.3 (16.2) million, which constitutes a 7.2% rise over last year's first-quarter figure. This corresponds to 11.3% of sales revenues.

Due to the company's significant investments, as budgeted, and an associated EUR 7.1 million year-on-year increase in the outflow of cash for investments in property, plant and equipment as well as investment property, net cash used in investing activities rose to EUR 13.3 (6.7) million.

Net cash used in financing activities amounted to EUR 2.1 (8.3) million. Bank borrowings were scaled back by EUR 2.1 million.

By March 31, 2007, cash and cash equivalents had increased by EUR 1.8 million to EUR 7.5 (5.7) million.

Net cash from operating activities  
1<sup>st</sup> Quarter  
in EUR million



## Fire at Runkel plant

On April 14, 2007, a fire occurred in one of the production buildings of the Runkel plant. The facility was used by a section of the cylinder-head gasket production unit. The other production areas at the Runkel plant were not affected. The fire was caused by a short-circuit. As a result of extensive fire damage, the production hall will have to be rebuilt. The ElringKlinger Group operates a global production network, ensuring that products can be manufactured in identical quality at various locations. As a result, there were no delays to customer deliveries in this specific case. Contingency production plans were put in place and operations are already underway again. Based on provisional estimates, the damages amount to approx. EUR 18 million. The company has comprehensive insurance cover.

## Outlook

Germany's domestic economy continues to prosper, a trend that looks set to persist beyond 2007. In fact, the economy's growth forecast for 2008 has also been revised upward to 2.4%.

The emerging markets are seen as the main growth drivers within the area of vehicle production, although 2007 is unlikely to reach the levels of the previous year. Sector performance in the US automobile industry is expected to remain sluggish. As regards Europe, ElringKlinger anticipates stagnating vehicle registration figures. Demand is likely to be buoyed by the growing trend toward diesel engines and automatic transmission.

Order intake and backlog remained favorable. Order intake rose by 6.6% to EUR 154.1 (144.5) million. Order backlog increased by 12.4%, reaching a new record of EUR 209.3 (186.2) million at the end of the first quarter.

ElringKlinger operates within a market dominated by intense pressure on prices exerted by vehicle manufacturers. Raw material prices, particularly for high-grade steel and even more so in the case of alloy surcharges, have also had an adverse effect. The prices of these materials are expected to remain at a high level. The Group also channeled significant resources into the expansion of the New Business division. Having said that, Group-wide efficiency gains, stringent cost control and optimized production processes form the basis for potential earnings growth in 2007. Within this context, newly developed products and technological input within key areas such as emission reduction, fuel economy and alternative energy sources and drive systems will play a prominent role.

After the first quarter, ElringKlinger is well on track to reach the targets it has set for itself in 2007. The Company plans to generate revenue growth of 5 to 7% in the 2007 financial year. Consolidated net income after minority interests is expected to grow faster than sales revenues; it is forecast to be around 10% above the consolidated net income after minority interests figure for 2006 after its adjustment for an extraordinary corporation tax item of around EUR 5.3 million. Growth planned within these areas will be determined principally by new serial production ramp-ups and the start of production for newly developed parts and components.

## Share performance

At the end of 2006, ElringKlinger's shares – listed in the SDAX – stood at EUR 48.52, around 60% above the previous year's closing price. Since the beginning of 2007, the company's stock has benefited from solid business performance, a more upbeat mood in the automobile industry and a favorable investment climate. Having reached EUR 57 at the end of February 2007, ElringKlinger's share price receded to a level of EUR 50 at the beginning of March in the wake of weakness within the capital markets as a whole. At the end of the first quarter, the share price stood at EUR 58, which represents a 21% gain on the price recorded at the beginning of 2007. At the beginning of May, ElringKlinger's shares reached a new all-time high of over EUR 64.

**ElringKlinger's share price performance (XETRA) since January 1, 2007, relative to SDAX and DAX**



### Higher trading volumes

The trading volumes associated with ElringKlinger's stock also developed well in the period under review. The average daily volume of shares traded rose by 17% year on year, up from approximately EUR 890,000 in Q1 2006 to over one million euros in the first quarter of 2007.

### Capital markets

In the first quarter of 2007, ElringKlinger took part in two international capital markets conferences. As part of meetings and presentations with institutional investors in Frankfurt and other European countries, company representatives outlined the recent course of business and the future prospects of the ElringKlinger Group.

### Dividend for 2006 financial year

The Management Board and Supervisory Board of ElringKlinger AG will propose to the 102<sup>nd</sup> Annual General Meeting of Shareholders, to be held on May 25, 2007, that the net retained earnings of EUR 24.0 million reported as at December 31, 2006, be used for the purpose of paying a dividend of EUR 1.25 (1.00) per share for the 2006 financial year.

### ElringKlinger Stock (WKN 785 602)

	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006
Number of shares as of March 31	19,200,000	19,200,000
Share price (XETRA daily closing price in EUR)		
High	58.50	38.82
Low	49.50	31.21
Closing price on March 31	58.47	38.81
Average daily trading volumes (German stock exchanges; no. of shares)	19,500	24,900
Average daily trading volumes (German stock exchanges; in EUR'000)	1,044	890



#### Disclaimer – Forward-looking Statements and Predictions

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

This report is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, only the German version shall be deemed authoritative.

## Consolidated Income Statement

January 1 to March 31, 2007

	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006
	EUR'000	EUR'000
Sales revenues	153,000	136,000
Cost of sales	-101,300	-88,500
<b>Gross profit</b>	<b>51,700</b>	<b>47,500</b>
Selling expenses	-10,000	-9,800
General and administrative expenses	-6,600	-6,100
Research and development expenses	-7,600	-7,100
Other operating income	1,000	1,200
Other operating expenses	-1,000	-1,300
<b>Operating result</b>	<b>27,500</b>	<b>24,400</b>
Earnings from affiliated companies	0	0
Net interest	-1,700	-2,700
<b>Financial result</b>	<b>-1,700</b>	<b>-2,700</b>
<b>Earnings before taxes</b>	<b>25,800</b>	<b>21,700</b>
Taxes on income	-9,100	-7,800
<b>Consolidated net income</b>	<b>16,700</b>	<b>13,900</b>
Minority interests	1,333	1,157
<b>Consolidated net income after minority interests</b>	<b>15,367</b>	<b>12,743</b>
Earnings per share in EUR	0.80	0.66

## Consolidated Balance Sheet

<b>ASSETS</b>	<b>March 31, 2007</b>	<b>Dec. 31, 2006</b>	<b>March 31, 2006</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Intangible assets	28,027	28,187	30,334
Tangible assets	215,781	211,909	206,256
Investment property	31,519	31,641	31,555
Financial assets	4,530	4,528	4,541
Other non-current assets	5,366	5,414	0
Deferred taxes	7,789	9,313	10,730
<b>Fixed assets</b>	<b>293,012</b>	<b>290,992</b>	<b>283,416</b>
Inventories	93,850	89,956	75,310
Trade receivables	96,064	80,993	92,433
Other current assets	13,549	9,227	4,612
Cash and cash equivalents	7,525	5,453	5,729
<b>Current assets</b>	<b>210,988</b>	<b>185,629</b>	<b>178,084</b>
	<b>504,000</b>	<b>476,621</b>	<b>461,500</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>March 31, 2007</b>	<b>Dec. 31, 2006</b>	<b>March 31, 2006</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	170,323	154,894	131,960
Minority interests	17,263	15,957	17,090
<b>Shareholders' equity</b>	<b>247,933</b>	<b>231,198</b>	<b>209,397</b>
Provisions for pensions	53,882	53,451	52,702
Non-current provisions	8,793	8,784	9,218
Non-current financial liabilities	48,332	50,380	44,936
Deferred taxes	31,060	31,152	31,960
Other non-current liabilities	15,074	12,684	11,109
<b>Non-current liabilities</b>	<b>157,141</b>	<b>156,451</b>	<b>149,925</b>
Current provisions	10,490	9,009	8,876
Trade payables	25,126	28,210	19,634
Liabilities to affiliated companies	11	0	7
Current financial liabilities	16,242	16,251	32,344
Tax payables	8,116	6,628	10,351
Other current liabilities	38,941	28,874	30,966
<b>Current liabilities</b>	<b>98,926</b>	<b>88,972</b>	<b>102,178</b>
	<b>504,000</b>	<b>476,621</b>	<b>461,500</b>

## Consolidated cash flow statement

	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006
	EUR'000	EUR'000
Earnings before taxes	25,800	21,700
Amortization and depreciation	10,425	10,632
Net interest	1,200	1,000
Changes in provisions	1,323	2,309
Profit from disposal of intangible assets and of property, plant and equipment	-810	0
Changes in inventories, receivables and other assets not resulting from financing and investing activities	-23,273	-9,522
Changes in liabilities not resulting from financing and investing activities	9,627	-4,773
Income taxes paid	-6,514	-5,855
Interest paid	-627	-501
Interest received	150	150
Foreign currency translation changes from operating activities	27	1,030
<b>Net cash from operating activities</b>	<b>17,328</b>	<b>16,170</b>
Proceeds from disposals of intangible assets and of property, plant and equipment	888	339
Proceeds from disposals of financial assets	2	10
Payments for investments in intangible assets	-21	-303
Payments for investments in tangible assets and investment properties	-14,120	-6,701
Payments for investments in financial assets	-5	-8
<b>Net cash used in investing activities</b>	<b>-13,256</b>	<b>-6,663</b>
Dividends paid	0	0
Changes in financial liabilities	-2,057	-8,209
Foreign currency translation changes	1	-58
<b>Net cash used in financing activities</b>	<b>-2,056</b>	<b>-8,267</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,016</b>	<b>1,240</b>
Foreign currency translation changes in cash and cash equivalents	56	55
Cash and cash equivalents at beginning of period	5,453	4,434
<b>Cash and cash equivalents at end of period</b>	<b>7,525</b>	<b>5,729</b>

## Statement of Changes in Equity

1<sup>st</sup> Quarter 2007

	Share capital	Capital reserve	Revenue reserves			Minority interests	Group equity
			Revaluation reserve	Currency translation differences	Group equity generated		
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>As of Dec. 31, 2005</b>	<b>57,600</b>	<b>2,747</b>	<b>26,181</b>	<b>-2,203</b>	<b>95,813</b>	<b>15,975</b>	<b>196,113</b>
Adjustments due to consolidation				-574		-42	-616
Consolidated net income					12,743	1,157	13,900
<b>As of March 31, 2006</b>	<b>57,600</b>	<b>2,747</b>	<b>26,181</b>	<b>-2,777</b>	<b>108,556</b>	<b>17,090</b>	<b>209,397</b>
<b>As of Dec. 31, 2006</b>	<b>57,600</b>	<b>2,747</b>	<b>26,181</b>	<b>-5,706</b>	<b>134,419</b>	<b>15,957</b>	<b>231,198</b>
Adjustments due to consolidation				62		-27	35
Consolidated net income					15,367	1,333	16,700
<b>As of March 31, 2007</b>	<b>57,600</b>	<b>2,747</b>	<b>26,181</b>	<b>-5,644</b>	<b>149,786</b>	<b>17,263</b>	<b>247,933</b>

## Group Sales Revenues by Region

	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006
	EUR'000	EUR'000
Germany	49,792	46,192
Change compared to prior year in %	7.8	
Rest of Europe	54,635	47,578
Change compared to prior year in %	14.8	
NAFTA	27,544	23,821
Change compared to prior year in %	15.6	
Asia and Australia	13,288	11,431
Change compared to prior year in %	16.2	
South America and others	7,741	6,978
Change compared to prior year in %	10.9	
<b>Group</b>	<b>153,000</b>	<b>136,000</b>
Change compared to prior year in %	12.5	

## Segment Reporting

1<sup>st</sup> Quarter 2007/1<sup>st</sup> Quarter 2006

	Original Equipment		Spare Parts		Engineered Plastics	
	2007	2006	2007	2006	2007	2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Segment revenues</b>	<b>129,710</b>	<b>114,241</b>	<b>28,032</b>	<b>23,873</b>	<b>17,233</b>	<b>15,284</b>
Intersegment revenues	-5,861	-3,960	0	0	0	0
Consolidation	-17,019	-14,504	-2,091	-1,684	-38	-32
<b>Sales revenues</b>	<b>106,830</b>	<b>95,777</b>	<b>25,941</b>	<b>22,189</b>	<b>17,195</b>	<b>15,252</b>
<b>EBIT</b>	<b>16,069</b>	<b>14,368</b>	<b>5,136</b>	<b>4,048</b>	<b>3,721</b>	<b>3,334</b>
Amortisation & depreciation	-9,390	-9,623	-140	-159	-456	-429
Investments	12,554	5,821	202	98	1,127	945

	Industrial Parks		Services		Group	
	2007	2006	2007	2006	2007	2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Segment revenues</b>	<b>2,034</b>	<b>2,053</b>	<b>1,836</b>	<b>1,394</b>	<b>178,845</b>	<b>156,845</b>
Intersegment revenues	0	0	0	0	-5,861	-3,960
Consolidation	0	0	-836	-665	-19,984	-16,885
<b>Sales revenues</b>	<b>2,034</b>	<b>2,053</b>	<b>1,000</b>	<b>729</b>	<b>153,000</b>	<b>136,000</b>
<b>EBIT</b>	<b>1,733</b>	<b>891</b>	<b>341</b>	<b>59</b>	<b>27,000</b>	<b>22,700</b>
Amortisation & depreciation	-282	-270	-163	-204	-10,431	-10,685
Investments	8	73	250	75	14,141	7,012

## Notes to the First Quarter of 2007

The ElringKlinger Group's interim report as of March 31, 2007, has been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, as well as in compliance with the additional provisions set out in Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB).

### Required Disclosures

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

In addition to the financial statements of ElringKlinger AG, the interim report as of March 31, 2007, includes 4 domestic and 16 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").

In the first quarter of 2007, the newly established subsidiary ELRINGKLINGER AUTOMOTIVE COMPONENTS (INDIA) PRIVATE LIMITED, Mumbai, India, of which ElringKlinger AG is the sole owner, was included in the consolidated group for the first time.

The two joint-venture companies ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corp., Tokyo, Japan, were included in the interim report on the basis of proportionate consolidation in accordance with IAS 31.

The investment in Marusan Corp., Tokyo, Japan, was recognized at cost.

The financial year for all consolidated entities corresponds to the financial year of the parent company.

Exchange rates developed as follows:

		Closing rate = EUR 1		Average rate = EUR 1	
		March 31, 2007	Dec. 31, 2006	2007	2006
US dollar (USA)	USD	1.3301	1.3184	1.31423	1.26287
Pound Sterling (UK)	GBP	0.6793	0.6716	0.67200	0.68184
Canadian dollar (Canada)	CAD	1.5325	1.5287	1.53300	1.42531
Real (Brazil)	BRL	2.7174	2.8135	2.75957	2.73972
Peso (Mexico)	MXN	14.6564	14.3040	14.56098	13.77909
RMB (China)	CNY	10.2814	10.2921	10.18090	10.04633
WON (South Korea)	KRW	1,251.25	1,225.4500	1,236.85838	1,199.86583
Rand (South Africa)	ZAR	9.683	9.2300	9.51900	8.63148
Yen (Japan)	JPY	157.1512	156.7000	156.92428	146.73167
Forint (Hungary)	HUF	247.5002	251.9000	253.33131	264.30417
Indian rupee (India)	INR	57.7801	58.32	57.76340	57.17324

In the first quarter of 2007 derivative financial instruments were utilized for the purpose of hedging interest rate risk, smoothing the volatility of purchasing prices for raw materials (particularly nickel) and hedging receivables denominated in Canadian and US dollars. Part of the significant rise in raw material prices was offset with the help of raw-material-related derivatives. The increase in material expense was scaled back by EUR 827 thousand.

The contingencies disclosed in the 2006 consolidated financial statements were not subject to material changes in the first quarter of 2007.

## Calendar

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102 <sup>nd</sup> Annual General Shareholder Meeting Cultural and Congress Centre Liederhalle, Stuttgart, Hegelsaal, 10.00 CET	May 25, 2007
Dividend distribution	May 29, 2007
Interim Report on the 2 <sup>nd</sup> Quarter of 2007	August 9, 2007
IAA International Motor Show (Frankfurt)	September 13–23, 2007
Engine Trade Show “Motoren-Kolloqium Aachen”	October 8–10, 2007
Equip Auto (Paris)	October 15–20, 2007
Interim Report on the 3 <sup>rd</sup> Quarter of 2007	November 8, 2007
German Equity Forum (Frankfurt)	November 12–14, 2007
International Automotive Transmission Symposium Berlin	December 3–6, 2007
103 <sup>rd</sup> Annual General Shareholder Meeting Cultural and Congress Centre Liederhalle, Stuttgart, Hegelsaal, 10.00 CET	May 30, 2008

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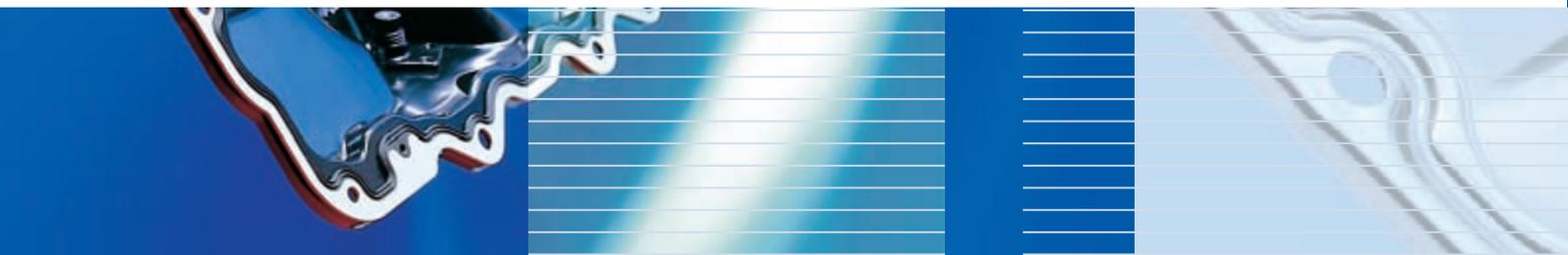
We would be pleased to e-mail you our interim reports as a PDF file.  
Please send your e-mail address to:  
kathrin.mueller@elringklinger.de or give us a call at  
+49 (0)71 23/724-631

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Further information is available at [www.elringklinger.de](http://www.elringklinger.de)

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#### Address

ElringKlinger AG | Max-Eyth-Straße 2 | D-72581 Dettingen/Erms | Phone +49(0) 71 23/724-0 | Fax +49 (0) 71 23/724-90 06  
[www.elringklinger.de](http://www.elringklinger.de)

#### Contact Investor Relations

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