Notes to the Consolidated Financial Statements for the 2012 Financial Year

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General information

As parent company of the Group, ElringKlinger AG is filed in the commercial register at the local court of Stuttgart (Amtsgericht) under the number HRB 361242. The company is domiciled in Dettingen/Erms (Germany). The address is ElringKlinger AG, Max-Eyth-Str. 2, 72581 Dettingen/Erms. The articles of incorporation are dated May 16, 2012. The registered company name is ElringKlinger AG.

The financial year is the calendar year.

The object of ElringKlinger AG and its subsidiaries (the "ElringKlinger Group") is the development, manufacture and distribution of technical and chemical products, in particular of gaskets, sealing materials, plastic products and modules for the automotive sector and for the manufacturing industry in general. The Company also offers services relating to the technology used in its products. The corporate object also encompasses the administration and commercial exploitation of landed property.

Accounting principles

The consolidated financial statements of ElringKlinger AG as of December 31, 2012, have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the supplementary commercial law regulations pursuant to § 315 a (1) HGB. All IFRSs and IFRICs mandatory for the financial year 2012 have been observed.

The consolidated financial statements have been prepared in euros. Unless otherwise stated, all amounts are in thousand EUR (EUR k).

The income statement was prepared in accordance with the cost of sales method. In order to enhance the clarity of presentation, various items in the statement of financial position and in the income statement have been combined.

The following regulations and amendments to existing regulations became mandatory for the 2012 financial year for the first time, but did not impact the Group's assets, liabilities, financial position and profit or loss in 2012:

IFRS 7 Financial instruments: disclosures – Transfers of financial assets

The amendment to IFRS 7 expands the disclosure requirements when transferring financial assets. This affects, for example, the sale of trade receivables (factoring) or asset backed securities transactions. The application of this Standard is mandatory for financial years beginning on or after July 1, 2011.

The following Standards, which have been approved but are not yet mandatory for the 2012 financial year, have not yet been applied by ElringKlinger:

IFRS 1 Severe hyperinflation and removal of fixed dates for first-time adopters

On the one hand, the amendment to IFRS 1 replaces the reference to a fixed transition date of "1 January 2004" with "the date of transition to IFRSs". On the other hand, the amendment provides guidance on how an entity should resume presenting financial statements in accordance with

IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of this revised Standard is mandatory for financial years beginning on or after July 1, 2011. The Standard has yet to be endorsed by the EU.

IFRS 1 First-time adoption of International Financial Reporting Standards: Government loans

The amendment introduced a new exception to reflect that a first-time adopter would generally restate past transactions retrospectively. Under the amendment, IAS 20.10A – which states that a government loan at a below-market rate of interest shall be recognized and measured in accordance with IAS 39 (and in the future IFRS 9 Financial Instruments) and thus measured at fair value – shall be applied prospectively to government loans at below-market rates of interest granted on or after the date of transition. The application of this amendment is mandatory for financial years beginning on or after January 1, 2013. The Standard has yet to be endorsed by the EU.

IFRS 9 Financial instruments

IFRS 9 Financial instruments sets out the requirements for classifying, recognizing and measuring financial assets and financial liabilities. The Standard replaces those chapters of IAS 39 "Financial instruments: recognition and measurement" which relate to the classification and measurement of financial instruments. In accordance with IFRS 9, financial assets are classified into two measurement categories: those measured at fair value and those measured at amortized cost. Assets are categorized upon initial recognition. The measurement category to which they are allocated depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Most of the provisions of IAS 39 have been retained for financial liabilities. The primary change is that in cases where an entity opts to designate a financial liability at fair value through profit or loss, changes in the fair value of the financial liability that are attributable to changes in the entity's own credit risk are recognized in other comprehensive income rather than in profit or loss, unless doing so would result in the financial liabilities not being faithfully represented. The Group will analyze the future phases of IFRS 9 to assess their full impact on the Group as soon as they have been published by the IASB. IFRS 9 becomes mandatory for financial years beginning on or after January 1, 2015. The Standard has yet to be endorsed by the EU.

IFRS 10 Consolidated financial statements

IFRSs 10, 11, and 12 set new standards for consolidated financial statements. As per the IASB, the new standards become mandatory for financial years beginning on or after January 1, 2014; IAS 27 "Consolidated and separate financial statements" must be applied for earlier reporting years. The objective of IFRS 10 is to define the term "control" for all entities uniformly. The Standard provides application guidance for this purpose.

IFRS 11 Joint arrangements

The Standard supersedes IAS 31 "Investments in joint ventures." IFRS 11 abolishes the previous option to use proportionate consolidation for joint ventures.

IFRS 12 Disclosure of interests in other entities

IFRS 12 is a summary of all disclosures which consolidated entities, equity interests, joint arrangements, associates, joint ventures, and non-consolidated structured entities must make in the notes. The new Standard has extensive disclosure requirements for non-consolidated structured entities in particular.

For the Group, these new Standards result in changes in the previous method of accounting for the companies of the ElringKlinger Group, resulting in a change in the statement of financial position.

IFRS 10, IFRS 11 and IFRS 12 Transitional provisions

The amendments clarify that the “date of initial application” of IFRS 10 is the beginning of the reporting period in which the Standard is applied for the first time. The consequence of this is that decisions as to whether or not investments are to be consolidated in accordance with IFRS 10 must be made at the beginning of this period. Moreover, it establishes that upon first-time application of the new consolidation principles, comparative figures for the mandatory disclosure requirements of IFRS 12 relating to subsidiaries, associates and joint arrangements are mandatory only for immediately preceding comparative periods. Unconsolidated structured entities are even fully exempted from the obligation to disclose comparative figures. According to the IASB, the amendments to the transitional provisions are applicable to financial years beginning on or after January 1, 2013.

IFRS 13 Fair value measurement

IFRS 13 uniformly governs the fair value measurement for all IFRSs. IFRS 13 applies when another Standard requires or permits fair value measurements or disclosures about fair value measurements. The provisions do not expand the scope of measurement at fair value, but rather provide guidance on how to apply fair value measurement in those instances where this is already required or permitted by Standards. The Group has yet to ascertain the full implications of this amendment. The application of this Standard is mandatory for financial years beginning on or after January 1, 2013.

IAS 12 Deferred taxes: Recovering of underlying assets

The amendment of IAS 12 implements a requirement simplifying the treatment of temporary tax differences associated with applying the fair value model from IAS 40. Accordingly, unless proven otherwise, it is assumed that, in principle, realizing the carrying amount through the sale is decisive for measuring the deferred taxes for investment property valued at the fair value. The application of this Standard is mandatory for financial years beginning on or after January 1, 2013.

IAS 19 Employee benefits

On June 16, 2011, the IASB issued a revised version of IAS 19, which was published in the Official Journal of the EU on June 6, 2012. The amendments to IAS 19 become mandatory for financial years beginning on or after January 1, 2013.

The amendments to IAS 19 and their impact on ElringKlinger AG’s consolidated financial statements are summarized briefly below:

Going forward, new actuarial gains and losses must be recognized directly in equity when they occur. Since ElringKlinger AG already employed this method in the past, the new amendment will not have any effect. Past service costs must be recognized in full in the income statement in the year in which they are incurred. This amendment would not result in any impact on the consolidated financial statements. The extent to which these amendments will have an impact in 2013 depends on future changes to plan assets. Furthermore, the net interest approach was introduced, and expected return on plan assets was eliminated. The introduction of the net interest approach will affect the Group’s net interest income. In addition, new disclosure requirements were introduced. The notes must provide users with a clear presentation of the risks for pension plans and the impacts on the entity's cash flows.

In addition, the definition of termination benefits was revised. Under the amended definition, benefit increases for partial retirement plans are no longer classified as termination benefits but rather as other long-term employee benefits. Thus, in the future the expense must no longer be recognized in full, but instead is allocated over a period of time. The change in the accounting for benefit increases will result in a decrease in the ElringKlinger Group's provisions. Due to the brief period since the publication of the GASB's final application guidance, it was not possible to conclusively calculate the quantitative impacts of these changes on these financial statements prior to their publication.

IAS 27 Separate financial statements

IAS 27 was amended to "Separate financial statements" and now applies only to individual financial statements. The provisions regarding the definition of control previously contained in IAS 27 are now contained in IFRS 10 "Consolidated financial statements." As per the IASB, the revised version of IAS 27 becomes mandatory for financial years beginning on or after January 1, 2014.

IAS 28 Investments in associates and joint ventures

IAS 28 "Investments in associates and joint ventures" replaces the previous version "Investments in associates." The adoption of IFRS 11 and IFRS 12 expanded the scope of IAS 28 to include, in addition to associates, the users of the equity method in joint ventures. As per the IASB, IAS 28 becomes mandatory for financial years beginning on or after January 1, 2014.

IAS 1 Presentation of financial statements

IAS 1 has led to a change in how items are grouped in other comprehensive income. Thus, the items that could later be reclassified into the net income must be recorded separately from the items that are not reclassified. This provides the readers of the financial statements with an improved understanding of the effects of the individual items of the other comprehensive income on future net income. This amendment will result in a change in presentation for all companies. The application of this Standard is mandatory for financial years beginning on or after July 1, 2012.

IFRIC 20 Stripping costs in the production phase of a surface mine

IFRIC 20 governs the treatment of the costs that are incurred from the removal of overburden during the stripping operations of a surface mine. This Standard is mandatory for financial years beginning on or after January 1, 2013.

IAS 32 Financial instruments: Offsetting financial assets and financial liabilities and IFRS 7 disclosures

The amendments to IFRS 7 and IAS 32 were issued in December 2011 and become mandatory for the first time for in the financial year beginning on or after January 1, 2013 and January 1, 2014, respectively. The amendments are intended to address existing inconsistencies by providing supplemental guidance. However, the current underlying provisions for offsetting assets and financial liabilities will remain in force. The amendment also defines supplementary disclosures. The amendments will not affect the accounting policies applied by the Group, but will lead to additional disclosures. The Standard has yet to be endorsed by the EU.

IFRS 7 and IFRS 9 Mandatory effective date and transition disclosures

The IASB has published the amendment “Mandatory effective date and transition disclosures”, which changes the effective date of IFRS 9 for financial years beginning on or after January 1, 2015. The requirements simplifying comparative figures and the associated disclosures in IFRS 7 were also amended. The amendment “Mandatory effective date and transition disclosures” for IFRS 9 and IFRS 7 applies to financial years beginning on or after January 1, 2015 – the EU has yet to endorse the amendment.

Improvements to International Financial Reporting Standards

As part of its process of making minor improvements to Standards and Interpretations, the IASB has published another amendment Standard. The following Standards are affected: IFRS 1 First-time adoption of IFRSs, IAS 1 Presentation of financial statements, IAS 16 Property, plant and equipment, IAS 32 Financial instruments: Presentation, and IAS 34 Interim financial reporting. The amendments are mandatory for financial years beginning on or after January 1, 2013 – the EU has yet to endorse the amendments.

Scope of consolidated financial statements

The consolidated financial statements of ElringKlinger AG as of December 31, 2012, include the annual financial statements of six (2011: 7) domestic and 25 (2011: 26) foreign subsidiaries in which ElringKlinger AG holds, either directly or indirectly, more than 50% of the shares or is able to control the entity’s financial and business policy for other reasons (control relationship). Inclusion begins at the time the control relationship exists and ends when control is deemed to no longer exist. With effect from January 1, 2012, Hummel-Formen Kunststofftechnik GmbH was merged with Hummel-Formen GmbH. The name of Elring Gaskets (Pty) Ltd. was changed to ElringKlinger South Africa (Pty) Ltd. in 2012. Pursuant to the shareholder resolution dated October 11, 2012, Elring of North America, Inc. was liquidated and thus deconsolidated.

Two joint ventures – ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corporation, Tokyo, Japan – and their subsidiaries, were proportionately consolidated in accordance with IAS 31. PT. ElringKlinger Indonesia was formed in the second quarter of 2012, although it did not commence operations until the end of 2012. Under proportionate consolidation, all assets and liabilities, expenses and income of the joint venture are included in the consolidated financial statements in proportion to the shares held in the venture (50%).

The business activity of ElringKlinger Korea Co. Ltd. is the production and distribution of cylinder head gaskets, specialized gaskets and cam covers. ElringKlinger Marusan Corporation is engaged in the production and distribution of cam covers and cylinder head gaskets.

On the basis of the proportion held in joint ventures, the following amounts are attributable to the Group:

	2012 EUR k	2011 EUR k
Non-current assets	10,357	12,299
Current assets	20,982	27,466
Non-current assets held for sale	249	0
Non-current liabilities	1,372	1,457
Current liabilities	6,112	8,954
Income	35,176	33,157
Expenses	32,941	31,670

An overview of the 31 entities included and the five joint ventures is provided on the following page.

Schedule of Shareholdings and Scope of Consolidation

as of December 31, 2012

Name of company	Domicile	Capital share in %
Parent company		
ElringKlinger AG[1]	Dettingen/Erms	
Shares in affiliated companies (fully consolidated in the consolidated financial statements)		
Domestic		
Gedächtnisstiftung KARL MÜLLER BELEGSCHAFTSHILFE GmbH	Dettingen/Erms	100.00
Elring Klinger Motortechnik GmbH	Idstein	92.86
ElringKlinger Logistic Service GmbH	Rottenburg/Neckar	96.00
ElringKlinger Kunststofftechnik GmbH	Bietigheim-Bissingen	74.50
Hug Engineering GmbH[2]	Magdeburg	68.67
Hummel-Formen GmbH	Lenningen	100.00
Foreign		
ElringKlinger Abschirmtechnik (Schweiz) AG	Sevelen (Switzerland)	100.00
Hug Engineering AG	Elsau (Switzerland)	68.67
Elring Klinger (Great Britain) Ltd.	Redcar (United Kingdom)	100.00
ElringKlinger Italia Srl	Settimo Torinese (Italy)	100.00
Hug Engineering S.p.A.[2]	Milan (Italy)	68.67
Technik-Park Heliport Kft.	Kecskemét-Kádafalva (Hungary)	100.00
Elring Parts Ltd.	Gateshead (United Kingdom)	90.00
Elring Klinger, S.A.U.	Reus (Spain)	100.00
ElringKlinger TR Otomotiv Sanayi ve Ticaret A.Ş.	Bursa (Turkey)	100.00
ElringKlinger Meillor SAS	Nantiat (France)	100.00
Codinox Beheer B.V.[2]	Enschede (Netherlands)	6.87
HURO Supermold S.R.L.[3]	Timisoara (Rumania)	100.00
HURO Invest S.R.L.[3]	Timisoara (Rumania)	100.00
ElringKlinger Canada, Inc.	Leamington (Canada)	100.00
ElringKlinger North America, Inc.	Plymouth, Michigan (USA)	100.00
ElringKlinger USA, Inc.	Buford (USA)	100.00
Hug Engineering Inc.[2]	Austin (USA)	68.67
Elring Klinger México, S.A. de C.V.	Toluca (Mexico)	100.00
EKASER, S.A. de C.V.	Toluca (Mexico)	100.00
Elring Klinger do Brasil Ltda.	Piracicaba (Brazil)	100.00
ElringKlinger South Africa (Pty) Ltd.	Johannesburg (South Africa)	51.00
ElringKlinger Automotive Components (India) Pvt. Ltd.	Ranjangaon (India)	100.00
Changchun ElringKlinger Ltd.	Changchun (China)	88.00
ElringKlinger China, Ltd.	Suzhou (China)	100.00
ElringKlinger Engineered Plastics (Qingdao) Commercial Co., Ltd.[4]	Qingdao (China)	74.50
Shares in joint ventures (included in the financial statements using proportionate consolidation)		
Foreign		
ElringKlinger Korea Co., Ltd.	Changwon (South Korea)	50.00
ElringKlinger Marusan Corporation	Tokyo (Japan)	50.00
Taiyo Jushi Kakoh Co., Ltd.[5]	Tokyo (Japan)	50.00
Marusan Kogyo Co., Ltd.[5]	Tokyo (Japan)	23.45
PT. ElringKlinger Indonesia[5]	Karawang (Indonesia)	50.00

[1] ElringKlinger AG prepares the consolidated financial statements for the largest and smallest group of consolidated subsidiaries
[2] Subsidiary of HUG Engineering AG
[3] Subsidiary of Hummel-Formen GmbH
[4] Subsidiary of ElringKlinger Kunststofftechnik GmbH
[5] Subsidiary of ElringKlinger Marusan Corporation

Acquisitions of companies

ThaWa und AGD

With effect from January 1, 2012, ElringKlinger AG acquired the metal housings manufacturer ThaWa GmbH Thaler Warenautomaten, Thale, Germany, and the AGD Group Entwicklungs- und Vertriebs GmbH, Gütersloh. By acquiring the company, ElringKlinger strengthened its activities in the field of exhaust gas purification technology. ThaWa operates primarily as a supplier and production partner to Hug Engineering AG, a Swiss exhaust treatment specialist acquired by ElringKlinger in May 2011. Both companies were merged with ElringKlinger AG with retroactive effect from January 1, 2012. The negotiated purchase price for the acquisition was EUR 1,449 k, of which EUR 993 k was allocated to ThaWa GmbH Thaler Warenautomaten and EUR 456 k to AGD Group Entwicklungs- und Vetriebs GmbH. The incidental costs of acquiring the company amounted to EUR 10 k and were recognized in administrative costs (EUR 7 k allocated to ThaWa GmbH Thaler Warenautomaten, EUR 3 k to AGD Group Entwicklungs- und Vetriebs GmbH).

The acquisition of the two entities contributed EUR 3,389 k to the revenue of the ElringKlinger Group in 2012 and reduced earnings before taxes by EUR -392 k.

As of the acquisition date, the acquisition had the following impact on the assets and liabilities of the Group:

	Fair value EUR k
Intangible assets	18
Property, plant and equipment	2,953
Inventories	526
Trade receivables	236
Current income tax benefits	10
Other assets	47
Cash	134
Provisions	-17
Financial liabilities	-782
Deferred tax liabilities	-417
Liabilities	-1,169
Net assets	**1,539**
Negative consolidation differences recognized in income	90
Purchase price	**1,449**

The EUR 90 k negative consolidation differences arising from the acquisition were reported as profit or loss in the income statement, under other operating income. ElringKlinger's negotiating advantage made it possible to keep the purchase price low.

No contingent liabilities were identified in the course of the acquisition. No allowances were recognized in respect of trade receivables.

Acquisition of non-controlling interests

With effect from January 1, 2012, ElringKlinger AG acquired the 2% interest previously held by non-controlling interests in the subsidiary Hug Engineering AG, with its registered office in Elsau, Switzerland. The EUR 329 k purchase price was recognized directly in equity. ElringKlinger AG now holds a 68.67% interest in the company.

With effect from August 1, 2012, Hummel-Formen GmbH acquired the 15% interest previously held by non-controlling interests in the subsidiary HURO Supermold S.R.L, with its registered office in Timisoara, Romania. The EUR 75 k purchase price was recognized directly in equity. Hummel-Formen GmbH now holds a 100% interest in the company.

With effect from July 11, 2012, Hug Engineering AG acquired the 49.87% interest previously held by non-controlling interests in the subsidiary Hug Engineering S.p.A, with its registered office in Milan, Italy. The EUR 300 k purchase price was recognized directly in equity. Hug Engineering AG now holds a 100% interest in the company.

Pursuant to notarized agreement dated November 27, 2012, ElringKlinger AG acquired the remaining non-controlling interests (10%) in Hummel-Formen GmbH, Lenningen, and is thus now the sole shareholder. ElringKlinger acquired legal ownership of 90% of the shares in 2011; from an economic perspective, 100% of the shares were attributable to ElringKlinger AG at the date of acquisition, based on the contractual arrangement (option). A liability for the acquisition of the remaining non-controlling shares was recognized in 2011; this liability was settled upon the acquisition of the remaining 10% interest in 2012. ElringKlinger AG was able to offset EUR 500 k in prepayments to acquire two of the four potential patents originally acquired from Hummel-Formen GmbH against the purchase price payment for the remaining non-controlling shares because the activities associated with filing these two patents were abandoned. In addition, the EUR 600 k liability recognized in the previous year was derecognized. The resulting gain of EUR 1,100 k was recorded under other operating income.

Summary of the principal accounting and measurement methods

The consolidated financial statements were prepared on the basis of historical acquisition and manufacturing costs with the exception of assets and liabilities for which measurement at fair value is mandatory in accordance with IFRS.

The fundamental accounting and measurement methods applied in preparing the consolidated financial statements are described below:

Consolidation methods

Assets and liabilities of the domestic and foreign companies included in the consolidated financial statements are recognized and measured according to the accounting policies that apply uniformly across the ElringKlinger Group.

Upon acquisition of a company, the assets and liabilities of the subsidiaries acquired are measured at their fair value at the time of acquisition. If the purchase price of the interest exceeds the identified assets and liabilities to be measured at fair value, the excess is capitalized as goodwill. If the difference is negative, the identifiable assets and liabilities are remeasured, as are the acquisition costs. Any remaining negative difference is recorded in income.

Under the subsequent consolidation in accordance with the corresponding assets and liabilities, realized hidden reserves and built-in losses are adjusted, written off or released. Capitalized goodwill is not amortized, but is subject to annual impairment testing in accordance with IFRS 3.

If additional shares of an already fully consolidated subsidiary are acquired, the difference between the purchase price and carrying amount of non-controlling interests is recognized in equity.

The minority interest held by shareholders outside the Group must be shown as a separate line item under group equity.

Results for subsidiaries acquired or sold in the course of the year are included in the group income statement from the effective time of acquisition or until the effective time of divestment.

The financial year of all companies included, except for that of the Indian subsidiary, corresponds to the financial year of the parent company. In case of differing reporting dates, interim financial statements are prepared as of the reporting date of the parent company.

All receivables, liabilities, sales revenues, other income and expenses within the scope of consolidation are eliminated. Accumulated results from intergroup supplies of inventories are eliminated from inventories or non-current assets.

Currency translation

The reporting currency of the ElringKlinger Group is the euro.

Foreign currency transactions are translated in the individual financial statements of ElringKlinger AG and its consolidated companies at the rates current as of the transaction date. As of the end of the reporting period, assets and liabilities in foreign currency are measured at the closing rate. Differences arising on translation are recorded in income.

Currency translation differences from monetary items that form part of a net investment in a foreign operation are reported under other comprehensive income.

The financial statements of the foreign companies are translated into euros since this is the functional currency of the parent company. Since subsidiaries and joint ventures operate their businesses independently in financial, economic and organizational respects, the functional currency is identical to the relevant national currency of the company. For reasons of simplification, the expenses and income from financial statements of entities included in the consolidated financial statements which were originally prepared in foreign currencies are translated at the average rate for the year. The average rate for the year is calculated on the basis of daily rates. Assets and liabilities are translated at the closing rate. Currency differences are reported as separate items in equity with no effect on net income.
In the event of a disposal of a consolidated entity, accumulated currency differences are recorded as part of the sales profit or loss.

The rates used for currency translation are shown in the table below:

Currency	Abbr.	Closing rate Dec. 31, 2012	Closing rate Dec. 31, 2011	Average rate 2012	Average rate 2011
US dollar (USA)	USD	1.31940	1.29320	1.29284	1.39887
Pound (United Kingdom)	GBP	0.81610	0.83670	0.81163	0.87124
Franc (Switzerland)	CHF	1.20720	1.21650	1.20428	1.23198
Canadian dollar (Canada)	CAD	1.31370	1.31920	1.29058	1.38082
Real (Brazil)	BRL	2.70360	2.41370	2.53343	2.33703
Peso (Mexico)	MXN	17.18450	18.07250	16.94385	17.43407
RMB (China)	CNY	8.22070	8.14350	8.14721	9.02397
WON (South Korea)	KRW	1,406.23000	1,499.59000	1,447.12500	1,542.59167
Rand (South Africa)	ZAR	11.17270	10.47630	10.57579	10.15627
Yen (Japan)	JPY	113.61000	100.07000	103.49667	111.32833
Forint (Hungary)	HUF	292.30000	312.82000	288.18167	280.84250
Turkish lira	TRY	2.35510	2.44600	2.31404	2.35696
Leu (Romania)	RON	4.44450	4.33090	4.45736	4.23938
Indian rupee	INR	72.56000	68.58550	69.00309	65.47647
Indonesian rupiah	IDR	12,713.97000	11,730.60000	12,123.76333	12,244.57500

Adjustment of prior-year figures

The “Change in current financial liabilities”, “Additions to non-current financial liabilities” and “Repayment of non-current financial liabilities” items reported in the statement of cash flows previous year were adjusted accordingly in these consolidated financial statements as “Proceeds from the addition of financial liabilities” and “Payments from the repayment of financial liabilities”.

Accounting policies

Goodwill

The goodwill is attributable to cash-generating units (segments) as follows:

	2012 EUR k	2011 EUR k
Original Equipment	99,291	98,841
Engineered Plastics	4,816	4,816
Aftermarket	1,658	1,658
Total	**105,765**	**105,315**

Goodwill is capitalized and subjected to impairment testing on an annual basis. If the value is no longer recoverable, impairment is recorded. Otherwise, the valuation of the prior year is retained. Impairment of goodwill is not reversed, even if the impairment has ceased to apply.

ElringKlinger conducts an impairment test of goodwill at least once annually. Regular annual impairment testing of goodwill is performed as of the closing date on December 31. During impairment tests, the recoverable amount of the cash-generating unit is compared to its carrying amount. The value in use that is applied is the recoverable amount.

The values in use of the cash generating units are determined by discounting future cash flows. This calculation is based on the following key assumptions:

A detailed plan of the cash flows for the cash generating units is established over the forecast period of five years. Subsequent periods are accounted for by a perpetual annuity determined on the basis of the average for the years 2013 to 2017.

The plan is based on expected future market developments taking into consideration the business development thus far. The material assumptions relate to the development of revenue and earnings after taxes.

The discount factor applied as of December 31, 2012 was the weighted average cost of capital (WACC) before taxes of 9.54% (2011: 10.58%). The WACC is determined on the basis of the basic interest rate for risk-free bonds (15-year industrial bonds), the market risk premium and the beta factor. Beta represents the individual risk of a share as compared to a market index. It is calculated as the average value for the peer group. The credit spread as a premium over the risk-free rate was derived from a rating of a peer group.

As in the previous year, the discount rate was used without applying a growth discount to determine the terminal value.

The impairment test performed as of December 31, 2012 did not result in the impairment of goodwill.

Goodwill from business combinations prior to April 1, 2004 is mainly capitalized and otherwise offset against reserves. Upon divestment of a consolidated company, any goodwill related to it is included in calculating the deconsolidation result. The goodwill that was offset against reserves, however, is not considered in determining the profit or loss made on the divestment.

Intangible assets

Purchased intangible assets, mainly patents, licenses and software, are recognized at cost.

Internally generated intangible assets, with the exception of goodwill, are capitalized if it is sufficiently probable that use of the asset is associated with a future economic benefit, the costs of the asset can be determined reliably, and the technical and economic feasibility along with the ability and intent to market it are ensured. The manufacturing costs of internally generated intangible assets are determined on the basis of directly attributable individual costs as well as their proportion of directly attributable overheads.

With the exception of goodwill, all intangible assets in the Group have determinable useful lives and are amortized over these useful lives using the straight-line method. Patents, licenses and software generally have useful lives of 10 years. Capitalized development costs and basic standard software have useful lives of 5 years. If the actual useful life is materially longer or shorter than 10 or 5 years, this actual useful life is recognized.

Property, plant and equipment

Tangible assets used in business operations for a period longer than one year are measured as property, plant and equipment at cost less scheduled straight-line depreciation in accordance with their use as well as any necessary impairment. The manufacturing cost of self-constructed property, plant and equipment is determined on the basis of directly attributable individual costs and their proportion of overhead cost. The allowable alternative of revaluation is not applied.

Depreciation is calculated throughout the Group based on the following useful lives:

Category of property, plant and equipment	Years
Buildings	15 to 40
Plant and machinery	12 to 15
Special tooling	3
Operating and office equipment	5 to 15

The useful lives and the depreciation methods and residual carrying amounts are reviewed periodically in order to ensure that the depreciation method and period are consistent with the expected useful lives.

Investment property

Investment property is measured at cost less straight-line depreciation. It is reported separately under non-current assets.

The useful lives of investment property are 40 years in the case of buildings and 20 years in the case of external facilities.

Impairment of property, plant and equipment and of intangible assets other than goodwill

Pursuant to IAS 36, property, plant and equipment and intangible assets are subjected to impairment testing at the end of each reporting period if evidence of impairment exists. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized against the recoverable amount. The recoverable amount is the larger of the following two amounts: Net realizable value less anticipated costs to sell or the value in use. If the recoverable amount for an individual asset cannot be determined, an estimate of the recoverable amount is made at the next higher level cash generating unit.

In the event that the recoverable amount exceeds the carrying amount in subsequent periods, a reversal is recognized up to, at most, depreciated cost.

Impairments and reversals are recorded in income.

Financial instruments

Under IAS 39, a financial instrument is a contract that constitutes a financial asset for one entity and a financial liability for another entity, or an equity instrument.

Original financial instruments

Financial instruments held within the Group are divided into the following categories:

- Financial assets measured at fair value through profit or loss
- Financial liabilities measured at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets
- Financial investments held to maturity
- Other financial liabilities that are measured by the effective interest rate method at amortized cost.

At their acquisition date, financial instruments are categorized on the basis of their intended use.

Financial assets include cash, trade receivables and other loans and receivables and derivative financial assets held for trading.

Financial liabilities include trade payables, bank debt, derivative financial liabilities held for trading and other financial liabilities.

Financial assets

Derivatives are recorded in the statement of financial position on the day of the trade and all usual purchases and sales of financial assets are recorded in the statement of financial position on the exercise date, i.e., on the day that the Group has entered the obligation to purchase or to sell an asset.

Upon initial recognition, financial assets are measured at fair value. In the case of all financial investments that are not classified as "measured at fair value through profit or loss", transaction costs directly attributable to the purchase are included.

Financial assets that are not classified as "fair value through profit or loss" are reviewed for impairment at the end of each reporting period. If the fair value of the financial asset is lower than its carrying amount, the carrying amount is written down to its fair value. This reduction represents an impairment loss and is recognized as an expense. Any impairment previously recognized as an expense is reversed and credited to the income statement if warranted by events occurring after the original recognition of the impairment.

Changes to the fair value of financial assets classified as available for sale are recognized in equity after taking deferred taxes into account. Any arising foreign exchange gains or losses are recognized through profit or loss.

The fair values recognized in the statement of financial position generally correspond to the market prices of the financial instruments. If market prices are not available, the fair values are calculated using recognized measurement models and with recourse to current market parameters. The measurement methods include using the most recent transactions between knowledgeable, willing and independent business partners (i.e., at arm's length), comparison with a current fair value of another, substantially identical, financial instrument and the analysis of discounted cash flows.

A financial asset is derecognized if the contractual rights to receive cash flows from this financial asset have expired or have been transferred. In the framework of the transfer, all significant risks and rewards connected with ownership of the financial asset or the power of control over the asset must be transferred.

Financial assets acquired for the purpose of sale in the near future (financial instruments held for trading) are **recognized at their fair value through profit or loss**. Within the ElringKlinger Group, these are derivatives which do not meet the prerequisites for hedge accounting.

Financial assets resulting from money transfer, the rendering of services or the procurement of merchandise involving third parties are classified as **loans and receivables**. Current assets and liabilities classified in this category are measured at acquisition cost, whereas the non-current financial assets and liabilities are measured at amortized cost in accordance with the effective interest method.

Cash includes cash in hand, bank deposits and short-term deposits with an original term of less than three months. This item is measured at amortized cost.

Impairments on doubtful receivables involve to a considerable extent estimates and judgments of the individual receivables based on the creditworthiness of the customer concerned. Within the ElringKlinger Group, an allowance for trade receivables is recognized for individual risks identified. Impairments of trade receivables are initially recognized in an adjustments account. The impaired receivable is retired when it is considered unrecoverable.

Financial instruments are recorded in the category **"financial investments held to maturity"** when the Group has the intent and the legal ability to hold them until maturity.

The **assets categorized as available for sale** relate to securities which are measured at fair value

Financial liabilities

Financial liabilities comprise, in particular, trade payables, bank debt, derivative financial liabilities and other liabilities.

Upon initial recognition, financial liabilities are measured according to fair value less any transaction costs directly attributable to borrowing.

Financial liabilities are retired when the liability on which the obligation is based is settled, terminated or has expired.

At ElringKlinger, **financial liabilities measured at amortized cost** include trade payables and interest-bearing loans. They are measured at amortized cost using the effective interest method. Gains or losses are recognized in the income statement when the liability is retired or has been redeemed.

Financial liabilities measured at fair value through profit or loss comprise the financial liabilities held for trading purposes, in this case, derivatives, including any embedded derivatives that have been separated from the host contract, if applicable, since these do not qualify for hedge accounting as a hedging instrument. Gains or losses are recognized in the income statement.

Derivative financial instruments and treatment of hedges

Under IAS 39, all derivative financial instruments such as currency, price and interest swaps as well as forward exchange transactions, must be recognized at market values, independent of the purpose or the intent of the agreement under which they were concluded. Since no hedge accounting is applied in the ElringKlinger Group, the changes in the fair value of the derivative financial instruments are always recognized in profit or loss.

Derivative financial instruments used in the ElringKlinger Group are forward exchange, interest and price hedge transactions. The purpose of derivative financial instruments is to reduce the negative effects of currency, interest and price risks on the assets, liabilities, financial position and profit or loss of the Group. There were two financial derivatives (interest rate swaps) and four nickel hedging contracts as of the end of the reporting period.

Inventories

Inventories are recognized at cost or the lower net realizable value. Raw materials, supplies and consumables as well as merchandise are measured at the average adjusted cost. Manufacturing cost of work in progress and finished goods are determined on the basis of directly attributable individual costs and their proportion of production overheads. The proportion of overhead cost attributable to these products is determined on the basis of normal staffing levels. Manufacturing cost does not include distribution cost and borrowing cost. General administrative overheads are included in manufacturing cost if related to production. Net realizable value represents the estimated sales price less all estimated costs through completion as well as the cost of marketing, sale and distribution. Markdowns are made for detectable impairment due to lack of marketability and quality defects, and to account for declining sales prices.

In the majority of cases, the customers acquire beneficial ownership of tools. The tools are recognized under inventories until the transfer of beneficial ownership.

Cash

Cash includes cash in hand, checks and bank deposits available on demand. No cash equivalents are held. Cash is recognized at amortized cost.

Non-current assets held for sale

Non-current assets classified as held for sale are carried at the lower of their carrying amount and fair value less costs to sell.

Provisions for pensions

Provisions for pensions are calculated on the basis of the projected unit credit method in accordance with IAS 19. Measurement takes into account not only to the pensions and vested benefits known at the end of the reporting period, but also expected future increases in pensions and salaries with a prudent estimate of the relevant variables and biometric assumptions.

Actuarial gains and losses resulting from the difference between the expected and actual accounting changes in headcount, as well as differences arising changes to accounting assumptions, are recognized in full in the period in which they occur. Recognition of these actuarial gains and losses is not on the income statement but rather under comprehensive income or loss on the statement of group equity.

In determining the discount interest rates, the Company is guided by the interest rates observed in capital markets for corporate bonds with first class credit ratings (AA rating or better) which are denominated in the same currency and have similar terms.

Provisions

Provisions are recorded when a past event gives rise to a present obligation to a third party, utilization of the obligation is probable and the anticipated amount of the obligation can be estimated reliably.

The measurement of these provisions is at the present best estimate of the expenses necessary to fulfill the obligation. If appropriate, the amount of the provision corresponds to the present value of the expenditures expected to be necessary to meet the obligations. Refund claims are capitalized separately, if applicable.

Leases

In lease relationships in which the Group is the lessee, beneficial ownership of the leased items is attributed to the lessee in accordance with IAS 17 to the extent that the lessee bears all risks and rewards associated with ownership of the leased item (finance leases). The depreciation methods and useful lives correspond to those of comparable purchased assets. The leased object is capitalized at the time the contract is concluded at its fair value or, if lower, at the present net value of the future minimum lease payments. Initial direct costs are accounted for as part of the asset. The lease obligations which correspond to the carrying amount of the leased object are shown under financial liabilities.

If beneficial ownership under a lease rests with the lessor (operating leases), the lessor recognizes the leased object on its statement of financial position. The lease expenditures incurred are then recorded as expenses over the term of the lease using the straight-line method.

Recognition of income and expense

Sales revenues are measured at the fair value of the consideration received or to be received and represent the amounts that are to be obtained for goods and services in the normal course of business. The revenues are shown net of sales deductions, discounts and value added taxes.

Sales revenues are recorded when the performances due have been rendered and the principal risks and rewards have passed to the purchaser and receipt of the payment can be reliably expected.

Interest income is recognized on an accrual basis, taking into account the outstanding loan amount and the applicable interest rate. The applicable interest rate is specified in the loan agreement and discounts the estimated future inflows of funds over the term of the financial asset to the net carrying amount.

Income from services is recognized as soon as the services are rendered.

Dividend income from financial investments is recorded at the time the payment claim arises.

Other income is recognized on an accrual basis in accordance with the substance of the underlying contract.

Operating expenses are recorded in the income statement on the basis of a direct relationship between costs incurred and the corresponding income at the time of performance or at the time of origination.

Research and development costs

Research costs are expensed at the time they are incurred. Development costs are also recognized at the time they are incurred unless they meet the criteria for capitalization as internally generated intangible assets under IAS 38.57.

- It must be possible to reliably determine development costs.
- Technical and economic feasibility have been achieved, as well as commercial viability.
- There must be sufficient probability that development activities will provide a future economic benefit to the company.

Capitalized costs are included under intangible assets. Other development costs are recognized as an expense when incurred.

Government grants

The Group receives government grants primarily for development projects. These are recorded in income in the period when they are received and reported as other operating income, since the expenses have already been incurred.

Borrowing costs

Borrowing costs directly associated with the acquisition, construction, or production of qualifying assets are added to the production costs of these assets until the period in which the assets are largely available for their intended use or for their sale. Interest not capitalized pursuant to IAS 23 is recognized on an accrual basis as expense or income using the effective interest method. The actual borrowing costs are capitalized if a financing loan can be definitively assigned to a specific investment. Unless a direct relationship can be established, the Group's average interest rate for borrowed capital for the current period is used. The Group's average interest rate for borrowed capital for the 2012 financial year amounted to 3.6% (2011: 4.25%).

Income taxes and deferred taxes

The income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax expense is determined on the basis of the taxable income for the relevant year. Taxable income differs from net income for the year as shown in the income statement, since it excludes expenses and income which will be tax deductible in earlier or later years or those which will never become taxable or tax deductible. The liability of the Group for current tax expense is calculated on the basis of applicable tax rates or tax rates established by law as of the end of the reporting period.

Deferred taxes are the expected tax charges and benefits from the differences in the carrying amounts of assets and debts in the tax base of the individual companies compared with the valuations in the consolidated financial statements under IFRS. The balance sheet liability method is applied. Such assets and liabilities are not recognized if the temporary difference is the result of (i) goodwill arising from a purchase of interests (a share deal) or (ii) from the first-time recognition of other assets and debts resulting from occurrences that do not affect the taxable income or the net income for the year. Deferred taxes are recorded on all taxable temporary differences when it is probable that taxable profits will be available against which the deductible temporary differences can be offset. Otherwise, deferred tax assets are recognized on loss carryforwards to the extent that their future use may be anticipated.

The carrying amount of the deferred tax assets is examined each year as at the end of the reporting period and is reduced if it is no longer likely that sufficient taxable income will be available.

Deferred taxes are measured at the future tax rates, i.e., those that are expected to apply at the time of realization.

Changes in deferred tax assets are recognized in the income statement as tax income or expense unless they relate directly to items recognized under equity with no effect on income; in that case, deferred taxes are also reported under equity with no effect on income.

Contingent liabilities and contingent assets

No contingent liabilities are recognized. Unless the possibility of an outflow of resources with economic benefit is remote, they are disclosed in the notes. Contingent assets are not recognized in the financial statements. If the inflow of economic benefits is probable, they are disclosed in the notes.

Use of estimates

Financial statements are prepared in accordance with the pronouncements of the IASB using estimates which influence valuations of items on the statement of financial position, the nature and the scope of contingent debts and contingent receivables as of the end of the reporting period and the amounts of income and expenses in the reporting period. At ElringKlinger, the assumptions and estimates relate mainly to the specification of useful lives, the recoverability of receivables, the recoverability of inventories, the recognition and measurement or provisions, the measurement of goodwill and the realization of future tax benefits. Actual results may deviate from these estimates. Changes are recognized through profit or loss at the time better insights are available.

Warranty obligations may arise by force of law, by contract or for policy reasons. Provisions are recognized for the expected claims arising from warranty obligations. A claim may be expected especially if the warranty period has not yet expired, if warranty expenses have been incurred in the past, or if there is concrete evidence of warranty incidents are imminent. The warranty risk is determined on the basis of the circumstances from individual estimates or from past experience, and appropriate provisions are recognized.

The use of estimates for other items in the group statement of financial position and the group income statement are described in the accounting principles for the respective items. This affects in particular to the matters: Impairments of goodwill, impairments of property, plant and equipment, impairment of receivables and the valuation of pension provisions.

Risks and uncertainties

A sudden and severe slump in vehicle and engine production in one or several of the Group's key sales regions could result in a significant decrease in, or cancellations of, customer orders. This would lead to a significant drop in capacity utilization in the short term, which in turn would result in lower gross margins and a corresponding decrease in the operating margin. The Company would need time to react to a sudden and severe sector downturn to adapt its cost structures and capacities, which could trigger a noticeable decrease in profitability, particularly in the short term.

According to current assessments of the market situation, the risks for 2013 stem from the persistently weak development of automotive sales in southern and western Europe.

If the sovereign debt crisis were to flare up again, this would have a negative effect on consumer behavior. There would be the risk that automotive sales would continue to decrease significantly, particularly in the peripheral European states suffering from high unemployment.

However, although it is not currently possible to rule out a further mid-single-digit percentage decline in demand for vehicles in western Europe, growth in Asia and North America should be able to compensate for this at the global level.

All in all, a complete collapse in global vehicle production is rather unlikely in 2013, despite the extremely weak condition of the European automotive market. At present, there is no crisis looming that would compare to the 2008/2009 crisis.

Provisions are recognized for risks arising from litigation if an entity of the ElringKlinger Group is the defendant and the weight of evidence supports a negative outcome. The provision is recognized in the amount that the entity will probably lose in the case of a negative outcome. This amount includes any payments to be made by the entity such as compensation or severance pay and the expected costs of the lawsuit. In litigation in which the entity itself is the plaintiff, provisions are set up for the cost of the lawsuit only.

Individual disclosures on the Group Income Statement

Sales revenues

1

Sales revenues increased by EUR 94,362 k in comparison with 2011 to reach EUR 1,127,182 k. Sales revenues of the Group are made up as follows:

	2012 EUR k	2011 EUR k
Sale of goods	1,115,693	1,020,613
Proceeds from the rendering of services	7,254	5,586
Income from rental and leasehold	4,235	6,621
Total	**1,127,182**	**1,032,820**

Breakdown by geographical markets:

	2012 EUR k	2011 EUR k
Domestic	338,882	319,298
Foreign	788,300	713,522
Total	**1,127,182**	**1,032,820**

Cost of sales

2

The cost of sales shows the costs incurred to obtain the sales revenues. Cost of sales includes:

	2012 EUR k	2011 EUR k
Cost of materials	506,118	423,655
Personnel expenses	191,787	173,011
Depreciation and amortization	58,463	74,422
Other expenses	58,410	73,078
Total	**814,778**	**744,166**

3 Selling expenses

Selling expenses increased by EUR 10,606 k compared to 2011 to reach EUR 78,046 k. Selling expenses mainly include personnel expenses, material and marketing costs, as well as amortization and depreciation related to sales activities.

4 General and administrative expenses

General and administrative expenses include personnel expenses and material costs as well as the amortization and depreciation related to the administrative area. General and administrative expenses rose by EUR 2,410 k compared to 2011 to reach EUR 45,775 k.

5 Research and development costs

Research and development costs include the personnel expenses, depreciation and amortization attributable to these activities, as well as the cost of experimental materials and tools, unless these development costs are required to be capitalized under the conditions set forth in IAS 38.57. Development costs in the amount of EUR 8,394 k were capitalized in the 2012 financial year. Amortization of capitalized development costs included in this line item of the income statement amounted to EUR 5,624 k in 2012.

6 Other operating income

	2012 EUR k	2011 EUR k
Government grants	4,019	4,069
Income from disposals of non-current assets	3,663	23,811
Reimbursements from third parties	1,614	2,018
Reversal of provisions/deferred liabilities	901	2,149
Allowances for receivables	871	95
Insurance reimbursements	720	238
License fees	125	233
Income from the disposal of machinery	68	5
Income from claims reimbursements	30	25
Other	3,389	2,094
Total	**15,400**	**34,737**

Other operating income includes out-of-period income from the reversal of provisions and deferred income (EUR 901 k; 2011: EUR 2,149 k). The sale of the land and buildings of the Ludwigsburg industrial park led to other operating income of EUR 22,673 k in the previous year.

Other operating expenses

7

	2012 EUR k	2011 EUR k
Other taxes (excl. income taxes)	1,287	972
Defaults on receivables	1,089	297
Losses on disposal of fixed assets	894	3,384
Recognition of provisions/deferred liabilities	763	1,381
Other fees	612	560
Allowances for receivables	495	779
Expenditures for claims	409	103
Selling costs for machinery	108	327
Impairment of property, plant and equipment and intangible assets	0	1,755
Other	2,159	1,992
Total	**7,816**	**11,550**

Net finance costs

8

	2012 EUR k	2011 EUR k
Finance income		
Income from currency differences	5,105	14,824
Interest income	1,240	984
Other	513	26
Finance income, total	**6,858**	**15,834**
Finance costs		
Expenses from currency differences	-8,467	-17,234
Interest expense	-13,441	-13,053
– thereof from derivative financial instruments	-132	-193
Other	-2	-35
Finance costs, total	**-21,910**	**-30,322**
Net finance costs	**-15,052**	**-14,488**

Of the interest expenses, EUR 3,905 k (2011: EUR 3,778 k) are related to interest portions of pension plans and the remainder to bank interest and interest expense from the reversal of discounts on long-term provisions. Borrowing costs for qualifying assets in the amount of EUR 452 k were capitalized in the reporting year (2011: EUR 813 k); this represents a corresponding improvement in the result.

9 Income tax expense

The income tax expense is composed as follows:

	2012 EUR k	2011 EUR k
Current tax expense	35,739	32,046
Deferred taxes	-1,330	6,994
Tax expense reported	**34,409**	**39,040**

The income tax expenses are corporation and municipal trade taxes including the solidarity surcharge of the domestic Group companies as well as comparable income taxes of the foreign Group companies.

The income tax rate calculated for the companies is 27.6% (2011: 27.5%). Foreign taxation is calculated at the rates applicable in the countries concerned and lies between 10.0% and 40.0% (2011: between 16.0% and 42.0%). The average foreign tax rate is 26.0% (2011: 26.7%).

Deferred taxes are calculated by applying the tax rates in force or expected to be in force in the different countries at the time of realization as the law presently stands.

The following table shows a reconciliation between the income tax expense that might theoretically be expected to arise for the Group under application of the current domestic rate of 27.6% (2011: 27.5%) and the income tax expense actually reported.

	2012 EUR k	2011 EUR k
Earnings before taxes	123,811	136,632
Expected tax rate	**27.6%**	**27.5%**
Expected tax expense	**34,160**	**37,606**
Change in the expected tax expense due to:		
– Lump-sum tax on dividend	302	317
– Permanent differences	1,224	1,881
– Difference in basis of assessment of local taxes	312	420
– Use or lapse of non-capitalized tax loss carryforwards	2,629	1,148
– Recognized capitalized tax loss carryforwards	-433	-4,027
– Prior-period taxes	441	-118
– Deviations due to changes in tax rate	-4,255	1,111
– Other effects	29	701
Actual tax expense	**34,409**	**39,040**
Actual tax rate	**27.8%**	**28.6%**

Retained earnings of EUR 21,951 k at German and non-German subsidiaries will be distributed to ElringKlinger AG in the coming years. The tax expense in relation to distributions in Germany amounted to EUR 286 k (2011: EUR 342 k) and was recorded as a deferred tax liability. Further retained earnings of German and non-German subsidiaries are intended to be permanently reinvested in those operations.

In financial year 2012, deferred tax assets on actuarial losses amounted to EUR 5,486 k (2011: EUR 1,473 k).

Deferred tax assets on tax loss carryforwards have been recognized in the amount of EUR 3,893 k. No deferred tax assets were recognized in respect of tax loss carryforwards amounting to EUR 2,629 k, since it was not expected that the deferred tax assets would be utilized in the foreseeable future. The tax loss carryforwards amounted to EUR 31,571 k, of which EUR 20,952 k will be realized within the next five years. Additional adjustments on deferred tax assets are not necessary.

Tax deferrals relate to the following line items:

	Deferred tax assets		Deferred tax liabilities	
Items of the statement of financial position	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
Intangible assets	69	63	6,688	6,353
Property, plant and equipment	1,427	932	35,379	27,228
Investment property	0	0	553	438
Financial assets	16	8	7	28
Other non-current assets	320	182	66	0
Inventories	2,304	2,163	994	1,466
Trade receivables	428	272	709	346
Other current assets	0	64	1,998	829
Cash and cash equivalents	0	0	0	0
Provisions for pensions	13,671	8,522	-856	0
Non-current provisions	1,156	1,165	0	37
Non-current financial liabilities	15	62	0	15
Other non-current liabilities	202	728	0	0
Current provisions	3,169	1,606	-71	35
Trade payables	198	33	4	11
Current financial liabilities	46	94	0	7
Other current liabilities	2,638	1,484	1,024	7,765
Deferred taxes associated with investments in subsidiaries	0	0	286	342
Tax loss carryforwards	3,893	3,613	0	0
Shown in the statement of financial position	**29,552**	**20,991**	**46,781**	**44,900**

10 Basic and diluted earnings per share

To obtain the basic earnings per share, the period profit attributable to the shareholders of the parent company is divided by the number of individual shares.

Diluted earnings per share correspond to basic earnings per share and are calculated as follows:

	2012	2011
Profit attributable to shareholders of ElringKlinger AG in EUR k	85,910	94,875
Average number of shares	63,359,990	63,359,990
Earnings per share in EUR	**1.36**	**1.50**

Individual disclosures on the Group Statement of Financial Position

Intangible assets

11

	Development costs (internally generated) EUR k	Goodwill (purchased) EUR k	Patents, licenses, software (purchased) EUR k	Intangible assets under construction (purchased) EUR k	Total EUR k
Cost Balance as of Jan. 1, 2012	**28,112**	**118,530**	**38,562**	**137**	**185,341**
Currency changes	44	452	-95	0	401
Change consolidated group	0	0	34	0	34
Additions	8,394	0	2,901	0	11,295
Reclassifications	0	0	135	-137	-2
Disposals	3,063	0	53	0	3,116
Balance as of Dec. 31, 2012	**33,487**	**118,982**	**41,484**	**0**	**193,953**
Depreciation and amortization Balance as of Jan. 1, 2012	**15,584**	**13,215**	**22,409**	**0**	**51,208**
Currency changes	30	2	-78	0	-46
Change consolidated group	0	0	18	0	18
Additions	5,624	0	4,257	0	9,881
Disposals	3,051	0	46	0	3,097
Balance as of Dec. 31, 2012	**18,187**	**13,217**	**26,560**	**0**	**57,964**
Net carrying amount as of Dec. 31, 2012	**15,300**	**105,765**	**14,924**	**0**	**135,989**
Cost Balance as of Jan. 1, 2011	**23,083**	**98,141**	**24,638**	**205**	**146,067**
Currency changes	150	1,797	621	0	2,568
Change consolidated group	17	18,818	11,599	0	30,434
Additions	6,725	0	2,038	134	8,897
Reclassifications	0	0	261	-202	59
Disposals	1,863	226	595	0	2,684
Balance as of Dec. 31, 2011	**28,112**	**118,530**	**38,562**	**137**	**185,341**
Depreciation and amortization Balance as of Jan. 1, 2011	**12,429**	**13,210**	**19,011**	**0**	**44,650**
Currency changes	109	5	160	0	274
Change consolidated group	3	0	297	0	300
Additions	4,906	0	3,482	0	8,388
Disposals	1,863	0	541	0	2,404
Balance as of Dec. 31, 2011	**15,584**	**13,215**	**22,409**	**0**	**51,208**
Net carrying amount as of Dec. 31, 2011	**12,528**	**105,315**	**16,153**	**137**	**134,133**

Purchase commitments to acquire intangible assets amounted to EUR 69 k as of December 31, 2012 (December 31, 2011: EUR 0 k).

All amortization of intangible assets is contained under the following line items in the income statement:

	2012 EUR k	2011 EUR k
Cost of sales	779	878
Selling expenses	1,291	950
General and administrative expenses	1,310	986
Research and development costs	6,144	5,540
Total	**9,524**	**8,354**

Property, plant and equipment

12

	Property and buildings EUR k	Plant and machinery EUR k	Other plant, office equipment EUR k	PPE under construction EUR k	Total
Cost Balance as of Jan. 1, 2012	**249,302**	**673,094**	**124,194**	**74,628**	**1,121,218**
Currency changes	-1,276	-2,921	-267	-1,209	-5,673
Change consolidated group	2,100	1,506	200	0	3,806
Additions	23,305	34,732	7,557	36,898	102,492
Reclassifications	22,504	37,013	3,058	-62,571	4
Disposals	3,970	6,672	2,531	474	13,647
Balance as of Dec. 31, 2012	**291,965**	**736,752**	**132,211**	**47,272**	**1,208,200**
Depreciation and amortization Balance as of Jan. 1, 2012	**55,922**	**435,991**	**91,760**	**0**	**583,673**
Currency changes	-360	-2,312	-207	0	-2,879
Change consolidated group	137	549	167	0	853
Additions	7,039	55,369	6,608	0	69,016
Disposals	1,560	3,664	2,239	0	7,463
Balance as of Dec. 31, 2012	**61,178**	**485,933**	**96,089**	**0**	**643,200**
Net carrying amount as of Dec. 31, 2012	230,787	250,819	36,122	47,272	565,000
Cost Balance as of Jan. 1, 2011	**196,381**	**576,118**	**113,492**	**62,511**	**948,502**
Currency changes	3,077	2,123	-13	-112	5,075
Change consolidated group	34,877	44,846	5,371	1,100	86,194
Additions	9,824	24,530	12,682	65,268	112,304
Reclassifications	11,226	39,160	1,238	-51,683	-59
Disposals	6,083	13,683	8,576	2,456	30,798
Balance as of Dec. 31, 2011	**249,302**	**673,094**	**124,194**	**74,628**	**1,121,218**
Depreciation and amortization Balance as of Jan. 1, 2011	**52,300**	**354,518**	**92,190**	**0**	**499,008**
Currency changes	655	1,501	46	0	2,202
Change consolidated group	174	15,599	2,403	0	18,176
Additions	5,590	74,859	5,241	0	85,690
Impairments	1,610	335	0	0	1,945
Reclassifications	61	-61	0	0	0
Disposals	4,468	10,760	8,120	0	23,348
Balance as of Dec. 31, 2011	**55,922**	**435,991**	**91,760**	**0**	**583,673**
Net carrying amount as of Dec. 31, 2011	193,380	237,103	32,434	74,628	537,545

Property, plant and equipment contains technical equipment capitalized by the Group as beneficial owner under finance lease arrangements in the amount of EUR 1,064 k (2011: EUR 813 k). In the financial year, amortization of leased assets amounted to EUR 154 k (2011: EUR 276 k).

In 2011, impairment charges on land and buildings and technical equipment amounted to EUR 1,945 k. No impairment losses were recognized during the current financial year.

Purchase commitments to acquire property, plant and equipment amounted to EUR 36,996 k as of December 31, 2012 (December 31, 2011: EUR 38,077 k).

13 Investment property

	Investment propety EUR k	Investment property under construction EUR k	Total EUR k
Cost Balance as of Jan. 1, 2012	**22,663**	**96**	**22,759**
Currency changes	883	7	890
Additions	0	110	110
Reclassifications	107	-109	-2
Disposals	1	0	1
Balance as of Dec. 31, 2012	**23,652**	**104**	**23,756**
Depreciation and amortization Balance as of Jan. 1, 2012	**9,688**	**0**	**9,688**
Currency changes	250	0	250
Additions	489	0	489
Balance as of Dec. 31, 2012	**10,427**	**0**	**10,427**
Net carrying amount as of Dec. 31, 2012	**13,225**	**104**	**13,329**
Cost Balance as of Jan. 1, 2011	**51,958**	**93**	**52,051**
Currency changes	-1,560	-11	-1,571
Additions	188	220	408
Disposals	27,923	206	28,129
Balance as of Dec. 31, 2011	**22,663**	**96**	**22,759**
Depreciation and amortization Balance as of Jan. 1, 2011	**25,957**	**0**	**25,957**
Currency changes	-415	0	-415
Additions	742	0	742
Disposals	16,596	0	16,596
Balance as of Dec. 31, 2011	**9,688**	**0**	**9,688**
Net carrying amount as of Dec. 31, 2011	**12,975**	**96**	**13,071**

Investment property includes the Idstein and Kecskemét-Kádafalva (Hungary) industrial parks. The fair value determined using the discounted cash flow method and general approximations is EUR 16,899 k (2011: EUR 15,427 k). Under the discounted cash flow method, the surplus of expected future rental payments (lease agreements) is discounted over the expected cash expenses to the valuation date. The capitalization factor applied was an interest rate of 9.92% (2011: 10.13%). Measurement of the fair values was not carried out by an independent expert.

All investment property is rented out under operating leases. The resulting rental income came to EUR 4,235 k (2011: EUR 6,621 k). Expenses directly connected with this financial investment amounted to EUR 4,251 k (2011: EUR 5,718 k). Material contractual commitments to acquire or maintain investment property did not exist as of the end of the reporting period.

Financial assets

14

	Non-current securities EUR k	Other financial assets EUR k	Total EUR k
Acquisition cost Balance as of Jan. 1, 2012	**1,524**	**1,122**	**2,646**
Currency changes	6	0	6
Additions	404	8	412
Disposals	402	1,005	1,407
Balance as of Dec. 31, 2012	**1,532**	**125**	**1,657**
Depreciation and amortization Balance as of Jan. 1, 2012	**25**	**0**	**25**
Currency changes	2	0	2
Revaluations	6	0	6
Disposals	1	0	1
Balance as of Dec. 31, 2012	**20**	**0**	**20**
Net carrying amount as of Dec. 31, 2012	**1,512**	**125**	**1,637**
Fair value Dec. 31, 2012	1,549	125	
Acquisition cost Balance as of Jan. 1, 2011	**1,511**	**38**	**1,549**
Currency changes	2	13	15
Change consolidated group	0	1,141	1,141
Additions	642	86	728
Disposals	631	156	787
Balance as of Dec. 31, 2011	**1,524**	**1,122**	**2,646**
Depreciation and amortization Balance as of Jan. 1, 2011	**2**	**0**	**2**
Impairments	25	0	25
Disposals	2	0	2
Balance as of Dec. 31, 2011	**25**	**0**	**25**
Net carrying amount as of Dec. 31, 2011	**1,499**	**1,122**	**2,621**
Fair value Dec. 31, 2011	1,540	1,122	

Of the long-term securities, EUR 1,512 k (2011: EUR 1,384 k) is pledged in full to secure pension claims.

15 Non-current income tax assets and other non-current assets

Non-current income tax assets contain mainly the corporate tax credit of ElringKlinger AG capitalized at present value in the amount of EUR 2,688 k (2011: EUR 3,355 k). The corporation tax credit will be disbursed to ElringKlinger AG in ten equal annual installments from 2008 until 2017.

Other non-current assets include an advance payment on future licensing expenses amounting to EUR 861 k (2011: EUR 581 k). In addition, EUR 237 k (2011: EUR 118 k) in claims to payments from the reinsurance policy for pensions were capitalized.

16 Inventories

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
Raw materials, consumables and supplies	66,705	64,438
Work in progress	29,983	32,988
Finished goods and merchandise	127,330	113,642
Advance payments	5,568	5,399
Total	**229,586**	**216,467**

Under inventories, markdowns of EUR 14,788 k (2011: EUR 13,890 k) have been made to account for marketability risks.

17 Trade receivables, current income tax assets and other current assets

For trade receivables and other current assets, impairments of EUR 3,706 k (2011: EUR 4,485 k) were recognized for specific identifiable risks and likely use of discounts.

The carrying amount of the trade receivables and other assets corresponds to their fair values.

Trade receivables do not bear interest and are generally due in 30 to 120 days.

The adjustment account for trade receivables has developed as follows:

	2012 EUR k	2011 EUR k
Balance as of Jan. 1	**4,485**	**2,858**
Additions	1,427	2,636*
Reversals/utilizations	-2,049	-739
Exchange rate effects	-157	-270
Balance as of Dec. 31	**3,706**	**4,485***

*Prior-year figures adjusted

All expenses and income from impairment of trade receivables are presented under other operating expenses or income.

A breakdown of the due dates of the trade receivables is provided below:

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
Neither overdue nor impaired:	**150,835**	**147,196**
Overdue, not impaired:		
– less than 30 days	19,728	23,619
– from 31 to 60 days	5,874	5,349
– from 61 to 90 days	2,529	3,105
– from 91 to 180 days	470	251
– more than 180 days	516	346
Total:	29,117	32,670
Impaired	**5,898**	**7,414**
Carrying amount	**185,850**	**187,279**

Receivables overdue by between 91 and 180 days were impaired to EUR 2,514 k and receivables overdue by more than 180 days were impaired to EUR 3,061 k during the 2012 financial year.

Neither with regard to the overdue receivables nor to the impaired receivables has anything been identified that indicated the debtors will not meet their payment obligations.

The other current assets include VAT receivables and other taxes amounting to EUR 9,615 k (2011: EUR 8,828 k), as well as insurance receivables in the context of warranty claims.

In connection with a warranty claim, ElringKlinger AG and the customers concerned agreed to the payment of EUR 24.4 million in a compensation agreement in 2011. The warranty claim related to gaskets delivered in early 2008. A portion totaling EUR 17.4 million had already been paid in 2011. A further partial payment totaling EUR 5.0 million was paid in the first quarter of 2012, followed by an additional payment of EUR 1.0 million in the second quarter of 2012. The remaining EUR 1.0 million will fall due in 2013. This payment is offset by receivables in the same amount from our direct and/or excess loss insurer, of which EUR 10.0 million had already been settled in July 2011. The outstanding amount of the receivable has not yet been settled. ElringKlinger has therefore brought legal action. The proceedings are still pending. ElringKlinger continues to assume that the receivable will be paid in full.

Cash

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The item cash comprises cash and deposits held by the Group on current accounts. As in the prior year, there were no cash equivalents.

The carrying amount of these assets corresponds to their fair value.

19 Non-current assets held for sale

The property held for sale as of December 31, 2012 is a building held by ElringKlinger Korea Co., Ltd. which is slated for sale in financial year 2013.

The expected sale value is EUR 498 k, which corresponds to the carrying amount for the building. Due to proportionate consolidation, the building is carried at EUR 249 k. The expense for the write-down to the lower disposal value was EUR 275 k (consolidated: EUR 136 k), and was recognized as an impairment; the expense is allocated to the OEM segment.

20 Equity

* CF. PAGE 138 ET SEQ.

The changes in individual items of equity in the Group are shown separately in the "**Statement of changes in equity**"*.

The share capital of ElringKlinger AG amounted to EUR 63,359,990 as of December 31, 2012 and is divided into 63,359,990 registered shares, each entitled to a single vote. The share capital is paid in full. Each registered share represents a theoretical interest of EUR 1.00 of the share capital. Profit is distributed in accordance with § 60 AktG in conjunction with § 23 no. 1 of the Articles of Association.

The Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's share capital by issuing new shares for cash and/or in-kind contributions on one or more occasions, however by no more than EUR 31,679,995, by May 17, 2017 (Authorized Capital 2012). As a rule, the shareholders are entitled to subscription rights. The shares may also be acquired by one or more banks subject to the proviso that they offer them to the shareholders for subscription. However, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholder subscription rights

- in order to eliminate fractional amounts;
- if the capital increase against in-kind contributions is implemented specifically for the purpose of acquiring companies, parts of companies, equity investments or other assets in connection with an intended acquisition or within the framework of business combinations;
- if the new shares are issued against cash contributions and if the issue price per new share does not fall significantly below the quoted price of shares already listed, and the shares issued without subscription rights pursuant to § 186 (3) sentence 4 AktG, do not represent more than 10% of the share capital, either on the date on which this authorization takes effect or on the date on which it is exercised. The upper limit of 10% of share capital includes any shares issued or sold during the term of this authorization in exclusion of shareholders' subscription rights in direct or indirect application of § 186 (3) sentence 4 AktG.

The Management Board has not exercised the authorization to date.

Under the German Stock Corporation Act (AktG), the distributable dividend is measured by the retained earnings, which are shown in the annual financial statements of ElringKlinger AG that have been drawn up according to the provisions of the German Commercial Code (HGB). In the financial year 2012, ElringKlinger AG distributed to its shareholders a dividend of EUR 36,749 k (EUR 0.58 per share) from the retained earnings for 2011. In the financial year 2011, the distribution was EUR 22,176 k (EUR 0.35 per share) from the retained earnings for 2010.

The Management Board and the Supervisory Board will propose to the Annual General Meeting to be held on May 16, 2013, a distribution from net retained earnings amounting to EUR 28,512 k of a dividend of EUR 0.45 per share carrying dividend rights.

Non-controlling interests in equity and net income

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ElringKlinger AG holds less than 100% in some of the companies that have been included in the consolidated financial statements. In accordance with IAS 27, the relevant non-controlling interests are reported under equity in the group statement of financial position, separately from the equity attributable to the shareholders of the parent company. Similarly, non-controlling interests in the net profit and in total comprehensive income are reported separately in the group income statement and in the reconciliation to total comprehensive income.

Provisions for pensions

22

The pension obligations of the Group's foreign companies mainly take the form of defined contribution plans while in the case of domestic companies, pension obligations take the form of defined benefit and defined contribution plans.

Under the **defined contribution plans** the company pays contributions to state or private pension schemes on the basis of statutory or contractual obligations or on a voluntary basis. Once the contributions are paid, the Company has no further obligations, such as follow-up contribution payments. Contribution payments for the current year are reported under personnel expenses in the relevant year; in the current year, the Group's contribution payments totaled EUR 15,987 k (2011: EUR 14,602 k) and are allocated to the relevant function costs.

The **defined benefit plans** are accounted for in the group through the recognition of provisions for pensions that are determined by the projected unit credit method in accordance with IAS 19. In addition to the pensions and vested benefits known at the end of the reporting period, expected future increases in pensions and salaries are taken into account with a prudent estimate of the relevant variables.

Under the defined benefit plans, the employees receive life-long pension payments once they have reached a certain age or suffered invalidity. In addition, survivors also receive benefits. The amount of the benefit is determined by the length of service with the Company and the employee's ending salary. For employees subject to collective bargaining, the eligible service period is limited to 30 years. For executive employees, the benefit is limited to 35% or 45% of the final salary, whereby in certain cases the benefits from prior commitments do not count towards this limit.

In 2011, the ElringKlinger AG's pension system was partially modified. In order to secure pension payments going forward, the obligations to certain executive employees were transferred to Allianz Pensionsfonds AG and a reinsured provident fund, Allianz Pensions-Management e.V. This does not affect the amount of benefits. The assets received by the pension fund constitute plan assets within the meaning of IAS 19.7 and are therefore netted against the obligation to the plan beneficiaries. The assets of the provident fund do not meet the criteria for classification as plan assets and are treated as reimbursement rights.

The 2005 G mortality tables of Prof. Klaus Heubeck were used to measure the obligations for the German companies as of December 31, 2012 and standard national mortality tables and the following assumptions were used as a basis for measuring the obligations of the foreign companies:

Measurement as of	Dec. 31, 2012	Dec. 31, 2011
Discount rate	2.71%	3.78%
Expected return on plan assets	2.47%	3.50%
Expected return on reimbursement rights	2.91%	4.10%
Expected salary increases (in %)	2.5%	2.00%
Future pension increases	2.3%	2.00%

In Germany, the expected return on plan assets and reimbursement rights was derived from the long-term return expected by the pension fund and the reinsurer of the claims against the provident fund. For foreign funds, the expected return was based on the expectations of the pension fund.

The changes in the present value of defined benefit obligations can be broken down as follows:

	2012 EUR k	2011 EUR k
Present value of pension benefits as of Jan. 1,	**105,338**	**77,935**
Change consolidated group	0	17,068
Current service cost	3,912	2,887
Interest expense	3,905	3,778
Disbursements/utilization	-6,893	-5,216
Actuarial gains/losses	21,762	5,681
Past service costs	24	1,227
Currency differences	90	542
Other changes	0	1,436
Present value of pension benefits as of Dec. 31,	**128,138**	**105,338**
of which (partially covered by plan assets)	36,752	33,626
of which not covered	91,386	71,712

The change to the consolidated group in the previous year contained additions of the pension plan assets of Hug Engineering AG in the amount of EUR 16,400 k and Oigra Meillor s.r.l. totaling EUR 668 k.

The other changes in the previous year related primarily to the acquisition of the pension benefits of Burgmann Automotive GmbH.

The table below shows the changes to the plan assets over the course of the financial year:

	2012 EUR k	2011 EUR k
Market value as of Jan. 1	26,206	11,290
Change consolidated group	0	12,795
Expected return on plan assets	866	708
Employer contributions	2,729	1,749
Plan participant contributions	2,699	1,960
Service cost	-5,739	-3,562
Actuarial gains/losses	-372	-277
Other	0	1,211
Currency effects	190	332
Market value as of Dec. 31	**26,579**	**26,206**

The change to the consolidated group in the previous year contained additions of the pension plan assets of Hug Engineering AG in the amount of EUR 12,795 k.

Plan assets of EUR 26,579 k (2011: EUR 26,206 k) do not include any equities, debt capital or real property, and are allocated in their entirety to the "Other" category.

The assets of the reinsured provident fund relate to the reinsurance life policies entered into by the beneficiaries. The actual return on plan assets amounted to EUR 525 k (2011: EUR 401 k) and on reimbursement rights EUR 0 k (2011: EUR 4 k).

In 2013, liquidity is likely to be reduced due to contributions to plan assets and the reimbursement rights and by direct Group benefit payouts, which are likely to amount to EUR 6,697 k (previous year: EUR 6,508 k). The prior-year figure was adjusted.

The following amounts are reported in the income statement for defined benefit plans:

	2012 EUR k	2011 EUR k
Current service cost	3,912	2,887
Interest expense	3,905	3,778
Past service costs	0	1,227
Expected return on plan assets	-867	-699
Expected gains from reimbursement rights	-21	0
Total pension expense	**6,929**	**7,193**

The service cost and past service costs are reported as part of the personnel expenses of the functional areas.

The full amount of actuarial gains and losses during the current year is reported under other comprehensive income. Changes are shown in the table below:

	2012 EUR k	2011 EUR k
Newly recognized actuarial gains and losses	21,390	5,681
Cumulative total of all actuarial gains and losses taken directly to equity	31,446	11,563

The amount of the Group's obligation as reported on the statement of financial position is derived as follows:

	2012 EUR k	2011 EUR k
Present value of pension obligation (incl. fair value of reimbursement rights)	128,138	105,338
Fair value of plan assets	26,579	26,206
Reported pension provision	101,559	79,132
Fair value of reimbursement rights	237	118

The table below provides an overview of the obligation, fair value of plan assets and experience-based adjustments resulting from differences between actual and assumed developments:

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k	Dec. 31, 2010 EUR k	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
Present value of pension obligations	**128,138**	**105,338**	**77,935**	**72,534**	**65,764**
Fair value of plan assets	-26,579	-26,206	-11,290	-10,697	-10,750
Funded/unfunded status	101,559	79,132	66,645	61,837	55,014

23 Current and non-current provisions

Current and non-current provisions can be broken down as follows:

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
Current provisions	18,409	15,499
Non-current provisions	11,121	7,402
Total	**29,530**	**22,901**

Current provisions:

	Personnel obligations EUR k	Warranty obligations EUR k	Expected losses from cusomer transactions EUR k	Litigation costs EUR k	Other risks EUR k	Total EUR k
Balance as of Jan. 1, 2012	**1,986**	**5,301**	**4,666**	**773**	**2,773**	**15,499**
Exchange rate difference	-48	0	3	-4	-25	-74
Utilization	2,770	1,881	2,676	106	1,735	9,168
Reversal	118	1,788	1,226	131	210	3,473
Unwinding of discount	36	0	0	0	-14	22
Addition	3,398	6,509	2,761	69	3,306	16,043
Reclassifications	539	206	0	-349	-836	-440
Balance as of Dec. 31, 2012	**3,023**	**8,347**	**3,528**	**252**	**3,259**	**18,409**

Non-current provisions:

	Personnel obligations EUR k	Warranty obligations EUR k	Expected losses from cusomer transactions EUR k	Litigation costs EUR k	Other risks EUR k	Total EUR k
Balance as of Jan. 1, 2012	**6,584**	**309**	**0**	**0**	**509**	**7,402**
Exchange rate difference	-5	0	0	0	1	-4
Utilizations	582	0	0	0	125	707
Reversals	163	0	0	0	0	163
Unwinding of discount/discount	141	-9	0	-36	-11	85
Additions	2,825	25	0	216	1,002	4,068
Reclassifications	-54	90	0	349	55	440
Balance as of Dec. 31, 2012	**8,746**	**415**	**0**	**529**	**1,431**	**11,121**

Personnel provisions are recognized for the pre-retirement part-time scheme, long-service anniversary benefits and similar obligations.

The provision for warranties represents the best estimate of the management and was recognized on the basis of past experience and the industry average for defective products with regard to the Group's liability for a warranty of twelve months. In addition, specific individual warranties were taken into account.

The other risks relate to a variety of identifiable individual risks and uncertain obligations, which have been included based on the likelihood of their occurrence.

24 Current and non-current financial liabilities

	Domestic EUR k	Foreign EUR k	Total Dec. 31, 2012 EUR k	Domestic EUR k	Foreign EUR k	Total Dec. 31, 2011 EUR k
Overdrafts	87,255	4,785	92,040	60,649	7,750	68,399
Financial liabilities with residual terms of less than one year	58,710	32,966	91,676	24,515	33,231	57,746
Current financial liabilities	**145,965**	**37,751**	**183,716**	**85,164**	**40,981**	**126,145**
Financial liabilities with residual terms of more than one year	98,724	32,269	130,993	119,003	42,345	161,348
Total	**244,689**	**70,020**	**314,709**	**204,167**	**83,326**	**287,493**

Includes liabilities from finance leases in the amount of EUR 567 k (2011: EUR 530 k) with a nominal volume of EUR 651 k (2011: 593 k).

The financial liabilities (excluding overdrafts) have the following terms:

	Domestic EUR k	Foreign EUR k	Total Dec. 31, 2012 EUR k	Domestic EUR k	Foreign EUR k	Total Dec. 31, 2011 EUR k
Payable on demand or less than one year	58,710	32,966	91,676	24,515	33,231	57,746
Between one and five years	80,620	32,269	112,889	107,299	42,345	149,644
More than five years	18,104	0	18,104	11,704	0	11,704
Total	**157,434**	**65,235**	**222,669**	**143,518**	**75,576**	**219,094**

The average interest rates were:

	Dec. 31, 2012 %	Dec. 31, 2011 %
Overdrafts:		
Domestic	1.00	2.07
Foreign	5.02	6.57
Financial liabilities:		
Domestic: less than one year	3.75	4.11
Domestic: between one and five years	3.35	4.13
Domestic: more than five years	1.81	3.68
Foreign: less than one year	3.23	2.98
Foreign: between one and five years	3.43	3.59
Foreign: more than five years	–	–

Fixed interest rates have been agreed for financial liabilities amounting to EUR 284,048 k (2011: EUR 252,922 k).

In addition, interest swaps are in place for EUR 6,400 k in loans. Under these swaps, variable interest payments are exchanged for fixed amounts.

Land charges on company land with a carrying amount of EUR 90,763 k (2011: EUR 78,618 k), collateral on inventory with a carrying amount of EUR 2,351 k (2011: EUR 2,425 k), receivables with a carrying amount of EUR 7,873 k (2011: EUR 6,684 k), and collateral on pledged buildings of EUR 0 k (2011: EUR 400 k) have been pledged as collateral. The secured liabilities amounted to EUR 37,479 k (2011: EUR 39,070 k) as of December 31, 2012.

As of December 31, 2012, the Group had unused lines of credit amounting to EUR 113,616 k (2011: EUR 88,321 k).

Trade payables and other current and non-current liabilities 25

Trade payables and other current and non-current liabilities consist of outstanding obligations from trade and current expenses.

The carrying amounts of trade payables approximate their fair value.

The trade payables and other current and non-current liabilities are not secured except for the reservations of title that are customary in trading relationships.

Current and non-current liabilities include accrued liabilities relating to tooling revenue.

Hedging policy and financial instruments 26

Risks and hedging policy

As a consequence of the international nature of the activities of the ElringKlinger Group, changes in exchange rates, interest rates and prices of raw materials impact the assets, liabilities, financial position and profit or loss of the Group. The risks arise from currency and interest rate fluctuations in connection with business operations and financing. Further risks result from fluctuations in the market prices of raw materials. Additionally, there are liquidity risks which relate to credit and market risks or accompany a deterioration of business operations and financial market turmoil.

By concluding hedges, the Management Board of ElringKlinger AG aims to manage the risk factors that may adversely affect the assets, liabilities, financial position and profit or loss and thus to minimize these influences. Within the ElringKlinger Group, derivative financial instruments may only be entered into with the consent of the Management Board. ElringKlinger processes a significant volume of high-grade steel. This includes alloy surcharges, in particular for nickel, which is a listed metal subject to market price fluctuations. ElringKlinger uses derivative financial instruments to hedge portions of alloy surcharges assessed in internal part price calculations. A price corridor surrounding the average cost is hedged. If the stock exchange quotation of nickel exceeds the upper range of the corridor, ElringKlinger receives a compensatory payment. If the stock exchange quotation of nickel falls below the lower range of the corridor, ElringKlinger has to make a compensatory payment. The existing nickel hedges expire in financial year 2013 and the latest expiration date is on November 30, 2013.

Hedge accounting in accordance with IAS 39 was not applied.

Currency risk

Due to the international nature of its business, the ElringKlinger Group is exposed to currency risks in the normal course of business.

Exchange rate risk arises for the Group in relation to its operating business principally when sales revenues are earned in a different currency than that in which the related costs are incurred. Sales revenues are generally generated in the functional currency (which is the relevant national currency) of the Group entity concerned. In order to reduce currency risks from operating business, the purchases of goods, raw materials and services as well as investing and financing activities are generally accounted for in the functional currency of the group entity. The group also endeavors to minimize its foreign currency risk by manufacturing its products in the relevant local sales markets.

In order to limit currency risk, current receivables, liabilities and debts denominated in foreign currencies are hedged with forward currency transactions.

Subsidiaries are not permitted to take up financing in foreign currency or to invest it for speculative reasons. Intragroup financing and investment is usually denominated in the relevant functional currency.

Several ElringKlinger AG subsidiaries are domiciled outside the euro area. Since the euro is the reporting currency of the ElringKlinger Group, the income and expenses of these subsidiaries are translated into euros upon consolidation. Changes in the average exchange rates as compared to prior periods can therefore result in currency translation effects that are reflected in the equity of the Group.

Due to the inclusion of subsidiaries, the group also recognizes assets and liabilities relating to these subsidiaries outside of the euro area that are denominated in national currencies. When these assets are translated into euros, exchange rate fluctuations can lead to changes in value. The changes in these net assets are reflected in group equity.

A sensitivity analysis has been conducted in order to quantify the potential effects of exchange rate changes on consolidated net income and group equity. This analysis illustrates the change in consolidated net income and group equity in the event that the relevant functional currency of the Group companies appreciates or depreciates by 10% as compared to the foreign currency.

Local currency +10 %	CNY Dec. 31, 2012 EUR k	CHF Dec. 31, 2012 EUR k	MXN Dec. 31, 2012 EUR k	BRL Dec. 31, 2012 EUR k	USD Dec. 31, 2012 EUR k	Other Dec. 31, 2012 EUR k	Total Dec. 31, 2012 EUR k
Consolidated net income	-1,519	-1,252	564	-341	-221	108	-2,661
Group equity	-1,519	-1,252	564	-341	-221	108	-2,661

Local currency -10 %	CNY Dec. 31, 2012 EUR k	CHF Dec. 31, 2012 EUR k	MXN Dec. 31, 2012 EUR k	BRL Dec. 31, 2012 EUR k	USD Dec. 31, 2012 EUR k	Other Dec. 31, 2012 EUR k	Total Dec. 31, 2012 EUR k
Consolidated net income	1,519	1,252	-564	341	221	-108	2,661
Group equity	1,519	1,252	-564	341	221	-108	2,661

Interest rate risk

Interest rate risk arises primarily from financial liabilities. The Group manages interest rate risk with the objective of optimizing its interest income and expense.

Fixed interest rates have been agreed mainly for the financing liabilities of the ElringKlinger Group. In individual instances, additional swap transactions have been entered into in order to transform variable interest rates into fixed interest rates. As a result, the risk arising from interest rate fluctuations is only slight.

Had market interest rates been 1% higher on December 31, 2012, earnings would have been EUR 212 k greater. A 1% reduction in the market interest rate would have resulted in EUR 273 k less in earnings.

Risk arising from prices for raw materials

ElringKlinger is exposed to risks from changes in the prices for the raw materials it uses in production. In order to mitigate fluctuations in the purchase prices for raw materials, ElringKlinger has entered into four nickel hedges. Where necessary, it is possible to hedge acceptable procurement prices by means of additional derivatives.

ElringKlinger processes a significant volume of high-grade steel. This includes alloy surcharges, in particular for nickel, which is a listed metal subject to market price fluctuations. ElringKlinger uses derivative financial instruments to hedge portions of alloy surcharges assessed in internal part price calculations. A price corridor surrounding the average cost is hedged. If the stock exchange quotation of nickel exceeds the upper range of the corridor, ElringKlinger receives a compensatory payment. If the stock exchange quotation of nickel falls below the lower range of the corridor, ElringKlinger has to make a compensatory payment. The existing nickel hedges expire in financial year 2013 and the latest expiration date is on November 30, 2013.

The Group manages the credit risk of derivatives by entering into derivative financial transactions exclusively with major banks of impeccable creditworthiness in accordance with uniform guidelines.

Credit risk

Credit risk is the risk of economic loss arising from counterparty's failure to satisfy contractual payment obligations. Credit risk encompasses both the direct risk of default, the risk of a ratings downgrade, and concentration risks. The maximum risk exposures of financial assets generally subject to credit risk correspond to their carrying amounts and can be described as follows:

Liquid funds

Liquid funds comprise primarily bank deposits available on demand. The ElringKlinger Group is exposed to losses from credit risks in connection with the investment of liquid funds if financial institutions fail to meet their obligations (counterparty risk). In order to minimize this risk, care is taken in selecting the financial institutions used for investment. The maximum risk exposure corresponds to the carrying amount of the liquid funds at the end of the reporting period.

Trade receivables

Trade receivables relate primarily to the global sales of gaskets, sealing materials, plastic products and modules for the automotive sector and for the manufacturing industry in general. Credit risk resides in the possibility of counterparty default, and is characterized by the Group's customer base, which includes a number of major accounts.

In the domestic business, most receivables are secured by reservation of title. In order to limit credit risk, credit checks in the form of inquiries with credit information services are performed for selected counterparties. Moreover, internal processes are in place to continually monitor receivables where a partial or complete default may be anticipated.

In its export business, ElringKlinger also assesses the credit standing of its counterparties by submitting inquiries to credit information services and on the basis of the specific country risk. In addition, credit guarantee insurance policies are taken out or letters of credit are required as collateral for credit in certain cases.

Allowances are also recognized in respect of identifiable individual risks and the likelihood that discounts will be utilized. The maximum risk exposure from trade receivables corresponds to the carrying amount of these receivables at the end of the reporting period. The carrying amounts of trade receivables, together with a separate breakdown of overdue receivables and receivables for which allowances have been recognized, can be found in note 17.

In 2012, the two largest customers accounted for 12.1% and 11.6% of sales, respectively.

The following table shows all contractually fixed payments for redemptions, repayments and interest from financial liabilities recognized in the statement of financial position, including derivative financial instruments that have a negative market value.

	Trade payables EUR k	Financial liabilities EUR k	Finance leases EUR k	Derivatives EUR k	Total EUR k
Balance as of Dec. 31, 2012					
Carrying amount	**58,065**	**314,142**	**567**	**227**	**373,001**
Outflows					
Expected outflows:	**58,065**	**330,684**	**651**	**229**	**389,629**
– less than one month	36,914	4,912	33	30	41,889
– between one and three months	17,068	84,082	66	20	101,236
– between three months and one year	3,161	114,325	220	117	117,823
– between one and five years	627	108,173	268	62	109,130
– more than five years	295	19,192	64	0	19,551

	Trade payables EUR k	Financial liabilities EUR k	Finance leases EUR k	Derivatives EUR k	Total EUR k
Balance as of Dec. 31, 2011					
Carrying amount	**65,019**	**286,963**	**530**	**393**	**352,905**
Outflows					
Expected outflows:	**65,019**	**310,777**	**593**	**414**	**376,803**
– less than one month	42,345	22,916	23	30	65,314
– between one and three months	22,089	30,233	45	40	52,407
– between three months and one year	578	80,038	270	176	81,062
– between one and five years	7	168,928	252	168	169,355
– more than five years	0	8,662	3	0	8,665

Further disclosures on financial liabilities are provided under note 24.*

* CF. PAGE 184 ET SEQ.

27 Additional information on financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

	Trade receivables/Cash		Derivatives		Other financial instruments		Total
	CA EUR k	FV EUR k	CA EUR k	FV EUR k	CA EUR k	FV EUR k	CA EUR k
as of Dec. 31, 2012							
Cash	54,273	54,273	0	0	0	0	54,273
Loans and receivables	185,850	185,850	0	0	4,621	4,621	190,471
held to maturity	0	0	0	0	1,386	1,423	1,386
held for trading	0	0	25	25	0	0	25
available for sale	0	0	0	0	508	508	508
Total	**240,123**	**240,123**	**25**	**25**	**6,515**	**6,552**	**246,663**
Balance as of Dec. 31, 2011							
Cash	65,137	65,137	0	0	0	0	65,137
Loans and receivables	187,279	187,279	0	0	182	182	187,461
held to maturity	0	0	0	0	1,384	1,424	1,384
held for trading	0	0	64	64	0	0	64
available for sale	0	0	0	0	1,170	1,170	1,170
Total	**252,416**	**252,416**	**64**	**64**	**2,736**	**2,776**	**255,216**

The fair value of cash and loans and receivables corresponds to the carrying amount. The reason for this is the short maturity of such instruments. ElringKlinger measures the fair value of held-to-maturity investments at the market rate observed in an active market. Available-for-sale assets are marked to market.

In financial assets, the Group has time deposits amounting to EUR 321 k.

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

	Trade payables		Liabilities from finance leases		Other financial liabilities		Total
	CA EUR k	FV EUR k	CA EUR k	FV EUR k	CA EUR k	FV EUR k	CA EUR k
as of Dec. 31, 2012							
Trade payables	58,065	58,065	0	0	0	0	58,065
Financial liabilities	0	0	567	567	314,142	320,287	314,709
Financial liabilities measured at acquisition cost	**58,065**	**58,065**	**567**	**567**	**314,142**	**320,287**	**372,774**
held for trading*	0	0	0	0	227	227	227
Financial liabilities measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**227**	**227**	**227**
Balance as of Dec. 31, 2011							
Trade payables	65,019	65,019	0	0	0	0	65,019
Financial liabilities			530	530	286,963	299,077	287,493
Financial liabilities measured at acquisition cost	**65,019**	**65,019**	**530**	**530**	**286,963**	**299,077**	**352,512**
held for trading*	0	0	0	0	393	393	393
Financial liabilities measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**393**	**393**	**393**

* These are derivatives which do not qualify for hedge accounting.

The fair value of trade payables and other current financial liabilities corresponds to the carrying amount. ElringKlinger determines the market value of non-current fixed-interest liabilities to banks, finance lease liabilities and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific risk rate.

Financial assets and liabilities measured at fair value are classified into the following 3-level fair value hierarchy:

	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Financial assets			
available for sale	508	0	0
held for trading*	0	25	0
Total	**508**	**25**	**0**
Financial liabilities			
available for sale	0	0	0
held for trading*	0	227	0
Total	**0**	**227**	**0**

* These are derivatives which do not qualify for hedge accounting.

The levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement based on quoted prices
- Level 2: Measurement based on inputs for the asset or liability that are observable on active markets either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: Measurement based on inputs for assets and liabilities not representing observable market data

Liabilities from finance leases relate to leases of property, plant and equipment which transfer substantially all risks and rewards to the Group as lessee. As of December 31, 2012, future minimum lease payments under finance leases amounted to EUR 651 k (2011: EUR 593 k). The reconciliation of future minimum lease payments from finance lease arrangements to the corresponding liabilities as of December 31, 2012 is as follows:

	Minimum lease payments Dec. 31, 2012 EUR k	Interest included in minimum lease payments Dec. 31, 2012 EUR k	Liabilities from finance leases Dec. 31, 2012 EUR k
Term			
Less than one year	319	44	275
Between one and five years	268	32	236
More than five years	64	8	56
Total	**651**	**84**	**567**

Net gains/losses on financial instruments:

	2012 EUR k	2011 EUR k
Held-for-trading financial instruments*	-202	44
Available-for-sale assets	158	44
Held-to-maturity financial investments	-2	0
Loans and receivables	539	66
Financial liabilities measured at acquisition cost	-2,399	-3,825

* These are derivatives which do not qualify for hedge accounting.

Net gains and losses from derivatives include the effects from changes in market values, which were recorded in full in profit or loss for the period.

Net gains from the disposal of available for sale assets include income from long-term equity investments.

Net gains and losses on held-to-maturity financial instruments include impairments and revaluations.

Net gains and losses on loans and receivables primarily consist of impairments and revaluations.

Net losses from financial liabilities measured at cost include currency translation losses.

Total interest income and expense for financial assets and liabilities that are not measured at fair value through profit and loss were as follows:

	2012 EUR k	2011 EUR k
Total interest income	558	764
Total interest expense	-9,718	-9,398

As in the previous year, total interest income did not result in interest income from impaired financial assets.

Derivative financial instruments

As of the reporting period date, December 31, 2012, there were the following financial derivatives:

	Fair value EUR k	Carrying amount EUR k	Statement of financial position item
Commodities derivatives			
Nickel hedge	25	25	Other current assets
Nickel hedge	-3	-3	Current provisions
Interest rate derivatives			
Interest rate swap	-224	-224	Current provisions
Total	**-202**	**-202**	

The market values of the financial derivatives are computed using recognized mathematical methods and the market data available as of the end of the reporting period (mark-to-market method).

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Capital management

ElringKlinger believes that the Group's sound financial base is a prerequisite for further growth. The Group's solid capital resources render it possible to invest in future organic growth, as well as in accretive growth.

The Management Board of the parent company has set a target minimum equity ratio of 40% within the Group. ElringKlinger AG's Articles of Association do not define any capital requirements.

The management is authorized to buy back own shares up to a total of 10% of the nominal capital existing at the time of the resolution (May 21, 2010). The authorization is valid until May 21, 2015. There are no share option programs that impact the capital structure.

For three loans, financial covenants have been agreed upon, and if these covenants are breached, the terms of the loans change and the loans become immediately callable. These can be broken down as follows:

Covenant	Max./Min. threshold	Balance as of Dec. 31, 2012
Group equity ratio	25%	41.5%
Net debt to EBITDA	3.0	1.37
Financial liabilities to EBITDA	2.8 : 1	1.44
EBIT to interest expense	3.5 : 1	13.77

Disclosures based on lender calculations.

The following table presents changes in equity and total assets as of December 31, 2012 as compared to December 31, 2011.

	2012 EUR million	2011 EUR million
Equity	**640.3**	**610.1**
as % of total capital	50.5%	50.1%
Non-current liabilities	300.6	313.9
Current liabilities	327.7	293.6
External finance	**628.3**	**607.5**
as % of total capital	49.5%	49.9%
Total capital	**1,268.6**	**1,217.6**

The change in equity from December 31, 2011 to December 31, 2012 was due primarily to an increase in revenue reserves and a decrease in other reserves. Debt was increased year-on-year by 3.4%.

The equity ratios of the AG (54.2%) and the Group (50.5%) exceeded the 40% target equity ratio set by the Supervisory Board and Management Board.

All external minimum capital covenants were satisfied during the period under review.

Notes to the Statement of Cash Flows

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The group statement of cash flows shows how the liquidity of the ElringKlinger Group has changed as a result of inflows and outflows in the course of the financial year. In accordance with IAS 7, cash flows are categorized as from operating activities, investing activities or financing activities.

The cash reported on the statement of cash flows comprises liquid funds reported on the statement of financial position, i.e., cash in hand, checks and bank deposits.

Cash flows from investing and financing activities are determined by reference to payments. By contrast, cash flows from operating activities are derived indirectly from earnings before taxes for the year. For the indirect computation, effects from currency translation and changes to the scope of consolidated financial statements are eliminated from the changes to the items of the statement of financial position arising from operating activities. For this reason, it is not possible to reconcile the changes in the relevant items of the statement of financial position with the corresponding figures evident from the published group statement of financial position.

A different presentation was selected for cash flows from financing activities. Prior-year figures have been adjusted for comparability.

30 Segment reporting

The organizational and internal reporting structure of the ElringKlinger Group is centered around its five business divisions: “Original Equipment”, “Aftermarket”, “Engineered Plastics”, “Services” and “Industrial Parks”.

The activities in the “Original Equipment” and “Aftermarket” reporting segments relate to the manufacturing and distribution of parts and components for the engine, transmission and exhaust system in motor vehicles (powertrain), as well as battery and fuel cell components and tools machining.

The “Engineered Plastics” segment manufactures and distributes technical products made of high-performance PTFE plastics for the vehicle and industrial sector.

The “Services” reporting segment primarily operates engine test benches and contributes to the development of engines.

The “Industrial Parks” segment is responsible for the administration and leasing of land and buildings.

The “Consolidation” column in the “Segment reporting” table below provides an overview of consolidations between the segments. The “Other” column merely contains financial liabilities not directly attributable to the individual segments. Internal control and reporting are based on IFRS. The Group measures the performance of its segments based on earnings before taxes in accordance with IFRS. With the exception of the Original Equipment segment’s provision of supplies to the Aftermarket segment, the extent of trade between the individual segments is insignificant. The exchange of goods and/or services between the segments takes place at arm’s-length prices.

The Original Equipment segment generated more than 10% of the Group’s consolidated revenues from two customers (EUR 136,464 k and EUR 130,606 k).

Segment reporting

Segment	Original Equipment 2012 EUR k	Original Equipment 2011 EUR k	Aftermarket 2012 EUR k	Aftermarket 2011 EUR k	Engineered Plastics 2012 EUR k	Engineered Plastics 2011 EUR k	Industrial Parks 2012 EUR k	Industrial Parks 2011 EUR k
Segment revenue	**929,309**	**849,260**	**117,815**	**112,929**	**91,349**	**84,821**	**4,475**	**6,875**
- Intersegment revenue	-22,361	-22,038	0	0	0	0	0	0
Sales revenue	**906,948**	**827,222**	**117,815**	**112,929**	**91,349**	**84,821**	**4,475**	**6,875**
EBIT[2]	**93,296**	**84,082**	**24,422**	**22,150**	**15,662**	**16,498**	**384**	**24,261**
+ Interest income	1,190	660	44	193	415	364	6	109
- Interest expense	-11,708	-11,026	-1,305	-1,042	-658	-749	-166	-540
Earnings before taxes	**82,777**	**73,716**	**23,161**	**21,301**	**15,419**	**16,113**	**224**	**23,830**
Depreciation and amortization[4]	73,294	90,748	1,256	1,310	3,368	2,991	402	655
Capital expenditures[3]	103,887	105,896	1,657	10,906	5,736	3,649	274	426
Segment assets	1,085,957	1,043,758	71,500	68,385	86,495	83,038	15,681	15,459
Segment liabilities	338,253	350,923	23,255	24,365	18,986	17,463	4,229	4,786

Segment	Services 2012 EUR k	Services 2011 EUR k	Other 2012 EUR k	Other 2011 EUR k	Consolidation[1] 2012 EUR k	Consolidation[1] 2011 EUR k	Group 2012 EUR k	Group 2011 EUR k
Segment revenue	**11,573**	**9,872**	**0**	**0**	**-4,978**	**-8,899**	**1,149,543**	**1,054,858**
- Intersegment revenue	0	0	0	0	0	0	-22,361	-22,038
Sales revenue	**11,573**	**9,872**	**0**	**0**	**-4,978**	**-8,899**	**1,127,182**	**1,032,820**
EBIT[2]	**2,247**	**1,710**	**0**	**0**	**0**	**0**	**136,011**	**148,701**
+ Interest income	14	12	0	0	-427	-354	1,240	984
- Interest expense	-31	-50	0	0	427	354	-13,441	-13,053
Earnings before taxes	**2,230**	**1,672**	**0**	**0**	**0**	**0**	**123,811**	**136,632**
Depreciation and amortization[4]	1,067	1,086	0	0	0	0	79,387	96,790
Capital expenditures[3]	2,342	732	0	0	0	0	113,896	121,609
Segment assets	11,441	9,060	0	0	-2,483	-2,110	1,268,591	1,217,590
Segment liabilities	3,814	2,764	242,282	209,288	-2,483	-2,110	628,336	607,479

[1] See notes on page 196
[2] Earnings before interest and taxes
[3] Investments in intangible assets, property, plant and equipment and investment property
[4] Depreciation and amortization, incl. write-downs and impairment

Segment reporting by region

Region		Sales revenue EUR k	Non-current Assets EUR k	Investments EUR k
Germany	2012	338,882	377,690	66,142
	2011	319,298	356,966	74,230
Rest of Europe	2012	342,702	205,192	19,404
	2011	345,397	202,365	17,517
NAFTA	2012	197,798	43,868	8,497
	2011	165,028	41,487	4,483
Asia and Australia	2012	178,915	66,223	17,405
	2011	143,179	60,537	16,679
South America and other	2012	68,885	22,982	2,448
	2011	59,918	26,015	8,700
Group	**2012**	**1,127,182**	**715,955**	**113,896**
	2011	**1,032,820**	**687,370**	**121,609**

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Group statement of changes in equity

* CF. PAGE 178 ET SEQ.

In addition to the components discussed in **notes (20) and (21)***, the group statement of changes in equity includes capital reserves, revenue reserves from the first-time adoption of IFRS and retained earnings. Capital reserves correspond to the capital reserve reported in the statement of financial position of the parent company ElringKlinger AG.

Revenue reserves from the first-time adoption of IFRS were taken from the opening IFRS statement of financial position as of January 1, 2004 and subsequent acquisitions of interests.

Retained earnings includes earnings generated but not yet distributed.

Other disclosures

Contingent liabilities

As in the previous year, the ElringKlinger Group is currently not subject to contingent liabilities from guarantees, performance bonds or bills of exchange issued.

Operating leases

The expense includes payments from operating leases of EUR 6,197 k (2011: EUR 5,058 k).

At the end of the reporting period, the Group had outstanding obligations arising from binding operating leases that fall due as follows:

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
less than one year	3,566	3,114
between one and five years	6,197	5,592
more than five years	4,274	412
Total	14,037	9,118

Of that amount, EUR 9,314 k (2011: EUR 4,626 k) related to outstanding obligations from binding operating leases for commercial premises, EUR 2,562 k (2011: EUR 2,341 k) to office equipment, and EUR 2,161 k (2011: EUR 2,151 k) to other lease arrangements.

Other financial commitments

Energy purchase commitments

	Dec. 31, 2012 EUR k	Dec. 31, 2011 EUR k
less than one year	7,371	5,388
between one and five years	14,739	9,825
more than five years	0	0
Total	22,110	15,213

The purchase of a plot of land resulted in an obligation to pay the purchase price of EUR 1,500 k. The plot will be transferred in 2013.

Proceeds from lease agreements

The future lease payments due to ElringKlinger in relation to binding operating leases fall due as follows:

	DEC. 31, 2012 EUR k	DEC. 31, 2011 EUR k
less than one year	1,722	1,540
between one and five years	1,804	1,313
more than five years	387	0
Total	**3,913**	**2,853**

Number of employees

The average number of **employees** during the year (excluding Management Board members) was as follows:

	2012	2011
Employees	6,158	5,593
Trainees	156	136
Total	**6,314**	**5,729**

The leased employees from two foreign subsidiaries in the previous year were excluded and the prior-year figures have been adjusted.

In 2012, an average of 238 people were employed at proportionately consolidated joint ventures (2011: 234 employees).

Personnel expenses

Personnel expenses in the reporting year amounted to EUR 282,448 k (2011: EUR 256,857 k). The prior-year figure was adjusted. Of that amount, 7.2% (2011: 7.2%) related to contributions to the statutory pension scheme.

Events after the end of the reporting period

ElringKlinger AG acquired the remaining 50% interest in the South Korean joint venture ElringKlinger Korea Co., Ltd. in Changwon as of January 31, 2013. The purchase price for the 50% share was EUR 4,266 k. The company, which had previously been included in the consolidated financial statements by proportionate consolidation, was fully consolidated with effect from February 1, 2013. The South Korean Company contributed EUR 6,075 k to consolidated revenue in 2012. Earnings before tax amounted to EUR 34 k. The joint venture manufactures cylinder-head gaskets, special gaskets, heat shields and plastic housing modules. The purchase price has not yet been conclusively allocated since not all documentation is available yet.

In addition, ElringKlinger AG acquired with effect from January 1, 2013 the remaining 49% interest in the South African company, ElringKlinger South Africa (Pty) Ltd. In 2012, the company generated EUR 799 k in revenue and EUR 159 k in earnings before tax. The purchase price for the remaining shares was EUR 589 k.

On March 13, 2012, the Management Board of ElringKlinger submitted for approval the consolidated financial statements to the Supervisory Board, which will meet on March 22, 2013.

Related-party disclosures

Transactions between the parent company and its subsidiaries and long-term equity interests are eliminated in the course of consolidation and are therefore not discussed in this note. In addition, the following business relationships exist between companies of the ElringKlinger Group and related parties and companies controlled by related persons:

1. Cooperation agreement between ElringKlinger AG and Lechler GmbH, Metzingen, concerning traineeships. Mr. Walter H. Lechler is the Chairman of the Supervisory Board of ElringKlinger AG and holds a significant interest in Lechler GmbH. ElringKlinger earned EUR 94 k during the reporting year (2011: EUR 117 k). The outstanding balance at the end of the reporting period was EUR 0 k (2011: EUR 0 k).
2. Lease agreement between Technik-Park Heliport Kft., Kecskemét-Kádafalva, Hungary (TPH), and the Lechler GmbH subsidiary, Lechler Kft., Kecskemét-Kádafalva, Hungary. TPH earned EUR 200 k in rental income based on this lease during the reporting year (2011: EUR 197 k). As in the previous year, this did not result in any receivables as of the end of the reporting period.
3. Agreement between ElringKlinger Logistic Service GmbH, Rottenburg-Ergenzingen, and Lechler GmbH, Metzingen, regarding assembly activities and the storage of components. This agreement gave rise to EUR 515 k in sales revenues during the reporting year (2011: EUR 477 k). As of the end of the reporting period, December 31, 2012, there was one outstanding receivable of EUR 29 k (2011: EUR 31 k).
4. Master supply agreement between Rich. Klinger Dichtungstechnik GmbH & CO. KG, Gumpoldskirchen, Austria, and companies of the ElringKlinger Group concerning the procurement of materials. Mr. Klinger-Lohr is a shareholder in ElringKlinger AG and has a significant interest in Rich. Klinger Dichtungstechnik GmbH & Co. KG. ElringKlinger AG procured EUR 1,803 k worth of materials under this agreement in 2012 (2011: EUR 2,025 k). The outstanding balance as of the end of the reporting period amounted to EUR 107 k (2011: EUR 218 k).
5. Master supply agreement between ElringKlinger AG and Klinger AG Egliswil, Switzerland, regarding the procurement of materials. Mr. Klinger-Lohr is a shareholder in ElringKlinger AG and member of the administrative board of Klinger AG Egliswil. ElringKlinger AG procured EUR 63 k worth of materials under this agreement in 2012 (2011: EUR 77 k). As in the previous year, this did not result in any liabilities as of the end of the reporting period.

6. The joint venture ElringKlinger Korea Co., Ltd. (EKKO), which is included in the consolidated financial statements by proportionate consolidation, procured raw materials and merchandise for a price of EUR 437 k (2011: EUR 374 k) from ElringKlinger's joint venture partner Jeil E&S Co., Ltd. in the year under review. As of the end of the reporting period, EKKO still had liabilities in the amount of EUR 24 k (2011: EUR 13 k). Furthermore, there is a lease agreement between EKKO and Jeil E&S Co., Ltd. EKKO's rent expenses in the reporting year amounted to EUR 166 k (2011: EUR 101 k). As of the end of the reporting period, there was EUR 28 k in outstanding liabilities (2011: EUR 0 k).
7. Business relations between the ElringKlinger subsidiary, Changchun ElringKlinger Ltd. (CEK), and CHYAP, the company controlled by Ms. Liu, who is a joint partner in CEK. CEK procured EUR 101 k worth of services under these business relations in 2012 (2011: EUR 128 k). As of December 31, 2012, there was EUR 2 k in liabilities (2011: EUR 0 k). Furthermore, CEK sold EUR 35 k worth of goods and raw materials to CHYAP (2011: EUR 49 k). The outstanding balance of trade receivables as of the end of the reporting period amounted to EUR 2 k (2011: EUR 16 k).
8. Loan agreement between Lechler GmbH and ElringKlinger AG dated August 13, 2012. Lechler GmbH granted ElringKlinger AG a loan in the amount of EUR 4,000 k. The loan carries an interest rate of 1.56% p.a. and has a term until August 15, 2013.
9. Loan agreement between ElringKlinger Marusan Co., Ltd. (EKMA) – the joint venture included in the consolidated financial statements by proportionate consolidation – and ElringKlinger AG. EKMA granted ElringKlinger AG a loan in the amount of EUR 8,802 k. As of the end of the reporting period this resulted in EUR 4 k in liabilities (interest). The loan carries an interest rate of TIBOR plus 0.75% and has a term until March 31, 2013. This loan was reported as a non-current financial liability since no repayment is foreseen for the time being. The loan renews automatically.
10. The salaries of the employee representatives to the Supervisory Board are in line with market conditions.

Corporate bodies

Supervisory board

Walter Herwarth Lechler, Stuttgart, Chairman (since May 16, 2012)	Managing Partner of Lechler GmbH, Metzingen **Governance roles:** b) Lechler Inc., St. Charles, USA Lechler Ltd., Sheffield, United Kingdom Lechler India Pvt. Ltd., Thane, India ELEX India Pvt. Ltd., Thane, India
Dr. Helmut Lerchner, Aichtal, Chairman (through May 16, 2012)	Corporate advisor **Governance roles:** a) DEUTZ AG, Cologne
Markus Siegers*, Altbach, Deputy chairman	Chairman of the Works Council of ElringKlinger AG
Gert Bauer*, Reutlingen	First General Representative and collector of IG Metall Reutlingen, Tübingen **Governance roles:** a) Hugo Boss AG, Metzingen b) BIKOM GmbH, Reutlingen
Armin Diez*, Lenningen	Divisional Director of the Cylinder-head Gaskets and Battery Technology/E-Mobility at ElringKlinger AG
Pasquale Formisano*, Vaihingen an der Enz	Set-up engineer Employee representative of ElringKlinger Kunststoff-technik GmbH
Dr. Margarete Haase, Cologne	Member of the executive board of DEUTZ AG, Cologne **Governance roles:** a) Fraport AG, Frankfurt am Main ZF Friedrichshafen AG, Friedrichshafen b) DEUTZ (Dalian) Engine Co. Ltd., Dalian, China Deutz Engines (Shandong) Co. Ltd., Changlin, China (since February 16, 2012)
Karl Uwe van Husen, Waiblingen	Managing Partner of the Lechler companies

Dr. Thomas Klinger-Lohr, Egliswil, Switzerland	Chairman of the board of Betal Netherland Holding B. V., Rotterdam, Netherlands **Governance roles:** b) Klinger Ltd., Perth, Australia (until January 17, 2012), Klinger S.p.A., Mazzo di Rho (MI), Italy (until January 17, 2012) Saidi S.A., Madrid, Spain (until January 17, 2012) Klinger AG Egliswil, Egliswil, Switzerland Uni Klinger Ltd., Mumbai, India (until November 7, 2012)
Paula Monteiro-Munz*, Grabenstetten	Deputy chairwoman of the Works Council of ElringKlinger AG
Prof. Hans-Ulrich Sachs, Bremen, (since May 16, 2012)	Managing Partner of BeTec GmbH Umform- und Schweißtechnik, Adelmannsfelden
Manfred Strauß, Stuttgart	Managing shareholder of M&S Messebau und Service GmbH, Neuhausen a.d.F. **Governance roles:** b) Pro Stuttgart Verwaltungs GmbH, Stuttgart, Pro Stuttgart Verkehrsverein, Stuttgart
Gerhard Wick*, Geislingen a. d. Steige	Union secretary for IG Metall, district administration, Baden-Württemberg district a) Stihl AG, Waiblingen (since July 31, 2012)

*Employee representative
a) membership in supervisory boards to be established by law within the meaning of § 125 AktG
b) membership in analogous domestic and foreign supervisory bodies within the meaning of § 125 AktG

Remuneration of the supervisory board

Total remuneration of the Supervisory Board of ElringKlinger AG amounted to EUR 579 k (2011: EUR 619 k) in the reporting period. In addition, travel expenses in the amount of EUR 1 k (2011: EUR 1 k) were reimbursed.

Total remuneration of the Supervisory Board is distributed among the individual supervisory board members as follows:

	Fixed remuneration		Variable remuneration		Total remuneration	
	2012 EUR	2011 EUR	2012 EUR	2011 EUR	2012 EUR	2011 EUR
Walter Herwarth Lechler	37,250	28,000	40,624	27,000	**77,874**	**55,000**
Dr. Helmut Lerchner	17,000	48,000	19,242	54,000	**36,242**	**102,000**
Markus Siegers	25,000	25,000	37,633	42,105	**62,633**	**67,105**
Gert Bauer	17,000	18,000	25,088	27,000	**42,088**	**45,000**
Armin Diez	18,000	18,000	25,088	27,000	**43,088**	**45,000**
Pasquale Formisano	14,000	14,000	25,088	27,000	**39,088**	**41,000**
Dr. Margarete Haase	14,000	8,833	25,034	15,750	**39,034**	**24,583**
Dr. Rainer Hahn	0	4,167	55	11,250	**55**	**15,417**
Karl Uwe van Husen	26,000	26,000	25,088	27,000	**51,088**	**53,000**
Dr. Thomas Klinger-Lohr	17,000	18,000	25,088	27,000	**42,088**	**45,000**
Paula Monteiro-Munz	18,000	18,000	25,088	27,000	**43,088**	**45,000**
Prof. Hans-Ulrich Sachs	9,250	0	15,536	0	**24,786**	**0**
Manfred Strauß	14,000	14,000	25,088	27,000	**39,088**	**41,000**
Gerhard Wick	14,000	13,000	25,088	27,000	**39,088**	**40,000**
Total amount	**240,500**	**253,000**	**338,828**	**366,105**	**579,328**	**619,105**

Variable remuneration shown reflects the expense for which provisions have been recognized, based on the provisional consolidated income before taxes prepared in accordance with IFRS for 2012. The remuneration of the employee representatives in the Supervisory Board amounted to EUR 440 k in 2012 (2011: EUR 417 k).

The difference between the provision for variable remuneration for the financial year 2011 and the actual amounts paid out was EUR 22,596. This amount was paid out to the members of the Supervisory Board on a pro rata basis and is included under variable remuneration.

Management board

Dr. Stefan Wolf, Leinfelden-Echterdingen, Chairman	Responsible for Group companies, the corporate functions Finance, Controlling, Legal Affairs, Human Resources, IT, Investor Relations and Corporate Communication, as well as the Aftermarket and Industrial Parks divisions
Theo Becker, Metzingen	Responsible for the Cylinder-head Gaskets, Specialty Gaskets, Housing Modules/Elastomer Technology, Shielding Technology, E-Mobility and Tooling Technology divisions, as well as the corporate functions Quality and Environment, Materials Management and ElringKlinger AG Plants
Karl Schmauder, Hülben	Responsible for Original Equipment Sales and New Business Areas
Governance roles in supervisory boards and other supervisory bodies	Dr. Stefan Wolf is a member of the board of directors of Micronas Semiconductor Holding AG, Zürich, member of the supervisory board of Fielman AG, Hamburg, and chairman of the supervisory board of Norma Group AG, Maintal Karl Schmauder is chairman of the advisory board of e-mobil BW GmbH, Stuttgart and Advisory Board member of Steiff Beteiligungs-GmbH, Giengen

Remuneration of the Management Board

Total remuneration of the Management Board in financial year 2012 amounted to EUR 2,638 k (2011: EUR 2,263 k). This is composed of a fixed component of EUR 889 k (2011: EUR 865 k) and a variable component of EUR 1,749 k (2011: EUR 1,398 k). The variable component is made up of short-term performance-related remuneration amounting to EUR 1,600 k (2011: EUR 1,289 k) and EUR 149 k (2011: EUR 109 k) of performance-related remuneration with long-term incentive effects. The long-term performance-related remuneration relates to stock appreciation rights.

Total remuneration of the Management Board is distributed among the individual Management Board members as follows:

	Short-term fixed remuneration (prior year) EUR	Short-term performance-based remuneration (prior year) EUR	Long-term performance-based remuneration (prior year) EUR	Total amount (prior year) EUR
Dr. Stefan Wolf	354,009 (355,744)	651,266 (552,070)	62,066 (39,658)	1,067,341 (947,472)
Theo Becker	273,096 (251,535)	474,728 (368,046)	39,388 (39,483)	787,212 (659,064)
Karl Schmauder	261,963 (257,816)	474,728 (368,047)	47,125 (30,110)	783,816 (655,973)
Total	**889,068** **(865,095)**	**1,600,722** **(1,288,163)**	**148,579** **(109,251)**	**2,638,369** **(2,262,509)**

Short-term variable remuneration reflects expenses for which provisions have been recognized, calculated as a percentage of the average consolidated income before taxes over the last three years. In addition, the differences between provisions recognized as of December 31, 2011 and the amounts actually paid in 2012 are included. For the stock appreciation rights, the fair value as of the grant date is used.

Stock appreciation rights refer to a right to a cash settlement, not, however, for shares of ElringKlinger AG. The currently outstanding stock appreciation rights are granted in five annual tranches, beginning on February 1, 2008 and January 1, 2009, respectively. Beginning in 2010, the maturity of the tranches extends from three to four years. The strike price is the average stock price of the last 60 trading days prior to the grant date. The number of stock appreciation rights is calculated based on the fixed remuneration of the respective board member and the strike price. The cash payment to be granted is calculated based on the difference between the exercise price, which is also calculated as an average of the stock price over the last 60 trading days, and the strike price. A payment occurs only in the event that the share price of ElringKlinger AG increases more than the smoothed index in which the stock is listed, but at least by 25%. The payment per tranche is limited to the fixed salary amount for the year.

Beginning in 2013, five tranches of 30,000 stock appreciation rights will be granted on February 1 of each year. The strike price is calculated using the arithmetic mean of the market price of ElringKlinger's shares on the last 60 trading days prior to the grant date. The grant is subject to an investment by the Management Board members of one-tenth of the number of granted stock appreciation rights in shares of ElringKlinger AG. The holding period of the stock appreciation rights is four years. Within a period of two additional years after the holding period expires, a Management Board member may demand redemption of the stock appreciation rights. The redemption price is calculated using the average market price of ElringKlinger's shares of the last 60 trading days prior to redemption. Redemption of the stock appreciation rights may be demanded only if the redemption price exceeds the strike price by 25%. In total, the redemption price per tranche is limited to the fixed salary amount for two years.

Provisions are recognized in order to cover the estimated future obligation. The fair value of the obligation is determined based on the Cox-Ross-Rubinstein model using current market parameters. The risk-free interest rate used was 1.45%. The volatility of the share price (37.7%), the MDAX index (22.0%), and a correlation of 62.77% were determined over a three-year period. The expected dividend was EUR 0.45 per share.

The provision is accrued pro rata temporis over the vesting period and is assessed on every reporting date and again on the exercise date. Changes in the fair value are recognized in net income.

For financial year 2012, the following data arose:

Date tranches were issued	2009	2010	2011	2012
Number of stock appreciation rights exercised	108,754			
Value of stock appreciation rights exercised (EUR k)	824			
Number of outstanding stock appreciation rights (not yet exercisable)		49,090	32,501	42,406
Average strike price (EUR)	6.95	15.68	24.83	19.43
Average remaining time to maturity in years		1.04	2.04	3.04
Value of stock appreciation rights held by members of the Management Board				
December 31, 2012 (EUR k)	0	194	42	44
December 31, 2011 (EUR k)	771	103	21	0
December 31, 2010 (EUR k)	412	75	0	0
December 31, 2009 (EUR k)	74	0	0	0

Additions to pension provisions for members of the Management Board amounted to EUR 2,983 k (2011: EUR 2,577 k) and are related to Dr. Stefan Wolf in the amount of EUR 1,040 k (2011: EUR 768 k), Theo Becker in the amount of EUR 817 k (2011: EUR 719 k) and Karl Schmauder in the amount of EUR 1,126 k (2011: EUR 1,090 k).

Provisions for pensions and remuneration for former members of the Management Board

Provisions of EUR 13,260 k (2011: EUR 11,952 k) were recognized for pension obligations to former members of the Management Board, the management of merged companies, and their surviving dependents. The total remuneration of former members of the Management Board – including remuneration of former members of corporate bodies of merged companies – came to EUR 894 k (2011: EUR 868 k) during the 2012 financial year.

The **auditor fees** amounted to:

	2012 EUR k	2011 EUR k
Audit of the annual financial statements	558	686
Other auditing services	0	0
Tax advisory	0	0
Other services	0	0
Total	**558**	**686**

Information pursuant to § 160 (1) no. 8 AktG

As of the end of the reporting period 2012, the following long-term equity investments existed and were announced pursuant to § 21 (1) German Securities Trading Act (Wertpapierhandelsgesetz, **"WpHG")***.

* CF. GLOSSARY

1. Voting rights notification
Voting rights notification pursuant to § 26 (1) WpHG
Lechler GmbH, Metzingen, Germany, notified us pursuant to § 21 (1) WpHG that the percentage of voting rights in our company exceeded the threshold of 10% on December 28, 2012 and amounted to 10.0127% (6,344,046 voting rights) on that day.

2. Voting rights notification
Voting rights notification pursuant to § 26 (1) WpHG

1. FIL Holdings Limited, Hildenborough, Kent, England, United Kingdom, notified us pursuant to § 21 (1) WpHG about the following:
On 9 October 2012 FIL Holdings Limited fell below the threshold of 3% of the voting rights in ElringKlinger AG, Max Eyth Strasse 2, 72581 Dettingen/Erms, Germany. On that date, FIL Holdings Limited held 2.83% of the voting rights in ElringKlinger AG arising from 1,791,706 voting rights.
All voting rights in ElringKlinger AG were attributed to FIL Holdings Limited pursuant to section 22 (1) sent. 1 no. 6 WpHG in connection with sent. 2 WpHG.

2. FIL Limited, Hamilton HMCX, Bermuda, notified us pursuant to § 21 (1) WpHG about the following:
On 9 October 2012 FIL Limited fell below the threshold of 3% of the voting rights in ElringKlinger AG, Max Eyth Strasse 2, 72581 Dettingen/Erms, Germany. On that date, FIL Limited held 2.83% of the voting rights in ElringKlinger AG arising from 1,791,706 voting rights.
All voting rights in ElringKlinger AG were attributed to FIL Limited pursuant to sec. 22 para. 1 sent. 1 no. 6 WpHG.

3. FIL Investments International Hildenborough, Kent, England, United Kingdom, notified us pursuant to § 21 (1) WpHG about the following:

On 9 October 2012 FIL Investments International fell below the threshold of 3% of the voting rights in ElringKlinger AG, Max Eyth Strasse 2, 72581 Dettingen/Erms, Germany. On that date, FIL Investments International held 2.83% of the voting rights in ElringKlinger AG arising from 1,791,706 voting rights.

All voting rights in ElringKlinger AG were attributed to FIL Investments International pursuant to section 22 (1) sent. 1 no. 6 WpHG.

3. Voting rights notification

Voting rights notification pursuant to § 26 (1) WpHG

FMR LLC, Boston, Massachusetts 02109, U.S.A., notified us pursuant to § 21 (1) WpHG about the following:

On 08 June 2012 the voting rights held by FMR LLC crossed above the threshold of 3% of the voting rights in ElringKlinger AG, Max Eyth Strasse 2, 72581 Dettingen/Erms, Germany. On that date, FMR LLC held 3.17% of the voting rights in ElringKlinger AG arising from 2,008,733 voting rights.

All voting rights in ElringKlinger AG were attributed to FMR LLC pursuant to sec. 22 para. 1 sent. 1 no. 6 WpHG in connection with sent. 2 WpHG.

4. Voting rights notification

BlackRock, Inc., New York, U.S.A., notified us pursuant to § 21 (1) WpHG that the percentage of voting rights in our company fell below the threshold of 3% on September 7, 2011 and amounted to 2.97% (1,881,443 voting rights) on that day.

Of those voting rights, 2.97% (1,881,443 voting rights) are attributed to it pursuant to § 22 (1) sentence 1 no. 6 WpHG in conjunction with § 22 (1) sentence 2 WpHG.

BlackRock Financial Management, Inc., New York, U.S.A., notified us pursuant to § 21 (1) WpHG that the percentage of voting rights in our company fell below the threshold of 3% on September 7, 2011 and amounted to 2.97% (1,881,443 voting rights) on that day.

Of those voting rights, 2.97% (1,881,443 voting rights) are attributed to it pursuant to § 22 (1) sentence 1 no. 6 WpHG in conjunction with § 22 (1) sentence 2 WpHG.

BlackRock Holdco 2, Inc., Wilmington, Delaware, U.S.A., notified us pursuant to § 21 (1) WpHG that the percentage of voting rights in our company fell below the threshold of 3% on September 7, 2011 and amounted to 2.97% (1,881,443 voting rights) on that day.

Of those voting rights, 2.97% (1,881,443 voting rights) are attributed to it pursuant to § 22 (1) sentence 1 no. 6 WpHG in conjunction with § 22 (1) sentence 2 WpHG.

5. Voting rights notification

On 11/2/2010, ElringKlinger AG received the following notification

In the name of and on behalf of FIL Investment Management Limited, Hildenborough, Kent, England, UK, we hereby notify you pursuant to section 21 (1) WpHG of the following:

On 25 October 2010 FIL Investment Management Limited fell below the threshold of 3% of the voting rights in ElringKlinger AG, Max Eyth Strasse 2, 72581 Dettingen/Erms, Germany. On that date, FIL Investment Management Limited held 2.98% of the voting rights in ElringKlinger AG arising from 1,887,166 voting rights.

All voting rights in ElringKlinger AG were attributed to FIL Investment Management Limited pursuant to section 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG.

6. Voting rights notification

ElringKlinger received the following notification from Klaus Lechler Beteiligungs-GmbH on October 13, 2010:
Voting rights notifications pursuant to § 21 (1) WpHG
Notifying parties:
1. Eroca AG, Basel, Switzerland
2. Klaus Lechler Beteiligungs-GmbH, Ludwigsburg, Germany
3. KWL Beteiligungs-GmbH, Ludwigsburg, Germany
4. PAUL LECHLER STIFTUNG gGmbH, Ludwigsburg, Germany
5. Elrena GmbH, Basel, Switzerland
6. Stiftung Klaus Lechler, Basel, Switzerland
We, Klaus Lechler Beteiligungs-GmbH, hereby notify you pursuant to § 21 (1) WpHG in our own name and in the name and on behalf of the following companies as follows:

1. Eroca AG
The percentage of voting rights of Eroca AG in ElringKlinger AG fell below the threshold of 10% on October 7, 2010 and amounted to 9.20% (5,832,136 voting rights) on this day.

2. Klaus Lechler Beteiligungs-GmbH
The percentage of voting rights of Klaus Lechler Beteiligungs-GmbH in ElringKlinger AG fell below the threshold of 10% on October 7, 2010 and amounted to 9.22% (5,838,736 voting rights) on this day. Of these voting rights, 9.20% (5,832,136 voting rights) are attributed to Klaus Lechler Beteiligungs-GmbH in accordance with § 22 (1) sentence 1 no. 1 of the WpHG.
The voting rights attributable to Klaus Lechler Beteiligungs-GmbH are held by the following company that is controlled by it and holds at least 3% or more of voting rights in ElringKlinger AG:
- Eroca AG.

3. KWL Beteiligungs-GmbH
The percentage of voting rights of KWL Beteiligungs-GmbH in ElringKlinger AG fell below the threshold of 20% on October 7, 2010 and amounted to 18.39% (11,654,680 voting rights) on this day.
Of these voting rights, 9.22% (5,838,736 voting rights) are attributed to KWL Beteiligungs-GmbH in accordance with § 22 (1) sentence 1 no. 1 WpHG and an additional 9.18% (5,815,944 voting rights) are attributed in accordance with § 22 (2) sentence 1 WpHG.
The voting rights attributable to KWL Beteiligungs-GmbH are held by the following companies that are controlled by it and each hold at least 3% or more of voting rights in ElringKlinger AG:
- Eroca AG,
- Klaus Lechler Beteiligungs-GmbH
The voting rights attributable to KWL Beteiligungs-GmbH are held by the following shareholder that holds 3% or more of the voting rights in ElringKlinger AG:
- Elrena GmbH.

4. PAUL LECHLER STIFTUNG GmbH
a) The percentage of voting rights of PAUL LECHLER STIFTUNG gGmbH in ElringKlinger AG fell below the threshold of 20% on October 7, 2010 and amounted to 19.58% (12,406,060 voting rights) on this day.

Of these voting rights, 9.22% (5,838,736 voting rights) were attributed to PAUL LECHLER STIFTUNG gGmbH in accordance with § 22 (1) sentence 1 no. 1 WpHG and an additional 9.18% (5,815,944 voting rights) were attributed in accordance with § 22 (2) sentence 1 WpHG.
The voting rights attributable to PAUL LECHLER STIFTUNG gGmbH were held by the following companies that are controlled by it and each hold at least 3% or more of voting rights in ElringKlinger AG:
- Eroca AG,
- Klaus Lechler Beteiligungs-GmbH,
- KWL Beteiligungs-GmbH.
The voting rights attributable to PAUL LECHLER STIFTUNG gGmbH were held by the following shareholder that holds 3% or more of the voting rights in ElringKlinger AG:
- Elrena GmbH.

b) The percentage of voting rights of PAUL LECHLER STIFTUNG gGmbH in ElringKlinger AG exceeded the threshold of 20% on October 11, 2010 and amounted to 20.72% (13,126,990 voting rights) on this day.
Of these voting rights, 9.77% (6,187,573 voting rights) are attributed to PAUL LECHLER STIFTUNG gGmbH in accordance with § 22 (1) sentence 1 no. 1 WpHG and an additional 9.77% (6,188,037 voting rights) are attributed in accordance with § 22 (2) sentence 1 WpHG.
The voting rights attributable to PAUL LECHLER STIFTUNG gGmbH are held by the following companies that are controlled by it and each hold at least 3% or more of voting rights in ElringKlinger AG:
- Eroca AG,
- Klaus Lechler Beteiligungs-GmbH,
- KWL Beteiligungs-GmbH.
The voting rights attributable to PAUL LECHLER STIFTUNG gGmbH are held by the following shareholder that holds 3% or more of the voting rights in ElringKlinger AG:
- Elrena GmbH.

5. Elrena GmbH

The percentage of voting rights of Elrena GmbH in ElringKlinger AG fell below the threshold of 20% on October 7, 2010 and amounted to 18.39% (11,654,680 voting rights) on this day.
Of these voting rights, 0.02% (14,000 voting rights) are attributed to Elrena GmbH in accordance with § 22 (1) sentence 1 no. 1 WpHG and an additional 9.22% (5,838,736 voting rights) are attributed in accordance with § 22 (2) sentence 1 WpHG.
The voting rights attributable to Elrena GmbH are held by the following shareholder that holds 3% or more of the voting rights in ElringKlinger AG:
- Eroca AG.

6. Stiftung Klaus Lechler

The percentage of voting rights of Stiftung Klaus Lechler in ElringKlinger AG fell below the threshold of 20% on October 7, 2010 and amounted to 18.39% (11,654,680 voting rights) on this day.
Of these voting rights, 9.18% (5,815,944 voting rights) are attributed to Stiftung Klaus Lechler in accordance with § 22 (1) sentence 1 no. 1 WpHG and an additional 9.22% (5,838,736 voting rights) are attributed in accordance with § 22 (2) sentence 1 WpHG.

The voting rights attributable to Stiftung Klaus Lechler are held by the following company that is controlled by it and holds at least 3% or more of voting rights in ElringKlinger AG:
- Elrena GmbH.
The voting rights attributable to Elrena GmbH are held by the following shareholder that holds 3% or more of the voting rights in ElringKlinger AG:
- Eroca AG.

7. Voting rights notification

ElringKlinger received the following notification from Lechler Beteiligungs-GmbH on October 13, 2010:
Voting rights notifications pursuant to § 21 (1) WpHG
Notifying parties:
1. Lechler Beteiligungs-GmbH, Stuttgart, Germany
2. INLOVO GmbH, Ludwigsburg, Germany
We, Lechler Beteiligungs-GmbH, hereby notify you pursuant to § 21 (1) WpHG in our own name and in the name of and on behalf of INLOVO GmbH as follows:

1. Lechler Beteiligungs-GmbH
The percentage of voting rights of Lechler Beteiligungs-GmbH in ElringKlinger AG fell below the threshold of 10% on October 7, 2010 and amounted to 9.23% (5,848,644 voting rights) on this day.

2. INLOVO GmbH
The percentage of voting rights of INLOVO GmbH in ElringKlinger AG fell below the threshold of 10% on October 7, 2010 and amounted to 9.23% (5,848,644 voting rights) on this day.
Of these voting rights, 9.23% (5,848,644 voting rights) are attributable to INLOVO GmbH in accordance with § 22 (1) sentence 1 no. 1 WpHG.
The voting rights attributable to INLOVO GmbH are held by the following company that is controlled by it and holds at least 3% or more of voting rights in ElringKlinger AG:
- Lechler Beteiligungs-GmbH.

8. Voting rights notification

ElringKlinger received the following notification from Deutsche Bank AG on October 12, 2010:
Voting rights notification pursuant to § 21 (1) WpHG
Dear Sir or Madam:
We hereby notify you pursuant to § 21 (1) WpHG that the percentage of voting rights in ElringKlinger AG, Max-Eyth-Str. 2, 72581 Dettingen/Erms, Germany, exceeded the thresholds of 3%, 5% and 10% on October 7, 2010 and amounted to 11.11% on this day. This corresponds to 7,037,037 no-par value registered shares (bearer shares).
The notification requirement pursuant to § 21 (1) WpHG is attributed to our joint lead management within the scope of the ElringKlinger AG capital increase entered in the commercial register on October 7, 2010.
We hereby also notify you pursuant to § 21 (1) WpHG that our share of voting rights in ElringKlinger AG fell below the thresholds of 10%, 5% and 3% on October 11, 2010 and now represents a percentage of voting rights of 0.12%. This corresponds to 74,118 no-par value registered shares (bearer shares).

9. Voting rights notification

Voting rights notification pursuant to § 21 (1) WpHG

ElringKlinger received the following notification from Walter Herwarth Lechler on May 14, 2010:

"I hereby notify you pursuant to § 21 (1) WpHG that my percentage of voting rights in ElringKlinger AG fell below the threshold of 25% on May 11, 2010 and amounted to 23.697% (13,649,420 voting rights) on this day.

Of these voting rights, 10.394% (5,987,000 voting rights) are attributed to me in accordance with § 22 (1) sentence 1 no. 1 WpHG.

The voting rights attributable to me are held by the following companies that are controlled by me and each hold at least 3% or more of voting rights in ElringKlinger AG: Lechler GmbH, Metzingen."

10. Voting rights notification

In the name of and on behalf of Fidelity Funds SICAV, Luxembourg, we hereby notify you pursuant to § 21 (1) WpHG of the following:

On 06 November 2009 Fidelity Funds SICAV fell below the threshold of 3% of voting rights in ElringKlinger AG, Max-Eyth-Strasse 2, 72581 Dettingen/Erms, Germany. On that date, Fidelity Funds SICAV held 2.96% of the voting rights in ElringKlinger AG arising from 1,704,729 voting rights.

11. Voting rights notification

On December 16, 2008, ElringKlinger AG received the following notification

"Notification of voting rights pursuant to sec. 21 para 1 WpHG

Pursuant to section 21 (1), 24 WpHG ("German Securities Trading Act) in conjunction with section 32 (2) InvG ("German Investment Act"), we hereby notify that the percentage of voting rights of our subsidiary DWS Investment GmbH, Frankfurt, Germany, in ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany, fell below the threshold of 3% on 12 December 2008 and amounts to 2.63% (1,516,262 voting rights) as per this date."

12. Voting rights notification

ElringKlinger AG has received the following notification:

"Notification of Voting Rights pursuant to sec. 21, 22 WpHG

1 October 2008

On behalf of Columbia Wanger Asset Management, L.P., 227 W. Monroe Street, Suite 3000, Chicago, IL, USA, we hereby give notice, pursuant to sec. 21 para. 1 WpHG, that on 29 September 2008 the voting interest of Columbia Wanger Asset Management, L.P., in ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/ Erms, Germany, fell below the threshold of 3% and amounted to 2,99% of the voting rights [i.e., 1,727,000 shares with voting rights, out of 57,600,000 shares with voting rights outstanding (based on Bloomberg)] on this day.

2,99% (all) of the voting rights (1,727,000 voting rights) are attributed to us in accordance with sec. 22 para. 1 sent. 1 no. 6."

13. Voting rights notification

We received the following notification on March 27, 2008:

Voting rights notification pursuant to § 21 (1) WpHG

We, Klaus Lechler Beteiligungs-GmbH, hereby notify you pursuant to § 21 (1) WpHG on behalf of Ms. Lieselotte Lechler as follows:
The percentage of voting rights of Ms. Lieselotte Lechler in ElringKlinger AG fell below the thresholds of 10%, 5% and 3% on March 20, 2008 and amounted to 0% (0 voting rights) on this day.

14. Voting rights notification

We received the following notification from New Star Asset Management, Great Britain, on February 19, 2008:
Notification pursuant to sec. 21 para. 1 WpHG
We hereby give notice, pursuant to sec. 21 para 1 of the WpHG, that on 18th February 2008 our voting interest in ElringKlinger AG fell below the threshold of 3% and amounts to 2.97% (569,624 voting rights) on this day.
2.97% of the voting rights (569,624 voting rights) are attributable to us in accordance with sec. 22 para. 1 sent. 1 no. 6 of the WpHG.

15. Voting rights notification

As executor of the estate of Mr. Klaus Lechler, Mr. Gottfried Wunsch, notified us pursuant to § 21 (1) WpHG on behalf of Ms. Lieselotte Lechler as follows:
Mr. Klaus Lechler died on April 1, 2007. As of this date, the voting interest of Mr. Klaus Lechler in ElringKlinger AG therefore fell below the thresholds of 20%, 15%, 10%, 5% and 3% and amounts to 0% on this day (0 voting rights).

16. Voting rights notification

ElringKlinger has received the following notification:
“Notification pursuant to § 21 para. 1 WpHG
The following notification is made in the names of Threadneedle Asset Management Limited and Threadneedle Asset Management Holdings Limited, both with registered seat in London, United Kingdom and in the name of Ameriprise Financial, Inc., USA.
Ameriprise Financial Inc. is the parent company of Threadneedle Asset Management Holdings Limited, which is the parent company of Threadneedle Asset Management Limited.
Please be advised that on 08 October 2007 the share of voting stocks of the above mentioned companies in ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany, went below the threshold of 3% of the total voting stocks of the company.
The percentage of voting rights of Threadneedle Asset Management Limited in ElringKlinger AG at 08 October 2007 amounted to 2.603% (499,795 shares). These voting rights are in their entirety attributable to Threadneedle Asset Management Limited pursuant to § 22 para. 1 sent. 1 No. 6 WpHG.
The percentage of voting rights of Threadneedle Asset Management Holdings Limited in ElringKlinger AG at 08 October 2007 amounted to 2.603% (499,795 shares). These voting rights are in their entirety attributable to Threadneedle Asset Management Holdings Limited pursuant to § 22 para. 1 sent. 1 No. 6, sent. 2 and sent. 3 WpHG.
The percentage of voting rights of Ameriprise Financial, Inc. in ElringKlinger AG at 08 October 2007 amounted to 2,718% (521,799 shares). These voting rights are in their entirety attributable to Ameriprise Financial, Inc. pursuant to § 22 para. 1 sent. 1 No. 6, sent. 2 and sent. 3 WpHG.

17. Voting rights notification

"Notification pursuant to § 21 para. 1 WpHG

The following notification is made in the name of Threadneedle Investment Services Limited, registered in London, United Kingdom.

Please be advised that on 02 October 2007 the share of voting stocks of the Threadneedle Investment Services Limited in ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany, went below the threshold of 3% of the total voting stocks of the company.

The percentage of voting rights of Threadneedle Investment Services Limited in ElringKlinger AG at 02 October 2007 amounted to 2,992% (574,392 shares). These voting rights are in their entirety attributable to Threadneedle Investment Services Limited pursuant to § 22 para. 1 sent. 1 No. 6 WpHG.

The following notification is made in the name of Threadneedle Investment Funds ICVC, registered in London, United Kingdom.

Please be advised that on 02 October 2007 the share of the voting stocks of the Threadneedle Investment Funds ICVC in ElringKlinger AG went below the threshold of 3% of the total voting stocks of the company.

The percentage of voting rights of Threadneedle Investment Funds ICVC in ElringKlinger AG at 02 October 2007 amounted to 2.992% (574,392 shares). These voting rights are held by subfunds of Threadneedle Investment Funds ICVC.

18. Voting rights notification

ElringKlinger received the following voting rights notification:

Notification of voting rights (Stimmrechtsmitteilungen) pursuant to §§ 21, 22 WpHG

We, Prudential plc., London, United Kingdom, would like to make the following notification regarding the holding of voting rights held in ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany according to § 21, 22 WpHG.

Notification of voting rights in our own name

Prudential plc. has fallen below the 3% threshold of § 21 para. 1 WpHG on 04 September 2007 and now holds 2,94% (564,824 shares held with voting rights) of the voting rights in ElringKlinger AG. It was attributed these 2,94% (564,824 shares held with voting rights) of the voting rights in ElringKlinger AG pursuant to § 22 para. 1 sent. 1 no. 6 in connection with § 22 para. 1 sent. 2 WpHG.

19. Voting rights notification

ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany, received the following notification pursuant to § 41 (2) and § 21 (1) WpHG from Elrena GmbH, Basel, Switzerland:

We, Elrena GmbH, Basel, Switzerland, notify you pursuant to § 41 (2) and § 21 (1) WpHG (as amended) in our own name and in the name of and on the behalf of Mr. Karl Uwe van Husen for the purpose of correction and supplement to notifications made in the past by the notifying parties as follows:

Karl Uwe van Husen, Germany:

a) The percentage of voting rights of Mr. Karl Uwe van Husen in ElringKlinger AG (formerly ZWL Grundbesitz- und Beteiligungs-AG) fell below the thresholds of 10% and 5% on September 4, 1997 and amounted to 0.025% (900 voting rights).
b) Today, at May 3, 2007, the percentage of voting rights of Mr. van Husen in ElringKlinger AG amounts to 0.016% (3,000 voting rights).

20. Voting rights notification

ElringKlinger AG, Dettingen/Erms, WKN 785602
Sale of shares
Reaching the 5% threshold
Dear Sir or Madam:
We hereby inform you that we sold a total of 224,410 ElringKlinger shares in the period between February 11, 2004 through January 14, 2005, thereby falling below the 5% threshold. Betal Netherland Holding B.V. now holds 479,990 ElringKlinger shares.
This notification is made pursuant to § 21 WpHG.

21. Voting rights notification

ElringKlinger AG, Max-Eyth-Straße 2, 72581 Dettingen/Erms, Germany, received the following notification pursuant to § 41 (2) and § 21 (1) WpHG from Klaus Lechler Beteiligungs-GmbH, Ludwigsburg, Germany:
"We, Klaus Lechler Beteiligungs-GmbH, Ludwigsburg, Germany, notify you pursuant to § 41 (2) and § 21 (1) WpHG (as amended) in our own name and in the name of and on behalf of the following companies and Ms. Lieselotte Lechler for the purpose of correction and supplement to notifications made in the past by the parties on which notification is incumbent as follows:

Paul Lechler Gesellschaft bürgerlichen Rechts, Ludwigsburg, Germany:

a) The percentage of voting rights of Paul Lechler Gesellschaft bürgerlichen Rechts in ElringKlinger AG exceeded the thresholds of 5% and 10% on November 30, 2001 and amounts to 12.13% (582.012 voting rights) on this day. Of these voting rights, 12.13% (582,012 voting rights) were attributed to Paul Lechler Gesellschaft bürgerlichen Rechts in accordance with § 22 (1) sentence 1 no. 1 WpHG (essentially corresponding with § 22 (1) no. 2 WpHG as amended on November 30, 2001).
   The voting rights attributable to Paul Lechler Gesellschaft bürgerlichen Rechts were held by the following company that was controlled by it and holds 3% or more of the voting rights in ElringKlinger AG:
   - Lechler Beteiligungs-GmbH
b) The percentage of voting rights of Paul Lechler Gesellschaft bürgerlichen Rechts in ElringKlinger AG amounted to 12.13% (582,012 voting rights) on April 1, 2002. Of these voting rights, 12.13% (582,012 voting rights) were attributable to Paul Lechler Gesellschaft bürgerlichen Rechts pursuant to § 22 (1) sentence 1 no. 1 WpHG.
   The voting rights attributable to Paul Lechler Gesellschaft bürgerlichen Rechts were held by the following company that was controlled by it and holds at least 3% of voting rights in ElringKlinger AG:
   - Lechler Beteiligungs-GmbH
c) The percentage of voting rights of Paul Lechler Gesellschaft bürgerlichen Rechts in ElringKlinger AG fell below the thresholds of 10% and 5% on December 4, 2003 and has amounted to 0.00% (0 voting rights) since then."

Declaration of compliance with the German Corporate Governance Code

The Management Board and Supervisory Board issued a declaration of compliance on December 4, 2012 pursuant to § 161 AktG on the German Corporate Governance code and published it on the ElringKlinger AG website on December 4, 2012. This declaration of compliance will be available on the ElringKlinger AG website and therewith made permanently available to shareholders

Dettingen/Erms, March 13, 2013
Management Board

Dr. Stefan Wolf   Theo Becker   Karl Schmauder

Auditor˘s Report

We have audited the consolidated financial statements prepared by ElringKlinger AG, Dettingen/Erms, comprising the Group Income Statement and Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 13, 2013
PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft

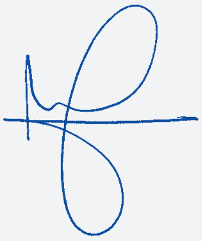
Marcus Nickel	ppa. Renate Berghoff
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Responsibility Statement

Responsibility Statement According to §§ 297(2) Sentence 4 and 315(1) Sentence 6 HGB (German Commercial Code)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report 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.

Dettingen/Erms, March 13, 2013
Management Board



Dr. Stefan Wolf | Theo Becker | Karl Schmauder