



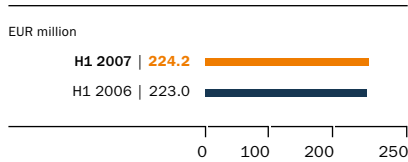
# **DRIVEN BY BERU**

HALF-YEAR REPORT 2007

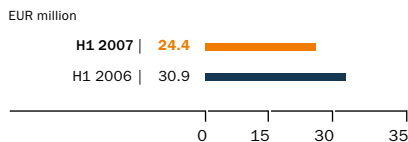


## GROUP INTERIM MANAGEMENT REPORT

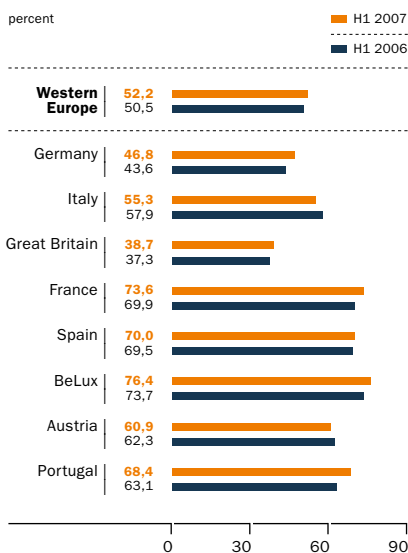
### SALES REVENUES



### EBIT



### DEVELOPMENT OF DIESEL'S SHARE OF NEW VEHICLE REGISTRATIONS



BERU Aktiengesellschaft, Ludwigsburg, increased its total sales revenues in the first half of 2007 (January 1 – June 30, 2007) by 0.5% to EUR 224.2 million (H1 2006: EUR 223.0 million), despite unfavorable market conditions. This development was primarily due to the strong growth of the Electronics and Sensor Technology division, but also of the Ignition Technology division.

First-half earnings before interest and taxes (EBIT) amounted to EUR 24.4 million, representing an operating margin of 10.9%. In the first half of last year, EBIT was EUR 30.9 million, equivalent to an operating margin of 13.9%.

### MODERATE DEVELOPMENT OF AUTOMOBILE MARKETS

Growth in worldwide demand for automobiles was only moderate in most regions. While unit sales of passenger cars decreased in the United States and Japan, sales in Europe stabilized at the prior-year level. In China and India, however, the dynamic growth in car sales continued unabated.

In Western Europe, BERU's most important sales region, 7.9 million new cars were registered, representing a decrease of 1.2% compared with the prior-year period (8.0 million). Among the region's volume markets, there was growth in the United Kingdom (+2.0%) and Italy (+6.5%), whereas unit sales decreased in Germany (–9.2%), France (–2.6%) and Spain (–1.6%).

In the United States, unit sales of 8.2 million light vehicles were 1.5% below the figure for the prior-year period. Growth stimulus came mainly from the Asian markets of China and India. In China, 2.6 million new cars were registered in the first half of the year – an increase of approximately 26%. 750,000 new car registrations in India represent a 17% increase.

### ONGOING TREND TOWARDS DIESEL

The trend towards diesel engines is continuing in the European markets. During the period of January to June 2007, total unit sales of diesel cars in Western Europe grew by 2.3% to 4.1 million. During the same period, however, sales of cars with gasoline engines fell by 4.7%. This means that diesel's share of new car registrations in Western Europe rose to 52.2%.

The share of new car registrations accounted for by diesel also increased in our important domestic market: In June 2007, 46.9% of all new vehicles registered in Germany had a diesel engine. However, it is necessary to consider the fact that despite the increase in diesel's share of the market, the absolute number of new diesel registrations fell in the first half of 2007 compared with the prior year: The total of 738,800 new diesel cars registered between January and June was 2.4% lower than in the same period of 2006.

Nonetheless, the diesel trend in Western Europe and the anticipated spread of diesel in the United States and Asia will continue to provide a solid foundation for BERU's core division in the coming years.

### REVENUE TREND: A VARIED REGIONAL PICTURE

In regional terms, the Group's sales revenues in Germany, the domestic market, increased by 20.4% to EUR 79.2 million (EUR 65.8 million). Sales revenues in the rest of Europe decreased to EUR 93.1 million (EUR 107.8 million). BERU posted lower sales revenues also in North America: EUR 18.9 million compared with EUR 24.7 million in the first half of last year. The strongest growth was achieved in Asia, where BERU posted sales revenues of EUR 24.8 million (EUR 19.2 million). Sales revenues outside Germany accounted for 64.6% of the total in the first half of 2007 (70.5%).

### GROWTH FOR ORIGINAL EQUIPMENT – WEAKER AFTERMARKET BUSINESS

In its Original Equipment sales segment, BERU increased its first-half sales revenues by 3.0% to EUR 154.5 million (EUR 150.0 million). The Group succeeded in expanding its business with automobile manufacturers both for ignition products and for electronic and sensor products in the first half of 2007. Sales revenues increased primarily due to higher unit sales of ignition coils and tire-pressure monitoring systems to leading automakers.

Sales revenues in the high-margin Aftermarket segment decreased by 4.7% to EUR 56.3 million (EUR 59.1 million) as a result of mild weather in the first quarter of 2007. Sales revenues stabilized in the second quarter of 2007 compared with the first. Nonetheless, sales revenues in the first half of the year remained lower than expected, and also lower than in the first half of 2006,

when sales had been boosted by the unusually cold winter weather. The decrease in sales revenues is unlikely to be offset in the remaining six months of the year 2007.

In the General Industry segment, which comprises our business with manufacturers of oil and gas burners as well as our industrial electronics, sales revenues in the first half of 2007 decreased to EUR 13.4 million from EUR 13.9 million in the prior-year period. This was partially due to the current uncertainty regarding the expected tax support for regenerative heating systems, which has not yet been implemented, however.

#### LOWER DEMAND FOR DIESEL COLD-START PRODUCTS – STRONG GROWTH FOR TSS

BERU's core division of Diesel Cold-Start Technology posted a decrease in first-half sales revenues to EUR 82.6 million (EUR 95.7 million). Firstly, this development was influenced by the weak aftermarket business. Secondly, the intensifying price and competitive pressure also depressed sales revenues. And there was a negative impact on original-equipment sales from some manufacturers' production cuts. BERU is still the world's Number One for diesel cold-start products, satisfying approximately 40% of the global market. And the Company anticipates rising sales revenues again in its core division as of 2009, due to the worldwide trend towards diesel engines and the launch of innovative new products. Orders have already been received from two automobile manufacturers to supply pressure-sensor glow plugs as standard equipment. And stimulus should also be provided by the ceramic glow plug, which is already being tested by many carmakers. The first full-scale orders for this product will also go into production in 2009.

Despite the continuation of falling production and unit sales figures for gasoline engines in Western Europe, the Ignition Technology division developed positively in the first half of 2007. Sales revenues increased by 6.9% to EUR 65.2 million (EUR 61.0 million), primarily due to a significant increase in unit sales of ignition coils. But sales of 12-millimeter spark plugs to PSA and BMW also boosted revenues, with further increases to be expected as the year progresses. In addition, BERU anticipates positive impetus from the expansion of its international aftermarket range of ignition products.

The Group's youngest and most dynamic division, Electronics and Sensor Technology, made a large contribution to the Group's positive revenue trend in the first half of this year. In the period under review, this division posted sales revenues of EUR 76.4 million, an increase of 15.2% (EUR 66.3 million). The source of this growth was the tire-pressure monitoring system, TSS, which generated over 80% more sales revenues than in the prior-year period. BERU also anticipates significant revenue growth in this area in the second half of the year. Although unit sales of PTC auxiliary heating systems for vehicle interiors increased in the first half of the year, sales revenues actually decreased. This is because the new product is less expensive than its predecessor. BERU is working on innovative new products that will boost our growth rates in the area of PTC auxiliary heating systems in the medium term.

#### ORDERS RECEIVED AND ORDER BACKLOG

Solid development of the order backlog was recorded in the first six months of 2007. It increased by 0.8% from EUR 199.4 million at June 30, 2006 to EUR 200.9 million at June 30, 2007. However, orders received decreased by 3.1% from EUR 221.8 million in the first half of 2006 to EUR 214.9 million in the first half of this year.

#### WORKFORCE

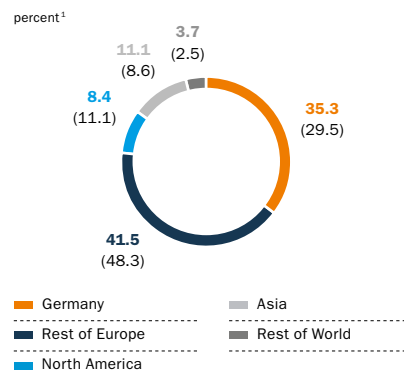
At June 30, 2007, the BERU Group employed a workforce of 2,596 persons (December 31, 2006: 2,555). 1,495 persons or 57.6% of the total were employed in Germany and 1,101 persons or 42.4% were employed in other countries. The slight increase in employment abroad is primarily due to the startup of the new Mexican subsidiary, which was officially opened in May.

#### HIGHER MATERIAL EXPENSES DUE TO GROWTH IN ELECTRONICS AND SENSOR TECHNOLOGY

The growth of the Electronics and Sensor Technology division is leading to a shift in the mix of production and sales towards electronic products, which have a much higher material share than the products of the other divisions. A slight increase in sales revenues, the shift in production towards electronic products, and further increases in raw-material prices led to an increase in cost of materials from EUR 85.1 million in the prior-year period to EUR 93.9 million in

#### SALES REVENUES BY REGION

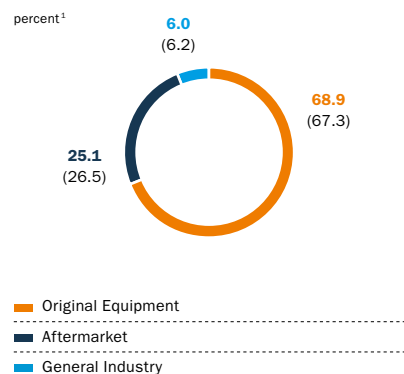
H1 2007 (H1 2006)



<sup>1</sup> Comparable H1 figures for the prior year are stated in parentheses.

#### SALES REVENUES BY SEGMENT

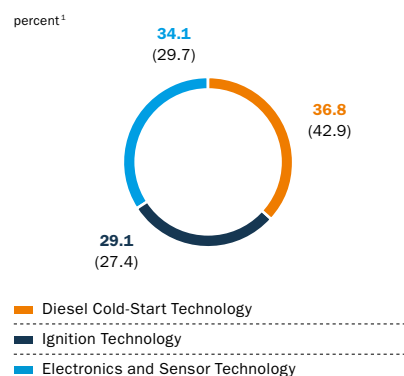
H1 2007 (H1 2006)



<sup>1</sup> Comparable H1 figures for the prior year are stated in parentheses.

#### SALES REVENUES BY DIVISION

H1 2007 (H1 2006)



<sup>1</sup> Comparable H1 figures for the prior year are stated in parentheses.

the first half of 2007. As a proportion of sales revenues, cost of materials thus increased to 41.9% (38.2%).

The cost of personnel increased by 4.5% to EUR 60.5 million (EUR 57.9 million). This increase was mainly due to higher wage costs resulting from the collective-bargaining agreements in the German metalworking and electrical industries.

Despite rising energy prices, as a result of economy measures BERU succeeded in slightly reducing its other operating expenses, which also include selling and administrative expenses, to EUR 33.9 million (EUR 34.0 million).

#### DOUBLE-DIGIT OPERATING MARGIN

First-half operating profit (EBIT) amounted to EUR 24.4 million (EUR 30.9 million), equivalent to a margin of 10.9% in relation to sales revenues (13.9%). This margin reduction was the result of the price reductions that are increasingly required by automobile manufacturers and cannot be offset by internal cost cutting. On the other hand, BERU continues to be faced with rising costs of raw materials. As a result of productivity advances, improvements in internal processes, further optimization of production structures and better purchasing conditions, BERU intends to compensate for at least a part of the pressure on sales prices and profit margins in the future, and thus to maintain the high quality of its margins.

#### LOWER EFFECTIVE TAX RATE

Pre-tax earnings decreased by EUR 4.9 million to EUR 26.8 million compared with EUR 31.7 million in the first half of last year. The effective tax rate was 31.0% (34.4%). The tax expense was reduced by a tax refund from the Irish tax authorities related to a recent tax field audit. For this reason, BERU's reduction in net profit was considerably smaller than the drop in operating profit of approximately 21%. Net profit for the period amounted to EUR 18.5 million (EUR 20.8 million); return on sales after taxes was 8.0% (9.2%).

#### INVESTMENT IN THE FUTURE

BERU continues to make substantial investments in the future of the Group. Total investments in tangible and intangible assets amounted to EUR 12.0 million in the first half of the year (EUR 14.6 million). This represents 5.4% of sales revenues for the period, showing that BERU once again invested at an above-average rate.

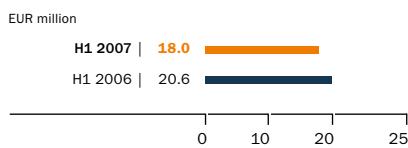
The expansion of BERU's Research and Development Center at the headquarters in Ludwigsburg was completed and the new building was inaugurated in May 2007. This expansion is a clear demonstration of our long-term corporate policy and permanent investment in the future. Only in this way can BERU maintain its leadership in diesel cold-start technology and its position as a specialist for ignition technology.

At our main facility in Ludwigsburg and our site in Neuhaus in the State of Thuringia, we invested in new production equipment for the manufacture of strategically important products of the future: pressure-sensor glow plugs and ceramic glow plugs. And we made substantial investments in both Muggendorf and Ludwigsburg in new and expanded plants for the manufacture of ignition coils, enabling us to fulfill orders we recently gained in the area of original equipment. We also expanded our production capacities for tire-pressure monitoring systems at our electronics plant in Bretten.

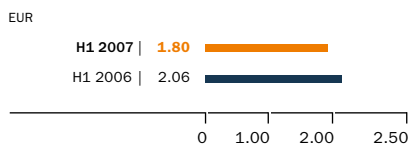
Capitalized development expenses amounted to EUR 4.1 million (EUR 4.6 million), with amortization of capitalized development expenses of EUR 2.2 million (EUR 1.9 million). The Group's total investments in the first half of 2007 therefore amounted to EUR 16.1 million (EUR 19.2 million). BERU was once again in a position to finance all of its investments completely out of its cash earnings.

The operating free cash flow before dividends amounted to EUR 21.7 million (EUR 23.6 million), despite the high level of investment. On June 27, 2007, the Annual Shareholders' Meeting of BERU Aktiengesellschaft approved the distribution of a dividend of EUR 11.0 million or EUR 1.10 per share for the 2006 financial year. The effective free cash flow after dividends therefore amounted to EUR 10.7 million (EUR 15.3 million).

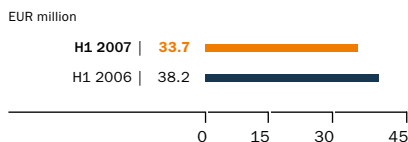
#### NET PROFIT



#### EARNINGS PER SHARE



#### CASH FLOW



### SOUND BALANCE-SHEET STRUCTURE AND FINANCIAL POSITION

BERU continued to strengthen its sound balance-sheet structure during the reporting period. The equity ratio at June 30, 2007 was 74.1%, compared with 72.2% at December 31, 2006. The balance-sheet total of EUR 471.7 million at June 30, 2007 was slightly lower than at December 31, 2006 (EUR 474.0 million).

Due to the distribution of the dividend as well as the Group's investments, the net financial position (liquidity less liabilities to banks) decreased: At the end of the first half of 2007, the Group's net financial position amounted to EUR 101.7 million, compared with EUR 105.9 million at the end of 2006.

### OPPORTUNITIES AND RISKS

The risk-management system is an integral component of the business process and is closely linked with the planning system and internal reporting. With the help of a uniform reporting system that includes all of the companies of the Group, the current risk situation is monitored and reported on each quarter.

Most of the opportunities and risks relating to the development of the BERU Group in the year 2007 continue to apply unchanged as described in Annual Report 2006. At present, no risks are apparent that could jeopardize BERU's continuing existence. On the contrary, BERU assumes that with its current products and those products being developed, it is well prepared for the future and will achieve its strategic and operating goals.

### PERSONNEL CHANGES

Mr. Marco von Maltzan, the previous Executive Board Chairman of BERU AG, stood down from his position and left the company on June 26, 2007. Until a successor is appointed, Mr. von Maltzan's previous responsibilities will be temporarily assumed by the other members of the Executive Board.

The Supervisory Board has appointed Mr. Marcus Knödler (previously responsible for Finance and Accounting) as a deputy member of the Executive Board of BERU AG as of April 13, 2007. In his new position, Mr. Knödler is responsible for Finance and Information Technology.

### OUTLOOK

In the further course of this year, BERU anticipates a continuation of the moderate development of demand for automobiles. Growth stimulus is expected from Asia and Eastern Europe, while from today's perspective demand is likely to remain flat or decline in the high-volume markets of the United States and Western Europe.

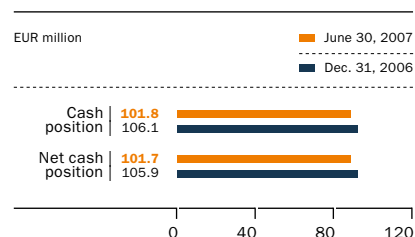
Despite the currently difficult market environment, the Executive Board of BERU AG maintains its forecast for the full year that the Group's sales revenues will increase by a low single-digit rate.

As we reported on June 6, 2007, in view of increasing pressure on sales prices and margins accompanied by high prices for raw materials and energy, as well as the weaker aftermarket business at the beginning of the year due to unusual weather, BERU expects operating profit (EBIT) to fall to between EUR 47 million and EUR 50 million in 2007, compared with EUR 53.5 million in 2006. The high level of net profit in the prior year was partially caused by an exceptional tax gain in an amount of EUR 7.0 million from the capitalization of corporate income-tax credits.

Financial year 2008 will also be a year of consolidation. But as of 2009, new orders and the market launch of new products should lead to stronger growth once again.

BERU will continue its high level of investment in the development of new products. The focus will be on the core division of diesel cold-start technology and the youngest division of Electronics and Sensor Technology. In addition, the Group will push forward with the orientation of its international production network towards core competencies.

### NET CASH POSITION/ CASH POSITION



# CONSOLIDATED BALANCE SHEET

## OF BERU AKTIENGESELLSCHAFT AT JUNE 30, 2007

EUR million	June 30, 2007	Dec. 31, 2006	June 30, 2006
<b>Non-current assets</b>			
Intangible assets	40.2	39.6	36.8
Property, plant and equipment	142.5	140.9	143.0
Investments valued using the equity method	5.9	4.6	3.7
Financial investments	0.4	1.3	1.3
Deferred tax assets	8.0	9.0	12.5
Other financial receivables	0.5	0.5	0.1
Entitlement to income-tax rebate	7.2	7.0	–
	<b>204.6</b>	<b>202.9</b>	<b>197.4</b>
<b>Current assets</b>			
Inventories	65.2	60.0	59.9
Trade receivables	82.5	82.7	78.0
Other receivables	3.5	3.4	3.4
Marketable securities	43.1	44.6	56.1
Cash and cash equivalents	58.7	61.5	31.0
Current income-tax assets	0.7	4.0	4.5
Other assets	13.4	14.9	8.5
	<b>267.1</b>	<b>271.1</b>	<b>241.4</b>
	<b>471.7</b>	<b>474.0</b>	<b>438.8</b>
<b>Equity</b>			
Subscribed capital	26.0	26.0	26.0
Additional paid-in capital	73.1	73.1	73.1
Retained earnings	250.2	243.3	220.3
<b>Equity attributable to equity holders of the parent</b>	<b>349.3</b>	<b>342.4</b>	<b>319.4</b>
Minority interest	3.1	2.7	2.2
<b>Total equity</b>	<b>352.4</b>	<b>345.1</b>	<b>321.6</b>
<b>Non-current liabilities</b>			
Provisions for pensions	17.0	16.9	17.1
Other provisions	7.3	8.2	6.0
Borrowings	0.1	0.5	0.7
Other financial liabilities	–	–	–
Deferred tax liabilities	16.2	17.5	14.5
Other liabilities	1.5	1.5	0.2
	<b>42.1</b>	<b>44.6</b>	<b>38.5</b>
<b>Current liabilities</b>			
Other provisions	18.8	11.9	14.5
Borrowings	0.3	0.3	0.3
Trade payables	34.5	48.3	30.1
Other financial liabilities	18.2	19.7	20.6
Current income-tax liabilities	1.3	2.1	7.6
Other liabilities	4.1	2.0	5.6
	<b>77.2</b>	<b>84.3</b>	<b>78.7</b>
<b>Total liabilities</b>	<b>119.3</b>	<b>128.9</b>	<b>117.2</b>
	<b>471.7</b>	<b>474.0</b>	<b>438.8</b>

# CONSOLIDATED INCOME STATEMENT

OF BERU AKTIENGESELLSCHAFT FOR THE PERIOD OF JANUARY 1 TO JUNE 30, 2007

EUR million	H1 2007	H1 2006	Change
Sales revenues	224.2	223.0	0.6%
Changes in inventories and work in progress and own work capitalized	2.7	-3.1	-187.5%
Other operating income	2.4	6.2	-61.3%
	<b>229.3</b>	<b>226.1</b>	<b>1.4%</b>
Cost of materials	-93.9	-85.1	10.3%
Personnel expenses	-60.5	-57.9	4.5%
Depreciation and impairments	-15.6	-17.4	-10.2%
Other operating expenses	-33.9	-34.0	-0.2%
Other taxes	-1.0	-0.8	22.6%
<b>Profit on ordinary activities (EBIT)</b>	<b>24.4</b>	<b>30.9</b>	<b>-21.0%</b>
Interest and similar income	1.7	0.9	81.8%
Interest and similar expenses	-0.5	-0.5	4.4%
Shares of profits and losses of associated companies	1.2	0.4	238.7%
<b>Profit before income taxes</b>	<b>26.8</b>	<b>31.7</b>	<b>-15.6%</b>
Income-tax expense	-8.3	-10.9	-23.9%
<b>Net profit</b>	<b>18.5</b>	<b>20.8</b>	<b>-11.1%</b>
Attributable to:			
Minority interest	0.5	0.2	117.3%
Equity holders of the parent company	18.0	20.6	-12.6%
<b>Net profit</b>	<b>18.5</b>	<b>20.8</b>	<b>-11.1%</b>
<b>Earnings per share basic/ diluted (EUR)</b>	<b>1.80</b>	<b>2.06</b>	<b>-12.6%</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

OF BERU AKTIENGESELLSCHAFT FOR THE PERIOD OF JANUARY 1 TO JUNE 30, 2007

EUR million	H1 2007	H1 2006	Change
Earnings before taxes	26.8	31.7	-4.9
Depreciation and impairments	15.6	17.4	-1.8
Changes in provisions	6.2	-5.0	11.2
Other expenses/ income not affecting cash	-1.2	-0.4	-0.8
Interest income	-1.5	-0.9	-0.6
Interest expenses	0.5	0.5	-
Proceeds from the disposal of tangible and intangible assets	-	-	-
Changes in inventories	-5.2	2.4	-7.6
Changes in receivables and other assets	-0.8	-0.1	-0.7
Changes in payables and other liabilities	-13.5	4.4	-17.9
Proceeds from financial assets as part of temporary financial management	11.0	11.1	-0.1
Payments for financial assets as part of temporary financial management	-9.5	-31.0	21.5
Income taxes paid	-10.4	-12.4	2.0
Income taxes received	4.3	-	4.3
<b>Net cash inflow from operating activities</b>	<b>22.3</b>	<b>17.7</b>	<b>4.6</b>
Proceeds from the disposal of property, plant and equipment	0.3	0.4	-0.1
Payments for investments in property, plant and equipment	-10.3	-12.0	1.7
Payments for investments in intangible assets	-4.4	-5.0	0.6
Advance payments on property, plant and equipment	-1.4	-2.1	0.7
Proceeds from grant/ Payment on refund of government subsidies	-	-	-
Proceeds from the disposal on non-current financial assets	0.1	0.8	-0.7
Dividends from associated companies	0.8	0.6	0.2
Payments for investments in non-current financial assets	-	-0.3	0.3
Net proceeds from the sale of consolidated companies	-	-	-
<b>Net cash outflow for investing activities</b>	<b>-14.9</b>	<b>-17.6</b>	<b>2.7</b>
Dividend payments	-11.0	-8.3	-2.7
Proceeds from the sale of treasury shares	-	-	-
Payments to shareholders for the purchase of treasury shares	-	-	-
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-10.9	10.9
Interest received	1.4	0.8	0.6
Interest paid	-0.5	-	-0.5
<b>Net cash outflow for financing activities</b>	<b>-10.1</b>	<b>-18.4</b>	<b>8.3</b>
<b>Changes in cash and cash equivalents affecting cash</b>	<b>-2.7</b>	<b>-18.3</b>	<b>15.6</b>
Changes in cash and cash equivalents not affecting cash	-0.1	-0.3	0.2
Cash and cash equivalents at beginning of period	61.5	49.6	11.9
<b>Cash and cash equivalents at end of period</b>	<b>58.7</b>	<b>31.0</b>	<b>27.7</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF BERU AKTIENGESELLSCHAFT FOR THE PERIOD OF JANUARY 1 TO JUNE 30

EUR million	Subscribed capital	Additional paid-in capital	Retained earnings			Attributable to shareholders' equity	Attributable to minority interest	Total
			Revaluation reserve	Translation reserve	Other			
<b>January 1, 2006</b>	<b>26.0</b>	<b>73.1</b>	<b>-0.1</b>	<b>-0.7</b>	<b>209.4</b>	<b>307.7</b>	<b>2.1</b>	<b>309.8</b>
Currency differences	-	-	-	-0.4	-	-0.4	-0.1	-0.5
Disposal of currency differences on deconsolidation	-	-	-	-	-	-	-	-
Valuation of original financial instruments								
not affecting income statement	-	-	-0.4	-	-	-0.4	-	-0.4
affecting income statement	-	-	-	-	-	-	-	-
Changes in deferred taxes not affecting income statement	-	-	0.2	-	-	0.2	-	0.2
Changes in equity not affecting income statement	-	-	-0.2	-0.4	-	-0.6	-0.1	-0.7
Net profit	-	-	-	-	20.6	20.6	0.2	20.8
Total income and expenses in the period	-	-	-0.2	-0.4	20.6	20.0	0.1	20.1
Dividend for prior year	-	-	-	-	-8.3	-8.3	-	-8.3
Transfer from/to retained earnings	-	-	-	-	-	-	-	-
<b>June 30, 2006</b>	<b>26.0</b>	<b>73.1</b>	<b>-0.3</b>	<b>-1.1</b>	<b>221.7</b>	<b>319.4</b>	<b>2.2</b>	<b>321.6</b>
<b>January 1, 2007</b>	<b>26.0</b>	<b>73.1</b>	<b>0.1</b>	<b>-0.1</b>	<b>243.3</b>	<b>342.4</b>	<b>2.7</b>	<b>345.1</b>
Currency differences	-	-	-	-0.1	-	-0.1	-0.1	-0.2
Disposal of currency differences on deconsolidation	-	-	-	-	-	-	-	-
Valuation of original financial instruments								
not affecting income statement	-	-	-	-	-	-	-	-
affecting income statement	-	-	-	-	-	-	-	-
Changes in deferred taxes not affecting income statement	-	-	-	-	-	-	-	-
Changes in equity not affecting income statement	-	-	-	-0.1	-	-0.1	-0.1	-0.2
Net profit	-	-	-	-	18.0	18.0	0.5	18.5
Total income and expenses in the period	-	-	-	-0.1	18.0	17.9	0.4	18.3
Dividend for prior year	-	-	-	-	-11.0	-11.0	-	-11.0
Transfer from/to retained earnings	-	-	-	-	-	-	-	-
<b>June 30, 2007</b>	<b>26.0</b>	<b>73.1</b>	<b>0.1</b>	<b>-0.2</b>	<b>250.3</b>	<b>349.3</b>	<b>3.1</b>	<b>352.4</b>

## GROUP CASH FLOW

### OF BERU AKTIENGESELLSCHAFT FOR THE PERIOD OF JANUARY 1 TO JUNE 30, 2007

EUR million	H1 2007	H1 2006	Change
Net income	18.0	20.6	-12.6%
Depreciation and amortization	15.6	17.4	-10.3%
Changes in long-term provisions	0.1	0.2	-50.0%
	<b>33.7</b>	<b>38.2</b>	<b>-11.7%</b>

#### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2007

The consolidated financial statements of the BERU Aktiengesellschaft are prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). For the interim report as of June 30, 2007, the regulations of International Accounting Standard 34 (IAS 34, Interim Financial Reporting) have also been taken into consideration.

#### ACCOUNTING AND VALUATION METHODS

The same accounting and valuation methods and the same methods of calculation have been applied as with the previous consolidated financial statements as of December 31, 2006. The regulations of IAS 34 have been complied with in the preparation of this interim report. New IFRS standards and interpretations to be applied as of January 1, 2007 have no material effect on the interim report as of June 30, 2007. All amounts are in millions of euros, unless otherwise stated.

#### CHANGES IN THE CONSOLIDATED GROUP

As well as BERU Aktiengesellschaft (BERU AG), the consolidated financial statements include 13 subsidiaries, as in the prior year. In addition, since December 31, 2006, BERU Eichenauer GmbH, a joint venture in which BERU Aktiengesellschaft holds a 50% equity interest, is included in the consolidated group as an associated company. This holding was previously included in the consolidated financial statements of the BERU Group under investments valued using the equity method due to its subordinate importance for the Group's assets, liabilities, financial position and profitability. In the first half of 2007, the value of the Group's equity interest in BERU Eichenauer GmbH was written up by EUR 0.6 million. At the same time, a dividend of EUR 0.2 million was received.

#### SEGMENT REPORTING

The segment report was prepared with the application of International Accounting Standard 14 (IAS 14, Segment Reporting). Each segment's external sales revenues and earnings before interest and taxes developed as follows:

EUR million	H1 2007	H1 2006
<b>Original Equipment</b>		
Sales revenues	154.5	150.0
EBIT	12.8	17.8
<b>Aftermarket</b>		
Sales revenues	56.3	59.1
EBIT	10.2	11.7
<b>General Industry</b>		
Sales revenues	13.4	13.9
EBIT	1.4	1.4
<b>Total</b>		
Sales revenues	224.2	223.0
EBIT	24.4	30.9

#### RELATED-PARTY TRANSACTIONS

BorgWarner Germany GmbH, Heidelberg, holds a majority interest in BERU Aktiengesellschaft, Ludwigsburg. The regular business transactions between the BERU Group and the BorgWarner Group have not been significant so far. Any disadvantages as described in Section 311 of the German Stock Corporation Act arising in connection with the Group's dependency on BorgWarner Germany GmbH were compensated by that company. The income resulting from the compensation of disadvantages amounted to EUR 0.4 million in the first half of 2007. As of June 30, 2007, receivables due from companies of the BorgWarner Group amounted to EUR 0.4 million.

#### SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

There have been no significant events since the end of the interim reporting period that are not reflected in the financial statements for the interim reporting period of January 1 to June 30, 2007.

#### DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and the Supervisory Board of BERU Aktiengesellschaft have issued the declaration required by Section 161 of the German Stock Corporation Act and have made it permanently accessible on the Company's Internet website at [www.beru.com](http://www.beru.com).

#### CORPORATE TAX REFORM 2008

As part of the reform of corporate taxation in Germany, a reduction of corporate income tax was decided upon, taking effect on January 1, 2008. This necessitates a revaluation of deferred tax assets and liabilities, resulting in a one-time tax gain with no effect on cash of approximately EUR 2 million in 2007. Due to the changes in tax legislation, we anticipate a lower tax expense for BERU as of the year 2008.

#### OTHER NOTES

There have been no significant changes in contingent liabilities since December 31, 2006. This interim report has not been reviewed by external auditors.

#### RESPONSIBILITY STATEMENT BY THE MANAGEMENT

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

The Executive Board



Marcus Knödler



Dr.-Ing. Reinhard Meschkat



Dr. Rainer Podeswa



## FINANCIAL CALENDAR 2007/2008

Half-Year Report 2007	<b>August 14, 2007</b>
Annual Report 2007	<b>March 27, 2008</b>
Press conference on financial year 2007	<b>March 27, 2008</b>
Annual Shareholders' Meeting	<b>June 25, 2008</b>

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