Q2

Wacker Chemie AG
Interim Report

January – June 2012

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WACKER

Interim Report January – June 2012

Group sales reach €1.22 billion in Q2 2012, 2 percent over Q1 2012 and close to 8 percent below the prior-year period

At €241 million, second-quarter earnings before interest, taxes, depreciation and amortization are 14 percent higher than in Q1 2012, but down 26 percent year on year due to price declines

Net income for Q2 2012 amounts to €61 million

Investments of €245 million focus on strategic expansion of polysilicon production

For full-year 2012, WACKER now targets sales slightly below prior year, with EBITDA expected to continue to be well below prior-year figure due to price declines

Cover

A strong bond: high-performance adhesives are becoming increasingly important for industry.

WACKER at a Glance

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales	1,222.5	1,325.8	–7.8	2,416.8	2,617.5	–7.7
EBITDA[1]	240.5	324.8	–26.0	452.3	675.8	–33.1
EBITDA margin[2] (%)	19.7	24.5	–	18.7	25.8	–
EBIT[3]	110.3	215.1	–48.7	192.7	461.0	–58.2
EBIT margin[2] (%)	9.0	16.2	–	8.0	17.6	–
Financial result	–15.5	–9.7	59.8	–29.2	–17.6	65.9
Income before taxes	94.8	205.4	–53.8	163.5	443.4	–63.1
Net income for the period	60.6	142.7	–57.5	100.6	310.7	–67.6
Earnings per share (basic/diluted) (€)	1.18	2.87	–58.8	2.02	6.26	–67.7
Investments (incl. financial assets)	244.9	208.3	17.6	431.0	344.9	25.0
Net cash flow[4]	–156.9	–81.3	93.0	–204.5	17.9	n.a.

€ million	June 30, 2012	June 30, 2011	Dec. 31, 2011
Equity	2,630.4	2,599.7	2,629.7
Financial liabilities	1,114.0	547.4	777.9
Net financial liabilities/receivables[5]	–316.0	348.3	95.7
Total assets	6,477.6	5,843.0	6,237.0
Employees (number at end of period)	16,759	16,834	17,168

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes.
[4] Sum of cash flow from operating activities (excluding changes in advance payments) and cash flow from noncurrent investment activities (before securities), including additions due to finance leases.
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

Interim Report January – June 2012

High-strength bonding used to be the domain of polyurethanes and epoxy resins. Now, WACKER has developed an innovative alternative that withstands shocks and vibrations and is highly competitive in terms of adhesive strength – GENIOSIL® hybrid polymers.

1

Over the past ten years, WACKER researchers have succeeded in creating a completely new class of products. Hybrid polymers, sold under the brand name GENIOSIL® STP-E, combine the advantages of polyurethanes with those of silicones. These silane-terminated binders are proving to be true all-round talents for all applications where a sealant, foam or coating is required. Most of all, however, these award-winning α-hybrids form the ideal basis for novel high-performance adhesives that have no known environmental issues, and are easy to work with or versatile enough to adapt to different applications.

1
Dr. Lars Zander, adhesive specialist and laboratory manager at WACKER in Burghausen.

2

2
This is the plant where WACKER produces the hybrid polymers. Many of the processes are unique worldwide.

Lars Zander picks up two wooden blocks from a large stack of samples on his laboratory bench. They are not much bigger than two dominoes and are bonded together over half their surface. He hands them to his visitors to try out their strength. Eventually, red-faced with exertion, they are delighted when they manage to pull the two blocks apart. And Lars Zander is just as pleased when he looks at the fracture, since it is not the adhesive that has yielded, but the wood.

Zander holds a doctorate in chemistry, and has been in the adhesives business for years. “I deal with adhesion problems,” he says modestly. In his Burghausen lab, he is working on using so-called “α-hybrid polymers” to produce new high-performance adhesives. These specialty polymers form the basis of a new generation of sealants and adhesives that are often superior to conventional products.

“We were the first to use silane-terminated polymers to achieve a bonding force comparable to that of epoxy and polyurethane adhesives ,” he says. “That was inconceivable until now.” At the same time, the new high-performance adhesives can absorb shocks and vibrations that would rupture a rigid adhesive. Such a combination of properties is much sought-after in industry. “We will be unveiling this novel development at the World Adhesives and Sealants Conference in September 2012 in Paris,” announces Zander.

Industrial Adhesives Are a Future Market

In May, Lars Zander was presented with the “Best Innovation 2012” award by WACKER’s Construction Silicones business unit. “Thanks to his discoveries, we have made great strides in the adhesives field,” says Bernd Judas, vice president of Construction Silicones. He is predicting high growth rates in the industrial adhesives business. Adhesive bonding eliminates the need to drill holes, weld or insert screws or rivets. It is also unobtrusive and easy to do. That is why this form of sturdy joining is finding increasing use in auto manufacturing, shipbuilding and aero engineering. Silane-based binders do not require any special labeling.

From Lab Tests to Industrial Production

The base polymers are the result of ten years’ intensive research. In 2001, long before Zander’s time at WACKER, the basic researchers developed a unique innovation – a network of polyether molecules linked together by silane bridges. This polymer is a hybrid of organic and inorganic components that combines the advantages of silicones and polyurethanes, and is thus in a category of its own. Though silane-terminated polymers have been established on the market for decades, GENIOSIL® STP-ES offer completely novel applications potential thanks to the high reactivity of the α-silanes. In 2011, the management consultancy Frost & Sullivan, in London, conferred the “New Product Innovation Award” on WACKER for this innovation.

Back in 2001, though, the research chemists still didn’t know how, or even whether, they could produce the large quantities of precursors necessary for the α-silane-modified polymers. They had produced a few milliliters with great effort, but they still had to solve the problem that the high reactivity of these monomeric building blocks posed for mass production. Showing great ingenuity and expertise, the engineers and scientists in Burghausen set about developing the first pilot plant, which came on stream in 2005.

Just recently, GENIOSIL® hybrid polymer production has started to run on a larger facility that has several times the pilot plant’s capacity. “It’s in there,” says Lars Zander, wearing an outdoor coat and heading to a meeting on his factory bicycle. He is pointing to a common-looking production building. Many of the manufacturing processes taking place there are unique. Therefore, Zander and his colleagues from production often have to tweak the formulations, residence times and mixing process for the best results. “Fine tuning is part and parcel of the production process,” says Zander calmly. Nevertheless, he has no doubts about the responsibility he carries. This is not a question of a laboratory trial involving a few milliliters, but of a quantity costing the equivalent of a small house.

Still Plenty of Scope for Growth

The market for hybrid polymers is booming. “We produce several thousand metric tons of polymers a year, and the trend is rising strongly,” says Bernd Judas. Sales are in the double-digit million range, explains the manager. But they are growing at double-digit rates, too, and he has no doubt this is likely to continue. “It is an important area for WACKER, even if we can’t tell yet whether α-polymers will replace polyurethanes entirely in adhesives,” says Judas. At any rate, he adds, the technical and economic potential is by no means exhausted.

At present, the construction industry is the main customer for the new binders. Silane technology has become established in the European market for wood-flooring adhesives, since the hybrid polymers are easy to work with and are not harmful to health or the environment. The new binders are also in demand in the USA and Eastern Europe. The filing cabinets in Lars Zander’s office don’t contain box files, but manufacturers’ cartridges lined up like trophies, demonstrating that hybrid polymers are perfect for wood bonding on construction sites, such as in roof timbers or wooden

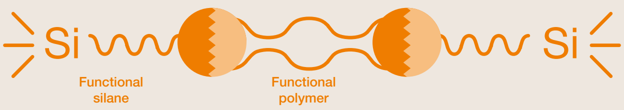
3

4

10 N/mm^2

Structural adhesive bonds exhibit tensile strengths of greater than 10 N/mm^2

High reactivity of α-silanes



Methylene group (α-silane-terminated) or propylene group (γ-silane-terminated)

α-Silanes react about 100 to 1,000 times as fast as the corresponding γ-silanes

3
Lab assistant Anna Kücher formulates a new adhesive in the planetary mixer.

4
These test specimens are used to determine the elastic properties of an adhesive.

windows. Despite being solvent-free, they are waterproof and highly durable.

Hybrid polymers are also a genuine alternative for the industry from an economic point of view. “Our binders have established themselves on the market because the adhesive manufacturers only need to use small amounts of our polymers. At the same time, they are easy to mix and therefore efficient to work with,” explains Bernd Judas.

Hybrid Polymers Are All-Rounders

In the future, innovative hybrid adhesives might also gain a foothold in the electrical and electronics industries, for example for bonding modules. Flexible adhesives are also in greater demand than ever in the automotive industry. A modern car contains up to 150 meters of adhesive bonds. For example, auto glass is bonded, not screwed, in place. That saves metal for the frames while making the body more rigid. Put simply, bonding makes cars more lightweight and safer.

The new hybrid polymers are all-round talents. That allows Lars Zander to give free rein to his creativity when working with customers. With α-hybrids, he can offer custom solutions for highly diverse problems. The well-known adhesives manufacturer Weiss Chemie, for example, uses α-silane technology both as an insulation panel adhesive and as an assembly adhesive in yacht building. The new industrial adhesives can also perform extra duties if required. They can be formulated to dampen vibrations, protect against corrosion, conduct heat or electricity, or transmit light. Thus, together with the chemists at Weiss Chemie, WACKER has developed a window construction adhesive that also seals and protects against corrosion.

As a technical service engineer, Zander also occasionally experiences the “painful side of innovation,” if not everyone can immediately appreciate what he and his colleagues are developing. “But when all is said and done,” says Lars Zander, “it’s a great feeling to know that something I have developed is being sold by the ton.”

New Product Innovation Award 2011 for α-silane technology conferred by Frost & Sullivan

5

5

Dr. Lars Zander and his marketing colleague, Kerstin Bichler, discuss various fracture patterns of test specimens.

6

7

8

6
Chemical technician Bernd Bachmeier creates samples of the new high-performance adhesive for customers.

7
How tear resistant is the hybrid adhesive? That is measured by the tensile tester.

8
The wood block determines the cold flow of the adhesive bond.

WACKER Stock

In Q2 2012, developments in the world's capital and financial markets continued to be shaped by Europe's sovereign-debt crisis. Markets remained unsettled despite a variety of measures by national governments and the European Union to stabilize national budgets and protect the banking system against risks. Political uncertainty in Greece resulted in new elections during the quarter. It was not until Greece had returned to the polls in mid-June that a viable government was formed. Several European banks faced further downgrades from credit-rating agencies. Moreover, global economic trends were dampened by Europe's debt crisis in the second quarter. China's economic growth slowed and the USA's unemployment figures remained high. Due to these factors, the overall sentiment on stock markets was rather skeptical during the quarter.

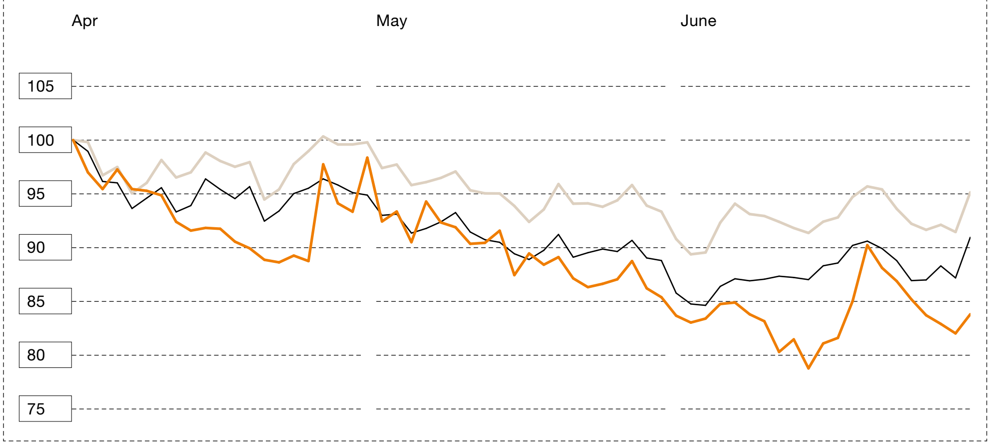
Germany's benchmark indices retreated by about 9 percent (DAX) and 5 percent (MDAX) between April and June. In the same period, WACKER's share price lost more ground. It decreased by about 16 percent from €64.71 (closing price on April 2, 2012) to €54.20 (closing price on June 29, 2012). During Q2 2012, the trend for WACKER's stock moved largely in parallel to the stock indices, though with somewhat more volatility. Since WACKER is one of the leading producers of polysilicon for photovoltaic applications, many analysts assess and rank the Group as a solar-sector company. This clearly influenced the stock's second-quarter trend. Due to ongoing photovoltaic consolidation and future uncertainty about state incentive policies in several countries, investors are viewing solar stocks critically at the moment. This has detracted from the attractiveness of WACKER's stock in the eyes of many market participants. The release of WACKER's Q1 2012 report on May 4 and the Annual Shareholders' Meeting of May 16 had no directly identifiable impact on the price of the stock. It reached its second-quarter high of €64.71 on April 2. Its low of €50.94 for the quarter was reported on June 14.

Over the past three years, WACKER's stock essentially followed the trend of Germany's benchmark indices until fall 2011. Since it was clearly more volatile, the stock experienced stronger upward and downward deviations than the DAX and MDAX, though. From mid-September 2011 to mid-March 2012, however, when the German indices saw a recovery phase, WACKER's stock hardly edged up at all. Since mid-March, WACKER's share price has largely resumed its tendency to move in line with the DAX and MDAX. The stock, however, remains well below the level of both indices. During the three-year period, WACKER's stock reached its high on May 3, 2011, with a closing price of €172.80, and a low of €50.94 on June 14, 2012. In the same period, the DAX moved between a high of 7,527.64 points (May 2, 2011) and a low of 4,572.65 points (July 8, 2009). The MDAX ranged from a high of 11,187.04 points (July 7, 2011) to a low of 5,465.06 points (July 10, 2009).

Annual Shareholders' Meeting Approves Profit-Appropriation Proposal and Dividend of €2.20 per Share

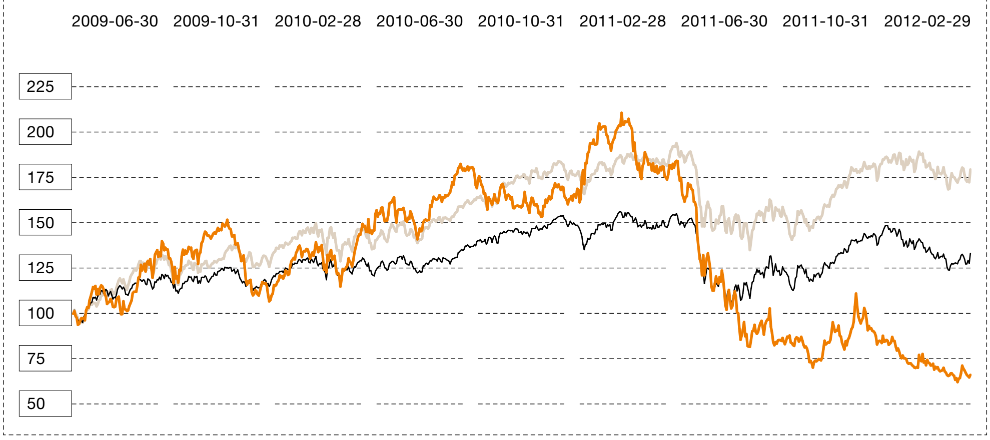
Held in Munich on May 16, 2012, the Annual Shareholders' Meeting of Wacker Chemie AG overwhelmingly approved the proposals of the Executive and Supervisory Boards for all agenda items. Of 2011's retained profit of €978.7 million (2010: €775.3 million), WACKER paid out a total of €109.3 million to its shareholders (2010: €159.0 million). €230.0 million was transferred to retained earnings and €639.4 million carried forward. As a result, the dividend per dividend-bearing share was €2.20 (2010: €3.20). Based on the net income allocable to Wacker Chemie AG's shareholders, the resultant distribution ratio was 31 percent.

G 1.1 WACKER Share Performance in Q2 2012 (indexed to 100)[1]



WACKER[1] — DAX30 — MDAX [1]100= €64.71 (closing price on April 2, 2012)

G 1.2 WACKER Share Performance from June 30, 2009 to June 30, 2012 (indexed to 100)[1]



WACKER[1] — DAX30 — MDAX [1]100= €81.84 (closing price on June 30, 2009)

T 1.2 Facts & Figures on WACKER Stock

€	Q2 2012	6M 2012
Closing price at the start of the reporting period	64.71	65.85
High in the reporting period	64.71	91.00
Low in the reporting period	50.94	50.94
Closing price at the end of the reporting period	54.2	54.2
Change during the reporting period (%)	–16.3	–17.7
Average daily trading volume in shares/day (Xetra)	188,786	248,414
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	3.22	3.27
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	2.69	2.69
Earnings per share (€)	1.18	2.02

At the end of the reporting period, short sales of Wacker Chemie AG's stock amounting to 3.44 percent of the shares outstanding were reported as per Section 30i of Germany's Securities Trading Act ("WpHG"). The largest position amounted to 1.98 percent. Short positions exceeding 0.5 percent of the shares outstanding are published in Germany's Federal Gazette (www.bundesanzeiger.de).

Please refer to the 2011 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. the dividend, shareholder structure, banks and investment firms that cover and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 2nd Quarter of 2012

April – June 2012

Dear Shareholders,

The sovereign-debt crisis in Europe continues to unsettle international financial markets and the business world. To date, all the measures introduced by national governments, European Union, European Central Bank and International Monetary Fund have yet to achieve their goal. Over the last few weeks, the risk of a further slowdown in economic activity has increased, especially in Europe. Additionally, solar-sector consolidation continues, leading to considerable price pressure at every stage of the supply chain.

Given the challenging environment, WACKER has delivered a respectable performance. After our good start to the year, we further increased both Group sales and EBITDA in the second quarter. Although we did not match the results and key indicators reported a year ago, we expanded business in various fields compared with the first quarter of 2012.

This success was due to favorable market trends and to our efforts and hard work. We expanded our polymers business, for example, benefiting from strong customer demand for dispersions for the packaging and carpeting industries. In business fields requiring improvement, we took firm action. At Hikari (Japan), we closed our 200 mm wafer plant in May. Our other 200 mm sites saw capacity utilization already increasing during the second quarter as a result.

Entrepreneurial success also requires the stamina to harness long-term potential. We are convinced that photovoltaics faces a great future as an energy source – irrespective of the solar sector's current distortions due to ongoing consolidation. Consequently, we are continuing to expand our capacity for solar silicon according to plan. As a cost and quality leader for polysilicon, we aim to achieve good margins despite tougher competitive conditions.

In the first half of 2012, the WACKER Group successfully managed both the economic and industry-specific challenges. We counter the heightened risks in our business, for example, by ensuring that our liquid funds are invested with minimum risk and by constantly checking the creditworthiness of our customers. At our plants, we manage capacity utilization flexibly. By doing so, we ensure that we can respond quickly and firmly to significant changes in customer demand. Our primary goal is to keep WACKER on its successful path despite the difficult underlying conditions, so that we can create value for our shareholders.

Munich, July 25, 2012
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

World Economy Remains on a Moderate Growth Path. Global Economic Development Restrained by Effects of Eurozone Financial Crisis.

At mid-year 2012, the global economic recovery continues at a moderate pace. Global growth, however, is still held back by the financial crisis in the eurozone. Fears of a renewed escalation of the problems and risks in the finance and banking sector have not gone away, and uncertainty about the effectiveness of political decisions in Europe remains high. Nonetheless, the International Monetary Fund (IMF) expects the global economy will expand at a slightly stronger rate than previously predicted in its January 2012 forecast. The current IMF projection is for global growth of 3.5 percent in 2012.[1]

In the developing and emerging economies of Asia, Latin America and Eastern Europe, growth remains stable, though not as strong as in the past. The IMF expects these regions to grow by 5.7 percent in 2012, down from 6.2 percent in 2011. China's economy is currently projected to expand by 8.2 percent this year, while India will see a 6.9-percent increase in GDP. The economic outlook in Japan continues to improve, with the IMF experts revising upward their 2012 economic forecast to 2.0 percent.[1]

In the United States, the economic recovery continues, and improved domestic demand is providing for increased stability. The IMF expects the US economy to grow by 2.1 percent this year, and the Organisation for Economic Co-Operation and Development (OECD) is predicting an even higher GDP growth rate for the US of 2.4 percent. The OECD forecasts economic growth of 1.6 percent for all its member countries in 2012.[2]

Consensus estimates indicate that the eurozone is currently fluctuating between stagnation and a slight recession. For Q1 2012, the OECD's findings showed zero eurozone growth. For Q2 2012, output is expected to edge down slightly by 0.3 percent. Although a return to growth is likely later in the year, the OECD anticipates that eurozone GDP will be down 0.1 percent[2] in full-year 2012. The IMF is expecting a 0.3-percent[1] decline. While the economies of southern eurozone countries – such as Greece, Portugal, Italy and Spain – are struggling with excessive sovereign debt and measures to tackle budget deficits, most of the Northern and Central European countries are still growing.

The German economy continues to be quite stable in what is generally a difficult international environment. Economic output in Germany expanded surprisingly strongly in the first quarter of 2012. Data from the Federal Ministry of Economics indicate that German GDP grew by 1.7 percent over Q1 2011. The increase was 0.5 percent over Q2 2011.[3] For full-year 2012, the German government is predicting a GDP increase of 0.7 percent. The various leading indicators currently reveal mixed outlooks for industrial production, consumer spending, exports and employment.[4]

[1] International Monetary Fund, World Economic Outlook: Growth Resuming, Dangers Remain, Washington, April 17, 2012
[2] Organisation for Economic Co-Operation and Development (OECD), OECD Economic Outlook No. 91, Paris, May 22, 2012
[3] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for July 2012; Berlin, June 20, 2012
[4] German government's 2012 spring forecast, Berlin, April 25, 2012, reprinted in: Federal Ministry of Economics and Technology's monthly report ("Schlaglichter der Wirtschaftspolitik") for May 2012, Berlin, April 27, 2012

Overall, the chemical sector in Germany held its ground in a difficult economic environment. Data from the German Chemical Industry Association (VCI) do show that production in the first half of 2012 was down some 4 percent from the prior-year level, but because prices rose by about 3 percent at the same time, sales fell only slightly, by 0.5 percent. Business was mainly supported by the domestic market, with its continuing industrial strength. The German chemical sector's international sales, however, declined by 1 percent from the first half of 2011. For full-year 2012, the VCI still expects chemical production to remain at the previous year's high levels, while sales in the industry are expected to grow by 2 percent.[1] The European Chemical Industry Council (CEFIC) predicts that the European chemical industry will see no growth in production output this year.[2] WACKER's second-quarter chemical business benefited from customer demand outside Europe. Volumes and sales rose against Q1 2012.

Experts at the Davis Langdon consultancy expect investment spending in the construction industry to remain stagnant globally, in both the short and medium term. However, there are considerable differences in how the markets in the various regions of the world are developing. Significant growth momentum is expected to come this year primarily from Asia and Latin America, but also from certain Eastern European countries. In China, which is by far the largest market in the entire Asia-Pacific region, construction spending is forecast to grow by 9 percent in 2012. The major South American markets – Brazil, Argentina and Chile – are each predicted to grow by more than 5 percent this year.[3] For WACKER, Asia is the major growth market for construction-sector products, in line with the industry trend.

The semiconductor market performed better than expected in Q2 2012, thanks to a rise in seasonal demand. As a result, the market research institute Gartner has improved its 2012 forecast and now expects wafer volumes to edge down only slightly by 0.3 percent in terms of surface area sold. The experts at Gartner had previously forecast a 5.1-percent decline for 2012. The second-quarter pick-up in demand will be most visible in the 300 mm wafer segment, where volumes are expected to rise by 5 percent in full-year 2012. Silicon wafer prices will not see a noticeable increase, according to Gartner.[4] In the quarter under review, Siltronic raised its volumes relative to Q1 2012, achieving its most significant increases in the 300 mm segment. Although Siltronic was unable to match the strong sales it had in the second quarter of 2011, which had been influenced by the effects of the earthquake and tsunami disaster in Japan, sales in the semiconductor business did rise by 23 percent compared with the preceding quarter.

In its analysis of the solar industry, Citigroup estimates that newly installed PV capacity will reach around 27 gigawatts worldwide in 2012.[5] WACKER expects new installations this year to exceed 30 gigawatts. Citigroup believes that Germany will hold its position as the largest market for new installations this year, but not beyond. The major emerging photovoltaics markets are China, Japan and the USA. In Germany, the debate during Q2 2012 about the now-enacted changes to the German Renewable Energy Act and the reduction of feed-in tariffs for solar power has produced much uncertainty within the industry. Manufacturer overcapacity and ongoing consolidation in the solar industry are weighing on prices along the entire supply chain. But it is precisely this effect that is also making photovoltaics more attractive as an alternative energy source. Because the situation in the solar-silicon market is much more challenging now than a year ago, WACKER POLYSILICON did not reach the sales levels of Q2 2011 and of the preceding quarter.

[1] VCI (German Chemical Industry Association), "Chemistry: Sailing against the wind" – 1st half-year 2012 report, Frankfurt, July 12, 2012
[2] The European Chemical Industry Council, EU debt crisis drags down EU chemicals production more than expected, Brussels, June 14, 2012
[3] Davis Langdon, World Construction 2012, London, March 2012
[4] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q12 Update, Stamford (USA), June 2012
[5] Citigroup Global Markets Inc., Citi Global Alternative Energy / Renewables, May 29, 2012

Sales and Earnings for the WACKER Group

Overall Business Development Satisfactory – Price Pressure Holds Back Sales Performance in Many Markets

WACKER continued to grow its sales volumes in many business fields during the second quarter of 2012, thanks to good customer demand outside Europe. Group sales totaled €1,222.5 million in the quarter under review – almost 8 percent less than in the strong prior-year quarter (€1,325.8 million). Compared with the first three months of the year (€1,194.3 million), sales grew by about 2 percent. For the whole first half of 2012, Group sales totaled €2,416.8 million, close to 8 percent down on the comparable period a year ago (€2,617.5 million).

The chemical divisions were the primary contributors to WACKER's acceptable business performance. WACKER POLYMERS reported Q2 2012 sales volumes for dispersions and dispersible polymer powders that exceeded the levels achieved in both the preceding quarter and the previous year. WACKER SILICONES was able to offset the effect of increased pressure on prices through positive exchange-rate effects. WACKER BIOSOLUTIONS profited from its strong business in polymers used for gumbase and in food ingredients. At WACKER POLYSILICON second-quarter sales were lower than a year ago. This decline was primarily due to the substantial reduction in polysilicon prices. Compared to Q1 2012, sales at WACKER POLYSILICON were just under 22 percent lower because some customers did not take full delivery of contracted quantities in the period from April through June 2012. Sales in the semiconductor business, too, did not reach the levels achieved in Q2 2011, but when compared with Q1 2012, Siltronic actually improved by 23 percent thanks to higher volumes. In the three months from April through June 2012, Siltronic sold more 300 mm wafers in one quarter than ever before.

Favorable exchange-rates lifted second-quarter sales by almost 5 percent relative to the prior-year period. At 1.28 dollars to the euro, the average euro-US dollar exchange rate in Q2 2012 was lower than in both the preceding quarter (1.31) and Q2 2011 (1.44). However, persistent price pressure, especially on polysilicon and semiconductor wafers, dampened the Group's sales performance in the quarter under review. Lower prices reduced sales by 10 percent, and volume effects by 2 percent. In Q2 2012, WACKER invoiced some 33 percent of its sales in US dollars, compared with 28 percent a year earlier. Other foreign currencies have only minor importance by comparison.

Plant utilization in the second quarter was satisfactory in all divisions thanks to largely good customer demand. WACKER POLYMERS utilized, on average, over 80 percent of its capacity for dispersible polymer powders and dispersions during the quarter. WACKER SILICONES improved its plant utilization to almost 90 percent between April and June 2012. WACKER POLYSILICON was running its plants at close to full capacity during the quarter under review. At Siltronic, the second-quarter plant utilization rate of roughly 80 percent was considerably better than in the preceding quarter. After the closure of production at Hikari (Japan), capacity utilization at the remaining 200 mm wafer facilities continued to rise at the end of the quarter. Production of 300 mm wafers at the Siltronic Samsung Wafer joint venture in Singapore at times reached full capacity.

The performance of each of WACKER's five divisions during the second quarter of 2012 is described in detail in the "Division Results" section of this Interim Report, starting on page 33.

Continued Sales Growth in Asia

WACKER's performance in the second quarter of 2012 varied rather widely across the various regions. One of the major reasons for this divergence is the ongoing shift of the solar industry to Asia. This substantially reduced the Group's sales in European countries.

In Asia, WACKER generated sales of €489.3 million between April and June 2012 – down only slightly from the prior-year figure (€499.8 million). During the six months from January through June 2012, the Group's Asian sales totaled €976.4 million (6M 2011: €971.7 million).

In Germany and the rest of Europe, WACKER's second-quarter sales were down substantially from their respective prior-year figures. In Germany, second-quarter Group sales totaled €173.0 million – 29 percent lower than a year earlier (€242.8 million). In the rest of Europe, sales for the three months from April through June 2012 fell to €292.2 million (Q2 2011: €329.5 million). The sales trend was the same for the first six months of 2012. German sales came in at €357.6 million, compared with €490.0 million a year ago. In the rest of Europe, sales amounted to €568.5 million compared with the prior-year's €641.4 million.

The Group posted slightly improved sales figures in the Americas. The main contributor here was WACKER POLYMERS, which benefited from rising customer demand. Total sales for this region amounted to €224.4 million in the quarter under review (Q2 2011: €211.8 million). From January through June 2012, aggregate sales amounted to €431.7 million (6M 2011: €432.3 million).

In the markets combined under "Other regions," second-quarter sales totaled €43.6 million, also slightly higher than a year ago (€41.9 million).

Overall, WACKER generated about 86 percent of its sales with customers outside Germany in the quarter under review (Q2 2011: 82 percent).

Regional Breakdown of WACKER Group Sales

T 2.1 Group Sales by Region

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %	% of Group sales
Asia	489.3	499.8	–2	976.4	971.7	1	40
Europe excluding Germany	292.2	329.5	–11	568.5	641.4	–11	24
Germany	173.0	242.8	–29	357.6	490.0	–27	14
The Americas	224.4	211.8	6	431.7	432.3	–	18
Other regions	43.6	41.9	4	82.6	82.1	1	4
Total sales	1,222.5	1,325.8	–8	2,416.8	2,617.5	–8	100

Please refer to WACKER's 2011 Annual Report (pages 49 to 57) for more detailed information on the Group's business and growth potential in the relevant markets, as well as on the respective market and competitive positions of Group divisions. There were no material changes in this respect during Q2 2012.

Raw-Material and Energy Prices Still on a High Level

At WACKER, more than one-third of the cost of goods sold consists of raw materials and energy. Trends in the procurement markets thus have a substantial impact on the profitability of the Group's business divisions. Although prices in the world's raw-material and energy markets are, overall, slightly lower than in the previous year, they are still high. Methanol and ethylene were some 9 percent more expensive than in Q2 2011. Vinyl acetate monomer and silicon metal have become less expensive, with prices down 5 percent and 10 percent respectively. Compared with the preceding quarter, ethylene was just over 6 percent more expensive, while the price of methanol was 5 percent higher. Silicon metal was somewhat cheaper during the quarter under review than in the first three months of the year. The price of natural gas has increased substantially. In Q2 2012, formula prices for natural gas triggered 30 percent price increases over the prior-year level. Prices were also higher compared with the preceding quarter. Electricity prices fell slightly in comparison with both the previous year and the preceding quarter.

Good Fixed-Cost Coverage Had a Positive Effect on Earnings – Q2 2012 EBITDA Margin at 19.7 Percent

WACKER's production facilities saw higher utilization rates in the second quarter of 2012 than during the first three months of the year. This has improved coverage of fixed costs and helped generate higher earnings for the WACKER Group compared with the first quarter. However, the substantial reduction in polysilicon prices in particular has meant that the Q2 2011 earnings figures could not be matched this quarter.

In the period from April to June 2012, WACKER achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of €240.5 million (Q2 2011: €324.8 million). The Q2 2012 figure is 26 percent down on the prior-year period. But when compared with Q1 2012 (€211.8 million), EBITDA actually improved by 14 percent. The EBITDA margin for the second quarter of 2012 was 19.7 percent, compared with 17.7 percent in the preceding quarter and 24.5 percent a year ago. The EBITDA reported for the quarter under review contains €19.4 million in advance payments that WACKER retained due to the termination of polysilicon supply agreements. For the first six months of 2012, the Group's EBITDA totaled €452.3 million (6M 2011: €675.8 million). This corresponds to an EBITDA margin of 18.7 percent (6M 2011: 25.8 percent).

All WACKER divisions generated positive EBITDA in the second quarter of 2012, with growth especially strong at WACKER POLYMERS compared with the prior-year quarter. Increased volumes and improved prices are the reason for this division's delivering EBITDA 42 percent higher than a year ago. EBITDA at WACKER SILICONES also exceeded the figure for Q2 2011. WACKER POLYSILICON, however, could not match its prior-year performance. The substantial reduction in selling prices for solar silicon was the main reason for this division's EBITDA falling by 36 percent from a year ago. After a loss in the preceding quarter, Siltronic returned to positive EBITDA in Q2 2012.

The profitability trend of each of WACKER's five divisions in Q2 2012, and the respective key factors involved, are described in the "Division Results" section of this Interim Report, starting on page 33.

The Group's second-quarter earnings before interest and taxes (EBIT) amounted to €110.3 million (Q2 2011: €215.1 million), down 49 percent from a year ago, but up 34 percent on Q1 2012 (€82.4 million). This represents an EBIT margin of 9.0 percent (Q2 2011: 16.2 percent). For the six months from January through June 2012, the aggregate Group EBIT was €192.7 million (6M 2011: €461.0 million). This corresponds to an EBIT margin of 8.0 percent (6M 2011: 17.6 percent). Aside from the factors already mentioned, a marked increase in depreciation of noncurrent assets also contributed to the decline in EBIT from a year ago. In Q2 2012, this depreciation amounted to €130.2 million (Q2 2011: €109.7 million) and, in the six months from January through June 2012, it totaled €259.6 million (6M 2011: €214.8 million). Two factors contributed to higher depreciation: the new polysilicon plant at Nünchritz prompted a rise in fixed assets. At the same time, WACKER shortened the depreciation period of polysilicon-plant infrastructure and technical facilities to more closely reflect their expected useful life.

Business Development during the Quarter Largely in Line with Expectations

WACKER's second-quarter business, sales and earnings performance was essentially in line with the expectations of the Group's Executive Board and management. When the interim report for Q1 2012 was released, WACKER had predicted that the chemical divisions would continue to benefit from customer demand in emerging and developing economies. This turned out to be the case during the quarter under review. Siltronic reached its target of returning to positive EBITDA in Q2 2012. At WACKER POLYSILICON, quarterly sales ended up 20 percent lower than originally expected because some customers failed to take full delivery of contractually agreed quantities in the period from April through June 2012. Yet, as expected, the division still posted a second-quarter EBITDA margin of over 30 percent, adjusted for retained advance payments.

Second-Quarter Earnings per Share at €1.18

The WACKER Group generated net income of €60.6 million in the second quarter of 2012 (Q2 2011: €142.7 million). In consequence, earnings per share were €1.18 for April through June 2012, compared with €2.87 a year ago. In addition to the developments and influences already described, net income for the period was affected by a relatively high effective tax rate and by increased interest expenses, as had been the case in the first quarter of 2012. For the six months from January through June 2012, net income was €100.6 million (6M 2011: €310.7 million) and earnings per share amounted to €2.02 (6M 2011: €6.26).

Investment Activity Focused on Continued Expansion of Polysilicon Capacity

In Q2 2012, WACKER continued on its path of strategic expansion of production capacity, with total investments of €244.9 million – 18 percent more than a year ago (€208.3 million). Over three-quarters of the investments were for expanding polysilicon capacity, particularly the ongoing construction of the new production site in Charleston, Tennessee (USA). In the six months from January through June 2012, the Group's capital expenditures came to €431.0 million (6M 2011: €344.9 million). This represents an increase of 25 percent on the comparable prior-year figure.

The new hyperpure polysilicon facilities at Nünchritz (Germany) officially went on stream at the end of April 2012. WACKER has invested some €900 million in the facilities and created more than 500 jobs at the site. The start-up phase, which began last fall, was completed successfully and, in Q2 2012, the facilities reached their full nominal capacity of 15,000 metric tons per year. In total, WACKER will ramp up its production capacity for polysilicon to around 52,000 metric tons by the end of 2012, maintaining its position as one of the largest producers worldwide. With this capacity expansion, WACKER is laying the foundations for meeting expected photovoltaic-segment growth over the long term.

At the Nanjing (China) site, construction of the new facilities for vinyl acetate-ethylene copolymer dispersions and polyvinyl acetate solid resins progressed in the quarter under review as planned.

Cash Flow Mirrors Higher Investment Spending and Lower Net Income

WACKER's net cash flow for the period from April through June 2012 totaled €–156.9 million, compared with €–81.3 million a year ago. The causes of this decline were increased investments, higher inventories, restructuring payments for the Hikari closure, and the reduced net income for the period. Additionally, since the beginning of fiscal 2012, the change in advance payments received has no longer been reported within net cash flow. WACKER has thus adapted its presentation of net cash flow to the method used by financial analysts, who consider advance payments for polysilicon deliveries to be a form of financing. Applying this method to Q2 2011, WACKER would have had net cash flow of €–81.3 million then, instead of the €–53.1 million actually reported for that prior-year quarter. In the six months from January through June 2012, net cash flow totaled €–204.5 million (6M 2011: €17.9 million).

Customer Accessibility and Efficient Sales Structures

To enhance its sales and distribution structures, WACKER expanded its collaboration with the Italian silicone compounder TSF in early May 2012. WACKER SILICONES will provide TSF with high-quality silicone raw materials, which it will use to produce silicone compounds for the Italian market. The ready-to-use compounds can be sold under TSF's own label, supplemented by the slogan "Based on ELASTOSIL®". The main customers for silicone compounds include the automotive, construction, electronics, cable and household-goods industries.

The WACKER technical center in Singapore now also features laboratories, applications technology and test equipment for VINNAPAS® polymer dispersions that are used, for example, as binders for interior paints in the coatings industry. These additional offerings enable WACKER not only to help its customers in the region develop new and customized products, but also to promote the exchange of know-how and the introduction of internationally recognized quality standards.

New Products and Applications for Diverse Aspects of Life

WACKER spent €43.8 million on R&D activities in the second quarter of 2012 (Q2 2011: €43.3 million). In the first six months of 2012, the Group's R&D expenditures totaled €87.2 million (6M 2011: €85.9 million).

At tradeshows, WACKER presented new products for a variety of application fields during the period under review. Here are a few examples:

- At EXPOBOR 2012, a tradeshow for rubber products held in São Paulo, Brazil, WACKER presented several new silicone rubber grades for the food, baby-care and automotive industries. One of the grades being launched was ELASTOSIL® LR 3040, a fast-curing silicone rubber suited for food contact applications and enabling economical, large-scale production of notch-resistant silicone components. Other newcomers included ELASTOSIL® brand flame-retardant liquid silicone rubber grades and ELASTOSIL® LR 3065 liquid silicone rubber, which is suited for making connector seals in electrical and electronic automotive applications.

- At in-cosmetics 2012, Barcelona, in mid-April, WACKER primarily showcased new products for the cosmetics and hair-care industries. Its BELSIL® range of silicone emulsions represents a new generation of amino-functional film-forming silicones that make for sleek, full-bodied hair and at the same time protect against color fading and drying out.

- A new dispersion developed by WACKER now makes it easier to work with hard-to-bond surfaces in paper and packaging applications. Based on vinyl acetate-ethylene copolymers (VAE), VINNAPAS® EP 8010 reliably and permanently bonds challenging surfaces, such as coated or painted paper, and polymeric film. Its VAE basis renders supplementary plasticizers unnecessary. In mid-September, WACKER will premiere this new product at the World Adhesive & Sealant Conference 2012 in Paris (France).

In the second-quarter, WACKER BIOSOLUTIONS and XL-protein GmbH successfully concluded a feasibility study on the production of therapeutic proteins using WACKER's ESETEC® secretion technology. The feasibility study demonstrated that the desired protein can be successfully produced with ESETEC®. The proteins produced in the study are targeted at the development of new drugs with improved tolerability and longer-lasting activity.

The Group's central R&D activities and the R&D fields of WACKER's divisions are described in detail on pages 100 to 109 of the 2011 Annual Report. The goals and priorities presented there did not change substantially in Q2 2012.

Workforce Down Slightly in Q2 2012

WACKER's workforce changed only slightly during the quarter. On June 30, 2012, WACKER had 16,759 employees worldwide (March 31, 2012: 17,166). Globally, the workforce declined 0.4 percent compared with the end of Q2 2011 (16,834).

As of June 30, 2012, WACKER had 12,824 employees in Germany (March 31, 2012: 12,847) and 3,935 at its international sites (March 31, 2012: 4,319).

For further information on the organization and structure of Wacker Chemie AG, as well as on its corporate goals and strategy, please refer to the "Business Environment" section on pages 49 to 64 of the 2011 Annual Report.
The principles, guidelines and processes described there have not changed materially during the period under review and continue to apply.

Condensed Statement of Income – Earnings

January 1 through June 30, 2012

T 2.2 Condensed Statement of Income – Earnings

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales	1,222.5	1,325.8	–7.8	2,416.8	2,617.5	–7.7
Gross profit from sales	240.8	361.8	–33.4	456.2	761.0	–40.1
Selling, R&D and general administrative expenses	–142.7	–145.8	–2.1	–284.6	–284.4	0.1
Other operating income and expenses	14.4	7.5	92.0	26.2	–1.1	n.a.
Operating result	112.5	223.5	–49.7	197.8	475.5	–58.4
Result from investments in joint ventures and associates	–2.2	–8.4	–73.8	–5.1	–14.5	–64.8
EBIT	110.3	215.1	–48.7	192.7	461.0	–58.2
Financial result	–15.5	–9.7	59.8	–29.2	–17.6	65.9
Income before taxes	94.8	205.4	–53.8	163.5	443.4	–63.1
Income taxes	–34.2	–62.7	–45.5	–62.9	–132.7	–52.6
Net income for the period	60.6	142.7	–57.5	100.6	310.7	–67.6
Of which						
Attributable to Wacker Chemie AG shareholders	58.8	142.6	–58.8	100.3	310.9	–67.7
Attributable to non-controlling interests	1.8	0.1	> 100	0.3	–0.2	n.a.
Earnings per share (basic/diluted) (€)	1.18	2.87	–58.8	2.02	6.26	–67.7
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	110.3	215.1	–48.7	192.7	461.0	–58.2
Depreciation/appreciation of noncurrent assets	130.2	109.7	18.7	259.6	214.8	20.9
EBITDA	240.5	324.8	–26.0	452.3	675.8	–33.1

Over the April-through-June 2012 period, the business and financial conditions governing the WACKER Group's divisions did not develop uniformly. WACKER nevertheless performed better in Q2 2012 than in the first quarter of the current year. The chemical divisions, in particular, saw business pick up. Siltronic, too, improved its sales and earnings compared to Q1 2012. WACKER POLYSILICON was unable to match its first-quarter sales and earnings performance due to the polysilicon market's current difficulties.

Sales of €1.22 Billion Close to 8 Percent Down on Prior-Year Quarter

WACKER increased its sales by some 2 percent to €1,222.5 million compared with Q1 2012 (€1,194.3 million). However, the Group was unable to match the high level achieved in Q2 2011 (€1,325.8 million). Sales for the quarter under review were almost 8 percent below the prior-year figure. From January through June 2012, aggregate sales amounted to €2,416.8 million (6M 2011: €2,617.5 million), also a decrease of 8 percent.

Business at WACKER's individual segments showed diverging trends during the quarter under review, as evidenced by their sales figures. As in Q1 2012, WACKER POLYMERS benefited from robust demand, especially in the Americas and Asia. Second-quarter sales rose to €276.1 million, 11 percent higher than in the prior-year quarter (€249.7 million). Sales at WACKER SILICONES reached €422.9 million, which was on a par with the Q2 2011 figure (€421.1 million). Compared to Q1 2012 (€401.0 million), the division's sales were up more than 5 percent. At Siltronic, sales decreased year on year, as they had in Q1 2012. The second-quarter total was down 11 percent to €247.4 million (Q2 2011: €276.9 million). In the prior-year quarter, Siltronic had experienced especially high customer demand due to production losses at Japanese competitors following the devastating earthquake and tsunami. Compared with Q1 2012 (€201.1 million), Siltronic's revenues rose 23 percent thanks to higher volumes. Sales at WACKER POLYSILICON decreased substantially compared with both a year ago and the preceding quarter. At €286.8 million, they dropped 28 percent against Q2 2011 and 22 percent against 2012's first quarter. There were two main reasons for this decline. Market prices for polysilicon are much lower than last year. Moreover, in Q2 2012, several customers failed to take the full contracted volumes.

EBITDA Reaches €241 Million in Q2

In Q2 2012, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €240.5 million, down 26 percent from a year earlier (€324.8 million). WACKER's EBITDA for the first half of 2012 came in at €452.3 million, 33 percent down on the corresponding period of 2011 (€675.8 million). The decrease was essentially due to lower polysilicon sales in the first half of 2012. The chemical divisions' performance helped support EBITDA. Second-quarter earnings before interest and taxes (EBIT) fell 49 percent year on year to €110.3 million (Q2 2011: €215.1 million). In the first half of 2012, EBIT decreased to €192.7 million, 58 percent below the prior-year period (€461.0 million). On top of the effects mentioned above, higher depreciation and amortization reduced EBIT compared to a year ago. In the quarter under review, depreciation and amortization came to €130.2 million (Q2 2011: €109.7 million). There were two reasons for this 19-percent increase. First, WACKER started up a new polysilicon plant at Nünchritz in the fourth quarter of 2011. In addition, WACKER shortened the useful life of polysilicon-plant infrastructure and technical facilities in response to the altered market situation.

During the quarter under review, WACKER retained advance payments received from customers due to the termination of polysilicon contracts. These earnings benefited second-quarter EBITDA and EBIT by a total of €19.4 million. For the entire first half of 2012, total earnings from retained advance payments received and damages for terminated polysilicon contracts came to €56.4 million. Conversely, there were restructuring expenses of €14.8 million in Q1 2012 for the planned closure of 150 mm wafer production at Portland.

Cost of Goods Sold Slightly Up on 2011

Gross profit from sales fell by €121.0 million to €240.8 million, down 33 percent from a year earlier. The gross margin in the quarter under review was 20 percent. A year earlier, the figure had been 27 percent. The change is mainly attributable to the year-on-year sales decline and narrower margins of WACKER POLYSILICON. Gross profit from sales for the first six months of 2012 reached €456.2 million (6M 2011: €761.0 million), yielding a gross margin of 19 percent (6M 2011: 29 percent).

The cost of goods sold edged up only slightly to €981.7 million, compared to €964.0 million in Q2 2011. The figure for the first half-year was €1,960.6 million, up 6 percent on the prior-year period (€1,856.5 million). Higher depreciation and amortization for polysilicon facilities was offset not only by the production facilities' good capacity-utilization level –

which in turn improved fixed-cost coverage – but also by positive exchange-rate effects. Raw-material costs were higher than in the first half of 2011. The cost-of-sales ratio for Q2 2012 was 80 percent (Q2 2011: 73 percent). In the first half of the year, the cost of sales ratio reached 81 percent (6M 2011: 71 percent).

Functional Costs

Other functional costs (selling, R&D and general administrative expenses) of €142.7 million in Q2 2012 were 2 percent down on the prior-year quarter (€145.8 million). In the first half-year, other functional costs of €284.6 million were on a par with the corresponding period of 2011.

Other Operating Income and Expenses

The balance of other operating income and expenses in the second quarter was €14.4 million (Q2 2011: €7.5 million). The Group posted a net exchange-rate gain of €6.1 million. WACKER retained advance payments of €19.4 million from terminated polysilicon contracts in the quarter under review. These amounts are reported under other operating income. In the six months from January through June 2012, the balance of other operating income and expenses totaled €26.2 million (6M 2011: €– 1.1 million). There was a net exchange-rate gain of €8.3 million. As of June 30, 2012, the Group had retained an amount of €56.4 million in advance payments received and damages. Other operating income was reduced, for example, by restructuring costs of €14.8 million in the first quarter of 2012. These expenses arose mainly in connection with the planned plant closure of 150 mm wafer production at Portland.

Operating Result

Due to the effects mentioned, the second-quarter operating result decreased to €112.5 million, down 50 percent from the year-earlier period. However, compared with the difficult first quarter of 2012, it showed a 32-percent improvement. In the first six months of 2012, the operating result reached €197.8 million (6M 2011: €475.5 million).

Result from Investments in Joint Ventures and Associates

The result from investments in joint ventures and associates for Q2 2012 was €– 2.2 million, significantly better than a year ago (€– 8.4 million). The loss stems mainly from high depreciation for the 300 mm wafer manufacturing joint venture with Samsung. The result from investments in joint ventures and associates for January through June 2012 amounted to €– 5.1 million (6M 2011: €– 14.5 million).

Financial Result

WACKER's financial result in both the second quarter of 2012 and the first half of the year was lower than in the corresponding 2011 periods. The Q2 2012 figure was €– 15.5 million (Q2 2011: €– 9.7 million), with the first-half-year total coming in at €– 29.2 million (6M 2011: €– 17.6 million). Higher interest expenses for external financial liabilities were the main source of this increase. WACKER had raised loans totaling €500 million in Q4 2011 and Q1 2012 to finance its investments. Interest expenses amounted to €5.1 million in Q2 2012, compared with €2.1 million a year earlier. Aggregate first-half interest expenses were €9.7 million (6M 2011: €4.4 million). Capitalized construction-related borrowing costs of €4.5 million (Q2 2011: €3.1 million) reduced the external interest expenses for the quarter. In the first half of 2012, total interest expenses of €8.3 million (6M 2011: €5.9 million) were capitalized for investment projects. Interest income for both the second quarter and the first half were almost unchanged from the 2011 figures. The other financial result of €– 14.3 million (Q2 2011: €– 11.6 million) comprises primarily interest expenses for interest-bearing elements of pension and other noncurrent provisions. The other financial result for the first half of 2012 was €– 27.3 million (6M 2011: €– 21.6 million).

Income Taxes

The tax rate for the first half was 38.5 percent. In the previous year, the rate had been 29.9 percent. Income taxes for the first six months of 2012 mainly comprise current tax expenses of €80.3 million. The high income tax expense compared to the Group's pre-tax result is attributable to losses at international subsidiaries, non-tax-deductible expenses, and losses at companies accounted for using the equity method. Deferred tax assets were only recognized where they are expected to be realizable.

Net Income

Net income for the second quarter and first half of 2012 was lower due to the effects mentioned above. The Q2 figure was down 58 percent, at €60.6 million. Compared with Q1 2012 (€40.0 million), though, net income rose 52 percent. For the period January through June 2012, net income came in at €100.6 million, 68 percent less than in the comparable period last year.

Condensed Statement of Financial Position – Net Assets

As of June 30, 2012

T 2.3 Assets

€ million	June 30, 2012	June 30, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets, property, plant and equipment, and investment property	3,716.9	3,152.5	17.9	3,532.2	5.2
Investments in joint ventures and associates accounted for using the equity method	121.6	92.2	31.9	124.5	−2.3
Other noncurrent assets	307.0	296.0	3.7	339.3	−9.5
Noncurrent assets	4,145.5	3,540.7	17.1	3,996.0	3.7
Inventories	741.1	608.0	21.9	713.7	3.8
Trade receivables	681.1	681.8	−0.1	566.1	20.3
Other current assets	909.9	1,012.5	−10.1	961.2	−5.3
Current assets	2,332.1	2,302.3	1.3	2,241.0	4.1
Total assets	6,477.6	5,843.0	10.9	6,237.0	3.9

T 2.4 Equity and Liabilities

€ million	June 30, 2012	June 30, 2011	Change in %	Dec. 31, 2011	Change in %
Equity	2,630.4	2,599.7	1.2	2,629.7	–
Noncurrent provisions	813.4	726.9	11.9	782.3	4.0
Financial liabilities	865.8	456.8	89.5	662.1	30.8
Other noncurrent liabilities	923.6	1,111.6	−16.9	1,041.6	−11.3
of which advance payments received	899.0	1,059.2	−15.1	1,000.9	−10.2
Noncurrent liabilities	2,602.8	2,295.3	13.4	2,486.0	4.7
Financial liabilities	248.2	90.6	>100	115.8	>100
Trade payables	380.4	315.1	20.7	402.6	−5.5
Other current provisions and liabilities	615.8	542.3	13.6	602.9	2.1
Current liabilities	1,244.4	948.0	31.3	1,121.3	11.0
Liabilities	3,847.2	3,243.3	18.6	3,607.3	6.7
Total equity and liabilities	6,477.6	5,843.0	10.9	6,237.0	3.9

Total assets grew by 4 percent compared with December 31, 2011. As of June 30, 2012, the total reached €6.48 billion, up €240.6 million (Dec. 31, 2011: €6.24 billion). The rise stems mainly from an increase in property, plant and equipment and in current assets. In February 2012, WACKER had successfully placed four promissory notes (German Schuldscheine) for a total of €300 million on the market, as part of its multiyear financing strategy. Operationally speaking, trade receivables were the main source of growth because sales were higher than in Q4 2011. Foreign currency translation effects added €42.7 million to total assets.

Noncurrent Assets

Noncurrent assets rose 4 percent to €4.15 billion (Dec. 31, 2011: €4.00 billion). As of June 30, 2012, noncurrent assets accounted for 64 percent of total assets. The €149.5 million rise relates mainly to property, plant and equipment. Intangible assets, property, plant and equipment, and investment property grew by €184.7 million to €3.72 billion. Two opposing effects were at work here. Investments – especially in the expansion of the polysilicon site in Charleston, Tennessee (USA) – increased property, plant and equipment by €417.9 million. Conversely, depreciation reduced property, plant and equipment by €254.9 million (6M 2011: €209.4 million). There are two reasons for the increased depreciation. First, in response to the altered market situation, WACKER shortened the useful life of polysilicon-plant infrastructure and technical facilities. Second, the Nünchritz polysilicon facilities came on stream. Exchange-rate effects increased property, plant and equipment by €27.5 million.

Investments in associates accounted for using the equity method fell from €124.5 million at the end of 2011 to €121.6 million. This 2-percent decline is due to current losses. Exchange-rate effects had an opposite impact. WACKER reported one minor investment as a financial asset for the first time as of June 30, 2012, because WACKER no longer exercises significant influence over it.

The other noncurrent assets of €307.0 million (Dec. 31, 2011: €339.3 million) showed a decrease of 10 percent because securities to the value of €67.7 million were reclassified as current assets. WACKER still holds noncurrent securities totaling €94.8 million (Dec. 31, 2011: € 162.5 million). Loans to joint ventures climbed from €130.0 million as of December 31, 2011, to €151.8 million at the end of the first half of 2012. The additional loan of €12.5 million advanced during the second quarter is for expanding 300 mm production at the joint venture with Samsung. Other noncurrent assets also include noncurrent derivative financial instruments, noncurrent tax assets, and deferred tax assets.

Current Assets

Current assets increased by 4 percent, from €2.24 billion at the end of fiscal 2011 to €2.33 billion as of June 30, 2012. Their share of total assets was 36 percent (Dec. 31, 2011: 36 percent). There was a substantial rise in working capital. Trade receivables rose to €681.1 million as per June 30, 2012 (Dec. 31, 2011: € 566.1 million), up 20 percent. Exchange-rate effects contributed €3.0 million toward this increase. Inventories, too, grew by 4 percent to €741.1 million. Changes in exchange rates contributed €4.1 million toward this movement. Inventories and trade receivables combined represent 22 percent of total assets (Dec. 31, 2011: 21 percent).

Other current assets fell from €961.2 million at the end of fiscal 2011 to €909.9 million. The total mainly comprises current securities of €201.1 million (Dec. 31, 2011: €237.2 million), as well as cash and cash equivalents of €502.1 million (Dec. 31, 2011: € 473.9 million). Other current assets include tax receivables of €60.7 million (Dec. 31, 2011: €117.3 million), investment-grant receivables of €44.7 million (Dec. 31, 2011: €38.1 million) and derivatives for foreign exchange hedging of €8.1 million (Dec. 31, 2011: €16.9 million). Other current assets represented 14 percent of total assets (Dec. 31, 2011: 15 percent).

Equity Remains Constant

Group equity remained unchanged compared with December 31, 2011. It reached €2.63 billion at the reporting date (Dec. 31, 2011: €2.63 billion). However, the higher total assets meant that the equity ratio was lower. As of June 30, 2012, it came to 40.6 percent (Dec. 31, 2011: 42.2 percent). The net income of €100.6 million increased equity. In contrast, the dividend totaling €109.3 million paid by Wacker Chemie AG during Q2 2012 reduced equity. Other equity components amounting to €10.8 million had a positive impact, mainly from revaluations relating to foreign currency and hedge accounting of forward-exchange contracts.

Noncurrent Liabilities

Noncurrent liabilities rose by €116.8 million compared with year-end 2011. They amounted to €2.60 billion at the end of the reporting period (Dec. 31, 2011: €2.49 billion). Their share of total assets was 40 percent (Dec. 31, 2011: 40 percent). Pension provisions grew 5 percent through regular additions to €550.6 million (Dec. 31, 2011: € 527.1 million). Overall, noncurrent provisions remained broadly unchanged from December 31, 2011. The provisions for early retirement programs were reduced.

Noncurrent financial liabilities rose from €662.1 million at the end of fiscal 2011 to €865.8 million as of June 30, 2012 – up 31 percent. Effective February 23, 2012, WACKER issued four promissory notes (German Schuldscheine) totaling €300 million, as part of its multiyear financing strategy. They have terms of three and five years, and contain standard market credit terms.

Other noncurrent liabilities decreased by 11 percent to €923.6 million as of the end of the quarter. In particular, noncurrent advance payments received for polysilicon deliveries went down from €1.00 billion to €899.0 million. They now represent 14 percent of total equity and liabilities.

Current Liabilities

Current liabilities rose 11 percent to €1.24 billion (Dec. 31, 2011: €1.12 billion). Their share of total equity and liabilities was 19 percent. Trade payables decreased to €380.4 million from €402.6 million as of December 31, 2011. Current provisions and liabilities edged up 2 percent. Two opposing effects could be observed here. Other provisions and tax provisions climbed by €73.4 million, mainly due to the recognition of provisions for restructuring Siltronic's Portland site in Q1 2012 and increased tax provisions for current taxes. Overall, other liabilities fell by €57.2 million to €401.1 million. Variable compensation payments and expenses in connection with closing the Hikari site in Japan are the main reasons for this decrease. There was a seasonal rise in obligations from vacation and flextime credits. Current advance payments received also rose under the influence of reclassifications from the noncurrent category.

WACKER Posts Net Financial Liabilities

Current financial liabilities also rose – from €115.8 million at the end of fiscal 2011 to €248.2 million as of the reporting date. In Q1 2012, WACKER raised loans for the financing of new investment projects at its Chinese subsidiaries. Additionally, two long-term loans totaling €69 million were reclassified as short-term. Overall, WACKER's financial liabilities reached €1.11 billion, rising by €336.1 million compared with the end of 2011. The promissory notes (German Schuldscheine) referred to above and the newly raised loans in China account for this 43-percent rise. Current liquidity (current securities, cash and cash equivalents) fell to €703.2 million at the end of the period under review (Dec. 31, 2011: € 711.1 million). In addition, noncurrent securities valued at €94.8 million (Dec. 31, 2011: €162.5 million) are available. As of June 30, 2012, WACKER has net financial liabilities (the balance of gross financial debt and noncurrent and current liquidity) totaling €316.0 million (Dec. 31, 2011: net financial receivables of €95.7 million).

Off-Balance-Sheet Financing Instruments

WACKER does not use any off-balance-sheet financing instruments.

For additional information, please see page 84 of the 2011 Annual Report.

Condensed Statement of Cash Flows – Financial Position

January 1 through June 30, 2012

T 2.5 Condensed Statement of Cash Flows – Financial Position

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Net income for the period	60.6	142.7	–57.5	100.6	310.7	–67.6
Depreciation/appreciation of noncurrent assets	130.2	109.7	18.7	259.6	214.8	20.9
Changes in inventories	–54.0	–24.8	>100	–34.9	–90.8	–61.6
Changes in trade receivables	13.0	–32.6	n.a.	–121.3	–94.4	28.5
Changes in other assets	24.9	23.9	4.2	34.2	21.9	56.2
Changes in advance payments made and received	–33.0	28.2	n.a.	–66.0	215.3	n.a.
Non-cash changes from equity accounting	3.6	9.5	–62.1	6.6	15.6	–57.7
Other non-cash expenses, income and other items	–103.0	–118.2	–12.9	29.9	–4.7	n.a.
Cash flow from operating activities (gross cash flow)	42.3	138.4	–69.4	208.7	588.4	–64.5
Payments for investments	–239.7	–191.5	25.2	–487.2	–353.8	37.7
Cash flow from noncurrent investment activities before securities	–239.7	–191.5	25.2	–487.2	–353.8	37.7
Acquisition/disposal of securities	84.4	17.0	>100	89.5	–81.4	n.a.
Cash flow from investment activities	–155.3	–174.5	–11.0	–397.7	–435.2	–8.6
Distribution of profit from prior-year net income	–110.7	–159.0	–30.4	–110.7	–159.0	–30.4
Changes in financial liabilities	–2.2	6.5	n.a.	326.3	26.0	>100
Cash flow from financing activities	–112.9	–152.5	–26.0	215.6	–133.0	n.a.
Changes due to exchange-rate fluctuations	2.5	–0.1	n.a.	1.6	–3.3	n.a.
Changes in cash and cash equivalents	–223.4	–188.7	18.4	28.2	16.9	66.9
At the beginning of the period	725.5	750.8	–3.4	473.9	545.2	–13.1
At the end of the period	502.1	562.1	–10.7	502.1	562.1	–10.7

T 2.6 Net Cash Flow[1]

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Cash flow from operating activities (gross cash flow)	42.3	138.4	–69.4	208.7	588.4	–64.5
Changes in advance payments received	40.5	–28.2	n.a.	74.0	–215.3	n.a.
Cash flow from noncurrent investment activities before securities	–239.7	–191.5	25.2	–487.2	–353.8	37.7
Additions from finance leases	–	–	–	–	–1.4	–100.0
Net cash flow	–156.9	–81.3	93.0	–204.5	17.9	n.a.

[1] Excluding changes in advance payments received, including additions from finance leases

The Group's high level of capital expenditures currently means that cash outflow clearly exceeds operating cash flow. Consequently, WACKER has adopted a supplementary strategy of external borrowing alongside its long-term goal of essentially financing its investments from its own cash flow. As a result, the Group is coming closer to its leverage targets and is ensuring that it can finance important investment projects partly through long-term loans. In this connection, WACKER agreed a syndicated loan of €400 million with a five-year term during the quarter under review. Conversely, an existing syndicated loan of €300 million raised in 2007 was redeemed prematurely. WACKER had already agreed a bilateral loan of 10 billion yen with a Japanese bank in the first quarter of 2012, again with a term of five years. Both loan agreements are at standard market credit terms.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €208.7 million in the first six months of 2012 (6M 2011: €588.4 million). It was therefore €379.7 million down on the gross cash flow for the prior-year period. The €210.1 million fall in net income is the main reason for this decrease. At the same time, working capital rose and the balance of advance payments received fell as expected. There was an overall change of €– 66.0 million in advance payments made and received (6M 2011: €215.3 million). The determining factor here was polysilicon deliveries to customers, for which WACKER has in the past received advance payments. This change contrasted to the prior-year period, when cash inflows from advance payments by customers had improved cash flow. Working capital grew as a result of higher trade receivables and an increase in inventories. As of June 30, 2012, the build-up of inventories and trade receivables tied up additional funds of €156.2 million (6M 2011: €185.2 million).

Cash Flow from Investment Activities

As in 2011, cash flow from noncurrent investment activities was dominated by high capital expenditures for constructing polysilicon production facilities. From January through June 2012, aggregate investment amounted to €– 487.2 million (6M 2011: €– 353.8 million). The construction of the polysilicon site in Charleston, Tennessee (USA) accounted for the majority of first-half expenditures. In the previous year, the polysilicon production plant at Nünchritz had been the main focus of investment.

Cash flow from investment activities in the January-through-June period was €– 397.7 million (6M 2011: €– 435.2 million). Alongside fixed-asset investments, it included payments received and made for securities with a term of more than three months. Due securities led to incoming payments in the period under review.

Net Cash Flow

In connection with the refinement of its internal value-management system, WACKER has redefined the net cash flow ratio. The Group is thus adopting the approach used by financial analysts of considering the change in advance payments received from polysilicon contracts as a form of financing. Net cash flow now comprises cash flow from operating activities excluding advance payments received, and cash flow from noncurrent investment activity (excluding securities), taking account of additions from finance leases. Net cash flow for January through June 2012 came in at €–204.5 million. This compares with an adjusted prior-year figure of €17.9 million.

Cash Flow from Financing Activities

First-half cash flow from financing activities came in at €215.6 million, compared with the prior-year period's €– 133.0 million. The change essentially reflects the cash inflow from the newly issued promissory notes (German Schuldscheine). The dividend payment by Wacker Chemie AG in the second quarter of 2012 led to an outflow of €109.3 million. The increase in cash and cash equivalents compared to December 31, 2011 was €28.2 million (6M 2011: €16.9 million), taking the total to €502.1 million.

Division Results

January 1 through June 30, 2012

T 2.7 Sales

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
WACKER SILICONES	422.9	421.1	0.4	823.9	831.6	–0.9
WACKER POLYMERS	276.1	249.7	10.6	509.9	455.1	12.0
WACKER BIOSOLUTIONS	40.1	39.0	2.8	81.3	76.7	6.0
WACKER POLYSILICON	286.8	399.2	–28.2	653.4	813.6	–19.7
SILTRONIC	247.4	276.9	–10.7	448.5	557.1	–19.5
Corporate functions/Other	44.2	46.7	–5.4	87.0	85.3	2.0
Consolidation	–95.0	–106.8	–11.0	–187.2	–201.9	–7.3
Group sales	1,222.5	1,325.8	–7.8	2,416.8	2,617.5	–7.7

T 2.8 EBIT

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
WACKER SILICONES	39.4	31.1	26.7	68.5	87.9	–22.1
WACKER POLYMERS	36.0	23.3	54.5	60.9	40.4	50.7
WACKER BIOSOLUTIONS	5.4	7.0	–22.9	11.7	10.6	10.4
WACKER POLYSILICON	65.1	148.6	–56.2	160.4	326.2	–50.8
SILTRONIC	–9.8	14.5	n.a.	–58.9	29.2	n.a.
Corporate functions/Other	–25.5	–10.8	>100	–49.2	–33.3	47.7
Consolidation	–0.3	1.4	n.a.	–0.7	–	n.a.
Group EBIT	110.3	215.1	–48.7	192.7	461.0	–58.2

T 2.9 EBITDA

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
WACKER SILICONES	59.9	50.1	19.6	109.3	125.2	–12.7
WACKER POLYMERS	45.3	32.0	41.6	79.4	58.0	36.9
WACKER BIOSOLUTIONS	7.1	8.6	–17.4	15.0	13.8	8.7
WACKER POLYSILICON	120.3	188.2	–36.1	270.4	402.9	–32.9
SILTRONIC	13.0	37.3	–65.1	–12.7	74.1	n.a.
Corporate functions/Other	–4.8	7.2	n.a.	–8.4	1.8	n.a.
Consolidation	–0.3	1.4	n.a.	–0.7	–	n.a.
Group EBITDA	240.5	324.8	–26.0	452.3	675.8	–33.1

T 2.10 Reconciliation with Segment Results

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
EBIT of reporting segments	136.1	224.5	–39.4	242.6	494.3	–50.9
Corporate functions/Other	–25.5	–10.8	>100	–49.2	–33.3	47.7
Consolidation	–0.3	1.4	n.a.	–0.7	–	n.a.
Group EBIT	110.3	215.1	–48.7	192.7	461.0	–58.2
Financial result	–15.5	–9.7	59.8	–29.2	–17.6	65.9
Income before taxes	94.8	205.4	–53.8	163.5	443.4	–63.1

WACKER SILICONES

T 2.11 WACKER SILICONES

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales						
External sales	420.1	416.6	0.8	817.1	823.9	–0.8
Internal sales	2.8	4.5	–37.8	6.8	7.7	–11.7
Total sales	422.9	421.1	0.4	823.9	831.6	–0.9
EBIT	39.4	31.1	26.7	68.5	87.9	–22.1
EBIT margin (%)	9.3	7.4	–	8.3	10.6	–
Depreciation	20.5	19.0	7.9	40.8	37.3	9.4
EBITDA	59.9	50.1	19.6	109.3	125.2	–12.7
EBITDA margin (%)	14.2	11.9	–	13.3	15.1	–
Investments	17.2	22.3	–22.9	31.4	41.2	–23.8
As of	June 30, 2012	March 31, 2012	Change in %	June 30, 2012	Dec. 31, 2011	Change in %
Number of employees	3,936	3,919	0.4	3,936	3,956	–0.5

WACKER SILICONES reported total Q2 2012 sales of €422.9 million, essentially matching the prior-year period (€421.1 million). Compared to Q1 2012 (€401.0 million), sales rose 5 percent. Favorable exchange-rate effects compensated for lower silicone-product prices in the quarter under review. In the six months from January through June 2012, aggregate sales totaled €823.9 million (6M 2011: €831.6 million).

In Q2 2012, customer demand developed well for silicones used in body-care products, automotive applications, medical technology and paper coating. Silicone business for the construction industry was somewhat weaker. WACKER SILICONES' production facilities achieved capacity utilization of almost 90 percent on average in the three months from April through June 2012. At times, pyrogenic silica facilities were running at full capacity. During the second quarter of 2012, the division saw higher volumes and more incoming orders in the Americas and Asia. Business in Europe, however, remained below the prior-year level.

Rising Profitability via Improved Fixed-Cost Coverage

Since WACKER SILICONES was able to keep second-quarter plant utilization high, it achieved higher fixed-cost coverage compared with the preceding quarter. Despite persistent price pressures, this significantly contributed to an increase in the division's earnings before interest, taxes, depreciation and amortization (EBITDA), which rose to €59.9 million in the second quarter (Q2 2011: €50.1 million). This 20-percent rise on the prior-year quarter yielded an EBITDA margin of 14.2 percent (Q2 2011: 11.9 percent). The division beat its Q1 2012 EBITDA of €49.4 million by 21 percent. For the full first-half of 2012, EBITDA amounted to €109.3 million (6M 2011: €125.2 million). The corresponding EBITDA margin was 13.3 percent (6M 2011: 15.1 percent).

WACKER SILICONES' second-quarter 2012 investments totaled €17.2 million (Q2 2011: €22.3 million). In the six months from January through June 2012, the division's overall capital expenditures amounted to €31.4 million (6M 2011: €41.2 million).

WACKER SILICONES had 3,936 employees on June 30, 2012 (March 31, 2012: 3,919).

WACKER POLYMERS

T 2.12 WACKER POLYMERS

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales						
External sales	269.2	242.2	11.1	495.0	441.5	12.1
Internal sales	6.9	7.5	−8.0	14.9	13.6	9.6
Total sales	276.1	249.7	10.6	509.9	455.1	12.0
EBIT	36.0	23.3	54.5	60.9	40.4	50.7
EBIT margin (%)	13.0	9.3	–	11.9	8.9	–
Depreciation	9.3	8.7	6.9	18.5	17.6	5.1
EBITDA	45.3	32.0	41.6	79.4	58.0	36.9
EBITDA margin (%)	16.4	12.8	–	15.6	12.7	–
Investments	12.5	5.4	>100	23.9	9.0	>100
As of	June 30, 2012	March 31, 2012	Change in %	June 30, 2012	Dec. 31, 2011	Change in %
Number of employees	1,376	1,367	0.7	1,376	1,412	−2.5

Thanks to higher volumes and better prices for many of its products, WACKER POLYMERS further increased its total sales in Q2 2012. The division's second-quarter sales grew 11 percent to €276.1 million (Q2 2011: €249.7 million). Compared to Q1 2012 (€233.8 million), sales climbed 18 percent. Seasonal effects from a springtime upturn in construction-related business also contributed to this gain. In the six months from January through June 2012, WACKER POLYMERS generated sales of €509.9 million, up 12 percent against the comparable period last year (€455.1 million).

The division continued to benefit from the increasing shift away from styrene butadiene and toward ethylene-based dispersions in the packaging and carpeting sectors. In the quarter under review, dispersible-polymer-powder volumes likewise developed well. With the exception of Germany, volumes and sales of dispersible polymer powders grew in all regions. In its dispersions business for paper, carpeting and adhesive applications, WACKER POLYMERS saw the greatest growth in the USA. Production facilities averaged over 80 percent capacity utilization in the quarter under review.

Good Fixed-Cost Coverage and Higher Prices Enhance Profitability

Thanks to favorable product-mix effects, high plant-capacity utilization, good fixed-cost coverage and higher price levels in certain business units, WACKER POLYMERS increased its second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) to €45.3 million – 42 percent higher than a year ago (€32.0 million). Compared to the preceding quarter (€34.1 million), the division's EBITDA improved 33 percent. The EBITDA margin rose to 16.4 percent, compared to 14.6 percent in Q1 2012 and 12.8 percent in Q2 2011. For the full first half of 2012, EBITDA amounted to €79.4 million (6M 2011: €58.0 million). This resulted in an EBITDA margin of 15.6 percent, up from 12.7 percent a year earlier.

WACKER POLYMERS invested €12.5 million in Q2 2012, compared to €5.4 million a year earlier. Funding was spent, for example, on the ongoing expansion of the site in Nanjing, China. In the six months from January through June 2012, the division's capital expenditures amounted to €23.9 million (6M 2011: €9.0 million).

WACKER POLYMERS had 1,376 employees on June 30, 2012 (March 31, 2012: 1,367).

WACKER BIOSOLUTIONS

T 2.13 WACKER BIOSOLUTIONS

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales						
External sales	39.2	36.5	7.4	79.1	71.7	10.3
Internal sales	0.9	2.5	−64.0	2.2	5.0	−56.0
Total sales	40.1	39.0	2.8	81.3	76.7	6.0
EBIT	5.4	7.0	−22.9	11.7	10.6	10.4
EBIT margin (%)	13.5	17.9	–	14.4	13.8	–
Depreciation	1.7	1.6	6.2	3.3	3.2	3.1
EBITDA	7.1	8.6	−17.4	15.0	13.8	8.7
EBITDA margin (%)	17.7	22.0	–	18.5	18.0	–
Investments	5.5	1.2	>100	8.4	1.7	>100

As of	June 30, 2012	March 31, 2012	Change in %	June 30, 2012	Dec. 31, 2011	Change in %
Number of employees	343	348	−1.4	343	354	−3.1

WACKER BIOSOLUTIONS generated total sales of €40.1 million in the April-through-June quarter (Q2 2011: €39.0 million). Thus, sales were at about the prior-year and preceding-quarter level (€41.2 million). The division experienced solid demand for gumbase polymers and for cyclodextrins and cysteine in the quarter under review. Product-related sales to the pharmaceutical and agricultural sectors were slightly lower year over year. For the full first half of 2012, WACKER BIOSOLUTIONS generated sales of €81.3 million (6M 2011: €76.7 million), up 6 percent.

Due to lower sales at its pharmaceutical and agricultural businesses, WACKER BIOSOLUTIONS' second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) of €7.1 million were below the comparable prior-year figure (€8.6 million) and the preceding quarter's figure (€7.9 million). This corresponds to an EBITDA margin of 17.7 percent, compared to the prior-year period's 22.0 percent. In the six months from January through June 2012, the division's EBITDA amounted to €15.0 million (6M 2011: €13.8 million). The first-half EBITDA margin was 18.5 percent (6M 2011: 18.0 percent).

In the quarter under review, WACKER BIOSOLUTIONS invested €5.5 million, up from €1.2 million a year earlier. Among other projects, funding went toward a new polyvinyl acetate solid resins plant currently being built at the Nanjing (China) site. Investments for the first half of 2012 totaled €8.4 million (6M 2011: €1.7 million).

As of June 30, 2012, employee numbers at WACKER BIOSOLUTIONS totaled 343 (March 31, 2012: 348).

WACKER POLYSILICON

T 2.14 WACKER POLYSILICON

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales						
External sales	232.2	337.8	–31.3	548.8	693.9	–20.9
Internal sales	54.6	61.4	–11.1	104.6	119.7	–12.6
Total sales	286.8	399.2	–28.2	653.4	813.6	–19.7
EBIT	65.1	148.6	–56.2	160.4	326.2	–50.8
EBIT margin (%)	22.7	37.2	–	24.5	40.1	–
Depreciation	55.2	39.6	39.4	110.0	76.7	43.4
EBITDA	120.3	188.2	–36.1	270.4	402.9	–32.9
EBITDA margin (%)	41.9	47.1	–	41.4	49.5	–
Investments	170.4	129.0	32.1	300.5	207.2	45.0
As of	June 30, 2012	March 31, 2012	Change in %	June 30, 2012	Dec. 31, 2011	Change in %
Number of employees	2,335	2,269	2.9	2,335	2,251	3.7

Ongoing consolidation in the solar sector and significantly lower market prices for solar silicon compared with a year earlier impacted WACKER POLYSILICON's business trend in the second quarter of 2012. Its total sales of €286.8 million were down 28 percent on the comparable prior-year period (€399.2 million). Measured against Q1 2012 (€366.6 million), sales were down by close to 22 percent. In the April-through-June period, some customers did not procure all of their contractually-agreed supply quantities. This additionally held back the sales trend amid lower prices. In the six months from January through June 2012, aggregate sales amounted to €653.4 million (6M 2011: €813.6 million) – almost 20 percent below the prior-year figure.

Solar-Sector Consolidation Process Continues

The lower price level for solar silicon led to a further reduction of the polysilicon industry's production capacity in the quarter under review. Competitors have halted or postponed their expansion plans in the USA and Asia. This helps partially reduce the current oversupply of polysilicon. WACKER POLYSILICON's facilities ran at close to maximum capacity in the period under review.

Despite difficult market conditions, WACKER POLYSILICON achieved second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) of €120.3 million (Q2 2011: €188.2 million). The figure includes €19.4 million in advance payments that WACKER retained due to the termination of polysilicon supply agreements. At 41.9 percent (Q2 2011: 47.1 percent), the EBITDA margin remained at a high level. In Q1 2012, EBITDA had been €150.1 million and the EBITDA margin 40.9 percent. For the full first half of 2012, WACKER POLYSILICON's EBITDA amounted to €270.4 million (6M 2011: €402.9 million). This corresponds to an EBITDA margin of 41.4 percent compared to a year ago (49.5 percent).

The division's second-quarter 2012 investments amounted to €170.4 million (Q2 2011: €129.0 million). Expenditures were primarily for constructing the new production site at Charleston, Tennessee (USA), which continues to progress on schedule. In the current fiscal year's first six months, WACKER POLYSILICON invested a total of €300.5 million (6M 2011: €207.2 million).

In late April, new hyperpure polysilicon facilities officially went on stream in Nünchritz, Germany. Their planned nominal capacity of 15,000 metric tons per year was reached in the quarter under review. Overall, WACKER is increasing its total polysilicon capacity to around 52,000 metric tons per year by the end of 2012, thus maintaining its position as one of the largest producers worldwide. Through this capacity expansion, the Group is positioning itself to meet expected photovoltaic-demand growth in the long term.

WACKER POLYSILICON had 2,335 employees on June 30, 2012 (March 31, 2012: 2,269).

SILTRONIC

T 2.15 SILTRONIC

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales						
External sales	244.9	275.2	–11.0	444.1	554.1	–19.9
Internal sales	2.5	1.7	47.1	4.4	3.0	46.7
Total sales	247.4	276.9	–10.7	448.5	557.1	–19.5
EBIT	–9.8	14.5	n.a.	-58.9	29.2	n.a.
EBIT margin (%)	–4.0	5.2	–	–13.1	5.2	–
Depreciation	22.8	22.8	–	46.2	44.9	2.9
EBITDA	13.0	37.3	–65.1	–12.7	74.1	n.a.
EBITDA margin (%)	5.3	13.5	–	–2.8	13.3	–
Investments	26.1	28.9	–9.7	42.5	46.5	–8.6
As of	June 30, 2012	March 31, 2012	Change in %	June 30, 2012	Dec. 31, 2011	Change in %
Number of employees	4,427	4,921	–10.0	4,427	4,974	–11.0

In the second quarter of 2012, Siltronic achieved total sales of €247.4 million (Q2 2011: €276.9 million). Although the division's second-quarter volumes and sales were lower year-over-year, they were, nonetheless, up 23 percent compared with Q1 2012 (€201.1 million). For the full first half of 2012, Siltronic’s sales came in at €448.5 million – 20 percent lower the comparable period last year (€557.1 million).

In the 300 mm wafer segment, volumes were some 10 percent higher than a year ago. Smaller diameters were below the prior-year level. Compared to Q1 2012, volumes rose for all wafer diameters. Growth by surface area sold was around 25 percent. Prices remained virtually stable relative to the preceding quarter.

At Siltronic's production facilities, capacity-utilization reached roughly 80 percent, considerably better than in the preceding quarter. Facilities at the joint venture Siltronic Samsung Wafer in Singapore were sometimes running at maximum capacity from April through June 2012. As announced, Siltronic closed its 200 mm wafer site in Hikari, Japan, in the quarter under review. Consequently, the remaining production sites for this wafer diameter have markedly better capacity-utilization rates. Siltronic will consolidate its 150 mm wafer capacities as planned and close its Portland production line for this diameter during the third quarter of 2012.

Positive EBITDA in Q2 2012

As announced, Siltronic generated positive earnings before interest, taxes, depreciation and amortization from April through June 2012. Second-quarter EBITDA totaled €13.0 million (Q2 2011: €37.3 million). The EBITDA margin reached 5.3 percent (Q2 2011: 13.5 percent). In Q1 2012, Siltronic had still posted negative EBITDA of €–25.7 million. This is why

EBITDA for the full first half of the year totaled €– 12.7 million (6M 2011: €74.1 million) and the corresponding EBITDA margin was – 2.8 percent (6M 2011: 13.3 percent).

Siltronic invested €26.1 million in the quarter under review (Q2 2011: €28.9 million). Capital expenditures were primarily used for upgrading wafer production in line with technological progress in the semiconductor industry. The division's investments totaled €42.5 million during the first half of 2012 (6M 2011: €46.5 million).

Siltronic had 4,427 employees as of June 30, 2012 (March 31, 2012: 4,921).

Other

Sales for activities posted under "Other" came in at €44.2 million for the April-through-June period (Q2 2011: €46.7 million). "Other" EBITDA for Q2 2012 was €– 4.8 million (Q2 2011: €7.2 million).

For the six-month period from January through June 2012, sales totaled €87.0 million (6M 2011: €85.3 million) and EBITDA amounted to €– 8.4 million (6M 2011: €1.8 million).

As of June 30, 2012, the "Other" segment had 4,342 employees (March 31, 2012: 4,342). This number includes, for example, site management and infrastructure-unit employees at Burghausen and Nünchritz (Germany).

Risks and Opportunities

Increasing Uncertainty about Future Economic Trends

The second quarter saw an intensification of the global economic risks arising from Europe's financial and sovereign-debt crisis. Despite the efforts of national governments, international institutions and banks, there is still no effective, overall strategy to sustainably protect the euro from the effects of high debt levels in individual member states. Companies and financial markets are increasingly skeptical of policymakers' capacity to take action and of the effectiveness of their response. Uncertainty about the economic outlook is growing.

WACKER monitors business developments in every major sales market very carefully. If there are clear signs of weakening demand and volumes, we swiftly act to flexibly adjust production capacities, resources and inventories to the market situation, as required. The same applies to any significant price and volume pressures facing our products. We counter this risk by actively controlling plant utilization and output, by practicing structured price management and by optimizing our processes.

At our chemical divisions, customer demand in numerous product segments expanded further during the second quarter of 2012. WACKER benefits here from its broad presence in the world's key economic regions, which helps offset weaker demand in Europe. The Group's polymer business, for example, profits especially in the USA from the packaging and carpet industry's increasing substitution of styrene butadiene by ethylene-based dispersions. In Asia, the buoyant construction sector is spurring local demand for WACKER's dispersible polymer powders. As a result, there are opportunities to implement price increases in the market.

In semiconductors, we counter demand fluctuations and price risks by optimizing Siltronic's global production network. We are continuing to firmly implement our decision to consolidate silicon-wafer capacity for diameters below 300 mm. Consolidation strengthens capacity utilization and reduces production costs at our remaining sites. As of 2013, we expect these measures to have a positive impact on earnings of about €60 million per year.

In photovoltaics, the ongoing consolidation process that started last fall continues. Due to overcapacity, price pressure persists along the entire supply chain. In this tougher competitive environment, European and US producers of solar wafers, cells and modules are finding it increasingly difficult to compete with their Asian peers. At the same time, price pressures are also challenging Asia's solar companies to cut their production costs further. Amid the tightening competitive situation, debt levels at many solar companies have increased substantially.

In mid-May, the US Department of Commerce decided to impose tariffs – ranging from 31 to 250 percent, in some cases – on Chinese-made solar modules imported into the US. Some market participants are in favor of a similar move in the European Union. WACKER has issued a statement against such a move. We believe that differences of opinion about having balanced competitive conditions can only be resolved through political talks. Conversely, mandatory measures only inhibit competition. They could provoke a trade war, which would end up being disadvantageous for every company in the solar industry.

Due to solar-sector consolidation, WACKER POLYSILICON faces an increased overall risk in the near term that individual customers could default on payments and that delivery acceptances could be delayed or contracts canceled. On the other hand, falling photovoltaic-system prices are strengthening the competitiveness and appeal of solar power within the energy mix. This, in turn, creates greater opportunities for photovoltaic applications in non-European countries with high-growth potential. In Japan, for example, the government has just introduced a solar-power incentive program with attractive feed-in tariffs. The program came into effect on July 1. As a cost and quality leader in polysilicon manufacturing, WACKER anticipates promising medium-term and long-term opportunities from this trend despite the short-term market distortions caused by the ongoing consolidation process.

Key factors influencing WACKER's profitability remain raw-material and energy prices, and the euro-dollar exchange rate. With regard to raw-material prices, we estimate that the phase of substantial increases is over for now, and that the situation on procurement markets will ease, albeit at a high level. In addition, the euro-US dollar exchange rate has become more favorable to WACKER. The Group hedges part of its business conducted in US dollars and Japanese yen. Consequently, we do not expect any substantial deviation in 2012 from our earnings targets due to negative exchange-rate effects.

Evaluation of Overall Risk

Risk management is an integral part of corporate management at WACKER. As a globally active specialty-chemical and semiconductor company, WACKER is exposed to numerous risks directly attributable to our operational activities. Taking a defined risk strategy as their basis, the Executive Board and management focus on identifying, evaluating, managing and monitoring risks as part of a transparent risk management and control system for all company processes. All corporate areas are actively integrated into this system.

The specific risks facing individual divisions, corporate functions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail in the Risk Report section of our current Annual Report 2011, on pages 129 to 143. The assessments we made there did not change substantially during the period under review, except for the risks mentioned above relating to economic trends and solar business.

On the whole, WACKER's Executive Board and management do not currently discern any individual or aggregate risks that could substantially endanger the Group as a going concern. Due to uncertainty about the world economy and financial policies, the overall risk situation has intensified compared with the previous year. But we believe we are still well positioned operationally, strategically and financially to seize any opportunities for safeguarding our growth and for enhancing our competitiveness.

Munich, July 25, 2012
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date of June 30, 2012

No material events occurred between the balance sheet date and the publication of this Interim Report.

Outlook and Forecast

Overall and Sector-Specific Economic Framework

Uncertainty about Future Global Economic Growth Endures

The outlook for the global economy remains uncertain. The financial markets still doubt that a solution can be found to the sovereign-debt crisis in Europe. The political decisions and developments in the countries affected can be anticipated only to a certain extent, since some of the governments involved lack stable majorities.

According to its most recent forecast of April 2012, the International Monetary Fund (IMF) expects that the economy will be stronger next year. The IMF projection sees global economic output rising by 4.1 percent (2012: 3.5 percent). However, some experts have started anticipating a weakening global economy. The regional differences in growth rates will persist in any scenario. The IMF projects that economic output in the leading industrialized nations will grow by 2.0 percent in 2013 (2012: 1.4 percent). In the developing and emerging economies, the economy is expected to grow by 6.0 percent (2012: 5.7 percent).[1]

The IMF maintains that Asia will continue to be the driving force in the global economy both this year and next – with China leading growth. The IMF estimates China's growth at 8.2 percent this year and 8.8 percent in 2013. This estimate must, however, be viewed in the context of the Chinese economy's recent substantial growth slowdown. Economic activity in Japan, too, is projected to weaken somewhat. The IMF expects Japan's economic output to rise by 2.0 percent in 2012, and only by 1.7 percent in 2013.[1]

In the USA, the economic indicators from the labor market, for example, and real-estate sector are mixed. The forecasts of the IMF and of the Organisation for Economic Co-Operation and Development (OECD) both indicate that the overall economy will recover further in 2013. The IMF projects 2.1-percent growth for 2012, while in 2013, the growth rate is expected to reach 2.4 percent.[1] The OECD anticipates that the US economy will grow by 2.4 percent this year and by 2.6 percent next year.[2]

In the eurozone, the OECD forecasts a mild recession for this year. Eurozone gross domestic product is expected to drop by 0.1 percent. For 2013, the OECD projects a GDP increase of 0.9 percent.[2] This largely coincides with the IMF estimate, which sees output falling by 0.3 percent this year, followed by a return to growth, at a rate of 0.9 percent, in 2013.[1]

The German government expects that real GDP in Germany will grow by an average of 0.7 percent this year. For 2013, the government predicts a 1.6-percent growth rate.[3]

After a phase of stagnation in the current year, the European chemical industry expects production output to resume growth in 2013, expanding by 2 percent.[4]

[1] International Monetary Fund, World Economic Outlook: Growth Resuming, Dangers Remain, Washington, April 17, 2012
[2] Organisation for Economic Co-Operation and Development (OECD), OECD Economic Outlook No. 91, Paris, May 22, 2012
[3] German government's 2012 spring forecast, Berlin, April 25, 2012, reprinted in: the Federal Ministry of Economics and Technology's monthly report ("Schlaglichter der Wirtschaftspolitik") for May 2012, Berlin, April 27, 2012
[4] The European Chemical Industry Council, EU debt crisis drags down EU chemicals production more than expected, Brussels, June 14, 2012

In the semiconductor market, a good second quarter is likely to be followed by a somewhat weaker phase through the end of 2012. For full-year 2012, the Gartner Group expects a stagnant wafer business in terms of surface area sold. Sales are projected to be 1.4 percent below prior-year figures. For 2013, the Gartner experts anticipate a 12-percent rise in wafer surface area sold worldwide, with sales projected to grow by just under 14 percent.[1]

For the solar industry, Citigroup projects new photovoltaic capacity in the range of 27 gigawatts this year, rising to about 30 gigawatts in 2013.[2] We believe these figures are overly conservative. We expect that over 30 gigawatts of photovoltaic capacity will be newly installed worldwide this year, and that the market will grow further in 2013.

WACKER Anticipates a Difficult Economic Environment in the Second Half of 2012

For the rest of this year, WACKER anticipates a general economic environment that will be challenging and marked by uncertainty.

In the photovoltaic market, the ongoing consolidation process in the solar industry and the unpredictable nature of the political framework are the primary sources of uncertainty. Legislators in Germany have now enacted the changes to the country's Renewable Energy Act. This has given investors a certain degree of planning certainty in terms of the level of government funding available for photovoltaics in Germany. At the international level, however, it is unclear what effects any potential trade disputes between China, the USA and the European Union might have on further photovoltaic growth, and consequently on our polysilicon business.

WACKER expects that the photovoltaic market will continue to grow worldwide in the years to come. That means customer demand for the high-quality solar silicon we make will continue to rise. But the solar-sector consolidation currently underway could also put WACKER customers in economic difficulty in the short term. This, in turn, could have consequences, including the cancellation of individual supply contracts, failure to take full delivery of contractually agreed quantities, and default on receivables. Given the sustained pressure on prices all along the solar industry's supply chain, we expect that WACKER POLYSILICON's sales at the end of 2012 will fall short of last year's levels.

At Siltronic, the slowdown in consumer activity could result in stagnant wafer volumes for the second half of 2012. From today's perspective, the principal areas of growth for the division are in the 300 mm wafer segment and, regionally, in Asia. As announced, WACKER is responding by adapting its production capacities and continues to focus on optimizing its 300 mm wafer business. At Hikari (Japan), the production facilities for 200 mm wafers were closed down at the end of May. Production of 150 mm wafers at Portland (USA) will be discontinued in Q3 2012. At Burghausen (Germany), Siltronic is reducing the number of full-time employees assigned to 150 mm production. These measures will increase plant utilization and improve fixed-cost structures, which in turn will have a positive impact on earnings of about €60 million each year from 2013 onward.

At its chemical divisions, WACKER continues to anticipate opportunities for additional growth this year, in spite of the economic uncertainties and the enduring high energy and raw-material costs. The demand for everyday products in which high-quality silicones from WACKER SILICONES are used is rising particularly strongly in the developing and emerging markets. In the polymer business, WACKER expects higher sales volumes and prices for full-year 2012. Here, the main growth driver for construction applications is the markets of Asia and South America. Dispersions are experiencing additional demand, generated especially by paper and carpet manufacturers in the USA. Both divisions are also attracting new customers and opening up new markets by delivering high product and service quality combined with product and application innovations.

[1] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q12 Update, Stamford (USA), June 2012
[2] Citigroup Global Markets Inc., Citi Global Alternative Energy / Renewables, May 29, 2012

At WACKER BIOSOLUTIONS, too, sales are expected to rise this year. WACKER intends to continue strengthening this division's market leadership in polyvinyl acetate solid resins for use in gumbase.

The strategic focus of capital expenditures – which, this year, will reach some €1.1 billion based on our projections – remains on the continued expansion of polysilicon production capacity. The majority of investments are earmarked for the construction of the new site in Charleston, Tennessee (USA).

The expansion of production capacity for dispersions and polyvinyl acetate solid resins at the existing Nanjing (China) site continues as planned. This measure allows WACKER to take advantage of growth opportunities and to secure consistently high long-term delivery reliability and product quality in the Asia-Pacific region. The common infrastructure and energy supply at this fully integrated site will also generate economies of scale and make it possible to enhance transport and logistical efficiency even further.

Please refer to pages 158 to 164 of our 2011 Annual Report for detailed comments on future products and services, R&D, production, procurement and logistics, sales and marketing, employees, financing, and our expected liquidity and financial position. The targets, strategies and processes presented there did not change substantially in Q2 2012.

We do not envisage any major changes in the business policies, corporate goals and organizational orientation of the WACKER Group at the moment.

Our 2011 Annual Report (pages 49 to 64) provides detailed explanatory notes on the individual aspects of the Group's structure and its activities, organization and decision-making, as well as on corporate goals, strategy, financing, control of operational processes, and the strategies of the five individual WACKER divisions.

Overall Corporate Performance Expectations

In the first six months of 2012, the WACKER Group has successfully navigated through a challenging business environment. After the weak fourth quarter of 2011, overall demand has picked up noticeably since the start of 2012 and remained at a high level in the quarter under review. Good capacity utilization in our production facilities has bolstered the Group's profitability.

WACKER will continue to make the extensive investments necessary to participate in the long-term growth of its markets, especially in the solar industry. At the same time, we have shortened the depreciation period of polysilicon-plant infrastructure and technical facilities since the beginning of this year to more closely reflect their true expected useful life. Such an adjustment reduces EBIT and net income for the period. Net financial liabilities will continue to increase as planned. Importantly, WACKER remains committed to solid financial and accounting policies.

Now, our goal for full-year 2012 is to generate Group sales slightly below the prior-year level. Whether we can reach this goal will largely depend on developments in the world economy, competitive conditions in the solar industry and demand in the semiconductor market during the rest of the year.

Our earnings will be affected by the lower prices obtained for deliveries of solar silicon and by persistently high raw-material and energy prices. We therefore reaffirm our view that earnings before interest, taxes, depreciation and amortization for full-year 2012 will fall well short of the previous year's figure.

Munich, July 25, 2012
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through June 30, 2012

T 3.1 Consolidated Statement of Income

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Sales	1,222.5	1,325.8	−7.8	2,416.8	2,617.5	−7.7
Cost of goods sold	−981.7	−964.0	1.8	−1,960.6	−1,856.5	5.6
Gross profit from sales	240.8	361.8	−33.4	456.2	761.0	−40.1
Selling expenses	−69.5	−72.5	−4.1	−137.3	−139.4	−1.5
Research and development expenses	−43.8	−43.3	1.2	−87.2	−85.9	1.5
General administrative expenses	−29.4	−30.0	−2.0	−60.1	−59.1	1.7
Other operating income	69.3	35.9	93.0	163.9	76.5	>100
Other operating expenses	−54.9	−28.4	93.3	−137.7	−77.6	77.4
Operating result	112.5	223.5	−49.7	197.8	475.5	−58.4
Result from investments in joint ventures and associates	−2.2	−8.4	−73.8	−5.2	−14.5	−64.1
Other investment income	–	–	–	0.1	–	–
EBIT (earnings before interest and taxes)	110.3	215.1	−48.7	192.7	461.0	−58.2
Interest income	3.9	4.0	−2.5	7.8	8.4	−7.1
Interest expenses	−5.1	−2.1	>100	−9.7	−4.4	>100
Other financial result	−14.3	−11.6	23.3	−27.3	−21.6	26.4
Financial result	−15.5	−9.7	59.8	−29.2	−17.6	65.9
Income before taxes	94.8	205.4	−53.8	163.5	443.4	−63.1
Income taxes	−34.2	−62.7	−45.5	−62.9	−132.7	−52.6
Net income for the period	60.6	142.7	−57.5	100.6	310.7	−67.6
Of which						
Attributable to Wacker Chemie AG shareholders	58.8	142.6	−58.8	100.3	310.9	−67.7
Attributable to non-controlling interests	1.8	0.1	>100	0.3	−0.2	n.a.
Earnings per share (basic/diluted) (€)	1.18	2.87	−58.9	2.02	6.26	−67.7
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through June 30, 2012

T 3.2 January to June

€ million	2012 Before taxes	2012 Deferred taxes	2012	2011 Before taxes	2011 Deferred taxes	2011
Net income for the period			100.6			310.7
Difference from foreign currency translation adjustments	23.0	–	23.0	–33.0	–	–33.0
Changes in market values of the securities available for sale	0.4	–0.1	0.3	0.1	–	0.1
Changes in market values of derivative financial instruments (cash flow hedge)	–17.2	4.7	–12.5	46.7	–12.5	34.2
Of which recognized in profit and loss	–6.5	1.8	–4.7	–15.4	4.2	–11.2
Share of cash flow hedge in associates accounted for using the equity method	0.2	–	0.2	1.6	–	1.6
Non-controlling interests	–0.2	–	–0.2	–1.7	–	–1.7
Income and expenses recognized in equity	6.2	4.6	10.8	13.7	–12.5	1.2
Total income and expenses reported			111.4			311.9
Of which						
Attributable to Wacker Chemie AG shareholders			111.3			313.8
Attributable to non-controlling interests			0.1			–1.9

T 3.3 April to June

€ million	2012 Before taxes	2012 Deferred taxes	2012	2011 Before taxes	2011 Deferred taxes	2011
Net income for the period			60.6			142.7
Difference from foreign currency translation adjustments	34.2	–	34.2	–4.5	–	–4.5
Changes in market values of the securities available for sale	–	–0.1	–0.1	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	–29.2	8.0	–21.2	4.2	–1.2	3.0
Of which recognized in profit and loss	–2.4	0.7	–1.7	–12.6	3.6	–9.0
Share of cash flow hedge in associates accounted for using the equity method	–0.5	–	–0.5	–0.1	–	–0.1
Non-controlling interests	0.1	–	0.1	–0.3	–	–0.3
Income and expenses recognized in equity	4.6	7.9	12.5	–0.7	–1.2	–1.9
Total income and expenses reported			73.1			140.8
Of which						
Attributable to Wacker Chemie AG shareholders			71.2			141.0
Attributable to non-controlling interests			1.9			–0.2

Consolidated Statement of Financial Position

As of June 30, 2012

T 3.4 Assets

€ million	June 30, 2012	June 30, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets	28.1	29.1	−3.4	30.2	−7.0
Property, plant and equipment	3,687.3	3,121.9	18.1	3,500.5	5.3
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	121.6	92.2	31.9	124.5	−2.3
Financial assets	165.3	107.8	53.3	141.0	17.2
Noncurrent securities	94.8	116.4	−18.6	162.5	−41.7
Other assets	12.2	45.2	−73.0	13.3	−8.3
Tax receivables	18.6	11.6	60.3	10.9	70.6
Deferred tax assets	16.1	15.0	7.3	11.6	38.8
Noncurrent assets	4,145.5	3,540.7	17.1	3,996.0	3.7
Inventories	741.1	608.0	21.9	713.7	3.8
Trade receivables	681.1	681.8	−0.1	566.1	20.3
Other assets	146.0	176.6	−17.3	132.8	9.9
Tax assets	60.7	56.6	7.2	117.3	−48.3
Current securities	201.1	217.2	−7.4	237.2	−15.2
Cash and cash equivalents	502.1	562.1	−10.7	473.9	6.0
Current assets	2,332.1	2,302.3	1.3	2,241.0	4.1
Total assets	6,477.6	5,843.0	10.9	6,237.0	3.9

T 3.5 Equity and Liabilities

€ million	June 30, 2012	June 30, 2011	Change in %	Dec. 31, 2011	Change in %
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	–45.1	–45.1	–	–45.1	–
Retained earnings	2,207.4	2,174.7	1.5	2,216.4	–0.4
Other equity items	24.9	29.1	–14.4	13.9	79.1
Equity attributable to Wacker Chemie AG shareholders	2,605.4	2,576.9	1.1	2,603.4	0.1
Non-controlling interests	25.0	22.8	9.6	26.3	–4.9
Equity	2,630.4	2,599.7	1.2	2,629.7	–
Provisions for pensions	550.6	494.2	11.4	527.1	4.5
Other provisions	196.5	176.7	11.2	193.9	1.3
Tax provisions	66.3	56.0	18.4	61.3	8.2
Deferred tax liabilities	15.9	51.4	–69.1	33.8	–53.0
Financial liabilities	865.8	456.8	89.5	662.1	30.8
Other liabilities	907.7	1,060.2	–14.4	1,007.8	–9.9
Noncurrent liabilities	2,602.8	2,295.3	13.4	2,486.0	4.7
Other provisions	157.9	137.0	15.3	114.7	37.7
Tax provisions	37.4	33.9	10.3	7.2	>100
Tax liabilities	19.4	16.7	16.2	22.7	–14.5
Financial liabilities	248.2	90.6	>100	115.8	>100
Trade payables	380.4	315.1	20.7	402.6	–5.5
Other liabilities	401.1	354.7	13.1	458.3	–12.5
Current liabilities	1,244.4	948.0	31.3	1,121.3	11.0
Liabilities	3,847.2	3,243.3	18.6	3,607.3	6.7
Total equity and liabilities	6,477.6	5,843.0	10.9	6,237.0	3.9

Consolidated Statement of Cash Flows

January 1 through June 30, 2012

T 3.6 Consolidated Statement of Cash Flows

€ million	Q2 2012	Q2 2011	Change in %	6M 2012	6M 2011	Change in %
Net income for the period	60.6	142.7	–57.5	100.6	310.7	–67.6
Depreciation/appreciation of noncurrent assets	130.2	109.7	18.7	259.6	214.8	20.9
Changes in provisions	52.1	–11.2	n.a.	103.4	24.4	>100
Changes in deferred taxes	–5.8	–1.8	>100	–17.5	0.7	n.a.
Changes in inventories	–54.0	–24.8	>100	–34.9	–90.8	–61.6
Changes in trade receivables	13.0	–32.6	n.a.	–121.3	–94.4	28.5
Changes in other assets	24.9	23.9	4.2	34.2	21.9	56.2
Changes in advance payments made and received	–33.0	28.2	n.a.	–66.0	215.3	n.a.
Changes in other liabilities	–141.4	–97.7	44.7	–68.4	–28.7	>100
Non-cash changes from equity accounting	3.6	9.5	–62.1	6.6	15.6	–57.7
Other non-cash expenses, income and other items	–7.9	–7.5	5.3	12.4	–1.1	n.a.
Cash flow from operating activities (gross cash flow)	42.3	138.4	–69.4	208.7	588.4	–64.5
Investments in noncurrent assets	–241.2	–191.8	25.8	–489.2	–354.5	38.0
Proceeds from the disposal of noncurrent assets	1.5	0.3	>100	2.0	0.7	>100
Cash flow from noncurrent investment activities before securities	–239.7	–191.5	25.2	–487.2	–353.8	37.7
Payments for acquisitions/disposal of securities	84.4	17.0	>100	89.5	–81.4	n.a.
Cash flow from investment activities	–155.3	–174.5	–11.0	–397.7	–435.2	–8.6
Distribution of profit from prior-year net income	–110.7	–159.0	–30.4	–110.7	–159.0	–30.4
Changes in financial liabilities	–2.2	6.5	n.a.	326.3	26.0	>100
Cash flow from financing activities	–112.9	–152.5	–26.0	215.6	–133.0	n.a.
Changes due to exchange-rate fluctuations	2.5	–0.1	n.a.	1.6	–3.3	n.a.
Changes in cash and cash equivalents	–223.4	–188.7	18.4	28.2	16.9	66.9
At the beginning of the period	725.5	750.8	–3.4	473.9	545.2	–13.1
At the end of the period	502.1	562.1	–10.7	502.1	562.1	–10.7
Additional information						
Additions from finance leases	–	–	–	–	–1.4	–100

Consolidated Statement of Changes in Equity & Reconciliation of Other Equity Items

January 1 through June 30, 2012

T 3.7 Statement of Changes in Equity

€ million	Sub-scribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2011	260.8	157.4	−45.1	2,022.8	26.2	2,422.1	24.7	2,446.8
Net income for the period	–	–	–	310.9	–	310.9	−0.2	310.7
Dividends paid	–	–	–	−159.0	–	−159.0	–	−159.0
Income and expenses recognized in equity	–	–	–	–	2.9	2.9	−1.7	1.2
June 30, 2011	260.8	157.4	−45.1	2,174.7	29.1	2,576.9	22.8	2,599.7
Jan. 1, 2012	260.8	157.4	−45.1	2,216.4	13.9	2,603.4	26.3	2,629.7
Net income for the period	–	–	–	100.3	–	100.3	0.3	100.6
Dividends paid	–	–	–	−109.3	–	−109.3	−1.4	−110.7
Income and expenses recognized in equity	–	–	–	–	11.0	11.0	−0.2	10.8
June 30, 2012	260.8	157.4	−45.1	2,207.4	24.9	2,605.4	25.0	2,630.4

T 3.8 Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Total (excluding non-controlling interests)
Jan. 1, 2011	0.5	7.5	18.2	26.2
Additions	0.1	–	7.2	7.3
Other changes	–	–	39.8	39.8
Reclassification in the statement of income	–	–	−11.2	−11.2
Changes in exchange rates	–	−33.0	–	−33.0
June 30, 2011	0.6	−25.5	54.0	29.1
Jan. 1, 2012	0.9	16.8	−3.8	13.9
Additions	0.4	–	–	0.4
Other changes	−0.1	–	−7.6	−7.7
Reclassification in the statement of income	–	–	−4.7	−4.7
Changes in exchange rates	–	23.0	–	23.0
June 30, 2012	1.2	39.8	−16.1	24.9

Notes

January 1 through June 30, 2012

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of June 30, 2012, have been prepared pursuant to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") and in accordance with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2011. The interim Group management report has been prepared in compliance with the applicable requirements of WpHG. New accounting standards were introduced in 2012, but they had no substantial impact on WACKER's accounting and valuation methods.

The preparation of the interim financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingencies. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from the assumptions and estimates made if the economic conditions referred to do not develop in line with the expectations as per the reporting date. Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

At the beginning of fiscal 2012, WACKER shortened the useful lives of polysilicon-plant infrastructure and technical facilities due to the altered polysilicon-market situation. Due to the altered market situation, future technological developments will necessitate a new set-up for existing structures. In accounting terms, this concerns a change in estimates that do not necessitate modification of preceding years. In the current January-through-June reporting period, shorter useful lives led to an increase in depreciation of €14 million. For the years to follow, WACKER expects additional depreciation of some €28 million annually on currently operational production-facility plant and equipment.

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options envisaged in IFRS are explained in detail there. We refer to the Notes as of December 31, 2011 for further explanations.

As of June 30, 2012, there were no changes in the legal corporate and organizational structures as portrayed in the 2011 Annual Report. There were no disclosure obligations in the interim period in respect of any misinterpretations in previous reporting periods.

The Group's parent company, Wacker Chemie AG, is a listed company with headquarters in Munich, Germany. Its address is: Wacker Chemie AG, Hanns-Seidel-Platz 4, 81737 München, Germany. It is registered at the Munich District Court (Amtsgericht) under HRB 159705.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Because of the weather, volumes are higher in the summer months than in the winter, when the construction industry's order books are low. This effect can be cushioned by overseas business. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3. Quartal. Another area of business that is exposed to seasonal variation is road salt, which depends very much on the severity of winter weather in the first and fourth quarters.

Other Financial Obligations

We refer to the consolidated financial statements as of December 31, 2011, with regard to the disclosures on other financial obligations.

Moreover, WACKER secured its long-term supply of ethylene – a raw material – via a further long-term supply contract in Q1 2012. The contract starts in 2015 and follows up on existing contracts. It contains commitments to purchase minimum quantities amounting to some €100 million per year.

WACKER has undertaken to provide a guarantee of €47.7 million until December 1, 2013, to refinance a bank liability at its joint venture with Samsung.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first six months of 2012:

Standard/Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Impact on WACKER
Amendment to IFRS 7	Disclosure requirements relating to transfers of financial assets	July 1, 2011	Nov. 22, 2011	The application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.

The following standards were approved by the IASB between 2009 and 2012, but their application is not yet mandatory for the period under review.

Standard/Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2015	Postponed	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012[1]	IFRS 10 changes the definition of "control" so that the same criteria are applied to all companies in determining control. The standard replaces the consolidation guidelines in the previous IAS 27 and SIC 12. The new rules may lead to major changes in the scope of consolidation compared with the previous determination of the Group pursuant to IAS 27. WACKER is currently of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.

[1] EU expected to postpone first-time application until Jan. 1, 2014.

Standard/Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012[1]	IFRS 11 regulates the accounting of arrangements where a company exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31. In the future, joint ventures will be accounted for by exclusively using the equity method. The option of proportionate consolidation has been abolished. The abolition of proportionate consolidation has no impact on WACKER's earnings, net assets and financial position because WACKER already accounts for joint ventures using the equity method. WACKER is currently investigating the other effects of IFRS 11, including in respect of joint operations.
IFRS 12	Disclosure of Interests in Other Entities	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012[1]	IFRS 12 regulates the disclosures in the consolidated financial statements that enable users to assess the nature, risk and financial effects of the entity's involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard will lead to a substantial broadening of the disclosures in WACKER's consolidated financial statements.
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012	IFRS 13 describes how fair value is to be measured and extends the disclosures on fair value. Application of the new method of determining fair value will be relevant to all areas of WACKER's consolidated financial statements in which fair values are determined. WACKER does not expect the new approach to have any substantial impact on its earnings, net assets and financial position. The disclosure obligations in the consolidated financial statements will increase.
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012[1]	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. The application of the revised standard will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
IAS 28	Investments in Associates	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012[1]	IAS 28 now also regulates the accounting of joint ventures using the equity method. The application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Amendments to IFRS 1 for First-time Adopters	Severe Hyperinflation and Removal of Fixed Dates	Dec. 20, 2010	July 1, 2011	Expected in Q4 2012	The amendment replaces the existing references to the date of January 1, 2004, with a reference to the timing of the transition to IFRS. This amendment also includes rules for those cases in which hyperinflation makes it impossible for an entity to comply with all IFRS stipulations. Its application will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2012	Expected in Q4 2012	The amendment contains a partial clarification on the treatment of temporary taxable differences from IAS 40's fair value model. Investment property often makes it difficult to assess whether existing differences are recovered as part of continuing use or in the wake of a sale. The amendment therefore generally makes it necessary to presume recovery due to a sale. Its application will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements. WACKER measures its investment property exclusively at amortized cost.

[1] EU expected to postpone first-time application until Jan. 1, 2014.

Standard/Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
Amendments to IAS 1	Presentation of Items of Other Comprehen-sive Income	June 16, 2011	July 1, 2012	June 5, 2012	The application of the revised standard will have no impact on WACKER's earnings, net assets and financial position. The presentation in WACKER's financial statements of items of other comprehensive income will be enhanced.
Amendments to IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	June 5, 2012	The amendments to IAS 19 will affect the recognition and measurement of the expense for defined benefit pension plans and termination benefits. They will also result in wider disclosure requirements regarding employee benefits. The option of accounting for actuarial gains and losses using the corridor method is eliminated. In the future, these impacts will be recognized immediately in "other comprehensive income." Additionally, the return on plan assets is no longer to be recognized based on the expected interest rate but on the discount rate. Because WACKER currently applies the corridor method, this change is expected to result in a substantial increase in pension provisions when adopted for the first time, which in turn will reduce the Group's equity. Such recognition within other comprehensive income of variations in actuarial gains and losses will lead to more volatility in equity in the future.
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2013	Expected in Q4 2012	These amendments to IFRS 7 extend the disclosure requirements regarding the netting of financial assets and financial liabilities. The added disclosure requirements will have an impact on the presentation of the financial statements.
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Dec. 16, 2011	Jan. 1, 2015	Postponed	The amendments postpone the effective date of IFRS 9 and provide for additional disclosure requirements. Because WACKER cannot yet assess what impacts the first-time application of IFRS 9 will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9 and IFRS 7.
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Expected in Q4 2012	This amendment to IAS 32 clarifies requirements for the offsetting of financial instruments. Application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position.
Amendments to IFRS 1 for First-time Adopters	Government Loans	March 13, 2012	Jan. 1, 2013	Expected in Q1 2013	This change provides first-time IFRS adopters with the same relief in terms of the accounting of government loans as for existing adopters. Its application will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Jan. 1, 2013	Expected in Q4 2012	IFRIC 20 regulates the accounting treatment of the cost of removing waste from a surface mine. In the absence of relevant circumstances, the interpretation has no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Improvements to IFRSs (2009–2011)		May 17, 2012	Jan. 1, 2013	Expected in Q1 2013	Amendments affect IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34; the changes have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Transition Guidance	Amendments to IFRS 10, IFRS 11 and IFRS 12	June 28, 2012	Jan. 1, 2013	Expected in Q1 2013	The purpose of the amendments is to clarify the transition guidelines in IFRS 10. Additionally, the changes facilitate the transition to IFRS 10, IFRS 11 and IFRS 12. Application of the changes will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.

Changes in the Scope of Consolidation

As of June 30, 2012, the scope of consolidation comprises 55 companies, including Wacker Chemie AG, and a special-purpose entity, of which 50 have been fully consolidated in the interim financial statements. Effective June 30, 2012, one minor company is not recognized using the equity method any more, but as an investment as per IAS 39, since WACKER no longer exercises significant influence. This positively impacted WACKER's earnings, net assets and financial position by €2.5 million.

Segment Reporting

Please refer to the interim management report for information required on segment reporting.

Related Party Disclosures

IAS 24 stipulates that parties which control, or are controlled by, Wacker Chemie AG must be disclosed unless they are already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. Control in this sense is held to apply when a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

The WACKER Group is affected by the IAS 24 rules mainly in respect of the business relations with Wacker Chemie AG's joint ventures, major shareholders, and Executive and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associated companies and joint ventures, since Wacker Chemie AG exercises significant influence over them.

The WACKER Group is controlled by its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, which holds over 50 percent of the voting shares in Wacker Chemie AG.

Provision of services between Wacker Chemie AG and its majority shareholder Dr. Alexander Wacker Familiengesellschaft mbH, as well as with the shareholders of Dr. Alexander Wacker Familiengesellschaft mbH and their close family members, is of subordinate importance. These concern the renting of office space and exchange of services. None of these services is of significant business scope. The provision of services takes place at standard market terms.

Wacker Chemie AG's pension fund is also considered a related party pursuant to IAS 24. Provisions of services take place between the two entities in the area of company pension plan benefits. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rents the headquarters building, and the property on which it stands, from a subsidiary of Pensionskasse der Wacker Chemie VVaG. Overall, expenditures in the first half of 2012 amounted to €19.5 million (6M 2011: €12.3 million). As of June 30, 2012, WACKER had outstanding receivables from the pension fund of €17.7 million (Dec. 31, 2011: € 35.2 million).

Furthermore, WACKER Group companies have not conducted any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of which these persons are members of executive or supervisory bodies. The same applies to close relatives of the aforementioned persons.

On March 21, 2012, BlackRock Hodco 2, Inc. (Wilmington, DE, USA) and BlackRock Financial Management, Inc. (New York, USA) announced that their holdings of Wacker Chemie AG shares with voting rights slightly exceeded the 3-percent threshold on March 15, 2012.

On April 3, 2012, BlackRock, Inc. (New York, USA), BlackRock Financial Management, Inc. (New York, USA) and BlackRock Hodco 2, Inc. (Wilmington, DE, USA) announced that their holdings of Wacker Chemie AG shares with voting rights slightly dropped to just under the 3-percent threshold on March 27, 2012.

Further detailed information has been published in the German register of companies (www.unternehmensregister.de).

Business with non-consolidated subsidiaries, the pension fund and joint ventures and associated companies is, as a rule, carried out on conditions that are customary between outside third parties. For joint-venture and associated-company product shipments, contractually agreed transfer-price formulas have been defined that include start-up costs and financing elements, among others.

The following table shows the volume of trade receivables with the above-mentioned related parties:

T 4.1 Related Party Disclosures

€ million				2012				2011
		6M 2012		June 30, 2012		6M 2011		Dec. 31, 2011
	Income	Expenses	Receiv-ables	Liabilities	Income	Expenses	Receiv-ables	Liabilities
Associated companies	2.1	47.9	8.4	2.4	1.3	45.3	16.5	6.0
Joint ventures	43.2	28.5	18.5	5.6	33.6	24.7	14.9	5.2
Other	–	–	–	0.1	–	–	–	0.3

In addition, €151.8 million was loaned to associated companies and joint ventures (Dec. 31, 2011: € 130.0 million). The loans contain capitalized interest income for the period under review of €2.5 million (Dec. 31, 2011: € 3.7 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2011.

Exchange Rates

During the reporting period and the previous year, the following euro/US dollar, euro/Japanese yen, euro/Singapore dollar and euro/Chinese renminbi exchange rates were used for translating foreign currency items and for the financial statements of companies that have the above currencies as their functional currency:

T 4.2 Exchange Rates

		Exchange rate as of		Average exchange rate	
	June 30, 2012	June 30, 2011	Dec. 31, 2011	Q2 2012	Q2 2011
USD	1.26	1.45	1.29	1.28	1.44
JPY	100.10	116.55	100.30	102.77	117.51
SGD	1.60	1.78	1.68	1.62	1.78
CNY	7.99	9.36	8.13	8.13	9.36

Major Events during the Reporting Period

Events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report.

Events after the Balance Sheet Date

No material events occurred between the balance sheet date and the publication of this Interim Report.

Munich, July 25, 2012
Wacker Chemie AG's Executive Board

Rudolf Staudigl	Wilhelm Sittenthaler
Joachim Rauhut	Auguste Willems

Responsibility Statement

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

Munich, July 25, 2012
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

Review Report

To Wacker Chemie AG, Munich

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the condensed statement of consolidated cash flows, the condensed statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, Munich, for the period from January 1 to June 30, 2012 that are part of the semi-annual financial report according to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, July 25, 2012
KPMG AG Wirtschaftsprüfungsgesellschaft

Kozikowski	**Dr. Grottel**
Auditor	Auditor

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2012 Financial Calendar

Sept. 11

Capital Markets Day
Dresden

Oct. 24

Interim Report
on the 3rd Quarter

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This report contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update the forward-looking statements, nor does IT assume the obligation to do so.

Due to rounding, numbers presented throughout this and other reports may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

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