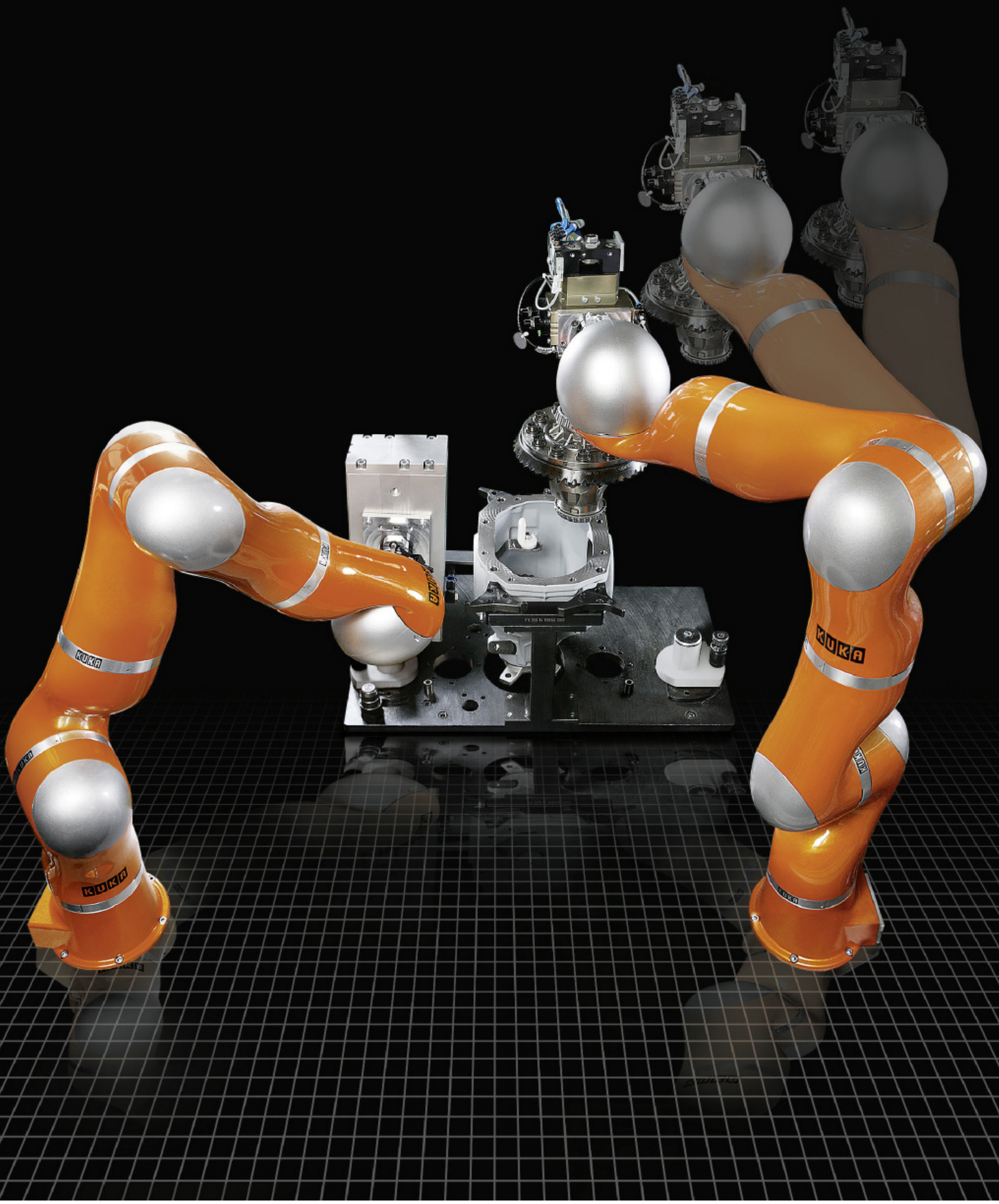
KUKA

INTERIM REPORT | 1. ST QUARTER 2010

AUTOMATION SENSITIZES



Cover photo: Automation sensitizes

Major step forward: KUKA lightweight robots not only perform motion sequences according to conventional programming code, but also delicately approach objects using integrated sensors. At a big German car manufacturer, two sensitive KUKA lightweight robots successfully completed a beta test on a series production line for rear-axle differentials.

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KUKA GROUP, KEY FIGURES

€ million	3 Months 2010	3 Months 2009	Change
Orders received	263.8	213.7	23.4%
Order backlog (03/31)	606.7	539.7	12.4%
Sales revenues	209.1	227.0	-7.9%
Gross profit	38.6	51.1	-24.5%
in % of sales revenues	18.5%	22.5%	-
Operating result (EBIT)	-1.9	0.2	-
in % of sales revenues	-0.9%	0.1%	-
Net result	-11.0	-1.8	-
Earnings per share in €	-0.39	-0.07	-
Capital expenditure	1.9	4.6	-58.7%
Equity ratio in %	21.5%	25.2%	-
Net debts (03/31)	42.3	95.2	-
Employees (03/31)	5,799	6,124	-5.3%

FOREWORD

Dear shareholders,

The most important news up front: KUKA is back on the path to growth!

For the first time since the start of the economic crisis, our orders received have risen again. Overall, KUKA brought in 23 percent more orders in the first quarter of 2010 than in last year's same quarter.

Our two divisions, Robotics and Systems, started off the year well and have returned to generating profits. Contributors included general industry business growth and the revival of the automotive industry, which led to significantly rising orders received for both the robotics and systems businesses.

Our work at the Executive Board level will focus on three priorities that will enable us to make progress on our path to profitable growth and continually increase shareholder value:

- We will continue to strengthen our innovation and technology leadership. Therefore we have formed our newly section Advanced Robotics to penetrate the robot based automation markets of tomorrow and tackle important research and development projects targeting new applications.
- We will expand our business activities in the BRIC countries
- In parallel, we will systematically continue to execute our ongoing cost reduction program.

Customers and shareholders look for continuity on executive boards and management teams. I therefore decided to stay on as CEO and look forward to working together with the KUKA team in the coming years.

Dr. Till Reuter
CEO

GROUP INTERIM REPORT

KUKA Aktiengesellschaft as of March 31, 2010

OVERVIEW

KUKA back on growth track; both divisions report positive EBIT

- **Orders received up sharply, 23.4 percent higher than at the same time last year**
- **Sales revenues decline 7.9 percent to EUR 209.1 million**
- **Free cash flow rises to EUR 4.6 million**
- **Both divisions' operating result (EBIT) positive**
  Consolidated EBIT only slightly negative at EUR -1.9 million
- **Till Reuter named permanent CEO of KUKA**

KUKA GROUP Q1 2010 BUSINESS PERFORMANCE

KUKA returned to the growth track in the first quarter of 2010. **Orders received** were sharply higher than in the prior year's first quarter. KUKA Group's overall orders received rose 23.4 percent, from EUR 213.7 million in the first quarter of 2009 to EUR 263.8 million in the first quarter of 2010. KUKA Group's growth is thus higher than the average for the German Engineering Federation (VDMA), which reported an increase of only 14 percent in orders received during the same period.

Both divisions contributed to this delightful development. The Robotics division posted orders received of EUR 114.7 million, 27.3 percent higher than the EUR 90.1 million reported in the first quarter of 2009. The Systems division's business grew at a similar rate. It was up 24.7 percent to EUR 161.6 million in the first quarter of 2010, from EUR 129.6 million in Q1 2009. Above all, the two divisions benefited from a marked recovery in their automotive business. This was driven by higher spending for capital equipment, which had been postponed during the 2008/2009 crisis.

Sales revenues for the 2010 quarter just ended remained under the results posted during the same quarter last year. KUKA Group's consolidated sales revenues were down 7.9 percent to EUR 209.1 million from the EUR 227.0 million generated in Q1 2009. The Robotics division's sales revenues of EUR 86.2 million were 10.8 percent lower than the EUR 96.6 million generated during the first quarter of 2009. The Systems division's sales revenues reached EUR 136.0 million in Q1 2010, nearly the same level of EUR 138.7 million in Q1 2009. The book-to bill-ratio was higher. In the first quarter 2010, it had reached 1.26.

In line with the business growth during the period under review, the **order backlog** as of March 31, 2010 was up EUR 67.0 million from the prior year's closing date. The final total of EUR 606.7 million was 12.4 percent higher than the March 31, 2009 figure of EUR 539.7 million. The Robotics division's order backlog jumped 34.6 percent to EUR 126.7 million from the EUR 94.1 million reported on March 31, 2009. The Systems division's orders received were also higher than sales revenues, which pushed order backlog up 8.3 percent to EUR 489.2 million from EUR 451.5 million on March 31, 2009.

Both divisions successfully reduced costs in conjunction with the cost reduction program and generated a positive **operating result (EBIT)** in Q1 2010: Robotics EUR 0.5 million and Systems EUR 1.9 million. When the costs for the central departments (KUKA AG/others) are included, KUKA Group generated a slight consolidated operating loss (EBIT) of EUR -1.9 million, which compares to EUR 0.2 million in the first quarter of 2009.

The **cost reduction program** will continue during the current financial year and will be intensified. The target for recurring cost reductions is to rise to EUR 65 to 70 million in total, supported by appropriate measures. In 2010, the program will focus foremost on cutting material costs. The division Systems aims to use more global sources for its procurement and increase productivity by rigorously improving its structural cost base. Robotics' main focus is on cutting the cost of its own product manufacturing. The division is examining all working parts with regard to optimization possibilities. A standardization initiative is looking at ways to further increase the number of common components in all robot types. The sales, design and order administration processes are being further improved. A further initiative aims to generate substantial relief in the area of structural costs by improving the business processes in the indirect departments throughout the Group. In addition, all key KUKA Group core processes are being examined for potential efficiency improvement. All overlapping functions are being analyzed for their potential to generate meaningful synergies if combined.

At KUKA Group's German companies, 425 employees were on reduced work hours as of March 31, which compares to 477 on December 31, 2009.

KUKA EQUITY

FINANCING DISCUSSIONS SUCCESSFULLY CONCLUDED

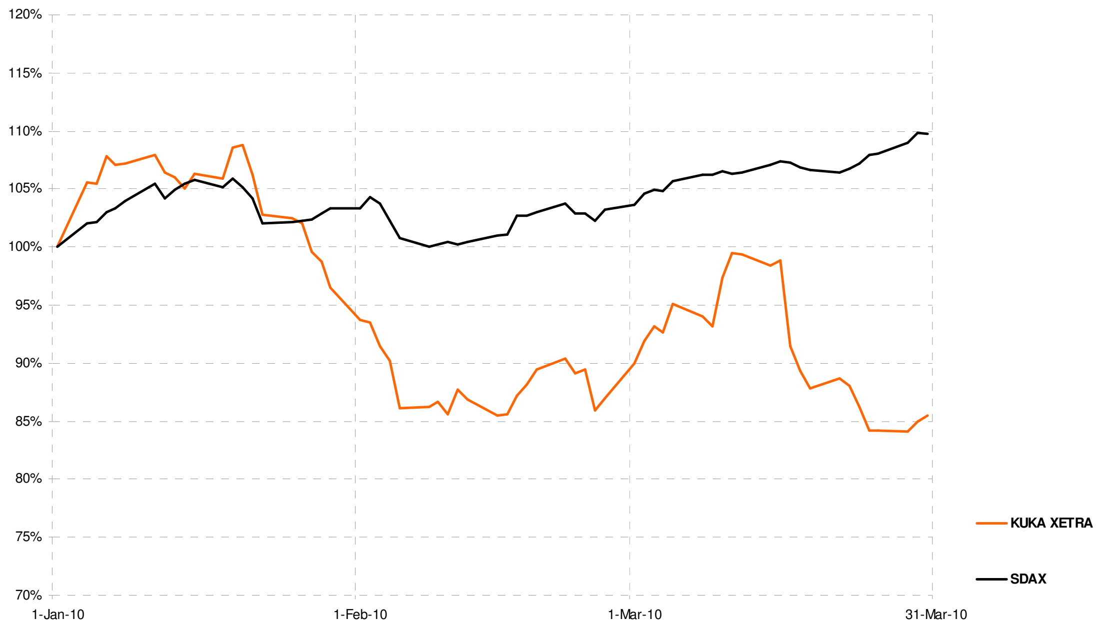
On March 10, 2010, KUKA reported that it had successfully completed its financing talks and that the Syndicated Senior Facilities Agreement had been extended by two years to March 31, 2012. As part of the agreement, the company must raise additional funds before the end of the second half of 2010. In addition, the agreement requires that no dividend be paid during fiscal 2010 and 2011.

While presenting the financial statements for 2009, the Executive Board announced at the financial results press conference in Munich on March 16, 2010 and at the DVFA Analysts' Conference in Frankfurt/Main that the cost cutting program will be extended during the current year and that the divisions will launch sustained growth initiatives. This includes forming the Advanced Robotics section within the Robotics division, in which service robotics activities and applications based on KUKA's lightweight robot will be bundled.

STOCKMARKET CONTINUES TO RALLY

After the slump in the global economy in the second half of 2008 and beginning of 2009, international stock markets started to rally in expectation of a quick economic recovery. Despite weakness in January, the rally continued in the first quarter of 2010. Stock prices for the more cyclic small and medium-size listed companies in Germany were up more than those of the large cap companies. In total, the SDAX, the German index of the 50 small companies, advanced 7.5 percent between January 1 and March 31, 2010. Although KUKA's share price fell 14.5 percent during the fourth quarter of 2010, closing at EUR10.22 on March 31, the stock's six-month price performance only slightly trails the SDAX index.

KUKA's share price performance from January to March 2010



GENERAL CONDITIONS

Germany's economic performance at the start of the current year was relatively favorable following the global economic crisis year. Accordingly, the German Institute of Economic Research is forecasting **GDP** to be 0.3 percent higher in the first quarter of 2010 than in last year's first quarter. Growth in different industry sectors varied considerably; for example, declines in the construction industry as a result of the harsh winter contrasted with rising demand for export goods from countries outside the euro zone, particularly from Asia, and above all, China. Orders received by German industry in the first quarter of 2010 were 6.5 percent higher than at the same time last year according to Bundesbank statistics. In line with the nascent recovery of the world economy, the OECD is expecting a further upturn in the economies of large export-oriented industrial nations like Germany in the coming months. All the same, most experts agree that it is still too early to talk about a sustained, self-supporting upswing. Particularly the end of the government subsidy programs and uncertainty in financial markets represent ongoing risks.

The **automotive industry** benefited from the emerging economic recovery. According to the ACEA (European Automobile Manufacturers’ Association), new passenger car registrations in the European Union in the first quarter of 2010 were about 8 percent higher than the low previous year's level. Spain, Great Britain, Italy and France each reported above-average growth rates, whereas sales in Germany dropped substantially as expected after the government scrapping incentives expired. German sales were down 23 percent. However, export demand accelerated at the same time, so that German carmakers produced almost one-third more cars in the first quarter of 2010. Overall, the German automotive industry association (VDA) expects 2010 to be a good year for exports again. The recovery of the North American car market is another factor here. In the United States and Canada, car and light truck sales were about 16 percent higher in the first quarter of 2010 than in the prior year's same period, which admittedly was weak.

Orders received in the German **mechanical and plant engineering sector** also recovered at the beginning of the year. According to the German Engineering Federation (VDMA), this sector's orders received were up 14 percent in real terms in the first quarter of 2010 compared to last year. Above all, the economic recovery resulted in substantially higher demand for machinery and systems from the emerging countries China, India and Brazil. In February 2010 alone, exports were up about 32 percent compared to last year. Overall, the sector's order backlog thus improved from an average of 4.6 months last October to 4.9 months in February 2010. Manufacturing capacity utilization also turned around from a low of about 70 percent and rose to over 72 percent. Still, VDMA is expecting manufacturing output for 2010 overall to remain at the same low level as last year.

VDMA's **Robotics and Automation** sector recovered in parallel with the overall machinery market and reported orders received growth of 8 percent. Compared internationally, the sector was thus weaker than its Japanese robotics manufacturing competitors, which reported an increase of 39 percent over the prior year's very weak corresponding quarter (source: JARA, Japan Robotic Industry Association).

EARNINGS, FINANCIAL AND ASSETS SITUATION

In the first quarter of 2010, KUKA Group's consolidated revenues reached EUR 209.1 million, which is EUR 17.9 million short of the EUR 227.0 million euro generated in the first quarter of 2009. In total, **gross profit** on sales of EUR 12.5 million fell to EUR 38.6 million from EUR 51.1 million in Q1 2009.

Gross margin declined from 22.5 percent in the first quarter of 2009 to 18.5 percent in the first quarter of 2010. The decline is mainly attributable to the Robotics division. It was driven on the one hand by lower revenues from general industry during the quarter just ended, and on the other hand by the positive impact from the reversal of accruals in the prior year's quarter. The Systems division's gross margin came in at 11.8 percent, similar to last year's 11.7 percent. Compared to the same quarter last year, overhead costs were cut substantially by EUR 10.4 million to EUR 40.5 million. KUKA Group's consolidated **operating result (EBIT)** in the first quarter 2010 was EUR -1.9 million, which compares to EUR 0.2 million in the first quarter of 2009 and is in line with the company's expectations.

The **net interest expense** of EUR -5.0 million in the first three months of 2010 is EUR 3.7 million less than in the same period in 2009. This is primarily attributable to the costs of refinancing. In addition, net interest expense includes the interest expenses for the convertible bond in the amount of EUR 1.3 million, interest on pensions of EUR 0.9 million and interest income in connection with the finance lease associated with the KTPO pay-on-production contract in the United States.

Earnings before taxes (EBT) in the first three months of 2010 totaled EUR -6.9 million. This compares to EUR -1.1 million in Q1 2009. Taxes paid during the period under review totaled EUR 4.1 million, versus EUR 0.7 million last year at the same time. The tax expense was driven primarily by earnings subject to taxation in the United States. Because of negative earnings contributions from other foreign subsidiaries and from taxable German integrated companies, the company did not capitalize deferred taxes on loss carryingforwards.

Earnings after taxes in the period under review were EUR -11.0 million, compared to last year's Q1 of EUR -1.8 million.

On the asset side of the **balance sheet**, non-current assets were EUR 5.3 million lower than on the December 31, 2009 closing date. This is primarily due to lower deferred tax assets. The change in the exchange rate between the euro and the US dollar had an offsetting impact: The receivables associated with the finance lease for the KTPO pay-on-production contract rose. Inventories rose according to plan in line with higher orders received, and were up EUR 19.6 million at the period. On the liability side, the higher trade receivables of EUR 22.9 million and the EUR 12.2 million advance payments received reflected the expanded business volume. Trade receivables were EUR 5.7 million higher than the comparable number on December 31, 2009. The change in other liabilities is mainly attributable to higher liabilities in the personnel area (e.g. vacation entitlements) and the revaluation of foreign currency hedging transactions.

The **equity ratio** went from 22.1 percent on December 31, 2009 to 21.5 percent. The quarterly result and income-neutral treatment of actuarial losses related to pension accruals had a negative impact here. Taking into account the offsetting currency impact, equity declined from EUR 160.8 million on December 31, 2009 to EUR 153.6 million as of March 31, 2010.

The Group's **net debt;** that is, liquid assets minus current and non-current financial liabilities, was EUR 42.3 million as of March 31, 2010. On December 31, 2009, net debt was EUR 48.5 million.

Cash flow from operating activities was positive at EUR 5.6 million, even though it includes charges in connection with restructuring measures. At the same time last year, the number was EUR -37.0 million. Taking into account cash flow from investments totaling EUR -1.0 million, which compares to EUR -5.3 million at the end of Q1 2009, **free cash flow** came in at EUR 4.6 million, versus EUR -42.3 million at the end of the first quarter of 2009. This improvement is mainly due to reduced working capital. **Cash flow from financing activities** was reported at EUR -41.0 million, which compares to EUR 30.4 million at the end of the first quarter of 2009. This result reflects the drop in non-current liabilities.

EMPLOYEES

KUKA Group had 5,799 **employees** as of the March 31, 2010 record date, expressed as full-time staff. This represents a drop of 325 persons from the prior year's corresponding period end date. Due to higher production levels in the Robotics division, 152 persons were added at the plant in Hungary. Taking into account the departure of 97 employees in other business units, the Group thus had 55 more employees in total than at the end of 2009. Compared year over year, the Robotics division's workforce shrank by 107 persons to 2,145 and Systems' was down 268 for a total of 3,451 employees. The closure/sale of System's locations in France, with 144 employees, and the shifting of central departments into the Shared Service Center at KUKA AG had a positive impact on the divisions' employee total.

The number of contract workers remained low at 573 as of March 31, 2010. This compares to 639 on March 31, 2009 and 584 on December 31, 2009.

DEVELOPMENTS IN THE DIVISIONS

ROBOTICS, KEY FIGURES

€ million	3 Months 2010	3 Months 2009	Change
Orders received	114.7	90.1	27.3%
Order backlog (03/31)	126.7	94.1	34.6%
Sales revenues	86.2	96.6	-10.8%
Gross profit	21.5	34.7	-38.0%
in % of sales revenues	24.9%	35.9%	-
Operating result (EBIT)	0.5	4.2	-
in % of sales revenues	0.6%	4.3%	-
Employees (03/31)	2,145	2,252	-4.8%

The recovery in demand led to a substantial increase in the Robotics division's **orders received**. They were up 27.3 percent, from EUR 90.1 million in Q1 2009 to EUR 114.7 million in the first quarter of 2010. Orders received from the automotive industry were particularly strong, rising 87.1 percent to EUR 50.9 million versus EUR 27.2 million in Q1 2009. Robotics received a number of large orders from German OEMs. Orders received from general industry rose 5.9 percent. One of the orders KUKA Robotics received was from a leading bathtub manufacturer for 3 KR 150s and a 15-meter linear unit. A systems partner ordered five heavy palletizing robots for a food industry freezer application. The division's service business was down 6.7 percent, because service orders lag economic upswings.

The Robotics division's **sales revenues** reached EUR 86.2 million in the first quarter 2010, 10.8 percent lower than the EUR 96.6 million generated during the corresponding quarter of 2009. At the end of the fourth quarter of 2009, the year-over-year difference was still -33.5 percent. **Order backlog** rose 34.6 percent to EUR 126.7 million from the EUR 94.1 million reported on March 31, 2009.

Low gross profits caused the division's **operating result (EBIT)** to retreat**.** Because the general industry sales volume was still low and last year's comparable EBIT had included the one-time impact of accruals reversed during the first quarter, gross profit was down EUR 13.2 million. Despite significantly lower overheads than during the same quarter last year, EBIT in the quarter just ended fell EUR 3.7 million to EUR 0.5 million from last year's first quarter EUR 4.2 million.

As of March 31, 2010, the Robotics division had 2,145 **employees** (expressed as full-time staff), 107 less than at last year's corresponding period end. There were 136 more employees than on December 31, 2009. Due to the higher work load, employees were added in Hungary (152), whereas staff cuts continued in other areas.

ORDERS RECEIVED BY SEGMENT: ROBOTICS

€ million	3 Months 2010	3 Months 2009	Change
Automotive	50.9	27.2	87.1%
General Industry	42.9	40.5	5.9%
Service	20.9	22.4	-6.7%
Total Robotics	**114.7**	**90.1**	**27.3%**

In the first quarter of 2010, EUR 50.9 million or 44.4 percent of **orders received** came from the automotive sector, EUR 42.9 million or 37.4 percent from general industry and EUR 20.9 million or 18.2 percent from service.

KEY FIGURES, SYSTEMS

€ million	3 Months 2010	3 Months 2009	Change
Orders received	161.6	129.6	24.7%
Order backlog (03/31)	489.2	451.5	8.3%
Sales revenues	136.0	138.7	-1.9%
Gross profit	16.0	16.2	-1.2%
in % of sales revenues	11.8%	11.7%	-
Operating result (EBIT)	1.9	-1.1	-
in % of sales revenues	1.4%	-0.8%	-
Employees (03/31)	3,451	3,719	-7.2%

The Systems division posted **orders received** of EUR 161.6 million in the first quarter of 2010, which is 24.7 percent higher than the 129.6 million received in the first quarter of 2009. The quarter was marked by major orders received from the automotive industry to build car body manufacturing systems and to supply tools for shells and structural components in Germany and Asia.

Sales revenues were posted at EUR 136.0 million, roughly the same as the EUR 138.7 million reported in the first quarter of 2009. The division's **order backlog** rose accordingly, and was up 8.3 percent to EUR 489.9 million as of March 31, 2010. This compares to EUR 451.5 million on March 31, 2009.

The Systems division's **operating result (EBIT)** was also positive for the first quarter of 2010. The EUR 1.9 million posted by the division compares to a negative EBIT of EUR -1.1 million on the same level of sales in the corresponding period last year. Thanks to the ongoing cost reduction program, the business unit was able to generate a positive EBIT for the quarter just ended even though there was little change in gross profit.

The Systems division had 3,451 **employees** as of March 31, 2010 (expressed as full-time staff) versus 3,719 on March 31, 2009. This is 268 employees less than at the Q1 2009 period end and 83 persons less than at the close of 2009. The year-over-year comparison is particularly affected by the closure/sale of the French locations (144 employees).

RESEARCH AND DEVELOPMENT, CAPITAL EXPENDITURES

KUKA Group's **research and development** expenditures declined EUR 2.2 million to EUR 6.9 million in the first quarter of 2010, from EUR 9.1 million in Q1 2009. Of this total, EUR 6.6 million is attributable to the Robotics division. In the first quarter of 2009, the division spent EUR 8.6 million. During the first quarter, Robotics focused on developing the new generation of industrial robots, which will be presented for the first time in June 2010 at the leading trade fair for robotics, AUTOMATICA. Other research and development priorities were exploring new approaches for production assistants; e.g., using KUKA's lightweight robot and mobile robots. KUKA Systems is developing a solution for the solar industry, which unwinds the solar film, cuts it to measure and positions it correctly for handling by robots.

The planned **capital expenditures** were carefully scrutinized in line with the ongoing cost reduction program and ended at EUR 1.9 million, down EUR 2.7 million from the EUR 4.6 billion spent during the same period last year.

RISK MANAGEMENT

Nothing of material importance has changed since the end of the 2009 financial year with respect to risks.

Please refer to page 49 of the detailed risk report in the 2009 Annual Report in this regard.

OUTLOOK

The 2010 current financial year will be one of transformation for KUKA. The aim is to further improve cost structures and enhance the corporate strategy as a basis for generating sustainable profitable growth.

Both the Robotics division and the Systems division should see moderate sales revenue growth during 2010. KUKA Group’s sales revenues are expected to grow percentagewise in the mid single digits compared to last year.

We currently estimate that KUKA Group's earnings from operating activities (EBIT) for the current financial year should operationally also improve. As a result, we are forecasting a positive operating result for KUKA Group before special items. Restructuring costs in conjunction with the ongoing cost reduction program will be incurred again in 2010, but should be significantly less than last year. We expect both divisions to generate better operating results than in 2009. However, the results will be primarily dependent on the success of the cost reduction program and actual business development.

INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT

€ million	3 Months 2010	3 Months 2009
Sales revenues	**209.1**	**227.0**
Cost of sales	-170.5	-175.9
Gross profit	**38.6**	**51.1**
Selling expenses	-18.3	-20.6
Research and development expenses	-6.9	-9.1
General and administrative expenses	-16.1	-18.5
Other operating income	10.2	7.1
Other operating expenses	-9.4	-9.8
Earnings from operating activities (EBIT)	**-1.9**	**0.2**
Net interest income	2.2	2.4
Net interest expense	-7.2	-3.7
Financial results	**-5.0**	**-1.3**
Earnings before tax	**-6.9**	**-1.1**
Taxes on income	-4.1	-0.7
Net result	**-11.0**	**-1.8**
thereof minority interests in profits	0.0	0.0
thereof shareholders of KUKA AG	-11.0	-1.8
Earnings per share in € (diluted/undiluted)	**-0.39**	**-0.07**

STATEMENT OF COMPREHENSIVE INCOME

€ millions	3 Months 2010	3 Months 2009
Earnings after taxes	**-11.0**	**-1.8**
Translation adjustments	5.6	2.3
Changes of actuarial gains and losses	-2.6	-2.1
Deferred taxes on changes of acturial gains and losses	0.8	0.4
Other comprehensive income	**3.8**	**0.6**
Comprehensive income	**-7.2**	**-1.2**
of which: attributable to minority interests	0.0	0.0
of which: attributable to shareholders of KUKA AG	-7.2	-1.2

CONSOLIDATED CASH FLOW

€ million	3 Months 2010	3 Months 2009
Net result	**-11.0**	**-1.8**
Depreciation/amortization on intangible assets	**1.9**	2.0
Depreciation/amortization on tangible assets	3.7	4.2
Other non-payment-related income	-1.4	-0.7
Other non-payment-related expenses	2.7	0.1
Cash Earnings	**-4.1**	**3.8**
Result on the disposal of assets	-0.1	0.0
Changes in provisions	-9.0	-16.5
Changes in current assets and liabilities:		
Changes in inventories	-18.2	-8.9
Changes in receivables and deferred charges	1.1	33.4
Changes in liabilities and deferred charges (without debts)	35.9	-48.8
Cash flow from operating activities	**5.6**	**-37.0**
Payments from disposals of fixed assets	0.9	0.1
Payments for capital expenditure on tangible and intangible assets	-0.6	-2.1
Payments for investments in financial assets	-1.3	-2.5
Payments for the acquisition of a finance lease receivable	0.0	-0.8
Cash flow from investing activities	**-1.0**	**-5.3**
Free cash flow	**4.6**	**-42.3**
Payment for repaying liabilities due to banks and liabilities similiar to bonds	-41.0	30.4
Cash flow from financing activities	**-41.0**	**30.4**
Payment-related change in cash and cash equivalents	**-36.4**	**-11.9**
Exchange-rate-related and other changes in cash and cash equivalents	1.6	0.8
Change in cash and cash equivalents	**-34.8**	**-11.1**
Cash and cash equivalents at the beginning of the period (01/01)	61.2	41.3
Cash and cash equivalents at the end of the period (03/31)	**26.4**	**30.2**

CONSOLIDATED BALANCE SHEET

ASSETS

€ million	03/31/2010	12/31/2009
Non-Current assets		
Fixed assets		
Intangible assets	77.9	79.2
Tangible assets	88.3	90.2
Financial investments	1.0	1.0
	167.2	**170.4**
Finance lease receivables	**80.0**	**75.8**
Income tax receivables	**10.5**	**10.3**
Other receivables and assets	**9.8**	**10.0**
Deferred taxes	**19.5**	**25.8**
	287.0	**292.3**
Current assets		
Inventories	**123.4**	**103.8**
Receivables and other assets		
Trade receivables	119.9	114.2
Receivables from construction contracts	120.4	124.3
Finance lease receivables	3.8	3.5
Income tax receivables	12.2	9.8
Other assets, prepaid expenses and deferred charges	20.0	17.1
	276.3	**268.9**
Cash and cash equivalents	**26.4**	**61.2**
	426.1	**433.9**
	713.1	**726.2**

EQUITY AND LIABILITIES

€ million	03/31/2010	12/31/2009
Equity	**153.6**	**160.8**
Non-current liabilities, provisions and accruals		
Non-current financial liabilities	64.5	63.8
Other liabilities	13.3	16.0
Pensions and similiar obligations	72.4	70.1
Deferred taxes	14.6	18.8
	164.8	**168.7**
Current liabilities		
Financial liabilities	4.2	45.9
Trade payables	96.2	73.3
Advances received	39.3	27.1
Liabilities from construction contracts	51.9	54.6
Accounts payable to affiliated companies	0.1	0.1
Income Tax liabilities	15.0	14.9
Other liabilities and deferred income	84.6	69.7
Other provisions	103.4	111.1
	394.7	**396.7**
	713.1	**726.2**

CHANGES TO GROUP EQUITY

					Revenue reserves					
	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Translation gains/ losses in € millions	Actuarial gains and losses in € millions	Annual net income and other revenue reserves in € millions	Equity to shareholders in € millions	Minority interests in € millions	Total in € millions
01/01/2010	**27,932,650**	**76.1**	**47.0**	**-27.9**	**-9.9**	**2.1**	**72.0**	**159.4**	**1.4**	**160.8**
Comprehensive income					5.6	-1.8	-11.0	-7.2		-7.2
03/31/2010	**27,932,650**	**76.1**	**47.0**	**-27.9**	**-4.3**	**0.3**	**61.0**	**152.2**	**1.4**	**153.6**

					Revenue reserves					
	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Translation gains/ losses in € millions	Actuarial gains and losses in € millions	Annual net income and other revenue reserves in € millions	Equity to shareholders in € millions	Minority interests in € millions	Total in € millions
01/01/2009	**25,272,660**	**69.2**	**26.5**	**-27.9**	**-8.5**	**6.9**	**145.8**	**212.0**	**1.5**	**213.5**
Comprehensive income					2.3	-1.7	-1.8	-1.2		-1.2
03/31/2009	**25,272,660**	**69.2**	**26.5**	**-27.9**	**-6.2**	**5.2**	**144.0**	**210.8**	**1.5**	**212.3**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

€ million	Robotics		Systems		KUKA AG and other companies		Reconciliation and consilidation		Group	
	3 Months 2010	3 Months 2009	3 Months 2010	3 Months 2009	3 Months 2010	3 Months 2009	3 Months 2010	3 Months 2009	3 Months 2010	3 Months 2009
Group external sales revenues	73.3	88.9	135.6	138.0	0.2	0.1	0.0	0.0	209.1	227.0
as a % of Group sales revenues	85.0%	92.0%	99.7%	99.5%	7.1%	3.8%	0.0%	0.0%	100.0%	100%
Intra-Group sales	12.9	7.7	0.4	0.7	2.6	2.5	-15.9	-10.9	-	-
Sales revenue by division	86.2	**96.6**	136.0	**138.7**	2.8	**2.6**	-15.9	**-10.9**	209.1	**227.0**
EBIT	**0.5**	**4.2**	**1.9**	**-1.1**	**-6.5**	**-2.9**	**2.2**	**0.0**	**-1.9**	**0.2**
as a % of sales revenues of the division	0.6%	4.3%	1.4%	-0.8%	-	-	-	-	-0.9%	0.1%
as a % of Group external sales revenues	0.7%	4.7%	1.4%	-0.8%	-	-	-	-	-0.9%	0.1%
Assets (3/31/2010 / 12/31/2009)	**220.3**	199.9	**444.8**	436.3	**170.5**	170.2	**-178.9**	-177.5	**656.7**	628.9
Payroll (3/31)	2,145	2,252	3,451	3,719	203	153	-	-	5,799	6,124

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, has prepared its condensed consolidated financial statements for March 31, 2010 according to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), as well as the interpretations of the Standing Interpretation Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC), as adopted by the European Union as of the period end.

In accordance with IAS 34, KUKA Aktiengesellschaft has chosen to present its interim consolidated statements as of March 31, 2010 in consolidated form compared to the annual financial statements.

SCOPE OF CONSOLIDATION

The Group interim report contains forty-four companies, the same as on the December 31, 2009 period end. In addition to KUKA Aktiengesellschaft, it includes six companies registered inside Germany and thirty-seven firms domiciled outside Germany, for which KUKA Aktiengesellschaft either directly or indirectly holds majority voting rights.

ACCOUNTING AND VALUATION POLICIES

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the business year ending 2009 were applied in preparing this consolidated interim report, with the exception of the changes described in the following. For further information, please refer to the consolidated financial statements dated December 31, 2009, which form the basis of the interim report presented here. The latter are also available on the Internet at www.KUKA.com.

CHANGES TO ACCOUNTING AND VALUATION POLICIES

The following new standards and interpretations have come become mandatory since the start of the 2010 financial year:

- IFRS 3 (rev. 2008) – business combinations and IAS 27 (2008) – consolidated and separate financial statements
- IFRS 1 (rev. 2008) – first adoption of IFRSs (revised)
- Amendment to IAS 39 – financial instruments: recognition and measurement – eligible hedged items
- Improvements to IFRSs (2008)
- IFRIC 12 – service concession arrangements
- IFRIC 15 – agreements regarding the construction of properties
- IFRIC 16 – hedging a net investment in a foreign business operation
- IFRIC 17 – distribution of non-cash assets to owners
- IFRIC 18 – transferring assets from customers
- Amendment to IFRS 1 – additional exemptions for first-time adopters*
- Amendment to IFRS 2 – Group cash-settled share-based remuneration
- Improvements to IFRSs (2009)**

* conditional upon endorsement by the European Union

** affects the following standards: IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16

The new standards and interpretations are not applicable to or have little impact on KUKA's consolidated statements.

EARNINGS PER SHARE

Undiluted earnings per share were calculated by dividing the Group's after-tax consolidated net earnings adjusted for minority interests by the group's 27.9 million outstanding shares. The earnings per share are - EUR 0.39 per share.

CAPITAL INCREASE IN NOVEMBER 2009

In November 2009 the share capital of KUKA Aktiengesellschaft was raised under exclusion of shareholder subscription rights by means of a partial utilization of authorized capital in the amount of EUR 6,915,974.00 to EUR 76,075,974.00 in exchange for cash contributions. 2,659,990 bearer shares were issued at the issue price of EUR 2.60 per share and at the offer price of EUR 10.50 per share. The share capital is thus subclassified into 29,259,990 no-par value bearer shares. Each share is equal to one vote. The difference between offer price and issue price is reported in the capital reserve, taking into account commissions and taxes. Capital reserves have thus increased by EUR 20,479,570.47.
The company bought back 1,327,340 shares in 2008. There are thus 27,932,650 shares in circulation as of March 31, 2010.

IAS 19 EMPLOYEE BENEFITS

The balance sheet employee benefits account rate of return of 5.4 percent p.a. effective December 31, 2009 was adjusted to 5.0 percent p.a. for German companies as of March 31, 2009 in accordance with IAS 19, which resulted in actuarial losses totaling EUR 2.7 million. Actuarial gains totaling EUR 0.1 million were realized for US plan assets. The actuarial result was reported under equity as an income-neutral sum of EUR 1.8 million in consideration of deferred taxes.

RESTRUCTURING

In 2009, the company decided upon and announced an extensive restructuring plan that will affect the entire Group. Execution of the plan started in 2009 and continued as planned during the first quarter of 2010. Financial obligations related to the restructuring program as of March 31, 2009 total EUR 22.7 million. As of March 31, 2010, the financial obligations total EUR 18.4 million, of which EUR 14.6 million are allocated to the Systems division and EUR 2.9 million to the Robotics division.

SYNDICATED SENIOR FACILITIES AGREEMENT

In 2006, KUKA Aktiengesellschaft signed a Syndicated Senior Facilities Agreement with a selected group of banks. This loan agreement was tied to adherence to certain covenants. Due to the economic situation, the company has been unable to adhere to one of the covenants since the second quarter of 2009. which could have resulted in the termination of the lines of credit. Under the terms of a rolling waiver process, the lending banks waived their right to immediately call in any loans. The cash and credit lines required to continue operations were made available in the respective appropriate amounts until the Syndicated Senior Facilities Agreement was rearranged in March 2010.

Agreement on extending the Syndicated Senior Facilities Agreement totaling EUR 336.0 million (of which EUR 146.0 million is a cash credit line and EUR 190.0 million a working capital guarantee) was reached in March 2010. It includes various covenants and conditions. This includes successfully implementing KUKA Group's restructuring plan, further increasing capital via shares or by way of instruments similar to equities, refinancing the existing convertible bond and honoring various financial and non-financial covenants.

Key covenants relate to earnings before interest, taxes and depreciation (EBITDA), the level of debt and equity. The company has a guarantee in the amount of EUR 15.0 million to secure its obligation to inject further liquidity in the form of capital or instruments similar to equities totaling EUR 23.0 million. The extension of the Syndicated Senior Facilities Agreement resulted in a number of additional expenses, which are recognized in the financial result.

The receivables of the bank syndicate related to the financing agreement are collateralized by KUKA companies. Among other things, the collateral package includes a registered land charge on the industrial site in Augsburg totaling EUR 70.0 million, charges on business interests and KUKA's own interests, patent and trademark rights, property located in Germany, corporate income tax imputation credits, as well as other assets including blanket assignments and transfers by way of securities.

SEGMENT REPORTING

The internal reporting and organizational structure subdivides KUKA into the KUKA Robotics and KUKA Systems segments. Key financial indicators are determined for both segments. Operating profit (EBIT) is used as the key indicator in regard to managing segment profits.

KUKA Nordic AB, Västra Frölunda, Sweden, is allocated to the Robotics segment as of 2010 due to its sales structure. This does not impair comparability with the previous year.

The main elements of the segment reports are contained in the management report on the operating business divisions, Robotics and Systems, as well as in the tables at the beginning of the notes on the quarterly report.

CASH FLOW

The cash flow statement defines the flow of funds into and out of the KUKA Group in accordance with IAS 7. The amount recognized as cash and cash equivalents comprises bank balances, checks and cash on hand.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There has been no material change in other financial obligations and contingent liabilities since December 31, 2009.

RELATED PARTIES

There have been no changes in dealings with related persons or companies since December 31, 2009.

In total, the value of goods and services supplied to related parties in the first three months of fiscal 2010 was EUR 2.7 million. The goods and services received by the Group from related parties were worth EUR 1.2 million. As of March 31, 2010, receivables totaled EUR 2.0 million and liabilities EUR 0.2 million. The market oriented transfer prices are in accordance with the "dealing at arm's length" principle.

EVENTS OF MAJOR IMPORTANCE AFTER THE END OF THE REPORTING PERIOD

At an extraordinary meeting of KUKA Aktiengesellschaft's Supervisory Board on April 26, 2010, Dr. Till Reuter resigned from the company's Supervisory Board with immediate effect.

In its extraordinary meeting on April 26, 2010, KUKA Aktiengesellschaft's Supervisory Board appointed Dr. Till Reuter to the Executive Board effective immediately and named him CEO of the company until the end of December 31, 2013.

Augsburg, May 11, 2010

The Executive Board

Dr. Till Reuter　　Dr. Walter Bickel　　Stephan Schulak

Note:

The Group interim report contains forward-looking statements based on assumptions and estimates made by the management of KUKA Aktiengesellschaft. Although management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include a change in the overall economic climate, exchange rates and interest rates, as well as changed conditions in the markets themselves. KUKA Aktiengesellschaft makes no guarantees that future developments and actual future results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same.

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