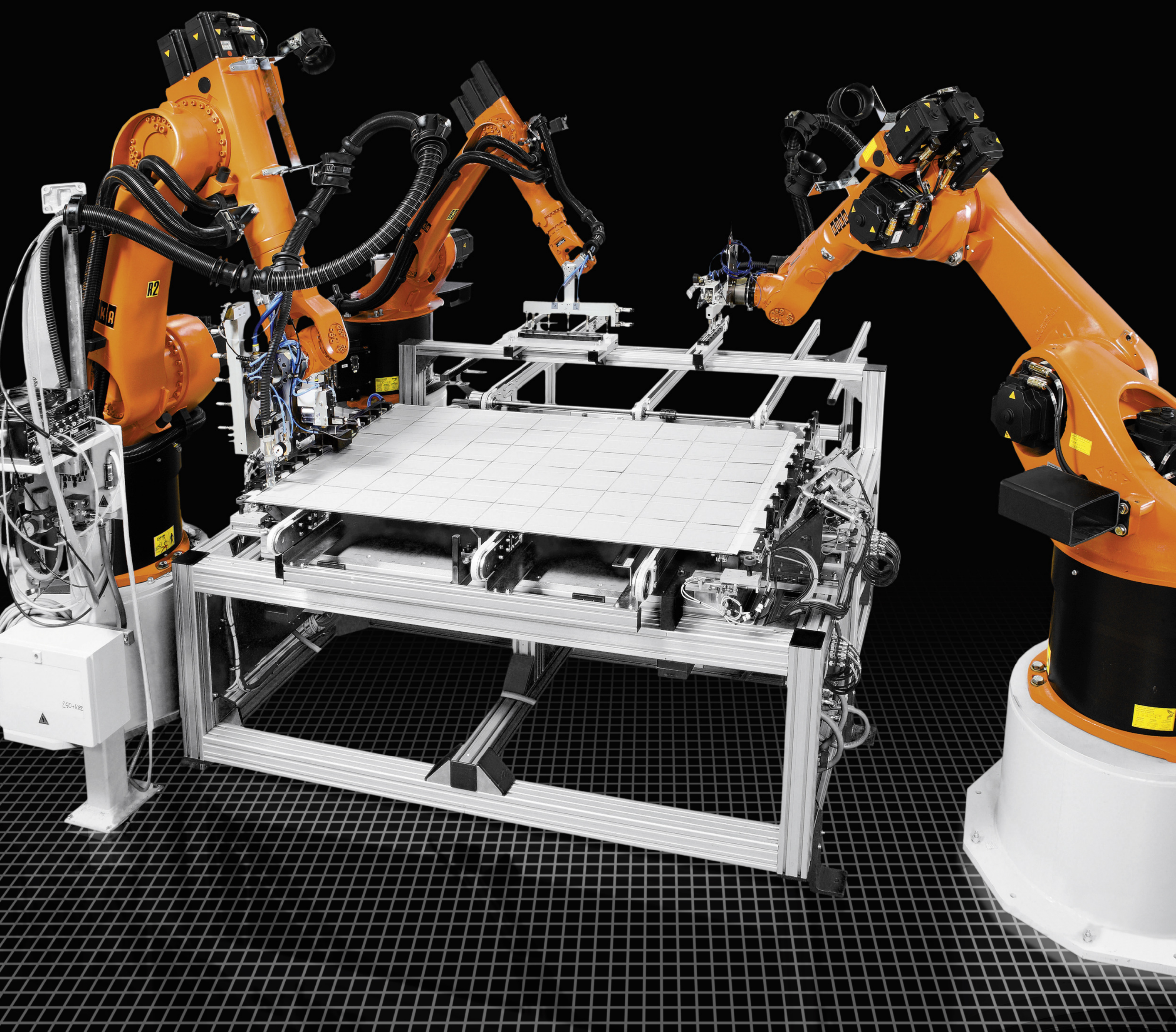
KUKA

INTERIM REPORT : TO MID-YEAR 2008

AUTOMATION FASCINATES



CONTENTS

KUKA GROUP KEY FIGURES

€ million	6 Months 2008	6 Months 2007	Change 6 Months
Orders received	736,5	724,9	1,6%
Order backlog (06/30)	682,8	603,9	13,1%
Sales revenues	580,9	615,1	-5,6%
Gross profit	131,8	117,7	12,0%
in % of sales revenues	22,7%	19,1%	-
EBIT	32,0	28,3	13,1%
in % of sales revenues	5,5%	4,6%	-
Result from continuing operations	18,7	17,0	10,0%
Result from discontinued operations	0,0	63,8	-
Net after-tax result	18,7	80,8	-
Earnings per share in €	0,71	3,04	-
Earnings per share (cont. operations) in €	0,71	0,64	-
Capital expenditure	15,2	12,6	20,6%
Equity ratio in %	24,0%	25,1%	-
Net liquidity (+) / Net debts (-)	-43,2	47,0	-
Employees (06/30)	5.943	5.637	5,4%

€ million	2nd Quarter 2008	2nd Quarter 2007	Change 2nd Quarter
Orders received	332,2	288,0	15,3%
Order backlog (06/30)	682,8	603,9	13,1%
Sales revenues	300,7	324,4	-7,3%
Gross profit	68,0	63,4	7,3%
in % of sales revenues	22,6%	19,5%	-
EBIT	16,2	18,5	-12,4%
in % of sales revenues	5,4%	5,7%	-
Result from continuing operations	8,9	13,1	-32,1%
Result from discontinued operations	0,0	66,5	-
Net after-tax result	8,9	79,6	-
Earnings per share in €	0,34	2,99	-
Earnings per share (cont. operations) in €	0,34	0,49	-
Capital expenditure	7,7	7,7	0,0%
Employees (06/30)	5.943	5.637	5,4%

GROUP INTERIM REPORT

KUKA Aktiengesellschaft as of June 30, 2008

OVERVIEW

KUKA REMAINS ON TRACK FOR GROWTH

- **Orders received in first half year up 1.6 percent; adjusted for non-operational effects, up 10.1 percent**
- **Orders received in second quarter up 15.3 percent**
- **Order backlog reaches new record level (up 13.1 percent)**
- **EBIT margin 5.5 percent, significantly above last year's 4.6 percent**

The KUKA Group remains on track despite the deterioration in the economic situation. On an adjusted basis, orders received in the first half of 2008 were significantly higher than last year thanks to an excellent second quarter. The main contributors were general industry orders for Robotics and European orders for Systems. Consolidated EBIT reached EUR 32.0 million, up 13.1 percent on last year's first-half result of EUR 28.3 million. The Group was able to improve its EBIT margin from 4.6 percent (4.4 percent from operations) in the first half of 2007 to the current level of 5.5 percent.

Orders received in the first half of the year continued their upward trend and closed at EUR 736.5 million. As previously reported on several occasions, the year-over-year comparison reflected the impact of the changes in the purchasing of input materials transacted by the US subsidiary KTPO as of the second quarter of 2007 at EUR 35.0 million. The effect of changes in the exchange rate between the Euro and the US dollar was another effect (EUR 26.8 million). Adjusted for these factors, current orders received were EUR 73.4 million or 10.1 percent higher than in the first half of 2007. Robotics booked new orders amounting to EUR 244.0 million, up 7.9 percent on last year's half-year result of EUR 226.2 million. General industry orders were up 30.7 percent. Systems expanded its European as well as assembly systems businesses. Total orders received came in at EUR 514.0 million, close to the EUR 519.8 million generated in the first half of 2007. Adjusted for exchange rate and KTPO factors amounting to EUR 59.8 million, orders received were up 10.4 percent.

The Group's **order backlog** rose 13.1 percent to EUR 682.8 million following the project driven sales revenues compared to EUR 603.9 million as of June 30, 2007 and thus reached a new record. As of the period end, Robotics had an order backlog of EUR 130.8 million, compared to EUR 114.5 million on June 30, 2007. As a result of receiving orders with long project lead times, the Systems division's order backlog for the end of the second quarter stood at EUR 562.0 million. This compares to EUR 497.1 million on June 30, 2007. The Group's order backlog therefore notionally secures the present level of activity for 6.1 months.

Sales revenues came in at EUR 580.9 million, 5.6 percent below the EUR 615.1 million achieved in the first half of 2007. After applying the adjustment for input materials at the US subsidiary KTPO (EUR 35.0 million) and an exchange rate impact of EUR 17.6 million, sales revenues rose EUR 18.4 million, or 3.0 percent. Sales revenues generated by Robotics climbed 14.0 percent to EUR 224.3 million, versus EUR 196.8 million for the first half of 2007. Systems reported sales of EUR 380.6 million, down from last year's value of EUR 437.3 million, whereby the result was strongly impacted by the exchange rate and KTPO factors. Adjusting for these factors and for accounting related effects linked to the Systems business, sales revenues were almost unchanged on the comparable figure for last year.

Consolidated **orders received** in the **second quarter of 2008** jumped 15.3 percent to EUR 332.2 million. Robotics recorded its best quarter ever, booking orders valued at EUR 127.2 million. The Systems division's orders rose to EUR 214.0 million. Robotics' orders received therefore increased by 16.3 percent on the prior year's quarter, with Systems' orders received rising 12.0 percent. Adjusted for an exchange rate impact of EUR 11.5 million, orders received were 19.3 percent up on last year.

Sales revenues in the second quarter of 2008 were posted at EUR 300.7 million, 7.3 percent below last year's comparable result. Robotics was up 1.5 percent and Systems down 10.2 percent. Taking into account an exchange rate effect of EUR 9.8 million, as was the case for orders received, sales were down 4.3 percent from last year on an adjusted basis.

KUKA EQUITY

INTERNATIONAL FINANCIAL MARKETS REMAIN UNDER PRESSURE

International financial markets remained under pressure in the second quarter of 2008. Particularly in the United States, more banks encountered financial difficulties as a result of the subprime crisis, and subsequently required government assistance. In addition, the dramatic increase in the price of oil and looming inflation are increasingly weighing on the world economy. German stock markets consolidated in the second quarter of 2008 following a slump in prices at the beginning of the year. Overall, they moved sideways, with the DAX down 1.8 percent and the MDAX up 2.8 percent.

KUKA SHARE PRICE DOWN SHARPLY

In April, KUKA's share price soared, reaching a peak of EUR 25.35; however, this gain was surrendered in May. The stock closed at EUR 20.63 on June 30, 2008, equivalent to a decline of 5.2 percent in the second quarter. Overall, in common with other mechanical engineering and automotive companies, KUKA's shares declined by 20.7 percent in the first half of 2008, while the MDAX fell only 8.4 percent over the same period. Commerzbank began covering the stock again (analyst recommendation: "add") and the brokerage house Cheuvreux took up the shares with a verdict of "underperform".

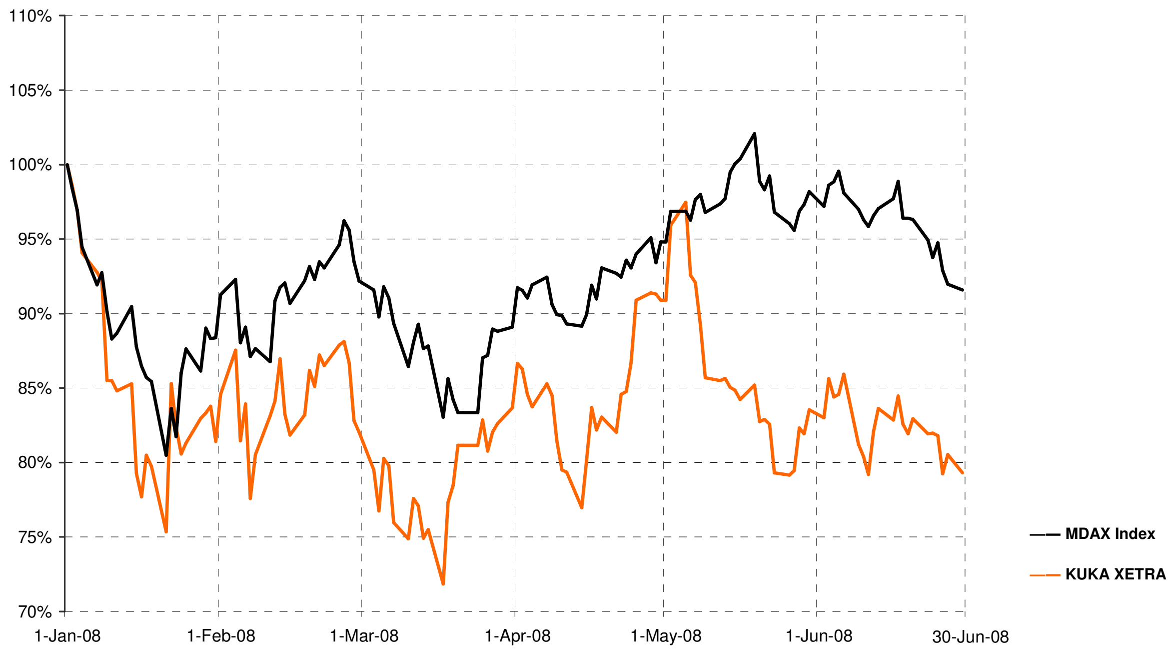
On April 17, Paris-based Oddo Asset Management submitted a mandatory disclosure advising that it now holds 4.5 percent of KUKA AG's total share capital.

HIGH APPROVAL RATING AT ANNUAL GENERAL MEETING

This year's Annual General Meeting was held at the Augsburg Kongresshalle on May 15. Over 400 shareholders and proxies, representing 53.9 percent of total share capital, were registered for the event. There was a high approval rating for all items on the agenda, particularly the election of shareholder representatives. Following a suspension of dividend payments for three years, a favourable vote was cast for distribution of a dividend of EUR 1.00 per share, which was paid the next day.

The share buyback programme, which was launched on March 25, continued in the second quarter. By June 30, 2008, a total of 1.06 million shares had been repurchased, representing 4.0 percent of total share capital.

KUKA'S SHARE PRICE PERFORMANCE FROM JANUARY TO JUNE 2008



GENERAL CONDITIONS

The **world economy** is currently dominated by an economic slowdown and the bank crisis. Financial markets are plagued with uncertainty due to falling real estate prices, a weak US dollar, rising inflation rates and high oil prices. Mood indicators, whether from the ifo business survey or the economic data issued by the Centre for European Economic Research, deteriorated in the second quarter of 2008.

The GDP of the United States is growing at a slower pace. Consumption, the engine of American growth, is struggling under the weight of the financial difficulties faced by consumers.

In the **Euro zone**, industrial production has declined sharply. Despite the positive developments in the job market, consumers have been unable to relieve the pressure to any great extent due to the burden of rising energy and food prices. In view of the global economic situation and the new highs for the Euro, it is also unlikely that exports will spur growth to any significant extent. According to the German Central Bank, Germany's economic performance, after a very satisfactory start in the first quarter – seasonally adjusted growth came in at 2.6 percent on a year-over-year basis – is estimated to have slowed significantly in the quarter just ended.

Overall, however, the mechanical and plant engineering sector remained robust, even though orders received in May and June were 12 percent below last year's levels. The German Engineering Federation (VDMA) continues to stand by its forecast, despite weakening momentum in the German market. The forecast is for manufacturing to rise by another five percent, to almost EUR 200 billion, during the current financial year. Thanks to their ingenuity, specialization and technological leadership, German manufacturers are benefiting in many segments from continued high capital spending in Asia, Eastern Europe and Latin America. Middle Eastern oil-exporting countries are also increasingly investing their revenues in infrastructure.

The global economic slowdown is likely to result in greater demand for investment in rationalization. In that event, robotic automation of production processes could receive an additional boost in response to cost pressure from customers, especially in **general industry**.

However, rising fuel prices are leaving their mark on the automotive markets. In the United States, June sales slumped to 18 percent below the figure for one year earlier. For the first half year as a whole, sales numbers declined by 10 percent to 7.4 million units, mostly at the expense of American manufacturers. Despite sluggish domestic demand, the German automotive sector grew in the first half of 2008. In the first four months, sales reached EUR 104 billion, almost 10 percent higher than a year prior. Most German and Japanese carmakers are benefiting from the trend towards smaller vehicles. Some are planning to invest heavily in the United States, as well as Russia, China and India – and this will heighten the demand for new plant facilities.

EARNINGS, FINANCIAL AND ASSETS SITUATION

In the first six months of 2008, the KUKA Group was able to report consolidated **sales revenues** of EUR 580.9 million. In 2007, the number was EUR 615.1 million over the same period. This represents a decline of 5.6 percent or EUR 34.2 million. In the second quarter of 2008, sales revenues came in at EUR 300.7 million, which compares to EUR 324.4 million in the second quarter of 2007.

The consolidated **gross margin** for the first six months of 2008 reached 22.7 percent, up from last year's 19.1 percent. This increase of 3.6 percentage points is mainly attributable to improved profit margins for orders in both divisions. Robotics' gross margin rose from 32.8 percent in the first half of 2007 to 34.2 percent in the first half of 2008. The Systems division was able to expand its gross margin from 12.0 percent to 14.0 percent during the same period.

In the second quarter of 2008, the gross margin was reported at 22.6 percent, the same level as in the prior quarter, and significantly higher than the 19.5 percent posted in the second quarter of 2007. The two divisions also substantially improved their gross margin in the second quarter 2008 compared to the second quarter 2007. Robotics' gross margin was 36.3 percent and the gross margin for Systems came in at 13.6 percent for the quarter just ended.

In the first half of 2008, the Group generated an **EBIT** of EUR 32.0 million, which corresponds to an EBIT margin of 5.5 percent. During the same period in 2007, the EBIT generated was EUR 28.3 million and the EBIT margin was 4.6 percent (from operations: 4.4 percent). The increase is EUR 3.7 million or 13.1 percent. Since manufacturing is being carried out in the United States, the exchange rate impacts EBIT significantly less than sales revenues. In the second quarter of 2008, EBIT was EUR 16.2 million compared to last year's EUR 18.5 million. The decline is mainly attributable to a gap resulting from the non-operational revenues of EUR 2.5 million generated in the second quarter of 2007 from the sale of properties.

In the first half of 2008, the Robotics division contributed EUR 19.3 million to the Group's EBIT, corresponding to a margin of 8.6 percent. This is EUR 4.2 million higher than the EBIT generated in the first six months of 2007, primarily thanks to higher sales combined with better capacity utilization. In the second quarter of 2008, EBIT reached EUR 9.2 million, matching the figure for the comparable quarter of 2007. Systems generated an EBIT of EUR 19.3 million in the first six months of 2008, 31.3 percent more than in the same period a year earlier. The EBIT margin for the same period also developed satisfactorily, rising from 3.4 percent to 5.1 percent. This improvement was mainly due to improved capacity utilization for the European business. Quarter-over-quarter, the division's EBIT rose from EUR 8.9 million to EUR 10.9 million. The EBIT margin also improved, from 3.9 percent in the second quarter of 2007 to 5.3 percent in the second quarter of 2008.

Net interest result improved in the first half of 2008 to EUR -2.9 million. At the end of the first half of 2007, it stood at EUR -5.7 million. The improvement was mainly due to the reduction in the average level of liabilities toward financial institutions as a result of the sale of the Packaging division in 2007. The net interest result for the first half of 2008 includes the interest expense of EUR 2.4 million associated with the convertible bond, the interest share of pensions totalling EUR 1.8 million and interest income, primarily from the first quarter of 2008. As of the second quarter of 2008, interest income from the finance lease associated with the KTPO financing has a positive impact on the net interest result. This will be offset by reduced sales revenues.

Earnings before taxes (EBT) in the first half of 2008 came in at EUR 29.1 million, EUR 6.5 million ahead of the first half of 2007. Compared to the same period last year, the tax expense rose from EUR -5.6 million to EUR -10.4 million, corresponding to a rate increase from 24.8 percent to 35.7 percent. This occurred mainly because the loss carry forwards from the United States have been used up.

Earnings after taxes in the first half of 2008 were EUR 18.7 million, 10.0 percent higher than in the first half of 2007 (excluding the earnings from discontinued operations).

As of June 30, 2008, there was a noticeable reduction in cash and cash equivalents on the asset side of the **balance sheet** compared to the close of 2007. The change in the liquidity position was primarily due to the KTPO financing. The buyback of KUKA shares, payment of the dividend for the 2007 financial year and an order-driven and seasonally increase in working capital. The KTPO financing created a receivable from finance leases.

Despite the buyback of shares and payment of the dividend, stockholders' equity has declined only slightly. The equity ratio as of June 30, 2008 was 24.0 percent, which compares to 26.3 percent as of December 31, 2007.

Inventories and manufacturing orders rose by EUR 109.4 million as a result of orders received. In contrast, trade receivables declined by EUR 50.7 million in the first half of 2008 compared to the end of last year.

The Group's **net debt**, calculated by subtracting long- and short-term financial liabilities from liquid assets, amounted to EUR 43.2 million as of June 30, 2008. At the end of the first quarter of 2008, net liquidity was EUR 28.7 million and at the end of 2007, it was EUR 163.6 million. The development in the first half of 2008 was primarily driven by the prepayment of the KTPO financing, the payment of the dividend, the buyback of own shares and tax payments. The order- and seasonally related increase in working capital and the associated impact on cash flow from ordinary activities had a negative impact on net liquidity.

EMPLOYEES

The KUKA Group had 5,943 employees as of June 30, 2008, expressed as full time staff, which corresponds to an increase of 306 persons compared to last year's figure of 5,637. Robotics hired 194 persons, Systems added 33 and 79 jobs were added in other areas.

In the Robotics division, new jobs were created mainly in assembly and service as a result of the increased order volume. The sales force also expanded slightly as a result of the establishment of three new sales organizations. In the Systems division's companies, personnel levels were increased primarily in manufacturing and in China. The increase in other areas resulted from the reorganization of one KUKA Group company and the formation of the Shared Service Center (personnel, accounting, taxes) in Augsburg.

DEVELOPMENTS IN THE DIVISIONS

ROBOTICS KEY FIGURES

€ million	6 Months 2008	6 Months 2007	Change 6 Months
Orders received	244,0	226,2	7,9%
Order backlog (06/30)	130,8	114,5	14,2%
Sales revenues	224,3	196,8	14,0%
Gross profit	76,7	64,6	18,7%
in % of sales revenues	34,2%	32,8%	-
EBIT	19,3	15,1	27,8%
in % of sales revenues	8,6%	7,7%	-
Employees (06/30)	2.133	1.939	10,0%

€ million	2nd Quarter 2008	2nd Quarter 2007	Change 2nd Quarter
Orders received	127,2	109,4	16,3%
Order backlog (06/30)	130,8	114,5	14,2%
Sales revenues	106,8	105,2	1,5%
Gross profit	38,8	34,6	12,1%
in % of sales revenues	36,3%	32,9%	-
EBIT	9,2	9,1	1,1%
in % of sales revenues	8,6%	8,7%	-
Employees (06/30)	2.133	1.939	10,0%

ROBOTICS 6 MONTHS

In the first six months of 2008, the Robotics division reported **orders received** of EUR 244.0 million, an increase of 7.9 percent on last year's EUR 226.2 million.

Cumulative **sales revenues** for the first two quarters totalled EUR 224.3 million, compared to EUR 196.8 million for the same time last year. This represents an increase of 14.0 percent. Of the total sales revenues, 42 percent was attributable to the automotive sector, 39 percent to general industry and 19 percent to service.

The **EBIT** for the first half of 2008, driven by higher sales revenues and improved capacity utilization, climbed to EUR 19.3 million, an increase of 27.8 percent over the first six months of last year. The division was able to improve its EBIT margin from 7.7 percent last year to 8.6 percent currently.

As of June 30, 2008, the Robotics division had 2,133 employees, 194 more than last year's figure of 1,939. The new jobs were created primarily in assembly, service and sales as a result of the founding of three new companies.

ROBOTICS SECOND QUARTER

The Robotics division generated its highest ever **orders received** in the second quarter of 2008. Total orders received were posted at EUR 127.2 million, compared to EUR 109.4 million at the same time last year. The division received orders from the European automotive industry for manufacturing Daimler's E-Class, the forthcoming BMW X1, the Audi A6 and A8, the Renault Transporter and the Ford Mondeo and Fiesta. An order was received from TATA Trucks in India for robots that will be used in a press shop. Orders were also received from another Indian manufacturer that makes light trucks. A German automotive supplier placed a large order with a view to enhancing its automated production lines. The automotive segment reported total orders received of EUR 53.5 million in the second quarter of 2008, 11.9 percent more than last year's EUR 47.8 million for the same quarter.

General industry orders received also grew substantially in the second quarter, amounting to EUR 47.9 million against EUR 41.8 million last year. Robotics attracted large orders for its palletizing robots from the food sectors in France, China and Brazil. Grundfos in Denmark ordered robots to assemble water pumps. At Europe's largest robot trade fair, AUTOMATICA, an agreement was reached with Gildemeister to supply robots that will be used in the automation of machine tools.

The second quarter's **sales revenues** of EUR 106.8 million were slightly higher than last year's total of EUR 105.2 million. Revenue growth in general industry and the service business offset lower sales from the automotive industry during this quarter.

At the same time, the order backlog as of June 30, 2008 was up 22.5 percent compared to the first quarter, reaching EUR 130.8 million at the period end. This record high equates to an increase of 14.2 percent over the EUR 114.5 million reported last year.

Overall, the **EBIT** for the Robotics division tracked its sales growth. In the second quarter of 2008, the EBIT was EUR 9.2 million, corresponding to an EBIT margin of 8.6 percent, whereas in the second quarter of 2007 the figures were EUR 9.1 million and 8.7 percent respectively.

ROBOTICS ORDERS RECEIVED BY SEGMENTS

€ million	6 Months 2008	6 Months 2007	Change 6 Months
Automotive	86,4	100,9	-14,4%
General Industry	107,8	82,5	30,7%
Service	49,8	42,8	16,4%
Total Robotics	**244,0**	**226,2**	**7,9%**

€ million	2nd Quarter 2008	2nd Quarter 2007	Change 2nd Quarter
Automotive	53,5	47,8	11,9%
General Industry	47,9	41,8	14,6%
Service	25,8	19,8	30,3%
Total Robotics	**127,2**	**109,4**	**16,3%**

In the first half of the current fiscal year, EUR 86.4 million or 35 percent of orders received came from the automotive sector, EUR 107.8 million (44 percent) from general industry and EUR 49.8 million (21 percent) from service. These results reflect the Robotics strategy of expanding its activities in the general industry business without neglecting its existing automotive industry customers. In the second quarter of 2008, orders received from the automotive sector rose, thereby developing in line with expectations for the first six months as a whole.

SYSTEMS KEY FIGURES

€ million	6 Months 2008	6 Months 2007	Change 6 Months
Orders received	514,0	519,8	-1,1%
Order backlog (06/30)	562,0	497,1	13,1%
Sales revenues	380,6	437,3	-13,0%
Gross profit	54,2	52,5	3,2%
in % of sales revenues	14,2%	12,0%	-
EBIT	19,3	14,7	31,3%
in % of sales revenues	5,1%	3,4%	-
Employees (06/30)	3.677	3.644	0,9%

€ million	2nd Quarter 2008	2nd Quarter 2007	Change 2nd Quarter
Orders received	214,0	191,0	12,0%
Order backlog (06/30)	562,0	497,1	13,1%
Sales revenues	205,7	229,0	-10,2%
Gross profit	28,0	29,1	-3,8%
in % of sales revenues	13,6%	12,7%	-
EBIT	10,9	8,9	22,5%
in % of sales revenues	5,3%	3,9%	-
Employees (06/30)	3.677	3.644	0,9%

SYSTEMS 6 MONTHS

In the first six months of 2008, total **orders received** of EUR 514.0 million approached last year's level of EUR 519.8 million. Adjusted for the change in the purchasing of raw materials by the US subsidiary KTPO, which had an impact of EUR 35.0 million, and the exchanges in the exchange rate between the Euro and the US dollar of EUR 24.8 million, orders received rose by EUR 54.0 million compared to the prior year's figure. The contribution from the Europe region, excluding Germany, was particularly strong. The assembly business unit's orders received were also significantly higher than last year.

Significant orders were received from the automotive segment in the first six months of the year: from BMW for the successor to the 5-series, from Volvo for the substructure of the V50 and S60 models (whereby existing systems will be converted without interrupting production at the Gent site) and from TATA India for press automation. KUKA Robotics is at the same time supplying the robots for this order.

As of the end of June 2008, the **order backlog** totalled EUR 562.0 million, 13.1 percent higher than last year's EUR 497.1 million. Based on planned sales revenues for this year, the Systems division has notionally secured its capacity utilization for 7.4 months.

As of the end of June of this year, **sales revenues** amounted to EUR 380.6 million, 13.0 percent less than last year's EUR 437.3 million. Adjusted for the KTPO effect of EUR 35.0 million, the exchange rate effect of EUR 16.1 million and accounting effects linked to the project business of Systems, sales revenues were almost the same as last year.

In total, Systems was able to achieve a significantly higher **EBIT** in the first six months of the year compared to the same period last year. The figure was EUR 19.3 million compared to EUR 14.7 million at the half-year mark of 2007. The EBIT margin increased from 3.4 percent last year to the current level of 5.1 percent.

At the end of June 2008, the Systems division had 3,677 **employees**. Compared to the prior year's period end, when 3,644 employees were registered, the workforce has expanded by 0.9 percent.

SYSTEMS SECOND QUARTER

The Systems division's **orders received** in the second quarter came in at EUR 214.0 million, 12.0 percent higher than the corresponding EUR 191.0 million last year. The division received a number of large orders, mainly from western European carmakers. In addition, Volkswagen relies on KUKA Systems products in the expansion of its Indian production plants. The German carmaker ordered chassis manufacturing systems for doors and hatchbacks for its new factory in Chakan near Pune. They will be used for three different models. These models include the Skoda Fabia and two Polo vehicle types specially developed for the emerging markets.

The division's **sales revenues** in the second quarter came in at EUR 205.7 million, which compares to the prior year's total of EUR 229.0 million. Significant sales revenues were generated from key customers in the automotive sector during the second quarter.

An **EBIT** of EUR 10.9 million was recorded in the second quarter of 2008. This result exceeded last year's number of EUR 8.9 million by 22.5 percent. The increase is primarily due to improved quality of projects with the automotive industry, as well as stronger general industry business activities.

SYSTEMS ORDERS RECEIVED BY SEGMENTS

€ million	6 Months 2008	6 Months 2007	Change 6 Months
Germany	80,2	125,8	-36,2%
Europe (without Germany)	150,1	58,3	157,5%
USA	216,8	268,3	-19,2%
Asia and other regions	66,9	67,4	-0,7%
Total orders received	**514,0**	**519,8**	**-1,1%**

€ million	2nd Quarter 2008	2nd Quarter 2007	Change 2nd Quarter
Germany	29,2	83,7	-65,1%
Europe (without Germany)	102,8	26,3	290,9%
USA	66,0	61,0	8,2%
Asia and other regions	16,0	20,0	-20,0%
Total orders received	**214,0**	**191,0**	**12,0%**

In regional comparisons, North America continues to head the field with orders received amounting to EUR 216.8 million in the first half of 2008. As expected, though, the overall volume was lower than last year. Europe staged a significant recovery, more than doubling its orders received compared to last year. However, orders from Germany declined related on projects. In total, orders received for the Systems division in the first half of 2008 broadly equated to last year without adjusting for the currency exchange and KTPO factors.

RESEARCH AND DEVELOPMENT, CAPITAL EXPENDITURE

In the first half of 2008, the KUKA Group spent EUR 15.8 million on **research and development** (R&D), equivalent to 2.7 percent of sales revenues. The Robotics division's expenses came in at EUR 14.8 million, more than 90 percent of total R&D spending. The Robotics division's R&D/revenues ratio was therefore 6.6 percent in the first half of 2008. The remaining R&D costs of EUR 1.0 million incurred by the Systems division, where expenses charged to the general R&D budget are always significantly lower because of the high percentage of customer-specific development work.

At Europe's leading fair AUTOMATICA, which took place in Munich from June 10 to 13, 2008, the Robotics division unveiled three new development projects:

- a mobile lightweight robot (omniRob), which can provide transportation services in industrial production plants and manufacturing workshops
- a stationary lightweight robot that is particularly easy to program and operate. Small and medium-sized operations will in future be able to use this product as a "worker's third hand" to support manual tasks.
- research results were presented in connection with the safe human-robot interaction project; solutions have been developed that will enable humans and robots to share a workspace.

The Group invested EUR 15.2 million in tangible and intangible fixed assets during the first six months, compared to EUR 12.6 million during the same period in 2007. The focus was on **investments** in fixed assets totalling EUR 8.2 million, as well as capitalization of R&D expenses in the amount of EUR 5.6 million.

RISK MANAGEMENT

A comprehensive summary of the company's risks and opportunities is included in the 2007 annual report, along with a description of the KUKA Group's risk management system. The majority of the statements made in the report continue to apply. The KUKA Group's risks are manageable and transparent, and as far as we are able to foresee, do not threaten the company's survival.

General risks have increased as a result of the deteriorating economic outlook for the United States and the resulting impact on Europe and Asia. Added to that are the current weaknesses in the automotive sector, particularly in the USA, and the risk of US dollar currency fluctuations.

OUTLOOK

Given the excellent results at the end of the first half of 2008, the KUKA Group has established a solid basis for growth for the remainder of this financial year.

KUKA is aiming to outpace the market in terms of growth while securing a good operating EBIT margin on a sustainable level. In view of rising demand from general industry and the increasing call from the automotive industry for new models with more fuel-efficient engines, the Executive Board expects a growth rate of around 7 percent in orders received, on an adjusted basis, for 2008.

At the same time, given increased capacity utilization and the improved earnings structure in respect of orders, the KUKA Group will achieve an EBIT margin of 5.5 percent for 2008, compared to 4.9 percent (from operations) last year.

KUKA has identified outstanding opportunities for growth within general industry. In the years ahead, the solar and aircraft sectors in particular will increasingly seek to automate their production processes. Additional investment in rationalization will become evident across the board – and KUKA, with its flexible robotic automation technology, will be very well placed to take maximum advantage.

INTERIM FINANCIAL STATEMENTS (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT (CONDENSED)

€ million	6 Months 2008	6 Months 2007
Sales revenues	**580,9**	**615,1**
Cost of sales	-449,1	-497,4
Gross profit	**131,8**	**117,7**
Selling expenses	-41,7	-39,0
Research and development expenses	-15,8	-14,2
General and administrative expenses	-40,7	-39,4
Other operating expenses	-1,6	3,2
Earnings from operating activities (EBIT)	**32,0**	**28,3**
Net interest income/expense	-2,9	-5,7
Earnings before tax	**29,1**	**22,6**
Taxes on income	-10,4	-5,6
Result from continuing operations	**18,7**	**17,0**
Result from discontinued operations	**0,0**	**63,8**
Net after-tax result	**18,7**	**80,8**
Minority interests in profits	0,0	0,0
Earnings per share (in € after minority interests; diluted/undiluted)	**0,71**	**3,04**
thereof continuing operations	0,71	0,64
thereof discontinued operations	0,00	2,40

GROUP CONSOLIDATED INCOME STATEMENT (CONDENSED)

€ million	2nd Quarter 2008	2nd Quarter 2007
Sales revenues	**300,7**	**324,4**
Cost of sales	-232,7	-261,0
Gross profit	**68,0**	**63,4**
Selling expenses	-22,0	-22,0
Research and development expenses	-7,3	-9,6
General and administrative expenses	-21,3	-18,5
Other operating expenses	-1,2	5,2
Earnings from operating activities (EBIT)	**16,2**	**18,5**
Net interest income/expense	-1,3	-1,3
Earnings before tax	**14,9**	**17,2**
Taxes on income	-6,0	-4,1
Result from continuing operations	**8,9**	**13,1**
Result from discontinued operations	**0,0**	**66,5**
Net after-tax result	**8,9**	**79,6**
Minority interests in profits	0,0	0,0
Earnings per share (in € after minority interests; diluted/undiluted)	**0,34**	**2,99**
thereof continuing operations	0,34	0,49
thereof discontinued operations	0,00	2,50

CONSOLIDATED BALANCE SHEET

ASSETS

€ million	06/30/2008	12/31/2007
Non-Current assets		
Fixed assets		
Intangible assets	71,9	69,6
Tangible assets	91,2	91,9
Financial investments and participation on associated companies	0,6	1,6
	163,7	**163,1**
Receivables of finance lease	**74,1**	**0,0**
Long term tax receivables	**13,1**	**12,8**
Deferred taxes	**30,7**	**31,1**
	281,6	**207,0**
Current assets		
Inventories	**181,6**	**150,0**
Receivables and other assets		
Trade receivables	128,2	178,9
Receivables from construction contracts	170,8	93,0
Receivables from affiliated companies	1,3	3,6
Receivables of finance lease	2,5	0,0
Other assets, prepaid expenses and deferred charges	40,9	32,5
	343,7	**308,0**
Cash and cash equivalents	**49,7**	**223,2**
	575,0	**681,2**
	856,6	**888,2**

EOUITY AND LIABILITIES

€ million	06/30/2008	12/31/2007
Equity	**205,4**	**233,5**
Non-current liabilities, provisions and accruals		
Non-current financial liabilities	60,2	59,1
Other non-current liabilities	10,4	11,5
Pensions and similiar obligations	66,3	73,9
Deferred taxes	10,8	4,7
	147,7	**149,2**
Current liabilities		
Current financial liabilities	32,7	0,5
Trade payables	168,2	148,9
Advances received	37,8	35,4
Liabilities from construction contracts	58,2	72,4
Accounts payable to affiliated companies	0,1	0,1
Other current liabilities and deferred income	87,8	85,3
Provision for taxes	8,2	36,6
Other provisions	110,5	126,3
	503,5	**505,5**
	856,6	**888,2**

CASH FLOW STATEMENT

€ million	6 Months 2008	6 Months 2007
Net after-tax result	**18,7**	**80,8**
Result from the disposal of discontinued operations	0,0	-66,5
Depreciation/amortization on fixed assets	12,6	14,4
Other non-payment-related expenses/income	3,6	3,0
Result on the disposal of assets	-0,8	-9,7
Changes in		
provisions	-46,9	14,6
inventories	-31,1	-26,2
receivables and deferred charges	-34,7	-87,9
liabilities and deferred income	14,1	13,8
Cash flow from operating activities	**-64,5**	**-63,7**
Payments from disposals of fixed assets	1,6	33,6
Payments for capital expenditure on tangible and intangible assets	-15,2	-16,9
Payments for investments in financial assets	0,0	-0,2
Payments from the disposition of consolidated companies and other business interest	0,0	155,8
Payments for the acquisition of consolidated companies and other business interest	0,0	-0,8
Payments for the acquisition of a finance lease receivable	-77,1	0,0
Cash flow from investing activities	**-90,7**	**171,5**
Free cash flow	**-155,2**	**107,8**
Payments for the acquisition of treasury shares	-23,1	0,0
Payments of divident	-26,1	0,0
Changes in financial liabilities	33,4	-74,0
Cash flow from financing activities	**-15,8**	**-74,0**
Payment-related change in cash and cash equivalents	**-171,0**	**33,8**
Exchange-rate-related and other changes in cash and cash equivalents	-2,5	-0,5
Change in cash and cash equivalents	**-173,5**	**33,3**
Cash and cash equivalents at the beginning of the period (01/01)	223,2	74,9
Cash and cash equivalents at the end of the period (06/30)	**49,7**	**108,2**

STATEMENT OF RECOGNIZED INCOME AND EXPENSES

€ millions	2nd Quarter 2008	2nd Quarter 2007	6 Months 2008	6 Months 2007
Currency translation differences	0,0	-4,6	-3,2	-4,5
Market valuation of hedges	-0,4	0,0	-0,4	0,0
Actuarial gains/losses on defined benefit plans and similar commitments	4,7	3,9	6,6	5,7
Deferred taxes on items offset directly against equity	-0,9	-1,5	-1,2	-2,2
Income and expense recongnized directly in equity	**3,4**	**-2,2**	**1,8**	**-1,0**
Group profit	8,9	79,6	18,7	80,8
Total income and expense recognized in equity	**12,3**	**77,4**	**20,5**	**79,8**
of which: attributable to minority interests	0,0	0,0	0,0	0,0
of which: attributable to KUKA	12,3	77,4	20,5	79,8
changes in accounting policies	0,0	2,4	0,0	3,5

NOTES TO THE INTERIM REPORT (CONDENSED)

CHANGES TO GROUP EQUITY

€ million	Sub-scribed capital	Capital reserve	Treasury stock	Revenue reserves: Other revenue reserves	Revenue reserves: Trans-lation gains/ losses	Revenue reserves: Market valuation/ hedges	Net returned earnings	Equity to share-holders	Minority interests	Total
01/01/2008	**69,2**	**26,5**	**0,0**	**29,5**	**-8,2**	**0,0**	**115,1**	**232,1**	**1,4**	**233,5**
Other changes				0,6				0,6		0,6
Exchange-rate related differences					-3,2			-3,2	0,0	-3,2
Other neutral changes				5,4		-0,4		5,0		5,0
Purchase of capital stock			-23,1					-23,1		-23,1
Divident of KUKA AG							-26,1	-26,1		-26,1
Group net after-tax result for the period							18,7	18,7	0,0	**18,7**
06/30/2008	**69,2**	**26,5**	**-23,1**	**35,5**	**-11,4**	**-0,4**	**107,7**	**204,0**	**1,4**	**205,4**

€ million	Sub-scribed capital	Capital reserve	Treasury stock	Revenue reserves: Other revenue reserves	Revenue reserves: Trans-lation gains/ losses	Revenue reserves: Market valuation/ hedges	Net returned earnings	Equity to share-holders	Minority interests	Total
01/01/2007	**69,2**	**29,9**	**0,0**	**28,8**	**-2,7**	**0,0**	**0,0**	**125,2**	**1,5**	**126,7**
Other changes						0,0	0,0	0,0	-0,1	-0,1
Exchange-rate related differences					-4,5	0,0	0,0	-4,5		-4,5
Other neutral changes				3,5		0,0	0,0	3,5		3,5
Purchase of capital stock						0,0		0,0		0,0
Divident of KUKA AG								0,0		0,0
Group net after-tax result for the period							80,8	80,8	0,0	80,8
06/30/2007	**69,2**	**29,9**	**0,0**	**32,3**	**-7,2**	**0,0**	**80,8**	**205,0**	**1,4**	**206,4**

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft has prepared its consolidated financial statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC), as adopted by the European Union. The interim report is therefore prepared in accordance with IAS 34. The prior year's figures were determined in accordance with these same standards.

SCOPE OF CONSOLIDATION

The Group's interim report contains KUKA Aktiengesellschaft, 9 companies registered inside Germany and 37 firms domiciled outside Germany, for which KUKA Aktiengesellschaft either directly or indirectly holds majority voting rights.
KUKA Robot Automation Taiwan Co. Ltd. of Chung-Li City, Taiwan, KUKA Robotics Japan K.K. of Tokyo, Japan, KUKA Robotics OOO of Togliatti, Russia, and KUKA Sistemy OOO of Togliatti, Russia, all of which were founded in recent years, but not consolidated as of December 31, 2007, have now been consolidated for the first time. This did not have any material impact on the Group's assets, financial position or profit and loss.

ACCOUNTING AND VALUATION POLICIES

The same valuation methodology and financial principles as those applied to the consolidated financial statements for the 2007 business year were applied in preparing these interim financial statements and determining the comparative figures to the prior year. A description of the principles is published in the notes to the 2007 Group consolidated financial statements. The latter are also available on the Internet at www.KUKA.com.

IAS 19 EMPLOYEE BENEFITS

With effect from December 31, 2007, the accounting method for employee benefits was changed to option 3 as per IAS 19. The amounts, which are income neutral with respect to equity, are reported under Group equity income and expenses. An income neutral sum of EUR 5.4 million was reported under equity in the report dated June 30, 2008. This amount was for the insurance-related notional profits in consideration of deferred taxes resulting from the adjustment of the rate of return from 5.5 to 6.0 percent p.a. as of December 31st 2007 to 6.3 percent to 6.4 percent p.a. as of June 30, 2008.

DISCONTINUED OPERATIONS / ASSETS HELD FOR SALE

The information regarding discontinued operations relates only to the prior year's numbers. For the income statement, the numbers for all companies categorized as discontinued operations as of June 30, 2008 were summarized in accordance with IFRS 5 and shown as earnings from discontinued operations.

The earnings from discontinued operations for the prior year therefore include the earnings from the following Packaging division companies, which were sold to a fund of the Berlin-based holding company Odewald & Compagnie Gesellschaft für Beteiligungen mbH on April 19th 2007:

A + F Automation + Fördertechnik GmbH, Kirchlengern
Benz & Hilgers GmbH, Neuss
BW International Inc., Davenport, USA
BW International (Holdings) Ltd., Altrincham, Great Britain
BWI plc, Altrincham, Great Britain
ERCA Formseal Iberica S.A., Barcelona, Spain
ERCA Formseal S.A., Les Ulis, France

Fabrima Máquinas Automáticas Ltda., Sao Paulo, Brazil
GASTI Verpackungsmaschinen GmbH, Schwäbisch Hall
HASSIA Verpackungsmaschinen GmbH, Ranstadt
Hassia Redatron Packaging Machinery Pvt. Ltd., Pune, India
IWKA Packaging USA Inc, Morganville, USA
Hüttlin GmbH, Steinen
IWK Packaging Machinery Ltd., Bangkok, Thailand
IWK Verpackungstechnik GmbH, Stutensee
IWKA Packaging Systems GmbH, Kirchlengern
IWKA Packaging Verwaltungs GmbH, Stutensee
IWKA Packaging OOO, Moscow, Russia
IWKA PACSYSTEMS Inc., Fairfield, USA
R.A. Jones Inc., Covington, USA
Packaging Technologies Inc., Davenport, USA
Tecmar SA, Mar del Plata, Argentina

plus four non-consolidated financial investments and two associated companies. Profits from the sale and the result from the disposal of discontinued operations were reported at the time of the sale on April 19, 2007.

Cash flow statement

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, cheques and cash on hand.

Segment reporting

The major components of segment reporting are based upon the primary segment reporting format for business segments and are included in the reports of the Robotics and Systems operating divisions.

Earnings per share

Earnings per share were calculated by dividing the Group's after tax consolidated net earnings adjusted for minority interests by the Group's average number of outstanding shares. As a result of the share buyback program, the average number of outstanding shares declined from 26.6 million to 26.3 million. The undiluted/diluted earnings per share are therefore EUR 0.71 per share.

Some stock dilution could arise in the future if bondholders convert their convertible bonds issued on May 9, 2006 to shares. Currently, equity was conditionally increased by a maximum of 2,718,325 shares. The average share price in 2007 and the first half of 2008 was below the conversion price. Bondholders would therefore not have benefited from conversion, and there was no dilution in 2007 or the first half of 2008.

Share buyback program

On March 18, 2008, the Executive Board of KUKA Aktiengesellschaft resolved in accordance with article 71, para. 1, item 8 of the German Stock Corporation Act (AktG), to exercise the authority granted to it at the annual general meeting of May 16, 2007 to buy back own shares and to acquire up to 2,660,000 shares of the company on the open stock market. The amount corresponds to up to 10 percent of current total share capital. The buyback will take place between March 25, 2008 and August 29, 2008 at the latest, under the direction of a bank, which is obliged to ensure that the buyback of the shares on the stock market is carried out in accordance with the resolution at the annual general meeting dated May 16, 2007 and the instructions outlined in article 5, para. 1 and 2 of directive (EG) no. 2273/2003.

Under the terms of this authorization, KUKA Aktiengesellschaft had bought back a total of 1,063,975 KUKA shares valued at EUR 23,082,936.62 as of June 30, 2008.

Contingent liabilities and other financial obligations

Compared to December 31, 2007, the main change to other financial obligations and contingent liabilities is due to the elimination of leasing obligations associated with the KTPO pay-on-production contract.

Finance lease

KUKA Toledo Production Operations LLC. of Toledo, Ohio, USA, which was consolidated for the first time in fiscal 2005, manufactures Jeep Wrangler bodies under the terms of a pay-on-production contract with Chrysler. The first unpainted car bodies associated with the project were delivered to Chrysler in July 2006. The project was financed through an operating lease agreement with a local corporation and a consortium of financing banks.
KUKA Aktiengesellschaft has reached agreement with Chrysler LLC and the financing banks regarding the prepayment of the financing of the manufacturing facility of its American subsidiary, KUKA Toledo Production Operations LLC (KTPO), which makes Chrysler's Jeep Wrangler car bodies. The financing to take over legal ownership of the buildings and production systems totals EUR 77.1 million, and was prepaid using the KUKA Group's existing net liquid assets. As a result, this segment's capital employed has risen significantly.
Because of the existing agreement to supply car bodies to Chrysler, the acquisition of the production system assets was not included on the balance sheet as an asset acquisition, but instead categorized as a finance lease in accordance with IFRIC 4/IAS 17 guidelines and booked as a receivable from finance leases. Sales revenues shown on KTPO's profit and loss statement are thus reduced by the fictitious leasing rate. The interest component included in the fictitious leasing rate is booked under net interest income/expense, while the repayment component of this payment reduces the receivables as per schedule.

Related party disclosures

There have been no material changes with regard to related party relationships since December 31, 2007.

Events of major importance after the end of the reporting period

There were no events of material significance after the close of the reporting period.

RESPONSIBILITY STATEMENT FROM LEGAL REPRESENTATIVES

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

Augsburg, August 4, 2008

The Executive Board

Wiedemann Dr. Rapp Liepert

DECLARATION BY THE AUDITORS

To KUKA Aktiengesellschaft, Augsburg:

We have reviewed the condensed consolidated interim financial statements - comprising the balance sheet, condensed income statement, cash flow statement, statement of recognised income and expense and selected explanatory notes - and the interim group management report of KUKA Aktiengesellschaft, Augsburg, for the period from January 1st, 2008 to June 30, 2008 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures 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 express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, August 4, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Auditors

Alexander Winter	ppa. Holger Graßnick
German public auditor	German public auditor

FINANCIAL CALENDAR

Interim report for the first nine months	November 4, 2007
Preliminary figures for financial 2008	February 3, 2009
Press conference presenting the annual financial statements	March 12, 2009
DVFA Analysts' Conference	March 12, 2009
Annual general meeting, Augsburg	April 29, 2009
First-quarter interim report	May 12, 2009
Half-year interim report	August 4, 2009
Interim report for the first nine months	November 3, 2009

Note: The quarterly report contains forward-looking statements based on assumptions and estimates made by the management of KUKA Aktiengesellschaft. Although the management board is of the opinion that these assumptions and estimates are accurate, actual future developments and results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include changes to the general economic climate, exchange rates and interest rates, and changed conditions in the markets themselves. KUKA Aktiengesellschaft makes no guarantees that actual future developments and results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same. Rising oil and other raw material prices have dampened the effects of expansionary monetary policies and the comparatively low cost of capital.

CONTACT

KUKA Aktiengesellschaft
Public & Investor Relations
PO Box 43 12 69
86072 Augsburg
Phone: +49 821 797 5251
Fax: +49 821 797 5336
e-mail: PR@kuka.com
www.kuka.com