KUKA

INTERIM REPORT | TO MID-YEAR 2010

AUTOMATION BECOMES EASY

Cover photo: World premieres at AUTOMATICA

The Robotics division presented its new QUANTEC generation of industrial robots and new robot controller KR C4 at the international trade fair for automation and mechatronics held from June 8 to 11, 2010 in Munich.

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KUKA GROUP, KEY FIGURES

€ million	6 Months 2010	6 Months 2009	Change
Orders received	547,7	466,9	17,3%
Order backlog (06/30)	630,9	578,5	9,1%
Sales revenues	480,1	437,7	9,7%
Gross profit	90,8	89,4	1,6%
in % of sales revenues	18,9%	20,4%	-
Earnings before interest and taxes (EBIT)	5,0	-22,9	-
in % of sales revenues	1,0%	-5,2%	-
Net result	-10,3	-36,0	-
Earnings per share in €	-0,37	-1,42	-
Capital expenditure	5,3	11,1	-52,3%
Equity ratio in % (06/30)	25,9%	22,1%	-
Net debts (06/30)	32,7	94,4	-
Employees (06/30)	5.774	5.891	-2,0%

€ million	2nd Quarter 2010	2nd Quarter 2009	Change
Orders received	283,9	253,2	12,1%
Order backlog (06/30)	630,9	578,5	9,1%
Sales revenues	271,0	210,7	28,6%
Gross profit	52,2	38,3	36,3%
in % of sales revenues	19,3%	18,2%	-
Earnings before interest and taxes (EBIT)	6,7	-23,1	-
in % of sales revenues	2,5%	-11,0%	-
Net result	0,7	-34,2	-
Earnings per share in €	0,02	-1,35	-
Capital expenditure	3,4	6,5	-47,7%
Employees (06/30)	5.774	5.891	-2,0%

FOREWORD

KUKA is on track again

Dear shareholders,

Ten months ago, we launched a program to make KUKA an innovative and profitable company. Supported by the appreciable economic upturn, the first half results for fiscal 2010 demonstrate that we are on precisely the right track. Our customers acknowledge this, and we have regained the confidence of the capital markets:

1. At the end of June, we successfully completed a **capital increase** by issuing new shares to increase the total number outstanding by 16 percent. We have thus passed the key milestone for extending our financing. The company's financing is once again solid and stable.
2. We presented the **new generation of QUANTEC industrial robots** at the international AUTOMATICA trade fair, once again demonstrating our capacity to innovate. We have completely revamped the mechanics, controller, software and WorkVisual for this new series. QUANTEC will help us defend our market leadership in the automotive sector and accelerate growth in general industry.
3. In the first half year, we already implemented over half the **cost cuts** planned for 2010 overall. Optimizing our cost structure will continue to be an important task.
4. The stabilization of the company, cost structure improvement and strong growth in orders received have positioned us to raise our **guidance** for the current year. After all, future prospects for robot-based automation continue to be outstanding.

Dear shareholders,
In October 2009 we stated our objectives clearly:

- to grow profitably,
- strengthen our focus and
- speed up our time of execution.

This half-year report for 2010 confirms this claim. KUKA is back on track. We would not have been able to achieve this without the immense support of our employees. Despite the difficult situation, they achieved excellent results and brought KUKA forward. For this I want to thank everyone sincerely: It is why I am very confident about KUKA and our common future.

Yours truly,

Dr. Till Reuter
CEO

GROUP INTERIM REPORT

KUKA Aktiengesellschaft to June 30, 2010

OVERVIEW

KUKA achieves turnaround in second quarter

- **orders received climb 17.3 percent in H1/10 to EUR 547.7 million**
- **sales turnaround: +9.7 percent in H1/10 and +28.6% in Q2/10**
- **EBIT positive again: EUR 5.0 million in H1/10 and EUR 6.7 million in Q2/10**
- **capital increase successfully executed**
- **positive outlook: guidance for 2010 raised**

KUKA GROUP FIRST HALF YEAR 2010 BUSINESS PERFORMANCE

KUKA Group's **orders received** were again significantly higher than last year. In total, orders received rose from EUR 466.9 million in the first half of 2009 to EUR 547.7 million in the first half of 2010, thereby increasing 17.3 percent year-over-year. The Systems division's orders received of EUR 329.0 million were 2.0 percent higher than the EUR 322.5 million posted in the first half of 2009, whereby the prior year's result included three major automotive industry orders worth about EUR 50 million. The Robotics division's growth accelerated considerably: the division was able to win orders worth EUR 246.4 million in the H1/2010, which is 57.3 percent more than the EUR 156.6 million recorded in H1/2009.

Overall, KUKA Group's consolidated orders received in the second quarter of 2010 came in at EUR 283.9 million, 12.1 percent higher than the EUR 253.2 million reported as in Q2/2009. The Robotics division's orders received for the quarter just ended came in at a record EUR 131.7 million, compared to EUR 66.5 million the year prior. This delightful development is primarily due to the significantly higher demand from the automotive industry. European carmakers placed several frame contracts. But the general industry business also picked up considerably. The Systems division's orders received in the second quarter of 2010 came in at EUR 167.4 million, slightly more than the EUR 161.6 million posted in the first quarter 2010. The division's orders were 13.2 percent lower than the high result of EUR 192.9 million posted in the second quarter of 2009, which was driven by three major orders.

KUKA Group's consolidated **sales revenues** in H1/2010 were also very satisfactory and were higher than the prior year's number. In total, sales revenues rose 9.7 percent from EUR 437.7 million in H1/2009 to EUR 480.1 million in H1/2010. Both business divisions contributed to this turnaround. Sales revenues generated by Robotics climbed 17.8 percent to EUR 199.0 million in H1 2010, versus EUR 169.0 million for H1/2009. In the first quarter of 2010, the division's result was still 10.8 percent below the prior year's number. The Systems division's sales revenues were also higher than the year prior, up 7.5 percent from EUR 282.8 million at the close of H1/2009 to EUR 303.9 million at H1/2010, while comparing the first quarter, the division's result was still slightly negative at -1.9 percent.

KUKA Group's book to bill ratio was clearly positive in the first half of 2010 and came in at 1.14.

Both the **Robotics** and **Systems** division reported very robust sales in the second quarter of 2010. The Robotics division generated sales revenues of EUR 112.8 million, 55.8 percent higher than the low EUR 72.4 million of the prior year's comparable quarter, which was also the lowest point on the business performance chart during the economic crisis. The Systems division had sales revenues of EUR 167.9 million in the second quarter of 2010, which is 16.5 percent higher than the EUR 144.1 million generated in the second quarter of 2009. Overall, KUKA Group's consolidated sales revenues in the second quarter of the current financial year came in at EUR 271.0 million, 28.6 percent higher than the EUR 210.7 million reported as of the end of the second quarter of 2009.

Because orders received continued to be higher than sales revenues in the second quarter of 2010, KUKA Group's **order backlog** continued to climb. As of June 30, 2010, order backlog was EUR 630.9 million, 4.0 percent more than at the end of last quarter and 9.1 percent higher than at the same time one year earlier. KUKA has thus largely returned to the levels prior to the crisis. The Robotics division's order backlog was especially noteworthy. At the end of the first half of 2010, it had reached EUR 146.6 million, 15.7 percent higher than at the end of the previous quarter and 67.0 percent above that of the prior year's record date. The division's order backlog is currently at its highest level ever. The Systems division's order backlog remained stable at a high level of just under EUR 500 million. As of June 30, 2010, it stood at EUR 499.1 million, only 2.0 percent less than at the end of last quarter and 0.5 percent below the Q2 2009 number.

Thanks to the expanding sales volume and the successful steps taken to optimize the cost structure, KUKA Group's **earnings before interest and taxes (EBIT)** improved and was positive overall. Consolidated EBIT at the Group level was EUR 5.0 million. This compares to a loss of EUR 22.9 million reported at the end of the prior year's first half, which was driven by extraordinary restructuring costs of about EUR 13 million and the difficult business situation. The Robotics division's EBIT was EUR 6.2 million in the first half of 2010 compared to EUR -2.0 million in H1/09. The Systems division's EBIT reached EUR 7.6 million in H1/10 versus EUR -15.4 million in H1/09.

The Robotics division generated an EBIT of EUR 5.7 million in Q2 2010, corresponding to an EBIT margin of 5.5 percent. During the prior year's quarter, EBIT was still driven by significant underutilization, which led to an EBIT of EUR -6.2 million and a corresponding negative EBIT margin. The Systems division generated an EBIT of EUR 5.6 million in Q2 2010, corresponding to an EBIT margin of 3.3 percent. Here too, the operating result of EUR -14.3 million reported at the same time last year was driven by the business situation, above all special accruals for the closure of two locations in France. KUKA was also able to achieve a turnaround in the second quarter of 2010 at the Group level. The Group's consolidated EBIT was positive for the first time in a year, coming in at EUR 6.7 million versus EUR -1.9 million in the first quarter of 2010.

The Group's **earnings from operating activities** are no longer the same as EBIT as a result of changes to the accounting rules: financing costs for long-term contracts must now be reported under manufacturing costs. These costs of EUR 1.6 million are contained in the earnings from operating activities for the first half of 2010 as opposed to EBIT. Earnings from operating activities for the first half of the financial year was thus EUR 3.4 million, which compares to EUR -23.0 million at the end of the first half of 2009.

Cost-cutting program

The ongoing cost reduction program aims to generate EUR 65 to 70 million in recurring savings. Of the permanent savings target, a cumulative total of EUR 41 million affecting net income were already achieved in 2009 and of the first half of 2010. The program is thus at about two-thirds of plan.

The savings at the divisions and at KUKA AG were primarily achieved in the areas of personnel costs, processes and organizational structures, design to cost and in the area of indirect costs such as third-party services, travel costs, etc. In addition, the Systems division generated noteworthy savings in the area of supplier management.

KUKA EQUITY

ELECTION TO THE SUPERVISORY BOARD

This year's Annual General Meeting was held on April 29, 2010 at the Augsburg Kongresshalle. An important agenda item was the election of Supervisory Board members. The prior year's appointments of Prof. Dr. Ing. Dirk Abel, Dr. Uwe Ganzer, Prof. Dr.-Ing. Uwe Loos and Guy Wyser-Pratte as investor representatives were confirmed by an overwhelming majority of shareholders at the general meeting. The current members will thus hold office until the 2013 Annual General Meeting. The vast majority also ratified the actions of the new chairman of the Supervisory Board, Bernd Minning . Dr. Michael Proeller was newly elected to the Supervisory Board and took the vacant seat of Dr. Till Reuter, who had stepped down from the Supervisory Board on April 26, 2010 after having been appointed to the position of CEO until 2013. A large majority of the shareholders at the general meeting, representing 53.6 percent of total share capital, also voted in favor of the other agenda items.

CAPITAL INCREASE SUCCESSFULLY COMPLETED

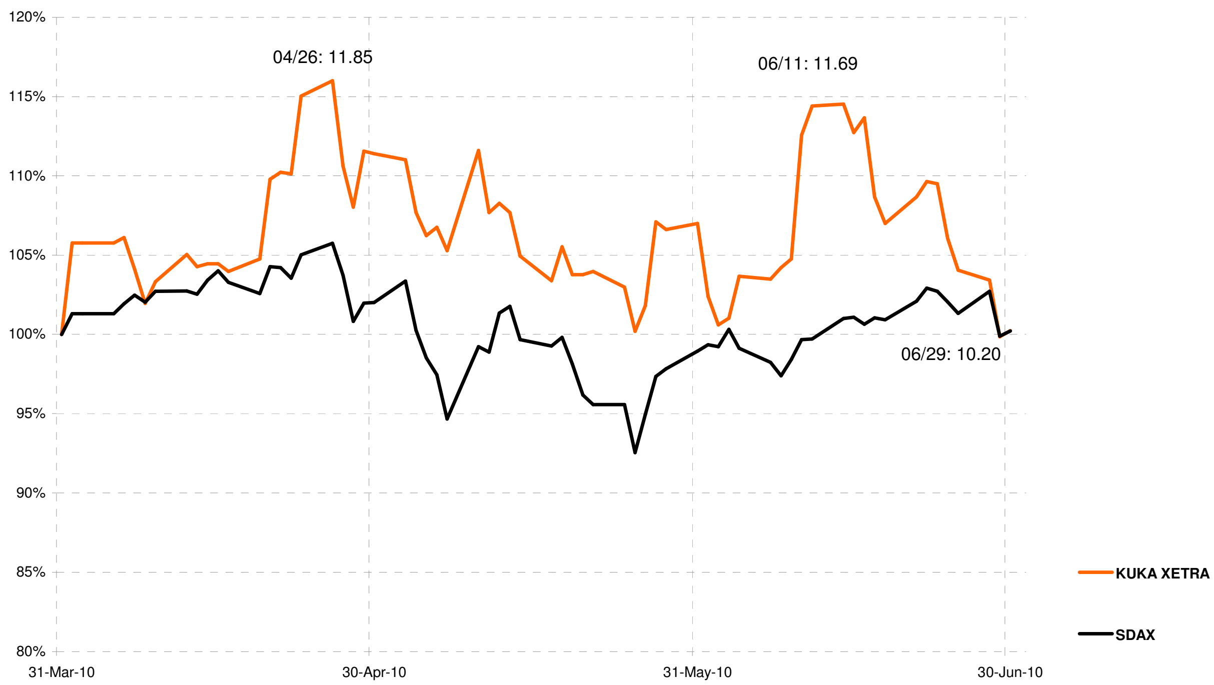
KUKA AG implemented a capital increase with subscription rights between June 9 and 22, thus complying with a key covenant required for securing its long-term financing. Shareholders of the company were offered new shares of an amount to EUR 4.7 million in a ratio of six to one. The fixed subscription price was EUR 9.75. All of the new shares were placed and the total gross proceeds at the end of the subscription period amounted to EUR 45.4 million. Major shareholders Grenzebach Maschinenbau GmbH and Wyser-Pratte Management Co., Inc were key participants in the capital increase and now hold 25.2 percent, including the allocated RINVEST AG voting rights, and 7.8 percent of total voting rights respectively. At the same time, total shares held by KUKA AG fell to 3.9 percent.

STOCK MARKET INDICES FOR SMALL TO MEDIUM-SIZE COMPANIES CONTINUE TO CLIMB

In the first half of 2010, the German stock market indices, especially those for small to medium-sized companies, were strong and rose significantly. They reflected the positive economic outlook for German companies overall and the once again expanding export business. The MDAX and SDAX were up 6.7 percent and 10.0 percent respectively, while the DAX, the index of Germany's thirty largest listed companies remained steady, rising 0.1 percent. KUKA's shares were down 14.3 percent and closed at EUR 10.24 on June 30. The main reason was the capital increase announced on March 10, 2010, which caused investors to remain on the sidelines until it was executed in June. The share prices of peer group companies on the MDAX and SDAX in the first half of 2010 varied quite significantly, trending between -19.3 percent and +35.3 percent.

During the second quarter of 2010 just ended, KUKA's shares remained stable in a range at the midpoint of its peer group (0.3 percent), while the share prices of the remaining mechanical OEMs trended between -12.4 percent and +33.1 percent.

KUKA's share price performance from April to June 2010



GENERAL CONDITIONS

In spring 2010, the economies of the industrial nations rebounded faster than had been expected after the prior year's severe recession. The major national economies of Asia and the United States in particular returned to growth. In its most recent World Economic Outlook statement published in May 2010, the Organization for Economic Cooperation and Development (OECD) raised the economic performance growth forecast, adjusted for seasonal factors and inflation, for its thirty-one member states for the current year from the 1.9 percent estimated in November 2009 to 2.7 percent. Because of its strong focus on exports, Germany in particular will benefit from this growth and could become the growth champion within the euro zone. The OECD is forecasting a 2 percent increase in Germany's **gross domestic product** for the current year. According to the German Institute for Economic Research, DIW, Germany's economy should continue to grow in 2011 even after government incentive programs expire, although the pace of growth is expected to be lower. According to the Institute, this is mainly due to the debt crisis of a number of euro zone member states.

The **automotive markets** have also recovered faster than had been expected, even as recently as in spring. This growth is being driven primarily by export markets, especially in Asia and North America. In China, sales of cars are up more than 50 percent over last year, and in India almost one-third. In the first six months of 2010, about 17 percent more cars and small trucks were sold in the United States than in the same period a year earlier. German carmakers also benefited from this trend and reported 44 percent higher exports than the year prior. At the same time, domestic production increased 23 percent. These growth rates will weaken again somewhat over the further course of the year as the comparable prior year's growth rates also increase. However, in Germany, new car registrations in the first half of 2010 were down 29 percent after expiry of the scrapping incentives, while sales in the European Union stagnated at last year's level (+0.2 percent). This affects mainly manufacturers of small and compact cars, which had benefited especially last year from the government support for scrapping older vehicles.

Growth momentum also remains unabated in the **mechanical and plant engineering** sector. According to the German Engineering Federation, VDMA, this sector's orders received were up 32 percent overall in real terms in the first six months of 2010 compared to last year, versus 14 percent in the first quarter of 2010. The sector has thus returned to the same level as in 2004, prior to the crisis. The main driver was again exports, whereby business growth was strongest in the BRIC nations, Brazil, India, China and Russia. In the second quarter of 2010, a number of central European countries and North America came back to life. For the first time in fifteen months, more machinery and systems were manufactured during the months of April and May than during the year before. As a result, VDMA raised its manufacturing forecast for the current year from 0 percent to 3 percent higher than the year prior.

VDMA's **Robotics and Automation** sector also revived substantially in the first half of 2010. Overall orders received in the first six months were up 53 percent in real terms compared to last year. In the first quarter of 2010 they had been up 8 percent. Here too, the growth was driven by exports. This sector is thus growing faster than the average for all German mechanical and plant engineering companies. Japanese competitors reported 60 percent higher units sold in the first five months of 2010. Because of the dramatic slump last year, the Japanese robot manufacturers are thus still 34 percent below the pre-crisis levels of 2008, while in the first half of 2010, KUKA Robotics already surpassed the pre-crisis level of the first half of 2008 by 1 percent.

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EARNINGS, FINANCIAL AND ASSETS SITUATION

In the first six months of 2010, KUKA Group's **consolidated sales revenues** reached EUR 480.1 million, 9.7 percent more than the EUR 437.7 million generated during the first half of 2009. **Gross margin**; i.e., gross profit as a percent of sales revenues, was still down from the prior year's 20.4 percent. It came in at 18.9 percent after including the results of the first quarter of 2010. In the Robotics division, this result was driven by a positive one-time contribution in the prior year's first quarter and the high percentage of lower margin automotive industry orders. The Systems division was able to improve its gross margin compared to last year. Overall, KUKA Group generated positive **earnings before interest and taxes (EBIT)** of EUR 5.0 million for the first time in the first half of 2010. The result at the end of the first half of the prior year was EUR -22.9 million due to extraordinary restructuring costs and capacity underutilization at the Robotics division. The **operating result,** including financing costs for long-term manufacturing orders, came in at EUR 3.4 million.

KUKA Group's **consolidated sales revenues** in the **second quarter** of 2010 came in at EUR 271.0 million, 28.6 percent higher than the EUR 210.7 million reported in the second quarter of 2009. During the quarter under review, **gross margin** rose, to 19.3 percent, higher than both the 18.2 percent achieved in the prior year's second quarter and the 18.5 percent of the first quarter of 2010. In the second quarter 2010, KUKA Group posted **earnings before interest and taxes (EBIT)** of EUR 6.7 million, thanks mainly to the higher operating profit driven by sales in combination with lower overhead costs, whereas extraordinary restructuring costs weighed heavily on the Q2 2009 results, which came in at EUR -23.1 million.

The **net interest expense** of EUR -9.1 million in the first half of 2010 was EUR 6.5 million below the number for the first half of 2009, mainly due to the costs of the new Syndicated Senior Facilities Agreement and higher interest rates than last year. In addition, net interest expense includes the interest expenses for the convertible bond in the amount of EUR 2.6 million, interest on pensions of EUR 1.8 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 six months of 2010 totaled EUR -5.7 million, which compares to EUR -25.6 million in H1 2009. In Q2/10 EBIT was positive at EUR 1.2 million compared to EUR -24.5 million at the end of Q2 2009. Tax expense during the first half year was EUR 4.6 million, down from EUR 10.4 million in the first half of 2009. The tax expense was driven primarily by earnings subject to taxation, especially in the United States. **Earnings after taxes** in the period under review were EUR -10.3 million, compared to EUR -36.0 million at the close of last year's first half.

As for the **balance sheet**, non-current assets were EUR 7.0 million higher as of June 30, 2010 than on the December 31, 2009 closing date. This was driven in particular by the change in the exchange rate between the euro and the US dollar, as a result of which the receivables associated with the finance lease for the KTPO pay-on-production contract rose. In contrast, deferred tax assets were lower. The increased business volume is reflected in the increase in **working capital**. Inventories were EUR 32.5 million higher and trade receivables rose EUR 7.5 million. The net difference in receivables and payables from manufacturing orders as of June 30, 2010 also increased, to EUR 93.6 million versus EUR 69.7 million as of December 31, 2009. These factors were offset by higher down payments, which rose EUR 11.7 million, and trade payables, which were up EUR 41.2 million. The increase in other assets is due to higher value added tax receivables on accrued expenses in connection with the extension of the Syndicated Senior Facilities Agreement. The change in other liabilities is mainly attributable to higher liabilities during the year in the personnel area (e.g., vacation entitlements) and the valuation of foreign currency hedging transactions.

The **equity ratio** went from 22.1 percent on December 31, 2009 to 25.9 percent, primarily because of the net capital increase of EUR 42.0 million implemented in June 2010. Currency effects, particularly the exchange rate difference to the US dollar, had a positive impact of EUR 13.8 million on equity. The half-year results of EUR -10.3 million and the revenue neutral treatment of actuarial losses of EUR -4.1 million associated with pension accruals had a negative impact. Overall, equity rose from EUR 160.8 million on December 31, 2009 to EUR 202.2 million as of June 30, 2010.

The Group's **net debt;** that is, liquid assets minus current and non-current financial liabilities, was EUR 32.7 million as of June 30, 2010. Again in the second quarter, this includes for the first time accrued financial liabilities totaling EUR 7.4 million in connection with the new Syndicated Senior Facilities Agreement. On December 31, 2009, net debt was EUR 48.5 million. The completed refinancing enabled the company to optimize loan obligations by reducing current financial liabilities and cash equivalents by EUR 34.5 million and EUR 17.4 million respectively.

Cash flow from operating activities was EUR -12.0 million, an improvement over the EUR -28.9 million reported for the first half of 2009. This was driven by the improved earnings growth. Operating cash flow also includes payments totaling EUR 13.4 million associated with one-time expenses including restructuring measures. Excluding these payments, cash flow from operating activities is EUR +1.4 million.

Taking into account cash flow from investments totaling EUR -4.3 million, which compares to EUR -11.7 million at the end of H1 2009, **free cash flow** came in at EUR -16.3 million, versus EUR -40.6 million at the end of the first half of 2009. **Cash flow from financing activities** was reported at EUR -4.5 million, compared to EUR 42.0 million at the end of the first half of 2009. This result reflects the capital increase and the drop in current liabilities.

EMPLOYEES

The number of **persons employed** by KUKA Group, including the central functions, declined by 117 or 2.0 percent; from 5,891 at the end of the first half of 2009 to 5,774 at the end of the first half of 2010. The number of temporary workers rose from 62 to 667 in the same period, due to the significant improvement in the Robotics division's order situation since the beginning of the year.

The changes in the number of persons employed by the two divisions was very different in accordance with their business situations. The Systems division reduced staff at the Augsburg location in a socially responsible manner in conjunction with the cost reduction program and increased capacity in line with the relocation of its business to Asia and North and South America. As of June 30, 2010, this division had 3,390 employees, 144 less than at the close of 2009 and 210 less than on the record date for the first half of 2009. Of these, 144 left the Group as a result of the sale/closure of the French locations.

The Robotics division's employee situation was affected by both the cost reduction program and the increase in demand. Accordingly, the number of employees in administration was reduced and staff was added in manufacturing. In Hungary alone, the payroll in the control cubicle assembly area expanded by 209 persons compared to the end of last year. In total, the number of persons employed by Robotics as of the record date for the first half of the year was 2,190, 106 more than at the same time last year, and 181 more than at the close of 2009.

DEVELOPMENTS IN THE DIVISIONS

ROBOTICS, KEY FIGURES

€ million	6 Months 2010	6 Months 2009	Change
Orders received	246,4	156,6	57,3%
Order backlog (06/30)	146,6	87,8	67,0%
Sales revenues	199,0	169,0	17,8%
Gross profit	52,9	55,9	-5,4%
in % of sales revenues	26,6%	33,1%	-
Earnings before interest and taxes (EBIT)	6,2	-2,0	-
in % of sales revenues	3,1%	-1,2%	-
Employees (06/30)	2.190	2.084	5,1%

€ million	2nd Quarter 2010	2nd Quarter 2009	Change
Orders received	131,7	66,5	98,0%
Order backlog (06/30)	146,6	87,8	67,0%
Sales revenues	112,8	72,4	55,8%
Gross profit	31,4	21,2	48,1%
in % of sales revenues	27,8%	29,3%	-
Earnings before interest and taxes (EBIT)	5,7	-6,2	-
in % of sales revenues	5,1%	-8,6%	-
Employees (06/30)	2.190	2.084	5,1%

KEY FIGURES, 6 MONTHS: ROBOTICS

In the first half of 2010, the automotive industry significantly eased restraints on capital spending and demand from general industry picked up, which enabled the Robotics division to report substantial growth in **orders received**. The orders booked by the division totaled EUR 246.4 million, an increase of 57.3 percent over the EUR 156.6 million posted a year earlier. Most of the increase is attributable to frame contracts KUKA received from European carmakers.

The significantly growing orders received now drove **sales revenues** in the first half of 2010 substantially higher than a year prior for the first time since 2008. Overall, robot shipments totaled EUR 199.0 million, 17.8 percent more than the EUR 169.0 million in the first half of 2009. The book to bill ratio of the first half of 2010 was 1.24, versus 0.93 the year prior.

Strong orders received growth also drove the division's **order backlog** up significantly. It ended the first half year at EUR 146.6 million, a record. This number was 15.7 percent above the EUR 126.7 million of the prior quarter's record date, March 31, 2010, and 67.0 percent higher than the EUR 87.8 million reported at the end of the second quarter of 2009.

The Robotics division's **earnings before interest and taxes (EBIT)** reached EUR 6.2 million in the first half of 2010, which corresponds to an EBIT margin of 3.1 percent. This is due on the one hand to the significantly higher sales volume and the success of the cost reduction program; on the other hand, the gross margin is still low because of the high percentage of automotive orders. A greater share of orders from general industry is expected in the sales mix in the second half of the financial year. Starting in 2011, the new generation of industrial robots (QUANTEC), with its performance improvements and manufacturing cost advantages will have a positive impact on margin. The year prior, the Robotics division generated an EBIT of EUR -2.0 million because of weak sales.

At the end of the first half year, Robotics had 2,190 employees, 106 more than on the prior year's record date and 181 more than at the end of 2009. This includes the aforementioned 209 employees in Hungary added since year-end. The number of temporary workers increased by 83 in the first half of 2010.

Q2 KEY FIGURES: ROBOTICS

The Robotics division's second-quarter 2010 orders received came in at EUR 131.7 million, a record. This delightful result was driven by the strong automotive business and several frame contracts from European carmakers, together with an upswing in demand from general industry. This increased demand came from all sectors, but particularly metals processing and foundries.

The rising orders received since the beginning of the year also drove **sales revenues** up substantially in the second quarter of 2010. They reached EUR 112.8 million, 30.9 percent higher than in the prior quarter and 55.8 percent more than in the same quarter of 2009. In parallel, the book to bill ratio improved from 0.93 in the second quarter of 2009 to 1.24 in the second quarter of 2010.

As a result of the strong growth in orders received, the division's **order backlog** also rose significantly and reached EUR 146.6 million at the end of the first half year. This number was 15.7 percent higher than on the prior quarter's record date and 67.0 percent above that of the first half of 2009.

The Robotics division generated **earnings before interest and taxes (EBIT)** of EUR 5.7 million in the second quarter of 2010, corresponding to an EBIT margin of 5.1 percent. This is due to the higher sales volume and the success of the cost reduction program, although the relatively high share of automotive business in the sales mix in the second quarter still weakened EBIT margin. At the end of the second quarter of 2009, EBIT was still EUR -6.2 million.

ORDERS RECEIVED BY SEGMENT: ROBOTICS

€ million	6 Months 2010	6 Months 2009	Change
Automotive	110,4	46,9	135,4%
General Industry	91,5	70,4	30,0%
Service	44,5	39,3	13,2%
Total Robotics	**246,4**	**156,6**	**57,3%**

€ million	2nd Quarter 2010	2nd Quarter 2009	Change
Automotive	59,5	19,7	202,0%
General Industry	48,6	29,9	62,5%
Service	23,6	16,9	39,6%
Total Robotics	**131,7**	**66,5**	**98,0%**

Orders received from the automotive industry by the Robotics division more than doubled in the **first half of 2010**, up 135.4 percent driven by major orders. The demand from general industry also rebounded significantly and was up 30 percent over the year prior. Service contracts typically lag and improved by 13.2 percent. In total, the Robotics division's orders received rose 57.3 percent, from EUR 156.6 million in the first half of 2009 to EUR 246.4 million in the first half of 2010.

Because the second quarter of 2009 is when the lowest point on the business performance curve during the economic crisis occurred, the orders received growth rates by sector when comparing the second quarter of 2010 are even higher still by a substantial amount. Orders received from the automotive industry tripled compared to the year prior (202.0 percent) and orders received from general industry jumped 62.5 percent. Even service orders were up 39.6 percent compared to the second quarter of 2009. In total, the Robotics division's **orders received** rose 98.0 percent, from EUR 66.5 million in the **second quarter of 2009** to EUR 131.7 million in the second quarter of 2010, thereby nearly doubling within a period of 12 months.

SYSTEMS, KEY FIGURES

€ million	6 Months 2010	6 Months 2009	Change
Orders received	329,0	322,5	2,0%
Order backlog (06/30)	499,1	496,5	0,5%
Sales revenues	303,9	282,8	7,5%
Gross profit	34,5	30,5	13,1%
in % of sales revenues	11,4%	10,8%	-
Earnings before interest and taxes (EBIT)	7,6	-15,4	-
in % of sales revenues	2,5%	-5,4%	-
Employees (06/30)	3.390	3.600	-5,8%

€ million	2nd Quarter 2010	2nd Quarter 2009	Change
Orders received	167,4	192,9	-13,2%
Order backlog (06/30)	499,1	496,5	0,5%
Sales revenues	167,9	144,1	16,5%
Gross profit	18,5	14,3	29,4%
in % of sales revenues	11,0%	9,9%	-
Earnings before interest and taxes (EBIT)	5,5	-14,3	-
in % of sales revenues	3,3%	-9,9%	-
Employees (06/30)	3.390	3.600	-5,8%

KEY FIGURES, 6 MONTHS: SYSTEMS

The Systems division's **orders received** in the first half of 2010 came in at EUR 329.0 million, slightly more than the EUR 322.5 million posted in the first half of 2009. The division continued to quote selectively in the first half of 2010 and focused on profitability. In general, the market's capacity utilization increased noticeably, which led to an easing of price pressures. At the same time, quotation activity has expanded significantly.

Sales revenues at the end of the first half of 2010 were higher than last year. Overall, the Systems division's sales revenues came in at EUR 303.9 million, 7.5 percent higher than the EUR 282.8 million posted in the first half of 2009. The division therefore achieved a turnaround, the same as Robotics. The book to bill ratio of the first half of 2010 was 1.08, versus 1.14 in the first half of 2009.

The Systems division's **order backlog** remained stable at a high level of just under EUR 500 million during the period under review. As of June 30, 2010, the division's order backlog was EUR 499.1 million, 8.5 percent higher than at the close of 2009 and 0.5 percent above the number on June 30, 2009.

Thanks to the successful implementation of the cost reduction measures and the higher sales volume, the Systems division generated **earnings before interest and taxes (EBIT)** of EUR 7.6 million in the first half of 2010, corresponding to an EBIT margin of 2.5 percent. The prior year's negative EBIT of EUR -15.4 million had been strongly impacted by special accruals totaling EUR 13 million for the closure/sale of two French locations.

The Systems division had 3,390 **employees** as of June 30, 2010. This is 144 less than at year-end and 210 fewer than on the same date a year earlier. Of these, 144 former employees of the French locations left the Group.

Q2 KEY FIGURES: SYSTEMS

Systems generated **orders received** of EUR 167.4 million in the second quarter of 2010, higher than the 161.6 million generated in the first quarter of 2010. As previously noted, the three major orders in automotive associated with Q2 2009's EUR 192.9 million should be taken into consideration. The division was able to land orders from a North American automaker for factories in North and South America, as well as several orders from European manufacturers, in the second quarter of the current fiscal year.

In the second quarter of 2010, the division's **sales revenues** reached EUR 167.9 million, significantly higher than both the EUR 136.0 million of the first quarter of 2010 and the EUR 144.1 million of the corresponding second quarter of 2009.

The Systems division generated **earnings before interest and taxes (EBIT)** of EUR 5.5 million in the second quarter of 2010, corresponding to an EBIT margin of 3.3 percent. The prior year's quarter had been well into the red at EUR -14.3 million due to substantial restructuring costs.

RESEARCH AND DEVELOPMENT, CAPITAL EXPENDITURES

KUKA Group's **research and development** expenses for the first half year were down to EUR 14.8 million from the prior year's EUR 20.0 million, mainly because of a reduction in third-party services; personnel expenses declined by less than 5 percent. It is important to KUKA to retain the research expertise that resides with its employees, in spite of any necessary cost adjustments. By far the highest share of R&D expenses are allocated to the Robotics division, which spent EUR 14.9 million during the reporting period versus EUR 19.0 million the year prior. This includes EUR 0.8 million for development services the Robotics division provided to the Systems division and other companies. Last year this number was EUR 0.3 million. The majority of the Systems division's development projects are required in conjunction with customer orders. As a result, the division only spent EUR 0.7 million on research and development, compared to EUR 1.3 million the year prior.

The Robotics division presented its new QUANTEC generation of industrial robots and the new KR C4 robot controller at the international trade fair for automation and mechatronics, AUTOMATICA, held from June 8 to 11, 2010 in Munich. QUANTEC robots add greater customer value, are a more standardized product family and cost less to manufacture. The new industrial robots are significantly lighter and faster than their predecessors. Among other things, this also reduces energy consumption by 25 percent. The new robot controller, which is being sold under the banner "Automation becomes Easy", features faster startup, more efficient programming and easier integration of new modules. Both product innovations generated considerable interest among industry specialists from Germany and abroad.

The Advanced Robotics section also concluded an agreement with Germany's Aerospace Center, DLR, at AUTOMATICA, under the terms of which the two entities will strengthen their cooperation in the health care systems area. The aim is to use KUKA lightweight robots for robot-supported surgery. KUKA already supplies robotic systems to the health care industry for diagnoses and therapy and sees surgery as another interesting growth area for innovative products.

KUKA Group's **capital expenditures** declined. Overall, spending on plants, property and equipment and intangible assets in the first half of 2010 at the Group level came in at EUR 5.3 million; of this amount, EUR 2.7 million were attributable to the Systems division, EUR 2.4 million to the Robotics division and EUR 0.2 million to KUKA AG. In the first half of the prior year, the Group had invested EUR 11.1 million, of which EUR 7.5 million was attributable to the Robotics division, primarily for the acquisition of milling centers, devices and tools. The capital expenditures required for the Group to grow over the long term are not impacted by the current reserved capital spending.

RISK MANAGEMENT

In the second quarter of 2010, the Group's financial risk compared to the end of 2009 was reduced after it successfully completed the capital injection required by the agreement on the extension of financing.

There were no material differences in other risks compared to the end of 2009 and as outlined in the securities prospectus issued in conjunction with the capital increase in June of this year. For further information on the securities prospectus please contact KUKA AG, Investor Relations.

OUTLOOK

The 2010 financial year is one of transformation for KUKA. Continued cost structure optimization and further development of the corporate strategy will be the basis for generating sustainable profitable growth.

Based on the business growth in the first half of 2010, the Group is expecting to surpass the threshold of EUR 1 billion in sales in 2010 overall, provided general conditions remain stable. As a result, EBIT is expected to come in at between EUR 20 and 30 million, although currently it is estimated that restructuring expenses of about EUR 10 million will have to be deducted from this result.

INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT

€ million	6 Months 2010	6 Months 2009
Sales revenues	**480,1**	**437,7**
Cost of sales	-389,3	-348,3
Gross profit	**90,8**	**89,4**
Selling expenses	-39,3	-40,1
Research and development expenses	-14,8	-20,0
General and administrative expenses	-37,2	-38,2
Other operating income	25,5	7,5
Other operating expenses	-21,6	-21,6
Result from operating activities	**3,4**	**-23,0**
Reconciliation to earnings before interest and taxes (EBIT)		
Financing costs included in cost of sales	1,6	0,1
Earnings before interest and taxes (EBIT)	**5,0**	**-22,9**
Net interest income	**4,5**	**4,7**
Net interest expense	-13,6	-7,3
Financial results	**-9,1**	-2,6
Earnings before tax	**-5,7**	**-25,6**
Taxes on income	-4,6	-10,4
Net result	**-10,3**	**-36,0**
thereof minority interests in profits		-0,1
thereof shareholders of KUKA AG	-10,3	-35,9
Earnings per share (diluted/undiluted)	**-0,37**	**-1,42**

STATEMENT OF COMPREHENSIVE INCOME

€ millions	6 Months 2010	6 Months 2009
Earnings after taxes	**-10,3**	**-36,0**
Translation adjustments	13,8	-0,1
Changes of actuarial gains and losses	-5,0	-3,4
Deferred taxes on changes of acturial gains and losses	0,9	0,7
Other comprehensive income	**9,7**	**-2,8**
Comprehensive income	**-0,6**	**-38,8**
of which: attributable to minority interests	0,0	-0,1
of which: attributable to shareholders of KUKA AG	-0,6	-38,7

GROUP CONSOLIDATED INCOME STATEMENT

€ million		2 nd Quarter 2010		2 nd Quarter 2009
Sales revenues		**271,0**		**210,7**
Cost of sales		-218,8		-172,4
Gross profit		**52,2**		**38,3**
Selling expenses		-21,0		-19,5
Research and development expenses		-7,9		-10,9
General and administrative expenses		-21,1		-19,7
Other operating income		15,3		0,4
Other operating expenses		-12,2		-11,8
Result from operating activities		**5,3**		**-23,2**
Reconciliation to earnings before interest and taxes (EBIT)		0,0		
Financing costs included in cost of sales	1,4	0,0	0,1	
Earnings before interest and taxes (EBIT)	**6,7**	**0,0**	**-23,1**	
Net interest income		**2,3**		2,3
Net interest expense		-6,4		-3,6
Financial results		**-4,1**		**-1,3**
Earnings before tax		**1,2**		**-24,5**
Taxes on income		-0,5		-9,7
Net result		**0,7**		**-34,2**
thereof minority interests in profits		0,0		-0,1
thereof shareholders of KUKA AG		0,7	0,0	-34,1
Earnings per share (diluted/undiluted)		**0,02**	**0,00**	**-1,35**

STATEMENT OF COMPREHENSIVE INCOME

€ millions	2nd Quarter 2010	2nd Quarter 2009
Earnings after taxes	**0,7**	**-34,2**
Translation adjustments	8,2	-2,4
Changes of actuarial gains and losses	-2,4	-1,3
Deferred taxes on changes of acturial gains and losses	0,1	0,3
Other comprehensive income	**5,9**	**-3,4**
Comprehensive income	**6,6**	**-37,6**
of which: attributable to minority interests	0,0	-0,1
of which: attributable to shareholders of KUKA AG	6,6	-37,5

CONSOLIDATED CASH FLOW

€ million	6 Months 2010	6 Months 2009
Net result	**-10,3**	**-36,0**
Depreciation/amortization on intangible assets	**3,8**	3,7
Depreciation/amortization on tangible assets	7,6	8,4
Other non-payment-related income	-3,3	-1,0
Other non-payment-related expenses	6,1	8,0
Cash Earnings	**3,9**	**-16,9**
Result on the disposal of assets	-0,1	0,1
Changes in provisions	-13,8	-10,7
Changes in current assets and liabilities:		
Changes in inventories	-29,1	4,8
Changes in receivables and deferred charges	-5,3	69,2
Changes in liabilities and deferred charges (without debts)	32,4	-75,4
Cash flow from operating activities	**-12,0**	**-28,9**
Payments from disposals of fixed assets	1,0	0,3
Payments for capital expenditure on tangible and intangible assets	-1,1	-4,7
Payments for investments in financial assets	-4,2	-6,4
Payments for the acquisition of a finance lease receivable	0,0	-0,9
Cash flow from investing activities	**-4,3**	**-11,7**
Free cash flow	**-16,3**	**-40,6**
Payment for capital increase	42,8	0,0
Payment for repaying liabilities due to banks and liabilities similiar to bonds	-47,3	42,0
Cash flow from financing activities	**-4,5**	**42,0**
Payment-related change in cash and cash equivalents	**-20,8**	**1,4**
Exchange-rate-related and other changes in cash and cash equivalents	3,4	0,0
Change in cash and cash equivalents	**-17,4**	**1,4**
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 (06/30)	**43,8**	**42,7**

CONSOLIDATED BALANCE SHEET

ASSETS

€ million	06/30/2010	12/31/2009
Non-Current assets		
Fixed assets		
Intangible assets	76,7	79,2
Tangible assets	89,3	90,2
Financial investments and investments in associates	1,0	1,0
	167,0	**170,4**
Long-term finance lease receivables	**86,8**	**75,8**
Long term tax receivables	**10,6**	**10,3**
Other long-term receivables and other assets	**11,1**	**10,0**
Deferred taxes	**23,8**	**25,8**
	299,3	**292,3**
Current assets		
Inventories	**136,3**	**103,8**
Receivables and other assets		
Trade receivables	121,7	114,2
Receivables from construction contracts	130,1	124,3
Current finance lease receivables	4,2	3,5
Current tax receivables	4,1	9,8
Other assets, prepaid expenses and deferred charges	40,4	17,1
	300,5	**268,9**
Cash and cash equivalents	**43,8**	**61,2**
	480,6	**433,9**
	779,9	**726,2**

EQUITY AND LIABILITIES

€ million	06/30/2010	12/31/2009
Equity	**202,2**	**160,8**
Non-current liabilities, provisions and accruals		
Non-current financial liabilities	65,1	63,8
Other non-current liabilities	13,5	16,0
Pensions and similiar obligations	74,5	70,1
Deferred taxes	16,0	18,8
	169,1	**168,7**
Current liabilities		
Current financial liabilities	11,4	45,9
Trade payables	114,5	73,3
Advances received	38,8	27,1
Liabilities from construction contracts	36,5	54,6
Accounts payable to affiliated companies	0,1	0,1
Other current liabilities and deferred income	17,2	14,9
Provision for taxes	89,5	69,7
Other provisions	100,6	111,1
	408,6	**396,7**
	779,9	**726,2**

CHANGES TO GROUP EQUITY

	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Revenue reserves: Translation gains/ losses in € millions	Revenue reserves: Actuarial gains and losses in € millions	Revenue reserves: 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					13,8	-4,1	-10,3	-0,6		-0,6
Capital increase	4.655.441,0	12,1	29,9					42,0		42,0
Employees' share programme								0,0		0,0
Other changes						**1,2**	-1,2	0,0		0,0
06/30/2010	**32.588.091**	**88,2**	**76,9**	**-27,9**	**3,9**	**-0,8**	**60,5**	**200,8**	**1,4**	**202,2**

	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Revenue reserves: Translation gains/ losses in € millions	Revenue reserves: Actuarial gains and losses in € millions	Revenue reserves: 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					-0,1	-2,6	-36,0	-38,7	-0,1	-38,8
Capital increase								0,0		0,0
Employees' share programme							**0,9**	0,9		0,9
Other changes							-0,1	-0,1		-0,1
06/30/2009	**25.272.660**	**69,2**	**26,5**	**-27,9**	**-8,6**	**4,3**	**110,6**	**174,1**	**1,4**	**175,5**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

€ million	Robotics		Systems		KUKA AG and other companies		Reconciliation and consilidation		Group	
	6 Months 2010	6 Months 2009	6 Months 2010	6 Months 2009	6 Months 2010	6 Months 2009	6 Months 2010	6 Months 2009	6 Months 2010	6 Months 2009
Group external sales revenues	176,7	156,1	303,1	281,3	0,3	0,3	0,0	0,0	480,1	437,7
as a % of Group sales revenues	88,8%	92,4%	99,7%	99,5%	6,0%	6,4%	0,0%	0,0%	100,0%	100%
Intra-Group sales	22,3	12,9	0,8	1,5	4,7	4,4	-27,8	-18,8	-	-
Sales revenue by division	**199,0**	**169,0**	**303,9**	**282,8**	**5,0**	**4,7**	**-27,8**	**-18,8**	**480,1**	**437,7**
Result from operating activities	**6,2**	**-2,0**	**6,0**	**-15,5**	**-13,2**	**-5,5**	**4,4**	**0,0**	**3,4**	**-23,0**
Financing costs included in cost of sales	-	-	1,6	0,1	-	-	-	-	1,6	0,1
Earnings before interest and taxes (EBIT)	**6,2**	**-2,0**	**7,6**	**-15,4**	**-13,2**	**-5,5**	**4,4**	**0,0**	**5,0**	**-22,9**
EBIT as a % of sales revenues of the division	3,1%	-1,2%	2,5%	-5,4%	-	-	-	-	1,0%	-5,2%
EBIT as a % of Group external sales revenues	3,5%	-1,3%	2,5%	-5,5%	-	-	-	-	1,0%	-5,2%
Assets (6/30/2010 / 12/31/2009)	237,4	226,5	470,2	488,3	221,5	172,6	-222,3	-175,0	706,8	712,4
Payroll (6/30)	2.190	2.084	3.390	3.600	194	207	-	-	5.774	5.891

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, elected to prepare condensed interim financial statements for the period ending June 30, 2010 in line with the IAS 34 Interim Financial Reporting guidelines as adopted by the European Union. The condensed interim report should be read in conjunction with the Group's consolidated financial statements to December 31, 2009.

The consolidated financial statements for 2009 were prepared according to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union.

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

Due to the way the corporation is internally managed and to increase transparency compared to the 2009 consolidated financial statements, the structure of the income statement has been changed to provide a bridge from operating profit to earnings before interest and taxes (EBIT). The line item "Financing costs included in sales" applies to accrued financing expenses as outlined in IAS 23R. The prior year's numbers were shown accordingly.
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)**
- Improvements to IFRSs (2010)*,***

* 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

*** affects the following standards: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13

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

EARNINGS PER SHARE

Undiluted/diluted earnings per share break down as follows:

		6 Months 2010	6 Months 2009
Net loss/ -income attributable to shareholders of KUKA AG	in € millions	-10,3	-35,9
Weighted average number of shares outstanding		28.061.968	25.272.660
Earnings per share	**in €**	**-0,37**	**-1,42**

Undiluted earnings per share are calculated on the basis of Group consolidated earnings after taxes and the weighted average number of shares outstanding for the year, in accordance with IAS 33.
In the first quarter of 2009, the weighted average number of shares in circulation was 25.3 million. The capital increase in November 2009 in June 2010 increased the weighted average number of shares outstanding to 28.1 million.

CAPITAL INCREASE IN NOVEMBER 2009 AND JUNE 2010

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 difference between offer price and issue price is reported in the capital reserve, taking into account commissions and taxes.

In June 2010, a rights issue consisting of 4,655,441 shares was placed. KUKA Aktiengesellschaft's equity is thus now EUR 88,180,120.60. The recapitalization was implemented by issuing rights with a ratio of 6:1. At an issue price of EUR 2.60 per share, the subscription price was EUR 9.75. The difference between the subscription price and issue price is reported in the capital reserve, taking into account commissions and taxes.

The total gross capital injected as a result of the capital increases was EUR 73.3 million.

The share capital is subclassified into 33,915,431 no-par value bearer shares. Each share is equal to one vote. The company bought back 1,327,340 shares in 2008. There are thus 32,588,091 shares in circulation as of June 30, 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 4.65 percent p.a. for German companies as of June 30, 2009 in accordance with IAS 19, which resulted in actuarial losses totaling EUR 5.1 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 4.1 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 half of 2010. Financial obligations related to the restructuring program as of December 31, 2009 totaled EUR 22.7 million. As of June 30, 2010, the financial obligations total EUR 13.7 million, of which EUR 11.0 million are allocated to the Systems division and EUR 2.2 million to the Robotics division.

SYNDICATED SENIOR FACILITIES AGREEMENT

In March 2010, KUKA Aktiengesellschaft successfully concluded an agreement on amending 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). The contract includes various covenants and conditions. This includes successfully implementing KUKA Group's restructuring plan, refinancing the existing convertible bond and honoring various financial and non-financial covenants. Another condition was the injection of equity or capital similar to equities. This condition was fulfilled after completion of the recapitalization.

Key covenants relate to earnings before interest, taxes and depreciation (EBITDA), debt and equity. The extension of the Syndicated Senior Facilities Agreement resulted in a number of expenses, which are recognized in the financial result. Expenses directly associated with the new contract where accrued for at the time of the contract extension and will be recognized in the financial result over the expected lifetime.

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 treasury shares, 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. Earnings before interest and taxes (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 to the quarterly report.

CASH FLOW STATEMENT

The cash flow statement shows changes to KUKA Group's liquidity position 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 six months of the financial year was EUR 3.3 million. The goods and services received by the Group from related parties were worth EUR 4.7 million. As of June 30, 2010, receivables totaled EUR 3.1 million and liabilities EUR 0.1 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

On July 28, 2010, KUKA AG published an ad hoc announcement as per article 15 of the German Securities Trading Act, in which it raised its guidance for the current financial year. Please see the management report section "Outlook" for further details in this regard.

RESPONSIBILITY STATEMENT

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 3, 2010

The Executive Board

Dr. Till Reuter Dr. Walter Bickel Stephan Schulak

DECLARATION BY THE AUDITORS

To KUKA Aktiengesellschaft, Augsburg

We have reviewed the condensed consolidated interim financial statements - comprising the condensed statement of income, statement of comprehensive income, condensed statement of cash flows, condensed statement of financial position, statement of changes in equity and selected explanatory notes - and the interim group management report of KUKA Aktiengesellschaft, Augsburg for the period from January 1, 2010 to June 30, 2010 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.

We duly draw attention to the fact that the ability of KUKA group companies to continue as a going concern is threatened by risks which are described in the section "Risk report" of the interim group management report and in the selected explanatory notes in the section "Syndicated Senior Facilities Agreement". This refers to the credit facilities agreed with the banking consortium in March 2010, which impose several obligations and conditions in connection with the successful implementation of the restructuring of KUKA group companies.

Munich, August 3, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Alexander Winter	ppa. Thomas Gillitzer
(German public auditor)	(German public auditor)

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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