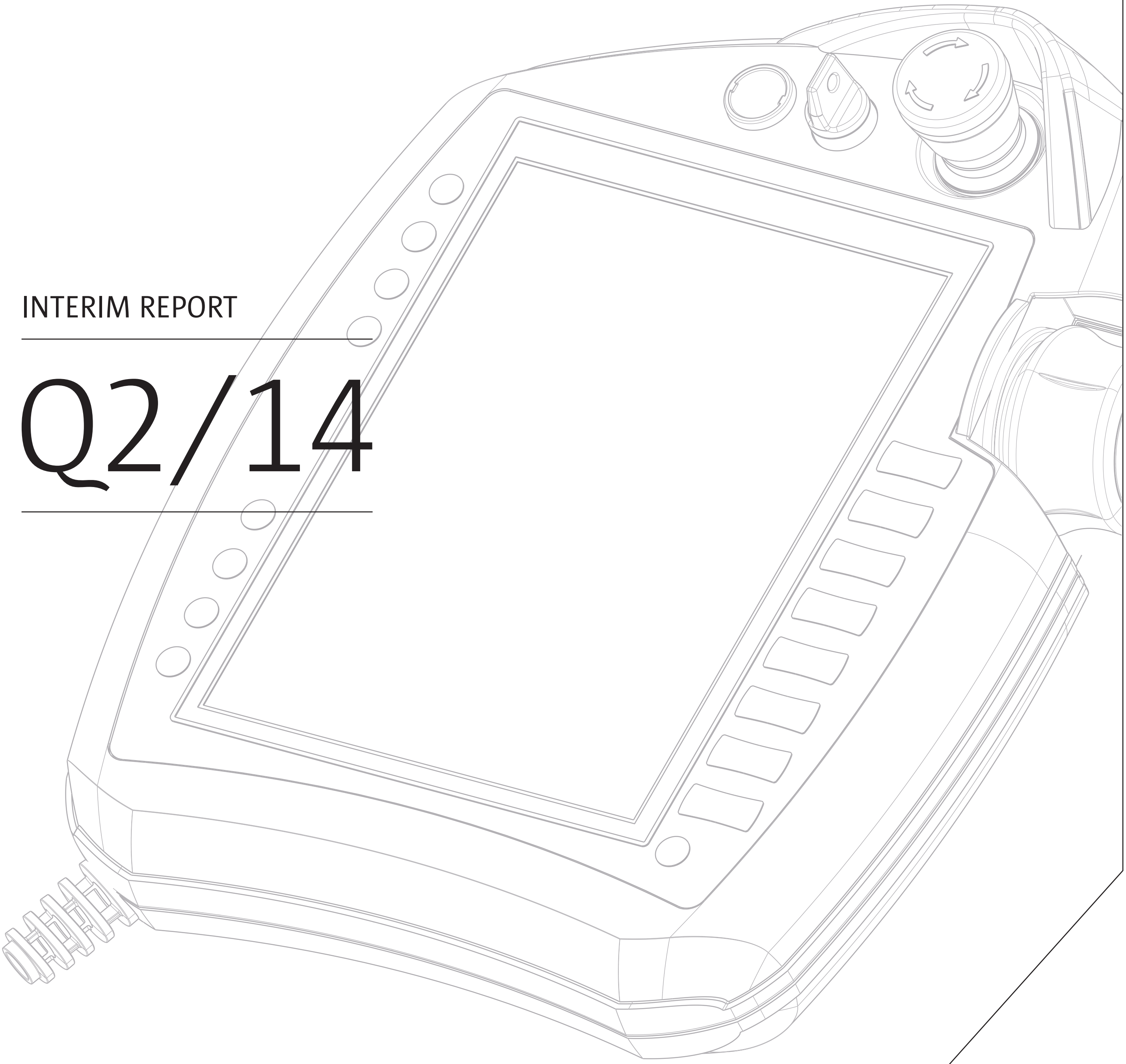
INTERIM REPORT

Q2/14



H1/14 DEVELOPMENTS

- **Orders received** rise 17.6 percent to € 1,185.7 million overall in H1/14
  - Reis Group orders come in at € 78.5 million
- **Sales revenues** up 10.9 percent to € 968.6 million in H1/14
- H1/14 EBIT margin reported at 6.3 percent notwithstanding Reis Group integration and restructuring
  - EBIT margin improves from 6.6 percent in Q2/13 to 6.7 percent in Q2/14
- **Earnings after taxes** for H1/14 posted at € 22.5 million compared to € 27.0 million in H1/13
  - Early redemption of high yield bond generates charges of € 17.7 million in H1/14
- **Free cash flow** declines from € 34.0 million in H1/13 to € 23.0 million in H1/14
- **Guidance** raised for 2014: sales now expected to reach about € 2 billion and EBIT margin about 6.5 percent

KEY FIGURES

in € millions	H1/13	H1/14	Change
Orders received	1,008.1	1,185.7	17.6%
Order backlog (06/30)	1,022.4	1,273.3	24.5%
Sales revenues	873.5	968.6	10.9%
Gross profit	209.3	238.5	14.0%
in % of sales revenues	24.0%	24.6%	–
Earnings before interest and taxes (EBIT)	57.4	61.2	6.6%
in % of sales revenues	6.6%	6.3%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	73.6	81.6	10.9%
in % of sales revenues	8.4%	8.4%	–
Net result	27.0	22.5	-16.7%
Earnings per share in € (undiluted)	0.80	0.66	-17.5%
Earnings per share in € (diluted)	n/a	0.65	
Capital expenditure	18.9	27.2	43.9%
Equity ratio in % (06/30)	25.9%	27.0%	–
Net liquidity (06/30)	76.6	129.5	69.1%
Employees (06/30)	7,534	9,389	24.6%

in € millions	Q2/13	Q2/14	Change
Orders received	525.4	570.5	8.6%
Order backlog (06/30)	1,022.4	1,273.3	24.5%
Sales revenues	437.5	506.1	15.7%
Gross profit	103.9	130.5	25.6%
in % of sales revenues	23.7%	25.8%	–
Earnings before interest and taxes (EBIT)	29.0	34.1	17.6%
in % of sales revenues	6.6%	6.7%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	37.4	44.3	18.4%
in % of sales revenues	8.5%	8.8%	–
Net result	12.5	10.3	-17.6%
Earnings per share in € (undiluted)	0.37	0.30	-18.9%
Earnings per share in € (diluted)	n/a	0.30	
Capital expenditure	9.9	13.1	32.3%

FOREWORD

DEAR SHAREHOLDERS,

KUKA has successfully completed its first fiscal half year, as demonstrated by the financial results: orders received for the first half were about € 1.19 million, sales revenues € 968.6 million and EBIT margin 6.3 percent.

One of the highlights of the past few months was our appearance at the AUTOMATICA trade show in Munich, where we celebrated a special premiere: KUKA was the first and only exhibitor to present all robotic applications without protective barriers using the LBR iiwa robot. Visitors were able to touch the robots, enter their workspaces and interact with the machines. The response of our customers and the public was overwhelming. The press was enthusiastic, with 300 articles dedicated solely to these exhibits. LBR iiwa has not been seen as a new KUKA product for quite some time; instead it is considered a basic technology for a new world of automation. All of the Group's divisions will benefit from this.

KUKA flexFELLOW, an automation concept based on LBR iiwa developed by KUKA Systems, even won the industry sector prize for the most innovative exhibit at the AUTOMATICA trade show in the service robotics category. But we also presented KUKA Sunrise at the trade show. A new control system for safe, sensor-based robots, it features a high degree of modularity, integrated sensor and motion processing and uses Java as its application programming language. As such, Sunrise is not only suitable for controlling safe and sensor-based robotics, but thanks to its use of Java, also forms a bridge between robotics and the IT world. It in fact demonstrates that KUKA is living Industry 4.0, as well as tapping into the high innovation potential of IT.

And last but not least, Reis rounded out our trade show appearance. Colleagues from Reis had a stand immediately adjacent to KUKA's main booth and demonstrated how cleverly KUKA and Reis products can be combined.

It really gives me satisfaction to see how well KUKA employees pull together, whether it be in Augsburg, Obernburg or elsewhere in the world. But it is important to keep having fun even when working hard. I personally saw an example of this during the FIFA world championships when Germany played against the United States. We watched the game during a small summer celebration on the KUKA grounds in Augsburg. The mood that evening was already at the world championship level.

I look forward to the second half of KUKA's fiscal year. I am sure that it will be no less eventful. But we at KUKA are confident that we will face all challenges in the second half of the year in the same way we have done so far and will take to heart the positive developments related to our raised guidance for 2014. We are now forecasting sales of about € 2 billion and an EBIT margin of about 6.5 percent.

Sincerely,

Till Reuter

Till Reuter

KUKA AND THE CAPITAL MARKET

KUKA – TOP PERFORMING MDAX STOCK IN FIRST HALF OF 2014

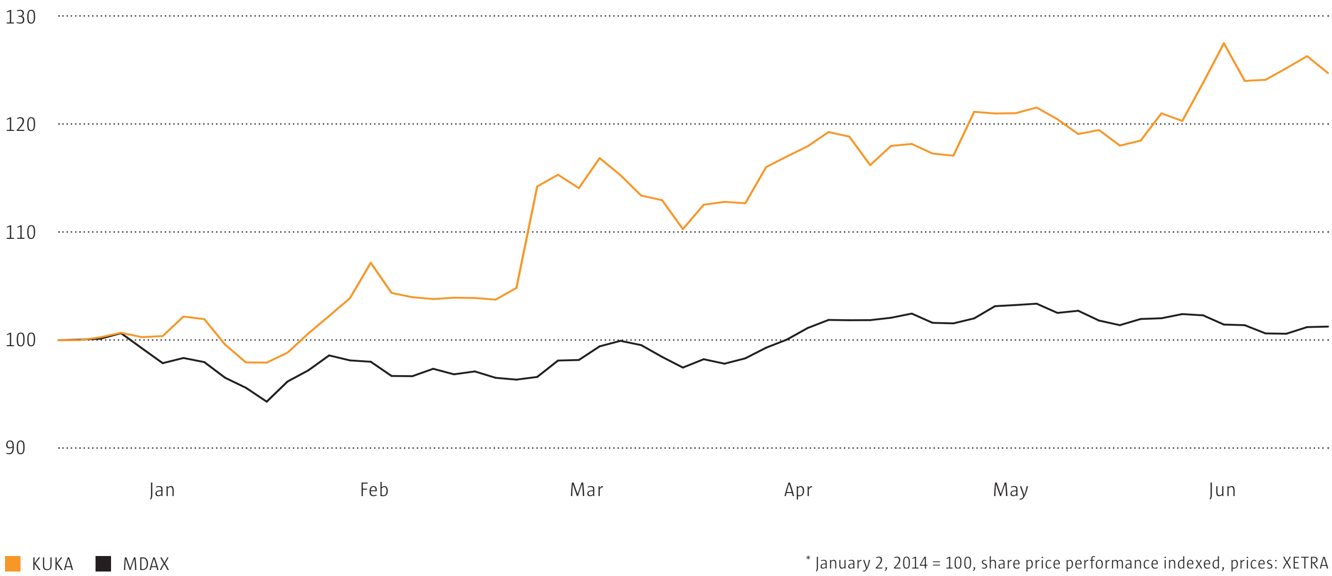
Overall, German stock markets were up slightly during the first half of the year. The DAX rose almost 3 percent to 9,833 and the MDAX climbed 1.5 percent to 16,816. There was significant volatility, among other things due to the global crises in the Ukraine and the Middle East. Steady low interest rates on the other hand positively impacted stock markets.

KUKA's stock was the top performer on the German MDAX during the first six months of 2014. The share price shot up nearly 30 percent. In comparison, shares of the company's peer group; that is, comparable listed mechanical OEMs and automotive subsuppliers, were up about 12 percent on average. KUKA shares have risen from € 34.05 on the last trading day of 2013 to € 44.2 on June 30, 2014. On June 23, 2014, the shares closed at a new all-time high of € 45.20.

FREE-FLOATING SHARES CONSTITUTE 75 PERCENT OF TOTAL SHARE CAPITAL

The free float of KUKA's shares to the end of the second quarter was 75 percent of total share capital. Investors holding over 3 percent of total share capital were: Grenzebach Group, Asbach-Bäumenheim at 19.8 percent, SWOCTEM GmbH at 5.1 percent, AXA S.A. at 4.99 percent, Bank of America Group at 3.1 percent and Franklin Mutual Advisors LLC at 3.0 percent.

KUKA'S SHARE PRICE PERFORMANCE JANUARY 2 – JUNE 30, 2014*



* January 2, 2014 = 100, share price performance indexed, prices: XETRA

CONSOLIDATED MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

Solid global economic growth

World economic growth in 2014 will exceed that of the year prior. Nevertheless, in July 2014 the International Monetary Fund (IMF) reduced its growth forecast for 2014 overall and is now expecting growth to reach 3.4 percent, down from the previous projection of 3.6 percent. The reasons given by the IMF were weaker economic performance in Europe and the United States, but also in China. Military conflicts around the world also weighed on the IMF's forecast. The next increase is expected in 2015, when growth is forecast at 3.9 percent. The eurozone is only slowly emerging from the recession. The IMF's growth forecast for the region for 2014 is only 1.1 percent. As recently as April, the body had still been forecasting 1.2 percent. According to the IMF, one problem is that the eurozone's rate of inflation remains too low. In contrast, Asia continues to be the driving force underlying the world economy. Although the IMF reduced its forecast for China for 2014 overall in July 2014, at 7.4 percent the number was still high, down only slightly from the previous projection of 7.5 percent. The IMF reduced its growth forecast for the United States (World Economic Outlook April 2014) from 2.8 percent to only 1.7 percent for the current year. The weak first quarter was given as the reason for this. But growth is expected to be stronger again in 2015. The current IMF forecast for next year is 3 percent.

The growth outlook for Germany is 1.9 percent according to the most recent forecast, above the eurozone average. Lower unemployment and rising domestic demand will stimulate growth according to the IMF. The ifo (German Institute for Economic Research) business survey index for the first half of the year ranged between 109.7 and 111.3, with an average of 110.7. In June, the index sank to 109.7, the lowest it has been in 2014. The index is down 0.9 points from 110.6 at the beginning of the year. The main reasons for the weaker optimism on future business prospects are the crises in Ukraine and the Middle East. Still, the business survey index shows that the current business situation is seen as positive.

Demand for cars

Global demand for cars up about 4 percent in 2014

According to forecasts by the German automotive industry association (VDA), the world market for cars will grow about 4 percent year-over-year to about 75.9 million vehicles. VDA also expects positive developments for the market in Western Europe. For the first time in four years, the association is expecting growth, which is projected at 4 percent for the current year. The southern EU countries are also expected to contribute to this growth. The trend in these car markets has been positive for the year so far. Demand in both France and Italy expanded 3 percent, in Spain it was up 16 percent and in Portugal it soared 42 percent. In Germany, 1.5 million new cars were registered to June 2014, an increase of 2 percent over last year. About 3 million more cars are expected to be sold for the year overall. Strong growth was reported for the Chinese market. Chinese car sales in the first five months were up 15 percent from the year prior, with 7.4 million new cars sold. VDA estimates that the Chinese car market will grow 15 percent this year to about 18.7 million new vehicles. According to VDA, car sales in the United States could grow 4 percent to 16.1 million vehicles this year. But declines are expected in 2014 in a number of markets, with the Mercosur countries down 8 percent, India 2 percent, Turkey 19 percent and Russia shrinking 9 percent.

Robotics and automation

Strong growth expected for 2014

The International Federation of Robotics (IFR) is again expecting rising sales for robot-based automation in 2014. According to the latest IFR forecasts, about 179,000 industrial robots were sold worldwide in 2013, twelve percent more than last year. Initial IFR estimates for 2014 indicate that 2014 growth will be roughly the same as in 2013. Innovative technologies will play a key role in making robots suitable for new applications. This includes human-machine collaboration. KUKA focused its development activities on new technologies very early and at this year's Automatica trade show in Munich, the company presented the LBR iiwa with its unique combination of sensors and safety features. The robot will allow automation of processes that have not been automated so far.

Overall, orders received by German mechanical OEMs in the first half of 2014 were roughly the same as last year in real terms. However, there were regional differences. In Germany, orders received in the first six months rose 3 percent, while orders in the eurozone, non-EU countries and the rest of the world all slid 1 percent. In the robotics and automation sector, orders were up sharply in the first six months, as much as 13 percent higher than last year. This growth was seen in both Germany and abroad.

BUSINESS PERFORMANCE

Orders received

KUKA Group

KUKA Group again reported high **orders received** for the quarter just ended. The excellent demand came from automotive as well as general industry customers. Orders received by KUKA Group reached €570.5 million. The newly acquired Reis Group and Alema contributed €45.4 million to this total. Year-over-year growth came in at 8.6 percent; adjusted for the newly acquired companies, orders received were about the same as the €525.4 million reported in Q2/13.

Orders received for the first half of 2014 totaled €1,185.7 million, or €1,100.7 million without the new acquisitions. This is equivalent to growth of 17.6 percent compared to the €1,008.1 million reported for the first half of 2013. The organic growth rate is calculated at 9.2 percent.

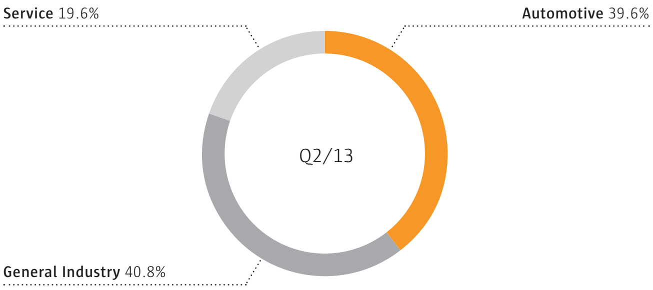
KUKA Robotics

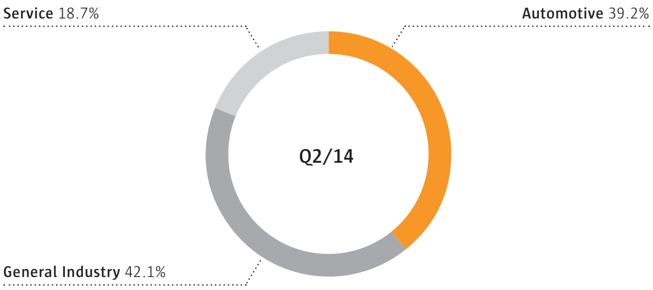
The Robotics division was again able to generate very high **orders received** in the second quarter of 2014, significantly above the €200 million threshold, as was already the case in the first quarter of 2014. Robotics' total orders received for the quarter just ended came in at €207.5 million. This was driven especially by strong demand from general industry customers in China and the United States. Orders received were 11.0 percent higher than in the second quarter of 2013.

Orders received for the first half of the year were up 5.4 percent, rising from €420.5 million in H1/13 to €443.1 million in H1/14.

Orders received from the automotive segment for the quarter just ended totaled €81.4 million, 39.2 percent of total orders received. Most of the orders came from Daimler and Volkswagen Group. Total orders were 10.1 percent higher than the €73.9 million posted in Q2/13. General industry orders received volume in the second quarter of 2014 came in at €87.3 million, representing a share of 42.1 percent, and 14.4 percent higher than the €76.3 million reported in the second quarter of 2013. As in previous quarters, the service business also grew, driven mainly by the continuously expanding installed base of KUKA robots. Orders received by the segment totaled €38.8 million, 6.0 percent higher than the €36.6 million generated in Q2/13. The service business share of total Robotics orders received was thus 19 percent.

ORDERS RECEIVED BY SEGMENT
IN % OF TOTAL



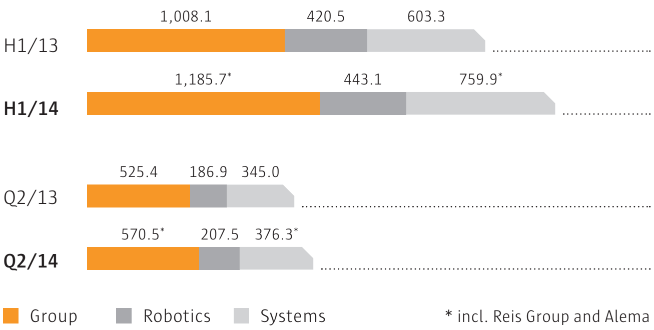


KUKA Systems

The Systems division's **orders received** in the second quarter of 2014 came in at €376.3 million, including €45.4 million from the newly acquired companies. This is 9.1 percent higher than the €345.0 million recorded in Q2/13. The Systems division's organic orders received came in at €330.9 million, slightly below the level achieved during the same quarter last year. Last quarter's growth was helped by strong demand from automotive, with several large orders received from Daimler and Chrysler. Systems' solutions and assembly lines were also in demand, especially by the aviation industry.

Systems was able to boost orders received by 26.0 percent to €759.9 million in the first half of 2014, up from 603.3 million in H1/13. Excluding the acquired companies, growth came in at €71.6 million or 11.9 percent.

ORDERS RECEIVED KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



Revenues

KUKA Group

KUKA Group reported **consolidated sales revenues** of € 506.1 million in the second quarter of 2014. The newly acquired companies contributed € 33.7 million to the result. Sales were thus up 15.7 percent from the € 437.5 million reported in the second quarter of 2013. Adjusted for the contribution from the acquired companies, organic sales revenue growth is still considerable, coming in at 8.0 percent year-over-year.

Cumulative sales revenues to the end of the first half year were € 968.6 million, with an organic share of € 908.2 million. Growth compared to the € 873.5 million reported for the first half of 2013 was 10.9 percent. The organic growth rate is calculated at 4.0 percent.

KUKA Robotics

Robotics' **sales revenues** in the second quarter of 2014 reached € 203.4 million, helped by the excellent orders received growth in prior quarters. This is the second-highest result in a single quarter ever posted by the division. The increase compared to sales revenues of € 184.3 million in the second quarter of 2013 is 10.4 percent. The main contributors to this strong growth were the automotive and service segments. Still, general industry was also able to report higher sales than the year prior.

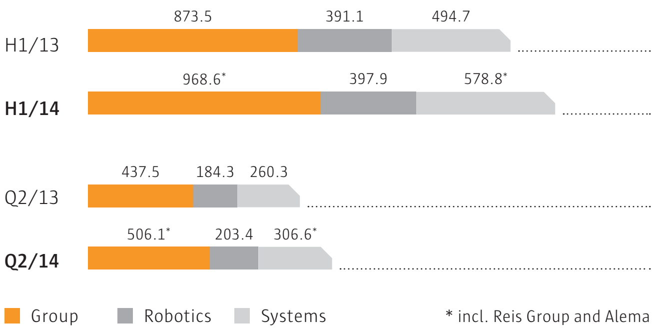
Robotics' sales revenues in the first half of 2014 reached € 397.9 million, the best-ever half-year performance. The number was 1.7 percent higher than the € 391.1 million posted in H1/13.

KUKA Systems

The Systems division's **sales revenues** were reported at € 306.6 million, up 17.8 percent from € 260.3 million in Q2/13. Excluding the newly acquired companies, sales revenues were € 272.9 million, 4.8 percent above the results posted in the second quarter of 2013. Similar to Robotics, Systems benefited from high orders received in prior quarters and reported high capacity utilization.

Sales revenues for the first half of 2014 totaled € 578.8 million, compared to € 494.7 million the year prior. The rate of growth was thus 17.0 percent.

SALES REVENUES KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



Book-to-bill ratio and order backlog

KUKA Group

In the second quarter of 2014, the **book-to-bill ratio** was at 1 or significantly higher for the sixth quarter in a row. The indicator was again driven by strong orders received. It came in at 1.13 for the quarter just ended, versus 1.20 in Q2/13. For the first half of 2014 it was 1.22, which compares to 1.15 for H1/13.

A book-to-bill ratio above 1 means that orders received exceed sales revenues, which is considered to be positive for the future capacity utilization of the company. Accordingly, the Group's **order backlog** rose further and reached € 1,273.3 million on June 30, 2014. This was 24.5 percent higher than the € 1,022.4 million reported on June 30, 2013 and 28.4 percent higher than the € 991.6 million posted on December 31, 2013. The order backlog share for the newly acquired companies was € 101.4 million on June 30, 2014.

KUKA Robotics

The Robotics division's **book-to-bill ratio** for the second quarter of 2014 was 1.02, versus 1.01 as of Q2/13. For the first half of 2014 it was 1.11, which compares to 1.08 for H1/13.

The **order backlog**, excluding frame contracts, especially from automotive, was reported at € 321.0 million as of June 30, 2014, up 17.1 percent from the € 274.1 million posted for June 30, 2013 and up 14.4 percent from the year-end number of € 280.7 million reported for December 31, 2013.

KUKA Systems

Systems' **book-to-bill ratio** for the first quarter of 2014 was 1.23. This was down from the 1.33 reported at the end of Q2/2013. For the first half of 2014 it was 1.31, which compares to 1.22 for H1/13.

Systems' **order backlog** as of June 30, 2014 was reported at € 965.0 million, of which € 101.4 million is attributable to the newly acquired companies. On June 30, 2013, the number was € 757.4 million and on December 31, 2013 it was € 714.4 million.

ORDER BACKLOG KUKA GROUP
IN € MILLIONS

* incl. Reis Group and Alema

EBIT

KUKA Group

In the second quarter of 2014, KUKA Group's earnings before interest and taxes (**EBIT**) came in at € 34.1 million, 17.6 percent higher than the € 29.0 million reported for Q2/13. EBIT margin also improved slightly year-over-year, rising to 6.7 percent from 6.6 percent in Q2/13. Both the Robotics and Systems operating divisions posted strong organic growth. The costs of integrating Reis Group weighed on the results, but were lower than last quarter as budgeted.

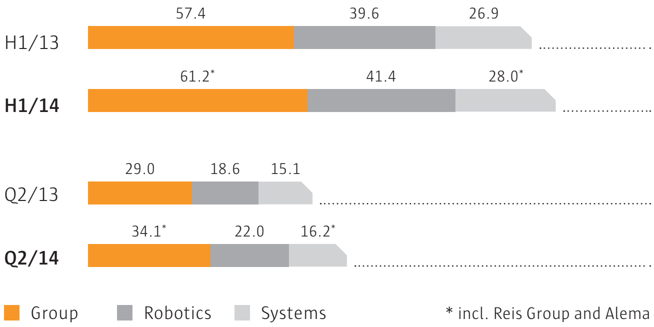
EBIT for the first half of the year was up 6.6 percent, rising from € 57.4 million in H1/13 to € 61.2 million in H1/14. EBIT margin in the same period was 6.3 percent, down slightly from 6.6 percent in H1/13.

Robotics

Robotics' **EBIT** climbed 18.3 percent, from € 18.6 million in Q2/13 to € 22.0 million in Q2/14. EBIT was up despite higher spending for research and development and hiring in China. A higher share of sales from service and successful efficiency improvements had a positive impact on the division's profitability. EBIT margin in the second quarter of 2014 came in at 10.8 percent, up from the 10.1 percent generated in Q2/13.

EBIT for the first half of 2014 was reported at € 41.4 million, which compares to € 39.6 million for H1/13. EBIT margin was 10.4 percent, versus 10.1 percent for H1/13.

EBIT KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



* incl. Reis Group and Alema

Systems

In the second quarter of 2014, Systems' **EBIT** was € 16.2 million, 7.3 percent above the € 15.1 million reported for Q2/13. Although the Systems division's organic business grew quite strongly, earnings were negatively impacted by the integration costs of the newly acquired Reis Group. EBIT margin declined accordingly, going from 5.8 percent in Q2/13 to 5.3 percent. However, EBIT margin has improved substantially from the 4.3 percent reported for Q1/14.

Performance of the divisions

ROBOTICS, KEY FIGURES

in € millions	H1/13	H1/14	Change
Orders received	420.5	443.1	5.4%
Order backlog (06/30)	274.1	321.0	17.1%
Sales revenues	391.1	397.9	1.7%
Gross profit	133.3	147.6	10.7%
in % of sales revenues	34.1%	37.1%	–
Earnings before interest and taxes (EBIT)	39.6	41.4	4.5%
in % of sales revenues	10.1%	10.4%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	49.6	51.9	4.6%
in % of sales revenues	12.7%	13.0%	–
Employees (06/30)	3,177	3,521	10.8%

in € millions	Q2/13	Q2/14	Change
Orders received	186.9	207.5	11.0%
Order backlog (06/30)	274.1	321.0	17.1%
Sales revenues	184.3	203.4	10.4%
Gross profit	64.7	79.5	22.9%
in % of sales revenues	35.1%	40.0%	–
Earnings before interest and taxes (EBIT)	18.6	22.0	18.3%
in % of sales revenues	10.1%	10.8%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	23.6	27.6	16.9%
in % of sales revenues	12.8%	13.6%	–

SYSTEMS KEY FIGURES

in € millions	H1/13	H1/14	Change
Orders received	603.3	759.9	26.0%
Order backlog (06/30)	757.4	965.0	27.4%
Sales revenues	494.7	578.8	17.0%
Gross profit	66.6	90.5	35.9%
in % of sales revenues	13.5%	15.6%	–
Earnings before interest and taxes (EBIT)	26.9	28.0	4.1%
in % of sales revenues	5.4%	4.8%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	31.8	36.3	14.2%
in % of sales revenues	6.4%	6.3%	–
Employees (06/30)	4,158	5,645	35.8%

in € millions	Q2/13	Q2/14	Change
Orders received	345.0	376.3	9.1%
Order backlog (06/30)	757.4	965.0	27.4%
Sales revenues	260.3	306.6	17.8%
Gross profit	34.7	50.7	46.1%
in % of sales revenues	13.3%	16.5%	–
Earnings before interest and taxes (EBIT)	15.1	16.2	7.3%
in % of sales revenues	5.8%	5.3%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	17.8	19.9	11.8%
in % of sales revenues	6.8%	6.5%	–

EARNINGS, FINANCIAL AND ASSETS SITUATION

Earnings

KUKA was also able to further grow its sales in the second quarter of 2014. Sales of € 506.1 million represent a quarterly record for the second time in a row. These results are another 9.4 percent higher than the € 462.5 million generated in the first quarter of 2014. The result of € 968.6 million for the first half of 2014 is also substantially higher, up 10.9 percent from the € 873.5 million reported for H1/2013. The companies acquired in 2014 contributed € 60.4 million in the first half of the year. A positive impact has already been observed in the aviation sector due to the acquisition of Alema Automation SAS based in Bordeaux, France. As for Reis Group, it was expected that customers were reluctant to purchase in the first quarter due to initial uncertainty associated with the acquisition. This uncertainty has subsided and KUKA is now regarded as a strong, reliable partner, as evidenced both by Reis Group's orders received and sales. Growth for both indicators compared to the first quarter of 2014 was in the double digits. The 2013 acquisition of US-based Utica Enterprises also contributed to the growth. Above all, access to the North American auto industry has improved significantly thanks to the integration of the company.

Consolidated Group orders received remain at a very high level, but could not quite match the record € 615.2 million set in the first quarter of 2014. But orders received were up substantially compared to a year earlier and came in at € 570.5 million for the quarter and € 1,185.7 million for the first half. The Q2/2013 number was € 525.4 million and orders received of € 1,008.1 million were generated in H1/2013.

Total gross profit from sales was sharply higher, rising € 26.6 million to € 130.5 million in the second quarter of 2014, up from € 103.9 million in Q2/2013. For the first half of 2014, gross profit climbed a solid € 29.2 million. It went from € 209.3 million in H1/2013 to € 238.5 million in H1/2014. The Group's consolidated gross margin was up 24.6 percent from the 24.0 percent posted in H1/2013, despite the still weak margins from acquired companies. The Robotics division's gross margin climbed from 34.1 percent in H1/2013 to 37.1 percent in H1/2014. Contributing to the improvement were the increasing importance of the KRC4 generation of robots and higher sales of the AGILUS. These improvements were enough to more than compensate the offsetting impact of higher personnel costs and currency exchange related higher purchase costs. The Systems division was also able to offset the increase in salaries and wages by improving the efficiency of its material usage. As a result, gross margin rose from 13.5 percent in H1/2013 to 15.6 percent in H1/2014.

Overhead costs (sales, research and development and administration) totaled € 169.0 million versus € 142.1 million in H1/2013. Overhead costs were 17.4 percent of sales, higher than last year's 16.3 percent. The ratio of cost of sales to actual sales was 0.6 percent higher. In addition to the larger sales force in the Robotics segment, the increase was driven by the Reis Group acquisition.

Spending on research and development was significantly higher than last year, but according to plan. In the first half of 2014, R&D expenses totaled € 35.4 million, € 11.1 million higher than the € 24.3 million spent in H1/2013.

The investment priority is enhancements and new futuristic technologies in accordance with the corporate strategy and continued engineering focus of the Group. In addition to a series of other innovations, KUKA is currently focusing on the following areas:

- KUKA Sunrise control software
- human-machine collaboration using the LBR iiwa
- mobile robotics applications
- arc welding applications
- new friction welding processes

For further details about current development projects, please refer to the company's 2013 annual report.

The research and development department will be hiring additional staff as per the budget in order to speed up progress on the many projects and minimize time-to-market of the products. The department had 417 employees as of June 30, 2014. Despite the fact that this is a highly specialized market with availability of qualified personnel tight, KUKA has been able to win 57 new employees since December 31, 2013. In fact the company has added 82 employees since the prior year's record date. As a result, direct R&D personnel expenses rose from € 4.6 million to € 20.2 million and now represent 57.1 percent of total R&D expenses. Expenses for intercompany coordination of the various development projects, patent protection and indirect costs related to the higher head count (for example, building lease costs, training of the new employees) also rose. Work was also done in the first half of 2014 on software features that could not be independently capitalized due to international accounting rules. Costs incurred and capitalized for new developments were thus € 3.3 million, € 0.7 million less than the € 4.0 million reported for H1/2013. These capitalized costs will be recognized as expenses via planned depreciation in subsequent periods. Depreciation reported under research and development expenses was € 4.6 million, the same as last year. These capitalized costs will be recognized as expenses via planned depreciation in subsequent periods. In addition to its own development work, KUKA is intensifying its collaboration with other companies. For example, in February 2014, KUKA acquired a 45 percent share in the robot hardware, software and design specialist KBee AG, based in Munich, Germany. The company will be consolidated at equity in KUKA's consolidated statements. The result of companies consolidated at equity generated an expense of € 1.0 million in the first half of 2014.

Administration costs were reduced from 6.3 percent in the second quarter of 2013 to 6.0 percent in the second quarter of 2014. The percentage is the same as the 6.0 percent reported in Q1/2014. The net result of other operating expenses and income of € -8.9 million, which compares to € -12.2 million in H1/13, was driven by currency exchange effects, especially related to the Japanese yen, Chinese yuan and US dollar, in addition to other factors.

Overall operating profit for the second quarter of this year was € 33.2 million, which compares to € 27.8 million in Q2/2013. Adjusted for financing charges of € 0.9 million included in operating profit, down from € 1.2 million in Q2/13, earnings before interest and taxes (EBIT) came in at € 34.1 million, up from € 29.0 million in Q2/13.

	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
EBIT (in € millions)	29.0	30.1	32.9	27.1	34.1
EBIT margin (in %)	6.6%	6.6%	7.4%	5.9%	6.7%

EBIT margin for the second quarter of 2014 is 6.7 percent, slightly higher than the 6.6 percent reported for Q2/2013, and sharply higher than the 5.9 percent posted in the first quarter of 2014. EBIT margin for the first six months of 2014 is 6.3 percent, compared to 6.6 percent for H1/2013. The decline in EBIT margin is mainly due to the integration of Reis Group, as already indicated in the forecast for 2014. The programs identified to improve Reis Group's earnings situation during the acquisition phase continued in the second quarter of 2014 and the first positive signs are evident. Reis Group's negative earnings contribution was significantly reduced in the second quarter. Provided the economic situation remains stable, the Reis Group is expected to break even in the third quarter. This is also clear from the Group's significantly higher EBIT margin compared to the 5.9 percent reported in Q1/2014.

The Systems segment's EBIT margin for the first half of the year was 4.8 percent, compared to 5.4 percent for H1/2013. The aforementioned improvements at Reis had an even greater impact within the segment, where EBIT margin in the second quarter of 2014 rose to 5.3 percent from 4.3 percent in the prior quarter. Adjusted for the acquisition-related impact, the Systems division's EBIT margin remained steady at the high level it had been in previous quarters. The Robotics division was able to improve its already high EBIT margin year-over-year, both in the second quarter, where it went from 10.1 percent in Q2 2013 to 10.8 percent in Q2 2014, and the first half of 2014, where it rose from 10.1 percent in H1/2013 to now 10.4 percent. The division also significantly beat its first quarter 2014 margin of 10.0 percent despite continuing pressure due to the value of the Japanese yen.

EBITDA (earnings before interest, taxes, depreciation and amortization) growth tracked the EBIT increase, going from € 73.6 million last year to currently € 81.6 million. Total depreciation in the second quarter of 2014 was € 20.7 million, versus € 16.2 million in H1/13. Of this total, € 10.5 million are attributable to Robotics (10.0 million in H1/13), € 8.3 million to Systems (4.9 million in H1/13), and € 1.9 million to other (1.3 million in H1/13). The increase in the Systems division relates primarily to the corporate acquisitions.

Net financal result improved from € -7.4 million last year to € -5.2 million. Adjusted for one-time effects, finance costs went from € -10.6 million in H1/13 to now € -22.9 million.

in € millions	H1/13	H1/14
Interest income from finance lease	3.4	3.0
Remaining interest and similar income	1.0	1.6
Other interest and similar income	**4.4**	**4.6**
Interest component for allocations to pension provisions	1.4	1.5
Guarantee commission	0.6	0.3
Interest expense for the convertible bond	1.1	3.3
Interest expense for the corporate bond	9.3	5.6
Financing costs reclassifi ed to operating results	-2.6	-1.4
Remaining interest and similar expenses	2.0	0.5
Current other interest and similar expenses	**11.8**	**9.8**
Current financial result	**-7.4**	**-5.2**
Interest expense from the repurchase of corporate bond shares	3.2	17.7
Financial result	**-10.6**	**-22.9**

Interest income was € 4.6 million, up from € 4.4 million in H1/13. This includes mainly income in connection with the finance lease and income from short-term investments.

The net interest item includes € 3.3 million for interest on the convertible bond valued at € 150.0 million placed in February and July 2013 in two tranches. In H1/13, this number was € 1.1 million. The November 2010 bond was entirely redeemed as announced in May 2014. The difference between the cost of redemption and the book value resulted in a one-time charge of € 17.7 million. This charge will be more than absorbed from savings on future interest payments at the nominal rate of 8.75 percent, originally to be paid until the bond matured in November 2017.

Accounting-related reclassification of financing charges into operating profit had a positive impact on the net interest result; in H1/14 it came in at € 1.4 million versus € 2.6 million in H1/13. The net interest expense for pensions was € 1.5 million, versus € 1.4 million in H1/13.

Earnings before taxes (EBT) in the first half of 2014 totaled € 36.7 million. This compares to € 44.4 million in H1/2013. The decline is primarily due to the one-time impact of redeeming the high interest bond.

Taxes paid in H1/14 totaled € 14.2 million, versus € 17.4 million in H1/13. The tax rate is thus 38.7 percent, compared to 39.2 percent in H1/13. KUKA Group's earnings after taxes for H1/14 declined to € 22.5 million from € 27.0 million in H1/13. Earnings per share fell from € 0.80 to € 0.66. Because KUKA's share price was above the conversion price of the convertible bond on the record date, 4,075,344 shares would have to be issued if all bondholders exercise their conversion rights. The resulting diluted earnings per share for the first half of 2014 would thus be € 0.650. There was no dilution in the first half of 2013. No bondholders have exercised their conversion rights to date.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

in € millions	H1/13	H1/14
Sales revenues	873.5	968.6
EBIT	57.4	61.2
EBITDA	73.6	81.6
Financial results	-10.6	-22.9
Taxes on income	-17.4	-14.2
Net result	27.0	22.5

Financial position

The company's strong financial position is reflected in cash earnings, which consist of earnings after taxes adjusted for cash-neutral depreciation on property, plant and equipment and intangible assets and other income and expenses impacting cash. The one-time charge of € 17.7 million resulting from the redemption of part of the corporate bond is recognized under other non-cash expenses. Cash earnings came in at € 63.9 million, 26.8 percent higher than the comparable prior year's number of € 50.4 million.

Cash flow from operating activities on the other hand fell to € 39.6 million from € 69.2 million in H1/13. Contributors here were the changes in provisions (for details about the higher provisions, please refer to the section on net worth) and the significant increase in trade working capital as a result of the business situation. This is shown in the following table:

in € millions	12/31/2013	12/31/2014 incl. acquisitions	06/30/2014 without acquisitions
Inventories less advance payments	133.9	181.9	154.5
Trade receivables and receivables from construction contracts	348.6	422.6	399.2
Trade payables and liabilities from construction contracts	304.4	343.0	325.0
Trade working capital	**178.1**	**261.5**	**228.7**

Overall, trade working capital (excluding acquisitions) rose € 50.6 million to € 228.7 million.

The company invested € 27.2 million in the first six months of 2014 compared to € 18.9 million H1/13. Capital expenditures for property, plant and equipment totaling € 22.1 million are mainly for technical systems and payments for the new development and technology center being built in Augsburg. Intangible asset investments totaled € 5.1 million, of which € 3.3 million were for internally generated intangible assets. The outflow resulting from the acquisition of companies and shares in companies totaled € 13.8 million, which compares to € 16.6 million in H1/13. Inflow from fixed asset retirement totaled € 2.1 million, compared to € 0.3 million in H1/13. To mid-year, 63.7 percent of the free funds that had been allocated to short-term investments on December 31, 2013 had matured as planned, leading to an inflow of € 22.3 million. Overall, cash flow from investment activities was € -16.6 million, which compares to € -35.2 million in H1/13.

The cash flow from operating activities plus cash flow from investment activities resulted in a free cash flow of € 23.0 million, which compares to € 34.0 million in H1/13. KUKA has thus been able to report a positive free cash flow since the beginning of 2013.

The cash flow from financing activities consists of the redemption of part of the corporate bond, which resulted in a payment totaling € 173.0 million, the dividend distribution of € 10.2 million in H1/14 and the transfer of liabilities related to the corporate acquisitions. (In H1/13 the dividend distribution was € 6.8 million). Overall, cash flow from financing activities was € -200.1 million, compared to € 30.0 million in H1/13. During the first half of 2013, the issue of the first tranche of the convertible bond generated a cash inflow of € 57.7 million.

Notwithstanding the cash outflow from financing activities, KUKA Group still had access to funds for financing purposes totaling € 269.3 million as of June 30, 2014. This compares to € 308.6 million on the H1/13 record date.

The stable financial situation is also reflected by the rating agencies' assessments. Standard & Poor's had already raised its rating twice in 2013, and in the second quarter of 2014, it boosted the rating once more: from "BB-, positive" to "BB, outlook stable", mainly because financial indicators improved again after the corporate bond was redeemed.

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

in € millions	H1/13	H1/14
Cash Earnings	50.4	63.9
Cash flow from operating activities	69.2	39.6
Cash flow from investing activities	-35.2	-16.6
Free Cash flow	34.0	23.0

Net worth

Non-current assets rose from the € 327.7 million reported on December 31, 2013 to € 406.0 million. This sharp increase is mainly due to the acquisitions in the first half of 2014. KUKA acquired intangible assets, especially expertise and technology valued at € 17.5 million. The amount reported for the first time for goodwill was € 9.6 million. The total is now € 69.2 million. The property, plant and equipment line item totaled € 41.3 million. A large portion of this is attributable to local and foreign properties owned by Reis Group. Financial assets include € 4.6 million for the shares purchased in Munich-based KBee AG. Deferred tax assets totaled € 33.5 million, which compares to € 25.6 million on December 31, 2013. Of this amount, € 17.9 million is for loss carryforwards. Here the comparable number for December 31, 2013 is € 14.7 million.

Current assets to June 30, 2014 were reported at € 1,032.5 million, versus € 1,049.4 million on December 31, 2013. The increases in inventories of € 78.8 million and receivables of € 74.0 million were driven mainly by the business situation and the acquisitions. The amount was more than offset by the drop of € 171.8 million in cash and cash equivalents after the corporate bond was redeemed.

As of the record date, KUKA Group's balance sheet total rose from € 1,377.1 million on December 31, 2013 to € 1,438.5 million, up 4.5 percent. The total is down slightly from the € 1,501.7 million reported for Q1/2014.

Equity increased from € 379.1 million to € 388.5 million in the first half of 2014. Earnings after taxes of € 22.5 million were offset by the equity-reducing impact of the change to the present value of pension obligations of € 5.7 million resulting from the adjustment of the discount rate and the dividend distribution of € 10.2 million. The equity ratio; that is, equity over total assets, fell to 27.0 percent from 27.5 percent at the close of fiscal 2013 as a result of the higher total assets.

The financial liabilities relate mainly to the € 150.0 million face value convertible bond maturing in February 2018. The dramatic drop is partially due to the complete redemption of the corporate bond.

Current liabilities rose from € 597.3 million on December 31, 2013 to € 789.8 million as of June 30, 2014. In addition to the aforementioned change in trade working capital, this was due especially to the increase of € 74.2 million in other liabilities and accruals and the increase in other provisions of € 44.1 million. The increase in other liabilities is mainly due to the recognition of liabilities for the contingent purchase price payment for Reis Group and seasonal higher liabilities in the personnel area, such as accruals for vacation. The increase in other provisions is due to higher provisions for outstanding order costs and guarantee provisions, as well as the consolidation of Reis Group.

KUKA Group's net liquidity of € 146.5 million as of December 31, 2013, consisting of liquid assets minus current and non-current financial liabilities, declined slightly to € 129.5 million as of the June 30, 2014 record date.

GROUP NET WORTH

in € millions	12/31/2013	06/30/2014
Total assets	1,377.1	1,438.5
Equity	379.1	388.5
in % of total assets	27.5%	27.0%
Net liquidity	146.5	129.5

RESEARCH AND DEVELOPMENT

In the first half of 2014, KUKA Group spent € 35.4 million on research and development, compared to € 24.3 million in H1/13. On a year-over-year basis, the increase occurred mainly in the second quarter of 2014. Total spending reached € 20.4 million in Q2/14, which compares to € 12.0 million in Q2/13. The reasons for the rising expenses are mainly the significantly higher head count in the research and development area and the increased efforts to further enhance software features.

Most of the R&D expenses are attributable to the Robotics division. Systems conducts some of its R&D in conjunction with customer projects.

Several group entities joined hands to present human robot collaboration applications at this year's AUTOMATICA trade show. KUKA is the first and world's only robot maker that was able to present moving robots operating without barriers at its trade show stand.

In twelve separate applications, LBR iiwa took center stage at the trade show booth shared by KUKA's companies. Visitors were able to freely interact with the robots without being protected by barriers. The everyday applications demonstrated included cleaning up meal trays in cafeteria kitchens, installing glass displays in a plastic frame, assisting a surgeon with a knee operation and automatically installing plugs on a car body.

KUKA products receive awards

In July, KUKA's lightweight robot received the Red Dot Award "Best of the Best" for product design. In making its decision, the jury was especially impressed by the unique design and innovative shape. The robot's ergonomic shape, smooth edges, shallow angles and supple flexibility were specifically designed for direct interaction with humans.

The German trade journal Maschinenmarkt presented KUKA Systems with its "MM Award" in the service robot category for the company's KUKA flexFELLOW. KUKA flexFELLOW is a mobile automation concept that can be used to economically automate delicate and complex assembly tasks.

The editors have awarded this prize for the most innovative exhibits at the Automation and Robotics trade show since 2008. The prize is awarded for innovations developed within the past twelve months, which set technical benchmarks and offer economic benefits in an appropriate design.

KUKA Innovation Award

KUKA presented an Innovation Award at the AUTOMATICA trade show for the first time. By presenting the prize to four finalists in the field of mobile manipulations using KUKA's youBot, the company is fostering its own research network.

KUKA moiros enhanced

KUKA moiros was also enhanced. It has been used in a conceptual study in which a battery-powered KR QUANTEC moves autonomously on KUKA's mobile omniMove platform with the help of autonomous navigation software. The robot and the platform are now being controlled in parallel from a single controller. This allows flexible handling of XXL components while the platform is in motion.

KUKA Sunrise presented to customers

KUKA Sunrise is the software used to control the sensitive LBR iiwa lightweight robot. Based on Java, the IT world's most common programming language, it will facilitate penetration of new markets.

The aim of the software project is to develop a real time system consisting of modular, scalable parallel components. The technology can be used to design sophisticated robot-based applications, which in future will be able to be seamlessly tied into corporate IT systems. High-performance open IT interfaces will enable customers to even better integrate their applications into their processes.

New KUKA Genius friction welding machine developed

The development work on the latest generation of KUKA's friction welding machines is now at the commissioning stage and will soon be complete. The final functions and process parameters are being defined and the controller software system is being finalized.

Energy efficiency for plant engineering and construction

KUKA Systems continues to press ahead with developing number crunching and simulation tools that will facilitate the design of energy efficient production and manufacturing plants. The division is currently preparing a guideline for handling and developing resource and energy-efficient systems for development processes.

Work also continued on development projects at Reis. For example, efforts are underway to tie the Reis robot controller to an Industry 4.0 standard and enhance the product portfolio for the gravity die casting market segment.

EMPLOYEES

The number of people (FTE) employed by KUKA Group rose 24.6 percent year-over-year, from 7,534 to 9,389. The increase is mainly due to the acquisition of Reis Group. There has been almost no change from the 9,392 employees reported for Q1/14. The Robotics division's head count (FTE) went from 3,177 to 3,521, an increase of 10.8 percent from the same time last year. The new employees were hired primarily for the general industry business, service and research and development. In the Systems division, the head count went from 4,158 on June 30, 2013 to 5,645 on June 30, 2014, primarily because of the acquisitions. The growth rate is 35.8 percent. The number of employees who came on board as a result of acquisitions is 1,217. The number of temporary workers employed by the Group was up 15.0 percent due to the excellent order situation. The total went from 1,388 to 1,596. Both Robotics and Systems added temporary workers. The other non-operations departments had 214 employees versus 192 last year. The number of employees at the Augsburg location has risen almost 2 percent since the beginning of the year. The total is now 3,096, up from 3,040 at the start of 2014.

KUKA GROUP EMPLOYEES

* incl. Reis Group and Alema

RISKS AND OPPORTUNITIES

Overall, KUKA Group's named risks relate to the business performance of the divisions and financial risks associated with currency exchange rate fluctuations and corporate financing. The Executive Board is not aware of any individual or combined risks that could threaten the company's existence as a going concern. Strategically and also financially, the company is positioned to be capable of taking advantage of arising business opportunities.

Please refer also to of the detailed report on pages 106 and following of the 2013 annual report.

EVENTS AFTER THE BALANCE SHEET

On June 24, 2014, Reis GmbH & Co. KG Maschinenfabrik, a subsidiary of KUKA Aktiengesellschaft, announced it would form a joint venture with Jiangsu Yawei Machine-Tool Co., Ltd. in China. The joint venture agreed to by the two companies will be called Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd.; Reis will own 49 percent and Yawei 51 percent. The term of the agreement is ten years. The company will be headquartered at Yawei's site in Yangzhou, China. The Chinese partner Yawei is one China's leading manufacturers of sheet-metal working machines and has been publically traded since 2011. The joint venture will give KUKA further access to the Asian market, one of the Group's primary targets for further growth. The cooperation between Reis and Yawei in the linear robot sector will also help KUKA sell products in the metal processing industry, in which Yawei has a strong position. Both joint venture parties can thereby use their market presence for sales. Since the approvals required by the government authorities had not yet been received at the close of the second quarter, the joint venture will only be incorporated into the Group's financial reporting as of the next quarter.

Aside from the aforementioned, there have been no material events after the balance sheet date of this report that impact the financial, assets or earnings position of the Group.

OUTLOOK

Given the current economic forecasts from the IMF, KUKA expects increased demand in fiscal 2014, particularly from North America and Asia, especially from China. Overall, current economic trends should have a positive impact on earnings. From a sector perspective, general industry growth is expected to be strong. This is due in part to the high potential for automation solutions, as well as the positive economic prospects for general industry customers. In the automotive segment investments were on a high level over the past few years.

Based on current general conditions, KUKA now expects sales revenues for fiscal 2014 of around € 2.0 billion, up about 10 percent from last year. The newly acquired Reis Group will contribute to the sales growth. Based on the current economic general conditions, KUKA Group is expecting an EBIT margin of about 6.5 percent for fiscal 2014. The main reason it is expected to be slightly lower than last year is because of the first-time consolidation of Reis Group. A one-time expense related to the integration and restructuring of Reis is included in the first half year of 2014 in this regard.

INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT (CUMULATIVE)

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2014

in € millions	Q2/13	Q2/14	H1/13	H1/14
Sales revenues	437.5	506.1	873.5	968.6
cost of sales	-333.6	-375.6	-664.2	-730.1
Gross profit	**103.9**	**130.5**	**209.3**	**238.5**
Selling expenses	-32.4	-39.7	-63.0	-75.4
Research and development expenses	-12.0	-20.4	-24.3	-35.4
General and administrative expenses	-28.4	-30.3	-54.8	-58.2
Other operating income	5.7	8.1	17.4	19.2
Other operating expenses	-9.0	-14.3	-29.6	-28.1
Income from companies consolidated at equity	–	-0.7	–	-1.0
Result from operating activities	**27.8**	**33.2**	**55.0**	**59.6**
Reconciliation to earnings before interest and taxes (EBIT)				
Financing costs included in cost of sales	1.2	0.9	2.4	1.6
Earnings before interest and taxes (EBIT)	**29.0**	**34.1**	**57.4**	**61.2**
Net interest income	2.3	2.2	4.4	4.6
Net interest expense	-8.8	-19.1	-15.0	-27.5
Financial results	**-6.5**	**-16.9**	**-10.6**	**-22.9**
Earnings before tax	**21.3**	**16.3**	**44.4**	**36.7**
Taxes on income	-8.8	-6.0	-17.4	-14.2
Net result	**12.5**	**10.3**	**27.0**	**22.5**
thereof minority interests in profits	0.0	0.0	0.0	0.0
thereof shareholders of KUKA AG	12.5	10.3	27.0	22.5
Earnings per share (undiluted) in €	**0.37**	**0.30**	**0.80**	**0.66**
Earnings per share (diluted) in €	**n/a**	**0.30**	**n/a**	**0.65**

INTERIM FINANCIAL STATEMENTS (CUMULATIVE)

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2014

in € millions	Q2/13	Q2/14	H1/13	H1/14
Earnings after taxes	12.5	10.3	27.0	22.5
Items that may potentially be reclassified to profit or loss				
Translation adjustments	-1.2	0.5	0.5	-0.6
Items that are not reclassified to profit or loss				
Changes in the share of net assets of investments in associates	–	–	–	3.2
Changes of actuarial gains and losses	2.0	-3.9	2.5	-7.4
Deferred taxes on changes of acturial gains and losses	-0.4	0.9	-0.6	1.7
Changes recognized directly in equity	**0.4**	**-2.5**	**2.4**	**-3.1**
Comprehensive income	**12.9**	**7.8**	**29.4**	**19.4**
of which: attributable to minority interests	0.0	0.0	0.0	0.0
of which: attributable to shareholders of KUKA AG	12.9	7.8	29.4	19.4

CONSOLIDATED CASH FLOW STATEMENT

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2014

in € millions	H1/13	H1/14
Net result	27.0	22.5
Depreciation / amortization on intangible assets	7.6	8.5
Depreciation / amortization on tangible assets	8.6	12.2
Other non-payment-related income	-1.2	-6.6
Other non-payment-related expenses	8.4	27.3
Cash Earnings	**50.4**	**63.9**
Result on the disposal of assets	0.0	0.1
Changes in provisions	8.9	31.5
Changes in current assets and liabilities:		
Changes in inventories	15.3	-36.8
Changes in receivables and deferred charges	-54.0	-69.5
Changes in liabilities and deferred charges (without debts)	48.6	50.4
Cash flow from operating activities	**69.2**	**39.6**
Payments from disposals of fixed assets	0.3	2.1
Payments for capital expenditure on intangible assets	-6.5	-5.1
Payments for investments on tangible assets	-12.4	-22.1
Payments for investments in consolidated companies	-16.6	-13.8
Payments due to investment funds as part of short-term financial management	–	22.3
Cash flow from investing activities	**-35.2**	**-16.6**
Free cash flow	**34.0**	**23.0**
Dividend of KUKA AG	-6.8	-10.2
Proceeds / payments from the issuance / repayment of bonds and liabilities similar to bonds	37.2	-173.0
Proceeds from / payments for the acceptance / repayment of bank loans	-0.4	-16.9
Cash flow from financing activities	**30.0**	**-200.1**
Payment-related change in cash and cash equivalents	**64.0**	**-177.1**
Changes in cash and cash equivalents related to acquisitions	–	4.3
Exchange-rate-related and other changes in cash and cash equivalents	0.3	1.0
Change in cash and cash equivalents	**64.3**	**-171.8**
(of which net increase / decrease in restricted cash at the beginning of the period)	–	-0.2
cash and cash equivalents at the beginning of the period	244.3	441.1
(of which restricted cash at the beginning of the period)		6.1
Cash and cash equivalents at the end of the period	**308.6**	**269.3**
(of which restricted cash at the end of the period)	–	5.9

CONSOLIDATED BALANCE SHEET

of KUKA Aktiengesellschaft as of June 30, 2014

ASSETS

in € millions	12/31/2013	06/30/2014
Non-Current assets		
Fixed assets		
Intangible assets	92.5	116.5
Tangible assets	133.6	174.9
Financial investments	0.2	5.0
	226.3	**296.4**
Long-term finance lease receivables	**61.9**	**61.9**
Long term tax receivables	**4.8**	**5.4**
Other long-term receivables and other assets	**9.1**	**8.8**
Deferred taxes	**25.6**	**33.5**
	327.7	**406.0**
Current assets		
Inventories	**186.2**	**265.0**
Receivables and other assets		
Trade receivables	167.5	168.4
Receivables from construction contracts	181.1	254.2
Current finance lease receivables	5.3	5.9
Current tax receivables	7.1	5.3
Other assets and deferred charges	61.1	64.4
	422.1	**498.2**
Cash and cash equivalents	**441.1**	**269.3**
	1,049.4	**1,032.5**
	1,377.1	**1,438.5**

EQUITY AND LIABILITIES

in € millions	12/31/2013	06/30/2014
Equity		
Subscribed capital	88.2	88.2
Capital reserve	94.5	94.5
Revenue reserves	195.1	204.5
Minority interests	1.3	1.3
	379.1	**388.5**
Non-current liabilities		
Non-current financial liabilities	288.1	135.0
Other non-current liabilities	14.7	16.3
Pensions and similiar obligations	73.4	81.1
Deferred taxes	24.5	27.8
	400.7	**260.2**
Current liabilities		
Current financial liabilities	6.5	4.8
Trade payables	171.7	216.9
Advances received	52.3	83.1
Liabilities from construction contracts	132.7	126.1
Accounts payable to affi liated companies	0.1	0.0
Provision for taxes	7.1	13.7
Other current liabilities and deferred income	132.2	206.4
Other provisions	94.7	138.8
	597.3	**789.8**
	1,377.1	**1,438.5**

CHANGES TO GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2014

				Revenues reserves						
in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Translation gains / losses	Actuarial gains and losses	Assessment of associates	Annual net income and other revenue reserves	Equity to shareholders	Minority interests	Total
01/01/2014	**33,915,431**	**88.2**	**94.5**	**-2.2**	**-4.9**	**–**	**202.2**	**377.8**	**1.3**	**397.1**
Comprehensive income				-0.6	-5.7	3.2	22.5	19.4		19.4
Dividend of KUKA AG							-10.2	-10.2		-10.2
Employee share program							0.2	0.2		0.2
Other changes										0.0
06/30/2014	**33,915,431**	**88.2**	**94.5**	**-2.8**	**-10.6**	**3.2**	**214.7**	**387.2**	**1.3**	**388.5**

CHANGES TO GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2013

				Revenues reserves						
in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Translation gains / losses	Actuarial gains and losses	Assessment of associates	Annual net income and other revenue reserves	Equity to shareholders	Minority interests	Total
01/01/2013	**33,915,431**	**88.2**	**67.5**	**-0.1**	**-10.2**	**–**	**150.7**	**296.1**	**1.4**	**297.5**
Comprehensive income				0.5	1.9		27.0	29.4	0.0	29.4
Dividend of KUKA AG							-6.8	-6.8		-6.8
Employee share program								–		–
Other changes			7.5		0.6			8.1		8.1
06/30/2013	**33,915,431**	**88.2**	**75.0**	**0.4**	**-7.7**	**–**	**170.9**	**326.8**	**1.4**	**328.2**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

of KUKA Aktiengesellschaft for the period January 1 – June 30, 2014

	Robotics		Systems		KUKA AG and other companies		Reconciliation and consolidation		Group	
in € millions	H1/13	H1/14	H1/13	H1/14	H1/13	H1/14	H1/13	H1/14	H1/13	H1/14
Orders received	420.5	443.1	603.3	759.9	–	–	-15.7	-17.3	1,008.1	1,185.7
Order backlog	274.1	321.0	757.4	965.0	–	–	-9.1	-12.7	1,022.4	1,273.3
Group external sales revenues	380.1	391.4	493.4	577.2	0.0	0.0	–	–	873.5	968.6
as a % of Group sales revenues	43.5%	40.4%	56.5%	59.6%	0.0%	0.0%	–	–	100.0%	100.0%
Intra-Group sales	11.0	6.5	1.3	1.6	0.0	0.0	-12.3	-8.1	–	–
Sales revenue by division	**391.1**	**397.9**	**494.7**	**578.8**	**0.0**	**0.0**	**-12.3**	**-8.1**	**873.5**	**968.6**
Operating profit / loss	**133.3**	**147.6**	**66.6**	**90.5**	**0.0**	**0.0**	**9.4**	**0.4**	**209.3**	**238.5**
as a % of sales revenues of the division	34.1%	37.1%	13.5%	15.6%					24.0%	24.6%
EBIT	**39.6**	**41.4**	**26.9**	**28.0**	**-10.0**	**-8.7**	**0.9**	**0.5**	**57.4**	**61.2**
as a % of sales revenues of the division	10.1%	10.4%	5.4%	4.8%	–	–	–	–	6.6%	6.3%
EBITDA	**49.6**	**51.9**	**31.8**	**36.3**	**-8.7**	**-7.1**	**0.9**	**0.5**	**73.6**	**81.6**
as a % of sales revenues of the division	12.7%	13.0%	6.4%	6.3%	–	–	–	–	8.4%	8.4%
Assets (06/30)	357.7	388.8	563.4	715.2	172.9	223.2	-175.4	-173.5	918.6	1,153.7
Employees (06/30)	3,177	3,521	4,158	5,645	199	223	–	–	7,534	9,389

IFRS accounting standards

KUKA Aktiengesellschaft, headquartered in Augsburg, prepared its interim financial statements for the period ending June 30, 2014 in line with the IAS 34 Interim Financial Reporting guidelines as adopted by the European Union. The company elected to prepare a condensed version in accordance with this standard. The condensed interim report should be read in conjunction with the Group's consolidated financial statements to December 31, 2013. Unless otherwise noted, numbers are reported in millions of euro.

The interim consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as approved by the European Union. The IFRS designation includes the still valid International Accounting Standards (IAS). The interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standards Interpretations Committee (IFRS IC), supplemented by the regulations applicable according to section 315a, clause 1 of the German Commercial Code (HGB) were also applied.

Scope of consolidation

In comparison to the end of last year, the acquired companies Reis Group (twenty-four companies in total), based in Obernburg, Germany and Alema Automation SAS, based in Bordeaux, France, were added to the group of consolidated companies. All of the new companies belong to the Systems segment. In addition, C.M.A-Technology SRL, based in Sibiu, Romania, was merged with KUKA Systems SRL, also based in Sibiu, Romania. An associated company, KBee AG, based in Munich, Germany, was also incorporated into the consolidated statements using the at equity method (for further information see "Investments in associated companies"). The interest is held by the Robotics segment. As a result of a change in the business model, the Systems segment's Thai subsidiary was transferred to the Robotics segment in the second quarter of 2014.

The following table shows the changes to the group of consolidated companies since January 1, 2014:

ACQUISITIONS

Number of fully consolidated companies	Robotics	Systems	Other	Total
as of 01/01/2014	**23**	**25**	**3**	**51**
First consolidation	0	25	0	25
Merger	0	-1	0	-1
Intragroup reclassification	1	-1	0	0
as of 06/30/2014	**24**	**48**	**3**	**75**
thereof Germany	2	13	3	18
thereof abroad	22	35	0	57

Number of associated companies	Robotics	Systems	Other	Total
as of 06/30/2014	**1**	**0**	**0**	**1**

In order to strengthen its market presence and penetrate new markets, the Systems segment acquired Reis Group, based in Obernburg, Germany, and Alema Automation SAS, based in Bordeaux, France. These companies were incorporated into the consolidated financial statements based on preliminary numbers.

Reis Group

Reis Group, based in Obernburg, Germany was acquired at the beginning of the year. Reis Group's parent company is Reis Group Holding GmbH & Co. KG, based in Obernburg, Germany, which is managed by Reis Holding GmbH, based in Obernburg, Germany. Reis is mainly a systems integrator that also develops and manufactures industrial robots and robot controllers. The company applies robots and systems in numerous industrial processes such as welding, cutting and laser machining, as well as making castings and plastic components and supplies to a variety of sectors; from automotive to chemicals, electronics and white goods. KUKA expects the acquisition to result in further penetration of general industry markets and enable it to strengthen its presence in China. Significant future synergies are also expected in the product development area.

The deal to acquire all shares of Reis Holding GmbH and contribute capital to the limited liability capital of Reis Group Holding GmbH & Co. KG, after which KUKA became the majority shareholder with a 51 percent stake, was signed subject to certain conditions on December 21, 2013 (see also "Events after the reporting period" section in the 2013 annual report). These conditions were met in January 2014. Reis Group is 100 percent consolidated into KUKA Group effective January 1, 2014 under the terms of the acquisition method as outlined in IAS 32.

Reis Holding GmbH was acquired at a cost of € 1. KUKA contributed € 2.1 million in capital to Reis Group Holding GmbH & Co. CG in January 2014. The sum of € 41.4 million has been recognized for future liabilities. Most of this is for the claim for surrender of the property in Obernburg. It also includes fixed and performance related amounts at the time of the potential acquisition of the remaining limited partner's shares according to civil law in 2017 and a guaranteed annual dividend distribution to the original shareholders.

Cash and cash equivalents of € 3.7 million were transferred as part of the deal. Shares of previously fully consolidated companies were not acquired.

As of June 30, 2014, sales of € 53.9 million and a net loss for the year of € 9.7 million are attributable to the acquisition. The following table shows the carrying amounts assumed as a result of the purchase of the divisions immediately prior to the acquisition as well as the opening balance sheet in fair values.

in € millions	Carrying amounts assumed	Opening balance sheet in fair values
Intangible assets	1.6	15.7
Tangible assets	35.1	31.5
Inventories	41.4	41.4
Receivables and other assets	20.4	20.6
Liabilities and provisions	63.8	70.6

The acquired intangible assets consist of the brand name and the acquired technology. Receivables and inventories relate mainly to the orders in house at the time of the acquisition. Accruals had to be formed for loss generating contracts and orders on hand. Contingent liabilities were not assumed. Deferred tax liabilities of € 0.9 million resulted from the acquisition. There was thus no goodwill associated with the preliminary purchase price allocation for the transaction.

Alema Automation

On February 26, 2014, the company acquired all the shares of Alema Automation SAS, based in Bordeaux, France. Alema supplies automation solutions to the aviation industry and has specialized applications expertise in the field of automated drilling and riveting of aircraft components. KUKA expects future synergies related to executing its general industry growth strategy from the expertise acquired, especially in the aviation industry.

The purchase price of € 11.4 million was immediately paid. Cash and cash equivalents of € 0.6 million were transferred as part of the deal. Shares of previously fully consolidated companies were not acquired.

As of June 30, 2014, sales of € 6.5 million and a net income for the year of € 0.6 million are attributable to the acquisition. If the businesses had already been consolidated at the beginning of 2014, they would have contributed € 2.0 million to revenues and reduced net earnings by € 0.3 million.

The following table shows the carrying amounts assumed as a result of the purchase of the divisions immediately prior to the acquisition as well as the opening balance sheet in fair values.

in € millions	Carrying amounts assumed	Opening balance sheet in fair values
Intangible assets	1.1	1.8
Tangible assets	0.1	0.1
Inventories	1.3	1.4
Receivables and other assets	9.9	9.9
Liabilities and provisions	11.7	11.7

The acquired intangible assets consist mainly of software licenses, patents, customer lists and orders on hand. Receivables and inventories relate mainly to the orders in house at the time of the acquisition. Contingent liabilities were not assumed. Deferred tax liabilities of € 0.3 million resulted from the acquisition. The transaction resulted in goodwill of € 9.6 million. The goodwill reflects mainly future synergies in the area of market penetration in the aviation industry.

Investments in associated companies

On February 27, 2014, KUKA Group acquired a 45.0 percent stake in KBee AG, based in Munich, Germany. The company develops and sells robot hardware, software and design. Plans call for developing a number of innovative automation and robotics applications for the first time. The shareholders of KBee AG have either contributed expertise, or financial means, as in the case of KUKA. The contractually agreed further injection of capital will depend on achieving specified milestones.

The partial acquisition will be included in the financial statements according to the equity method as per IAS 28, since a material influence on the company exists. Initially, the investment book value will be recognized as the share of equity. The initial difference between the cash injection and share of equity (€ 3.2 million) will be reported under equity without affecting net income. The share of the company's earnings or losses attributable to KUKA will be reported directly in the income statement under the item "Result of companies consolidated at equity" under earnings before interest and taxes. A loss of € 1.0 million was recognized to June 30, 2014. The book value as of the record date is € 4.6 million.

Accounting and Valuation Methods

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the business year ending 2013 – with the exception of investments in the above associated companies and the changes outlined below – 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, 2013, which form the basis of the interim report presented here. The latter are also available on the Internet at www.KUKA.com.

Changes to Accounting and valuation policies

The following new standards and interpretations have come become mandatory since the start of the 2014 financial year:

- IFRS 10 Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12 Disclosure of Interests in other entities
- New version of IAS 27, Separate Financial Statements
- New version of IAS 28, Investments in Associates and Joint Ventures
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities
- Investment entities: amendments to IFRS 10, IFRS 12 and IAS 27
- Transitional provisions related to IFRS 10, IFRS 11 and IFRS 12
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-financial Assets
- Amendments to IAS 39, Novations of Derivatives and Continuation of Hedge Accounting
- IFRIC 21, Levies

The first-time applications of these standards and interpretations had only a minor or no impact on the consolidated financial statements.

Earnings per share

Undiluted / diluted earnings per share break down as follows:

	H1/13	H1/14
Net result attributable to shareholders of KUKA AG (in € millions)	27.0	22.5
Weighted average number of shares outstanding (numbers)	33,915,431	33,915,431
Earnings per share undiluted (in €)	0.80	0.66
Earnings per share diluted (in €)	n/a	0.65

Undiluted earnings per share due to shareholders of KUKA Aktiengesellschaft were calculated as per IAS 33 on the basis of Group consolidated earnings after taxes and the weighted average number of shares outstanding for the year.

In the first half of 2014, the weighted average number of shares in circulation was 33.9 million. Some stock dilution could arise in the future if bondholders convert their convertible bonds issued in February and July 2013 to shares, because capital was conditionally increased. In the first half of 2014, the average price of the shares on the stock market was above the conversion price on forty-four days due to the excellent share performance. On the record date, the closing price in Xetra trading on the Frankfurt stock exchange was € 44.80, significantly higher than the conversion price of € 36.8067. Conversion as of the record date would have been profitable for bondholders. As such, all potentially convertible shares have been incorporated into the calculation of diluted earnings per share in accordance with IAS 33.32.

Shareholders' equity

The subscribed share capital of KUKA Aktiengesellschaft of € 88,180,120.60 is subclassified into 33,915,431 no par value bearer shares. Each share entitles its holder to one vote.

IAS 19 employee benefits

The balance sheet employee benefits account interest rate as of June 30, 2014 and as per IAS 19 for German companies is 2.70 percent per annum and 4.25 percent per annum in North America. On December 31, 2013 it was 3.55 percent for German companies and 4.80 percent in North America. This resulted in actuarial losses for the defined benefit obligation (DBO) of € 7.5 million. Investment income growth from external pension funds exceeded expectations, resulting in actuarial gains of € 0.1 million. The actuarial result was reported under equity as an income-neutral sum of € 5.7 million after consideration of deferred taxes.

Convertible bond

Last February, KUKA Aktiengesellschaft issued a convertible bond with a face value of € 58.8 million maturing in February 2018 (tranche 1) and increased the size by € 91.2 million in July 2013 (tranche 2). The convertible bond thus now has a total face value of € 150 million. The bond was issued in denominations of € 100,000. The initial conversion price is € 36.8067 per share. The conversion ratio is thus 2,716.8967 shares for each € 100,000 bond. In total, the bond entitles bondholders to convert their holdings into up to 4,075,344 new bearer shares of KUKA Aktiengesellschaft (of which 1,597,535 are for the tranche in February 2013 and 2,477,809 for the tranche in July 2013. The conversion rights are valid for the entire term of the convertible bond. The bond carries an interest coupon of 2.0 percent p. a. Interest is paid twice a year, on February 12 and August 12. The first payment was made on August 12, 2013.

Bond

The remainder of the corporate bond issued by KUKA Aktiengesellschaft in November 2010 was redeemed as announced on May 15, 2014 at a rate of 108.36 percent. The amount outstanding of the original nominal face value of € 202.0 million was € 140.4 million. KUKA was thus able to further optimize its financing portfolio. The redemption resulted in a one-time charge of € 17.7 million.

Syndicated loan

In December 2013, KUKA Group refinanced the secured Senior Facilities Agreement dated 2010 in view of the significantly improved business conditions. The Syndicated Senior Facilities Agreement comprises a total of € 160.0 million (of which € 50.0 million is a cash credit line and € 110.0 million a line of credit for LCs) with a term to maturity of five years. The cash credit line may also be used as a line of credit for LCs. The new Syndicated Senior Facilities Agreement is unsecured and contains only typical equal treatment and negative pledges.

Line of credit utilization totaled € 51.8 million as of record date versus € 53.9 on December 31, 2013; the existing operating line of credit was utilized in the amount of € 7.9 million (of which € 5.0 million is for LCs). As of December 31, 2013, the number was € 3.4 million, only cash.

As a result of the changes to the constituent members of the bank consortium for the new Syndicated Senior Facilities Agreement compared to the old, the banks that are no longer members had to be reimbursed for the associated LCs. This was done by way of cash deposits in the amount of the still active LCs held by these banks into pledged bank accounts. KUKA will only have access to these monies after expiry of the LCs or returning the LCs in question. As a result, the amounts are reported as restricted cash (For further information please refer to “Cash flow”).

Lines of credit from banks and surety companies

The lines of credit from banks and surety companies not included in the Syndicated Senior Facilities Agreement totaled € 89.0 million as of June 30, 2014 versus € 72.8 million as of December 31, 2013. These can be fully utilized. As of the record date, the company had utilized € 49.9 million versus € 50.4 million on December 31, 2013.

ABS program

As outlined in the 2013 annual report, KUKA implemented one ABS program (Asset-Backed Securities) totaling € 25.0 million in June 2011. Under the terms of this program, € 11.5 million were utilized as of June 30, 2013, which compares to € 4.1 million on December 31, 2013.

Financial instruments reported at fair market value

IFRS 13 defines how to determine fair market value and expands on disclosures related to the fair value. The standard does not contain any indication of the cases in which such fair market values are to be reported. The fair value is the price that arm’s-length investors would pay on the valuation record date when buying an asset or transferring a liability under typical market conditions. In accordance with IFRS 13, assets and financial liabilities measured at market values are to be attributed to the three levels of the fair value hierarchy. The three levels of the fair value hierarchy are defined as follows:

Step 1

Quoted price in active markets for identical assets or liabilities.

Step 2

Inputs other than quoted prices that are observable either directly or indirectly.

Step 3

Inputs for assets and liabilities that are not based on observable market data.

Affected by this in KUKA Group are primarily the forward exchange transactions carried as an asset (June 30, 2014: € 1.6 million; December 31, 2013: € 3.6 million) and those carried as a liability (June 30, 2014: € 1.2 million; December 31, 2013: € 2.2 million). These are measured according to level 2. The values are determined with the aid of standard financial mathematical techniques, using current market parameters such as exchange rates and counterparty credit ratings (mark-to-market method) or quoted prices. Average prices are used for this calculation.

All other financial instruments are reported at amortized cost. The market values here are reflected mainly by the book values with the exception of the convertible bond. As of the record date, the market value of the convertible bond was € 203.2 million versus € 172.8 million on December 31, 2013, and the book value € 136.1 million versus € 134.2 million on December 31, 2013.

Segment report

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.

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. This item comprises all funds recognized on the balance sheet as cash and cash equivalents; i.e. cash in hand, checks and cash balances with financial institutions, provided that they are available within three months. Of the total, € 5.9 million is reported as restricted cash. This compares to € 6.1 million on December 31, 2013. The restricted cash relates mainly to the Syndicated Senior Facilities Agreement and the companies acquired this fiscal year.

Contingent liabilities and other financial commitments

There has been no material change in other financial obligations and contingent liabilities since December 31, 2013. KUKA has an obligation to inject further cash in the single-digit million range between now and the end of 2016 depending on further developments and the achievement of certain milestones in connection with the stake the company holds in Munich-based KBee AG. No material financial obligations or liabilities other than those included in the financial statements were assumed in connection with the acquisition of Reis Group and Alema, with the exception of the purchase order commitments from normal business operations.

Related parties

Parties related to KUKA Group include mainly members of the Executive and Supervisory boards as well as non-consolidated companies in which KUKA Aktiengesellschaft directly or indirectly holds a material share of the voting rights, or companies that directly or indirectly hold a material share of the voting rights of KUKA Aktiengesellschaft.

Since December 31, 2013, the number of parties and persons related to the associated Munich-based company KBee AG has grown as defined by IAS 24.9 (for further information regarding relations to KBee, please refer to "Investments in associated companies" above). With the exception of the financial investment in KBee AG, no material services were provided to or received from other associated companies in the first six months of the fiscal year. Outstanding receivables or liabilities as of the record date are immaterial.

Grenzebach Maschinenbau GmbH, Asbach-Bäumenheim, Bavaria, gave notice on November 20, 2013 that it had reduced its holdings in KUKA Aktiengesellschaft to less than 20 percent. In the first six months of the fiscal year, consolidated companies belonging to the Group provided goods and services to Grenzebach Group totaling € 1.9 million and received € 7.1 million in goods and services. At the end of the first half of 2013 these numbers were € 3.3 million and € 10.8 million respectively. As of June 30, 2014, receivables totaled € 0.6 million and liabilities € 0.0 million. The year prior, on June 30, 2013, receivables were at € 2.1 million and liabilities at € 0.5 million.

All transfer prices are market oriented and set in accordance with the “dealing at arm’s length” principle.

Events of major importance after the end of the reporting period

On June 24, 2014, Reis GmbH & Co. KG Maschinenfabrik, a subsidiary of KUKA Aktiengesellschaft announced that it would form a joint venture with Jiangsu Yawei Machine-Tool Co., Ltd. in China. The joint venture agreed to by the two companies will be called Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd.; Reis will own 49 percent and Yawei 51 percent. The term of the agreement is ten years. The company will be headquartered at Yawei’s site in Yangzhou, China. The Chinese partner Yawei is one China’s leading manufacturers of sheet-metal working machines and has been listed on the stock exchange since 2011. The joint venture will give KUKA further access to the Asian market, one of the Group’s primary targets for further growth. The cooperation between Reis and Yawei in the linear robot sector will also help KUKA sell products in the metal processing industry, in which Yawei has a strong position. Both joint venture parties can thereby use their market presence for sales. Since the approvals required by the government authorities had not yet been received at the close of the second quarter, the joint venture will only be incorporated into the Group’s financial reporting as of the next quarter.

Aside from the aforementioned, there have been no material events after the balance sheet date of this report that impact the financial, assets or earnings position of the Group.

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 5, 2014

The Executive Board

Dr. Till Reuter Peter Mohnen

DECLARATION BY THE AUDITORS

To KUKA Aktiengesellschaft, Augsburg

We have reviewed the condensed consolidated interim financial statements consisting of the condensed income statement, comprehensive income, condensed cash flow statement, condensed balance sheet, changes to Group equity statement and selected explanatory notes, and the interim Group management report of KUKA Aktiengesellschaft, Augsburg, all of which form part of the half-year report as per section 37w of the German Securities Trading Act (WpHG), for the period from January 01, 2014 to June 30, 2014. Preparation of the condensed consolidated interim report according to IFRS for interim reporting as adopted by the EU, and the interim Group management report according to the German Securities Trading Act guidelines for interim group management reports is the responsibility of the company's executive board. Our responsibility is to issue a statement on the condensed consolidated interim financial statements and 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 the German standards for the review of financial statements stipulated by the Institute of Public Auditors in Germany (IDW). According to these standards, we are required to plan and conduct our review so that we can be reasonably certain through critical evaluation that the condensed consolidated interim financial statements have been prepared in all material respects in accordance with the IFRS as applicable to interim financial reporting, and as adopted by the EU, and that the interim Group management report has been prepared in all material respects in accordance with the applicable directives of the German Securities Trading Act (WpHG). A review is primarily restricted to interviews with company employees and analytical evaluations and is therefore less rigorous than an audit. Since we have not conducted an audit, we are unable to express an audit opinion.

When conducting our review, we did not encounter any issues that lead us to conclude that the condensed consolidated interim financial statements have not been prepared in all material respects in accordance with IFRS as applicable to interim financial reporting, and as adopted by the EU. Neither did we conclude 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 as it applies to interim group management reports.

Munich, August 5, 2014

KPMG
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Karl Braun	Rainer Rupprecht
(German public auditor)	(German public auditor)

FINANCIAL CALENDAR

November 5 .... Interim report for the first nine months

This quarterly report was published on August 5, 2014 and is available in German and English from KUKA AG's Public / Investor Relations department. In the event of doubt, the German version applies.

DISCLAIMER

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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