Q2 2011

Interim report for the period from 1 January to 30 June 2011

KRONES

		Jan–June 2011	Jan–June 2010	Change
Sales	€ million	1,257.5	1,076.2	+16.8%
New orders, cumulative, including Lifecycle Service	€ million	1,323.4	1,104.9	+19.8%
Orders on hand at 30 June, including Lifecycle Service	€ million	974.6	917.2	+6.3%
Capital expenditure for PP&E and intangible assets	€ million	33.3	27.9	+19.4%
Employees at 30 June				
Worldwide		10,761	10,293	+4.5%
Germany		8,367	8,054	+3.9%
Outside Germany		2,394	2,239	+6.9%
EBITDA	€ million	103.3	59.3	+74.2%
EBIT	€ million	69.2	30.4	+127.6%
EBT	€ million	69.2	32.0	+116.3%
Net income	€ million	49.2	22.1	+122.6%
Earnings per share	€	1.62	0.73	+121.9%
Cash flow, gross*	€ million	83.3	51.0	+63.3%

* net income + depreciation

Cover photo:
LitePac addresses several market trends in secondary packaging for PET containers – particularly with respect to environmental friendliness, reduced consumption of resources and energy, and cost savings – and is pointing the way to the future.

Photo page 17:
The new EvoLite strapping machine meets our criteria for media and energy efficiency and environmental friendliness and has earned the enviro label.

Dear shareholders and friends of KRONES,

The first half of 2011 was a busy time at KRONES. Demand for our products and services was very high. New orders were up 19.8% year-on-year to €1,323.4 million and sales rose 16.8% to €1,257.5 million. In the past several months we also laid important groundwork that will ensure our continued success. We have been implementing our new strategy programme »Value« step by step. With it, KRONES is addressing new challenges on the markets, for which linear planning is no longer sufficient. The common focus of all activities is profitable growth.

To grow, we must invest. Therefore we further expanded our production and service capacities during the reporting period. Much of the associated funding went into updating our plants and offices in Germany. Although Asia and other emerging markets will continue to account for an increasing share of demand for KRONES products, we firmly believe that Germany is uniquely qualified to produce our highly complex machines and lines in the high quality our customers have come to expect. That is why we are standing by our decision to keep production in Germany. In order to keep our German sites competitive for the long term, we must work continually with our employees to become even better.

The successes of the first half of this year show that we are on the right track. But we are not waxing euphoric. As ever, we are keeping our feet firmly planted on the ground. The past has taught us how quickly the overall economic situation can change for the worse. We are confident that we will achieve our goals and thereby further strengthen our market position and performance over last year.

Volker Kronseder Chairman of the Executive Board	Hans-Jürgen Thaus Deputy Chairman of the Executive Board

World economy expected to grow 4.3% in 2011

Public debt problems worldwide continued to shape macroeconomic activity in the first half of 2011. Fears persist that the debt crisis could spread from Greece to other countries like Italy, Portugal, and Spain and trigger another financial and economic crisis. The USA's debt problems have also garnered increasing attention in recent months.

The high public debt of many industrialised countries hangs over the global economy like the sword of Damocles.

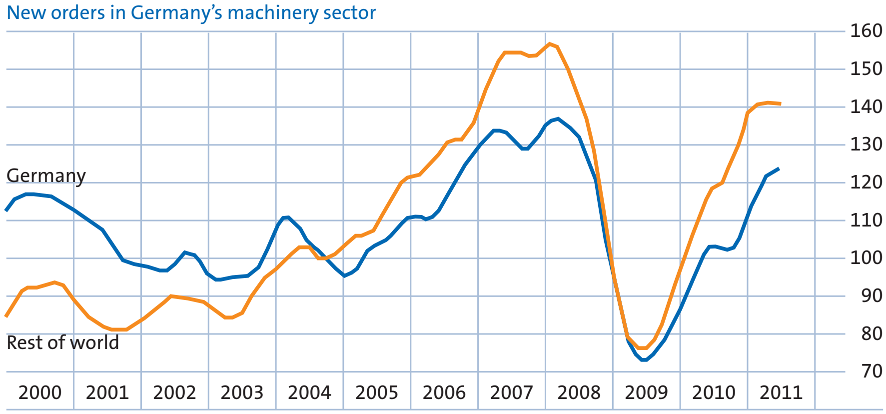
The International Monetary Fund (IMF) revised its growth forecasts in June. Because the US economy performed more poorly than expected in the first months of 2011, IMF economists have lowered their forecast for US growth in 2011 from 2.8% to 2.5%. In Japan, the impact of the devastating earthquake and tsunami on the Japanese economy was even worse than had originally been feared. The IMF now expects Japan's gross domestic product (GDP) to shrink by 0.7% year-on-year in 2011. In April, the IMF was still forecasting 1.4% growth. The downward revisions for the USA and Japan have affected forecasts for the global economy as well. The IMF is now predicting global GDP growth of 4.3% for 2011. In April, the forecast was still 4.4%. The BRIC nations (Brazil, Russia, India, and China) will likely contribute the most growth. Within Europe, Germany stands out as a growth engine. The IMF is forecasting 3.2% GDP growth in Germany in 2011. The euro area as a whole is expected to grow 2.0%.

Output in Germany's machinery sector picks up considerably

Compared with the exceptionally high growth rates of more than 40% achieved in the first months of 2011, orders intake among German machinery manufacturers has recently tapered off. In May 2011, new orders in the industry were up 21% year-on-year. In the three-month period from March 2011 to May 2011, which is less heavily affected by short-term fluctuations, the improvement was 20%. The German Engineering Federation (VDMA) is standing by its forecast of 14% output growth in the sector for 2011. With that, the level of output would be only 6% shy of the record set in 2008, before the financial and economic crisis erupted.

New orders growth among German machinery manufacturers slowed recently.

New orders in Germany's machinery sector



Price-adjusted index, 2005 basis = 100

Source: VDMA, 30 June 2011

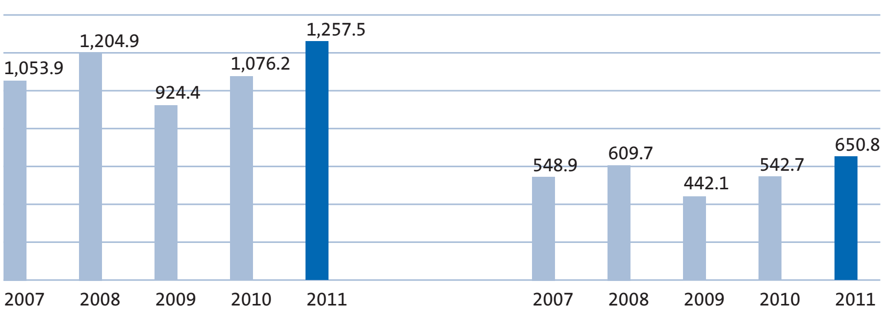
KRONES sales up 16.8% in the first half

Growth at KRONES accelerated from April to June 2011. In the second quarter, sales increased 19.9% year-on-year from €542.7 million to €650.8 million. At €1,257.5 million, second-half sales were not only 16.8% higher than in the same period of 2010. They also exceeded the value from the record year 2008 (€1,204.9 million).

Sales of individual machines and sales of complete filling lines both outperformed the year-earlier period by a considerable margin. Sales in our core segment, machines and lines for product filling and decoration, grew more than proportionately in the period from January to June 2011 (18.3%).

Sales from 1 January to 30 June (€ million)

Sales in Q2 (€ million)



Sales by region

Boosted by the good economic situation in Germany, KRONES' sales in Germany rose 43.0% year-on-year in the first half of 2011 to €161.7 million (previous year: €113.1 million). Business in Germany accounted for 12.8% of consolidated revenue in the reporting period, up from 10.5% the previous year.

Sales generated in Europe (excluding Germany) were up 10.4% from €327.7 million the previous year to €361.9 million in the first six months of 2011. Sales in the Central Europe sales region grew during the reporting period. In the first half of 2011, KRONES also posted high sales growth in Eastern Europe again for the first time since the financial and economic crisis. However, sales in Europe (excluding Germany) accounted for a smaller share (28.8%) of total sales in the first half of 2011 than they had a year earlier (30.5%).

Sales revenue generated in the rest of the world totalled €733.9 million in the first two quarters of this year, which is 15.5% more than last year (€635.4 million). The markets of Africa, the Middle East, and China proved stable. We achieved above-average growth in Asia and South America. All told, KRONES generated 58.4% of consolidated sales outside Europe in the first half of this year (previous year: 59.0%).

The company's biggest single market in terms of sales revenue was China.

New orders and orders on hand

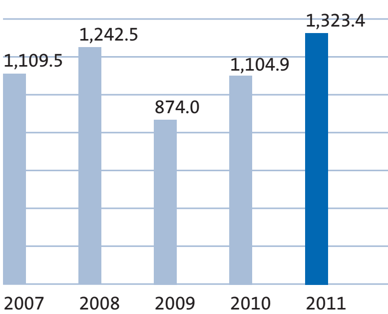
New orders up almost 20%

In the first half of 2011, KRONES benefited from the good overall economic situation. We also reaped the rewards of being the only full-service supplier worldwide capable of delivering a complete range of products and services from a single source. Our many product innovations, such as even more efficient machines for filling and packaging beverages in plastic bottles, were well received by the market. New orders were up 19.8% year-on-year in the period from January to June 2011, to €1,323.4 million (previous year: €1,104.9 million). At €694.8 million, new orders in the second quarter of 2011 were up 25.3% year-on-year (€554.5 million). With that, new orders from April to June were also up 10.5% compared with the strong first quarter of 2011, which had seen €628.6 million in new orders.

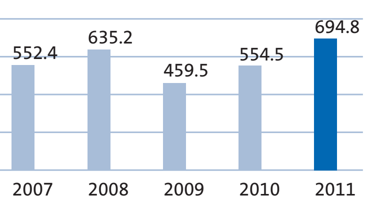
New orders at KRONES increased in the first half of 2011.

Business at KRONES picked up in almost all of our sales regions in the first six months of 2011. The highest growth rates in new orders were achieved in Africa and the Middle East, Eastern Europe, the CIS countries, and Central Europe. Following a long slow period, business in the US has begun to show initial signs of improvement. The largest volume of new orders in absolute terms in the reporting period once again came from China.

New orders from 1 January to 30 June (€ million)



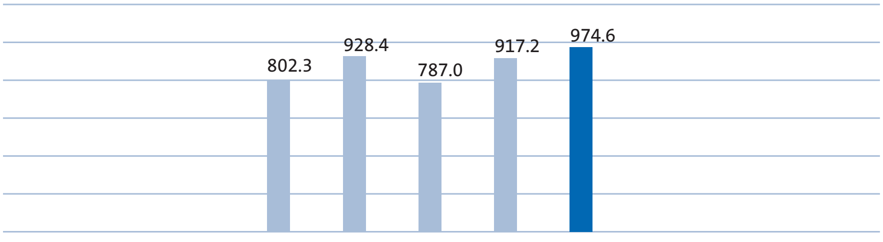
New orders in Q2 (€ million)



KRONES has an orders backlog of €974.6 million

Over the past several months, we have had all hands on deck in order to complete our large volume of orders on time. Because the inflow of orders remains strong, our orders backlog increased further in the second quarter. At 30 June 2011, KRONES had orders on hand totalling €974.6 million (previous year: €917.2 million). The comfortable orders backlog provides a solid basis for further revenue growth in 2011 as a whole.

Orders on hand at 30 June (€ million)

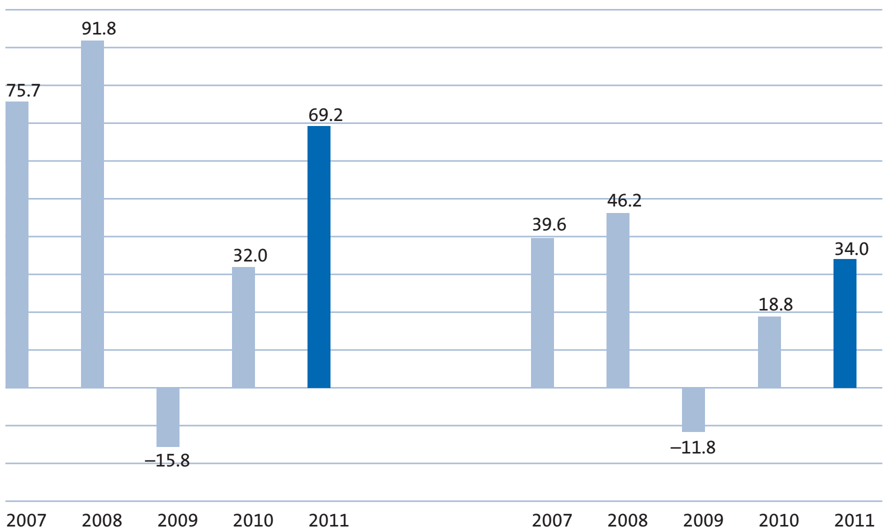


KRONES' profits up considerably

KRONES continued efforts to make manufacturing processes more efficient and products less complex throughout the reporting period. One example of this is our increasing use of modular design for our machines and systems. Alongside our excellent production capacity utilization, these measures also had a positive impact on our company's earnings performance in the first half. Earnings before taxes (EBT) improved year-on-year from €32.0 million to €69.2 million. Thus, although price quality remained unsatisfactory, our EBT margin (ratio of EBT to sales) was 5.5% for the first half of 2011 (previous year: 3.0%). First-half earnings after taxes came to €49.2 million (previous year: €22.1 million). That corresponds to earnings per share of €1.62 (previous year: €0.73).

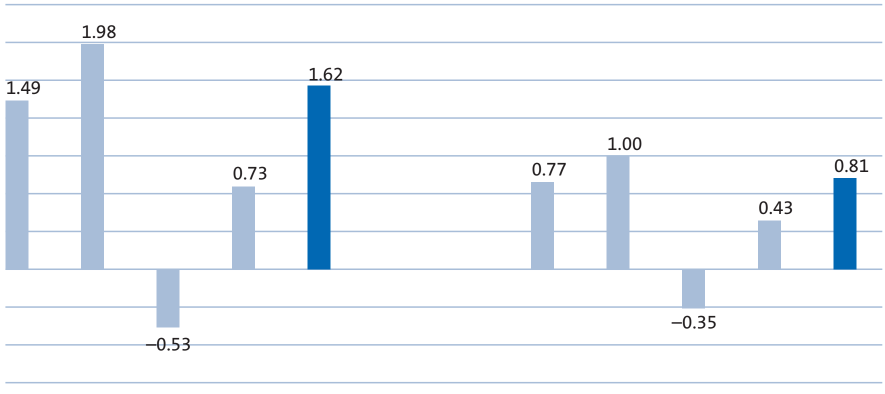
Earnings before taxes were almost double year-on-year at the end of the first half of 2011.

Earnings before taxes (EBT) from 1 January to 30 June (€ million) | Earnings before taxes (EBT) in Q2 (€ million)



In the second quarter of 2011, EBT climbed to €34.0 million, from €18.8 million in the year-earlier period. At 5.2%, the EBT margin was up considerably compared with the second quarter of 2010 (3.5%). From April to June 2011, KRONES generated after-tax earnings of €24.4 million (previous year: €13.0 million) and earnings per share of €0.81 (previous year: €0.43).

Earnings per share from 1 January to 30 June (€) | Earnings per share in Q2 (€)



KRONES Group earnings structure

€ million	2011 1 Jan–30 June	2010 1 Jan–30 June	Change
Sales revenue	1,257.5	1.076.2	+16.8%
Changes in inventories of finished goods and work in progress	–1.6	32.2	–
Total operating revenue	**1,255.9**	**1,108.4**	**+13.3%**
Goods and services purchased	–628.1	–580.2	+8.3%
Personnel expenses	–390.8	–347.3	+12.5%
Other operating income (expenses) and own work capitalised	–133.7	–121.6	+10.0%
EBITDA	103.3	59.3	+74.2%
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–34.1	–28.9	+18.0%
EBIT	69.2	30.4	+127.6%
Financial income (expense)	0.0	1.6	–
EBT	69.2	32.0	+116.3%
Income tax	–20.0	–9.9	+102.0%
Consolidated net income	**49.2**	**22.1**	**+122.6%**

KRONES was considerably more profitable in the first six months of 2011 than in the same period of last year. Higher sales volume helped to boost the company's performance. In the period from January to June 2011, sales revenue increased 16.8% year-on-year from €1,076.2 million to €1,257.5 million. Total operating revenue increased 13.3% to €1,255.9 million.

The comprehensive measures KRONES has implemented in order to improve performance also benefited earnings during the reporting period. The changes include more favourable purchasing conditions and more efficient production methods. Expenses for goods and services purchased increased far less steeply than total operating revenue in the first half of 2011, just 8.3% year-on-year to €628.1 million. That, despite the fact that KRONES once again employed a considerable number of temporary workers during the first two quarters of 2011. Expenses for temporary workers are included under goods and services purchased. The ratio of expenses for goods and services purchased to total operating revenue declined year-on-year from 52.3% to 50.0%.

KRONES' earnings performance increased considerably in the reporting period.

Given the high demand for our products and services on the one hand and co-worker vacations on the other, our employees had to put in many overtime hours during the first half of 2011. Personnel expenses rose 12.5% to €390.8 million in the first six months of 2011, more or less proportionately to total operating revenue. For this reason, the ratio of personnel expenses to total operating revenue held steady year-on-year at around 31%.

There was a short-term increase in the ratio of personnel expenses to total operating revenue of around one percent from the first quarter to the second quarter of this year.

The net of other operating income and expenses and own work capitalised in relation to total operating revenue was down slightly year-on-year. In absolute terms, the figure was –€133.7 million at the end of the first six months of 2011 (previous year: –€121.6 million). At 28.9%, KRONES' tax rate in the first half of 2011 was lower than a year ago (30.9%).

Cash flow

KRONES Group cash flow

€ million	2011 1 Jan–30 June	2010 1 Jan–30 June	Change € million
EBT	**69.2**	**32.0**	**+37.2**
Cash flow from operating activities	–105.5	–44.1	–61.4
Cash flow from investing activities	–28.4	–23.9	–4.5
Free cash flow	**–133.9**	**–68.0**	**–65.9**
Cash flow from financing activities	81.3	14.6	+66.7
Net change in cash and cash equivalents	–52.6	–53.4	+0.8
Change in cash and cash equivalents arising from exchange rates	0.3	1.2	–0.9
Cash and cash equivalents at the beginning of the period	147.4	135.5	+11.9
Cash and cash equivalents at the end of the period	**95.1**	**83.3**	**+11.8**

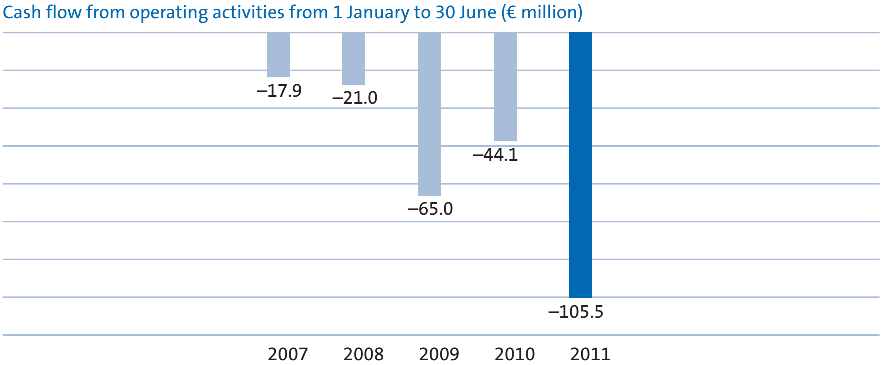
KRONES invested heavily in response to the surge in business in the first half.

Cash flow from operating activities dropped from –€44.1 million the previous year to –€105.5 million in the period from January to June 2011. This decline is due largely to the sharp increase in business volume in the first half of 2011. Inventories increased due to higher output and continued growth this year. In addition, our trade receivables increased dramatically in the first half due to invoice timing and seasonal influences. On the other hand, we reduced liabilities in order to better utilise the favourable supply terms. As a result, the ratio of working capital to sales increased to 29.3%, from 23.6% at the start of the year. These effects are not uncommon in our business and should be reversed in the second half.

KRONES invested €33.3 million in intangible assets and property, plant and equipment during the reporting period. This total is more than in the previous year (€27.9 million) and increased at roughly the same pace as business volume. Free cash flow (cash flow from operating activities less capital expenditure) was –€133.9 million at the end of the first half (previous year: –€68.0 million). KRONES expects to generate better free cash flow in the second half of 2011.

Because the company took on €94.2 million in short-term financial liabilities in the first half of 2011 to finance growth, cash flow from financing activities rose from €14.6 million to €81.3 million. All told, KRONES had cash and cash equivalents of €95.1 million at 30 June 2011 (previous year: €83.3 million).

Cash flow from operating activities from 1 January to 30 June (€ million)



Assets and capital structure

KRONES Group assets and capital structure

€ million	30 June 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
Non-current assets	565	569	542	534
of which property, plant and equipment, intangible assets, and non-current financial assets	516	519	496	482
Current assets	1,439	1,317	1,248	1,291
of which cash and equivalents	95	147	136	108
Equity	790	759	696	790
Total debt	1,214	1,127	1,094	1,035
Non-current liabilities	144	125	125	144
Current liabilities	1,070	1,002	969	891
Total assets	**2,004**	**1,886**	**1,790**	**1,825**

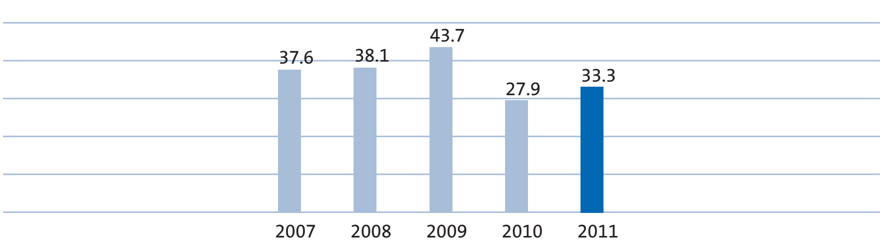
As ever, KRONES' financial position remains very sound.

At 30 June 2011, KRONES had total assets amounting to €2,004.3 million, which is 6.3% more than at the end of 2010 but far less than the increase in sales (16.8%). The main reason driving the increase was the surge in business in the first half, which brought with it a dramatic increase in inventories and receivables.

At the end of the reporting period, current assets totalled €1,439.1 million, which is 9.3% more than at 31 December 2010. Inventories grew from €583.6 million to €625.3 million and trade receivables increased by €125.6 million to €630.9 million. Despite this increase, the ratio of working capital to sales was up only slightly year-on-year from 28.8% to 29.3%. Most of the working capital was funded with cash and cash equivalents, which decreased from €147.4 million to €95.1 million during the reporting period.

Non-current assets remained virtually unchanged in the first half. At 30 June 2011, KRONES had non-current assets totalling €565.2 million (31 December 2010: €569.5 million). Within this figure, property, plant and equipment, intangible assets, and non-current financial assets totalled €516.2 million (31 December 2010: €519.0 million), of which €409.8 million were property, plant and equipment. Intangible assets, which consist primarily of development costs that must be capitalised, were up at 30 June to €104.0 million (31 December 2010: €100.6 million). Further investments in growth are planned for the second half of 2011.

Capital expenditure for PP&E and intangible assets from 1 January to 30 June (€ million)

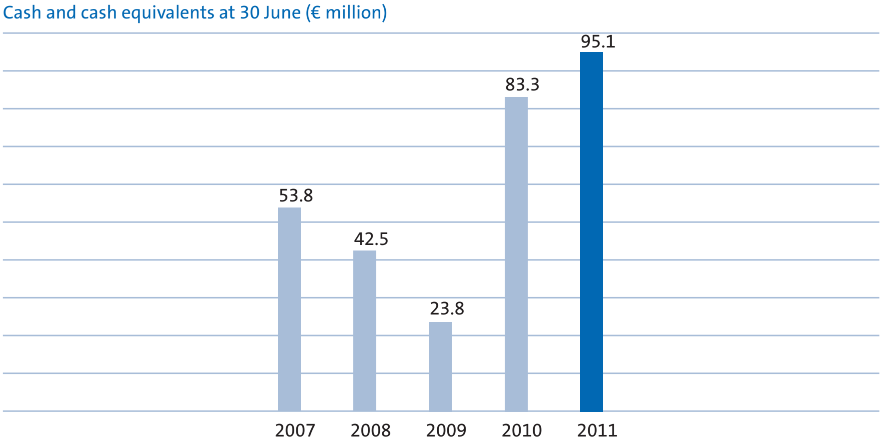


KRONES' non-current liabilities, consisting largely of provisions for pensions and other provisions, increased to €144.5 million at 30 June 2011 (31 December 2010: €124.8 million). The company had no non-current liabilities to banks at 30 June.

Current liabilities were up €67.6 million compared with the end of the year 2010 to €1,070.0 million. The increase is due to a higher volume of advances received as well as to an increase in personnel provisions due to the surge in production. At the end of the first half, KRONES was using short-term lines of credit totalling €94.2 million to finance the sharp increase in sales volume. As a result, the company's net cash and cash equivalents (cash and cash equivalents less bank debt) at 30 June 2011 amounted to €0.9 million. This figure does not account for approximately €1.4 million in treasury shares, which the company purchased on the stock market under a buyback programme in 2009. At mid-year, these shares had a total value of around €80 million.

Our positive first-half earnings boosted equity from €758.9 million at the reporting date for 2010 to €789.8 million while the dividend payout had an opposite effect. Our equity ratio was 39.4% at 30 June (31 December 2010: 40.2%). All in all, that means that KRONES still has an extremely sound financial and capital structure.

Cash and cash equivalents at 30 June (€ million)



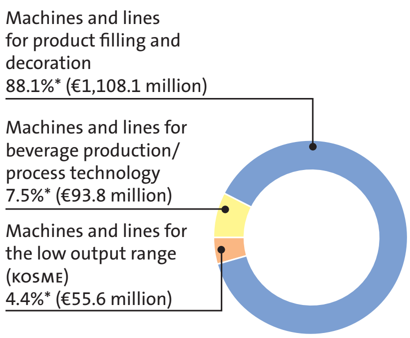
KRONES hires on strong orders intake

The high level of output in the first half presented considerable challenges for our workers. Only by putting in many overtime hours were we able to work through the large volume of orders. To handle the strong orders situation and prepare for further growth, KRONES added 186 new employees in the first half. At 30 June 2011, KRONES' workforce totalled 10,761 (year-earlier period: 10,293). At the end of June, KRONES employed 8,367 people in Germany (previous year: 8,054) and 2,394 outside Germany (previous year: 2,239). At 30 June, the company was training 431 young people in 25 different fields.

Our expanding workforce also reflects KRONES' growth.

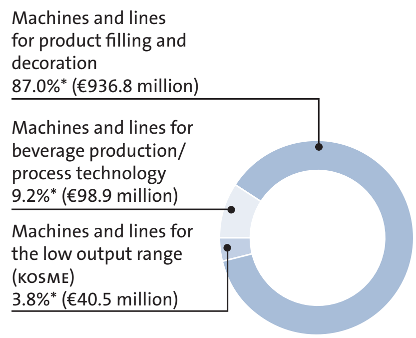
Report from the segments

Sales by segment 1 Jan–30 June 2011



* Share of consolidated sales of €1,257.5 million

Sales by segment 1 Jan–30 June 2010



* Share of consolidated sales of €1,076.2 million

Segment revenue

In KRONES' core segment, »machines and lines for product filling and decoration«, sales were up 18.3% from €936.8 million to €1,108.1 million in the first six months of 2011. The company benefited from continued growth in PET plastic beverage packaging during the reporting period. More and more beverages and liquid foods are being packaged in the lightweight material, which has almost limitless design options. KRONES is the leading supplier of machines and lines for producing, filling, and packaging PET bottles worldwide. Our core segment, our largest segment by far, accounted for 88.1% of consolidated sales in the first half of 2011 (previous year: 87.0%).

Sales in our »machines and lines for beverage production/process technology« segment were down 5.2% year-on-year in the first half of 2011, from €98.9 million to €93.8 million. As in the previous year, sales improved in the second quarter of 2011 after a weak first quarter that was due in part to invoice timing. Our process technology teams are currently working on interesting orders that will benefit sales figures in subsequent quarters. At 7.5%, the segment's share in consolidated sales for the first half was smaller than in the year-earlier period (9.2%).

Sales in our smallest segment, »machines and lines for the low output range (KOSME)«, were up considerably. At €55.6 million, second-half sales were up 37.3% on the year-earlier period (€40.5 million). The improving markets in Eastern Europe, which are among KOSME's core markets, contributed to the segment's sales growth. The segment's share of consolidated sales increased in the first two quarters of 2011 from 3.8% to 4.4%.

KRONES' smallest segment increased sales revenue 37.3% in the reporting period.

Segment earnings

The EBT margin in our core segment improved from 3.9% to 7.1%.

»Machines and lines for product filling and decoration« is not only our largest segment. It is also our most profitable one. In the first half of 2011, earnings before taxes (EBT) were up almost twofold from the year-earlier period, from €36.2 million to €78.5 million. The fact that production capacities were very well utilised in the first two quarters of 2011 is reflected in the segment's margin. The EBT margin, the ratio of earnings before taxes to segment revenue, advanced from 3.9% to 7.1%.

The half-yearly result in our »machines and lines for beverage production/process technology« segment was less pleasing. The segment was in the red with EBT at –€4.4 million (previous year: –€0.6 million). Process technology is very important for KRONES' ability to serve as a full-service supplier and win orders for our profitable core segment. We expect the segment's earnings for the year as a whole to improve over 2010 (2010 EBT: –€14.1 million).

Earnings at KOSME (»machines and lines for the low output range«) improved progressively. Second-quarter EBT was –€1.2 million (Q2 2010: –€2.0 million). EBT for the first six months of 2011 amounted to –€4.9 million (previous year: –€3.6 million). As a secondary brand, KOSME is strategically important to KRONES for the mid-range price segment. We will continue to work hard to make KOSME consistently profitable.

Product filling and decoration		2011 1 Jan–30 June	2010 1 Jan–30 June
EBT	€ million	78.5	36.2
EBT margin	%	7.1	3.9

Beverage production/process technology		2011 1 Jan–30 June	2010 1 Jan–30 June
EBT	€ million	–4.4	–0.6
EBT margin	%	–4.6	–0.6

KOSME		2011 1 Jan–30 June	2010 1 Jan–30 June
EBT	€ million	–4.9	–3.6
EBT margin	%	–8.8	–8.9

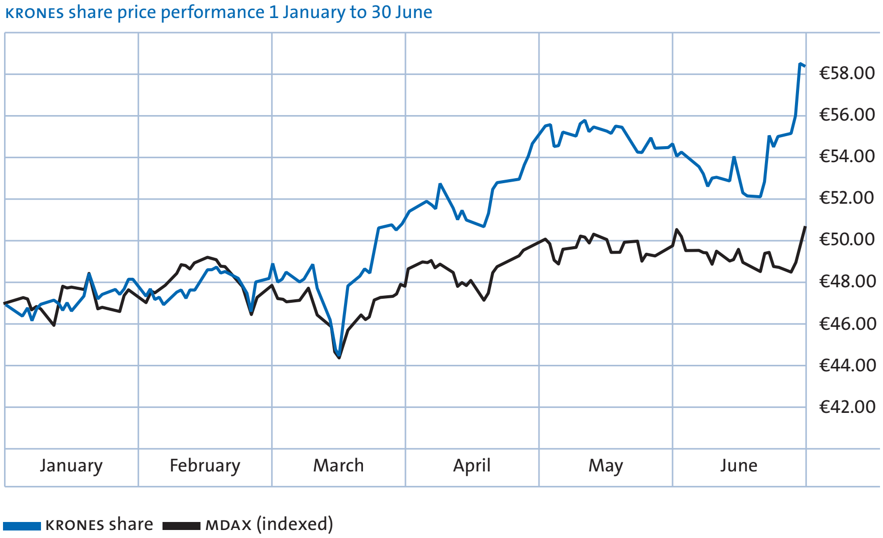
Stock markets looking up

The world's stock markets were exposed to several negative factors in the first half of 2011. In Europe, the impact of the debt and euro crisis on share prices varied. The unstable political situation in Northern Africa and the Middle East dampened spirits on the markets in the first six months of 2011, as did the devastation caused by the earthquake and tsunami in Japan. Nevertheless, the positive overall economic trend and rising company profits put most of the major share indexes higher at the end of June 2011 than they were at the start of the year.

Germany's DAX blue chip index fluctuated between 6,500 and 7,500 points in the first half. At the end of June, it stood at 7,376 points, up 6.7% from the start of the year. The Dow Jones Index made similar gains (+7.2%).

KRONES share posts strong gains

KRONES share price performance 1 January to 30 June



KRONES' share price gained far more sharply than the MDAX in the first half of 2011.

KRONES' strong business performance during the reporting period is reflected in our share price. From January to June 2011, the share price gained 24.3%, from €46.95 to €58.38. That puts KRONES among the top performers on the MDAX, Germany's mid-cap index. The MDAX advanced only 8.5% during the same period. This underscores our share's outstanding performance.

On 27 April, KRONES hosted an analyst meeting at company headquarters in Neutraubling. More than 40 analysts and investors were able to experience KRONES' production processes and products first hand. The meeting was also an opportunity for us to show that KRONES has reached the first milestones toward improving production processes under the »Value« programme.

The annual shareholders' meeting on 15 June was a harmonious one in which all resolutions on the agenda were adopted by a large majority. Where last year no dividend had been paid out due to the loss posted for fiscal 2009, shareholders received a dividend of €0.40 per share for fiscal 2010.

Risk management system is always evolving

KRONES is exposed to a variety of risks that are inextricably linked with doing business globally. We continuously monitor all significant business processes to identify risks early and to actively manage and limit them. An internal control system with which we record, analyse, and assess all relevant risks is an integral part of KRONES' risk management system. Our risk management system consists of the following modules: risk analysis, risk monitoring, and risk planning and management.

Risk analysis

In order to identify risks early, we continuously monitor all business activities. We conduct a profitability analysis on all of our quotes before accepting any order. For orders that exceed a specified volume, we also conduct a multi-dimensional risk analysis. Apart from profitability, we also individually record and evaluate financing risks, technological risks, and scheduling and other contractual risks.

Risk monitoring

We use a variety of interlinked controlling processes to monitor risks within the KRONES Group. Regular comprehensive reports from the individual business units keep the Executive Board and other decision-makers apprised of all possible risks and deviations from company planning in a timely manner.

Risk planning and control

We use the following tools to plan our business activities and control risk within our risk monitoring and control system: annual planning, medium-term planning, strategic planning, rolling forecasts, monthly and quarterly reports, capital expenditure planning, production planning, capacity planning, project controlling, accounts receivable management, exchange rate hedges, and insurance policies.

Threats

Viewed from today's perspective, KRONES is not exposed to any risks that threaten the company's continued existence. A detailed discussion of the risks faced by the company and a description of our risk management can be found in the Management Report beginning on page 78 of our 2010 Annual Report. There have been no material changes with respect to the company's key risks for the first half of 2011 since the statements made in the annual report.

Outlook

KRONES on course to meet targets

The global economy is growing and our industry is growing along with it. But a sense of uncertainty remains. In particular, the problem of global public debt is a major threat to the economy. However, from today's perspective, we expect the conditions to remain favourable for KRONES overall in the second half of 2011.

In the first half of 2011, KRONES established a solid basis on which to build a successful financial year. We expect sales to increase by well more than 10% over 2010, topping the current record of around €2,381 million achieved in 2008. We also expect to set a new record for new orders, which serve as the basis for continued growth.

Moreover, we are confident that KRONES will significantly improve earnings and achieve a pre-tax return on sales of more than 5% (2010: 3.3%). From today's perspective, we believe we will be able to achieve even higher earnings before taxes in the second half than we did in the first.

We also want to take a positive, proactive role in shaping KRONES' future beyond 2011. Our target and expectation is to bring our pre-tax margin back up to its pre-crisis level of 7% from 2012 onward with improved earnings in all of our segments – assuming, of course, that the global economic trend remains fundamentally positive.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Statement of financial position for the KRONES Group

Assets € million	30 June 2011		31 Dec 2010	
Intangible assets	104.0		100.6	
Property, plant and equipment	409.8		416.3	
Non-current financial assets	2.4		2.1	
Property, plant and equipment, intangible assets, and non-current financial assets	516.2		519.0	
Deferred tax assets	10.3		15.9	
Trade receivables	26.8		22.9	
Current tax receivables	9.5		9.5	
Other assets	2.4		2.2	
Non-current assets		**565.2**		**569.5**
Inventories	625.3		583.6	
Trade receivables	630.9		505.3	
Current tax receivables	4.1		3.9	
Other assets	83.7		76.4	
Cash and cash equivalents	95.1		147.4	
Current assets		**1,439.1**		**1,316.6**
Total		**2,004.3**		**1,886.1**

Equity and liabilities € million	30 June 2011		31 Dec 2010	
Equity		**789.8**		**758.9**
Provisions for pensions	83.9		80.2	
Deferred tax liabilities	9.1		3.8	
Other provisions	30.3		33.9	
Liabilities to banks	0.0		0.0	
Trade payables	0.0		0.0	
Other financial liabilities	2.3		3.1	
Other liabilities	18.9		3.8	
Non-current liabilities		**144.5**		**124.8**
Other provisions	142.0		148.9	
Provisions for taxes	7.1		5.4	
Liabilities to banks	94.2		0.0	
Advances received	472.7		434.9	
Trade payables	119.7		174.0	
Current tax liabilities	0.0		0.3	
Other financial liabilities	6.9		12.4	
Other liabilities and accruals	227.4		226.5	
Current liabilities		**1,070.0**		**1,002.4**
Total		**2,004.3**		**1,886.1**

Separate income statement for the KRONES Group

€ million	2011 1 Jan–30 June	2010 1 Jan–30 June	Change %
Sales revenue	**1,257.5**	**1,076.2**	**+16.8**
Changes in inventories of finished goods and work in progress	–1.6	32.2	
Total operating revenue	**1,255.9**	**1,108.4**	**+13.3**
Goods and services purchased	–628.1	–580.2	+8.3
Personnel expenses	–390.8	–347.3	+12.5
Other operating income (expenses) and own work capitalised	–133.7	–121.6	+10.0
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–34.1	–28.9	+18.0
EBIT	69.2	30.4	+127.6
Financial income (expense)	0.0	1.6	
Earnings before taxes (EBT)	**69.2**	**32.0**	**+116.3**
Income tax	–20.0	–9.9	+102.0
Consolidated net income	**49.2**	**22.1**	**+122.6**
Profit (loss) share of non-controlling interests	0.2	0.1	
Profit (loss) share of KRONES Group shareholders	49.0	22.0	
Earnings per share (diluted/basic) in €	1.62	0.73	

€ million	2011 Q2	2010 Q2	Change %
Sales revenue	**650.8**	**542.7**	**+19.9**
Changes in inventories of finished goods and work in progress	–24.4	8.5	
Total operating revenue	**626.4**	**551.2**	**+13.6**
Goods and services purchased	–308.3	–284.2	+8.5
Personnel expenses	–198.5	–171.4	+15.8
Other operating income (expenses) and own work capitalised	–67.2	–63.3	+6.2
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–17.8	–14.6	+21.9
EBIT	**34.6**	**17.7**	**+95.5**
Financial income (expense)	–0.6	1.1	
Earnings before taxes (EBT)	**34.0**	**18.8**	**+80.9**
Income tax	–9.6	–5.8	+65.5
Consolidated net income	**24.4**	**13.0**	**+87.7**
Profit (loss) share of non-controlling interests	0.1	0.1	
Profit (loss) share of KRONES Group shareholders	24.3	12.9	
Earnings per share (diluted/basic) in €	0.81	0.43	

Statement of cash flows for the KRONES Group

€ million	2011 1 Jan–30 June	2010 1 Jan–30 June
Earnings before taxes	**69.2**	**32.0**
Depreciation and amortisation (reversals)	34.1	28.9
Increase in provisions	10.6	31.8
Deferred tax item changes recognised in profit or loss	10.9	–0.7
Interest expenses and interest income	1.3	–0.5
Proceeds and losses from the disposal of non-current assets	–0.1	–0.4
Other non-cash expenses and income	0.8	–1.1
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–173.3	–134.0
Decrease (previous year: increase) in trade payables and other liabilities not attributable to investing or financing activities	–50.8	6.7
Cash generated from operating activities	**–97.3**	**–37.3**
Interest paid	–1.1	–1.1
Income tax paid and refunds received	–7.1	–5.7
Cash flow from operating activities	**–105.5**	**–44.1**
Cash payments to acquire intangible assets	–12.9	–15.5
Proceeds from the disposal of intangible assets	0.1	0.0
Cash payments to acquire property, plant and equipment	–20.4	–12.4
Proceeds from the disposal of property, plant and equipment	2.3	1.2
Interest received	1.3	1.8
Dividends received	1.2	1.0
Cash flow from investing activities	**–28.4**	**–23.9**
Cash payments to company owners	–12.1	0.0
Proceeds from new borrowing	94.2	15.4
Cash payments to pay lease liabilities	–0.8	–0.8
Cash flow from financing activities	**81.3**	**14.6**
Net change in cash and cash equivalents	–52.6	–53.4
Changes in cash and cash equivalents arising from exchange rates	0.3	1.2
Cash and cash equivalents at the beginning of the period	**147.4**	**135.5**
Cash and cash equivalents at the end of the period	**95.1**	**83.3**

Statement of changes in equity for the KRONES Group

€ million	Parent company							Non-controlling interests	Group equity
	Issued capital	Capital reserves	Retained earnings	Currency differences in equity	Other reserves	Group unappropriated profit	Equity	Equity	
At 1 January 2010	**40.0**	**66.6**	**488.6**	**–4.8**	**–0.2**	**104.7**	**694.9**	**0.8**	**695.7**
Consolidated net income H1 2010						22.0	22.0	0.1	22.1
Currency differences				13.9			13.9		13.9
Hedge accounting					–1.1		–1.1		–1.1
At 30 June 2010	**40.0**	**66.6**	**488.6**	**9.1**	**–1.3**	**126.7**	**729.7**	**0.9**	**730.6**
Consolidated net income H2 2010						28.8	28.8		28.8
Withdrawals from retained earnings			–100.0			100.0	0.0		0.0
Allocation to retained earnings			0.5			–0.5	0.0		0.0
Currency differences				–1.1		–0.1	–1.2		–1.2
Hedge accounting					0.7		0.7		0.7
At 31 December 2010	**40.0**	**66.6**	**389.1**	**8.0**	**–0.6**	**254.9**	**758.0**	**0.9**	**758.9**
Dividend payment (€0.40 per share)						–12.1	–12.1		–12.1
Consolidated net income H1 2011						49.0	49.0	0.2	49.2
Currency differences				–7.9			–7.9		–7.9
Hedge accounting					1.7		1.7		1.7
At 30 June 2011	**40.0**	**66.6**	**389.1**	**0.1**	**1.1**	**291.8**	**788.7**	**1.1**	**789.8**

Statement of comprehensive income

€ million	2011 1 January – 30 June	2010 1 January – 30 June
Consolidated net income	49.2	22.1
Exchange differences on translation	–7.9	13.9
Available-for-sale financial instruments		
Derivative financial instruments	1.7	–1.1
Other comprehensive income	–6.2	12.8
Total comprehensive income	**43.0**	**34.9**
of which attributable to non-controlling interests	0.2	0.1
of which attributable to KRONES Group shareholders	42.8	34.8

Segment reporting

		Machines and lines for product filling and decoration		Machines and lines for beverage production/ process technology		Machines and lines for the low output range (KOSME)		KRONES Group	
		2011 1 Jan – 30 June	2010 1 Jan – 30 June	2011 1 Jan – 30 June	2010 1 Jan – 30 June	2011 1 Jan – 30 June	2010 1 Jan – 30 June	2011 1 Jan – 30 June	2010 1 Jan – 30 June
Sales revenue	€ million	1,108.1	936.8	93.8	98.9	55.6	40.5	1,257.5	1,076.2
EBT	€ million	78.5	36.2	–4.4	–0.6	–4.9	–3.6	69.2	32.0
EBT margin		7.1%	3.9%	–4.6%	–0.6%	–8.8%	–8.9%	5.5%	3.0%
Employees at 30 June*		9,454	9,004	646	628	477	510	10,577	10,142

*Consolidated group

Notes to the consolidated financial statements of the KRONES Group

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES Group«) for the period ended 30 June 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, applicable on the reporting date, including the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the European Union. No early application was made of IFRSs that had not yet entered into force or their interpretations.

Non-controlling interests in group equity are presented on the statement of financial position as a special item within equity. Profit or loss shares attributable to non-controlling interests are recognised on the separate income statement and the statement of comprehensive income as part of consolidated net income. The shares of consolidated net income attributed to the owners of the parent company and to non-controlling interests are presented separately.

Non-controlling interests have been added to the statement of changes in equity.

The following explanatory notes comprise disclosures and remarks that, under IFRSs, must be included as notes to the consolidated financial statements in addition to the statement of financial position, the separate income statement and statement of comprehensive income, the statement of changes in equity, and the statement of cash flows.

The »nature of expense« method has been used for the separate income statement. The group's reporting currency is the euro.

Consolidated group

Besides KRONES AG, the consolidated financial statements for the period ended 30 June 2011 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

Consolidation principles

The separate financial statements of the companies included in the consolidated financial statements are prepared in accordance with uniform accounting policies and were all prepared as of the reporting date of the consolidated financial statements.

Capital consolidation is performed in accordance with IFRS 3 (»Business combinations«), under which all business combinations must be accounted for using the »purchase method« of accounting, whereby the acquired assets and liabilities are to be recognised at fair value.

Goodwill that arose before 1 January 2004 is still recognised in reserves.

Shares in the equity of subsidiaries that are not held by the parent company are reported as »non-controlling interests«.

Inter-company receivables, liabilities, provisions, revenues, and expenses between consolidated companies are eliminated in the consolidation accounting.

This also applies for inter-company profits from deliveries effected or services rendered between group companies provided the amounts from these transactions are still held by the group at the reporting date.

Currency translation

The functional currency for KRONES AG is the euro.

The financial statements of the consolidated companies that are denominated in a foreign currency are translated on the basis of the functional currency concept under IAS 21 using a modified closing rate method. Because the subsidiaries primarily operate independently in the economic environment of their respective countries, the functional currency is always the relevant local currency for each subsidiary. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rate as on the reporting date, while income and expenses from the financial statements of subsidiaries are translated at average annual rates.

Any exchange differences resulting from translation using these different rates in the statement of financial position and the separate income statement and statement of comprehensive income are recognised directly in equity. Exchange differences resulting from the translation of equity using historical exchange rates are also recognised directly in equity.

In the separate financial statements of KRONES AG and its subsidiaries, receivables and liabilities in foreign currencies are translated using the exchange rate at the time of the transaction and exchange differences are recognised in profit or loss at the closing rate. Non-monetary items in foreign currencies are stated at historical cost.

Exchange rate differences compared with the previous year arising from capital consolidation are recognised directly in equity in other retained earnings.

The exchange rates of those currencies that have a material impact on the group's financial statements have moved against the euro as follows:

		Closing rate		Average rate	
		30 Jun 2011	31 Dec 2010	2011	2010
US dollar	USD	1.447	1.338	1.403	1.331
British pound	GBP	0.904	0.863	0.868	0.872
Swiss franc	CHF	1.208	1.253	1.270	1.438
Danish krone	DKK	7.459	7.454	7.456	7.443
Canadian dollar	CAD	1.400	1.337	1.371	1.377
Japanese yen	JPY	116.400	108.800	114.914	121.681
Brazilian real	BRL	2.269	2.221	2.288	2.400
Chinese renminbi (yuan)	CNY	9.356	8.821	9.174	9.094
Mexican peso	MXN	16.996	16.593	16.684	16.879
Ukrainian hryvnia	UAH	11.555	10.663	11.181	10.740
South African rand	ZAR	9.832	8.885	9.667	10.035
Kenyan shilling	KES	129.479	108.139	118.075	107.279
Nigerian naira	NGN	219.830	203.630	216.827	202.910
Russian ruble	RUB	40.372	40.924	40.151	40.063
Thai baht	THB	44.489	40.211	42.644	43.744
Indonesian rupiah	IDR	12,414.500	12,058.500	12,267.549	12,240.395

Accounting policies

The separate financial statements of KRONES AG and its domestic and foreign subsidiaries have been prepared using uniform accounting policies, in accordance with IAS 27.

Some discretion has been used in preparing the consolidated financial statements, particularly in terms of measurement of non-current assets, inventories, receivables, pension provisions, and provisions, because their preparation requires some critical estimates and forecasts.

Intangible assets

Acquired and internally generated intangible assets, excluding goodwill, are recognised pursuant to IAS 38 if it is sufficiently probable that the use of the asset will result in a future economic benefit and the cost of the asset can be reliably determined. They are stated at cost and amortised systematically on a straight-line basis over their estimated useful lives. The amortisation of intangible assets is carried out over a useful life of between three and five years and is recognised under »Depreciation and amortisation of intangible assets and property, plant and equipment«.

Research and development expenditure

Development expenditure of the KRONES Group is capitalised at cost to the extent that costs can be allocated clearly and the technical feasibility and a future economic benefit as a result of their use are probable. According to IAS 38, research expenditure cannot be recognised as an intangible asset and is, therefore, recognised as an expense directly in profit or loss.

Goodwill

There is no goodwill in these consolidated accounts.

Property, plant and equipment

Property, plant and equipment are accounted for at cost less scheduled depreciation on a straight-line basis over their estimated useful lives. The cost of internally generated plant and equipment comprises all costs that are directly attributable to the production process and an appropriate portion of overheads. Borrowing costs are not recognised as cost.

A revaluation of property, plant, and equipment pursuant to IAS 16 is not carried out.

Scheduled depreciation is based on the following useful lives, which are applied uniformly throughout the group:

Useful life	In years
Buildings	14 to 50
Technical equipment and machinery	5 to 18
Furniture and fixtures and office equipment	3 to 15

In figuring the useful lives, the different components of an asset with significantly different costs were taken into account.

Government grants are only recognised if there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Government grants related to assets are deducted from the cost of the asset and recognised in profit and loss in the subsequent periods in the proportions in which depreciation expense on those assets is recognised.

Leases

Leases in which the KRONES Group, as the lessee, bears substantially all the risks and rewards incidental to ownership of the leased asset are treated as finance leases pursuant to IAS 17 upon inception of the lease. The leased asset is recognised as a non-current asset at fair value or, if lower, at the present value of the minimum lease payments. The leased asset is depreciated systematically using the straight-line method over the shorter of the »lease term« and its »useful life«. Payment obligations for future lease instalments are recognised under »other liabilities«.

In the case of operating leases, the leased assets are treated as assets belonging to the lessor since the lessor bears the risks and rewards.

Financial instruments

Financial instruments under IAS 39 used by KRONES consist of the following:

- Non-current financial assets
- Financial instruments held for trading (derivative financial instruments)
- Available-for-sale financial instruments
- Financial receivables and liabilities

For the measurement categories, the carrying amounts correspond to the fair values.

The non-current financial assets are not traded on the market and are therefore recognised at amortised cost.

The fair values and carrying amounts are based on customary market rates and observable ongoing market transactions (Level 2 under IFRS 7.27A).

Transactions against cash settlement are accounted for using the settlement date. Derivative financial instruments are accounted for using the trade date.

Net gains and losses include impairments and measurement changes for derivative financial instruments and are explained in the notes to the relevant measurement categories.

Pursuant to IAS 39, the classes under IFRS 7 also include cash proceeds and liabilities from finance leases in addition to the categories listed above.

Disclosures about risk reporting as specified under IFRS 7 are included in the risk report within the consolidated management report.

Non-current financial assets

Non-current financial assets other than securities are recognised at cost, less impairment losses. Non-current securities are classified as »available for sale« and recognised at fair value directly in equity. No assets are classified as »held to maturity«.

Moreover, the »fair value option« provided for under IAS 39 is not applied to any items on the consolidated statement of financial position for the KRONES Group.

Derivative financial instruments

The derivative financial instruments used within the KRONES Group are used to hedge against currency risks from operating activities.

The primary category of currency risk at KRONES is transaction risk arising from exchange rates and cash flows in foreign currencies.

The currencies materially affected by this are the US dollar, New Zealand dollar, Canadian dollar, and Swiss franc.

Within the hedging strategy, 100% of items denominated in foreign currencies are generally hedged. The primary hedging instruments used for this are forward exchange contracts and, occasionally, swaps, including currency swaps.

The strategy objective is to minimise currency risk by using hedging instruments that are viewed as highly effective, thus hedging the exchange rate and achieving planning security.

The derivative financial instruments are measured at fair value at the reporting date. The fair values are determined using Level 2 inputs under IFRS 7.27A.

Gains and losses from the measurement are recognised as profit or loss on the separate income statement and the statement of comprehensive income unless the conditions for hedge accounting are met.

The derivative financial instruments for which hedge accounting is applied comprise forward currency contracts and currency swaps whose changes in fair value are recognised as a »fair value hedge« in profit or loss or a »cash flow hedge« as part of equity. In the case of cash flow hedges, to mitigate currency risks from existing underlying transactions, changes in fair value are initially recognised directly in equity and subsequently reclassified to profit and loss when the hedged item affects profit or loss. These derivative financial instruments are measured on the basis of the relevant commercial bank's forward rates.

They are derecognised only when substantially all risks and rewards of ownership are transferred.

Receivables and other assets

Receivables and other assets, with the exception of derivative financial instruments, are assets that are not held for trading. They are recognised at amortised cost. Receivables with maturities of over one year that bear no or lower-than-market interest are discounted. Impairments are recognised to take account for all identifiable risks. The indicators used for this are the ageing of the receivables and the customer's business situation.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes those costs that are directly related to the units of production and an appropriate portion of fixed and variable production overheads. The portion of overheads is determined on the basis of normal capacity of the production facilities. Selling costs and general administrative costs are not included in the costs of inventories. For inventory risks arising from increased storage periods or reduced usability, write-downs are made on the inventories.

For the sake of convenience in measuring materials and supplies, the FiFo and weighted average cost formulas are applied.

Construction contracts for specific customers

Construction contracts for specific customers are recognised by reference to the stage of completion pursuant to IAS 11 (»percentage of completion method«). Under this method, contract revenue for the line and machinery portion is recognised in accordance with the percentage of physical completion of the respective lines and machines at the reporting date. The percentage of completion for the assembly and installation portion corresponds to the ratio of contract costs incurred up to the reporting date to the total costs calculated for the assembly and installation portion. Construction contracts that are ongoing at the reporting date are recognised under trade receivables.

Deferred tax items

Deferred tax assets and liabilities are recognised using the »balance-sheet oriented liability method«, which involves recognising deferred tax items for all temporary differences between the tax base of an asset or liability and its carrying amount on the statement of financial position under IFRSs and for consolidation procedures recognised in profit or loss.

The deferred tax items are computed on the basis of the national income tax rates that apply in the individual countries at the time of realisation. Changes in the tax rates are taken into account if there is sufficient certainty that they will occur. Where permissible under law, deferred tax assets and liabilities have been offset.

Provisions for pensions

Provisions for pensions are calculated using the »projected unit credit method« pursuant to IAS 19. Under this method, known vested benefits at the reporting date as well as expected future increases in pensions and salaries are taken into account with due consideration to relevant factors that will affect the benefit amount, which are estimated on a prudent basis. The provision is calculated on the basis of actuarial valuations that take into account biometric factors.

Actuarial gains and losses are only recognised as income or expenses if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

a) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and

b) 10% of the fair value of any plan assets at that date.

Other provisions

Other provisions are recognised when the group has an obligation to a third party as a result of a past event, an outflow is probable, and a reliable estimate of the amount of the obligation can be made. Measurement of these provisions is computed at fully attributable costs or on the basis of the most probable expenditures needed to settle the obligation.

Provisions with a residual term of more than one year are recognised at the present value of the probable expenditures needed to settle the obligation at the reporting date.

Financial liabilities

For initial recognition, in accordance with IAS 39, financial liabilities are measured at the cost that is equal to the fair value of the consideration received. Transaction costs are included in this initial measurement of financial liabilities. After initial recognition, all financial liabilities are measured at amortised cost.

Sales revenue

With the exception of those contracts that are measured according to IAS 11, sales revenue is recognised, in accordance with the criteria laid out under IAS 18, when the significant risks and rewards of ownership are transferred, when a price is agreed or can be determined, and economic benefit from the sale of goods is sufficiently probable.

Sales revenue is reported less reductions.

Segment reporting

KRONES reports on three operating segments, which are the strategic business units. They are organised by product divisions and services and managed separately due to the different technologies they cover. The Executive Board, as the chief operating decision maker, manages the company as a whole on the basis of monthly reports from the segments.

Segment 1 comprises machines and lines for product filling and decoration. Segment 2 comprises machines and lines for beverage production and process technology. Segment 3 comprises machines and lines for the low output range.

The accounting policies used are the same as those described under »General disclosures« above.

Segment performance is measured on the basis of internal reports made to the Executive Board, in particular, segment revenues and segment EBT.

Intrasegment transfers are conducted under the same conditions as transfers among third parties. Intersegment revenues are negligible.

Shareholdings

Name and location of the company	Share in capital held by KRONES AG %*
neusped Neutraublinger Speditions-GmbH, Neutraubling, Germany	100,00
KIC KRONES Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany	100,00
ecomac Gebrauchtmaschinen GmbH, Neutraubling, Germany	100,00
MAINTEC Service GmbH, Collenberg/Main, Germany	51,00
S.A. KRONES N.V., Louvain-la-Neuve, Belgium	100,00
KRONES Nordic ApS, Holte, Denmark	100,00
KRONES S.A.R.L., Lyon, France	100,00
KRONES UK Ltd., Bolton, UK	100,00
KRONES S.R.L., Garda (VR), Italy	100,00
KOSME S.R.L., Roverbella, Italy	100,00
KRONES Nederland B.V., Bodegraven, Netherlands	100,00
KOSME Gesellschaft mbH, Sollenau, Austria	100,00
KRONES Spólka z.o.o., Warsaw, Poland	100,00
KRONES Portugal Equipamentos Industriais Lda., Barcarena, Portugal	100,00
KRONES O.O.O., Moscow, Russian Federation	100,00
KRONES Romania Prod. S.R.L., Bucharest, Romania	100,00
KRONES AG, Buttwil, Switzerland	100,00
KRONES Iberica, S. A., Barcelona, Spain	100,00
KRONES S.R.O., Prague, Czech Republic	100,00
KRONES Ukraine LLC, Kiev, Ukraine	100,00
MAINTEC Service eood, Sofia, Bulgaria	51,00
MAINTEC Service Ges.m.b.H., Dorf an der Pram, Austria	51,00
KONPLAN S.R.O., Pilsen, Czech Republic	50,00
KRONES Surlatina S. A., Buenos Aires, Argentina	100,00
KRONES do Brazil Ltda., São Paulo, Brazil	100,00
KRONES S. A., São Paulo, Brazil	100,00
KRONES Machinery (Taicang) Co. Ltd., Taicang, China	100,00
KRONES Trading (Taicang) Co. Ltd., Taicang, China	100,00
KRONES Asia Ltd., Hongkong, VR China	100,00
KRONES India Pvt. Ltd., Bangalore, India	100,00
PT. KRONES Machinery Indonesia, Jakarta, Indonesia	100,00
KRONES Japan Co. Ltd., Tokyo, Japan	100,00
KRONES Machinery Co. Ltd., Brampton, Ontario, Canada	100,00
KRONES LCS Center East Africa Limited, Nairobi, Kenya	100,00
KRONES Andina Ltda., Bogotá, Colombia	100,00
KRONES Korea Ltd., Seoul, Korea	100,00
KRONES Mex S. A. DE C. V., Mexico City, Mexico	100,00
KRONES LCS Center West Africa Limited, Lagos, Nigeria	100,00
KRONES Southern Africa (Prop.) Ltd., Johannesburg, South Africa	100,00
KRONES (Thailand) Co. Ltd., Bangkok, Thailand	100,00
KRONES, Inc., Franklin, Wisconsin, USA	100,00
Maquinarias KRONES de Venezuela S. A., Caracas, Venezuela	100,00

* Direct and indirect shareholdings.

Members of the Supervisory Board and the Executive Board

Following fulfilment of the requirements for application of the German Codetermination Act [Mitbestimmungsgesetz] of 1976 in 1987, the Supervisory Board was extended from six to twelve members. Pursuant to § 8 (1) of the articles of association, six members are elected by the shareholders in accordance with the German Stock Corporation Act (§§ 96 (1) and 101). Six members are elected by the employees pursuant to §§ 1 (1) and 7 (1) Sentence 1 No. 1 of the Codetermination Act.

Supervisory Board

Ernst Baumann
Chairman of the Supervisory Board

Werner Schrödl**
Chairman of the Central Works Council
Deputy Chairman of the Supervisory Board

Dr. Klaus Heimann**
Director of the Youth, Training and Qualification Policy Division of IG METALL

Dr. Jochen Klein
Managing director of I-Invest GmbH
* DÖHLER GMBH
HOYER GMBH

Prof. Dr. Ing. Erich Kohnhäuser
(until 15 June 2011)

Norman Kronseder
Farmer and forester
* BAYERISCHE FUTTERSAATBAU GMBH

Philipp Graf von und zu Lerchenfeld
Member of the Bavarian Landtag, Dipl.-Ing. agr., auditor and tax consultant

Dr. Alexander Nerz
Attorney

Johann Robold**
Member of the Works Council

Anton Schindlbeck**
Head of sales for LCS

Petra Schadeberg-Herrmann
Managing partner at Krombacher Finance GmbH, Schawei GmbH, Diversum Holding GmbH & Co. KG
(since 15 June 2011)

Jürgen Scholz**
1st authorised representative and treasurer of the IG METALL administrative office in Regensburg
* INFINEON TECHNOLOGIES AG

Josef Weitzer**
Deputy Chairman of the Works Council
* SPARKASSE REGENSBURG

Executive Board

Volker Kronseder
Chairman
Group Communication, Personnel Management and Social Affairs
* KRONES INC., USA

Hans-Jürgen Thaus
Deputy Chairman
Finance, Controlling, Information Management and Process Management
* KURTZ GMBH
KRONES INC., USA
MASCHINENFABRIK REINHAUSEN GMBH

Rainulf Diepold
Marketing and Sales

Werner Frischholz
Materials Management and Production

Christoph Klenk
Research and Development, Engineering, and Product Divisions

* Other Supervisory Board seats held, pursuant to § 125 (1) sentence 3 of the German Stock Corporation Act
** Elected by the employees
In addition, each of the Group companies is the responsibility of two members of the Executive Board.

Responsibility Statement

»To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim consolidated management report 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 over the remainder of the fiscal year.«

Neutraubling, July 2011

Volker Kronseder
Chairman of the
Executive Board

Hans-Jürgen Thaus
Deputy Chairman of the
Executive Board

Rainulf Diepold

Werner Frischholz

Christoph Klenk

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This English language report is a translation of the original German »Bericht über den Zeitraum vom 1. Januar bis 30. Juni 2011«. In case of discrepancies the German text shall prevail.

KRONES AG
Investor Relations
Fax +49 9401 70-3786
E-mail investor-relations@krones.com
Internet www.krones.com
Böhmerwaldstrasse 5
93073 Neutraubling
Germany

Olaf Scholz
Phone +49 9401 70-1169