Q3 2010

Interim report for the period from 1 January to 30 September 2010

KRONES

		1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009	Change
Sales	€ m	1,583.0	1,364.0	+16.1%
New orders, including Lifecycle Service	€ m	1,617.7	1,414.4	+14.4%
Orders on hand at 30 Sep, including Lifecycle Service	€ m	923.2	887.8	+4.0%
Capital expenditure for PP&E and intangible assets	€ m	45.0	62.2	–27.7%
Employees at 30 September				
Worldwide		10,498	10,232	+2.6%
Germany		8,230	8,166	+0.8%
Earnings per share*	€	1.05	–0.85	–
EBITDA	€ m	88.5	18.7	–
EBIT	€ m	44.4	–28.2	–
EBT	€ m	47.0	–26.9	–
Net income	€ m	31.9	–25.4	–
Cash flow, gross**	€ m	76.0	21.5	–

* diluted/undiluted
** net income + depreciation

Dear shareholders and friends of KRONES,

At the start of 2010, we promised that the losses of 2009 were merely an outlier and that KRONES would soon be back on track for success. As a look at the figures for the first nine months shows, we have kept our word. At 30 September 2010, KRONES had generated a profit of €31.9m. At the same time last year, we were looking at a loss of €25.4m. This year, sales were up 16.1% to €1,583.0m and new orders were up 14.4% to €1.617.7m.

KRONES benefited from the international beverage industry's recovery. And thanks to the joint efforts of our management, the Works Council, and our employees throughout the economic crisis, KRONES is now stronger than ever.

Many dangers still lurk that could quickly shift the course of the general economic recovery and change the positive sentiment in our industry.

And so, our task remains: to become even better in every aspect of our business. In so doing, we want to create long-term value – material value as well as the value associated with our strong financial and equity position and our employees' outstanding qualifications. This value endures even in uncertain times and serves as the very foundation for long-term success.

Volker Kronseder
Chairman of the
Executive Board

Hans-Jürgen Thaus
Deputy Chairman of the
Executive Board

Economy defies all adversities

The world economy continued to recover in the third quarter of 2010. Although many unresolved problems – such as the high levels of government debt among industrialised countries – remained elements of uncertainty, global economic growth in 2010 will be stronger than many economists predicted at the middle of this year. The International Monetary Fund (IMF) recently raised its forecast for global economic growth in 2010 to 4.8%, a boost of 0.2 percentage points from the summer.

Economic growth forecasts for 2010 were revised sharply upward in the third quarter, especially for Germany.

The emerging markets of Asia and Latin America are the primary forces driving the global economy while growth forecasts for North America have been revised downward. The European economy has weathered the Greece crisis surprisingly well and has performed better than was expected at the middle of the year. Experts at the IMF now expect Europe's gross domestic product (GDP) to grow 1.7% in 2010. That is up from their previous estimate of 1.0%.

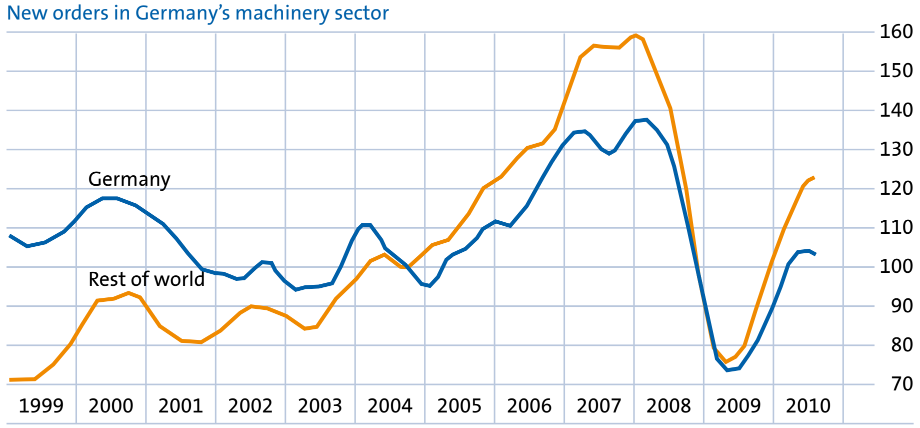
Germany in particular has gained momentum. The ifo business climate index, an important leading indicator of economic trends in Germany, improved significantly in the third quarter. In particular, confidence among retailers has improved to its highest level since Germany's reunification boom. Therefore, economists now expect growth for the year as a whole to reach 3.3 percent. At mid-year, IMF economists only thought Germany capable of 1.4% growth.

Machinery sector makes great strides

The orders situation in Germany's machinery sector has improved steadily since the summer of 2009. A comparison of the three-month period from June to August shows a 52% gain over the year-earlier period. Domestic orders were up 45% and international orders were up 56%. In the first eight months of 2010, new orders increased by 35%. Given the strong orders inflow, the German Engineering Federation (VDMA) revised its output forecast for 2010 upward from three to six percent at the start of October.

The German machinery sector is continuing its strong recovery. But new order volume is still far from the highs reached in early 2008.

New orders in Germany's machinery sector



Price-adjusted index, 2005 sales basis = 100

Source: VDMA, 30 September 2010

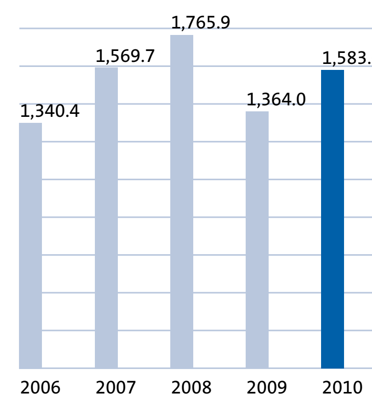
Sales for first three quarters up 16.1% year-over-year

Sales at KRONES improved further in the third quarter. The world economy's ongoing recovery and our own strong position on robust growth markets boosted business. KRONES posted continued strong growth in sales of machines and lines for producing, filling, and packing plastic (PET) bottles.

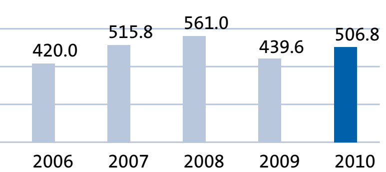
All told, sales at KRONES from January to September 2010 were up 16.1% year-over-year, from €1,364.0m to €1,583.0m. That means that, after three quarters, we are well poised to achieve growth in the upper end of our target range of 10% to 15% for the year as a whole.

At €506.8m, third-quarter sales were up 15.3% in 2010 from the third quarter of last year (€439.6m).

KRONES Group sales, in € m, 1 Jan–30 Sep



KRONES Group sales, in € m, Q3



Sales by region

In the third quarter, business in Germany picked up considerably from the previous quarters. From January to September 2010, sales in Germany increased 23.7% year-over-year to €183.8m (previous year: €148.6m).

The markets outside Europe were the strongest, with sales up almost 30%. But business in Germany was also up considerably.

In Europe (excluding Germany) third-quarter sales revenues were low, due in part to invoice timing and weak business in Eastern Europe. At €367.7m, sales in Europe in the first three quarters of 2010 were down 12.3% from the year-earlier period (€419.2m).

The rapidly growing markets outside Europe gave KRONES the biggest boost during this period. From January to September 2010 sales outside Europe were up 29.6% to €1,031.5m, from €796.2m a year earlier. The markets of China, Asia, and South America saw better-than-average growth during the reporting period. Business in North America remained weak in the third quarter.

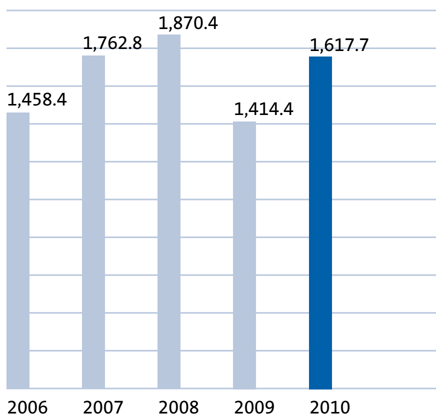
New orders up 14.4%

Throughout the economic crisis, there was a capital spending freeze in the beverage industry. As we expected, that freeze is now beginning to thaw as the economy recovers. And this warming trend is reflected in KRONES' new orders situation. In the first nine months of 2010, we received orders totalling €1.617.7m. That puts new orders 14.4% higher than they were last year (€1,414.4m). In the period from July to September 2010, new orders were down 5.1% year-over-year, from €540.4m to €512.8m. This change was largely a factor of the reporting date. In addition, the year-earlier quarter had gotten a boost from our strong showing at the »drinktec« trade fair.

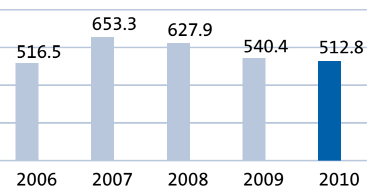
At the end of nine months, new orders are up 14.4% year-over-year. KRONES also has a comfortable orders backlog of €923.2m.

KRONES had strong orders inflow from China and demand in the rest of Asia and in South America was also up sharply year-over-year in the first three quarters. By contrast, orders intake from customers in the United States was unsatisfactory. The economic situation in that region still has companies reluctant to invest.

KRONES Group new orders, 1 Jan–30 Sep, in € m



KRONES Group new orders, Q3, in € m



KRONES' orders backlog has grown further

At 30 September 2010, our orders backlog amounted to €923.2m, which is up from €35.4m a year earlier. Thus, KRONES' orders cushion has grown steadily over the last few quarters. This gives the company increased planning security. It also means that, because we are operating at capacity, we are not compelled to accept orders at any price.

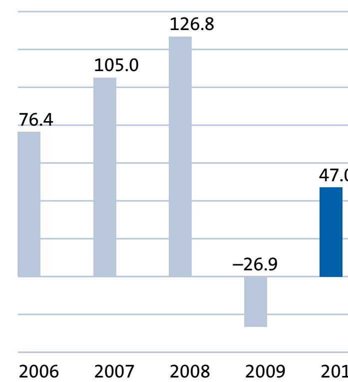
KRONES posts €31.9m net profit for first nine months

Earnings at KRONES improved sharply year-over-year in the first nine months of 2010. The strong economy resulted in increased demand for our products and services. As a result, we were operating at full capacity. The Conversion programme, under which we are streamlining our processes, also contributed to the sharp turnaround in earnings during the reporting period.

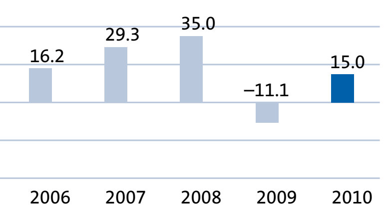
From January to September 2010, KRONES' earnings before taxes (EBT) rose from €26.9m last year to €47.0m. The EBT margin, the ratio of EBT to sales, was 3.0% for the reporting period. That still falls far short of our medium-term target of at least 7%, as we had achieved before the crisis. One reason for this is that sales are still well below pre-crisis levels. Another is that, although price quality has stabilised over the past months, it remains unsatisfactory. Earnings after taxes were €31.9m in the first nine months of this year (previous year: –€25.4m). That corresponds to earnings per share of €1.05 (previous year: loss per share of €0.85).

KRONES achieved a substantial turnaround in the period from January to September, but our earning power still has room for improvement.

Earnings before taxes (EBT), 1 Jan–30 Sep, in € m

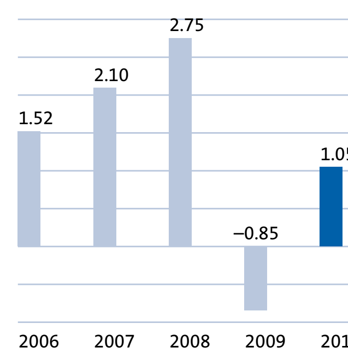


Earnings before taxes (EBT), Q3, in € m

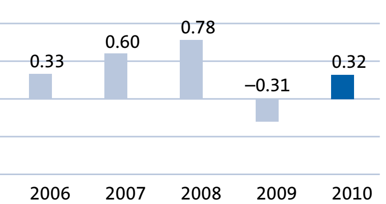


In the third quarter of 2010, EBT improved to €15.0m from –€11.1m in the year-earlier period. Earnings before taxes improved by €19.2m, from –€9.4m to €9.8m.

KRONES Group earnings per share 1 Jan–30 Sep, in €



KRONES Group earnings per share Q3, in €



KRONES Group earnings structure, in € m

	2010 1 Jan–30 Sep	2009 1 Jan–30 Sep	Change
Sales revenue	1,583.0	1,364.0	+16.1%
Changes in inventories of finished goods and work in progress	50.3	–49.5	–
Total operating revenue	**1,633.3**	**1,314.5**	**+24.3%**
Goods and services purchased	–832.4	–676.0	+23.1%
Personnel expenses	–513.6	–458.7	+12.0%
Other operating income (expenses) and own work capitalised	–198.8	–161.1	+23.4%
EBITDA	88.5	18.7	–
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–44.1	–46.9	–6.0%
EBIT	44.4	–28.2	–
Financial income (expense)	2.6	1.3	–
EBT	47.0	–26.9	–
Income tax	–15.1	1.5	–
Consolidated net income	**31.9**	**–25.4**	**–**

At the end of three quarters, the KRONES Group's total operating revenue was up 24.3% year-over-year to €1,633.3m. That is a steeper gain than the increase in sales (+16.1%). This reflects the continued high demand for our products and services and the fact that we are operating at capacity.

The ratio of personnel expenses to total operating revenue for the period from January to September decreased sharply year-over-year.

Expenses for goods and services purchased increased 23.1% to €832.4m, slightly less than proportionately to total operating revenue. This despite the fact that KRONES hired a number of temporary workers (included in this figure) to handle the large orders backlog during the reporting period. We were able to reduce the ratio of expenses for goods and services purchased to total operating revenue from 51.4% to 51.0%.

Personnel expenses were up 12.0% to €513.6m in the period from January to September 2010. Because we were operating at capacity and total operating revenue was therefore higher, the ratio of personnel expenses to total operating revenue declined from 34.9% a year earlier to 31.4%.

The net of other operating income and expenses and own work capitalised in relation to total operating revenue was virtually unchanged at 12.2% (year-earlier period: 12.3%). This reflects the fact that KRONES has continued to optimise costs and streamline processes even when demand and capacity utilisation are high.

At €44.1m, depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets were down slightly from €46.9m in the year-earlier period.

Cash flow

KRONES Group cash flow, in € m

	2010 1 Jan–30 Sep	2009 1 Jan–30 Sep	Change in € m
EBT	**47.0**	**–26.9**	**73.9**
Cash flow from operating activities	–34.8	86.3	–121.1
Cash flow from investing activities	–40.3	–59.5	19.2
Free cash flow	**–75.1**	**26.8**	**–101.9**
Cash flow from financing activities	21.1	–42.2	63.3
Net change in cash and cash equivalents	–54.0	–15.4	–38.6
Change in cash and cash equivalents arising from exchange rates	1.2	–0.6	1.8
Cash and cash equivalents at the beginning of the period	135.5	108.4	27.1
Cash and cash equivalents at the end of the period	**82.7**	**92.4**	**–9.7**

The sharp year-over-year increase in business volume in the first three quarters of 2010 resulted in an increase in working capital at KRONES during the reporting period. In particular, trade receivables were much higher at 30 September than they had been at the start of the year. For this reason, cash flow from operating activities was negative at the end of nine months, at –€34.8m (previous year: €86.3m), despite strong earnings before taxes.

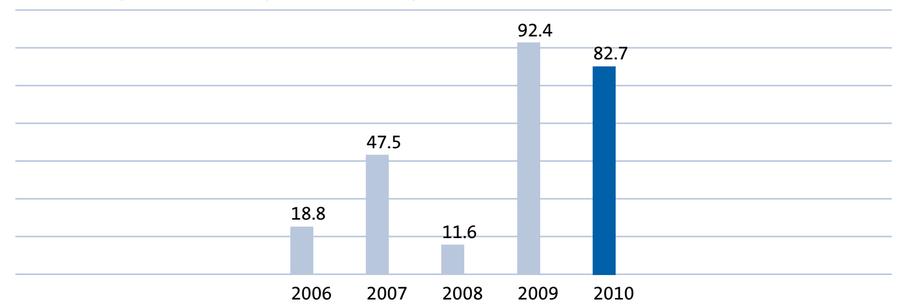
Despite strong earnings, cash flow from operating activities at the end of nine months was still negative due to a sharp increase in working capital.

KRONES invested in the construction of a new pipe machining centre in Neutraubling, Germany, in the third quarter. The company also purchased new production machinery in the first nine months of 2010. All told, KRONES spent €45.0m on property, plant and equipment and intangible assets during the reporting period, €17.2m less than in the year-earlier period (€62.2m).

Free cash flow – that is, cash flow from operating activities less capital expenditure – was –€75.1m at the end of the first nine months (previous year: €26.8m). We expect to be able to improve this figure considerably by the end of 2010.

KRONES took on €22.3m in short-term debt during the first three quarters in order to optimise our financing structure. Total cash flow from financing activities was +€21.1m. In the year-earlier period, cash flow from financing activities was negative, at –€42.2m, due to the share buyback programme and dividend payouts to shareholders in the first nine months of 2009. At 30 September 2010, KRONES held cash and cash equivalents totalling €82.7m (previous year: €92.4m).

KRONES Group cash and cash equivalents at 30 September, in € m



At 30 September 2010, KRONES had cash and cash equivalents of €82.7m.

Assets and capital structure

KRONES Group assets and capital structure, in € m

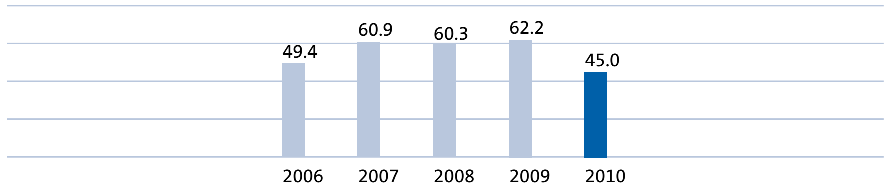
	30 Sep 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
Non-current assets	555	542	534	475
of which property, plant and equipment, intangible assets, and non-current financial assets	500	496	482	422
Current assets	1,333	1,248	1,291	1,209
of which cash and equivalents	83	136	108	54
Equity	733	696	790	708
Total debt	1,155	1,094	1,035	976
Non-current liabilities	117	125	144	155
Current liabilities	1,038	969	891	821
Total assets	**1,888**	**1,790**	**1,825**	**1,684**

At €1,888m, KRONES' total assets at 30 September 2010 were up 5.5% from the end of 2009. This uptick was due to the surge in business activity in the first three quarters of 2010, which boosted total operating revenue to 24.3% and resulted in a buildup of current assets.

The equity ratio was a comfortable 38.8% at the end of September. In addition, KRONES has net cash and cash equivalents of €60.4m.

Non-current assets remained virtually unchanged, totalling €554.8m at 30 September 2010 (31 December 2009: €542.5m). Property, plant and equipment, intangible assets, and non-current financial assets totalled €500.2m (31 December 2009: €495.8m), of which €400.8m were property, plant and equipment. The company's intangible assets, which amounted to €97.4m at 30 September (31 December 2009: €86.1m), are primarily development costs that must be capitalised.

Capital expenditure for PP&E and intangible assets, in € m, 1 Jan–30 Sep



At the end of the reporting period, current assets totalled €1,333.4m, which is 6.8% more than at 31 December 2009. In the period from January through September 2010, KRONES increased inventories and trade receivables considerably due to the surge in business volume. Inventories expanded from €521.9m to €584.7m and trade receivables grew from €458.3m to €542.9m.

The ratio of working capital to sales increased to 28.2% and was therefore up from the year-earlier ratio. This reflects the 24.3% increase in total operating revenue.

KRONES' non-current liabilities, consisting largely of provisions for pensions and other provisions, amounted to €117.5m at 30 September 2010 (31 December 2009: €125.0m). The company had no non-current bank debt at the end of the reporting period.

At €1,037.6m, current liabilities were up from the end of 2009 (€969.8m). The increase is due primarily to an increase in other liabilities and accruals. At the end of September, KRONES had taken out short-term loans totalling €22.3m.

The positive consolidated earnings for the first three quarters boosted equity from €695.7m at the reporting date for 2009 to €733.1m, putting our equity ratio at 38.8% at 30 September 2010 (31 December 2009: 38.9%). With net cash and cash equivalents (cash and cash equivalents less bank debt) of €60.4m at 30 September 2010, KRONES therefore still has an extremely sound financial and capital structure.

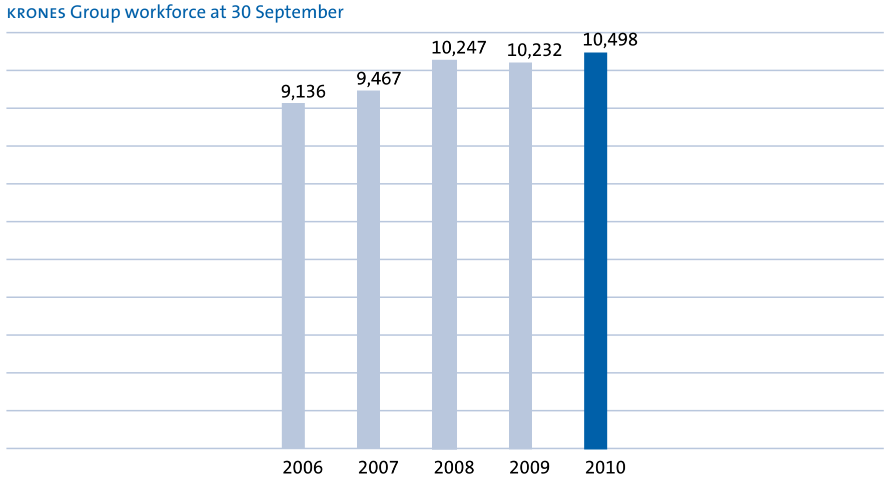
Workforce continues to grow

KRONES maintained its core workforce throughout the economic crisis and intends to manage future growth on its own steam and with its own staff – and so we are growing our workforce once again. At the end of September 2010, the company employed 10,498 people. That is 260 more employees than at the end of 2009. We added 205 employees in the third quarter alone.

KRONES has grown its workforce by 260 employees since the start of 2010.

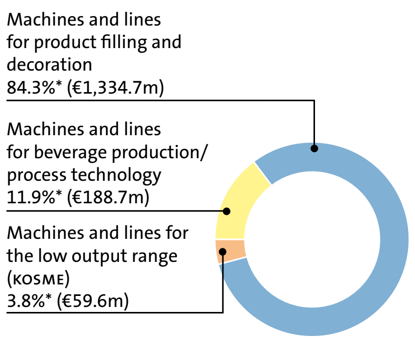
Another positive development we would like to highlight is that, due to the improved economic situation, all trainees who were given limited employment contracts upon completion of their training in 2009 have since converted to permanent contracts.

KRONES Group workforce at 30 September



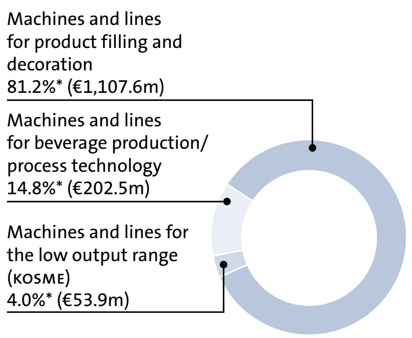
Report from the segments

Sales by segment 1 Jan–30 Sep 2010



* Share of consolidated sales of €1,583.0m

Sales by segment 1 Jan–30 Sep 2009



* Share of consolidated sales of €1,364.0m

Segment sales

KRONES' largest segment also achieved the biggest growth after the first nine months.

Sales in KRONES' core segment, »machines and lines for product filling and decoration«, in the period from January through September 2010 improved 20.5% to €1,334.7m (year-earlier period: €1,107.6m). With that, our largest segment – which accounts for 84.3% of total sales (previous year: 81.2%) – also posted the highest growth rates. Our core segment achieved continued steady growth in sales of machines and lines for producing, filling, and packing PET bottles.

At €188.7m, sales in the »machines and lines for beverage production/process technology« segment in the first three quarters were down 6.8% (year-earlier period: €202.5m). The main reason for this decline is that fewer large-scale projects were completed because the economy had not yet stabilised substantially. The segment's share of consolidated sales at the end of nine months shrank to 11.9%, from 14.8% a year earlier.

In »machines and lines for the low output range (KOSME)«, our smallest segment, sales were up 10.6% at the end of the first nine months. A number of product innovations contributed to the revenue boost. Despite the increase in sales, KOSME's share of total sales in the first nine months fell from 4.0% to 3.8% in 2010.

Segment earnings

Only KRONES' core segment posted a profit for the period from January to September 2010.

KRONES' core segment »machines and lines for product filling and decoration« continued to increase its earning power in the third quarter. Earnings before taxes (EBT) improved in the first nine months of 2010 from –€14.3m a year earlier to €58.7m. At 4.4%, the EBT margin – that is, the ratio of earnings before taxes to segment sales – was still far below the records achieved before the economic crisis. One reason for this is that price quality is still unsatisfactory.

»Machines and lines for beverage production/process technology« sharply improved earnings before taxes in the first nine months of this year. At –€2.9m, EBT is far better than the year-earlier figure of –€9.3m. The improvement in earnings despite a slight decline in sales was due primarily to a better product mix in this segment. The EBT margin improved from –4.6% to –1.5%.

Earnings deteriorated in the »machines and lines for the low output range (KOSME)« segment. KRONES is implementing comprehensive restructuring measures in order to put the segment on a solid footing for the long term. These measures are cutting into earnings. In addition, the segment's traditional markets continue to face heavy price pressure. After three quarters, KOSME's earnings before taxes amounted to –€8.8m (previous year: –€3.3m). The EBT margin was –14.8% (previous year: –6.1%)

Product filling and decoration		2010 1 Jan–30 Sep	2009 1 Jan–30 Sep
EBIT	in €m	55.8	–16.1
EBT	in €m	58.7	–14.3
EBT margin	in %	4.4	–1.3

Beverage production/process technology		2010 1 Jan–30 Sep	2009 1 Jan–30 Sep
EBIT	in €m	–2.9	–9.3
EBT	in €m	–2.9	–9.3
EBT margin	in %	–1.5	–4.6

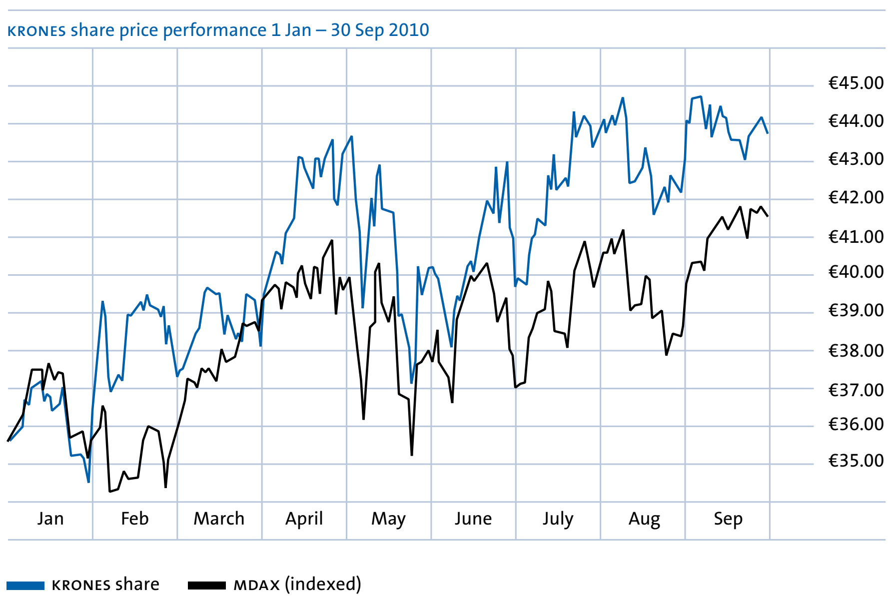
KOSME		2010 1 Jan–30 Sep	2009 1 Jan–30 Sep
EBIT	in €m	–8.5	–2.8
EBT	in €m	–8.8	–3.3
EBT margin	in %	–14.8	–6.1

Share prices gain on economic recovery

Germany's DAX blue-chip index fluctuated sharply during the reporting period, between 5,400 and 6,400 points. In the first half, Europe's sovereign debt crisis and fears of a new crisis in the banking and financial system caused the markets to plunge time and again. Positive factors won out in the third quarter. The economic outlook improved steadily, as did corporate profits. Low interest rates also helped buoy the stock markets. The DAX closed September 2010 at 6,230, for a gain of 4.6% since the start of the year.

Some cyclical stocks like automotive component suppliers and machinery manufacturers posted sharp gains. The MDAX mid-cap index rose far more sharply than the DAX in the period from January to September 2010 because it contains a larger share of cyclical stocks. The MDAX also benefited from the fact that some of its shares made complete turnarounds, more than doubling in price. All told, the MDAX gained 16.8%.

KRONES share price up 23.0%



KRONES' share has consistently fared far better than the MDAX since the start of the year.

Interest in KRONES' share was high during the reporting period. In the third quarter, the company was presented to institutional investors at numerous international road shows and large investor conferences. Investors acknowledged KRONES' strong position on the emerging markets as well as the company's farsighted strategy. This recognition is reflected in KRONES' share price, which gained more than 10% at the start of the third quarter alone. In addition, KRONES' share price fluctuated less sharply than the market as a whole in the past several months. Moreover, as the chart clearly shows, the KRONES share outperformed the index by an ever-wider margin from mid-year on. Our share closed at €43.67 on 30 September, up 23.0% from the start of the year.

Risk management system

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 monitoring and control system with which we record, analyse, and assess all relevant risks is an integral part of the risk management system at KRONES. 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 p. 62 of our 2009 Annual Report. In the reporting period from 1 January to 30 September 2010, there were no material changes with respect to the statements made in the annual report regarding the company's key risks.

Economic recovery with some risks attached

KRONES is well equipped to cope as economic swings become more severe.

Growth forecasts for the world economy for 2010 have once again been revised upward. The deep crisis in Germany's machinery sector is over, replaced now with glowing growth. KRONES, too, will post figures this year that confirm this trend. But despite the positive developments of the first three quarters of 2010 and the increase in our customers' capital spending, we are not letting ourselves be swept up in the exuberance of the moment. Too many risk factors remain that could threaten a sustained global economic recovery. With around 90% of our sales in exports, KRONES will inevitably feel the force of these developments.

Many economists have recently warned that the expansionary monetary policy of many central banks may indicate that a currency war is being waged, in which the various currency blocks (USA, Japan, China, South America, Europe) are actively devaluing their currencies in an effort to boost their exports and local economies. Such actions will likely result in sharp fluctuations in exchange rates and increased protectionism in many regions of the world. Alongside the weak US economy, many experts also see China's real estate boom and overheated economy as risk factors for global growth in the years ahead. Therefore, global economic developments beyond 2010 remain uncertain.

To ensure that we are prepared to cope with sharp swings in economic trends and more volatile sales markets, KRONES is pushing ahead efforts to substantially increase our flexibility in all areas, simplify products and processes, and invest in growth opportunities. The thrust of these efforts is to lower costs and tap new revenue potential.

Better in 2010

Despite the looming economic uncertainties, KRONES remains optimistic about the year 2010 as a whole and we expect to achieve our sales growth target of up to 15%.

We expect the very positive trend to continue and anticipate strong positive results for 2010 as a whole, with a return on sales before taxes of around 3%.

Assuming that conditions remain as they are, we expect the sales and earnings trends to remain positive in 2011.

Statement of financial position for the KRONES Group

Assets	30 September 2010		31 December 2009	
	€ m	€ m	€ m	€ m
Intangible assets	97.4		86.1	
Property, plant and equipment	400.8		407.4	
Non-current financial assets	2.0		2.3	
Property, plant and equipment, intangible assets, and non-current financial assets	**500.2**		**495.8**	
Deferred tax assets	16.0		12.0	
Trade receivables	23.4		18.8	
Current tax receivables	9.5		10.9	
Other assets	5.7		5.0	
Non-current assets		**554.8**		**542.5**
Inventories	584.7		521.9	
Trade receivables	542.9		458.3	
Current tax receivables	5.1		5.3	
Other assets	118.0		127.0	
Cash and cash equivalents	82.7		135.5	
Current assets		**1,333.4**		**1,248.0**
Total		**1,888.2**		**1,790.5**

Equity and liabilities	30 September 2010		31 December 2009	
	€ m	€ m	€ m	€ m
Equity		**733.1**		**695.7**
Provisions for pensions	81.2		76.8	
Deferred tax liabilities	1.9		2.2	
Other provisions	30.5		37.7	
Liabilities to banks	0.0		0.0	
Other financial liabilities	0.0		2.9	
Other liabilities	3.9		5.4	
Non-current liabilities		**117.5**		**125.0**
Other provisions	199.9		183.8	
Provisions for taxes	8.8		8.1	
Liabilities to banks	22.3		0.0	
Advances received	449.6		434.2	
Trade payables	123.6		162.3	
Other financial liabilities	6.1		5.9	
Other liabilities and accruals	227.3		175.5	
Current liabilities		**1,037.6**		**969.8**
Total		**1,888.2**		**1,790.5**

Separate income statement for the KRONES Group

	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m	Change %
Sales revenue	**1,583.0**	**1,364.0**	**16.1**
Changes in inventories of finished goods and work in progress	50.3	–49.5	
Total operating revenue	**1,633.3**	**1,314.5**	**24.3**
Goods and services purchased	–832.4	–676.0	23.1
Personnel expenses	–513.6	–458.7	12.0
Other operating income (expenses) and own work capitalised	–198.8	–161.1	23.4
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–44.1	–46.9	–6.0
EBIT	**44.4**	**–28.2**	
Financial income (expense)	2.6	1.3	
Earnings before taxes (EBT)	**47.0**	**–26.9**	
Income tax	–15.1	1.5	
Consolidated net income	**31.9**	**–25.4**	
Profit (loss) share of non-controlling interests	0.1	0.1	
Profit (loss) share of KRONES Group shareholders	31.8	–25.5	
Earnings per share (diluted/basic) in €	1.05	–0.85	

	2010 Q3 € m	2009 Q3 € m	Change %
Sales revenue	**506.8**	**439.6**	**15.3**
Changes in inventories of finished goods and work in progress	18.1	18.1	
Total operating revenue	**524.9**	**457.7**	**14.7**
Goods and services purchased	–252.2	–237.8	6.1
Personnel expenses	–166.3	–154.4	7.7
Other operating income (expenses) and own work capitalised	–77.2	–59.3	30.2
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–15.2	–17.2	–11.6
EBIT	**14.0**	**–11.0**	
Financial income (expense)	1.0	–0.1	
Earnings before taxes (EBT)	**15.0**	**–11.1**	
Income tax	–5.2	1.7	
Consolidated net income	**9.8**	**–9.4**	
Profit (loss) share of non-controlling interests	0.0	0.0	
Profit (loss) share of KRONES Group shareholders	9.8	–9.4	
Earnings per share (diluted/basic) in €	0.32	–0.31	

Statement of cash flows for the KRONES Group

	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m
Earnings before taxes	47.0	–26.9
Depreciation and amortisation (reversals)	44.1	46.9
Increase in provisions	65.1	0.7
Deferred tax item changes recognised in profit or loss	–4.3	–1.8
Interest expenses and interest income	–1.4	–1.5
Proceeds and losses from the disposal of non-current assets	–0.2	–0.4
Other non-cash expenses and income	–0.6	2.7
Increase (previous year: decrease) in inventories, trade receivables, and other assets not attributable to investing or financing activities	–142.0	121.4
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–26.2	–41.5
Cash generated from operating activities	**–18.5**	**99.6**
Interest paid	–1.8	–2.7
Income tax paid and refunds received	–14.5	–10.6
Cash flow from operating activities	**–34.8**	**86.3**
Cash payments to acquire intangible assets	–22.8	–24.8
Cash payments to acquire property, plant and equipment	–22.2	–37.4
Proceeds from the disposal of property, plant and equipment	1.2	1.3
Purchase of shares in affiliated companies	0.0	–3.1
Interest received	2.3	3.8
Dividends received	1.2	0.7
Cash flow from investing activities	**–40.3**	**–59.5**
Cash payments to company owners	0.0	–18.1
Cash payments to acquire treasury shares	0.0	–37.1
Proceeds from new borrowing	22.3	14.2
Cash payments to pay lease liabilities	–1.2	–1.2
Cash flow from financing activities	**21.1**	**–42.2**
Net change in cash and cash equivalents	–54.0	–15.4
Changes in cash and cash equivalents arising from exchange rates	1.2	–0.6
Cash and cash equivalents at the beginning of the period	**135.5**	**108.4**
Cash and cash equivalents at the end of the period	**82.7**	**92.4**

Statement of changes in equity for the KRONES Group

	Parent company							Non-controlling interests	Group equity
	Issued capital	Capital reserves	Retained earnings	Currency differences in equity	Other reserves	Group unappropri-ated profit	Equity	Equity	
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
At 31 December 2008	**40.0**	**103.7**	**476.7**	**–8.9**	**1.5**	**175.8**	**788.8**	**1.2**	**790.0**
Dividend payment (€0.60 per share)						–18.1	–18.1		–18.1
Consolidated net income 9 months 2009						–25.5	–25.5	0.1	–25.4
Purchase of treasury shares		–37.1					–37.1		–37.1
Allocation to retained earnings			18.0			–18.0	0.0		0.0
Currency differences				–4.8			–4.8		–4.8
Changes in the consolidated group			–2.6				–2.6	–1.2	–3.8
Hedge accounting					–0.5		–0.5		–0.5
At 30 September 2009	**40.0**	**66.6**	**492.1**	**–13.7**	**1.0**	**114.2**	**700.2**	**0.1**	**700.3**
Consolidated net income Q4 2009						–9.2	–9.2	0.1	–9.1
Allocation to retained earnings			0.5			–0.5	0.0		0.0
Changes in the consolidated group			–4.0				–4.0	0.6	–3.4
Currency differences				8.9		0.2	9.1		9.1
Hedge accounting					–1.2		–1.2		–1.2
At 31 December 2009	**40.0**	**66.6**	**488.6**	**–4.8**	**–0.2**	**104.7**	**694.9**	**0.8**	**695.7**
Consolidated net income 9 months 2010						31.8	31.8	0.1	31.9
Currency differences				5.1			5.1		5.1
Hedge accounting					0.4		0.4		0.4
At 30 September 2010	**40.0**	**66.6**	**488.6**	**0.3**	**0.2**	**136.5**	**732.2**	**0.9**	**733.1**

Statement of comprehensive income

	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m
Consolidated net income (loss)	31.9	–25.4
Exchange differences on translation	5.1	–4.8
Available-for-sale financial instruments		
Derivative financial instruments	0.4	–0.5
Other comprehensive income	5.5	–5.3
Total comprehensive income	**37.4**	–30.7
of which attributable to non-controlling interests	0.1	0.1
of which attributable to KRONES Group shareholders	37.3	–30.8

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	
	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m	2010 1 Jan–30 Sep € m	2009 1 Jan–30 Sep € m
Sales revenues	1,334.7	1,107.6	188.7	202.5	59.6	53.9	1,583.0	1,364.0
EBIT	55.8	–16.1	–2.9	–9.3	–8.5	–2.8	44.4	–28.2
EBT	58.7	–14.3	–2.9	–9.3	–8.8	–3.3	47.0	–26.9
EBT margin	4.4%	–1.3%	–1.5%	–4.6%	–14.8%	–6.1%	3.0%	–2.0%
Employees at 30 Sep*	9,179	8,871	645	612	513	509	10,337	9,992

* Consolidated group

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES Group«) for the period ended 30 September 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) 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 September 2010 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

KRONES o.o.o., Moscow, Russian Federation, and KRONES (Thailand) Co. Ltd., Bangkok, Thailand, were added to the consolidated group in fiscal 2010. KRONES AG holds a direct 100% stake in these companies.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE KRONES GROUP | GENERAL DISCLOSURES

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 Sep 2010	31 Dec 2009	2010	2009
US dollar	USD	1.365	1.441	1.317	1.367
British pound	GBP	0.858	0.890	0.859	0.887
Swiss franc	CHF	1.328	1.484	1.403	1.511
Danish krone	DKK	7.452	7.442	7.445	7.448
Canadian dollar	CAD	1.407	1.510	1.365	1.595
Japanese yen	JPY	113.720	133.060	118.020	129.657
Brazilian real	BRL	2.322	2.510	2.356	2.854
Chinese renminbi (yuan)	CNY	9.135	9.830	8.977	9.353
Mexican peso	MXN	17.107	18.826	16.761	18.648
Ukrainian hryvnia	UAH	10.834	11.591	10.603	11.106
South African rand	ZAR	9.520	10.675	9.852	11.916
Kenyan shilling	KES	110.228	109.285	107.662	110.177
Nigerian naira	NGN	210.890	215.260	200.937	205.944
Thai baht	THB	41.416	47.969	42.870	47.703
Russian ruble	RUB	41.754	43.647	39.912	44.450

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 was not carried out.

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE KRONES GROUP | GENERAL DISCLOSURES

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 currency materially affected by this is the US dollar.

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 that are in progress are recognised by reference to the stage of completion pursuant to IAS 11 (»percentage of completion method«). Under this method, contract revenue for the machinery portion is recognised in accordance with the percentage of physical completion of the 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 contract. The construction contracts 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 in 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 given. 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 revenues are 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 revenues are 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 EBIT.

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 in %*
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
KOSME UK LTD., Burton on Trent Staffordshire, UK	100.00
KRONES S.R.L., Garda (VR), Italy	100.00
KOSME S.R.L., Roverbella, Italy	100.00
SMEFIN 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
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., Hong Kong, China	100.00
KRONES India Pvt. Ltd., Bangalore, India	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
Beverage Consulting and Engineering. Co. Ltd., Bangkok, Thailand	49.00

* 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

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

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

Dr. Jochen Klein
Chairman of the advisory council of DÖHLER HOLDING GMBH
* DÖHLER GROUP
HOYER GROUP

Prof. Dr. Ing. Erich Kohnhäuser
* MAX AICHER STAHL AG

Norman Kronseder
KRONSEDER FAMILY OFFICE
* 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

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

Josef Weitzer**
Chairman of the Works Council
* Member of the Board of Directors of 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
* WINKLER & DÜNNEBIER AG

* 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.

Glossary

Affiliated companies	See subsidiaries
Cash flow	Financial flow variable indicating the cash surplus (net income plus depreciation).
DAX	Deutscher Aktienindex (DAX). Index containing the 30 biggest German companies (based on market capitalisation and trading volume).
Deferred tax items	Temporary differences between the taxes calculated on the results reported on tax statements and those calculated on the results recognised in the financial statements under IFRSS. The purpose is to show the tax expense in relation to the result under IFRSS.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBIT	Earnings before interest and taxes.
EBT	Earnings before taxes.
EBT margin	Ratio of earnings before taxes to sales. (Return on sales.)
Equity	Funds made available to the company by the owners by way of contribution and/or investment plus retained earnings (or losses).
Free float	Portion of the total number of shares outstanding that is available to the public for trading.
IFRSS	International Financial Reporting Standards. Accounting standards issued by the International Accounting Standards Board (IASB) that are harmonised and applied internationally.
Market capitalisation	The value of a company based on the market price of issued and outstanding ordinary shares. Calculated by multiplying the share price by the number of shares.
MDAX	Index that contains the 50 biggest German and non-German companies (based on market capitalisation and trading volume) in the traditional sectors after those included in the DAX.
Net cash and equivalents	Cash and highly liquid securities under current assets less liabilities to banks.
Non-current assets	Assets which are intended to permanently serve the business operations.
ROCE	Ratio of EBIT to average capital employed (total assets less interest-free liabilities and other provisions).
ROI	Return on investment. Ratio of earnings before taxes to total capital.
Statement of cash flows	Statement of inflows and outflows of cash that shows the sources and uses of funds within the financial year.
Subsidiaries	All companies that are controlled, directly or indirectly, by a parent company due to majority interest and/or common management.
Total debt	Combined term for the provisions, liabilities, and deferred income stated on the liabilities side of the balance sheet.
Working capital	Working capital is calculated as current assets less cash and cash equivalents and less trade payables. Working capital expresses the portion of assets that are working for the company, i.e. generating sales revenues.

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