Q3 2011

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

KRONES

		1 Jan–30 Sep 2011	1 Jan–30 Sep 2010	Change
Sales	€ million	1,814.2	1,583.0	+14.6%
New orders, cumulative, including Lifecycle Service	€ million	1,892.7	1,617.7	+17.0%
Orders on hand at 30 Sep, including Lifecycle Service	€ million	987.3	923.2	+6.9%
Capital expenditure for PP&E and intangible assets	€ million	61.0	45.0	+35.6%
Employees at 30 September				
Worldwide		11,182	10,498	+6.5%
Germany		8,718	8,230	+5.9%
Outside Germany		2,464	2,268	+8.6%
EBITDA	€ million	135.3	88.5	+52.9%
EBIT	€ million	84.2	44.4	+89.6%
EBT	€ million	84.1	47.0	+78.9%
Net income	€ million	59.3	31.9	+85.9%
Earnings per share	€	1.97	1.05	+87.6%
Cash flow, gross*	€ million	110.4	76.0	+45.3%

* net income + depreciation

Dear shareholders and friends of KRONES,

After a very strong second quarter, we wrote the following in order to quell any exuberance that might be brewing: »The past has taught us how quickly the overall economic situation can change for the worse.« Those words have proven sadly prophetic. As the sovereign debt crisis and the ensuing euro crisis have escalated sharply in recent months and madness has reigned on the world's stock markets, the economic outlook has turned increasingly bleak. More and more economic think tanks are dialling down their growth forecasts. Fears of recession have resurged even as the economy is doing well.

Most industries in Germany are reporting strong growth and the sense of crisis seems unjustified given the current figures. At KRONES, too, the order books are well filled and our key figures for the first nine months of 2011 are up considerably over last year. Although our earnings performance was flat in the third quarter due to hiring, we are cautiously optimistic about the remainder of the year. It is difficult to predict what the new year will bring. If the turmoil on the capital markets drags the global economy down, our business will not be left completely unscathed.

We hope the doomsayers will be proven wrong and it will not come to a recession. But KRONES has never placed its fate in the hands of hope. Back in 2010, we launched a new strategy programme entitled »Value« to ready our company for the rigours of a more volatile economy. With »Value«, we are harnessing our strengths to shape KRONES' future. Together with our employees we will do whatever it takes to keep KRONES on track for success, come what may.

Volker Kronseder
Chairman
of the Executive Board

Hans-Jürgen Thaus
Deputy Chairman
of the Executive Board

Debt crisis hobbles world economy

The debt and euro crisis escalated further in Q3 2011.

The global economic outlook has dimmed considerably in recent months. In the third quarter, the debt crisis in the euro area, Greece in particular, escalated and the risk of a new banking crisis increased. The debt level in the USA was also cause for concern. Insufficient austerity measures and political factionalism there prompted Standard & Poor's to downgrade the country's top AAA rating.

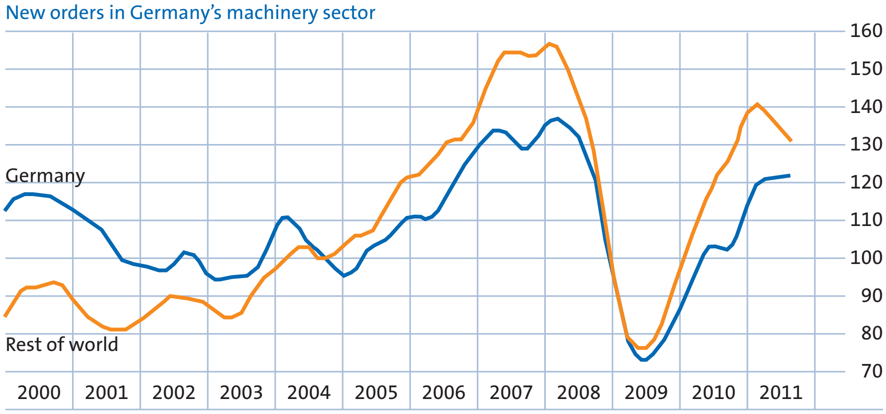
In light of growing debt problems and the resulting losses on the international financial markets, experts at the International Monetary Fund (IMF) in September lowered their growth forecasts for 2011. Economists lowered their expectation for US economic growth most of all. Instead of 2.5%, the IMF is now forecasting only 1.5% growth. Private consumption in particular has been far weaker than expected in the world's biggest economy. For the euro area, the IMF has cut its estimate for 2011 from 2.0% to 1.6%. The growth forecast for Germany for 2011 is now 2.7%, one half of a percentage point lower than it was at mid-year. The BRIC nations (Brazil, Russia, India, and China) will continue to contribute the most growth to the global economy in 2011. In all, the IMF expects the global economy to grow by 4.0% in 2011. This estimate is down 0.3% from the previous forecast.

Business is good in the machinery sector

Despite general economic uncertainties, demand for German machinery and equipment remained strong.

Undeterred by the political turmoil in Europe and the sour mood on the financial markets, Germany's machinery sector saw new orders increase 14% year-on-year in August. Orders from within Germany were up 22%, considerably more than orders from outside Germany (9%). For the three-month period from June to August 2011, the year-on-year orders gain was 8%. As business conditions remain favourable overall, the German Engineering Federation (VDMA) is standing by its forecast of 14% output growth for 2011 as a whole.

New orders in Germany's machinery sector



Price-adjusted index, 2005 basis = 100

Source: VDMA, 4 October 2011

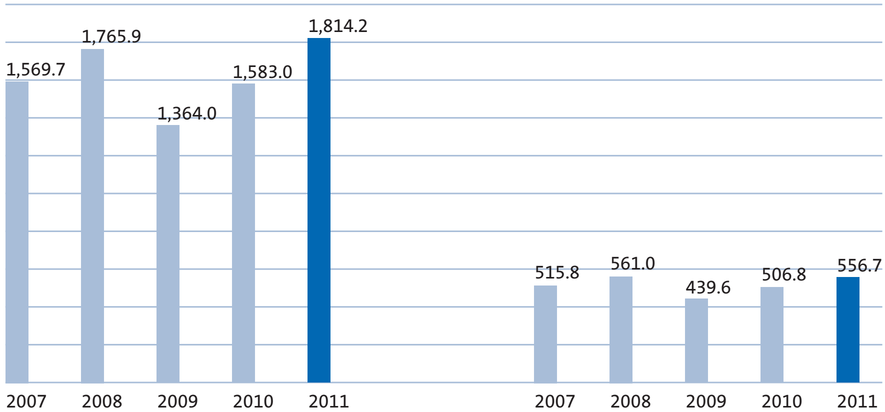
KRONES has its sights on a new sales record

Business at KRONES has so far remained virtually unscathed by the euro crisis and the turmoil on the world's capital markets. After a strong first half, sales continued to grow in the third quarter. Sales in the first nine months of 2011 were up 14.6% year-on-year, from €1,583.0 million to €1,814.2 million. That puts KRONES well on its way to surpassing its current sales record of €2,381.4 million, which was set back in 2008.

Rising demand for machinery and lines for producing, filling, and packaging plastic bottles continued to provide the biggest boost.

Sales revenue for the period from July to September 2011 was down compared with the very strong second quarter due to seasonal fluctuations (Q3 2011: €556.7 million, Q2 2011: €650.8 million). Compared with the third quarter of 2010, sales were up 9.8%.

Sales from 1 January to 30 September (€ million) | Sales in Q3 (€ million)



Sales by region

Sales in Germany were exceptionally strong in the first half of 2011. By contrast, revenue from Germany was low in the period from July to September, due primarily to invoice timing. On the whole, sales in our home market in the first nine months of 2011 were up 0.7% year-on-year from €183.8 million to €185.1 million. Sales within Germany accounted for 10.2% of consolidated sales for the first three quarters (previous year: 11.6%)

KRONES' sales were strong in China, Africa, and the Middle East in the first nine months of 2011.

In the period from January to September 2011, sales in Europe (excluding Germany) were up 42.3% to €523.4 million (year-earlier period: €367.7 million). The strongest growth was in Russia, Eastern Europe, and Central Europe. European sales (excluding Germany) contributed 28.9% of total consolidated sales in the first nine months of the year (previous year: 23.2%).

Outside Europe, KRONES' sales were up 7.2% year-on-year in the first three quarters of 2011, from €1,031.5 million to €1,105.7 million. Business in South America and Asia picked up more dramatically than elsewhere. All told, KRONES generated 60.9% (previous year: 65.2%) of consolidated sales outside Europe during the reporting period.

New orders and orders on hand

Order intake up considerably year-on-year

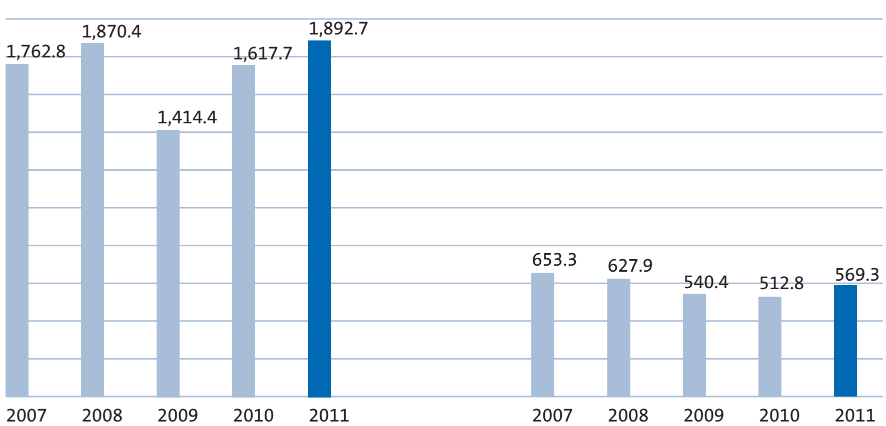
Demand for KRONES products and services was up considerably over last year.

New orders at KRONES were up 17.0% year-on-year in the period from January to September 2011, to €1,892.7 million (previous year: €1,617.7 million). We benefited more than most from overall market growth because we deliver all products and services from a single source. Our core segment, »machines and lines for product filling and decoration«, saw the biggest increase in demand.

In the third quarter of 2011, new orders were up 11.0% year-on-year to €569.3 million (Q3 2010: €512.8 million). This indicates that orders growth has slowed, just as we had expected. In previous months, the dimming economic outlook had not curbed our customers' ordering.

Demand for our products and services was higher in all major sales regions in the first nine months of this year. The sharpest increases in new orders over last year came in our Africa/Middle East sales region and in Eastern Europe and the Commonwealth of Independent States (CIS). The highest absolute volume of orders came from China.

New orders from 1 January to 30 September (€ million) | New orders in Q3 (€ million)



KRONES' order books are full

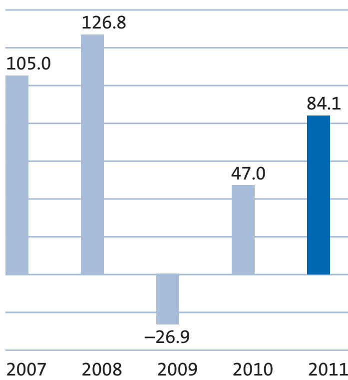
KRONES' orders backlog amounted to €987.3 million at the end of September 2011 (previous year: €923.2 million). This solid orders backlog increases our planning security and serves as a basis for further revenue growth this year.

KRONES boosts earnings

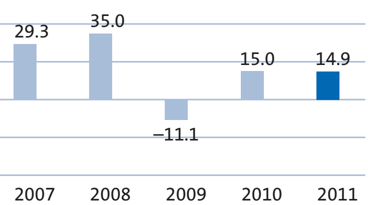
In 2010, KRONES launched the »Value« strategy programme in response to the markets' increasing volatility. During the reporting period, we implemented a number of measures to enhance our competitiveness and our earnings performance. One such measure is Total Productive Management, a far-sighted concept that aims to reduce machinery downtimes and increase the efficiency of production process flows. Our earnings for the first three quarters of 2011 show that we are on the right track with »Value«. Earnings before taxes (EBT) rose to €84.1 million, from €47.0 million a year earlier. Thus, our EBT margin, the ratio of EBT to sales, was 4.6% for the first nine months of 2011 (previous year: 3.0%). Net income for the period from January to September was €59.3 million (previous year: €31.9 million). Earnings per share amounted to €1.97 (previous year: €1.05).

After a dramatic rise in the first half of 2011, earnings before taxes were flat in the third quarter compared with the year-earlier period.

Earnings before taxes (EBT) from 1 January to 30 September
(€ million)

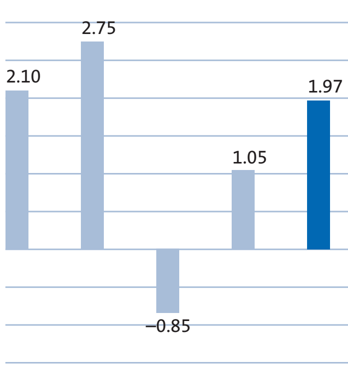


Earnings before taxes (EBT) in Q3
(€ million)

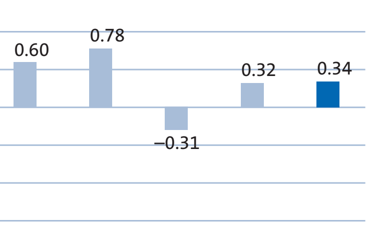


Earnings before taxes for the third quarter of 2011 amounted to €14.9 million (year-earlier period: €15.0 million). Net income for the quarter was €10.1 million (year-earlier period: €9.8 million). That corresponds to earnings per share of €0.34 (previous year: €0.32). Third-quarter earnings were shaped by seasonal factors as well as third-quarter workforce growth.

Earnings per share from 1 January to 30 September
(€ million)



Earnings per share in Q3
(€ million)



KRONES Group earnings structure

€ million	2011	2010	Change
	1 Jan–30 Sep	1 Jan–30 Sep	
Sales revenue	**1,814.2**	**1,583.0**	**+14.6%**
Changes in inventories of finished goods and work in progress	–29.1	50.3	–
Total operating revenue	**1,785.1**	**1,633.3**	**+9.3%**
Goods and services purchased	–891.5	–832.4	+7.1%
Personnel expenses	–561.7	–513.6	+9.4%
Other operating income (expenses) and own work capitalised	–196.6	–198.8	–1.1%
EBITDA	135.3	88.5	+52.9%
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–51.1	–44.1	+15.9%
EBIT	84.2	44.4	+89.6%
Financial income (expense)	–0.1	2.6	–
EBT	84.1	47.0	+78.9%
Income tax	–24.8	–15.1	+64.2%
Consolidated net income	**59.3**	**31.9**	**+85.9%**

KRONES' earnings in the period from January to September 2011 were markedly improved over the year-earlier period. This growth resulted largely from market growth in the world's emerging economies. Sales revenue was up 14.6% to €1,814.2 million during the reporting period, from €1,583.0 million a year earlier. Total operating revenue rose 9.3% to €1,785.1 million.

Performance-boosting measures also benefited earnings. As we continually improved our production structure through »Value«, spending on goods and services purchased rose only 7.1% year-over-year in the first three quarters of 2011, to €891.5 million. That is far flatter than the increases in sales and total operating revenue. The ratio of expenses for goods and services purchased to total operating revenue declined year-on-year in the first nine months of 2011 from 51.0% to 49.9%. The ratio was almost unchanged from the first half of 2011. Continued strong demand from all industries for input materials that KRONES buys in, such as electronic components, has made it difficult for us to improve this ratio further.

Personnel expenses were up considerably as KRONES has hired many new employees this year.

In response to rising demand and in order to prepare for future growth, KRONES increased its workforce by 607 new employees in the first nine months of 2011. The new hiring was also aimed at averting a shortage of skilled workers in Germany. As a result of the workforce expansion, personnel expenses rose 9.4% year-on-year in the first three quarters, to €561.7 million. At around 31.5%, the ratio of personnel expenses to total operating revenue for the first nine months was more or less unchanged from the same period of the previous year. However, the main impact of the staff increase came in the third quarter. The KRONES Group's workforce grew by 415 employees in the period from July to September, pushing the ratio of personnel expenses to total operating revenue up to 32.3% for the quarter (previous year: 31.7%).

The net of other operating income and expenses and own work capitalised was down €2.2 million to –€196.6 million, indicating the success of our efforts to cut »other operating expenses«. The company's tax rate in the first nine months was 29.5% (previous year: 32.1%).

KRONES Group cash flow

€ million	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep	Change € million
EBT	**84.1**	**47.0**	**+37.1**
Cash flow from operating activities	–24.4	–34.8	+10.4
Cash flow from investing activities	–56.0	–40.3	–15.7
Free cash flow	**–80.4**	**–75.1**	**–5.3**
Cash flow from financing activities	11.4	21.1	–9.7
Net change in cash and cash equivalents	–69.0	–54.0	–15.0
Change in cash and cash equivalents arising from exchange rates	0.5	1.2	–0.7
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	**78.9**	**82.7**	**–3.8**

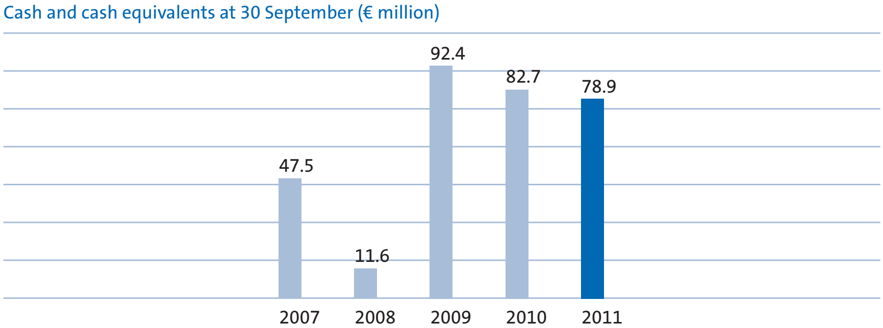
Cash flow from operating activities improved by €10.4 million year-on-year, to –€24.4 million. The negative figure for cash flow from operating activities despite our positive earnings can be attributed to an increase in working capital due to the growth in business volume during the reporting period. Inventories and trade receivables both increased in the period from January to September 2011. We also reduced trade payables in order to better utilise favourable supply terms.

KRONES invested heavily in building up working capital in the first three quarters to handle the growth in sales.

KRONES invested €61.0 million in intangible assets and property, plant and equipment during the reporting period. As planned, this total is far higher than the year-earlier value of €45.0 million. Because of the increase in capital spending, free cash flow was down at 30 September from –€75.1 million a year earlier to -€80.4 million. However, free cash flow improved €53.5 million compared to 30 June.

Cash flow from financing activities was down at the end of the first three quarters, from €21.1 million to €11.4 million. Cash and cash equivalents decreased by €68.5 million from the start of the year, to total €78.9 million at 30 September 2011 (previous year: €82.7 million).

Cash and cash equivalents at 30 September (€ million)



At 30 September 2011, KRONES had cash and cash equivalents totalling €78.9 million.

Assets and capital structure

KRONES Group assets and capital structure

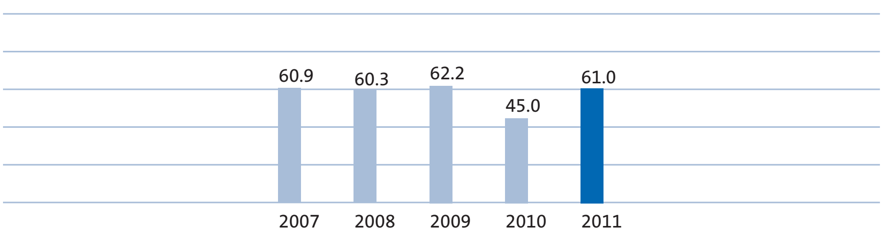
€ million	30 Sep 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
Non-current assets	578	569	542	534
of which property, plant and equipment, intangible assets, and non-current financial assets	527	519	496	482
Current assets	1,339	1,317	1,248	1,291
of which cash and equivalents	79	147	136	108
Equity	793	759	696	790
Total debt	1,124	1,127	1,094	1,035
Non-current liabilities	152	125	125	144
Current liabilities	972	1,002	969	891
Total assets	**1,917**	**1,886**	**1,790**	**1,825**

KRONES has a sound asset base and a robust capital structure.

At 30 September 2011, KRONES had total assets amounting to €1,916.6 million, which is 1.6% more than at the end of 2010. After the surge in business in the first half expanded our balance sheet considerably, we were able to improve our inventory and receivables figures in the third quarter.

At the end of the reporting period, current assets totalled €1,339.1 million, which is 1.7% more than at 31 December 2010. Inventories grew from €583.6 million to €606.3 million and trade receivables increased by €61.4 million to €566.7 million. Despite this increase, the ratio of working capital to sales was down year-on-year from 28.2% to 25.8%. A large share of the working capital was funded with cash and cash equivalents, which decreased from €147.4 million to €78.9 million during the reporting period.

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



Non-current assets were also up after the first three quarters. The increase was driven by the company's intangible assets, which consist primarily of development costs that must be capitalised. Intangible assets were up to €107.1 million at 30 September (31 December 2010: €100.6 million). At 30 September 2011, KRONES had non-current assets totalling €577.5 million (31 December 2010: €569.5 million). Within this figure, property, plant and equipment, intangible assets, and non-current financial assets totalled €527.1 million (31 December 2010: €519.0 million), of which €417.2 million were property, plant and equipment.

KRONES' non-current liabilities, consisting primarily of provisions for pensions and other provisions, increased to €151.8 million at 30 September 2011 (31 December 2010: €124.8 million). The company had no non-current liabilities to banks at 30 September.

Current liabilities were down €30.6 million compared with the end of the year 2010 to €971.8 million. This decrease is due primarily to a reduction in trade payables. At the end of September 2011, KRONES was using short-term lines of credit totalling €24.7 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) amounted to €54.2 million. This figure does not account for approximately 1.4 million treasury shares, which the company purchased on the stock market under a buyback programme in 2009. At 30 September 2011, these shares had a total value of around €55 million.

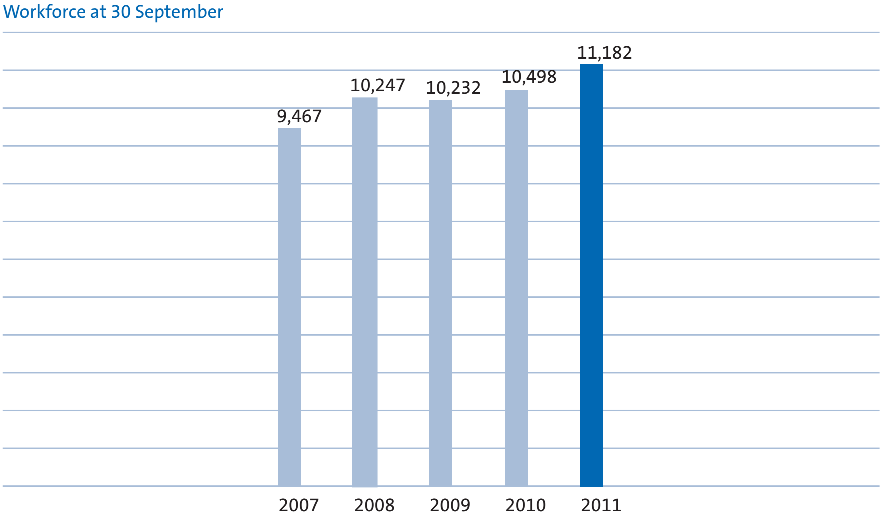
The positive consolidated earnings after three quarters boosted equity from €758.9 million at the reporting date for 2010 to €793.0 million, bringing our equity ratio to 41.4% at 30 September (31 December 2010: 40.2%). With net cash and cash equivalents (cash and cash equivalents less bank debt) of €54.2 million at 30 September 2011, KRONES therefore still has an extremely robust financial and capital structure.

KRONES team grows to 11,182 employees

To ensure that we are able to satisfy the rising demand for our products and services on time and in the high quality KRONES customers have come to expect, we increased our workforce by 607 employees in the first three quarters of 2011. A total of 11,182 people worked for KRONES at 30 September (previous year: 10,498). Of these, 8,718 were in Germany (previous year: 8,230) and 2,464 were outside Germany (previous year: 2,268).

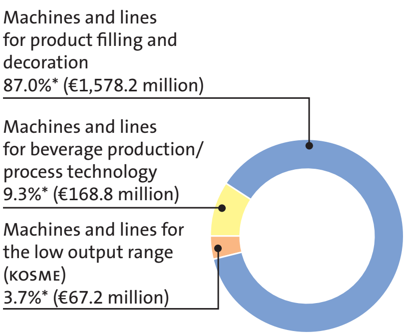
KRONES added 421 employees worldwide in the third quarter alone.

Workforce at 30 September

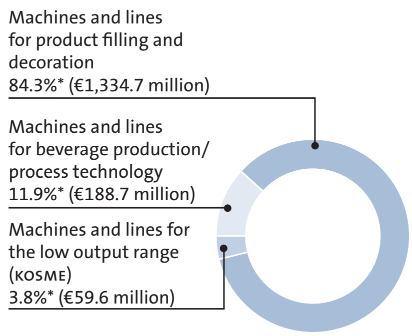


Report from the segments

Sales by segment 1 Jan–30 Sep 2011	Sales by segment 1 Jan–30 Sep 2010



* Share of consolidated sales of €1,814.2 million



* Share of consolidated sales of €1,583.0 million

Segment revenue

Sales in KRONES' core segment were up 18.2% in the first three quarters.

KRONES' core segment, »machines and lines for product filling and decoration« continued its strong growth trend. In the period from January to September 2011, sales revenue was up 18.2% year-on-year to €1,578.2 million (previous year: €1,334.7 million). The main force driving this growth was continued high demand for machines and lines for bottling beverages and liquid foods in plastic. KRONES is the leading supplier of machines and lines for producing, filling, and packaging PET bottles worldwide. In the first nine months of 2011, the company's largest segment contributed 87.0% of total sales (previous year: 84.3%).

Sales in the »machines and lines for beverage production/process technology« segment declined 10.5% to €168.8 million in the first three quarters of 2011, from €188.7 million a year earlier. Because the process engineering business is heavily project-based, sales revenue tends to fluctuate quite sharply over the course of the year. For this reason, quarterly figures are not necessarily very telling in this segment. The segment's contribution to consolidated sales in the first three quarters of 2011 shrank from 11.9% a year ago to 9.3%.

After a very strong first half, business in our smallest segment, »machines and lines for the low output range (KOSME)«, tapered off in the third quarter. At the end of the first nine months, segment revenue totalled €67.2 million, which is up 12.8% over last year (€59.6 million). Because KOSME has a strong presence in Eastern Europe, the segment benefited from the general increase in demand in the region. At 3.7%, KOSME's share of sales during the reporting period was slightly smaller compared with a year ago (3.8%).

Segment earnings

Only KRONES' core segment posted a profit for the period from January to September 2011.

Earnings were up sharply in the »machines and lines for product filling and decoration« segment. At €99.6 million, earnings before taxes (EBT) for the first three quarters of 2011 were up almost 70% year-on-year. The segment could have generated even higher earnings were it not for the continued unsatisfactory price situation. The fact that this segment was operating at capacity during the reporting period is reflected in its EBT margin. During the first nine months of 2011, this profitability ratio (earnings before taxes to segment sales) was up to 6.3% from 4.4% for the same period of last year.

The »machines and lines for beverage production and process technology« segment closed the first three quarters of 2011 in the red. Earnings before taxes deteriorated from –€2.9 million a year earlier to –€6.4 million. The sharp fluctuations in this segment's business as described above are one reason for this decline. We expect segment earnings for the year as a whole to be improved over 2010 (EBT: –€14.1 million). Process engineering is strategically important to KRONES as it enables us to serve as a full-service supplier, which in turn makes it easier for us to win orders for our profitable core segment.

In the years ahead, demand for machines and lines from the mid-range price segment will likely grow more than the market as a whole. For this reason, we are investing heavily – in terms of money and effort – in strengthening our »machines and lines for the low output range (KOSME)« segment for the long term. KOSME once again posted a loss for the reporting period. EBT was –€9.1 million, after –€8.8 million in the year-earlier period. The lower capacity utilisation during the summer months had an impact on third-quarter earnings, which amounted to –€4.2 million.

Product filling and decoration		2011 1 Jan–30 Sep	2010 1 Jan–30 Sep
EBT	€ million	99.6	58.7
EBT margin	%	6.3	4.4

Beverage production/process technology		2011 1 Jan–30 Sep	2010 1 Jan–30 Sep
EBT	€ million	–6.4	–2.9
EBT margin	%	–3.8	–1.5

KOSME		2011 1 Jan–30 Sep	2010 1 Jan–30 Sep
EBT	€ million	–9.1	–8.8
EBT margin	%	–13.5	–14.8

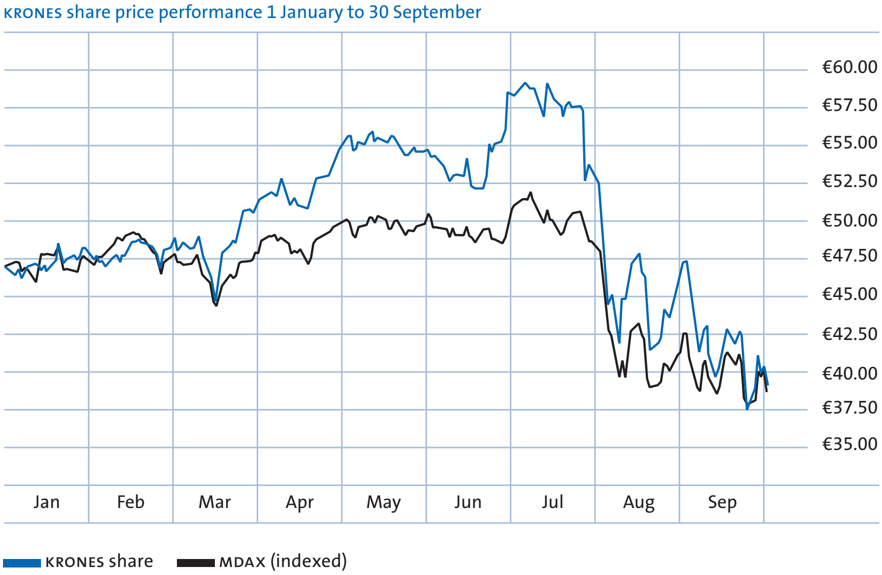
Share prices slide

The stock markets took a dramatic downward turn in the third quarter of 2011. The debt crisis and euro crisis in Europe made for negative sentiment among investors. Bank shares were hit especially hard as the looming Greek default threatened to trigger a massive banking crisis. Rising recession fears caused cyclical stocks to tumble. The Fed's reluctance to open the money spigot also put pressure on share prices. More and more, investors opted to move their money into ostensible safe havens such as government bonds and gold.

Germany's blue chip index, the DAX, lost around one-quarter of its value in the period from July to September 2011 alone. All told, the index was down 20.4% at the end of September from the start of the year. The Euro Stoxx 50 index fell 22.3% in the same period. Despite concerns about the public debt and the economy in the US, the Dow Jones Industrial Average slipped only about 6%. Japan's Nikkei index dropped 15.0% in the first three quarters of 2011.

Difficult third quarter for the KRONES share

KRONES share price performance 1 January to 30 September



The KRONES share suffered a more dramatic loss in the third quarter than the MDAX as investors cast off cyclical stocks.

Growing concerns among investors that the economies in major industrialised countries could slide into recession resulted in a massive sell-off of cyclical stocks such as automakers and machinery manufacturers in the third quarter. The KRONES share was dragged down as well. In the period from July to September, our share price dropped by one-third from €58.38 to €39.12. At the end of September, the share price was 16.7% lower than it was at the start of the year. Germany's MDAX mid-cap index, which includes KRONES, lost 17.6% during the same period.

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 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. In the reporting period from 1 January to 30 September 2011, there were no material changes with respect to the statements made in the annual report regarding the company's key risks.

Outlook

KRONES remains optimistic

The general economic outlook has dimmed in the wake of the debt crisis. In Europe and the USA in particular, economic growth is likely to be far weaker than was forecast at mid-year. The economy's gloomier prospects have not yet had an impact on business at KRONES.

At the end of the first three quarters of 2011, we are closer to our goal of increasing sales by 10% over 2010 and surpassing our sales record of €2,381 million, which was set in 2008. We have set medium-term targets under our »Value« strategy programme. To reach these targets, we need sufficiently qualified employees. That is why we expanded our workforce considerably this year, in part by permanently hiring many of our highly skilled and motivated temporary workers. This hiring has had a short-term impact on earnings. But we expect earnings for the year 2011 as a whole to be up considerably over last year and are targeting a pre-tax return on sales of about 5% (2010: 3.3%).

From today's perspective, it is difficult to predict how the world economy will develop in 2012. Because our customers are from the non-cyclical consumer goods sector, we are not heavily dependent on economic cycles. Therefore, assuming that the global economy does not deteriorate further, we believe that we can still achieve our target of increasing earnings in all of our segments in 2012 and generating a pre-tax return on sales of around 7% overall.

Statement of financial position for the KRONES Group

Assets € million	30 September 2011		31 December 2010	
Intangible assets	107.1		100.6	
Property, plant and equipment	417.2		416.3	
Non-current financial assets	2.8		2.1	
Property, plant and equipment, intangible assets, and non-current financial assets	**527.1**		**519.0**	
Deferred tax assets	14.4		15.9	
Trade receivables	25.3		22.9	
Current tax receivables	8.1		9.5	
Other assets	2.6		2.2	
Non-current assets		**577.5**		**569.5**
Inventories	606.3		583.6	
Trade receivables	566.7		505.3	
Current tax receivables	4.2		3.9	
Other assets	83.0		76.4	
Cash and cash equivalents	78.9		147.4	
Current assets		**1,339.1**		**1,316.6**
Total		**1,916.6**		**1,886.1**

Equity and liabilities € million	30 September 2011		31 December 2010	
Equity		**793.0**		**758.9**
Provisions for pensions	81.1		80.2	
Deferred tax liabilities	12.2		3.8	
Other provisions	33.2		33.9	
Liabilities to banks	0.0		0.0	
Other financial liabilities	8.3		3.1	
Other liabilities	17.0		3.8	
Non-current liabilities		**151.8**		**124.8**
Other provisions	123.7		148.9	
Provisions for taxes	5.6		5.4	
Liabilities to banks	24.7		0.0	
Advances received	475.8		434.9	
Trade payables	103.3		174.0	
Current tax liabilities	0.3		0.3	
Other financial liabilities	9.3		12.4	
Other liabilities and accruals	229.1		226.5	
Current liabilities		**971.8**		**1,002.4**
Total		**1,916.6**		**1,886.1**

Separate income statement for the KRONES Group

€ million	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep	Change %
Sales revenue	**1,814.2**	**1,583.0**	**+14.6**
Changes in inventories of finished goods and work in progress	–29.1	50.3	
Total operating revenue	**1,785.1**	**1,633.3**	**+9.3**
Goods and services purchased	–891.5	–832.4	+7.1
Personnel expenses	–561.7	–513.6	+9.4
Other operating income (expenses) and own work capitalised	–196.6	–198.8	–1.1
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–51.1	–44.1	+15.9
EBIT	**84.2**	**44.4**	**+89.6**
Financial income (expense)	–0.1	2.6	
Earnings before taxes (EBT)	**84.1**	**47.0**	**+78.9**
Income tax	–24.8	–15.1	+64.2
Consolidated net income	**59.3**	**31.9**	**+85.9**
Profit (loss) share of non-controlling interests	0.0	0.1	
Profit (loss) share of KRONES Group shareholders	59.3	31.8	
Earnings per share (diluted/basic) in €	1.97	1.05	

€ million	2011 Q3	2010 Q3	Change %
Sales revenue	**556.7**	**506.8**	**+9.8**
Changes in inventories of finished goods and work in progress	–27.5	18.1	
Total operating revenue	**529.2**	**524.9**	**+0.8**
Goods and services purchased	–263.4	–252.2	+4.4
Personnel expenses	–170.9	–166.3	+2.8
Other operating income (expenses) and own work capitalised	–62.9	–77.2	–18.5
Depreciation, amortisation, and write-downs of intangible assets, property, plant and equipment, and non-current financial assets	–17.0	–15.2	+11.8
EBIT	**15.0**	**14.0**	**+7.1**
Financial income (expense)	–0.1	1.0	
Earnings before taxes (EBT)	**14.9**	**15.0**	**–0.7**
Income tax	–4.8	–5.2	–7.7
Consolidated net income	**10.1**	**9.8**	**+3.1**
Profit (loss) share of non-controlling interests	–0.2	0.0	
Profit (loss) share of KRONES Group shareholders	10.3	9.8	
Earnings per share (diluted/basic) in €	0.34	0.32	

Statement of cash flows for the KRONES Group

€ million	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep
Earnings before taxes	**84.1**	**47.0**
Depreciation and amortisation (reversals)	51.1	44.1
Increase in provisions	14.3	65.1
Deferred tax item changes recognised in profit or loss	6.9	–4.3
Interest expenses and interest income	1.5	–1.4
Proceeds and losses from the disposal of non-current assets	–0.2	–0.2
Other non-cash expenses and income	1.4	–0.6
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–87.6	–142.0
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–85.3	–26.2
Cash generated from operating activities	**–13.8**	**–18.5**
Interest paid	–2.2	–1.8
Income tax paid and refunds received	–8.4	–14.5
Cash flow from operating activities	**–24.4**	**–34.8**
Cash payments to acquire intangible assets	–22.4	–22.8
Proceeds from the disposal of intangible assets	0.2	0.0
Cash payments to acquire property, plant and equipment	–38.6	–22.2
Proceeds from the disposal of property, plant and equipment	2.5	1.2
Cash payments to acquire non-current financial assets	–0.3	0.0
Purchase of shares in affiliated companies	–0.9	0.0
Interest received	2.1	2.3
Dividends received	1.4	1.2
Cash flow from investing activities	**–56.0**	**–40.3**
Cash payments to company owners	–12.1	0.0
Proceeds from new borrowing	24.7	22.3
Cash payments to pay lease liabilities	–1.2	–1.2
Cash flow from financing activities	**11.4**	**21.1**
Net change in cash and cash equivalents	–69.0	–54.0
Changes in cash and cash equivalents arising from exchange rates	0.5	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	**78.9**	**82.7**

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 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**
Consolidated net income Q4 2010						19.0	19.0		19.0
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				7.7		–0.1	7.6		7.6
Hedge accounting					–0.8		–0.8		–0.8
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 9 months 2011						59.3	59.3	0.0	59.3
Currency differences				–10.1			–10.1		–10.1
Changes in the consolidated group			0.0				0.0	–0.9	–0.9
Hedge accounting					–2.1		–2.1		–2.1
At 30 September 2011	**40.0**	**66.6**	**389.1**	**–2.1**	**–2.7**	**302.1**	**793.0**	**0.0**	**793.0**

Statement of comprehensive income

€ million	2011 1 January – 30 September	2010 1 January – 30 September
Consolidated net income	59.3	31.9
Exchange differences on translation	–10.1	5.1
Available-for-sale financial instruments		
Derivative financial instruments	–2.1	0.4
Other comprehensive income	–12.2	5.5
Total comprehensive income	**47.1**	**37.4**
of which attributable to non-controlling interests	0.0	0.1
of which attributable to KRONES Group shareholders	47.1	37.3

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 Sep	2010 1 Jan–30 Sep	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep	2011 1 Jan–30 Sep	2010 1 Jan–30 Sep
Sales revenue	€ million	1,578.2	1,334.7	168.8	188.7	67.2	59.6	1,814.2	1,583.0
EBT	€ million	99.6	58.7	–6.4	–2.9	–9.1	–8.8	84.1	47.0
EBT margin		6.3%	4.4%	–3.8%	–1.5%	–13.5%	–14.8%	4.6%	3.0%
Employees at 30 Sep*		9,849	9,179	660	645	483	513	10,992	10,337

*Consolidated group

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES GROUP«) for the period ended 30 September 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 September 2011 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

KRONES acquired another 49% share in MainTec Service GmbH, Collenberg/Main, Germany, in fiscal 2011. As a result, KRONES AG now holds a direct 100% stake in this company and an indirect stake in its subsidiaries.

In addition, KRONES Angola – Representacoes, Comercio e Industria, Lda., Luanda, Angola, was acquired and acquisition accounting done to include it in the consolidated group.

The first-time consolidation of the new shares was effected at the time of acquisition.

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 Sep 2011	31 Dec 2010	2011	2010
US dollar	USD	1.349	1.338	1.407	1.317
British pound	GBP	0.865	0.863	0.872	0.859
Swiss franc	CHF	1.217	1.253	1.235	1.403
Danish krone	DKK	7.442	7.454	7.454	7.445
Canadian dollar	CAD	1.411	1.337	1.375	1.365
Japanese yen	JPY	103.650	108.800	113.308	118.020
Brazilian real	BRL	2.484	2.221	2.292	2.356
Chinese renminbi (yuan)	CNY	8.616	8.821	9.142	8.977
Mexican peso	MXN	18.616	16.593	16.912	16.761
Ukrainian hryvnia	UAH	10.807	10.663	11.226	10.603
South African rand	ZAR	10.967	8.885	9.802	9.852
Kenyan shilling	KES	134.590	108.139	122.551	107.662
Nigerian naira	NGN	216.600	203.630	217.071	200.937
Russian ruble	RUB	43.370	40.924	40.464	39.912
Thai baht	THB	41.963	40.211	42.642	42.870
Indonesian rupiah	IDR	11,866.100	12,058.500	12,229.322	12,028.643
Angolan kwanza	AOA	128.381	122.460	131.338	120.809

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	100.00
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	100.00
MAINTEC Service Ges.m.b.H., Dorf an der Pram, Austria	100.00
KONPLAN S.R.O., Pilsen, Czech Republic	50.00
KRONES Angola – Representacoes, Comercio e Industria, Lda., Luanda, Angola	100.00
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.

Glossary

Affiliated companies	See subsidiaries
Cash flow	All inflows and outflows of cash and cash equivalents during a period.
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	Pre-tax return on sales. Ratio of earnings before taxes to 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).
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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