

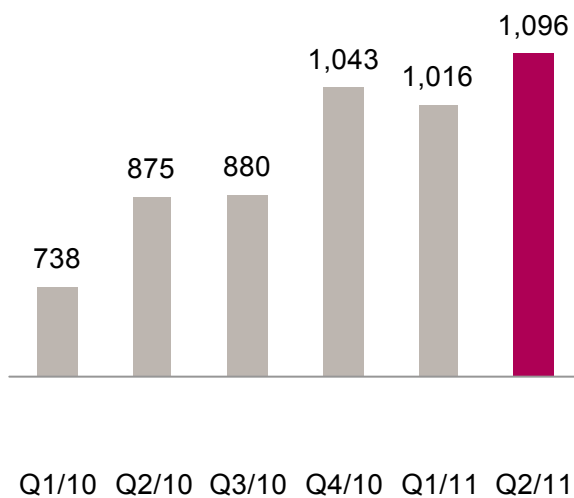
WE KEEP THE WORLD MOVING



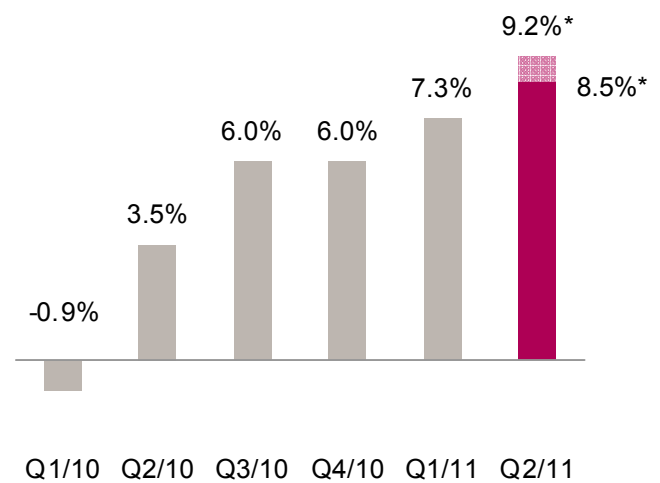
SUMMARY Q1-2/2011

REVENUE Q2	+ 25%
REVENUE Q1-2	+ 31%
EBIT MARGIN ADJUSTED Q2	9.2%*
EBIT MARGIN ADJUSTED Q1-2	8.3%*

Revenue (€ million)



EBIT margin adjusted (%)



* The Adjusted EBIT includes €7 million profits from investments driven mainly by participations in dealers which generally occur in Q2 for the fiscal year. This represents 0.7%-points of EBIT margin in Q2/2011 and 0.4%-points of EBIT margin in Q1-2/2011. In Q2/2010 the profits from investments were €2 million.

We are a leading global supplier of industrial trucks and we are well-positioned to capture growth opportunities in our European home market as well as across global growth regions by leveraging our leading market positions, our global sales and service network, our comprehensive product and service offering, our technological leadership and our multi-brand offerings. We are the largest manufacturer of industrial trucks in Europe and the second largest manufacturer globally.

KION Group key figures *)

€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Order intake (in €)	1,195	998	19.8%	2,353	1,843	27.6%
Order intake (in units)	37,700	32,200	17.1%	74,300	59,100	25.7%
Revenue	1,096	875	25.4%	2,113	1,612	31.0%
EBITDA	179	89	99.9%	320	144	>100%
Adjusted EBITDA ¹	173	109	58.6%	322	182	76.6%
Adjusted EBITDA margin ¹	15.8%	12.5%	-	15.2%	11.3%	-
EBIT	98	4	>100%	159	-26	>100%
Adjusted EBIT ¹	101	30	>100%	175	24	>100%
Adjusted EBIT margin ¹	9.2%	3.5%	-	8.3%	1.5%	-
Net income (loss) for the period	8	-77	>100%	4	-175	>100%
Capital expenditures	29	25	16.6%	51	47	8.2%
Free cash flow ²	-26	4	<-100%	20	-18	>100%
Total spending on R&D ³	29	25	20.0%	57	48	16.9%
R&D spending/revenue (%)	2.7%	2.8%	-	2.7%	3.0%	-
€ million				06/30/2011	12/31/2010	Change
Trade working capital				729	661	10.4%
Cash and cash equivalents				159	253	-37.3%
Equity				-397	-400	0.7%
Net financial debt				2,688	2,641	1.8%
Number of employees incl. apprentices and trainees				20,515	19,968	2.7%

¹ Adjusted for KION acquisition items and one-off items

² Free cash flow is defined as Cash flow from operating activities less Cash flow used in investing activities

³ Including amortization expense, depreciation and capitalization

*) KION Group figures reflect financial data of KION Holding 1 GmbH as well as for certain respects figures of KION GROUP GmbH which acts as the management holding company for the Group.

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DISCLAIMER

We have included in this Quarterly Report the Consolidated Financial Statements of KION Holding 1 GmbH. This financial data differs in certain respects from the financial data of KION GROUP GmbH: The financial statements of KION Holding 1 GmbH include a shareholder loan in the principal amount of €500 million (before capitalized interest) and certain fees including audit fees and annual fees to the supervisory board.

KION Holding 1 GmbH owns all the shares in KION Holding 2 GmbH, which in turn is the sole shareholder of KION GROUP GmbH. KION GROUP GmbH acts as our management holding company.

This report should be read in conjunction with the 2010 Annual Financial Statements of KION Holding 1 GmbH available on our website. This report provides updated or additional information to the financial statements.

In this report, the accompanying unaudited condensed interim financial statements of KION Holding 1 GmbH as of and for the relevant period ended June 30, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in Germany. The financial information and financial statements included in this report are presented in Euro. Certain numerical figures included in this report have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. All changes in percentage and ratios were calculated using the underlying data in € thousands.

This report contains information, data and predictions about our markets and our competitive position. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. We believe that the information, data and predictions presented in this report provide fair and adequate estimates of the size of our markets and fairly reflect our competitive position within these markets. However, our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyze or compute market information and data would obtain or generate the same results. In addition, our competitors may define our and their markets differently than we do.

The discussion includes forward looking statements, which, although based on assumptions that we consider reasonable, are subject to risk and uncertainties, which could cause actual results, events or conditions to differ materially from those expressed or implied herein. Investors are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events. We provide a cautionary discussion of risks and uncertainties under "Risk Factors" contained elsewhere in this report. These are factors that we think would cause our actual results to differ materially from expected results. Other factors besides those, however, could also adversely affect us.

BUSINESS

Overview

We are a leading global supplier of industrial trucks and we are well-positioned to capture growth opportunities in our European home market as well as across global growth regions by leveraging our leading market positions, our global sales and service network, our comprehensive product and service offering, our technological leadership and our multi-brand offerings. We are the largest manufacturer of industrial trucks in Europe and the second largest manufacturer globally in terms of unit sales. Besides our home market of Europe we are in a leading position in the current growth regions of China, South America and India. We are the only major global manufacturer focused solely on industrial trucks, and we complement our new truck business with a broad service offering.

We operate through our two global brands, Linde and STILL, and through our four regional brands, Fenwick (France), OM (Italy), Baoli (China and emerging markets) and Voltas (India), as well as 19 separate production sites, including our hydraulics and components business, and more than 1,200 distributors, dealers and other sales outlets in over 100 countries.

We complement our products with a comprehensive service offering geared to our customers' specific needs, including after sales service, financial services, fleet management and software solutions. Our service activities are an essential sales support function for our new truck sales business and also generate higher margins as well as more stable revenue on a standalone basis. Our production and service activities are complemented by our Linde Hydraulics business, which manufactures high-end hydraulic components for use within our products, as well as customized hydraulic components for external customers, across a variety of industries. With more than one million of our trucks in circulation, our service offering is an important part of our business, generating 46% of our revenue in 2010.

We operate our business through a multi-brand strategy, allowing us to strategically position ourselves across a wide range of products, geographies, regions and customer preferences. Our Linde, STILL, Baoli and Voltas brands operate independently, enabling us to capitalize on their strengths and leverage our sales channels in the regions across which we operate. Fenwick is operated by our Linde Material Handling management for France, and OM's operations are being integrated into STILL's and the OM brand will be used to cover Italy. At the same time, all of our brands benefit from shared administrative, procurement and logistics functions, thereby reducing costs and yielding cost synergies. Historically, we reported our business under three main operational segments: Linde Material Handling (includes the Linde, Fenwick and Baoli brands as well as Linde Hydraulics), STILL and OM. Due to the combination of STILL and OM, we will present our financial accounts and figures on a combined STILL/OM basis from Q1/2011 onwards and will also provide the relevant data for the previous year period. Voltas is included in the segment "Other".

Our Strategy

Maintain new truck market leadership and expand service offering in our European markets

We aim to maintain the strong market leadership positions that we have achieved in the European markets by leveraging our strong brands and remaining at the forefront of technological innovation, while increasing the benefits we provide to our customers by expanding our service offering. We believe that we can differentiate our products through technological leadership that translates into superior customer benefits. To maintain our technological leadership position, we continue to invest significantly in research and development. In total, our research and development costs in 2010 were €103 million, or 5.5% of our new truck and hydraulics sales and 2.9% of our total revenue, which we believe to be higher than what most of our competitors spent during that period. Our research and development pipeline includes innovations to address major technological trends, including fuel cell drive systems, hybrid trucks, lithium-ion technology and enhanced ergonomics.

We strive to continuously broaden the range and increase the quality of the services we offer and develop for our customers, including solutions for fleet management, intra-logistics processes, efficient goods flow management and IT systems. We intend to increase our market share and coverage in our after sales business in particular by targeting our significant installed base. We believe that our full product and service offering increases our value proposition and helps to drive customer loyalty.

Tap full market potential in growth regions

We intend to exploit our excellent position in important growth markets in order to benefit from the increasing demand in those markets. We plan to continue introducing more tailored products into specific markets including China and Brazil, and to build out our local product distribution and manufacturing network. We strive to leverage our diverse product portfolio to cover the premium, value and economy segments as the emerging markets continue to grow. We seek to further increase our local product offerings and expand our sales and services network in key growth regions. We aim to achieve this through targeted investments in local manufacturing capacity, product research and development, by a sales presence including the targeted acquisition of dealers in markets important to us, and, opportunistically, with small local or regional manufacturers.

Further improve market penetration through our multi-brand strategy and sales and service networks

We leverage our multi-brand strategy with our Linde, Fenwick, STILL, OM, Baoli and Voltas brands to reach a wide range of regions and customers, as well as the economy, value and premium market segments. We believe that this results in increased sales by better addressing customer needs in their specific locations. For example, in order to better address the potential of the important growth markets of Asia and South and Central America, which generally have lower technological requirements and are more price sensitive, we added Baoli, a local Chinese manufacturer, to our group as a fifth brand in 2009, to focus on the economy segment in China, but also to leverage this product offering in other markets. We will continue to explore selected external growth opportunities and seek to maximize our growth potential by utilizing the different strengths of our six brands, allowing us to present multiple options to our competitors thereby increasing our overall market share. This effort will be assisted by continued exploitations of our existing service network in order to drive new truck sales and after sales revenue.

Reduce costs by exploiting group-wide synergies and achieving operational excellence

We strive to approach the market through our separate brands, maximizing our potential market share, while simultaneously working across our brands to achieve synergies and reduce costs in operations by implementing best practices throughout our group. While historically the various entities were managed largely separately, we are now focused on exploiting group-wide synergies while maintaining the distinctive identities of our brands. For example, our quality and production controls and logistics units are now managed by a central operations team in order to create uniform standards and make expertise available across our group. In addition, we plan to continue improving our production footprint across the group. We are able to efficiently manage resources through a shared procurement organization and a joint research and development unit enabling the bundling of resources and more efficient capacity utilization while still maintaining independent brand support where appropriate. We will continue to optimize our systems and processes and are also in the process of implementing and running standardized IT systems and platforms in order to continue to improve margins.

Our Strengths

Market leader in attractive European market

We are the leading European industrial truck manufacturer and our position is particularly strong in Western Europe. We believe that our strong product offering, our customer relationships, our dense sales and service network, and our significant installed base of trucks provide us with an excellent platform to capture future demand in the European markets. The market in which we operate is large and has exhibited historic growth at rates exceeding GDP.

Strong platform from which to capture emerging markets potential

We have a strong presence in many emerging markets, which over the medium term we expect to exhibit higher growth rates than the developed Western economies. We are in a leading position in Eastern Europe, and we are the leading non-domestic manufacturer in China and the second largest manufacturer in Brazil. We recently significantly strengthened our position in India by establishing a joint venture with Voltas Limited. This joint venture will allow us to capture significant market share in an early stage of the development of the Indian market. We believe that our position in these emerging economies will allow us to capture additional sales volumes as these markets continue to grow. In addition, given our access to premium product offerings across all truck types and our service know-how derived from our strong market position in Europe, we believe that we are well positioned to benefit as these markets mature and demand shifts towards premium products and services which not all local players may be able to provide.

Global and regional brands with a loyal customer following

We operate our business through a multi-brand strategy, allowing us to strategically position ourselves across a wide range of products, geographies, regions and customer preferences. Our global Linde and STILL brands, as well as our regional Fenwick, OM, Baoli and Voltas brands benefit from significant customer recognition and loyalty. We leverage our multi-brand platform to reach a wide range of regions and customers, as well as the economy, value and premium market segments. We believe that this enhances our position by better addressing customer needs in their specific locations.

Full product offering, diversified across products, customers and geographic markets

We offer a complete product range of new industrial trucks, from small low-lift pallet trucks up to 46 ton container handlers, as well as maintenance and repair services, comprehensive fleet management solutions and financial solutions. This comprehensive product offering is important to our premium customers, who seek a full product line including services when selecting an industrial truck manufacturer. Our customers are highly diversified by end markets and by geography. China is our third biggest market behind Germany and France, in terms of new trucks sold in units, and Brazil is our sixth biggest market. Our top ten customers for the KION Group only represented 6% of our total revenue in 2010.

Strong after sales business reducing revenues and earnings volatility

In 2010, we generated 46% of our revenue from our service offering, including 27% of our revenue stemming from our after sales business, which includes maintenance and spare parts. This revenue stream, which produces higher margins than our new truck sales, has historically been less volatile than new truck sales. Accordingly, our significant activities in this area somewhat reduce the overall volatility of our revenues. Our comprehensive after sales service offering benefits from our installed base of over a million trucks worldwide and is complemented by our network of over 1,200 sales and service locations in over 100 countries with more than 7,000 service employees globally, allowing us to remain close to our customers. Customer proximity is particularly important from a service perspective as many customers use our products in mission critical applications, in many instances for up to twenty-four hours a day, and require very short response times by service technicians. We believe that our dense network represents a significant competitive advantage over competitors that do not have such networks and would need to invest heavily to develop them. This is particularly true for competitors who are focused on new truck sales.

Competitive advantage through technological leadership

We are at the technological forefront of the IC truck and E truck segments, and have a leading technological position in warehouse trucks. Linde Material Handling is a technological leader with its highly efficient and reliable hydrostatic drive, while STILL is well-positioned in hybrid technology with its diesel-electric drive. We are committed to investing in products in line with major trends in the industry and are leading in hybrid technology, lithium-ion technology, fuel cells, ergonomics and safety. All of our brands benefit from our large research and development platform that allows us to make research results available across the group, while simultaneously addressing the specific needs of our brands in terms of technology and brand differentiation. We believe that as a result of our technological superiority, the total cost of ownership of specific Linde IC trucks is significantly lower than that of many other trucks.

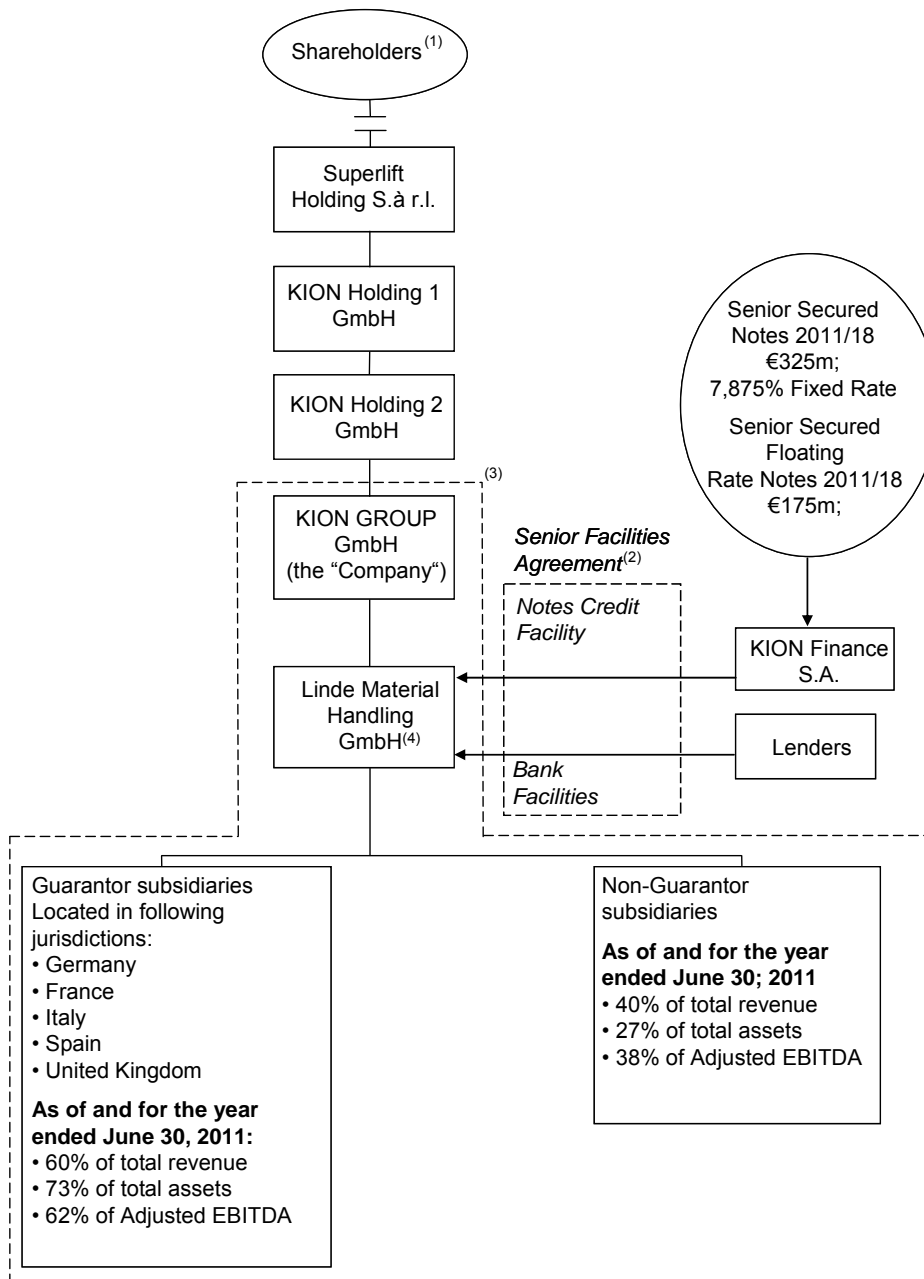
Operational excellence

We constantly search for and implement programs to increase our efficiency and drive our margins. Since 2006, we have implemented a number of restructuring and cost savings measures, including temporary measures, such as the closure of our former manufacturing site in Basingstoke and the downsizing of two further sites in Germany. In addition, we have strengthened our OM brand and sales network in Italy by leveraging the existing STILL product portfolio. These measures have significantly improved our structural cost base. We continue to implement a number of further operational improvement measures, such as common production standards, consolidation of our product portfolio, design-to-cost initiatives, and supplier management. These measures, together with the inherent operating leverage, offer the potential for significant profit improvement as our revenues increase.

Experienced management team

Our senior management team has extensive experience across our industry and has an excellent track record in the execution of our growth strategy, in restructuring and redesigning our business and in delivering efficiencies and significant synergies across our group. Through our optimized and streamlined structures and processes implemented by our senior management team, we believe we are in a strong position to compete in the market.

Summary of Corporate Structure & Shareholders



The following diagram summarizes certain aspects of our corporate structure.

- (1) For information regarding our ultimate shareholders please see "— Our Shareholders" below.
- (2) The Bank Facilities and the Notes Credit Facility under the Senior Facilities Agreement rank equally in right of payment. Facility D under the Senior Facilities Agreement is a second lien tranche which in certain circumstances will receive proceeds only after the other facilities under the Senior Facilities Agreement.
- (3) These entities are all members of the KION Group. Total revenue, total assets and Adjusted EBITDA presented have been prepared on a consolidated basis.
- (4) The other borrowers under the Bank Facilities are Superlift UK Limited, KION France Services S.A.S., Islavista Spain S.A.U. and Linde Holdings Limited.

Our Shareholders

Our principal shareholders include Goldman Sachs Capital Partners, investment partnerships controlled by Goldman, Sachs & Co. and certain of its affiliates, and investment partnerships controlled by KKR & Co. L.P. and certain of its affiliates. Since 1986, Goldman Sachs, through its Merchant Banking Division, has raised over \$82 billion of capital for corporate investments through 16 investment vehicles (including equity, mezzanine, senior secured loan and distressed funds) (together "GS Funds"). The GS Funds conduct privately negotiated investment activities globally and have invested over \$15 billion in industrial and manufacturing companies. Investments include for example Messer Griesheim, Cognis, Xella International, Prysmian Cables & Systems, Ahlsell, Ontex, Hawker Beechcraft, Sanyo Electric and Geely Automobile Holdings. GS Capital Partners V, L.P. ("GSCP V"), is one series of the diversified GS Funds with over \$8 billion of capital commitments. Like the other GS Funds, GSCP V is managed and sponsored by affiliates of Goldman Sachs and focuses on large, sophisticated business opportunities in which value can be created by leveraging the resources and expertise of Goldman Sachs to source, execute and manage investments.

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$61.0 billion in assets under management as of December 31, 2010. With 14 offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets platforms. KKR is publicly traded on the New York Stock Exchange (NYSE: KKR). For additional information, please visit KKR's website at www.kkr.com.

MANAGEMENT DISCUSSION & ANALYSIS

Recent Developments

Change in segmentation due to the combination STILL/OM

As a result of the combination of our two brands STILL and OM, we changed our segment reporting beginning in 2011 and will report both brands under one common segment STILL/OM. As a result of gaining access to STILL's comprehensive product portfolio and becoming the major representative of the STILL brand in Italy, OM will significantly expand its range of products while continuing to focus on its home market, Italy. STILL will similarly be able to enhance its product range with OM's reliable product base.

€500 million bond issue successfully executed

In April 2011 we successfully placed senior secured notes with a total principal value of €500 million. The bond issuance partially extends the company's debt maturity profile into 2018 and diversifies our investor base. Net proceeds were used to refinance a portion of our then existing first lien loan indebtedness. The senior secured notes were issued by Luxembourg-based KION Finance S.A. The senior secured notes due in 2018 comprise a fixed rate tranche of €325 million and a floating rate tranche of €175 million. The fixed rate notes were issued at par with a coupon of 7.875%, the floating rate notes were issued at par and will pay a coupon of 3 month EURIBOR plus 4.25%.

KION takes a major step in India through Voltas

In March 2011 we announced an agreement to establish a joint venture in India with Voltas Limited ("Voltas") for the development, manufacturing, marketing and servicing of forklift trucks and warehousing equipment. In accordance with the terms of the joint venture agreement, Voltas' material handling operations were integrated into a new joint venture company. On the closing of the transaction, we entered into a product supply agreement with Voltas. The joint venture company is called Voltas Material Handling (VMH) Private Limited. We financed the acquisition of our majority share in VMH through cash on hand, and have not incurred additional debt in connection with the joint venture. VMH is concentrating on the Indian market, with an initial product range including IC trucks and E trucks, and a view towards including warehouse trucks in the future. The closing of the transaction was completed in Q2/2011. We include VMH in our reporting within the segment "Other" from Q2/2011 onwards.

Strengthening of market position in UK

In June 2011, Linde purchased the remaining 51% shares in its UK dealership Linde Sterling Ltd. ("Sterling") and today holds 100% of the company. Sterling has been a leading supplier of new and used trucks, rental and after-sales support to its customers in North West England and North Wales for over 30 years. At its headquarters in Warrington and three further customer support centers, Sterling employs approximately 300 members of staff (not yet included in Q2/2011 headcount). As one of Linde's largest UK national network companies, it generated revenues of GBP 32 million in 2010. With this acquisition, Linde UK will strengthen its business and customer service activities.

KION plans further consolidation of its European plants and invests in Brazil

In July 2011 we announced a project which will further improve the competitiveness of our manufacturing footprint by increasing our utilization of our existing European plants and by improving our flexibility of our manufacturing capacity. We aim to concentrate our European manufacturing of warehouse trucks at the sites in Chatellerault (France) and Luzzara (Italy). The current production of warehouse trucks in Montataire (France) would be relocated to the plant in Luzzara. As a second project, production of the STILL and OM counterbalance trucks would be consolidated at the site in Hamburg (Germany). Accordingly the production of E- and IC-trucks in Bari (Italy) would be relocated to Hamburg.

In April we also announced the construction start of a completely new production facility for the manufacture of counterbalance trucks for the South American market in Sao Paulo, Brazil. We already operate a warehouse equipment plant in Rio de Janeiro. This step will significantly increase our ability to exploit the existing market potential of that growth region.

Market Development in Q1-2/2011

Global industrial truck markets continued their recovery and increased by 33% compared to Q1-2/2010 to 506,000 units, thus continuing the path back towards the record level for the global market, which was set in 2007 with 953,000 units for the whole year. Global growth was driven by all regions the biggest regional markets Western Europe, Northern America and China grew each by more than 30%. Within Western Europe, Germany, UK and France remain the growth drivers and are already at new or close to historical peak levels, while markets such as Greece, Portugal, Italy and Spain still lagged the overall market development and showed only moderate growth rates, remaining, at historical low levels. Eastern Europe pursued its strong recovery, driven by the Russian market but with strong contributions from all other major markets like Hungary, Poland and Czech Republic. The Chinese market remained at a high level and represents, with 131,000 units, one out of four trucks globally and represents the biggest regional market behind Western Europe.

Global Industrial Truck Market (order intake)

in thousand units	Q2 2011	Q2 2010	Q2 2009	Q2 2008	Changes 2011/2010
WEU	74	58	45	86	28%
EEU	15	10	5	22	50%
China	67	53	27	35	26%
Rest of Asia	35	32	22	45	11%
North America	44	33	25	48	34%
South & Central America	14	11	3	13	28%
Rest of World	10	7	5	11	35%
Total	259	204	132	260	27%

Global Industrial Truck Market (order intake)

in thousand units	Q1-Q2 2011	Q1-Q2 2010	Q1-Q2 2009	Q1-Q2 2008	Changes 2011/2010
WEU	150	109	92	172	38%
EEU	28	17	9	42	65%
China	131	99	49	65	33%
Rest of Asia	69	61	40	87	14%
North America	81	61	48	90	33%
South & Central America	28	20	7	23	38%
Rest of World	19	14	9	21	34%
Total	506	381	254	500	33%

Source: WITS/ FEM

Note: According to WITS, Western Europe includes Turkey and Cyprus from 2011 onwards (until 2010 included in Asia)

Financial Highlights of Q1-2/2011

Overview Q2/2011

Driven by the strong market environment, our order intake in the new truck business grew by 17% from 32,200 units in Q2/2010 to 37,700 units in Q2/2011. Growth was promoted by strong development in European markets as well as the continued surge in China, which is our third biggest market. New truck order intake especially benefited from the trend towards E and IC trucks which grew even more than the smaller warehouse trucks. Besides new truck business, all other service lines including after sales, rental and used truck business improved substantially. Total order intake, which includes all lines of business, grew by 20% to €1,195 million compared to last years' period and exceeded our revenue which increased by 25% to €1,096 million. Our order book grew accordingly to €993 million.

KION Group key figures						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Order intake	1,195	998	19.8%	2,353	1,843	27.6%
Revenue	1,096	875	25.4%	2,113	1,612	31.0%
EBIT	98	4	>100%	159	-26	>100%
Adjusted EBIT	101	30	>100%	175	24	>100%
EBITDA	179	89	99.9%	320	144	>100%
Adjusted EBITDA	173	109	58.6%	322	182	76.6%
Free cash flow	-26	4	<-100%	20	-18	>100%
EBIT Margin (Adj.)	9.2%	3.5%	-	8.3%	1.5%	-
EBITDA Margin (Adj.)	15.8%	12.5%	-	15.2%	11.3%	-

EBIT is defined as net profit (loss) before financial income, financial expense, and income taxes. EBITDA is defined as EBIT before depreciation, amortization and impairment charges. EBIT and EBITDA reflect the impact of earnings or charges resulting from matters that we do not consider to be indicative of our ongoing operations. Therefore, we also present Adjusted EBIT and Adjusted EBITDA. In calculating Adjusted EBIT and Adjusted EBITDA, we add back costs that we believe are not indicative of the ongoing operations or those that may impact the comparability of financial information year on year or do not impact our ability to service our debt (referred to as "Non-recurring Items"). Adjusted EBIT is defined as EBIT after applying adjustments to eliminate certain Non-recurring Items and KION acquisition items. Adjusted EBITDA is defined as EBITDA after applying adjustments to eliminate certain Non-recurring Items and KION acquisition items. Additionally we adjust Q2/2011 for the effects from a new equity accounting for one of our dealer participations according to IFRS 3.42. EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to net income or operating income as indicators of our performance, or as alternatives to operating cash flows as a measure of our liquidity. EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA are used by our management to make decisions about our operations unaffected by the above factors. In addition, we believe that EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA are measures commonly used by investors. EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA, as presented in this Quarterly Report, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Condensed Statement of Income

Condensed statement of income						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Revenue	1,096	875	25.4%	2,113	1,612	31.0%
Cost of sales	-796	-666	-19.5%	-1,539	-1,246	-23.5%
Gross profit	300	208	44.1%	574	366	56.6%
Selling expenses	-131	-114	-15.2%	-260	-219	-19.2%
Research and development costs	-29	-25	-16.0%	-57	-51	-11.5%
Administrative expenses	-71	-69	-3.2%	-133	-131	-1.4%
Other income/expense	19	1	>100%	24	5	>100%
Profit from equity investments/ other financial result	11	3	>100%	11	3	>100%
Earnings before interest and taxes	98	4	>100%	159	-26	>100%
Net finance cost	-65	-90	27.5%	-114	-167	31.9%
Earnings before taxes	33	-86	>100%	45	-193	>100%
Income taxes	-25	9	<-100%	-40	18	<-100%
Net income (loss) for the period	8	-77	>100%	4	-175	>100%

Our revenue growth can be broken down by product category as follows:

Revenue by product category						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
New truck business	590	439	34.3%	1,130	773	46.2%
Hydraulics	44	30	50.1%	83	55	50.9%
Service Offering	462	406	13.9%	899	784	14.7%
After Sales	261	239	9.4%	520	465	11.8%
Rental business	107	98	8.7%	212	193	10.3%
Used trucks	72	49	48.9%	122	92	32.5%
Other	21	20	8.7%	45	34	30.2%
Total revenue	1,096	875	25.4%	2,113	1,612	31.0%

Q2/2011

Revenue

As a result of the ongoing strong recovery of the economies in the markets that are most important to our business such as Germany, France, China and Brazil, there was strong demand for new trucks and increased truck utilization levels, which accelerated the replacement cycle and increased services demand. The overall value of our order intake for new trucks, service offering and hydraulics increased by 20% to €1,195 million for Q2/2011, compared to €998 million for Q2/2010. The increase of the order intake in the course of 2010 and Q1-2/2011 had a positive impact on our revenue, which grew by 25%, or €222 million, to €1,096 million, compared to €875 million in Q2/2010. With €1,195 million in order intake KION reached almost its order intake level of 2008. This increase was driven by both business segments LMH and STILL/OM.

As a result of the continuing market recovery in 2010 and in Q1-2/2011 a significant revenue increase was visible across all product categories in Q2/2011. The Hydraulics business, with 50%, and the used trucks business, with 49%, reported the highest revenue growth rates. In absolute figures the new truck business contributed most to the rise of revenues with an increase of €150 million or 34% from €439 million in Q2/2010 to €590 million in Q2/2011, making it our biggest driver of revenue in Q2/2011. The strong impact of new truck business is followed by our service offering with revenue of €462 million in Q2/2011, compared to revenue of €406 million in Q2/2010, which is an increase of 14%. This increase was due to the improved economic environment that led to higher capacity utilization levels and therefore gave rise to a greater demand for services and spare parts. We have also experienced greater demand for rental and used trucks.

Cost of Sales

The cost of sales increased to €796 million in Q2/2011, an increase of 20% compared to Q2/2010, when the cost of sales was €666 million. Compared to our 25% revenue growth, our cost of sales rose at a lower rate. This is mainly due to higher volume and therefore better capacity utilization. Our cost management strategy that we implemented as part of the KIARA Restructuring Program in 2009, including relocation of certain products and a plant closure in Basingstoke, United Kingdom as well as the downsizing of our plants in Reutlingen, Germany and Kahl, Germany, has led to a lower fixed cost base compared to the pre-crisis level.

Gross Profit and Gross Margin

Our gross profit rose by 44% to €300 million in Q2/2011, from €208 million in Q2/2010. This was caused by a lower rate of increase of our cost of sales in Q2/2011, compared to the rate of increase of our revenue in Q2/2011. Consequently, gross margin rose from 23.8% in Q2/2010 to 27.4% in Q2/2011 due to the significant rise in our capacity utilization, our production efficiency gains and better operating performance across all product categories.

Selling Expenses

Our selling expenses increased by €17 million, or 15%, to €131 million in Q2/2011, from €114 million in Q2/2010. The increase in selling expenses was lower than the percentage increase in revenue and, as such, can be mainly attributed to the reduction of headcount as part of the KIARA Restructuring Program and consequently the smaller increase in the last quarters. Therefore, selling expenses as a percentage of revenue decreased from 13.0% in Q2/2010 to 12.0% in Q2/2011.

Research and Development Costs

In Q2/2011, our research and development expenses amounted to €29 million. In Q2/2010, research and development expenses amounted to €25 million. This small increase was mainly related to research and development of new products, such as the Linde E-truck, the fulfillment of new exhaust regulations concerning IC-trucks, new facelifts and other new technologies, such as hybrid IC technology.

General and Administrative Expenses

Our general and administrative expenses slightly increased to €71 million in Q2/2011 compared to €69 million Q2/2010. As a percentage of our revenue, our administrative expenses decreased to 6.5% in Q2/2011, from 7.9% in Q2/2010, driven by continued cost management.

Other Income and Expense

Other income and expense primarily consists of gains and losses related to foreign exchange rate differences resulting from the measurement of financial assets and receivables denominated in a foreign currency. Additionally, gains and losses related to the sale, disposal or impairment of long-lived assets are included. Our net other income and expense increased by €17 million from €1 million in Q2/2010 to €19 million in Q2/2011 mainly due to the remeasurement of purchase price obligations in connection with the acquisition of outstanding shares in UK dealers in accordance with IAS 39.

Profit from Equity Investments/Other Financial Result

Profit from equity investments consists of all results from associates and joint ventures accounted for under the equity method. Other financial result includes mainly the dividends from non-controlling investments.

The profit from equity investments/ other financial result amounted to €11 million in Q2/2011. In the comparable prior year period the comparable amount was €3 million. The main reason for the increase is the higher profits from investments of €7 million in Q2/2011 (€3 million in Q2/2010) mainly from our dealers, driven by the better operating performance. Additionally the acquisition of the 51% outstanding shares of our UK dealer Sterling required a new equity accounting according to IFRS 3.42, amounting to a profit of €4 million. For comparison reasons we adjust this one-time effect in our Adjusted EBIT calculation.

Q1-2/2011

Revenue

The continuing recovery of the economies in the markets that are most important to our business such as Germany, France, China and Brazil, led to a strong order intake increase of 28% for new trucks, service offering and hydraulics to €2,353 million for Q1-2/2011, compared to €1,843 million for Q1-2/2010. The increase of the order intake in the course of 2010 and Q1-2/2011 positively impacted our revenue, which grew by 31%, or €500 million, to €2,113 million, compared to €1,612 million in Q1-2/2010. With €2,353 million in order intake KION almost reached its order intake level of 2008. This increase was visible in the main business segments, LMH and STILL/OM.

In the first half year a significant revenue increase was visible across all product categories. The new truck business reported a strong growth at 46%, from €773 million in Q1-2/2010 to €1,130 million in Q1-2/2011, making it our biggest driver of revenue in Q1-2/2011. Hydraulics also achieved a strong first half year 2011 with the highest growth rate of 51% across all segments. Our service offering accounted for revenue of €899 million in Q1-2/2011, compared to revenue of €784 million in Q1-2/2010, an increase of 15%.

Cost of Sales

The cost of sales increased to €1,539 million in Q1-2/2011, an increase of 24% compared to Q1-2/2010, when the cost of sales was €1,246 million. Compared to our 31% revenue growth, our cost of sales rose at a lower rate. This is mainly due to higher volume and therefore better capacity utilization and a lower fixed cost base compared to the pre-crisis level due to the KIARA Restructuring Program.

Gross Profit and Gross Margin

Our gross profit rose by 57% to €574 million in Q1-2/2011, from €366 million in Q1-2/2010. This was caused by a lower rate of increase of our cost of sales in Q1-2/2011, compared to the rate of increase of our revenue in Q1-2/2011. Consequently gross margin rose from 22.7% in Q1-2/2010 to 27.2% in Q1-2/2011 due to the significant rise in our capacity utilization, our production efficiency gains and better operating performance across all product categories.

Selling Expenses

Our selling expenses increased by €42 million, or 19%, to €260 million in Q1-2/2011, from €219 million in Q1-2/2010 due to the far higher volume in Q1-2/2011 compared to Q1-2/2010. The increase in selling expenses was lower than the percentage increase in revenue and, as such, can be mainly attributed to the reduction of headcount as part of the KIARA Restructuring Program and consequently the smaller increase in the last two quarters. Therefore the selling expenses as a percentage of revenue decreased from 13.6% in Q1-2/2010 to 12.3% in Q1-2/2011.

Research and Development Costs

In Q1-2/2011, our research and development expenses amounted to €57 million. In Q1-2/2010, research and development expenses amounted to €51 million. This small increase was mainly related to research and development of new products, such as the Linde E-truck, the fulfillment of new exhaust regulations concerning IC-trucks, new facelifts and other new technologies, such as hybrid IC technology.

General and Administrative Expenses

Our general and administrative expenses remained almost stable with a slight increase of €2 million to €133 million in Q1-2/2011, from €131 million in Q1-2/2010. As a percentage of our revenue, our administrative expenses decreased to 6.3% in Q1-2/2011, from 8.1% in Q1-2/2010.

Other Income and Expense

Other income and expense primarily consists of gains and losses related to foreign exchange rate differences resulting from the measurement of financial assets and receivables denominated in a foreign currency. Additionally, gains and losses related to the sale, disposal or impairment of long-lived assets are included. Our net other income and expense increased from €5 million in Q1-2/2010 to €24 million in Q1-2/2011 mainly due to the remeasurement of purchase price obligations in connection with the acquisition of outstanding shares in UK dealers in accordance with IAS 39.

Profit from Equity Investments/Other Financial Result

Profit from equity investments consists of all results from associates and joint ventures accounted for under the equity method. Other financial result includes mainly the dividends from non-controlling investments.

The profit from equity investments/ other financial result increased from €3 million in Q1-2/2010 to €11 million in Q1-2/2011. The main reason for the increase are higher profits from investments of €7 million in Q1-2/2011 mainly from our dealers, driven by the better operating performance. Additionally the acquisition of the 51% outstanding shares of our UK dealer Sterling required a new equity accounting according to IFRS 3.42, amounting to a profit of €4 million. For comparison reasons we adjust this one-time effect in our Adjusted EBIT calculation.

Earnings Before Interest and Taxes (EBIT), Adjusted EBIT, Adjusted EBITDA

The following tables show the adjustments to calculate Adjusted EBIT and Adjusted EBITDA:

Adjusted EBIT						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Net income (loss) for the period	8	-77	>100%	4	-175	>100%
Income taxes	-25	9	<-100%	-40	18	<-100%
Financial result	-65	-90	27.5%	-114	-167	31.9%
EBIT	98	4	>100%	159	-26	>100%
+ Non-recurring items	-2	19	<-100%	4	36	-90.1%
+ KION acquisition items	9	7	28.2%	17	14	22.0%
./. Profit from equity investments according to IFRS 3.42	4	-	-	4	-	-
= Adjusted EBIT	101	30	>100%	175	24	>100%

Adjusted EBITDA						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
EBIT	98	4	>100%	159	-26	>100%
Amortization and depreciation	80	85	-5.9%	161	170	-5.0%
EBITDA	179	89	99.9%	320	144	>100%
+ Non-recurring items	-3	19	<-100%	3	36	-90.6%
+ KION acquisition items	1	1	25.9%	3	3	-5.3%
./. Profit from equity investments according to IFRS 3.42	4	-	-	4	-	-
= Adjusted EBITDA	173	109	58.6%	322	182	76.6%

Q2/2011

Our EBIT amounted to €98 million in Q2/2011, compared to €4 million in Q2/2010. This improvement of €94 million is primarily a result of the strong market recovery in the major regional markets and the positive revenue increases in our target growth markets of China and Brazil, and also by improved capacity utilization levels both in our new truck business and our Hydraulic components business. In Q2/2011 we achieved an Adjusted EBIT of positive €101 million, which excludes non-recurring items and KION acquisition items. This is at the 2008 level or an improvement of €70 million. The increased Adjusted EBIT corresponds to an Adjusted EBIT margin of 9.2% in Q2/2011, which was strongly above Q2/2010 (Adjusted EBIT margin of 3.5%). The Adjusted EBIT includes €7 million or 0.7%-points EBIT margin from equity results/ other financial results driven by participations in dealers which generally occur in Q2 for the fiscal year. Excluding profits from investments in Q2/2011, the Adjusted EBIT margin in Q2/2011 was 8.5%.

The Adjusted EBIT was impacted by a strong operating performance and better capacity utilization due to the successful execution of the KIARA Restructuring Program including the closure of the plant in Basingstoke, United Kingdom as well as the downsizing of our plants in Reutlingen, Germany and Kahl, Germany. In Q2/2011, non-recurring items amounted to positive €2 million and is driven by the remeasurement of purchase price obligations for the acquisition of outstanding shares in UK dealers in accordance with IAS 39. Additionally, the acquisition of the 51% outstanding shares of our UK dealer Sterling required a new equity accounting according to IFRS 3.42, amounting to a profit of € 4 million. For comparison reasons we adjusted this additional one-time effect in our Adjusted EBIT calculation.

In Q2/2010 EBIT included non-recurring items amounting to negative €19 million, which were mainly driven by relocation costs, severance payments and general headcount reductions.

The KION acquisition items had a negative impact of €9 million in Q2/2011, compared to negative €7 million in Q2/2010. These effects of the purchase price allocation in connection with the KION acquisition primarily include depreciation, amortization, impairment and in addition administration charges for KION Holding 1 GmbH.

We achieved an Adjusted EBITDA of €173 million and an Adjusted EBITDA margin of 15.8%, compared to an Adjusted EBITDA of €109 million and an Adjusted EBITDA margin of 12.5% in Q2/2010. Depreciation and amortization declined from €85 million in Q2/2010 to €80 million in Q2/2011 due to reduced capital expenditures in Fiscal Year 2009 and 2010.

Financial Income and Expense

Net finance cost decreased by €25 million from €90 million in Q2/2010 to €65 million in Q2/2011. The main reason for this was that losses from the translation of a US dollar denominated loan decreased from €61 million in Q2/2010 to €7 million in Q2/2011. The foreign currency exchange rate gains decreased from €56 million in Q2/2010 to €13 million in Q2/2011. The losses on derivative financial instruments decreased from €26 million in Q2/2010 to €7 million in Q2/2011. In contrast the interest expenses from loans increased from €31 million in Q2/2010 to €35 million in Q2/2011.

Income Taxes

In Q2/2011, we reported a net tax expense of €25 million, compared to a net tax income of €9 million in Q2/2010. Driven by higher earnings before taxes, the current tax expense increased by €16 million to €19 million in Q2/2011, compared to €3 million in Q2/2010. Despite the positive results of operations, management's previous estimate of the possibility to utilize unused tax losses in future profitable years has not changed and, thus, previously unrecognized deferred tax assets were not recognized. Net deferred tax expense amounted to €6 million, compared to a net deferred tax income of €12 million in the corresponding prior year period, the change being partly due to the utilization of deferred tax assets for tax loss carry forwards.

Net Income (Loss) for the Period

In the second quarter of 2011 we reported a net income of €8 million, compared to a net loss of €77 million in Q2/2010. This development of €85 million was mainly driven by the higher EBIT of €94 million and lower net finance cost of €25 million. Income tax expenses increased by €34 million as described above.

Q1-2/2011

Our EBIT amounted to positive €159 million in Q1-2/2011, compared to negative €26 million in Q1-2/2010. This improvement of €185 million is primarily a result of the strong market recovery in the major regional markets and the positive revenue increases in our target growth markets of China and Brazil, and also by improved capacity utilization levels both in our new truck business and our Hydraulic components business. Our Adjusted EBIT, which excludes non-recurring items and KION acquisition items, improved by €151 million to positive €175 million in Q1-2/2011. The increased Adjusted EBIT corresponds to an Adjusted EBIT margin of 8.3% in Q1-2/2011, which was impacted by a strong operating performance and better capacity utilization due to the successful execution of the KIARA Restructuring Program. In Q1-2/2011, non-recurring items amounted in total to negative €4 million. A positive €2 million effect in Q2/2011 is driven by the remeasurement of purchase price obligations for the acquisition of outstanding shares in UK dealers in accordance with IAS 39. Additionally, the acquisition of the 51% outstanding shares of our UK dealer Sterling required a new equity accounting according to IFRS 3.42, amounting to a profit of € 4 million. In Q1-2/2010 EBIT included non-recurring items amounting to negative €36 million, which were mainly driven by relocation costs, severance payments and general headcount reductions.

The KION acquisition items had a negative impact of €17 million in Q1-2/2011, compared to €14 million in Q1-2/2010. These effects of the purchase price allocation in connection with the KION acquisition primarily include depreciation, amortization, impairment and in addition administration charges for KION Holding 1 GmbH.

We achieved an Adjusted EBITDA of €322 million and an Adjusted EBITDA margin of 15.2% in Q1-2/2011, compared to an Adjusted EBITDA of €182 million and an Adjusted EBITDA margin of 11.3% in Q1-2/2010. Depreciation and amortization declined from €170 million in Q1-2/2010 to €161 million in Q1-2/2011 due to reduced capital expenditures in fiscal years 2009 and 2010.

Financial Income and Expense

Net finance cost decreased by €53 million from negative €163 million in Q1-2/2010 to negative €114 million in Q1-2/2011. The main reason for this was that losses from the translation of a US dollar denominated loan decreased from €93 million in Q1-2/2010 to €7 million in Q1-2/2011. The foreign currency exchange rate gains decreased from €87 million in Q1-2/2010 to €49 million in Q1-2/2011. The losses on derivative financial instruments remained relatively stable at €40 million in Q1-2/2011 compared to €42 million in Q1-2/2010. In contrast the interest expenses from loans increased from €62 million in Q1-2/2010 to €67 million in Q1-2/2011.

Income Taxes

In Q1-2/2011, we reported a net tax expense of €40 million, compared to a net tax income of €18 million in Q1-2/2010. Driven by higher earnings before taxes, the current tax expense increased by €25 million to €32 million in Q1-2/2011, compared to €7 million in Q1-2/2010. Despite the positive results of operations, management's previous estimate of the possibility to utilize unused tax losses in future profitable years has not changed and, thus, previously unrecognized deferred tax assets were not recognized. Net deferred tax expense amounted to €8 million, compared to a net deferred tax income of €25 million in the corresponding prior year period, the change being partly due to the utilization of deferred tax assets for tax loss carry forwards.

Net Income (Loss) for the Period

In the firsthalf year of 2011 we reported a net income of €4 million, compared to a net loss of €175 million in Q1-2/2010. This development of €180 million was mainly driven by the higher EBIT of €185 million and lower net finance cost of €53 million. Income tax expenses increased by €58 million as described above.

Condensed Consolidated Balance Sheet

Condensed consolidated balance sheet - assets -

€ million	06/30/2011	% of total	12/31/2010	% of total	Change
Non-current assets	4,096	70.8%	4,105	71.3%	-0.2%
thereof:					
Goodwill	1,534	26.5%	1,507	26.2%	1.8%
Brand names	595	10.3%	591	10.3%	0.7%
Deferred tax assets	224	3.9%	242	4.2%	-7.3%
Leased assets	500	8.6%	501	8.7%	-0.3%
Lease receivables	244	4.2%	247	4.3%	-1.3%
Current assets	1,686	29.2%	1,654	28.7%	1.9%
thereof:					
Inventories	632	10.9%	536	9.3%	18.1%
Trade receivables	654	11.3%	633	11.0%	3.2%
Lease receivables	119	2.1%	121	2.1%	-1.7%
Cash and cash equivalents	159	2.7%	253	4.4%	-37.3%
Total assets	5,781		5,759		0.4%

Condensed consolidated balance sheet - equity and liabilities -

€ million	06/30/2011	% of total	12/31/2010	% of total	Change
Equity	-397	-6.9%	-400	-6.9%	0.7%
Non-current liabilities	4,793	82.9%	4,800	83.3%	-0.1%
thereof:					
Shareholder loan	629	10.9%	615	10.7%	2.2%
Bonds	500	8.6%	0	0.0%	-
Other Financial liabilities	2,220	38.4%	2,772	48.1%	-19.9%
Deferred tax liabilities	333	5.8%	335	5.8%	-0.5%
Lease liabilities	452	7.8%	411	7.1%	9.8%
Current liabilities	1,386	24.0%	1,359	23.6%	2.0%
thereof:					
Financial liabilities	96	1.7%	106	1.8%	-10.2%
Trade payables	557	9.6%	508	8.8%	9.6%
Lease liabilities	217	3.7%	251	4.4%	-13.5%
Total equity and liabilities	5,781		5,759		0.4%

Total Assets

Total assets increased by €22 million from €5,759 million as of December 31, 2010 to €5,781 million as of June 30, 2011. As a result of lower capital expenditures and effects from the foreign currency translation as well as a reduction of deferred tax assets, the non-current assets went down by €9 million. The goodwill increased by €27 million whereof €16 million relates to the goodwill arising on the acquisition of the joint venture Voltas and €7 million on the acquisition of the minority shares of the UK dealer Sterling. Current assets increased by €32 million from €1,654 million to €1,686 million. Driven by the strong market environment with higher revenues, trade receivables increased by €21 million and inventories by €97 million. Cash and cash equivalents decreased by €94 million.

Trade Working Capital

Trade working capital, defined as inventories and trade receivables less trade payables, increased from €661 million as of December 31, 2010 to €729 million at the end of Q2/2011. This increase of 10% was mainly driven by an increase of revenues in Q1-2/2011 compared to Q1-2/2010.

Equity

Our equity remained relatively stable at negative €397 million as of June 30, 2011; an increase of €3 million compared to negative €400 million as of December 31, 2010. The net income for the period amounted to €4 million. Gains on cash flow hedges for interest rates recognized in equity increased by €17 million. On the other hand the foreign currency translation effects on equity decreased by €17 million. The dividend payment to minorities amounted to €2 million.

Liquidity

As of June 30, 2011 cash and cash equivalents amounted to €159 million. Compared to December 31, 2010 the amount decreased by €94 million, which was mainly related to the operational business, amortisation of debt and the investment in the joint venture with Voltas.

Financial Debt

As of June 30, 2011 financial debt amounted to €2,846 million, a reduction of €47 million compared to December 31, 2010. This change related to the exchange rate between US Dollar and Euro, which changed by around 8% (from 1.33795 to 1.45065). For the US Dollar part under the senior facilities agreement the positive effect was €46 million. Furthermore the PIK related part of the loans under the senior facilities agreement increased our financial debt. The amount for capitalized interests in the first and second quarter was €17 million. Other Financial debt decreased by €18 million between December 31, 2010 and June 30, 2011. This reduction included repayments of short term loans as well as other changes within local debt.

Net Financial Debt

As of June 30, 2011 net financial debt amounted to €2,688 million. For the period from December 31, 2010 to June 30, 2011 net financial debt has increased by €47 million. In Q2/2011 the cash flow from operating activities and from investment activities was negative €26 million. The foreign exchange rate impact on the US Dollar loan tranches was positive.

Net financial debt

€ million	06/30/2011	12/31/2010	Change
Senior Secured Notes (2011/2018)	325	-	-
Senior Secured Floating Rate Notes (2011/2018)	175	-	-
Other Financial debt	2,346	2,894	-18.9%
Financial debt	2,846	2,894	-1.6%
./. Cash and cash equivalents	159	253	-37.3%
Net financial debt	2,688	2,641	1.8%
./. Capitalized borrowing costs	39	22	76.4%
Net financial debt after borrowing costs	2,649	2,619	1.2%
Financial debt after borrowing costs	2,808	2,872	-2.2%
Shareholder loan	629	615	2.2%

Other Financial Position

The Shareholder loan increased by €14 million reflecting accrued interest for the first halfyear of 2011. Our leased assets as well as our lease receivables and payables (current/non-current) accounted mainly in connection with our Financial Services activities went slightly down by €14 million at the end of June 2011.

Condensed Statement of Cash Flow

Condensed statement of cash flow						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
EBIT	98	4	>100%	159	-26	>100%
Cash flow from operating activities	25	33	-26.1%	91	34	>100%
Cash flow from investing activities	-50	-30	-69.2%	-71	-53	-33.9%
Free cash flow	-26	4	<-100%	20	-18	>100%
Cash flow from financing activities	-72	-2	<-100%	-113	-56	<-100%
Currency effects on cash	0	1	-94.6%	-1	3	<-100%
Change in cash and cash equivalents	-98	2	<-100%	-94	-71	-32.8%
Net financial debt (end of period)	2,688	2,707	-0.7%	2,688	2,707	-0.7%

Q2/2011

Cash Flow from Operating Activities

Cash flow from operating activities includes all cash generated from operations and also reflects cash paid for taxes. While EBIT improved by €94 million from €4 million in Q2/2010 to €98 million in Q2/2011, the operative cash inflow amounted to €25 million, compared to €33 million in Q2/2010. In terms of the strong market recovery and the higher order intake the trade working capital increased with a cash outflow of €33 million in Q2/2011, compared to an outflow of €4 million in Q2/2010. Similarly, the payment for income taxes rose sharply to €9 million in Q2/2011, compared to nil in Q2/2010.

Cash Flow from Investing Activities

Our cash flow from investing activities amounted to a net outflow of €50 million in Q2/2011, compared to a net outflow of €30 million in Q2/2010, an increase of 69%. Capital expenditures on non-current assets increased to €29 million in Q2/2011, compared to €25 million in the prior year period. Cash payments for acquisitions amounting to €27 million in Q2/2011 compared to €7 million in Q2/2010. The outflow in the second quarter was mainly driven by the acquisition of the new joint venture company Voltas in India and the acquisition of the 51% remaining shares of Sterling in UK.

Free Cash Flow

In Q2/2011, free cash flow, defined as cash flow from operating activities less cash flow from investing activities, decreased by €29 million to a cash outflow of €26 million, compared to a cash inflow of €4 million in Q2/2010.

Cash Flow from Financing Activities

Cash flow from financing activities amounted to a total net cash outflow of €72 million in Q2/2011, compared to a net cash outflow of €2 million in Q2/2010. The proceeds from the issuance of the corporate bond were used to partially refinance our loans. The cash inflow was used by KION Group to refinance €483 million of the senior facility agreement (SFA) loan and paid certain expenses in connection with the issuance of the bond. Additionally, we amortized €27 million of our capex facility under the SFA. In the prior period net proceeds amounted to €57 million. The interest payments remained stable at €34 million in Q2/2011 compared to €33 million in Q2/2010.

Q1-2/2011**Cash Flow from Operating Activities**

Cash flow from operating activities includes all cash generated from operations and also reflects cash paid for taxes. In Q1-2/2011, cash flow from operating activities rose sharply to €91 million, compared to €34 million in Q1-2/2010. This improvement reflected the increase in EBIT to an income of €159 million, compared to a loss of €26 million in Q1-2/2010. Additionally, there was an increase in working capital with cash outflows of €73 million in Q1-2/2011, mainly due to the strong recovery in Q1-2/2011 and the higher order intake level at quarter end. The outflow in working capital in Q1-2/2010 amounted to €3 million. Similarly, the payment for income taxes rose sharply to €15 million in Q1-2/2011, compared to €4 million in Q1-2/2010.

Cash Flow from Investing Activities

Our cash flow from investing activities amounted to a net outflow of €71 million in Q1-2/2011, compared to a net outflow of €53 million in Q1-2/2010, an increase of 34%. Capital expenditures on non-current assets increased by €4 million to €51 million in Q1-2/2011 compared to the prior year period. Cash payments for acquisitions amounted to €27 million in Q1-2/2011 compared to €7 million in Q1-2/2010. The outflow was mainly driven by the acquisition of the new joint venture company Voltas in India and the acquisition of the 51% remaining shares of Sterling in UK.

Free Cash Flow

In Q1-2/2011, free cash flow, defined as cash flow from operating activities less cash flow from investing activities, rose sharply by €38 million to a cash inflow of €20 million, compared to a cash outflow of €18 million in Q1-2/2010.

Cash Flow from Financing Activities

Cash flow from financing activities amounted to a total net cash outflow of €113 million in Q1-2/2011, compared to a net cash outflow of €56 million in Q1-2/2010. The proceeds from the issuance of the corporate bond were used to partially refinance our loans. The cash inflow was used by KION Group to refinance €483 million of the senior facility agreement (SFA) loan and paid certain expenses in connection with the issuance of the bond. Additionally, we amortized €27 million of our capex facility under the SFA. In the prior period net proceeds amounted to €57 million. Furthermore we purchased additional shares in KION Baoli representing 2.67% of its outstanding share capital. As the KION Group assumed control of KION Baoli in 2009, the additional outflow of funds, amounting to €1 million, was recognized as financing activities in accordance with IAS 7.42A.

Interest payments declined by €3 million to €63 million in Q1-2/2011 compared to €66 million in Q1-2/2010. Better results from interest rate hedges were partially offset by the interest payments from the high yield bond issued in April 2011.

Segment Results

All segment data provided is before consolidation effects which reflect cross-segment revenue, internal deliveries of inventories, income from investments and other cost transfer.

The following table shows all major key figures by segments as a percentage of the KION Group in total:

Overview segments on a quarterly basis								
€ million	Q2 2011 % of total		Q2 2010 % of total		Q1-Q2 2011 % of total		Q1-Q2 2010 % of total	
Order intake								
LMH	802	67.1%	643	64.5%	1,571	66.8%	1,186	64.3%
STILL/OM	438	36.6%	395	39.6%	885	37.6%	733	39.8%
Other/Consolidation	-45	-3.7%	-41	-4.1%	-102	-4.4%	-76	-4.1%
Total order intake	1,195	100.0%	998	100.0%	2,353	100.0%	1,843	100.0%
Revenue								
LMH	726	66.2%	558	63.8%	1,387	65.7%	1,023	63.4%
STILL/OM	416	37.9%	348	39.8%	816	38.6%	649	40.3%
Other/Consolidation	-45	-4.1%	-32	-3.6%	-90	-4.3%	-59	-3.7%
Total revenue	1,096	100.0%	875	100.0%	2,113	100.0%	1,612	100.0%
EBIT								
LMH	89	90.0%	21	515.2%	141	89.0%	14	-52.4%
STILL/OM	22	22.4%	-10	-240.0%	37	23.3%	-23	89.5%
Other/Consolidation	-12	-12.4%	-7	-175.2%	-19	-12.3%	-16	63.0%
Total EBIT	98	100.0%	4	100.0%	159	100.0%	-26	100.0%
EBITDA								
LMH	137	76.6%	73	81.8%	238	74.5%	117	81.4%
STILL/OM	50	28.0%	19	21.6%	93	29.1%	35	24.1%
Other/Consolidation	-8	-4.6%	-3	-3.4%	-12	-3.7%	-8	-5.5%
Total EBITDA	179	100.0%	89	100.0%	320	100.0%	144	100.0%
Adjusted EBIT								
LMH	81	80.7%	34	112.0%	142	80.9%	41	170.6%
STILL/OM	26	25.5%	1	2.5%	45	25.4%	-7	-29.9%
Other/Consolidation	-6	-6.2%	-4	-14.5%	-11	-6.4%	-10	-40.7%
Total adjusted EBIT	101	100.0%	30	100.0%	175	100.0%	24	100.0%
Adjusted EBITDA								
LMH	123	71.2%	80	73.4%	227	70.5%	134	73.4%
STILL/OM	52	30.1%	29	26.8%	98	30.5%	50	27.3%
Other/Consolidation	-2	-1.3%	0	0.2%	-3	-1.1%	-1	-0.7%
Total adjusted EBITDA	173	100.0%	109	100.5%	322	100.0%	182	100.0%

Q2/2011**LMH Segment: Revenue**

The LMH segment increased its revenue by 30%, from €558 million in Q2/2010 to €726 million in Q2/2011, mainly due to its higher order intake resulting from improved market conditions, which resulted in a greater demand for new trucks and service offerings including spare parts from the LMH segment. LMH segment's order intake benefited considerably from the strong recovery in Germany, France, UK and additionally from the growth in China.

LMH Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

In Q2/2011, EBIT increased by €67 million to positive €89 million due to a strong demand for new trucks, services and spare parts from the LMH segment and to a stronger performance by LMH hydraulics. This improved result was mainly driven by demand in Germany, France and China. In Q2/2011, non-recurring items amounted to positive €10 million, mainly due to the remeasurement of purchase price obligations in connection with the acquisition of outstanding shares in UK dealers in accordance with IAS 39. This effect was partly compensated by relocation costs and severance payments. In Q2/2010 EBIT included non-recurring items amounting to negative €7 million, which were mainly driven by relocation costs and severance payments as part of the KIARA Restructuring Program. Additionally the acquisition of the 51% outstanding shares of our UK dealer Sterling required a new equity accounting according to IFRS 3.42, amounting to a profit of €4 million.

In addition KION acquisition items amounted to €7 million in Q2/2011 and €6 million Q2/2010. Accordingly in Q2/2011, because of the strong operating performance of the LMH segment Adjusted EBIT increased by €47 million to €81 million, compared to €34 million in Q2/2010. Adjusted EBIT margin grew from 6.1% in Q2/2010 to 11.2% in Q2/2011. Adding back depreciation and amortization costs, the LMH segment achieved an Adjusted EBITDA of €123 million and an Adjusted EBITDA margin of 17.0%, compared to an Adjusted EBITDA of €80 million and an Adjusted EBITDA margin of 14.4% in Q2/2010.

Q1-2/2011**LMH Segment: Revenue**

Due to the continuing improvement of general market conditions, the LMH segment increased its revenue strongly by 36%, from €1,023 million in Q1-2/2010 to €1,387 million in Q1-2/2011, benefiting considerably from the strong recovery in Germany, France, UK and additionally from the growth in China.

LMH Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

EBIT increased by €127 million to positive €141 million in Q1-2/2011, due to a strong demand for new trucks, services and spare parts from the LMH segment and to a strong performance by LMH hydraulics. The main driver of the increased result was improved demand in Germany, France and China. In Q1-2/2011, EBIT was impacted by non-recurring items of positive €8 million mainly due to the remeasurement of purchase price obligations in connection with the acquisition of outstanding shares in UK dealers in accordance with IAS 39, compared to negative €15 million in Q1-2/2010, mainly related to relocation costs and severance payments as part of the KIARA Restructuring Program. In addition KION acquisition items amounted to €13 million in both periods, Q1-2/2011 and Q1-2/2010. Accordingly in Q1-2/2011, because of the strong operating performance of the LMH segment, Adjusted EBIT increased by €101 million to €142 million in Q1-2/2011, compared to €41 million in Q1-2/2010. Adjusted EBIT margin grew from 4.0% in Q1-2/2010 to 10.2% in Q1-2/2011. The LMH segment achieved an Adjusted EBITDA of €227 million and an Adjusted EBITDA margin of 16.4%, compared to an Adjusted EBITDA of €134 million and an Adjusted EBITDA margin of 13.1% in Q1-2/2010.

Quarterly information - LMH -

€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Order intake	802	643	24.7%	1,571	1,186	32.5%
Revenue	726	558	30.0%	1,387	1,023	35.6%
EBIT	89	21	>100%	141	14	>100%
Adjusted EBIT	81	34	>100%	142	41	>100%
EBITDA	137	73	87.2%	238	117	>100%
Adjusted EBITDA	123	80	53.9%	227	134	69.7%
EBIT Margin (Adj.)	11.2%	6.1%	-	10.2%	4.0%	-
EBITDA Margin (Adj.)	17.0%	14.4%	-	16.4%	13.1%	-

Q2/2011

STILL/OM Segment: Revenue

Due to improved general market conditions that led to an increased order intake, both for new trucks and for our service offering, STILL/OM increased its revenue by a considerable 20% in Q2/2011 to €416 million, from €348 million in Q2/2010. The largest drivers of growth were the substantially improved economic market conditions in Germany, the Eastern European countries and Brazil. The total value of STILL/OM's order intake, including new trucks and service offering, rose by 11% in Q2/2011 to €438 million, from €395 million in Q2/2010.

STILL/OM Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

The STILL/OM segment's EBIT increased by €32 million to positive €22 million in Q2/2011 due to increased revenues especially in Germany, the Eastern European countries and Brazil. In Q2/2011, EBIT was impacted by non-recurring items of negative €2 million, mainly relating to relocation costs, severance payments and expenses relating to the combination of STILL and OM. Non-recurring items for Q2/2010 totalling negative €10 million were mainly related to the relocation of certain product lines within Germany and severance payments as part of the KIARA Restructuring Program and expenses relating to the combination of STILL and OM. In addition KION Acquisition items amounted to €2 million in Q2/2011 and €1 million in Q2/2010. Adjusted EBIT increased to €26 million, compared to €1 million in Q2/2010. Adjusted EBIT margin grew from 0.2% in Q2/2010 to 6.2% in Q2/2011. Adding back amortization and depreciation, the STILL/OM segment achieved an Adjusted EBITDA of €52 million and an Adjusted EBITDA margin of 12.5%, compared to an Adjusted EBITDA of €29 million in Q2/2010 and an Adjusted EBITDA margin of 8.4%.

Q1-2/2011

STILL/OM Segment: Revenue

The continuing improvement of general market conditions led to an increase of STILL/OM segment's revenue by a considerable 26% in Q1-2/2011 to €816 million, from €649 million in Q1-2/2010. The strong revenue increase is mainly related to the substantially improved economic market conditions in Germany, the Eastern European countries and Brazil. The total value of STILL/OM's order intake, including new trucks and service offering, rose by 21% in Q1-2/2011 to €885 million, from €733 million in Q1-2/2010.

STILL/OM Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

The EBIT of the STILL/OM segment increased by €60 million to positive €37 million in Q1-2/2011 due to the improved revenue. In Q1-2/2011, EBIT was impacted by non-recurring items of negative €4 million, mainly relating to relocation costs, severance payments and expenses relating to the combination of STILL and OM. Non-recurring items for Q1-2/2010 totaling negative €15 million were

mainly related to the relocation of certain product lines within Germany and severance payments and expenses relating to the combination of STILL and OM. In addition KION Acquisition items amounted to negative €3 million in Q1-2/2011 and negative €1 million in Q1-2/2010. Adjusted EBIT increased to positive €45 million, compared to negative €7 million in Q1-2/2010. Adjusted EBIT margin grew from negative 1.1% in Q1-2/2010 to positive 5.5% in Q1-2/2011. Adding back amortization and depreciation, the STILL/OM segment achieved an Adjusted EBITDA of €98 million and an Adjusted EBITDA margin of 12.0%, compared to an Adjusted EBITDA of €50 million in Q1-2/2010 and an Adjusted EBITDA margin of 7.7%.

Quarterly information - STILL/OM -						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Order intake	438	395	10.7%	885	733	20.6%
Revenue	416	348	19.5%	816	649	25.7%
EBIT	22	-10	>100%	37	-23	>100%
Adjusted EBIT	26	1	>100%	45	-7	>100%
EBITDA	50	19	>100%	93	35	>100%
Adjusted EBITDA	52	29	78.1%	98	50	97.2%
EBIT Margin (Adj.)	6.2%	0.2%	-	5.5%	-1.1%	-
EBITDA Margin (Adj.)	12.5%	8.4%	-	12.0%	7.7%	-

Q2/2011

Segment Other

The segment Other includes our KION Group IT services, logistics services, our head office and financing companies or financing functions in Germany, France, Spain and the United Kingdom. The consolidation effects reflect cross-segment revenue, internal deliveries of inventories, income from investments and other internal cost transfers. From May 1, 2011 onwards, the segment Other also includes the joint venture Voltas Material Handling Private Limited in India.

Segment Other: Revenue

The segment Other increased its order intake and revenues by €9 million in Q2/2011 to €53 million from €43 million in Q2/2010. The vast majority of both figures, order intake and revenue for both periods is driven by internal services as described above. See also the table "Segment Report" under Financial Statements.

Segment Other: EBIT, Adjusted EBIT and Adjusted EBITDA

EBIT amounted to positive €10 million in Q2/2011, compared to negative €4 million in Q2/2010. The Non-recurring Items in Q2/2011 amounted to negative €6 million compared to negative €3 million in Q2/2010, in both cases driven by consulting expenses. Adjusted EBIT amounted to positive €16 million in Q2/2011 compared to negative €1 million in Q2/2010. Segment Other achieved an Adjusted EBITDA of positive €20 million in Q2/2011. In Q2/2010 Segment Other achieved an Adjusted EBITDA of positive €3 million.

Q1-2/2011

Segment Other

The segment Other includes our KION Group IT services, logistics services, our head office and financing companies or financing functions in Germany, France, Spain and the United Kingdom. From

Q2/2011 onwards the segment Other also includes our new brand Voltas. The consolidation effects reflect cross-segment revenue, internal deliveries of inventories, income from investments and other internal cost transfers.

Segment Other: Revenue

The segment Other increased its order intake and revenues by €20 million in Q1-2/2011 to €100 million from €80 million in Q1-2/2010. The vast majority of both order intake and revenue for both periods is driven by internal services as described above. Another reason for the increase of the order intake and the revenues is the new business in India of Voltas Material Handling. See also the table "Segment Report" under Financial Statements.

Segment Other: EBIT, Adjusted EBIT and Adjusted EBITDA

EBIT amounted to positive €3 million in Q1-2/2011, compared to negative €13 million in Q1-2/2010. The Non-recurring Items in Q1-2/2011 amounted to negative €7 million in Q1-2/2011 compared to negative €6 million in Q1-2/2010, in both cases driven by consulting expenses. Adjusted EBIT amounted to positive €12 million in Q1-2/2011 compared to negative €7 million in Q1-2/2010. Segment Other achieved an Adjusted EBITDA of positive €20 million in Q1-2/2011. In the comparable prior year period, the Segment Other achieved an Adjusted EBITDA of positive €2 million.

Quarterly information - Other -						
€ million	Q2 2011	Q2 2010	Change	Q1-Q2 2011	Q1-Q2 2010	Change
Order intake	53	43	21.3%	100	80	24.7%
Revenue	53	43	21.3%	100	80	24.7%
EBIT	10	-4	>100%	3	-13	>100%
Adjusted EBIT	16	-1	>100%	12	-7	>100%
EBITDA	14	-0	>100%	11	-5	>100%
Adjusted EBITDA	20	3	>100%	20	2	>100%

Consolidation Effects

Q2/2011

Consolidation Effects: Revenue, EBIT and Adjusted EBIT

The consolidation of cross-segment revenues amounted to €98 million in Q2/2011, compared to €75 million in Q2/2010. The elimination of the cross-segment order intake amounted to €97 million in Q2/2011, compared to €84 million in Q2/2010.

Q1-2/2011

Consolidation Effects: Revenue, EBIT and Adjusted EBIT

The consolidation of cross-segment revenues amounted to €190 million in Q1-2/2011, compared to €139 million in Q1-2/2010. The elimination of the cross-segment order intake amounted to €202 million in Q1-2/2011, compared to €156 million in Q1-2/2010.

Factors Affecting our Business

Acquisitions

In April, 2011, the KION Group and Voltas Limited established with Voltas Material Handling Private Limited a joint venture in India for the development, manufacture, marketing, and servicing of forklift trucks and warehousing equipment. The material handling business from Voltas Limited will be integrated into the Voltas Material Handling Private Limited. With our 66% ownership, Voltas is consolidated in our segment "Other".

Additionally, the KION Group (Segment Linde) acquired in the second quarter 51% of the remaining shares of our dealer Sterling in the UK. Furthermore, we acquired a smaller dealer in Italy.

Procurement Price Volatility

In Q2/2010 the KION Group still benefited from stable, relatively low prices in the commodity markets with the exception of steel and scrap prices starting to rise. Compared to the Q2/2010 price levels, all raw materials relevant for the product cost of KION Group had already risen significantly in Q1/2011 and remained on that higher price level in Q2/2011. Whereas steel prices were up 4% in Q2/2011 versus Q2/2010, scrap prices were up 11%, copper up 16%, rubber up 38% and oil as a proxy for energy up 33%. In general, approximately 26% of the cost of materials required to manufacture our industrial trucks is directly impacted by commodity price movements, including steel, scrap and copper. Raw material price changes become effective with a time delay and will gradually impact our cost of materials going forward.

Procurement, Suppliers and Purchasing

Despite our strategy to avoid dependence on suppliers, the continuous positive market development in Q2/2011 resulted in supply limitations due to limited availability, in particular with regards to tyres for counter-balance trucks. We took special measures to tightly manage the tyre demand on a day-to-day basis in order to minimize the negative impact on delivery performance for trucks. There was a slight improvement on the limitations of supply of electronic component. The earthquake in Japan has only led to some minor supply issues, notably in the supply of combustion engines for some low-volume truck series.

Employees

Driven by the improvement in business volume, the number of employees increased slightly by 4.8% to 20,515 employees (06/30/2010: 19,566). This increase also reflects the first time consolidation of Voltas with 142 employees as of June 30, 2011.

FINANCIAL STATEMENTS (UNAUDITED)

Consolidated Income Statement (unaudited)

Consolidated income statement				
(€ thousand)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010
Revenue	1,096,338	874,503	2,112,528	1,612,160
Cost of sales	-796,451	-666,453	-1,538,857	-1,245,883
Gross profit	299,887	208,050	573,671	366,277
Selling expenses	-131,127	-113,805	-260,492	-218,619
Research and development costs	-29,151	-25,134	-56,573	-50,718
Administrative expenses	-71,185	-68,949	-133,130	-131,228
Other income	29,168	10,833	43,909	26,420
Other expenses	-10,281	-9,353	-20,272	-21,322
Profit from equity investments	10,488	1,575	10,488	1,714
Other financial result	644	931	987	1,494
Earnings before interest and taxes	98,443	4,148	158,588	-25,982
Financial income	25,656	69,291	77,243	113,871
Financial expense	-90,953	-159,406	-191,294	-281,283
Earnings before taxes	33,146	-85,967	44,537	-193,394
Income taxes	-25,149	9,042	-40,090	17,923
current taxes	-19,165	-3,055	-31,986	-7,011
deferred taxes	-5,984	12,097	-8,104	24,934
Net income (loss) for the period	7,997	-76,925	4,447	-175,471
attributable to shareholders of KION Holding 1 GmbH	7,442	-77,398	3,455	-176,269
attributable to non-controlling interests	555	473	992	798

Consolidated Statement of Comprehensive Income (unaudited)

Consolidated statement of comprehensive income				
(€ thousand)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010
Net income (loss) for the period	7,997	-76,925	4,447	-175,471
Impact of exchange differences	-1,866	19,569	-16,697	32,402
thereof changes in unrealised gains and losses	-1,866	19,569	-16,697	32,402
Gains/losses on employee benefits	-26	-51,549	-403	-51,218
thereof changes in unrealised gains and losses	629	-73,642	-575	-73,346
thereof tax effect	-655	22,093	172	22,128
Result of cash flow hedges	-4,259	-7,619	16,779	-10,422
thereof changes in unrealised gains and losses	-2,138	747	32,576	6,694
thereof realised gains and losses	-4,757	-9,847	-9,804	-19,642
thereof tax effect	2,636	1,481	-5,993	2,526
Gains/losses from equity investments	559	-157	559	-157
thereof changes in unrealised gains and losses	559	-157	559	-157
Other comprehensive income	-5,592	-39,756	238	-29,395
Total comprehensive income	2,405	-116,681	4,685	-204,866
Attributable shares				
attributable to shareholders of KION Holding 1 GmbH	1,850	-117,446	3,693	-205,664
attributable to non-controlling interests	555	765	992	798

Statement of Consolidated Financial Position (unaudited)

ASSETS		
(€ thousand)	06/30/2011	12/31/2010
Goodwill	1,533,954	1,507,010
Other intangible assets	991,355	986,410
Leased assets	499,581	501,164
Other property, plant and equipment	546,041	566,492
Equity investments	38,410	37,841
Lease receivables	243,517	246,808
Other non-current financial assets	18,718	17,474
Deferred taxes	224,003	241,772
Non-current assets	4,095,579	4,104,971
Inventories	632,428	535,529
Trade receivables	653,824	633,265
Lease receivables	118,863	120,950
Current income tax receivables	5,727	4,550
Other current financial assets	116,283	106,790
Cash and cash equivalents	158,645	252,884
Current assets	1,685,770	1,653,968
Total assets	5,781,349	5,758,939
EQUITY AND LIABILITIES		
(€ thousand)	06/30/2011	12/31/2010
Subscribed capital	500	500
Capital reserves	348,483	348,483
Retained earnings	-707,901	-711,504
Accumulated other comprehensive income	-44,233	-44,471
Non-controlling interests	6,099	7,070
Equity	-397,052	-399,922
Shareholder loan	629,076	615,250
Retirement benefit obligation	388,514	374,063
Non-current financial liabilities	2,719,930	2,772,417
Lease liabilities	451,578	411,097
Other non-current provisions	148,980	164,299
Other non-current financial liabilities	121,670	127,870
Deferred taxes	333,150	334,930
Non-current liabilities	4,792,898	4,799,926
Current financial liabilities	95,619	106,470
Trade payables	556,869	508,108
Lease liabilities	216,748	250,552
Current income tax liabilities	24,622	6,661
Other current provisions	84,452	95,902
Other current financial liabilities	407,193	391,242
Current liabilities	1,385,503	1,358,935
Total equity and liabilities	5,781,349	5,758,939

Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity

(€ thousand)

	Equity attributable to shareholders of KION Holding 1 GmbH								Total
	Subscribed capital	Capital reserves	Retained Earnings	Cumulative other comprehensive income				Non-controlling interests	
				Cumulative translation adjustment	Gains/losses on defined benefit obligation	Cash Flow Hedges	Gains/losses from equity investments		
Balance as at 1/1/2010	500	348,483	-516,199	-79,286	41,156	-24,841	0	17,144	-213,043
Net loss for the period			-176,269					798	-175,471
Other comprehensive income				32,402	-51,218	-10,422	-157		-29,395
Dividends								-2,060	-2,060
Other Changes			-1,356					-10,170	-11,526
Balance as at 06/30/2010	500	348,483	-693,824	-46,884	-10,062	-35,263	-157	5,712	-431,495
Balance as at 1/1/2011	500	348,483	-711,504	-42,025	12,498	-14,819	-125	7,070	-399,922
Net income for the period			3,455					992	4,447
Other comprehensive income				-16,697	-403	16,779	559		238
Dividends								-1,963	-1,963
Other Changes			148						148
Balance as at 06/30/2011	500	348,483	-707,901	-58,722	12,095	1,960	434	6,099	-397,052

Consolidated Statement of Cash Flows (unaudited)

Consolidated statement of cash flows				
(€ thousand)	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010
Net income (loss) for the period	7,997	-76,925	4,447	-175,471
+ income taxes	25,149	-9,042	40,090	-17,923
+ financial result	65,297	90,115	114,051	167,412
= Earnings before interest and taxes	98,443	4,148	158,588	-25,982
Depreciation/Impairment of non-current assets (excl. leased assets)	39,432	40,815	78,250	80,588
Depreciation/Impairment of leased assets	40,693	44,356	82,946	89,089
Other non-cash income and expenses	-2,439	29,283	1,472	42,863
Gains (-) / losses (+) on disposal of non-current assets	3,313	525	4,018	1,722
Cash payments for purchase of leased assets	-55,207	-27,367	-85,425	-52,869
Change in lease receivables and lease liabilities	2,936	-20,179	-9,275	-31,729
Change in inventories	-39,457	-10,178	-97,480	-24,217
Change in trade receivables	6,072	-56,519	-17,121	-60,625
Change in trade payables	-24	62,375	41,567	81,872
Cash payments for defined benefit obligations	-4,336	-4,497	-9,241	-9,142
Change in other provisions	-12,874	-10,469	-28,935	-29,399
Change in other operating assets	-12,799	-31,702	-18,149	-59,672
Change in other operating liabilities	-29,605	13,159	4,661	35,593
Taxes paid	-9,459	-322	-15,263	-3,786
= Cash flow from operating activities	24,689	33,428	90,613	34,306
Cash receipts from disposal of non-current assets	1,072	1,180	1,999	1,893
Cash payments for purchase of non-current assets	-29,312	-25,134	-51,352	-47,453
Deposits from other loan claims (net)	-464	87	925	-389
Dividends	3,677	1,706	4,020	2,408
Interest income	861	614	1,770	1,469
Cash payments for acquisitions (excl. cash and cash equivalents)	-26,513	-7,486	-26,513	-7,486
Cash receipts and cash payments from sundry assets	203	-794	-1,517	-3,218
= Cash flow from investing activities	-50,476	-29,827	-70,668	-52,776
Dividends paid to non-controlling interests	-1,963	-2,060	-1,963	-2,060
Cash paid for increased ownership interests (after control)	0	-9,395	-712	-9,395
Proceeds from loan financing	500,000	56,742	500,000	56,742
Loan financing costs paid	-21,461	-2,681	-21,689	-2,681
Repayment of loan finance	-510,009	0	-510,009	0
Borrowings repayment (net) of other capital received	-4,968	-11,599	-15,496	-32,637
Interest paid	-33,859	-33,233	-63,182	-65,702
= Cash flow from financing activities	-72,260	-2,226	-113,051	-55,733
Exchange-rate-related and other changes in cash	-49	948	-1,133	3,249
= Change in cash and cash equivalents	-98,096	2,323	-94,239	-70,954
Cash and cash equivalents at the beginning of the period	256,741	390,131	252,884	463,408
Cash and cash equivalents at the end of the period	158,645	392,454	158,645	392,454

Segment Report (unaudited)

Q2/2011

Segment report					
	LMH	STILL/OM	Other	Consolidation/ Reconciliation	Total
(€ thousand)	Q2 2011				
Revenue	705,917	383,661	6,760	-	1,096,338
Intersegment revenue	19,672	32,391	45,844	-97,907	-
Total revenue	725,589	416,052	52,604	-97,907	1,096,338
Earnings before taxes	86,292	15,713	-39,391	-29,468	33,146
Financial income	12,025	3,272	15,397	-5,038	25,656
Financial expense	-14,337	-9,606	-65,097	-1,913	-90,953
= Financial result	-2,312	-6,334	-49,700	-6,951	-65,297
EBIT	88,604	22,047	10,309	-22,517	98,443
+ Non-recurring items	-9,786	1,825	5,519	-	-2,442
+ KION acquisition items	6,511	1,810	436	-	8,757
./. Profit from equity investments according to IFRS 3.42	4,101	-	-	-	4,101
= Adjusted EBIT	81,228	25,682	16,264	-22,517	100,657
./. Other financial result	644	-	21,519	-21,519	644
./. Equity result	8,918	1,570	-	-	10,488
+ Profit from equity investments according to IFRS 3.42	4,101	-	-	-	4,101
EBIT Management Reporting	75,767	24,112	-5,255	-998	93,626
Carrying amount of equity investments	-235	958	-	-	723
Capital expenditures*	15,659	8,416	5,237	-	29,312
Depreciation*	23,885	12,043	3,504	-	39,432
Order intake	802,427	437,570	52,604	-97,167	1,195,434
Number of employees**	252	-41	150	-	361

* Excl. leased assets

**Development of the Number of employees in full-time equivalents in June

Segment report

	LMH	STILL/OM	Other	Consolidation/ Reconciliation	Total
(€ thousand)					
	Q2 2010				
Revenue	544,132	325,407	4,964	-	874,503
Intersegment revenue	13,867	22,632	38,419	-74,918	-
Total revenue	557,999	348,039	43,383	-74,918	874,503
Earnings before taxes	17,673	-15,736	-77,986	-9,918	-85,967
Financial income	10,568	3,390	58,665	-3,332	69,291
Financial expense	-14,265	-9,171	-132,351	-3,619	-159,406
= Financial result	-3,697	-5,781	-73,686	-6,951	-90,115
EBIT	21,370	-9,955	-4,300	-2,967	4,148
+ Non-recurring items	6,749	9,989	2,735	-	19,473
+ KION acquisition items	6,002	725	104	-	6,831
= Adjusted EBIT	34,121	759	-1,461	-2,967	30,452
./. Other financial result	693	556	1,882	-2,200	931
./. Equity result	1,850	-275	-	-	1,575
EBIT Management Reporting	31,578	478	-3,343	-767	27,946
Carrying amount of equity investments	2,712	54	-	-	2,766
Capital expenditures*	13,627	7,434	4,073	-	25,134
Depreciation*	25,180	11,662	3,544	-	40,386
Order intake	643,431	395,342	43,383	-84,450	997,706
Number of employees**	-141	-30	4	-	-167

* Excl. leased assets

**Development of the Number of employees in full-time equivalents in June

Q1-2/2011

Segment report

	LMH	STILL/OM	Other	Consolidation/ Reconciliation	Total
(€ thousand)					
	Q1-Q2 2011				
Revenue	1,348,325	753,764	10,439	-	2,112,528
Intersegment revenue	38,640	61,853	89,260	-189,753	-
Total revenue	1,386,965	815,617	99,699	-189,753	2,112,528
Earnings before taxes	135,751	23,955	-78,433	-36,736	44,537
Financial income	23,459	6,597	56,021	-8,834	77,243
Financial expense	-28,813	-19,594	-137,895	-4,992	-191,294
= Financial result	-5,354	-12,997	-81,874	-13,826	-114,051
EBIT	141,105	36,952	3,441	-22,910	158,588
+ Non-recurring items	-8,250	4,342	7,456	-	3,548
+ KION acquisition items	13,064	3,309	869	-	17,242
./. Profit from equity investments according to IFRS 3.42	4,101	-	-	-	4,101
= Adjusted EBIT	141,818	44,603	11,766	-22,910	175,277
./. Other financial result	826	-	21,680	-21,519	987
./. Equity result	8,918	1,570	-	-	10,488
+ Profit from equity investments according to IFRS 3.42	4,101	-	-	-	4,101
EBIT Management Reporting	136,175	43,033	-9,914	-1,391	167,903
Carrying amount of equity investments	33,044	5,366	-	-	38,410
Capital expenditures*	28,952	14,856	7,544	-	51,352
Depreciation*	48,253	23,201	6,796	-	78,250
Order intake	1,570,588	884,628	99,699	-202,098	2,352,817
Number of employees**	12,635	7,236	644	-	20,515

* Excl. leased assets

**Number of employees in full-time equivalents as at June 30

Segment report

	LMH	STILL/OM	Other	Consolidation/ Reconciliation	Total
(€ thousand)					
	Q1-Q2 2010				
Revenue	995,872	608,748	7,540	-	1,612,160
Intersegment revenue	26,875	40,158	72,408	-139,441	-
Total revenue	1,022,747	648,906	79,948	-139,441	1,612,160
Earnings before taxes	5,970	-35,190	-147,143	-17,031	-193,394
Financial income	20,642	6,866	93,065	-6,702	113,871
Financial expense	-28,295	-18,809	-227,055	-7,124	-281,283
= Financial result	-7,653	-11,943	-133,990	-13,826	-167,412
EBIT	13,623	-23,247	-13,153	-3,205	-25,982
+ Non-recurring items	14,732	14,733	6,422	-	35,887
+ KION acquisition items	12,654	1,323	160	-	14,137
= Adjusted EBIT	41,009	-7,191	-6,571	-3,205	24,042
./. Other financial result	938	556	2,200	-2,200	1,494
./. Equity result	1,989	-275	-	-	1,714
EBIT Management Reporting	38,082	-7,472	-8,771	-1,005	20,834
Carrying amount of equity investments	31,702	4,401	-	-	36,103
Capital expenditures*	28,665	12,450	6,338	-	47,453
Depreciation*	51,218	22,255	7,115	-	80,588
Order intake	1,185,722	733,475	79,948	-155,867	1,843,278
Number of employees**	11,872	7,214	480	-	19,566

* Excl. leased assets

**Number of employees in full-time equivalents as at June 30

BASIS OF PRESENTATION

The condensed consolidated interim financial statements of the KION Group as of June 30, 2011 and for Q2/2011 were prepared in line with IAS 34 and the other International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards for interim financial information. In accordance with IAS 34 a condensed scope of interim reporting has been prepared.

All of the IFRSs and IFRICs that were issued as at the reporting date and that were required to be applied in the 2011 financial year were applied in preparing the condensed consolidated interim financial statements. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010. Except the following new standards, amendments to standards and interpretations, the accounting principles applied in the condensed consolidated interim financial statements were consistent with those in the annual consolidated financial statements for the year ended December 31, 2010.

Financial reporting standards to be adopted for the first time in 2011:

The following financial reporting standards and interpretations were adopted for the first time in 2011: Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards', amendments related to the limited exemption from comparative IFRS 7 disclosures for first-time adopters; Revised version of IAS 24, 'Related Party Disclosures'; Amendments to IAS 32, 'Financial Instruments: Presentation', classification of rights issues (rights, options or warrants); Amendments to IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', prepayments of a minimum funding requirement; IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'; Improvements to IFRSs in 2010.

The first-time adoption of these standards and interpretations had no significant effect on the presentation of the financial position and financial performance of the KION Group.

Financial reporting standards released but not yet adopted

In its condensed consolidated interim financial statements as of June 30, 2011 and for Q2/2011, the KION Group has not applied the following standards and interpretations, which have been issued by the IASB, but are not yet required to be adopted in 2011:

Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards', amendments relating to fixed transition dates and severe hyperinflation; Amendments to IFRS 7, 'Financial Instruments: Disclosures', disclosures relating to transfer of financial assets; IFRS 9, 'Financial Instruments'; IFRS 10, 'Consolidated Financial Statements'; IFRS 11, 'Joint Arrangements'; IFRS 12, 'Disclosures of Interests in Other Entities'; IFRS 13, 'Fair Value Measurement'; Amendments to IAS 1, 'Presentation of Financial Statements', amendments relating to the presentation of items of other comprehensive income; Amendments to IAS 12 'Income Taxes': Limited amendment to IAS 12 relating to the recovery of underlying assets; Amendments to IAS 19, 'Employee Benefits', elimination of the use of the 'corridor' approach and amendments relating to the presentation of items of pension expense; IAS 27R, 'Separate Financial Statements'; IAS 28R, 'Investments in Associates and Joint Ventures'.

These standards and interpretations will only be applied by the companies included in the KION Group from the date at which they must be adopted for the first time. Their effects on the financial position and financial performance of the KION Group are expected to be insignificant.

In order to improve the clarity of presentation, certain items are aggregated on the face of the statement of financial position and income statement. The items concerned are disclosed and explained separately in the notes. In accordance with IAS 1.60, assets and liabilities are broken down into current and non-current items. Liabilities from outstanding supplier invoices are reported in trade

payables, while other accruals are reported in other financial liabilities. The condensed consolidated income statement is prepared in accordance with the cost of sales (function-of-expense) method.

The reporting currency is the euro. All amounts are disclosed in thousands of euros (€ thousand) unless stated otherwise. The addition of the totals presented may result in rounding differences of +/- €1 thousand.

RISK FACTORS

Our Q1/ 2011 Report as of June 8, 2011 contains a description of certain risks that could materially adversely affect our business, financial condition, results of operations or cash flows. At the end of Q2/ 2011, we only expect significant changes in the risks regarding strikes and other industrial action, the sovereign debt crisis and currency exchange rates as discussed in more detail below.

You should carefully consider the risks described in the risk factors in our Q1/ 2011 Report as well as in this Quarterly Report before making an investment decision. Any of the risks mentioned in these documents could materially adversely affect our business, financial condition, results of operations or cash flows, and as a result you may lose all or part of your original investment. These risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations or cash flows. This Quarterly Report contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward looking statements. Factors that might cause such differences are discussed in the Q1/ 2011 report and elsewhere in this Quarterly Report.

In addition to our risk factors disclosed in Q1 report the following risks are relevant at the end of Q2/ 2011.

Strikes and other industrial action concerning our plans to further consolidate our European plants could have a material adverse effect on our business, financial condition and results of operations.

We could be exposed to certain risks regarding our plans to concentrate our European manufacturing of warehouse trucks at the sites in Chatellerault (France) and Luzzara (Italy). The current production of warehouse trucks in Montataire (France) would be relocated to the plant in Luzzara. As a second project, production of the STILL and OM counterbalance trucks would be consolidated at the site in Hamburg (Germany). Accordingly the production of E- and IC-trucks in Bari (Italy) would be relocated to Hamburg. We are currently engaged in mandatory processes governing such projects in the respective jurisdictions including open consultations and negotiations with trade unions and employee representatives. The aim is to implement the planned measures in the most socially compatible way. Nevertheless, we are exposed to the risk of strikes and other industrial actions. Any industrial action we experience, especially labor unrest or work stoppages, could affect operations regardless of whether the workforce is unionized or subject to a collective bargaining agreement. If a strike or other labor action were to cause a work stoppage or other slowdown at one or more of our production facilities, we could experience a significant disruption of our operations and could have to pay penalties for late delivery of our products. Labor unrest or strikes associated with our operations could also damage our Group's reputation with customers or in the market generally. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

The current sovereign debt crisis could have a material adverse effect on our business, financial condition and results of operations.

The current sovereign debt crisis in Europe, the credit rating downgrade of the U.S.A. and austerity measures implemented as a result of these events could negatively impact our business. Government action to support economies and the financial system resulted in a rise in government indebtedness worldwide. In affected countries, debt repayments and the consolidation of national budgets could restrict future flexibility and has increased the pressure on governments to reduce spending and, in some cases, raises taxes. If these measures, or other effects arising from the current sovereign debt crisis and governmental budget deficits negatively impact the economic environment, there could be another downturn or a so-called "double-dip recession." Short of such a recession, there could still be stagnation or negative growth in particular industries in which our customers operate. As a result, our business, financial condition and results of operations could be adversely affected.

We are exposed to risks associated with changes in currency exchange rates and hedging.

As a worldwide operating group, we are exposed to financial risks that arise from changes in exchange rates. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, while at the same time liabilities denominated in currencies with a rising exchange rate appreciate. In this context we have a foreign exchange forward contracts which will mature in November 2012 hedging approximately 54% of the U.S. dollar denominated portion of our Senior Facilities Agreement. This hedge may trigger substantial liquidity needs in November 2012. If there were to be substantial movements in the USD/EUR exchange rate, the unhedged part of the U.S. dollar denominated portion of our Senior Facilities Agreement could create a negative impact on our financial result. We are currently reviewing our hedging arrangements to determine what level of hedging may be appropriate continue going forward.

ANNEX: QUARTERLY FINANCIAL INFORMATION

Unaudited quarterly information								
(€ thousand)	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Order intake	730,841	843,705	845,572	997,706	952,017	1,064,386	1,157,383	1,195,434
Revenue	717,390	814,980	737,657	874,503	879,804	1,042,510	1,016,190	1,096,338
EBIT	-35,043	-97,815	-30,130	4,148	31,797	28,821	60,145	98,443
Adj. EBIT	-11,943	-5,796	-6,410	30,452	52,637	62,683	74,620	100,657
Adj. EBIT margin	-1.7%	-0.7%	-0.9%	3.5%	6.0%	6.0%	7.3%	9.2%
Adj. EBITDA	71,688	78,929	73,006	109,229	131,202	148,764	148,536	173,239
Adj. EBITDA margin	10.0%	9.7%	9.9%	12.5%	14.9%	14.3%	14.6%	15.8%
Free cash flow	-53,520	8,850	-22,071	3,601	17,533	76,978	45,732	-25,787
Net financial debt	2,413,321	2,484,299	2,580,462	2,706,733	2,659,077	2,640,829	2,600,205	2,687,633