

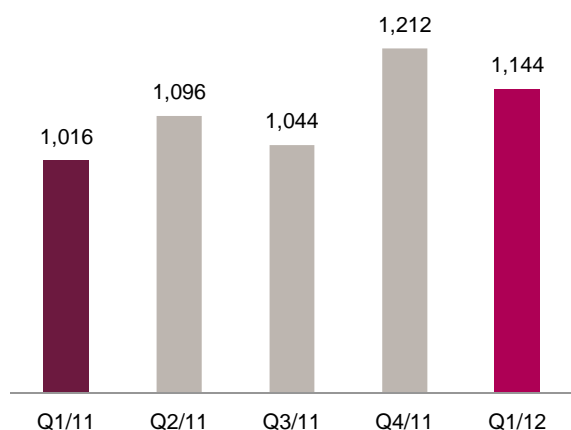
WE KEEP THE WORLD MOVING



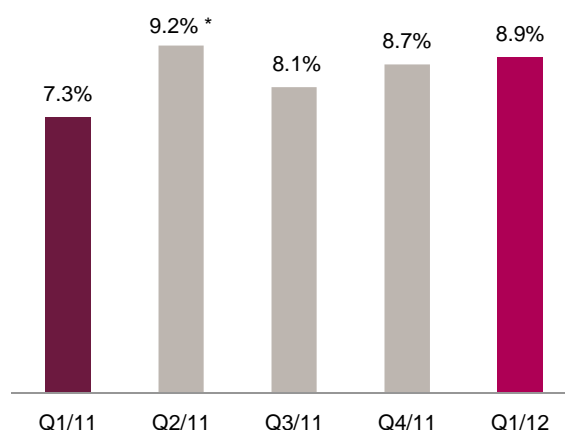
SUMMARY Q1/2012

REVENUE	+13%
ADJUSTED EBIT MARGIN	8.9%
ORDER BOOK	€984 million

Revenue (€ million)



Adjusted EBIT Margin



* The Adjusted EBIT in Q2/2011 includes €7 million in profits from investments mainly related to participations in dealers. These profits represent 0.7%-points of EBIT Margin which generally occur in Q2/2011 for the fiscal year. Thus, the Adjusted EBIT Margin in Q2/2011 amounts to 8.5% adjusted by profits from investments. 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	Q1 2012	Q1 2011	Change 2012/2011
Order intake (in €)	1,207	1,157	4.3%
Order intake (in units)	39,100	36,600	6.8%
Revenue	1,144	1,016	12.6%
EBITDA	174	141	23.1%
Adjusted EBITDA ¹	176	149	18.3%
Adjusted EBITDA Margin ¹	15.4%	14.6%	-
EBIT	91	60	51.2%
Adjusted EBIT ¹	101	75	35.9%
Adjusted EBIT Margin ¹	8.9%	7.3%	-
Net income (+) / loss (-) for the period	16	-4	>100%
Capital expenditures	25	22	14.4%
Free cash flow ²	-74	46	<-100%
Total spending on R&D ³	31	27	13.4%
R&D spending/revenue (%)	2.7%	2.7%	-
€ million	31/03/2012	31/12/2011	Change 2012/2011
Trade working capital	775	668	16.0%
Cash and cash equivalents	302	373	-19.2%
Equity	-487	-488	0.1%
Net financial debt	2,741	2,657	3.2%
Number of employees incl. apprentices and trainees	22,052	21,862	0.9%

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 unaudited condensed interim 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 the 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 2011 Annual Consolidated 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 31 March 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the EU. 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 and between figures in tables and their respective analysis in the text of the report 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, analyse 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. Our European market share (including Russia) amounts to approximately 33% in 2011 with a global market share of approximately 15%, and we benefit from an installed fleet of over one million trucks. We are the overall number three competitor and the largest non-domestic player in China, as well as one of the leading industrial truck brands in other important growth markets such as Eastern Europe, Asia and South and Central America. 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 offer a full range of products including warehouse and counter-balance trucks with both electric and internal combustion engines, across the premium, value and economy segments.

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 stand-alone 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. In 2011, 54% of our revenue was generated from new truck sales, 42% from our service offering and 4% from hydraulics. In Q1/2012, 55% of our revenue was generated from new truck sales, 41% from our service offering and 4% from hydraulics.

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 growing 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. Our research and development costs in 2011 were €120 million, or 5% of our new truck and hydraulics sales and 3% of our revenue. We believe this level of investment 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 strengthen 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, India, Brazil and Russia and to strengthen 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 and sales presence. This also includes targeted acquisition of dealers in markets important to us, and, opportunistically, acquisitions of small local or regional manufacturers. Our joint venture with Voltas Material Handling, gives us a good entry to the economy segment of the Indian material handling market. The Indian market for material handling is still one of the most underdeveloped among the major growth countries, and thus holds a lot of growth potential. The combined strengths of Voltas, with its good market reputation and long-standing experience in India, coupled with our know-how in material handling, will provide the starting point to participate in that growth.

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 due to our ability to better address customer needs in their specific locations. For example, in order to be able to realize 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 and also to leverage this product offering in other markets. In 2011, we added the Voltas brand to increase our presence in the Indian market. 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 the continued exploitation 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 largely managed 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 which enables the bundling of resources and more efficient capacity utilisation, while still maintaining independent brand support where appropriate. We will continue to optimize our systems and processes, and we 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 with a market share of approximately 33% in 2011. Our position is particularly strong in Western Europe, where, in 2011, we commanded market shares in excess of 40% in both Germany and France. 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 seen historic growth at rates exceeding world GDP growth rates. In general, much of the demand in our core European market is driven by replacement demand with underlying growth supported by globalization and world trade.

Established platform capturing emerging markets growth.

We have a strong presence in many emerging markets. Approximately 30% of our new trucks were sold to growth markets in 2011, mainly in China, Brazil and Eastern Europe. We are in a leading market position in Eastern Europe and Brazil with approximately 21% and 23% market share in 2011, respectively, in these markets. Additionally, we are the largest non-domestic manufacturer of industrial trucks in China. In 2011, we significantly strengthened our position in India by establishing a joint venture with Voltas. This joint venture allows 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 that 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, in 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 2011.

Strong after sales business reducing revenues and earnings volatility.

In 2011, we generated 42% of our revenue from our service offering, including 24% 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. LMH 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.

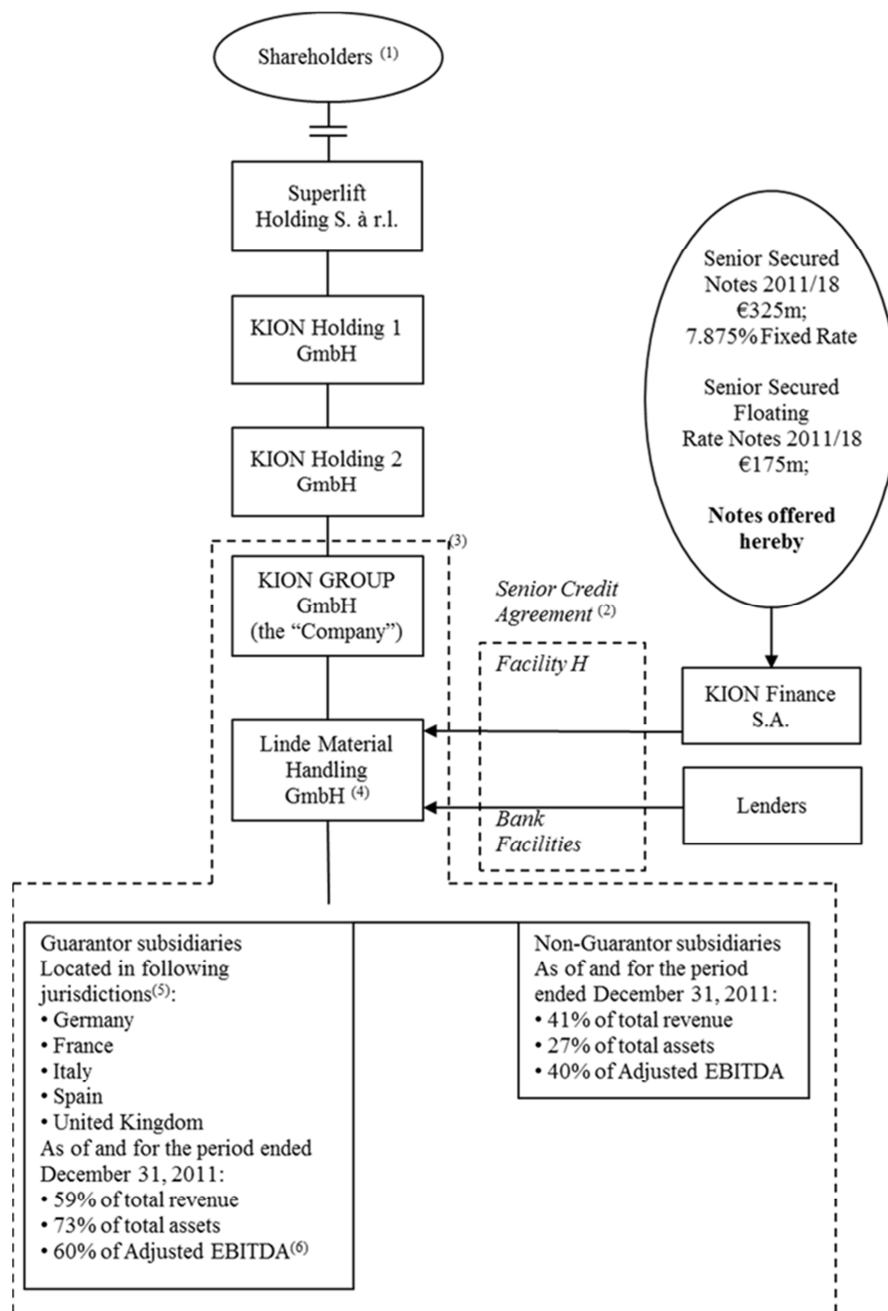
We constantly search for and implement programs to increase our efficiency and drive our margins. Since 2006, we have implemented a number of restructuring and cost savings measures, including temporary measures. Measures we have implemented include the closure of our former manufacturing site in Basingstoke 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 improvements, such as common production standards, consolidation of our product portfolio, design-to-cost initiatives and supplier management, and also continue to consider further relocation plans, such as the closure of our plants in Bari, Italy and Montataire, France. 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 Existing Bank Facilities (including Facility H) under the Senior Credit Agreement rank equally in right of payment. Facility D under the Senior Credit Agreement is a second lien tranche which in certain circumstances will receive proceeds only after the other facilities under the Senior Credit 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. While the Issuer is consolidated with the KION Group for accounting purposes, it is not affiliated with us and does not belong to the KION Group.

(4) The other borrowers under the Existing Bank Facilities are Superlift UK Limited, KION France Services S.A.S., Islavista Spain S.A.U. and Linde Holdings Limited.

(5) In 2011, we incorporated financial services subsidiaries in each of Germany, France, Italy, Spain and the United Kingdom, which all are Guarantor subsidiaries, other than KION Financial Services Ltd.

(6) Adjusted EBITDA for guarantor subsidiaries includes KION GROUP GmbH.

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").

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm. With 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

Purchase of remaining Shares in Linde Creighton

In February 2012 we purchased the remaining 51% shares in Linde Creighton Ltd., our UK dealer, and today own 100% of the company. From 1 March 2012 on, Linde Creighton Ltd. has been consolidated in our Group financial statements. In the past 12 months, Linde Material Handling (UK) Ltd. has also acquired the outstanding shares in Linde Sterling Ltd. and Linde Castle Ltd., and consequently, Linde Material (UK) Ltd. is now 100% owner of all its trading companies throughout the United Kingdom, having previously acquired 100% of Linde Trifik Ltd. in 2006. These acquisitions have further strengthened the service business of the Linde brand in the United Kingdom.

Continuing Review of our Manufacturing Footprint

The KION Group is continuing to implement long-term structural and efficiency measures which include a further consolidation of our European production facilities by concentrating production in high volume plants in order to optimize the capacity utilisation levels in our European production facilities. Having finalized the consultation process the transfer of warehouse truck production from Montataire, France, to Luzzara, Italy, has been started. Production of counterbalance trucks of STILL and OM STILL brands has been concentrated in Hamburg, Germany, and the plant in Bari, Italy, is currently being closed. KION Group is actively searching for external re-industrialization opportunities by third party companies.

Foundation of KION Sales and Services Entity in South Asia

In April 2012, KION Group expanded its presence in the Asian material-handling market by setting up a new sales and services entity, KION South Asia, in Singapore. The increasing economic output of the region coupled with rising domestic consumption are pushing up demand for intralogistics, creating excellent growth prospects for KION's Linde, STILL and Baoli brands. As part of KION Asia, KION South Asia will help the Linde, STILL and Baoli brands to offer solutions tailored to the individual needs of their customers in the region, thereby contributing to the success of KION's global multi-brand strategy.

Market Development in Q1/2012

In contrast to the moderate international economic environment, the global industrial truck market remained stable at 247,000 units in Q1/2012 – the same high level seen in the prior year period. This also marked an increase of 4% over Q4/2011 and potentially demonstrated some improvement in the market since the start of the year. However, developments in regional markets, especially in Europe, remained very different. The North American market enjoyed continued growth of 13% and markets in Eastern Europe were up by 5%. Overall demand in Western Europe declined by 5%, whereas markets in Germany and United Kingdom showed solid improvements compared to the same period last year. The Chinese market slightly declined from 64,000 units in Q1/2011 to 61,000 units in Q1/2012.

Global Industrial Truck Market (order intake)

in thousand units	Q1 2012	Q1 2011	Change
WEU	72	76	-5.3%
EEU	14	13	4.7%
China	61	64	-5.2%
Rest of Asia	37	34	10.7%
North America	42	37	12.8%
South & Central America	11	14	-20.8%
Rest of World	10	9	12.3%
Total	247	247	-0.1%

Source: WITS / FEM

Financial Highlights of Q1/2012

Overview

The KION Group showed resilience in a market environment of moderate growth and grew order intake in the new truck business from 36,600 units in Q1/2011 by 7% to 39,100 units in Q1/2012. Growth was promoted by strong performances in Germany and UK as well as Eastern Europe and China. Our new truck order intake especially benefited from demand for E and IC trucks. In addition to our 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 4% to € 1,207 million compared to last years' period. Group revenue in the same period increased by nearly 13% to €1,144 million. Our order book grew to €984 million

KION Group key figures

€ million	Q1 2012	Q1 2011	Change
Order intake	1,207	1,157	4.3%
Revenue	1,144	1,016	12.6%
EBIT	91	60	51.2%
Adjusted EBIT	101	75	35.9%
EBITDA	174	141	23.1%
Adjusted EBITDA	176	149	18.3%
Free cash flow	-74	46	<-100%
EBIT Margin (Adj.)	8.9%	7.3%	-
EBITDA Margin (Adj.)	15.4%	14.6%	-

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, since Q2/2011 we are adjusting the effects of the remeasurement of purchase price obligations in accordance with IAS 39 in connection with the acquisition of outstanding shares in UK Dealers. 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 Bond 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 of the KION Group			
€ million	Q1 2012	Q1 2011	Change
Revenue	1,144	1,016	12.6%
Cost of sales	-825	-742	-11.1%
Gross profit	320	274	16.8%
Selling expenses	-137	-129	-5.6%
Research and development costs	-33	-27	-20.8%
Administrative expenses	-70	-62	-13.2%
Other	11	5	>100%
Earnings before interest and taxes (EBIT)	91	60	51.2%
Net finance cost	-52	-49	-5.8%
Earnings before taxes	39	11	>100%
Income taxes	-23	-15	-53.3%
Net income (+) / loss (-) for the period	16	-4	>100%

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

Revenue by product category			
€ million	Q1 2012	Q1 2011	Change
New business	624	540	15.5%
Hydraulics	49	39	24.5%
Service offering	472	437	8.0%
- After sales	284	259	9.7%
- Rental business	108	105	2.6%
- Used trucks	53	50	6.6%
- Other	27	23	16.4%
Total revenue	1,144	1,016	12.6%

Revenue

Notwithstanding the moderate economic environment in the markets that are most important to our business such as Germany, France, China, Brazil and Eastern Europe, we outperformed the market development in the new truck business in Q1/2012. In addition, the increased truck utilisation levels accelerated the replacement cycle and had a positive impact on demand for our service offering. The total value of our order intake for new trucks, service offering and hydraulics increased on a year-over-year basis by 4% to €1,207 million for Q1/2012, compared to €1,157 million for Q1/2011.

The overall higher order intake in Q1/2012 had a positive impact on our revenue, which grew by 13%, or €128 million, to €1,144 million, compared to €1,016 million in Q1/2011. This increase was visible in the business segments, LMH and STILL and across all product categories. The new truck business reported a strong revenue growth of 16%, from €540 million in Q1/2011 to €624 million in Q1/2012, making it our most important revenue driver in absolute value in Q1/2012. Hydraulics performed strongly generating a 25% increase to €49 million in Q1/2012. Our service offering accounted for revenue of €472 million in Q1/2012, compared to revenue of €437 million in Q1/2011, which is an increase of 8%. The growing number of our trucks in the market and higher capacity utilisation levels led to a higher demand for services and spare parts. We have also experienced higher demand for rental and used trucks. Revenue in the 'Other' category, which includes advisory services, IT solutions and warehouse technology systems increased by 16% to €27 million in Q1/2012.

Cost of Sales

The cost of sales increased by 11% to €825 million in Q1/2012, from €742 million in Q1/2011. Compared to our 13% revenue growth, our cost of sales rose at a lower rate. This is mainly due to efficiency gains in production, higher overall capacity utilisation, and improvements in revenue across all product categories.

Gross Profit and Gross Margin

Our gross profit rose by 17% to €320 million in Q1/2012, from €274 million in Q1/2011. This was caused by a lower rate of increase of our cost of sales in Q1/2012 compared to our revenue growth in Q1/2012. This positive development is due to the continued improvement in our capacity utilisation, production efficiency gains and better operating performance across all product categories. Consequently, gross margin rose from 27% in Q1/2011 to 28% in Q1/2012.

Selling Expenses

Our selling expenses increased by €7 million, or 6%, to €137 million in Q1/2012, from €129 million in Q1/2011 due to the improved sales performance and related direct selling expenses. Selling expenses as a percentage of revenue decreased from 13% in Q1/2011 to 12% in Q1/2012 and was disproportionately low compared with revenue growth.

Research and Development Costs

In Q1/2012, our research and development expenses amounted to €33 million. In Q1/2011, research and development expenses amounted to €27 million. This 21% increase was mainly related to research and development of new products, new facelifts of existing products and other new technologies, including hybrid IC technology.

General and Administrative Expenses

Our general and administrative expenses increased by 13% to €70 million in Q1/2012 compared to Q1/2011. As a percentage of our revenue, our administrative expenses were 6% in Q1/2012 and Q1/2011, both.

Other Income and Expense

Other income and expense primarily consist 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 as well as profit from the release of deferred lease profits are included. Our other income and expense amounted to €6 million in Q1/2012 and remained approximately stable, compared to €5 million in Q1/2011.

Profit from Equity Investments/ Other Financial Result

Profit from equity investments consists of all gains and losses that we realize on associates and joint ventures that we account for under the equity method and for which we have no controlling interest. The profit from equity investments amounted to €5 million in Q1/2012 and approximately nil in the prior year period. As a result of the remeasurement of the existing shares owned by KION (49 per cent) in our UK dealer Linde Creighton Ltd. which were held prior to the acquisition of the remaining 51 per cent on 28 February 2012, €5 million was recognized in the income statement as a Non-recurring Item and reported as profit from equity investments. Other financial results amounted to €1 million in Q1/2012 compared to approximately nil in Q1/2011.

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	Q1 2012	Q1 2011	Change
Net income (+) / loss (-) for the period	16	-4	>100%
Income taxes	-23	-15	-53.3%
Financial result	-52	-49	-5.8%
EBIT	91	60	51.2%
+ Non-recurring items	2	6	-74.4%
+ KION acquisition items	9	8	5.8%
= Adjusted EBIT	101	75	35.9%

Adjusted EBITDA			
€ million	Q1 2012	Q1 2011	Change
EBIT	91	60	51.2%
Amortization and depreciation ¹	83	81	2.3%
EBITDA	174	141	23.1%
+ Non-recurring items	1	6	-75.9%
+ KION acquisition items	0	1	-73.6%
= Adjusted EBITDA	176	149	18.3%

¹ Amortization and depreciation includes amortization, depreciation and impairment of assets

Our EBIT amounted to €91 million in Q1/2012, compared to €60 million in Q1/2011. This €31 million increase is primarily a result of a further positive revenue increase in the major developed markets and the positive revenue increase in our target growth regions of China and Eastern Europe, as well as improved capacity utilisation levels both in our new truck business and our hydraulic components business. Our Adjusted EBIT, which excludes Non-recurring Items and KION acquisition items, increased by €27 million to €101 million in Q1/2012. The increased Adjusted EBIT corresponds to an Adjusted EBIT Margin of 8.9% in Q1/2012, which was impacted by a strong operating performance and better capacity utilisation due to our successful restructuring programme. This includes among other measures the closure of the plant in Basingstoke, United Kingdom as well as the downsizing of our plants in Reutlingen, Germany and Kahl, Germany. In Q1/2012, Non-recurring Items in total amounted to negative €2 million, driven by restructuring expenses and consulting fees. The Non-recurring Items include a gain of €5 million due to the remeasurement of shares, representing a 49 per cent ownership in Linde Creighton Ltd., which were held prior to the acquisition of the remaining shares on 28 February 2012. Additionally, in Q1/2012 we sold property due to the closure of the plant in Basingstoke, United Kingdom, with a positive impact of €3 million. In Q1/2011 EBIT included Non-recurring Items of negative €6 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 Q1/2012, compared to €8 million in Q1/2011. These effects of the purchase price allocation in connection with the KION acquisition primarily include depreciation, amortization and impairment as well as administration charges for KION Holding 1 GmbH.

We achieved an Adjusted EBITDA of €176 million and an Adjusted EBITDA margin of 15.4% compared to an Adjusted EBITDA of €149 million and an Adjusted EBITDA margin of 14.6% in Q1/2011. Depreciation, amortization and impairment charges increased from €81 million in Q1/2011 to €83 million in Q1/2012.

Financial Income and Expense

Net finance cost increased by €3 million from €49 million in Q1/2011 to €52 million in Q1/2012. This increase is mainly due to the corporate bond issued in April 2011. While the interest expense from loans (including interest rate derivatives) decreased in Q1/2011 from €37 million to €31 million in Q1/2012 the interest expense from the corporate bond amounted to €9 million compared to nil in Q1/2011. The net foreign currency exchange rate gains (including gains and losses on hedging instruments) remained relatively stable at €7 million in Q1/2012, compared to €6 million in Q1/2011.

Income Taxes

In Q1/2012, we reported a net income tax expense of €23 million, compared to a net tax expense of €15 million in Q1/2011. Driven by the increased earnings before taxes, the current income tax expense increased by €7 million to €20 million in Q1/2012 compared to a current income tax expense of €13 million in Q1/2011. 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 income tax expense remained relatively stable at €3 million, compared to a net deferred tax expense of €2 million in the corresponding prior year period.

Net Income for the Period

In Q1/2012 we reported a net income of €16 million, compared to a net loss of €4 million in Q1/2011. This increase of €20 million was mainly driven by the higher EBIT of €31 million and partially offset by an increase of net finance cost of €3 million and by an €8 million increase in income tax expense as described above.

Condensed Consolidated Balance Sheet

Condensed balance sheet, assets

€ million	31/03/2012	in (%)	31/12/2011	in (%)	Δ in %
Non-current assets	4,146	68.0%	4,160	68.6%	-0.4%
thereof:					
Goodwill	1,540	25.3%	1,538	25.4%	0.2%
Brand names	594	9.8%	594	9.8%	0.0%
Deferred tax assets	247	4.0%	262	4.3%	-5.8%
Leased assets	542	8.9%	540	8.9%	0.4%
Lease receivables	244	4.0%	243	4.0%	0.7%
Current assets	1,947	32.0%	1,906	31.4%	2.2%
thereof:					
Inventories	691	11.3%	625	10.3%	10.5%
Trade receivables	704	11.5%	677	11.2%	4.0%
Lease receivables	120	2.0%	118	2.0%	1.6%
Cash	302	5.0%	373	6.2%	-19.2%
Total assets	6,093		6,066		0.4%

Total Assets

Total assets increased by €26 million from €6,066 million as of 31 December 2011 to €6,093 million as of 31 March 2012. Mainly due to the higher EBIT in Q1/2012 and the utilisation of existing deferred tax assets, the non-current assets decreased by €15 million. Current assets increased by €41 million from €1,906 million to €1,947 million. With the higher revenues realised in Q1/2012 trade receivables increased by €27 million, inventories by €66 million and sales tax receivables by €11 million compared to 31 December 2011. Other current assets decreased by €52 million and included a decrease of €72 million in cash and cash equivalents and an increase of €11 million in the sales tax receivables due to higher revenues.

Trade Working Capital

Trade working capital, defined as inventories and trade receivables less trade payables, increased from €668 million as of 31 December 2011 to €775 million as of 31 March 2012. This increase of 16% was driven by higher volume as well as by higher inventories and trade receivables at the end of the reporting period.

Equity

With negative €487 million as of 31 March 2012 our equity remained relatively stable compared to €488 as of 31 December 2011. The net income for the period amounted to €16 million. Other comprehensive income (loss) recognized in equity changed by €15 million mainly due to changes in the defined benefit obligation and related assets in accordance with IAS 19.

Liquidity

As of 31 March 2012 cash and cash equivalents amounted to €302 million compared to €373 million as of 31 December 2011, which was mainly related to business operations including tax and interest payments and the investment in 51 per cent of the outstanding shares in our UK dealer Linde Creighton Ltd.

Condensed balance sheet, equity and liabilities

€ million	31/03/2012	in (%)	31/12/2011	in (%)	Δ in %
Equity	-487	-8.0%	-488	-8.0%	0.1%
Non-current liabilities	4,846	79.5%	4,842	79.8%	0.1%
thereof:					
Shareholder loan	650	10.7%	643	10.6%	1.1%
Corporate bond	488	8.0%	488	8.0%	0.1%
Financial liabilities	2,281	37.4%	2,290	37.7%	-0.4%
Deferred tax liabilities	321	5.3%	339	5.6%	-5.3%
Lease liabilities	466	7.7%	471	7.8%	-1.0%
Current liabilities	1,734	28.5%	1,711	28.2%	1.3%
thereof:					
Financial liabilities	247	4.1%	227	3.7%	8.7%
Trade payables	620	10.2%	634	10.5%	-2.2%
Lease liabilities	229	3.8%	230	3.8%	-0.5%
Total equity and liabilities	6,093		6,066		0.4%

Financial Debt

As of 31 March 2012 financial debt amounted to €3,043 million, an increase of €13 million compared to 31 December 2011. From 31 December 2011 to 31 March 2012 the exchange rate between US Dollar and Euro changed by 3% (from 1.2957 to 1.3354). For the US Dollar denominated debt of our senior facilities agreement this change had a positive effect of €18 million, which resulted in a decrease of our debt position. The PIK related part of the loans under the senior facilities agreement increased financial debt. The amount for capitalized interests in the first quarter was €7 million. Additionally, net proceeds from borrowings under the senior facilities agreement and other capital borrowings amounted to €24 million between 31 December 2011 and 31 March 2012.

Net Financial Debt

As of 31 March 2012 net financial debt amounted to €2,741 million. For the period from 31 December 2011 to 31 March 2012 net financial debt increased by €84 million. In the first quarter the cash outflow from operating activities and investing activities was €74 million in total. The foreign exchange rate impact on the US Dollar loan tranches was positive. The major outflows from financing activities were interest payments.

Net financial debt

€ million	31/03/2012	31/12/2011	Change
Corporate bond - fixed rate (2011/2018) - gross	325	325	-
Corporate bond - floating rate (2011/2018) - gross	175	175	-
Liabilities to banks (gross)	2,543	2,530	0.5%
Financial debt	3,043	3,030	0.4%
./. Cash and cash equivalents	302	373	-19.2%
Net financial debt	2,741	2,657	3.2%
./. Capitalized borrowing costs	31	33	-6.3%
Net financial debt after borrowing costs	2,711	2,624	3.3%
Financial debt after borrowing costs	3,012	2,997	0.5%
Shareholder loan	650	643	1.1%

Other Financial Position

The shareholder loan increased by €7 million reflecting accrued interest for the first quarter of 2012. Our leased assets as well as our lease receivables and payables (current/non-current) accounted mainly in connection with our Financial Services business increased slightly by €1 million as of 31 March 2012.

Condensed Statement of Cash Flow

Condensed cash flow statement			
€ million	Q1 2012	Q1 2011	Change
EBIT	91	60	51.2%
Cash flow from operating activities	-46	66	<-100%
Cash flow from investing activities	-28	-20	-38.1%
Free cash flow	-74	46	<-100%
Cash flow from financing activities	1	-41	>100%
Currency effects on cash	1	-1	>100%
Change in cash and cash equivalents	-72	4	<-100%
Net financial debt ¹	2,741	2,600	5.4%

¹ Before borrowing costs

Cash Flow from Operating Activities

Cash flow from operating activities includes all cash generated from operations and also reflects cash paid for taxes. In Q1/2012, the cash flow from operating activities amounted to a net outflow of €46 million, compared to a net inflow of €66 million in Q1/2011. This was driven by the temporary increase in trade working capital as a result of the expanded trading activity. The payment for income taxes rose to €11 million compared to €6 million in Q1/2011 due to positive earnings in Q1/2012.

Cash Flow from Investing Activities

Our cash flow from investing activities amounted to a net outflow of €28 million in Q1/2012, compared to a net outflow of €20 million in Q1/2011. This increase was due to capital expenditure and cash payments for acquisitions, mainly due to the acquisition of the 51 per cent of remaining shares of Linde Creighton Ltd. in the UK. Cash receipts from the disposal of non-current assets were €7 million in Q1/2012 compared to €1 million in Q1/2011, mainly due to the sale of property in Basingstoke, UK.

Free Cash Flow

In Q1/2012, free cash flow, defined as cash flow from operating activities less cash flow from investing activities, decreased by €119 million to a cash outflow of €74 million, compared to a cash inflow of €46 million in Q1/2011.

Cash Flow from Financing Activities

Cash flow from financing activities amounted to a total net cash inflow of €1 million in Q1/2012, compared to a net cash outflow of €41 million in Q1/2011. In March 2012, we received an additional €5 million as previously unfunded commitments under the Multi-Currency Revolving Credit Facility. The main driver was proceeds from additional credit lines with local banks and resulted in cash inflows of €18 million in Q1/2012 compared to cash outflows of €11 million due to repayments in the prior year period. Interest payments also declined by €6 million to €23 million in Q1/2012 compared to €29 million in Q1/2011 due to the terms of interest payments of our corporate bond. Interests on the fixed rate notes will be payable semi-annually and quarterly for the floating rate notes, and have the next payment date for both on 15 April 2012.

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 transfers.

Overview

All segments showed a solid performance in their markets. The LMH segment which includes the brands Linde, Fenwick and Baoli grew its order intake by 9% to 25,500 units (Q1/2011: 23,400 units). STILL had a slight decline in global order intake of 1% to 13,100 units (Q1/2011: 13,200 units) mainly influenced by market conditions in Italy and an overall weaker demand for warehouse trucks. Additionally, the planned relocation of product lines as part of the footprint project led to minor disruptions in the production process. Total order intake on a value base, which includes all lines of business, grew for LMH by 6% to €812 million (Q1/2011: €768 million). The order intake for STILL fell by 4% from €447 million in the previous year period to €429 million in Q1/2012.

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	Q1 2012	% of total	Q1 2011	% of total
Order intake				
LMH	812	67.3%	768	66.4%
STILL	429	35.6%	447	38.6%
Other/Consolidation	-35	-2.9%	-58	-5.0%
Total order intake	1,207	100.0%	1,157	100.0%
Revenue				
LMH	774	67.6%	661	65.1%
STILL	412	36.0%	400	39.3%
Other/Consolidation	-42	-3.7%	-45	-4.4%
Total revenue	1,144	100.0%	1,016	100.0%
EBIT				
LMH	79	87.0%	53	87.3%
STILL	20	22.1%	15	24.8%
Other/Consolidation	-8	-9.1%	-7	-12.1%
Total EBIT	91	100.0%	60	100.0%
EBITDA				
LMH	129	74.4%	102	71.9%
STILL	49	28.0%	43	30.5%
Other/Consolidation	-4	-2.4%	-3	-2.5%
Total EBITDA	174	100.0%	141	100.0%
Adjusted EBIT				
LMH	81	79.6%	61	81.2%
STILL	26	25.6%	19	25.4%
Other/Consolidation	-5	-5.2%	-5	-6.6%
Total adjusted EBIT	101	100.0%	75	100.0%
Adjusted EBITDA				
LMH	124	70.4%	104	69.7%
STILL	53	30.2%	46	31.0%
Other/Consolidation	-1	-0.6%	-1	-0.7%
Total adjusted EBITDA	176	100.0%	149	100.0%

LMH Segment: Revenue

The LMH segment increased its revenue by 17%, from €661 million in Q1/2011 to €774 million in Q1/2012. High demand for LMH's offerings applied to the new truck business as well as the service offering, including spare parts. LMH segment's revenue benefited from the sustained growth in the German market and additionally from the growth in Asia and Eastern Europe.

LMH Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

In Q1/2012, EBIT increased by €27 million to €79 million due to a strong demand for new trucks, services and spare parts from the LMH segment and to a strong performance from hydraulics. In Q1/2012, EBIT was impacted by Non-recurring Items of positive €6 million, compared to negative €2 million in Q1/2011. As a result of the remeasurement of the equity investment (49 per cent) in our UK dealer Linde Creighton Ltd. on the date of acquisition of the remaining 51 per cent of outstanding shares end of February 2012, positive €5 million were recognized in the income statement as a Non-recurring Item. Additionally we sold in Q1/2012 property due to the closure of the plant in Basingstoke, UK, with a positive result of €3 million. In Q1/2011 Non-recurring Items mainly related to relocation costs and severance payments as part of the KIARA Restructuring Program.

Due to the strong operating performance of the LMH segment, Adjusted EBIT increased by €20 million to €81 million in Q1/2012, compared to €61 million in Q1/2011. Adjusted EBIT Margin grew from 9.2% in Q1/2011 to 10.4% in Q1/2012. Adding back depreciation, amortization and impairment costs, the LMH segment achieved an Adjusted EBITDA of €124 million and an Adjusted EBITDA margin of 16.0%, compared to an Adjusted EBITDA of €104 million and an Adjusted EBITDA margin of 15.7% in Q1/2011.

Quarterly information - LMH -

€ million	Q1 2012	Q1 2011	Change
Order intake	812	768	5.8%
Revenue	774	661	17.0%
EBIT	79	53	50.7%
Adjusted EBIT	81	61	33.2%
EBITDA	129	102	27.4%
Adjusted EBITDA	124	104	19.5%
EBIT Margin (Adj.)	10.4%	9.2%	-
EBITDA Margin (Adj.)	16.0%	15.7%	-

STILL Segment: Revenue

Order intake decreased by 3.9% to €429 million in Q1/2012 due to minor disruptions caused by the planned product relocation as part of the footprint project. Revenue increased by 3.2% to €412 million in Q1/2012 compared to €400 million in Q1/2011 driven by a strong performance in the German market and growth in the Eastern European countries and Brazil.

STILL Segment: EBIT, Adjusted EBIT and Adjusted EBITDA

STILL segment's EBIT increased by €5 million to €20 million in Q1/2012 due to improved general market conditions. In Q1/2012, EBIT was impacted by Non-recurring Items of €4 million, mainly due to restructuring expenses relating to the closure of our plants in Bari, Italy, and Montataire, France, and the relocation of the related products to our existing facilities in Luzzara, Italy; and Hamburg, Germany. Non-recurring Items for Q1/2011 totalling €3 million were mainly related to relocation costs, severance payments and expenses relating to the STILL/OM combination. Adjusted EBIT increased to €26 million, compared to €19 million in Q1/2011. Adding back amortization, depreciation and impairment charges, the STILL segment achieved an Adjusted EBITDA of €53 million and an Adjusted EBITDA margin of 12.9%, compared to an Adjusted EBITDA of €46 million in Q1/2011 and an Adjusted EBITDA margin of 11.5%.

Quarterly information - STILL -

€ million	Q1 2012	Q1 2011	Change
Order intake	429	447	-3.9%
Revenue	412	400	3.2%
EBIT	20	15	34.9%
Adjusted EBIT	26	19	37.2%
EBITDA	49	43	12.7%
Adjusted EBITDA	53	46	15.0%
EBIT Margin (Adj.)	6.3%	4.7%	-
EBITDA Margin (Adj.)	12.9%	11.5%	-

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 as well as our regional brand, Voltas, in India. The consolidation effects reflect cross-segment revenue, inter-segment sales of inventories, income from investments and other internal cost transfers. Compared to Q1/2011 our new brand Voltas in India contributed to the increase of order intake and revenue.

Segment Other: Revenue

The segment Other increased its order intake and revenues by 25.3% to €59 million in Q1/2012 from €47 million in Q1/2011. The vast majority of both order intake and revenue was driven by internal services as described above. The other main reason for the increase is the order intake and revenue of our brand Voltas in India. See also the table "Segment Report" under Financial Statements on page 31 and 32.

Segment Other: EBIT, Adjusted EBIT and Adjusted EBITDA

EBIT in the segment Other amounted to negative €8 million in Q1/2012, compared to negative €7 million in Q1/2011. The Non-recurring Items in Q1/2012 amounted to €3 million compared to €2 million in Q1/2011. In both periods the Non-recurring Items were driven by consulting expenses. Adjusted EBIT amounted to negative €5 million in Q1/2012 compared to negative €4 million in Q1/2011. Segment Other achieved an Adjusted EBITDA of negative €1 million in Q1/2012 and in the corresponding prior year period Q1/2011.

Quarterly information - Other -

€ million	Q1 2012	Q1 2011	Change
Order intake	59	47	25.3%
Revenue	59	47	25.3%
EBIT	-8	-7	-18.4%
Adjusted EBIT	-5	-4	-12.9%
EBITDA	-4	-3	-30.1%
Adjusted EBITDA	-1	-1	-33.9%

Consolidation Effects

Consolidation Effects: Revenue, EBIT and Adjusted EBIT

The consolidation of inter-segment revenues amounted to €101 million in Q1/2012, compared to €92 million in Q1/2011. The elimination of the inter-segment order intake amounted to €94 million in Q1/2012, compared to €105 million in Q1/2011.

The consolidation of cross-segment EBIT and Adjusted EBIT amounted to approximately nil in the first quarters of 2012 and 2011.

Factors affecting our Business

Business Restructuring and Redesign

In Q1/2012 we continue to implement long-term structural and efficiency measures going forward. Structural measures are to include additional consolidation of our European production facilities by closing our plants in Bari, Italy, and Montataire, France. The production capacity of these plants would be integrated into our other existing facilities, which we expect would increase our capacity utilisation levels in our European production facilities.

Investments

On 28 February 2012, we purchased the remaining 51 per cent of shares in Linde Creighton Ltd., our UK dealer, and today own 100% of the company. From March 2012 onwards, Linde Creighton Ltd. will be consolidated in our Group financial statements.

Financial Services Segmentation

In the first quarter of 2012 we have pursued the roll-out of our financial services segmentation. For the time being, in addition to our current reporting structure we will continue to include selected voluntary information regarding the results of our financial services segment as an annex to our quarterly reports. This additional reporting excludes our financial services activities from our reporting segments of LMH, STILL and Other, and presents such activities as a separate segment. The new reporting model which has been extended to include the financial services segment is based on the current reporting methodology for our leasing and rental business. Under this reporting framework, our financial services segment acts as an internal finance partner for our operating segments. The financial services segment generates its income from an agreed interest margin resulting from the leasing contracts. Any surplus achieved by the financial services segment above the agreed interest margin is allocated to the operating profit generated by the LMH and STILL segments. The LMH and STILL segments and the financial services segment are reported separately. Transactions between each of the segments are presented on an arm's-length basis. For more information, see section 4.3 of the 2011 Management Report and the respective Note [36].

Procurement Price Volatility

In Q1/2012 commodity prices evolved in different directions. Whereas oil prices were further up by 13% versus 2011, steel prices were down by 7%, steel bars down by 3%, and aluminium down by 2%. Scrap and copper prices remained flat on 2011 level. 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

In Q1/2012 supply limitations were due to operational and financial problems of very few suppliers in Europe. Those are closely managed by our purchasing organization with our own staff at those suppliers in order to ensure continued supply to KION Group.

Employees

Driven by the improvement in business volume, the number of employees increased by 9% to 22,052 employees (Q1/2011: 20,154). This growth in employees also reflects the first time consolidation of Linde Sterling, Voltas, Liftec and a smaller dealer in Italy totalling to more than 600 additional employees.

FINANCIAL STATEMENTS (UNAUDITED)**Consolidated Statement of Income (unaudited)**

Consolidated statement of income		
€ thousand	Q1 2012	Q1 2011
Revenue	1,144,399	1,016,190
Cost of sales	-824,611	-742,406
Gross profit	319,788	273,784
Selling expenses	-136,606	-129,365
Research and development costs	-33,118	-27,422
Administrative expenses	-70,111	-61,945
Other income	16,805	14,741
Other expenses	-11,189	-9,991
Profit from equity investments	4,843	0
Other financial result	512	343
Earnings before interest and taxes	90,924	60,145
Financial income	34,193	51,587
Financial expense	-85,792	-100,341
Earnings before taxes	39,325	11,391
Income taxes	-22,911	-14,941
Current taxes	-19,907	-12,821
Deferred taxes	-3,004	-2,120
Net income (+) / loss (-) for the period	16,414	-3,550
Attributable to shareholders of KION Holding 1 GmbH	15,942	-3,987
Attributable to non-controlling interests	472	437

Consolidated Statement of Comprehensive Income (unaudited)

Consolidated statement of comprehensive income		
€ thousand	Q1 2012	Q1 2011
Net income (+) / loss (-) for the period	16,414	-3,550
Impact of exchange differences	-812	-14,831
thereof changes in unrealised gains and losses	-812	-14,831
Gains/losses on employee benefits	-13,362	-377
thereof changes in unrealised gains and losses	-19,069	-1,204
thereof tax effect	5,707	827
Gains/losses on cash flow hedges	-371	21,038
thereof changes in unrealised gains and losses	2,432	34,714
thereof realised gains and losses	-3,489	-5,047
thereof tax effect	686	-8,629
Other comprehensive income (+) / loss (-)	-14,545	5,830
Total comprehensive income (+) / loss (-)	1,869	2,280
Comprehensive income (+) / loss (-)		
Attributable to shareholders of KION Holding 1 GmbH	1,397	1,843
Attributable to non-controlling interests	472	437

Statement of Consolidated Financial Position (unaudited)

ASSETS		
€ thousand	31/03/2012	31/12/2011
Goodwill	1,540,316	1,537,996
Other intangible assets	975,197	977,555
Leased assets	541,859	539,731
Other property, plant and equipment	536,080	538,121
Equity investments	33,984	36,545
Lease receivables	244,424	242,840
Other non-current financial assets	27,105	25,732
Deferred taxes	246,663	261,963
Non-current assets	4,145,628	4,160,483
Inventories	691,310	625,369
Trade receivables	703,631	676,553
Lease receivables	120,334	118,381
Current income tax receivables	5,002	4,953
Other current financial assets	125,027	107,096
Cash and cash equivalents	301,618	373,451
Current assets	1,946,922	1,905,803
Total assets	6,092,550	6,066,286
EQUITY AND LIABILITIES		
€ thousand	31/03/2012	31/12/2011
Subscribed capital	500	500
Capital reserve	348,483	348,483
Retained earnings	-790,912	-806,429
Accumulated other comprehensive income (+) / loss (-)	-51,763	-37,218
Non-controlling interests	6,507	7,077
Equity	-487,185	-487,587
Shareholder loan	650,083	643,132
Retirement benefit obligation	407,498	382,914
Non-current financial liabilities	2,769,281	2,777,354
Lease liabilities	466,305	471,131
Other non-current provisions	97,674	96,168
Other non-current financial liabilities	133,572	132,719
Deferred taxes	321,172	339,054
Non-current liabilities	4,845,585	4,842,472
Current financial liabilities	247,117	227,376
Trade payables	620,074	634,092
Lease liabilities	229,153	230,381
Current income tax liabilities	24,962	15,439
Other current provisions	157,503	183,678
Other current financial liabilities	455,341	420,435
Current liabilities	1,734,150	1,711,401
Total equity and liabilities	6,092,550	6,066,286

Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity

€ thousand

	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income (+) / loss (-)			Total equity attributable to shareholders	Non-controlling interests	Total	
				Cumulative translation adjustment	Gains/losses on defined benefit obligation	Gains/losses on Cash Flow Hedges				Gains/losses from equity investments
Balance as at 1/1/2011	500	348,483	-711,504	-42,025	12,498	-14,819	-125	-406,992	7,070	-399,922
Net income (+) / loss (-) for the period			-3,987					-3,987	437	-3,550
Other comprehensive income (+) / loss (-)				-14,831	-377	21,038		5,830		5,830
Total comprehensive income (+) / loss (-)			-3,987	-14,831	-377	21,038		1,843	437	2,280
Balance as at 31/03/2011	500	348,483	-715,491	-56,856	12,121	6,219	-125	-405,149	7,507	-397,642
Balance as at 1/1/2012	500	348,483	-806,429	-35,549	20,892	-22,968	407	-494,664	7,077	-487,587
Net income (+) / loss (-) for the period			15,942					15,942	472	16,414
Other comprehensive income (+) / loss (-)				-812	-13,362	-371		-14,545		-14,545
Total comprehensive income (+) / loss (-)			15,942	-812	-13,362	-371		1,397	472	1,869
Dividends									-355	-355
Other Changes			-425					-425	-687	-1,112
Balance as at 31/03/2012	500	348,483	-790,912	-36,361	7,530	-23,339	407	-493,692	6,507	-487,185

Consolidated Statement of Cash Flows

Consolidated statement of cash flows		
€ thousand	Q1 2012	Q1 2011
Net income (+) / loss (-)	16,414	-3,550
+ income taxes	22,911	14,941
+ net financial income (-) / expenses (+)	51,599	48,754
= Earnings before interest and taxes	90,924	60,145
Depreciation/impairment of non-current assets (excl. leased assets)	38,340	38,818
Depreciation/impairment of leased assets	44,611	42,253
Other non-cash income (-) / expenses (+)	-1,066	3,911
Gain (-) / loss (+) on disposal of non-current assets	-2,235	705
Change in leased assets	-41,525	-30,218
Change in lease receivables and lease liabilities	-21,413	-12,211
Change in inventories	-64,810	-58,023
Change in trade receivables	-20,016	-23,193
Change in trade payables	-22,349	41,591
Cash payments for defined benefit obligations	-4,804	-4,905
Change in other provisions	-24,797	-16,061
Change in other operating assets	-32,950	-5,350
Change in other operating liabilities	27,731	34,266
Taxes paid	-11,418	-5,804
= Cash flow from operating activities	-45,777	65,924
Cash receipts from disposal of non-current assets	6,922	927
Cash payments for purchase of non-current assets	-25,206	-22,040
Deposits from other loan claims	-341	1,389
Dividends received	212	343
Interest income received	1,347	909
Acquisitions of subsidiaries, net of cash acquired	-9,703	0
Cash receipts (+) / cash payments (-) for sundry assets	-1,118	-1,720
= Cash flow from investing activities	-27,887	-20,192
Dividends paid to non-controlling interests	-355	0
Cash paid for increased ownership interests (after control)	-1,112	-712
Proceeds from borrowings	7,676	0
Loan financing costs paid	-207	-228
Proceeds (+) / Repayment (-) of other capital borrowings	17,687	-10,528
Interest paid	-22,737	-29,323
= Cash flow from financing activities	952	-40,791
Effect of foreign exchange rate changes on cash and cash equivalents	879	-1,084
= Change in cash and cash equivalents	-71,833	3,857
Cash and cash equivalents at the beginning of the period	373,451	252,884
Cash and cash equivalents at the end of the period	301,618	256,741

Segment Report

Segment report

	LMH	STILL	Other	Consolidation/ Reconciliation	Total
€ thousand					
	Q1 2012				
Revenue from external customers	756,326	377,315	10,758	–	1,144,399
Intersegment revenue	17,484	35,077	48,247	-100,808	–
Total revenue	773,810	412,392	59,005	-100,808	1,144,399
Earnings before taxes	75,664	14,165	-50,355	-149	39,325
Financial income	12,961	4,519	21,207	-4,494	34,193
Financial expense	-16,402	-10,456	-63,428	4,494	-85,792
= Financial result	-3,441	-5,937	-42,221	–	-51,599
EBIT	79,105	20,102	-8,134	-149	90,924
+ Non-recurring items	-5,687	4,438	2,785	–	1,536
+ KION acquisition items	7,287	1,417	270	–	8,974
= Adjusted EBIT	80,705	25,957	-5,079	-149	101,434
Carrying amount of equity investments	29,337	4,647	–	–	33,984
Capital expenditures*	14,419	8,142	2,645	–	25,206
Depreciation*	24,428	10,129	3,783	–	38,340
Order intake	812,368	429,455	59,005	-93,655	1,207,173
Number of employees**	13,927	7,433	692	–	22,052

* Excluding leased assets

** Number of employees in full-time equivalents as at 31 March

Segment report

	LMH	STILL	Other	Consolidation/ Reconciliation	Total
€ thousand					
	Q1 2011				
Revenue from external customers	642,408	370,103	3,679	–	1,016,190
Intersegment revenue	18,968	29,462	43,416	-91,846	–
Total revenue	661,376	399,565	47,095	-91,846	1,016,190
Earnings before taxes	49,459	8,242	-45,917	-393	11,391
Financial income	11,434	3,325	40,624	-3,796	51,587
Financial expense	-14,476	-9,988	-79,673	3,796	-100,341
= Financial result	-3,042	-6,663	-39,049	–	-48,754
EBIT	52,501	14,905	-6,868	-393	60,145
+ Non-recurring items	1,536	2,517	1,937	–	5,990
+ KION acquisition items	6,553	1,499	433	–	8,485
= Adjusted EBIT	60,590	18,921	-4,498	-393	74,620
Carrying amount of equity investments	33,279	4,408	–	–	37,687
Capital expenditures*	13,293	6,440	2,307	–	22,040
Depreciation*	24,368	11,158	3,292	–	38,818
Order intake	768,161	447,058	47,095	-104,931	1,157,383
Number of employees**	12,383	7,277	494	–	20,154

* Excluding leased assets

** Number of employees in full-time equivalents as at 31 March

BASIS OF PRESENTATION

The condensed interim Consolidated Financial Statements of the KION Group for the three months ended 31 March 2012 were prepared consistent with IAS 34 'Interim Financial Reporting' 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 set of interim financial statements 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 2012 financial year were applied in preparing the condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not contain all the information and disclosures required of a set of consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2011. With the exception of the new IFRS standards and interpretations described below, the accounting policies used to prepare these condensed consolidated interim financial statements were the same as those used to prepare the consolidated financial statements for the year ended 31 December 2011.

Financial reporting standards to be adopted for the first time in the current financial year:

The following financial reporting standards and interpretations were adopted for the first time in the condensed consolidated interim financial statements for the three months ended 31 March 2012:

- Amendments to IFRS 7 'Financial Instruments: Disclosures', disclosures relating to transfers of financial assets.

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 for the three months ended 31 March 2012, 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 2012:

- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', amendments relating to fixed transition dates and severe hyperinflation
- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', amendments relating to loans received from governments at a below market rate of interest
- Amendments to IFRS 7 'Financial Instruments: Disclosures', offsetting of financial assets and financial liabilities
- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure 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'
- Amendments to IAS 32 'Financial Instruments: Presentation', offsetting of financial assets and financial liabilities
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'.

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 categorised based on current and non-current items. 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.

Segment Reporting

The basis for internal reporting is a presentation of the financial position and financial performance based on data from continuing operations, excluding items relating to the KION Group in December 2006 and excluding Non-recurring Items. In addition to the above items, other net financial income/expenses and the share of profit (loss) of equity investments were also excluded from the performance indicator known as 'EBIT Management Reporting'. Segment reporting therefore included a reconciliation of externally reported consolidated earnings before interest and tax (EBIT) including KION acquisition items and Non-recurring Items with the adjusted EBIT for the segments ('EBIT Management Reporting').

Management reporting EBIT differed from adjusted EBIT for the last time in 2011 that did not take into account of the share of profit (loss) of equity investments or other net financial income/expenses. Since 2012 EBIT Management Reporting will correspond to the adjusted EBIT.

RISK FACTORS

Our Annual Bond Report 2011 contains a description of certain risks that could materially adversely affect our business, financial condition, results of operations or cash flows.

You should carefully consider the risks described in our Annual Bond Report 2011 before making an investment decision. Any of the risks mentioned there 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 Annual Bond Report 2011 and elsewhere in this Quarterly Report.

In Q1/2012 there have been no material changes to the risk assessment made in our Annual Bond Report 2011.

ANNEX 1: KPIS FINANCIAL SERVICES BUSINESS

Segment report - Voluntary Additional Information

	LMH	STILL	FS	Other	Consolidation/ Reconciliation	Total
€ thousand	Q1 2012					
Revenue from external customers	716,482	357,712	59,447	10,758	-	1,144,399
Intersegment revenue	54,281	28,226	36,433	48,247	-167,187	-
Total revenue	770,763	385,938	95,880	59,005	-167,187	1,144,399
Earnings before taxes	74,510	13,874	1,548	-50,160	-447	39,325
Financial income	9,065	3,277	7,965	21,207	-7,321	34,193
Financial expense	-12,470	-8,759	-7,401	-63,429	6,267	-85,792
= Financial result	-3,405	-5,482	564	-42,222	-1,054	-51,599
EBIT	77,915	19,356	984	-7,938	607	90,924
+ Non-recurring items	-5,687	4,438	-	2,785	-	1,536
+ KION acquisition items	7,287	1,417	-	270	-	8,974
= Adjusted EBIT	79,515	25,211	984	-4,883	607	101,434
Segment assets	4,464,517	1,875,162	840,727	637,179	-1,725,035	6,092,550
Segment liabilities	1,486,330	948,293	804,179	5,032,853	-1,691,920	6,579,735
Carrying amount of equity investments	29,337	4,647	-	-	-	33,984
Capital expenditures*	14,419	8,142	-	2,645	-	25,206
Depreciation**	43,080	23,981	15,553	4,131	-3,794	82,951

* Excluding leased assets

** Including leased assets

Segment report - Voluntary Additional Information

	LMH	STILL	FS	Other	Consolidation/ Reconciliation	Total
€ thousand	Q1 2011					
Revenue from external customers	600,202	353,166	59,143	3,679	-	1,016,190
Intersegment revenue	59,736	45,277	39,027	43,409	-187,449	-
Total revenue	659,938	398,443	98,170	47,088	-187,449	1,016,190
Earnings before taxes	48,619	8,126	1,256	-45,729	-881	11,391
Financial income	7,235	1,428	10,531	40,624	-8,231	51,587
Financial expense	-10,388	-7,853	-9,716	-79,671	7,287	-100,341
= Financial result	-3,153	-6,425	815	-39,047	-944	-48,754
EBIT	51,772	14,551	441	-6,682	63	60,145
+ Non-recurring items	1,536	2,517	-	1,937	-	5,990
+ KION acquisition items	6,553	1,499	-	433	-	8,485
= Adjusted EBIT	59,861	18,567	441	-4,312	63	74,620
Segment assets	4,105,623	1,974,992	769,220	539,396	-1,614,017	5,775,214
Segment liabilities	1,385,142	985,338	732,165	4,694,483	-1,624,272	6,172,856
Carrying amount of equity investments	33,279	4,408	-	-	-	37,687
Capital expenditures*	13,293	6,440	-	2,307	-	22,040
Depreciation**	41,083	24,131	15,085	3,790	-3,018	81,071

* Excluding leased assets

** Including leased assets

ANNEX 2: QUARTERLY FINANCIAL INFORMATION

Unaudited quarterly information								
€ thousand	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Order intake	997,706	952,017	1,064,386	1,157,383	1,195,434	1,111,663	1,217,376	1,207,173
Revenue	874,503	879,804	1,042,510	1,016,190	1,096,338	1,044,137	1,211,730	1,144,399
EBIT	4,148	31,797	28,821	60,145	98,443	63,422	-8,850	90,924
Adj. EBIT	30,452	52,637	62,683	74,620	100,657	84,326	105,005	101,434
Adj. EBIT margin	3.5%	6.0%	6.0%	7.3%	9.2%	8.1%	8.7%	8.9%
Adj. EBITDA	109,229	131,202	148,764	148,536	173,239	160,059	183,431	175,670
Adj. EBITDA margin	12.5%	14.9%	14.3%	14.6%	15.8%	15.3%	15.1%	15.4%
Free cash flow	3,601	17,533	76,978	45,732	-25,787	30,162	184,123	-73,664
Net financial debt	2,706,733	2,659,077	2,640,829	2,600,205	2,687,633	2,748,619	2,656,613	2,741,282