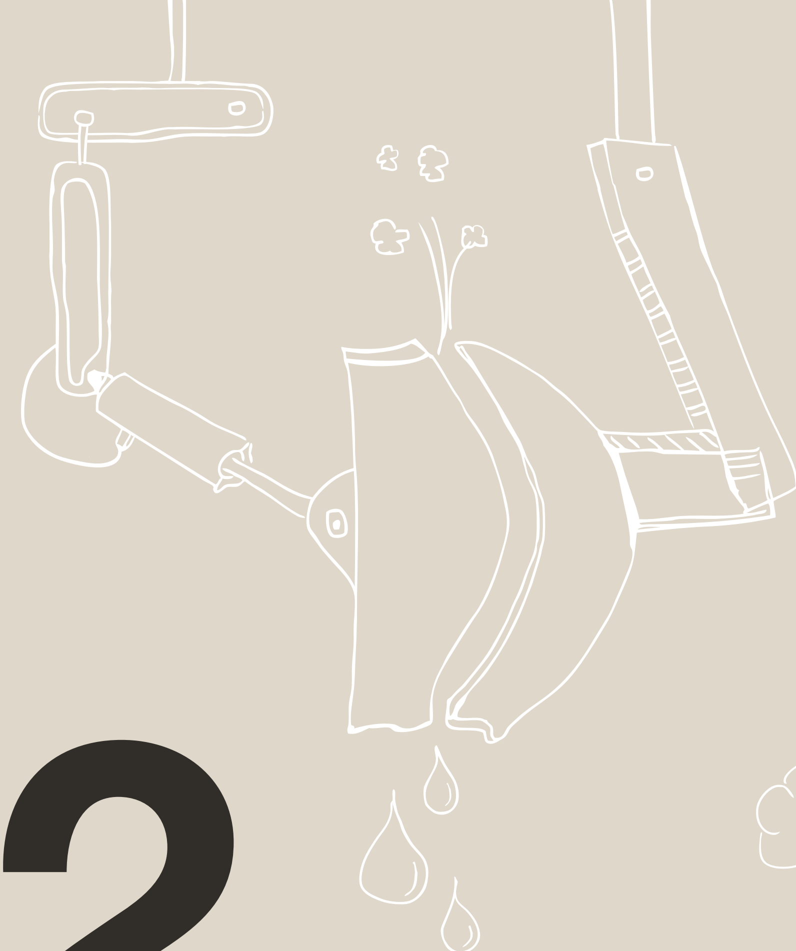
KION GROUP



Q2

We keep the world moving.

Interim Report Q2 2013

Key figures

KION Group overview

in € million	Q2 2013	Q2 2012[6]	Change	Q1—Q2 2013	Q1—Q2 2012[6]	Change
Order intake	1,104.8	1,202.6	-8.1 %	2,250.2	2,409.8	-6.6 %
Order intake—excluding Hydraulics Business	1,104.8	1,165.8	-5.2 %	2,250.2	2,333.8	-3.6 %
Revenue	1,149.3	1,166.1	-1.4 %	2,234.4	2,310.5	-3.3 %
Revenue—excluding Hydraulics Business	1,149.3	1,122.3	2.4 %	2,234.4	2,218.3	0.7 %
Order book[2]				750.7	807.8	-7.1 %
Results of operation						
EBITDA	175.6	190.1	-7.6 %	344.6	363.7	-5.3 %
Adjusted EBITDA[1]	183.5	174.2	5.4 %	351.4	334.7	5.0 %
Adjusted EBITDA Margin[1]	16.0 %	15.5 %	-	15.7 %	15.1 %	-
EBIT	91.5	104.7	-12.6 %	177.9	195.4	-8.9 %
Adjusted EBIT[1]	107.6	101.9	5.6 %	200.4	192.3	4.2 %
Adjusted EBIT Margin[1]	9.4 %	9.1 %	-	9.0 %	8.7 %	-
Net income	41.8	9.4	>100.0 %	70.3	25.9	>100.0 %
Financial position[2]						
Total assets				6,981.0	6,213.2	12.4 %
Equity				1,583.5	660.7	>100.0 %
Net financial debt*				1,701.6	1,790.1	-4.9 %
Cash flow						
Free cash flow[3]	20.2	81.7	-75.3 %	15.6	8.1	92.8 %
Capital expenditures[4]	26.9	33.7	-20.3 %	52.0	58.9	-11.7 %
Employees[5]				**21,533**	**21,215**	**1.5 %**

1 Adjusted for KION acquisition items and one-off items; key figures for 2012 were in addition adjusted due to the Hydraulics Business
2 Value as at 30/06/2013 compared to the balance sheet date 31/12/2012
3 Free cash flow is defined as Cash flow from operating activities plus Cash flow used in investing activities
4 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
5 Number of employees in full-time equivalents as at 30/06/2013 compared to the balance sheet date 31/12/2012
6 Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

* Share premium (after bank fees) of € 701.6 million from the capital increases Weichai and the IPO are not included (cash inflow 02/07/2013)

All amounts are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in rounding differences of +/- €0.1 million. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros. This interim report is available in German and English at www.kiongroup.com under Investor Relations / Publications & Events / Financial Reports. Only the content of the German version is authoritative.

Company profile

The KION Group is present globally with the products and solutions of its six brands. As a market leader for forklift trucks and warehouse equipment, the number two in the world and the leading international provider in China, it has more than 21,000 employees. Linde and STILL are dedicated to the global premium segment, Baoli to the economy segment. Fenwick is at the forefront of the French material handling market. OM STILL is a market leader in Italy, Voltas is one of two leaders in India. Building on this strong foundation, the KION Group generated revenue of about €4.7 billion in 2012.

Linde STILL FENWICK OM STILL Baoli VOLTAS

Highlights of the first half of 2013

Successful stock market flotation on

28 June 2013

- Strengthening of capital structure for further growth
- Reduction of net financial debt
- Publication of improved credit ratings from rating agencies Moody's and Standard & Poor's

Sustained robust business performance in the

first six months

lays the foundations for a successful 2013

- Order intake at a high level
- Revenue up by 0.7 per cent on the first half of last year (excluding hydraulics business)
- Further year-on-year rise in adjusted EBIT and the adjusted EBIT margin (excluding hydraulics business)
- Net income improves significantly to €70.3 million; pro forma earnings per share of €0.70 based on 98.9 million no-par-value shares

Contents

Stock market flotation in June 2013

The KION Group, one of the world's top two providers of industrial trucks and logistics solutions, began a new chapter in its history in the first half of 2013 when its parent company, KION GROUP AG, was successfully floated on the stock market. Proceeds from the capital increases in connection with the initial public offering (IPO) enabled the Group to significantly lower its net financial debt and lay the foundations for continuing along its successful trajectory of global growth in an attractive market environment.

The KION Group announced its intention to float on 3 June 2013 and, together with its shareholders and underwriters, published the prospectus containing the general parameters for the IPO on 14 June 2013. The price range was between €24.00 and €30.00 per share. At the end of the subscription period, which ran from 17 to 26 June 2013, the issue price was set at €24.00 per share. Despite the challenging situation in the capital markets, the offering was significantly oversubscribed at the offer price. Trading began in the Frankfurt Stock Exchange's Prime Standard segment on 28 June 2013.

Overall, 19.8 million shares with a total issue amount of €475.4 million were placed with new investors, of which 17.2 million new shares originated from a capital increase in June 2013 (€413.4 million) and 2.6 million shares were from the stake held by existing shareholder Superlift Holding S.à r.l., Luxembourg, as an over-allotment (€61.9 million). The shares were predominantly subscribed by institutional investors from Germany, France, the United Kingdom and the United States. The underwriters were granted the option of acquiring the over-allotment shares from Superlift Holding S.à r.l., Luxembourg, at the placement price within 30 days of the start of trading. Otherwise, these shares had to be given back to Superlift Holding S.à r.l., Luxembourg, at the end of the stabilisation phase.

As part of KION GROUP AG's flotation, two accompanying capital increases were carried out with a total volume of €446.4 million:

- Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, a subsidiary of Weichai Power Co. Ltd., which is a strategic anchor shareholder of KION GROUP AG, acquired 13.7 million new shares at a price of €24.00 per share immediately before the offer closed. This provided the Company with a total of approximately €328.4 million on 27 June 2013 and 2 July 2013.

- Also before the offer closed, Superlift Holding S.à r.l., Luxembourg, whose shareholders are investment funds advised by companies in The Goldman Sachs Group, Inc. (Goldman Sachs) and companies advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) or associated with KKR, acquired 4.0 million shares at a price of €29.21 per share by way of converting an existing loan into equity and transferring the shares in Superlift Funding. This boosted equity by €118.1 million.

As a result of the three capital increases in connection with the IPO, the KION Group's equity was increased by a total of €859.9 million as at 30 June 2013 before deduction of the directly attributable transaction costs. After completion of all transactions, the share capital of KION GROUP AG stood at €98.9 million, divided into 98.9 million no-par-value shares. Immediately after placement, 20.0 per cent of them were in free float (including the over-allotment shares). Weichai Power holds 30.0 per cent, while 50.0 per cent is held by KKR and Goldman Sachs jointly via Superlift Holding and by the KION Group's management. Shareholdings after the end of the stabilisation period on 26 July 2013 are shown in the diagram. >> GRAPHIC 01

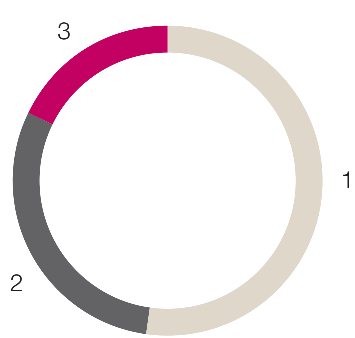
On the first day of trading on 28 June 2013, KION GROUP AG shares began trading at €24.19 and closed at €23.70. As a result, market capitalisation amounted to €2,343.9 million at the end of the first half of 2013.

The share price went up during July, exceeding the issue price of €24.00. At the end of the stabilisation phase, the over-allotment option was exercised for 0.3 million shares, which therefore remained in the free float. On 6 August, the Xetra closing price was €28.43, which was 18.5 per cent higher than the issue price. >> TABLE 01

Share data *>>TABLE 01*

Issuer	KION GROUP AG
Registered office	Wiesbaden
Commercial register no.	HRB 27060
Share capital	€98,900,000; divided into 98,900,000 no-par-value shares
Share class	No-par-value shares
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg	KGX GR
Reuters	KGX.DE
Profit entitlement	From 1 January 2013
First day of trading	28 June 2013
Opening price	€24.19
Closing price as at 30 June 2013	€23.70
Change compared with opening price	-2.03 %
Market capitalisation as at 30 June 2013	€2,343.9 million
Pro forma earnings per share as at 30 June 2013 (based on 98.9 million no-par-value shares)	€0.70
Earnings per share as at 30 June 2013	€1.07

Shareholder structure (after exercise of the over-allotment option) *>> GRAPHIC 01*



1 >> **52.3 %** KKR, Goldman Sachs and KION Management

2 >> **30.0 %** Weichai Power

3 >> **17.7 %** Free Float

Interim group management report

MAJOR DEVELOPMENTS IN THE FIRST HALF OF 2013

Key events

KION GROUP AG became a listed company in the Prime Standard segment of the Frankfurt Stock Exchange on 28 June 2013. A total of 17.2 million new shares originating from a capital increase in June 2013 were placed at an issue price of €24.00 per share and an additional 2.6 million shares from the stake held by original shareholder Superlift Holding S.à r.l., Luxembourg, were placed as part of an over-allotment option (see the over-allotment option information in the section Events after the reporting date).

Accompanying capital increases were also carried out in which Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, acquired 13.7 million new shares at a price of €24.00 per share immediately before the offer closed and Superlift Holding S.à r.l., Luxembourg, acquired 4.0 million shares at a price of €29.21 per share before the offer closed by way of an investment and conversion of an existing shareholder loan into equity.

As at 30 June 2013, the KION Group had received a total par value of €30.9 million from the capital increase in the course of the IPO and the capital increase from Weichai. This amount was reported as cash and cash equivalents as at the reporting date. The total share premium of €710.9 million, which resulted from the placement of the 17.2 million new shares for €396.2 million and the €314.7 million capital increase from Weichai, had not been received by the end of the half year and was consequently reported in other current assets. The share premium arising from the placement of new shares and the Weichai capital increase was received on 2 July 2013, net of the bank fees payable (see Events after the reporting date).

As a result of the boost to its equity and the repayment of financial debt on 5 July 2013 (see Events after the reporting date), the KION Group has significantly improved its funding structure, to the extent that none of its borrowings fall due before 2018, including the new €995.0 million revolving loan facility.

Back in February 2013, KION Finance S.A. placed a senior secured bond with a total volume of €650.0 million and a maturity date of 2020. The proceeds, net of the bank fees payable, were used to refinance all loans maturing in 2014 and 2015.

Key strategic initiatives

In May 2013, STILL agreed to acquire 51 per cent of the shares in Arser İş Makineleri Servis ve Ticaret A.Ş. (referred to below as “Arser”), which had previously acted as exclusive dealer for the substantial Turkish market. The transaction has not yet been closed, but it is expected to be completed in the third quarter of 2013.

On 30 April 2013, the KION Group signed a cooperation agreement in the area of container handling with Konecranes, a global market leader in the lifting business. Since then, Konecranes has become a long-term supplier of container handling equipment for Linde Material Handling’s global distribution network.

A further element in the reorganisation of the container handler and heavy truck businesses is the closure of the heavy truck plant in Merthyr Tydfil (Wales, UK), which is scheduled to take place by the end of October 2013. In the next few months, the bulk of Linde Material Handling’s heavy truck production will be outsourced to a contract production facility in the Czech Republic.

In March 2013, a new plant was officially opened in Brazil to enable the KION Group to benefit from the strong growth in this major market.

Group structure, organisation, management

In advance of the IPO, KION Holding 1 GmbH, the KION Group’s strategic management holding company, was converted into KION GROUP AG with effect from 4 June 2013. This company is now subject to the provisions of stock company law and as a publicly listed company it is governed by the German Securities Trading Act (WpHG). The new Executive Board consists of Gordon Riske (CEO/Chairman), Bert-Jan Knoef (STILL), Theodor Maurer (Linde Material Handling), Ching Pong Quek (Chief Asia Pacific Officer) and Dr Thomas Toepfer (CFO). In addition, KION GROUP GmbH, which is responsible for the management of operational business, has been renamed KION Material Handling GmbH.

Now that KION GROUP AG is a listed company, its Executive Board and Supervisory Board are required to submit an annual declaration of compliance with the German Corporate Governance Code (DCGK). The KION Group intends to comply with all but one of the recommendations in the current version of the DCGK dated 13 May 2013. The exception concerns clause 3.8 of the DCGK, which relates to directors’ and officers’ (D&O) insurance and requires companies to agree to a minimum deductible of 10 per cent of any loss, which must be equivalent to at least one-and-a-half times the annual fixed remuneration of the relevant member of the Executive or Supervisory Board. The D&O policy for the Executive Board complies with the DCGK recommendations but the Company's D&O policy for the Supervisory Board does not include a deductible of this type. This is because the KION Group does not believe it is a suitable means of increasing the motivation and diligence with which members of the Supervisory Board carry out their duties.

With regard to clauses 5.4.1 and 5.4.2 of the DCGK, the KION Group has declared that it has not yet set any specific targets for an appropriate degree of female representation on its Supervisory Board (diversity). The Supervisory Board also believes that two independent members is an appropriate number in relation to the Group's capital structure.

Provided no interim submission is required by law, it is planned that the first joint declaration of compliance by the Executive and Supervisory Boards of KION GROUP AG will be submitted in the first quarter of 2014 at the same time as the publication of the 2013 annual report. Additional information is available on the KION Group website under Investor Relations / Corporate Governance.

The Supervisory Board, which was formed in accordance with the German Codetermination Act (MitbestG), was increased from 12 members to 16 members when the legal form of the Company was changed in advance of the IPO. On 5 June 2013, Hans Peter Ring and Tan Xu Guang were elected as shareholder representatives. Hans Peter Ring qualifies as both an independent member within the meaning of clause 5.4.2 of the DCGK and as an independent member with expertise in the fields of accounting and auditing as required by section 100 (5) of the German Stock Corporation Act (AktG). Denis Heljic and Özcan Pancarci were appointed as additional members representing the Company's employees.

In order to make its activities more efficient and to meet the standards required for a publicly listed company, the Supervisory Board also reformulated its committees at the end of May 2013. Consequently, the Mediation Committee pursuant to section 27 (3) MitbestG, the Executive Committee and the Audit Committee, which were already in existence, have been supplemented by the Nomination Committee, one of whose functions is to propose new candidates for the Supervisory Board at the Shareholders' Meeting. When the new members were appointed to the committees on 27 June 2013, Hans Peter Ring took over as chairman of the Audit Committee.

In the run-up to the IPO, the Supervisory Board signed new contracts of employment with all Executive Board members and, at the same time, the term of CEO Gordon Riske's new contract was extended until 2017.

ECONOMIC ENVIRONMENT AND BUSINESS PERFORMANCE

Macroeconomic conditions

Global economic conditions continued to be plagued by uncertainty in the first half of 2013. As a result, the International Monetary Fund (IMF) has slightly lowered its forecast for 2013 as a whole. Whereas positive economic data strengthened expectations of a sustained recovery for the US economy, there was a decline in the pace of growth in the BRIC countries. Western Europe remained in a mild recession. The crisis in the euro zone is far from over, and this is also slowing the speed of growth in the rest of the world—particularly in the other EU countries and eastern Europe. While the German economy has been stagnating, economic output in crisis-hit Greece, Italy, Portugal and Spain has fallen more sharply.

As well as GDP growth, global demand for machinery and equipment is largely driven by willingness to invest and world trade volumes. According to economic research institutes, these indicators have risen slightly higher in the year to date than in the same period last year. A modest rise looks probable for 2013 as a whole, although the average underlying pace for the year is likely to be slow.

Sectoral conditions

Sales markets

The number of new industrial trucks ordered around the world was 3.8 per cent higher in the first half of 2013 than in the first six months of 2012. In China, the number of new truck orders was up by 7.7 per cent, so the dip in the world's single biggest market appears to be over. Strong demand in North America was a further key growth driver. Growth rates in Central and South America as well as eastern Europe were also high, but were of less consequence in absolute terms.

Only the first-half results in western Europe reflected a fall-off in demand. The economic situation in this region discouraged companies from investing despite truck fleets remaining in great need of renewal. However, the western European market rallied during the first half of the year, returning to 2012 levels in the second quarter after a subdued start to the year. >> TABLE 02

Global industrial truck market (order intake) >>TABLE 02

in thousand units	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Western Europe	64.9	65.1	-0.4 %	132.6	136.9	-3.2 %
Eastern Europe	13.7	13.4	2.1 %	28.6	27.3	5.1 %
North America	51.8	46.8	10.5 %	97.9	88.9	10.1 %
Central & South America	14.0	11.2	25.2 %	27.2	22.4	21.5 %
Asia (excl. Japan)	87.3	77.4	12.8 %	165.4	158.1	4.6 %
Rest of world	29.6	29.8	-0.7 %	57.3	56.9	0.9 %
World	**261.2**	**243.7**	**7.2 %**	**509.0**	**490.4**	**3.8 %**

Source: WITS / FEM

Procurement markets and conditions in the financial markets

Commodity prices have a direct impact on around 25 per cent of the cost of the materials needed to manufacture an industrial truck in the KION Group.

In the first six months of 2013, purchase prices for steel and energy were generally down on the same period in 2012. As an example, the price of Brent crude oil, which is quoted in US dollars and which affects the price of other fuels, was 6.3 per cent below comparable prices of the previous year.

The pound sterling depreciated against the euro and the value of the Brazilian real fell sharply in the second quarter, while the Chinese renminbi remained stable overall, despite relatively high volatility.

Level of orders

As a result of the weak market in western Europe, the number of new industrial trucks ordered from the KION Group's brand companies fell to around 73,800, which was 2.3 per cent down on the first half of 2012. In the second quarter, the order intake was just 600 units short of the high level seen the previous year. In terms of units, 34 per cent of the order intake was attributable to the emerging markets, primarily China, other Asian countries, eastern Europe and Brazil.

The total order intake in the first half of 2013 amounted to €2,250.2 million, which was 6.6 per cent down on the first six months of 2012 (€2,409.8 million). However, when adjusted for the hydraulics business, which had still been included in 2012, the order intake was down by just 3.6 per cent.

The order book for new trucks stood at €750.7 million, which was 7.1 per cent below the order book at the end of 2012 (€807.8 million).

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Financial performance

Overall assessment of the economic situation

In the first half of 2013, the KION Group's integrated business model once again proved to be robust. Although the decrease in the number of industrial trucks ordered was moderate, as European market leader, the KION Group was hit relatively hard by the economic downturn in Germany and the rest of western Europe. However, the KION Group also benefited more than most from the rapid growth in the emerging markets and was able to strengthen its market position. The Group's service business, which accounts for a high proportion of revenue, also acted as a stabilising force, particularly in western Europe.

Despite a slight decline in the number of orders, year-on-year revenue adjusted for the hydraulics business advanced by 0.7 per cent. Following a muted start to the year, revenue in the KION Group increased significantly in the second quarter. Its consistent, high-margin service business proved to be a key engine of growth with a 1.8 per cent increase in revenue in the first half of the year. As a result, the proportion of consolidated revenue attributable to service rose from 42.4 per cent in 2012 (excluding the hydraulics business) to 42.9 per cent.

Given the uncertainty that remains in the market, the Group's adjusted EBIT margin of 9.0 per cent is very good. This increase on the comparable value of 8.7 per cent in 2012 (adjusted for the hydraulics business) reflects the KION Group's more flexible cost structure and its ability to implement price increases in the market. Plant capacity utilisation in the successfully restructured group of production sites was higher than in the first half of 2012.

The KION Group's net income grew substantially year-on-year. It amounted to €70.3 million after taxes, compared with €25.9 million in the first half of 2012.

Business situation and financial performance of the KION Group

Key influencing factors

To improve comparability between the 2013 and 2012 halfyear results, revenue and order intake are additionally stated—at the level of the Group and the Linde Material Handling segment—excluding the contributions made by the hydraulics business, which was sold in December 2012. Consequently, EBIT and EBITDA have been adjusted to take account of the contributions made by the hydraulics business on the basis of the financial results relating to the hydraulics business reported in the Linde Material Handling segment in 2012.

Please also note that the segment structure of the KION Group was changed at the end of the 2012 financial year. Financial services activities were aggregated in the Financial Services segment to enable them to be managed separately.

The first-time adoption of new financial reporting standards (see Notes to the condensed consolidated interim financial statements) did not have a major impact on the financial performance or financial position of the KION Group. Because the rules governing transition to the new IAS 19R "Employee Benefits" require it to be adopted retrospectively, the quarters of 2012 have been restated.

Revenue

Despite difficult market conditions and adverse currency movements that continued throughout the first half of 2013, the decrease in revenue was much less pronounced than in the first quarter. The KION Group's revenue was up by 0.7 per cent on the equivalent figure for the first half of 2012 after adjusting for the sale of the hydraulics business (€2,218.3 million).

New truck business almost matched the high level achieved in the same period in 2012 (€1,277.2 million), and revenue for the second quarter alone was up year on year. Growing unit sales of warehouse trucks largely compensated for the decrease in counterbalance trucks. Revenue generated by the service business also rose by 1.8 per cent to €958.0 million (H1 2012: €940.7 million) on the back of a strong second quarter and was largely driven by rental business and resurgent demand for services. >> TABLE 03

Revenue by product category >>TABLE 03

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
New business	665.0	653.2	1.8%	1,276.5	1,277.2	-0.1%
Hydraulics	–	44.1	-100.0%	–	92.7	-100.0%
Service offering	484.2	468.9	3.3%	958.0	940.7	1.8%
After sales	286.8	283.9	1.0%	570.6	567.9	0.5%
Rental business	109.8	98.7	11.2%	217.6	206.4	5.4%
Used trucks	55.9	56.8	-1.6%	108.7	110.1	-1.3%
Other	31.7	29.5	7.6%	61.1	56.3	8.5%
Total	**1,149.3**	**1,166.1**	**-1.4%**	**2,234.4**	**2,310.5**	**-3.3%**
Revenue—excluding Hydraulics Business	**1,149.3**	**1,122.3**	**2.4%**	**2,234.4**	**2,218.3**	**0.7%**

Revenue by customer location >>TABLE 04

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Western Europe	827.2	843.6	-1.9%	1,612.2	1,665.2	-3.2%
Eastern Europe	92.2	85.2	8.3%	176.2	167.6	5.1%
Americas	70.2	76.8	-8.7%	140.6	151.1	-7.0%
Asia	114.5	118.6	-3.4%	219.5	239.5	-8.4%
Rest of world	45.1	42.0	7.5%	86.0	87.2	-1.4%
Total revenue	**1,149.3**	**1,166.1**	**-1.4%**	**2,234.4**	**2,310.5**	**-3.3%**

Revenue broken down by customer location reflects the variation in economic conditions across the regions. The decline in the volume of business in western Europe was primarily attributable to the German market, despite the slight rise in revenue generated by the KION Group in the other western European countries.

In eastern Europe, the KION Group brand companies again achieved overall year-on-year revenue growth despite the very high revenue in 2012. While revenue in Asia and the Americas was down as a whole, that generated in Brazil continued to rise.

As a result of the increase in revenue generated outside Germany, the proportion of the Group's total revenue generated internationally rose from 73.8 per cent to 75.2 per cent. The emerging markets accounted for 24.8 per cent of consolidated revenue compared with 23.9 per cent in the first half of 2012. >> TABLE 04

Earnings

EBIT and EBITDA

Total earnings before interest and tax (EBIT) amounted to € 177.9 million, which was 8.9 per cent below the same period the previous year (€ 195.4 million). The impact on earnings resulting from the decline in revenue and the sale of the hydraulics business was partly offset by further improvement of the cost structure and by the Group's ability to implement price increases in the market.

One of the factors that depressed earnings was the cost of the IPO and the accompanying capital increases. Of the total costs of € 29.9 million, €8.6 million was recognised in expenses while the remaining transaction costs were recognised directly in equity. Including the costs of the IPO and the accompanying capital increases, non-recurring items included in EBIT came to € 7.2 million (H1 2012: gain of € 21.4 million, adjusted for the hydraulics business).

The KION acquisition items relate to the acquisition of the KION Group, which was formed at the end of 2006 when it was spun off from Linde AG, Munich. The associated effects of the purchase price allocation equated to an expense of € 15.3 million in the reporting period compared with an expense of € 18.3 million in the first half of 2012, and largely comprised depreciation, amortisation and impairment.

Adjusted EBIT, which excludes non-recurring items and KION acquisition items, amounted to € 200.4 million — 4.2 per cent higher than the comparable prior-year figure of € 192.3 million. The adjusted EBIT margin was 9.0 per cent compared with 8.7 per cent in the first half of 2012.
>> TABLE 05

Adjusted EBIT*

>>TABLE 05

in € million	Q2 2013	Q2 2012	Change	Q1 — Q2 2013	Q1 — Q2 2012	Change
Net income (+) / loss (-) for the period	41.8	9.4	>100.0 %	70.3	25.9	>100.0 %
Income taxes	14.6	-21.3	>100.0 %	4.4	-44.2	>100.0 %
Financial result	-64.4	-74.0	13.0 %	-112.0	-125.3	10.6 %
EBIT	**91.5**	**104.7**	**-12.6 %**	**177.9**	**195.4**	**-8.9 %**
+ Non-recurring items	8.5	-12.1	>100.0 %	7.2	-21.4	>100.0 %
+ KION acquisition items	7.7	9.3	-17.6 %	15.3	18.3	-16.3 %
= Adjusted EBIT	**107.6**	**101.9**	**5.6 %**	**200.4**	**192.3**	**4.2 %**

* Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

Adjusted EBITDA* >>TABLE 06

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
EBIT	91.5	104.7	-12.6%	177.9	195.4	-8.9%
Amortisation and depreciation	84.1	85.4	-1.5%	166.6	168.3	-1.0%
EBITDA	**175.6**	**190.1**	**-7.6%**	**344.6**	**363.7**	**-5.3%**
+ Non-recurring items	7.5	-16.3	>100.0%	6.2	-29.8	>100.0%
+ KION acquisition items	0.4	0.4	9.1%	0.6	0.8	-15.5%
= Adjusted EBITDA	**183.5**	**174.2**	**5.4%**	**351.4**	**334.7**	**5.0%**

* Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

EBITDA was down by 5.3 per cent on the first half of 2012 at €344.6 million (H1 2012: €363.7 million). Adjusted EBITDA amounted to €351.4 million, which was above the comparable figure of €334.7 million for the first half of 2012 (excluding the hydraulics business). The adjusted EBITDA margin was 15.7 per cent compared with 15.1 per cent in the first six months of 2012. >> TABLE 06

Condensed income statement of the KION Group* >>TABLE 07

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Revenue	1,149.3	1,166.1	-1.4%	2,234.4	2,310.5	-3.3%
Cost of sales	-835.1	-838.6	0.4%	-1,618.2	-1,663.4	2.7%
Gross profit	**314.2**	**327.6**	**-4.1%**	**616.2**	**647.1**	**-4.8%**
Selling expenses	-135.5	-137.9	1.7%	-273.4	-274.6	0.4%
Research and development costs	-29.4	-29.0	-1.4%	-58.8	-62.1	5.3%
Administrative expenses	-79.6	-76.4	-4.1%	-152.3	-146.5	-3.9%
Other	21.8	20.4	6.4%	46.1	31.4	46.8%
Earnings before interest and taxes (EBIT)	**91.5**	**104.7**	**-12.6%**	**177.9**	**195.4**	**-8.9%**
Net interest income/expenses	-64.4	-74.0	13.0%	-112.0	-125.3	10.6%
Earnings before taxes	**27.1**	**30.7**	**-11.7%**	**65.9**	**70.1**	**-6.0%**
Income taxes	14.6	-21.3	>100.0%	4.4	-44.2	>100.0%
Net income	**41.8**	**9.4**	**>100.0%**	**70.3**	**25.9**	**>100.0%**

* Income statement for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

KEY INFLUENCING FACTORS FOR EARNINGS

The cost of sales fell to €1,618.2 million (H1 2012: €1,663.4 million). The favourable movement in commodity prices, the cost benefits derived from the successful restructuring of the group of production sites and the resultant increase in capacity utilisation failed to compensate in full for the loss of revenue due to the sale of the high-margin hydraulics business.

The increase in administrative expenses from €146.5 million in the first half of 2012 to €152.3 million was largely attributable to the expenses connected with the IPO that were not deducted directly from the capital reserves.

Other income rose by €26.6 million to €65.9 million (H1 2012: €39.3 million). In addition to higher commission income compared with the first half of 2012, this item also included additional income of €8.1 million resulting from the sale of our controlling interest (70 per cent) in Linde Hydraulics GmbH & Co. KG.

Profit from equity-accounted investments fell from €11.7 million in the first six months of 2012 to €3.3 million in the period ended 30 June 2013. During the acquisition of the remaining 51 per cent of the shares in Linde Creighton Ltd., Basingstoke, UK, income of €8.0 million was realised on the revaluation of the shares, which were already equity-accounted in the first half of 2012. >> TABLE 07

NET FINANCIAL INCOME / EXPENSES

Net financial expenses were €112.0 million, an improvement of €13.3 million on the first half of 2012 (expense of €125.3 million). The sharp decrease in expenses was principally the result of converting the shareholder loan of €671.0 million provided by Superlift Holding S.à r.l. into equity at the end of 2012 and of repaying financial liabilities using the capital contribution of €467.0 million made by Weichai Power when it purchased a 25 per cent stake in what is now KION GROUP AG. Higher coupon payments on the senior secured bond issued in February had a countervailing effect (see section “Major developments in the first half of 2013”).

INCOME TAXES

Income tax expenses of €44.2 million in the first half of 2012 contrasted with tax income of €4.4 million in the reporting period. While current tax expenses were approximately equal to those in the same period in 2012, deferred tax expense was much higher, exceeding the comparable figure for 2012 by €47.3 million. As the result of a profit-and-loss transfer agreement between KION Material Handling GmbH (formerly KION GROUP GmbH) and Linde Material Handling GmbH which was signed in April 2013, additional deferred tax assets of €36.2 million were recognised in the second quarter on loss carryforwards that it had not previously been possible to utilise.

NET INCOME

After taxes, net income amounted to €70.3 million. This constitutes a sharp rise on the first half of 2012 (H1 2012: €25.9 million). Pro forma earnings per share for the first six months of 2013 amounted to €0.70 based on 98.9 million no-par-value shares (according to IAS 33 €1.07).

Business situation and financial performance of the segments

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE LINDE MATERIAL HANDLING SEGMENT

The Linde Material Handling segment, which comprises the Linde, Fenwick and Baoli brand companies, demonstrated its premium positioning by launching major new products in the first half of 2013. Of particular note were the production launch of low-emission, internal-combustion counterbalance trucks with load capacities of 2 to 5 tonnes (EVO models) in January and the sales launch of the new generation of reach trucks in March.

Linde Material Handling's order intake of € 1,353.7 million was 8.1 per cent short of the extremely high level of new orders in the first half of 2012 (€ 1,472.7 million excluding the hydraulics business). However, unlike the order intake, the revenue generated by the Linde Material Handling segment virtually matched the level achieved in the first half of 2012, amounting to € 1,459.2 million in the first six months of this year (H1 2012: € 1,463.4 million excluding the hydraulics business).

Adjusted EBIT totalled € 159.4 million, which was significantly up on the adjusted result for 2012 (€ 147.7 million, excluding the hydraulics business). The adjusted EBIT margin was also higher, up from 10.1 per cent on the first half of 2012 to 10.9 per cent in the same period in 2013. *>> TABLE 08*

Quarterly information—LMH— *>>TABLE 08*

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Order intake[1]	673.2	742.3	-9.3 %	1,353.7	1,472.7	-8.1 %
Revenue[1]	747.9	739.0	1.2 %	1,459.2	1,463.4	-0.3 %
EBITDA	119.2	130.8	-8.9 %	226.6	251.5	-9.9 %
Adjusted EBITDA[1]	117.4	111.3	5.5 %	227.2	211.5	7.4 %
EBIT	78.6	86.5	-9.2 %	146.0	165.2	-11.7 %
Adjusted EBIT[1]	83.6	78.2	6.8 %	159.4	147.7	7.9 %
Adjusted EBITDA Margin[1]	15.7 %	15.1 %	-	15.6 %	14.5 %	-
Adjusted EBIT Margin[1]	11.2 %	10.6 %	-	10.9 %	10.1 %	-

1 Key figures for 2012 were in addition adjusted due to the Hydraulics Business

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE STILL SEGMENT

The STILL segment, which consists of the STILL and OM STILL brand companies, expanded its product range in the first half of 2013. RX 70-series IC trucks with a load capacity of 4 to 8 tonnes were brought to market as seamless additions to STILL's modular workplace concept and a new series of diesel trucks specially adapted to meet the needs of the South American market was introduced. The latter are produced at the new Indaiatuba plant in São Paulo.

In May 2013, STILL increased its commitment to Turkey by agreeing to acquire a majority (51 per cent) stake in Arser, currently its exclusive dealer. The transaction has not yet been closed, but it is expected to be completed in the third quarter of 2013. The sales company will then be branded STILL ARSER. The remaining 49 per cent of its shares are to be retained by Turkey's Arkas Group.

The order intake of €809.3 million was 0.7 per cent ahead of the first six months of 2012 (€803.7 million). Despite the order volume remaining virtually unchanged, revenue rose sharply in the second quarter. Compared with the first half of 2012, segment revenue was up by 3.0 per cent to €842.5 million (H1 2012: €818.1 million), primarily driven by higher revenue in Germany and Brazil. However, part of the rise in revenue was eclipsed by currency effects, such as the devaluation in the Brazilian real.

At €50.9 million, adjusted EBIT was slightly down by 2.9 per cent on the first half of 2012 (€52.4 million). Following a downturn in profitability in the early part of the year, with 6.7 per cent the adjusted EBIT margin returned to its prior-year level in the second quarter. >> TABLE 09

Quarterly information—STILL— >>TABLE 09

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Order intake	386.0	399.5	-3.4%	809.3	803.7	0.7%
Revenue	432.8	407.5	6.2%	842.5	818.1	3.0%
EBITDA	50.7	52.7	-3.8%	96.2	95.8	0.4%
Adjusted EBITDA	53.3	50.3	6.0%	99.7	97.8	2.0%
EBIT	24.9	27.9	-10.6%	44.5	47.0	-5.2%
Adjusted EBIT	28.9	27.4	5.5%	50.9	52.4	-2.9%
Adjusted EBITDA Margin	12.3%	12.3%	-	11.8%	11.9%	-
Adjusted EBIT Margin	6.7%	6.7%	-	6.0%	6.4%	-

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE FINANCIAL SERVICES SEGMENT

As the central funding partner of the Linde Material Handling and STILL brand segments, the Financial Services segment benefited from increasing demand for lease finance, particularly in western Europe outside Germany. The revenue generated by external customers was up by 18.8 per cent on the first half of the previous year (€132.5 million) and stood at €157.4 million. There was also a 10.0 per cent year-on-year rise in revenue from the intra-group financing of Linde Material Handling and STILL's short-term rental fleets. Total revenue amounted to €255.0 million, significantly ahead of the same period in 2012 (€221.3 million).

The segment's earnings before tax of €2.3 million equalled those in the first half of 2012 (€2.3 million) and its return on equity of 6.1 per cent was at virtually the same level as the prior-year period (5.9 per cent). *>> TABLE 10*

Quarterly information—Financial Services— *>>TABLE 10*

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Order intake	140.7	122.6	14.8 %	255.0	221.3	15.2 %
Revenue	140.7	122.6	14.8 %	255.0	221.3	15.2 %
Adjusted EBITDA	16.3	12.5	29.9 %	31.2	28.5	9.2 %
Adjusted EBIT	0.0	0.6	-94.3 %	0.2	0.7	-67.7 %
EBT	1.1	1.1	2.4 %	2.3	2.3	2.3 %
Lease receivables[1]	777.3	696.4	11.6 %	777.3	696.4	11.6 %
Lease liabilities[2]	767.0	676.6	13.4 %	767.0	676.6	13.4 %
Net financial debt	175.6	133.8	31.3 %	175.6	133.8	31.3 %
Equity	37.9	38.1	-0.4 %	37.9	38.1	-0.4 %
Return on equity				6.1 %	5.9 %	-

1 Includes intra-group lease receivables
2 Includes liabilities from financing of the rental fleet reported as other financial liabilities

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE OTHER SEGMENT

Group head office functions and the Voltas brand company, which do not come under any other segment, are reported in the Other segment. Consequently, earnings and revenue in the Other segment also include intra-group contributions from subsidiaries which are eliminated at Group level. In the first six months of 2013, there was a slight year-on-year improvement in the order intake and in revenue, which rose by € 4.2 million to € 122.0 million. Adjusted EBIT for the first half of 2013 was a loss of € 10.9 million compared with a gain of €9.7 million at the end of June 2012, which included substantial income of € 19.4 million from intra-group equity investments. >> TABLE 11

Quarterly information—Other— >>TABLE 11

in € million	Q2 2013	Q2 2012	Change	Q1—Q2 2013	Q1—Q2 2012	Change
Order intake	58.9	58.8	0.2 %	122.0	117.8	3.6 %
Revenue	58.9	58.8	0.2 %	122.0	117.8	3.6 %
EBITDA	-8.3	13.3	<-100.0 %	-4.9	9.3	<-100.0 %
Adjusted EBITDA	-1.2	19.3	<-100.0 %	-2.1	18.3	<-100.0 %
EBIT	-12.7	8.8	<-100.0 %	-13.6	0.7	<-100.0 %
Adjusted EBIT	-5.5	14.8	<-100.0 %	-10.9	9.7	<-100.0 %

Net assets

Compared with 31 December 2012, the KION Group's current assets had risen sharply, by €741.9 million, as a result of the capital increases during the IPO. Cash and cash equivalents included the par value of the proceeds of the IPO that had been received as at 30 June 2013, which amounted to €30.9 million. The share premium arising from the placement of the new shares and the €710.9 million capital increase from Weichai was reported in Other current assets.

By contrast, there was very little change in non-current assets. The modest rise in long-term leased assets and lease receivables was attributable to the growth in business in the Financial Services segment. *>> TABLE 12*

Condensed balance sheet, assets* *>>TABLE 12*

in € million	30/06/2013	in %	31/12/2012	in %	Change
Non-current assets	**4,256.9**	**61.0 %**	**4,231.0**	**68.1 %**	**0.6 %**
thereof:					
Goodwill	1,470.8	21.1 %	1,473.2	23.7 %	-0.2 %
Brand names	593.9	8.5 %	593.9	9.6 %	0.0 %
Deferred tax assets	286.9	4.1 %	264.9	4.3 %	8.3 %
Leased assets	206.8	3.0 %	191.3	3.1 %	8.1 %
Rental assets	397.0	5.7 %	395.1	6.4 %	0.5 %
Lease receivables	281.5	4.0 %	267.1	4.3 %	5.4 %
Current assets	**2,724.1**	**39.0 %**	**1,982.2**	**31.9 %**	**37.4 %**
thereof:					
Inventories	583.0	8.4 %	549.9	8.9 %	6.0 %
Trade receivables	642.6	9.2 %	625.5	10.1 %	2.7 %
Lease receivables	134.4	1.9 %	132.1	2.1 %	1.7 %
Other current assets	838.2	12.0 %	106.8	1.7 %	>100.0 %
Cash	517.7	7.4 %	562.4	9.1 %	-7.9 %
Total assets	**6,981.0**		**6,213.2**		**12.4 %**

* Balance sheet for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

Financial position

Main financing activities in the reporting period

The KION Group's financial position improved significantly in the first half of 2013. The maturity profile of its financial liabilities was extended by the issuance of a senior secured bond in February 2013, while the funds received on 2 July 2013 as a result of the IPO (share premium) were used to repay a substantial proportion of the Group's financial liabilities in the second half of 2013 (see Events after the reporting date).

Analysis of capital structure

Equity

The KION Group substantially increased its equity by means of three capital increases associated with the IPO. The increase in Weichai Power's shareholding from 25.0 per cent to 30.0 per cent added €328.4 million to the Group's equity. The conversion into equity of a loan provided by Superlift Holding S.à r.l., Luxembourg, also increased equity by €118.1 million and enabled borrowings to be reduced accordingly. The public offering of 17.2 million shares resulted in an increase in equity as at 30 June 2013 of €413.4 million less transaction costs. The Group's equity ratio improved from 10.6 per cent on the reporting date in 2012 to 22.7 per cent in mid-2013. >> TABLE 13

Condensed balance sheet, equity and liabilities* >>TABLE 13

in € million	30/06/2013	in %	31/12/2012	in %	Change
Equity	**1,583.5**	**22.7 %**	**660.7**	**10.6 %**	**>100.0 %**
Non-current liabilities	**3,811.1**	**54.6 %**	**3,929.0**	**63.2 %**	**-3.0 %**
thereof:					
Corporate bond	1,127.2	16.1 %	489.5	7.9 %	>100.0 %
Financial liabilities	1,064.9	15.3 %	1,811.2	29.2 %	-41.2 %
Deferred tax liabilities	303.0	4.3 %	308.8	5.0 %	-1.9 %
Lease liabilities	345.2	4.9 %	329.2	5.3 %	4.9 %
Current liabilities	**1,586.3**	**22.7 %**	**1,623.5**	**26.1 %**	**-2.3 %**
thereof:					
Financial liabilities	27.2	0.4 %	51.8	0.8 %	-47.5 %
Trade payables	626.5	9.0 %	646.0	10.4 %	-3.0 %
Lease liabilities	160.1	2.3 %	145.8	2.3 %	9.8 %
Total equity and liabilities	**6,981.0**		**6,213.2**		**12.4 %**

* Balance sheet for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

Financial debt

A senior secured bond with a total volume of €650.0 million and a maturity date of 2020 was issued in February 2013. It consists of a fixed-rate tranche of € 450.0 million and a floating-rate tranche of € 200.0 million. The issuance of this bond brings the total par value of debt capital issued to € 1,150.0 million. In addition to the measures taken in 2012, the new bond has enabled the KION Group to reduce its liabilities to banks by a corresponding amount (after deduction of transaction costs), thereby extending the maturity profile of its debt by a significant period. Consequently, there has been no material change in the total amount of financial debt as a result of having issued the bond.

After deduction of cash and cash equivalents, the remaining net financial debt came to € 1,701.6 million at the end of June 2013 (31 December 2012: € 1,790.1 million). This included borrowing costs of € 38.6 million which were higher than those at the end of 2012 (€ 34.1 million). The net financial debt reported as at 30 June 2013 did not take into account the total share premium of € 701.6 million (after deduction of bank charges) arising from the capital increase from Weichai and the IPO. The share premium arising from these capital increases was reported in the statement of financial position under Other current assets until the funds were received on 2 July 2013. >> TABLE 14

Net financial debt >>TABLE 14

in € million	30/06/2013	31/12/2012	Change
Corporate bond—fixed rate (2011/2018)—gross	325.0	325.0	-
Corporate bond—floating rate (2011/2018)—gross	175.0	175.0	-
Corporate bond—fixed rate (2013/2020)—gross	450.0	0.0	-
Corporate bond—floating rate (2013/2020)—gross	200.0	0.0	-
Liabilities to banks (gross)	1,102.7	1,882.1	-41.4 %
Liabilities to non-banks (gross)	5.2	4.5	15.8 %
./. Capitalised borrowing costs	-38.6	-34.1	-13.0 %
Financial debt	**2,219.3**	**2,352.4**	**-5.7 %**
./. Cash and cash equivalents	-517.7	-562.4	7.9 %
Net financial debt	**1,701.6**	**1,790.1**	**-4.9 %**

Capital expenditure

Capital expenditure amounted to €52.0 million, which was down by 11.7 per cent on the first half of 2012 (€58.9 million). In both the Linde Material Handling and STILL segments, the volume was below that of the comparable prior-year period, which was characterised by relatively high capitalised development costs.

Analysis of liquidity

Net cash provided by the KION Group's operating activities totalled €55.9 million (H1 2012: €68.7 million). Higher consulting fees and tax payments had the effect of reducing the net cash provided, while the cash flow for the same period in 2012 also included the hydraulics business.

Net cash used for investing activities amounted to €40.4 million (H1 2012: net cash used of €60.6 million). This was attributable to lower capital expenditure in the Linde Material Handling and STILL segments as well as the absence of any significant amounts of cash used for acquisitions, unlike the previous year when a majority stake was acquired in Linde Creighton.

As a result of the factors described above, the free cash flow in the reporting period was €15.6 million, which was substantially higher than in the first half of 2012 (€8.1 million).

The cash flow from financing activities amounted to minus €58.6 million. Financial debt increased by €649.0 million due to the issuance of the senior secured bond in February 2013. As a result of the capital increases from Weichai and the IPO at the end of June 2013, the capital contributions made up to 30 June totalled €30.9 million. In total, transactions carried out in the first half of the year enabled the repayment of financial liabilities amounting to €654.2 million relating to the Senior Facilities Agreement. The cash payments of €30.5 million arising from other financing activities (H1 2012: inflows of €16.6 million) included costs of €18.9 million incurred in connection with the debt and equity transactions mentioned above. Regular interest payments were €5.1 million lower than in the first half of 2012 and amounted to €52.0 million in the reporting period. The cash flow from financing activities for the first half of 2012 (minus €201.9 million) was largely attributable to the repayment of loans.

Together, the positive free cash flow and the net cash used for financing activities resulted in a reduction in cash and cash equivalents from €562.4 million as at 31 December 2012 to €517.7 million. >> TABLE 15

Condensed cash flow statement >>TABLE 15

in € million	Q2 2013	Q2 2012	Change	Q1–Q2 2013	Q1–Q2 2012	Change
EBIT	91.5	104.7	-12.6 %	177.9	195.4	-8.9 %
Cash flow from operating activities	36.6	114.4	-68.0 %	55.9	68.7	-18.6 %
Cash flow from investing activities	-16.4	-32.7	49.8 %	-40.4	-60.6	33.4 %
Free cash flow	**20.2**	**81.7**	**-75.3 %**	**15.6**	**8.1**	**92.8 %**
Cash flow from financing activities	-31.7	-202.9	84.4 %	-58.6	-201.9	71.0 %
Currency effects on cash	-5.0	1.2	<-100.0 %	-1.5	2.1	<-100.0 %
Change in cash and cash equivalents	**-16.4**	**-119.9**	**86.3 %**	**-44.6**	**-191.8**	**76.7 %**

EMPLOYEES

At 21,533, the number of people employed by the KION Group was slightly higher than at the end of 2012 (21,215). The number of service and sales jobs rose while the headcount in production fell slightly. In geographical terms, the main increases in the workforce were in South America, China and eastern Europe. >> TABLE 16

Employees (full-time equivalents) >>TABLE 16

	30/06/2013	31/12/2012	Change
Western Europe	15,295	15,078	1.4 %
Eastern Europe	1,652	1,632	1.2 %
Americas	611	580	5.3 %
Asia	3,404	3,376	0.8 %
Rest of world	571	549	4.0 %
Total	**21,533**	**21,215**	**1.5 %**

RESEARCH & DEVELOPMENT

In the reporting period, the KION Group steadfastly pursued its research and development (R&D) objectives. The KION Group aims to increase customer benefits in all price segments by introducing innovative drive systems, advanced ergonomics, intelligent intralogistics solutions and other developments while underpinning its leading position in the premium segment.

Research and development costs of €58.8 million were below the comparable figure for 2012 (H1 2012: €62.1 million). Total R&D spending equated to 2.6 per cent of total revenue, compared with 2.5 per cent in the first half of 2012.

Total R&D spending included depreciation and amortisation in the amount of €22.3 million (H1 2012: €26.9 million), while development costs of €20.9 million (H1 2012: €23.1 million) were capitalised. The number of full-time jobs in R&D teams stood at 871 at the end of June 2013 (31 December 2012: 847). >> TABLE 17

Total R&D spending >>TABLE 17

in € million	Q2 2013	Q2 2012	Change	Q1 – Q2 2013	Q1 – Q2 2012	Change
Research and development costs (P&L)	29.4	29.0	1.4 %	58.8	62.1	-5.3 %
Amortisation expense	-11.1	-13.4	17.5 %	-22.3	-26.9	16.9 %
Capitalised development costs	11.0	12.1	-9.2 %	20.9	23.1	-9.5 %
Total R&D spending	**29.3**	**27.6**	**6.0 %**	**57.3**	**58.2**	**-1.6 %**
R&D spending as percentage of revenue	2.5 %	2.4 %	-	2.6 %	2.5 %	-

EVENTS AFTER THE REPORTING DATE

On 2 July 2013, the KION Group received the outstanding proceeds from the IPO and the capital increase from Weichai Power. They totalled € 701.6 million after deduction of bank fees. Once all the proceeds from the IPO had been received, the KION Group used this cash, along with part of the new loan facility and existing cash reserves, to pay back the long-term bank liabilities resulting from the acquisition finance arrangements (Senior Facilities Agreement or SFA). In addition, the floating rate note, which was due to mature in 2018 and amounted to € 175.0 million, was paid back in full on 19 July 2013.

In connection with the IPO, the KION Group agreed a new revolving loan facility with a group of banks for € 995.0 million with a term to maturity of five years after the IPO. Combined with the current low level of interest rates, this loan facility offers more favourable credit terms in line with those typically available to comparable listed companies.

During the stabilisation period (30 days after the IPO), 2.3 million of the 2.6 million shares in the original over-allotment option were repurchased and transferred back to Superlift Holding S.à r.l., Luxembourg. At the end of the stabilisation phase, the over-allotment option was exercised for 0.3 million shares, which therefore remained in the free float.

As a result of the IPO, there was a significant improvement in the KION Group's credit profile and consequently in its credit rating. In July 2013 Moody's upgraded its corporate family rating by three notches, from B3 / positive to Ba3 / stable, while Standard & Poor's improved its rating for the KION Group from B / stable to BB- / positive.

OPPORTUNITY AND RISK REPORT

The financial risks to which the KION Group is exposed, as presented in the 2012 group management report for the former KION Holding 1 GmbH, have diminished considerably because its equity has been boosted, it has much greater flexibility for repaying financial liabilities and its debt maturity profile has again been lengthened.

Otherwise, there were only marginal changes in the risks and opportunities relating to the KION Group compared with the 2012 group management report. As things stand at present, there are no indications of any risks that could jeopardise the Company's continuation as a going concern.

OUTLOOK

The forward-looking statements and information given below are based on the Company's current expectations and assessments. Consequently, they involve a number of risks and uncertainties. Many factors, several of which are beyond the control of the KION Group, affect the Group's business activities and profitability. Any unexpected developments in the global economy would result in the KION Group's performance and profits differing significantly from those forecast below. The KION Group does not undertake to update forward-looking statements to reflect subsequently occurring events or circumstances. Furthermore, the KION Group cannot guarantee that future performance and actual profits generated will be consistent with the stated assumptions and estimates and can accept no liability in this regard.

Expected macroeconomic conditions

According to the IMF's World Economic Outlook in July 2013, global economic growth will remain at the same level in 2013 as in 2012. A growth rate of 3.1 per cent is now forecast for the year as a whole, despite the fact that growth of 3.5 per cent had been anticipated for 2013 at the end of 2012. Economic output in the euro zone is expected to show a decline of 0.6 percentage points. The 2013 growth forecasts for the BRIC countries were lowered by up to 0.9 percentage points. Nevertheless, growth prospects remain good, for example in Brazil and China.

The forecast for economic conditions is based on the assumption that monetary and fiscal policy will support the global economy. There are also considerable risks resulting, in particular, from the sovereign debt problems in the euro zone and United States, the tightening of public finances and the possibility of destabilisation in financial markets.

Expected sectoral conditions

The overall market for industrial trucks depends on the economic environment in the sales markets combined with specific regional factors, with the level of capital investment and growth in the volume of world trade being particularly crucial. The global market for industrial trucks gradually picked up in the first half of 2013, growing by around 3.8 per cent, so the KION Group expects to see a slight recovery in demand for 2013 as a whole compared with 2012.

China, other Asian countries, eastern Europe and Brazil are the sales markets that are expected to drive growth, although China is likely to grow at a slower rate than previously anticipated. Provided demand in western Europe remains at the expected level and does not decline further, demand is likely to remain stable in western Europe, with most sales involving simply the replacement of old trucks.

Expected business situation and financial performance

The KION Group essentially reaffirms the forecasts made in the 2012 group management report. Nevertheless, economic and sectoral conditions have become more challenging. Given cost-related measures, this is not expected to have any significant impact on the financial position or financial performance of the KION Group. Provided the macroeconomic environment performs as expected and does not significantly weaken in the second half of the year, the KION Group's objectives of moderate rises in revenue and adjusted EBIT (both excluding the hydraulics business) will remain unchanged.

Besides new truck sales, the service business is expected to contribute to revenue growth. For 2013 as a whole, the service business is expected to contribute over 40 per cent of revenue, which is slightly more than was forecast at the end of 2012. The emerging markets are expected to make a significant contribution to revenue growth. The reduction in borrowings should also be reflected in a rise in net income. In departure from the forecast for a positive net income at the end of 2012, the KION Group now expects net income to be significantly higher, partly due to one-off tax items arising from the capitalisation of deferred taxes.

Expected financial position

By using the issue proceeds (net of bank charges) and other cash and drawings under the new revolving loan facility to repay borrowings in July, the KION Group greatly improved its funding structure compared with the end of 2012.

Condensed consolidated interim financial statements

Consolidated income statement >>TABLE 18

in € million	Q2 2013	Q2 2012*	Q1—Q2 2013	Q1—Q2 2012*
Revenue	1,149.3	1,166.1	2,234.4	2,310.5
Cost of sales	-835.1	-838.6	-1,618.2	-1,663.4
Gross profit	**314.2**	**327.6**	**616.2**	**647.1**
Selling expenses	-135.5	-137.9	-273.4	-274.6
Research and development costs	-29.4	-29.0	-58.8	-62.1
Administrative expenses	-79.6	-76.4	-152.3	-146.5
Other income	30.4	22.5	65.9	39.3
Other expenses	-14.0	-9.7	-24.0	-20.9
Profit from at-equity investments	4.6	6.9	3.3	11.7
Other financial result	0.7	0.7	0.9	1.3
Earnings before interest and taxes	**91.5**	**104.7**	**177.9**	**195.4**
Financial income	5.9	-2.3	29.6	26.5
Financial expenses	-70.3	-71.7	-141.7	-151.8
Net financial expenses	**-64.4**	**-74.0**	**-112.0**	**-125.3**
Earnings before taxes	**27.1**	**30.7**	**65.9**	**70.1**
Income taxes	**14.6**	**-21.3**	**4.4**	**-44.2**
Current taxes	-13.3	-13.5	-32.1	-33.4
Deferred taxes	28.0	-7.8	36.5	-10.8
Net income for the period	**41.8**	**9.4**	**70.3**	**25.9**
Attributable to shareholders of KION GROUP AG	41.3	8.9	69.3	24.9
Attributable to non-controlling interests	0.5	0.5	1.0	1.0
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.63	0.14	1.07	0.39
Earnings per share—diluted	0.63	0.14	1.07	0.39

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also “Accounting policies”

Consolidated statement of comprehensive income *>>TABLE 19*

in € million	Q2 2013	Q2 2012*	Q1—Q2 2013	Q1— Q2 2012*
Net income for the period	**41.8**	**9.4**	**70.3**	**25.9**
Gains/losses on employee benefits	-8.8	-60.9	17.5	-74.5
thereof changes in unrealised gains and losses	-12.1	-86.5	22.6	-105.9
thereof tax effect	3.3	25.7	-5.1	31.5
Items that will not be reclassified subsequently to profit or loss	**-8.8**	**-60.9**	**17.5**	**-74.5**
Impact of exchange differences	-19.4	10.7	-15.7	9.9
thereof changes in unrealised gains and losses	-19.4	10.7	-15.7	9.9
Gains/losses on cash flow hedges	4.1	-2.8	8.0	-3.2
thereof changes in unrealised gains and losses	29.3	1.4	39.9	3.8
thereof realised gains and losses reclassified to profit or loss	-23.5	-4.8	-28.9	-8.3
thereof tax effect	-1.8	0.6	-3.0	1.3
Items that may be reclassified subsequently to profit or loss	**-15.3**	**7.9**	**-7.7**	**6.7**
Other comprehensive income	**-24.0**	**-52.9**	**9.8**	**-67.7**
Total comprehensive income	**17.7**	**-43.5**	**80.1**	**-41.8**
Attributable to shareholders of KION GROUP AG	17.2	-44.1	79.1	-42.8
Attributable to non-controlling interests	0.5	0.5	1.0	1.0

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also “Accounting policies”

Consolidated statement of financial position — Assets

>>TABLE 20

in € million	30/06/2013	31/12/2012*
Goodwill	1,470.8	1,473.2
Other intangible assets	921.5	934.0
Leased assets	205.9	191.3
Rental assets	397.0	395.1
Other property, plant and equipment	486.2	500.3
At-equity investments	153.9	154.8
Lease receivables	281.5	267.1
Other non-current financial assets	53.1	50.2
Deferred taxes	286.9	264.9
Non-current assets	**4,256.9**	**4,231.0**
Inventories	583.0	549.9
Trade receivables	642.6	625.5
Lease receivables	134.4	132.1
Current income tax receivables	8.1	5.5
Other current financial assets	838.2	106.8
Cash and cash equivalents	517.7	562.4
Current assets	**2,724.1**	**1,982.2**
Total assets	**6,981.0**	**6,213.2**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also “Accounting policies”

Consolidated statement of financial position—Equity and liabilities >>TABLE 21

in € million	30/06/2013	31/12/2012*
Subscribed capital	98.9	0.5
Capital contributions for carrying out the approved capital increase	0.0	1,132.6
Capital reserve	2,227.4	348.5
Retained earnings	-581.4	-650.7
Accumulated other comprehensive loss	-166.5	-176.3
Non-controlling interests	5.2	6.2
Equity	**1,583.5**	**660.7**
Retirement benefit obligation	535.7	547.6
Non-current financial liabilities	2,192.1	2,300.7
Lease liabilities	345.2	329.2
Other non-current provisions	84.5	87.7
Other non-current financial liabilities	350.7	355.1
Deferred taxes	303.0	308.8
Non-current liabilities	**3,811.1**	**3,929.0**
Current financial liabilities	27.2	51.8
Trade payables	626.5	646.0
Lease liabilities	160.1	145.8
Current income tax liabilities	82.9	85.0
Other current provisions	118.5	137.9
Other current financial liabilities	571.2	557.0
Current liabilities	**1,586.3**	**1,623.5**
Total equity and liabilities	**6,981.0**	**6,213.2**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also “Accounting policies”

Consolidated statement of cash flows

>>TABLE 22

in € million	Q1—Q2 2013	Q1—Q2 2012
Earnings before interest and taxes	**177.9**	**195.4**
Amortisation, depreciation and impairment charges of non-current assets	166.6	168.3
Other non-cash income (-) and expenses (+)	7.5	-8.6
Gain (-)/loss (+) on disposal of non-current assets	-4.8	-1.9
Changes in leased assets (excluding depreciation) and lease receivables/liabilities	-44.8	-36.7
Change in rental assets (excluding depreciation)	-68.8	-67.7
Change in inventories	-41.5	-78.1
Change in trade receivables/payables	-56.8	-4.1
Cash payments for defined benefit obligations	-12.7	-11.9
Change in other provisions	-21.0	-41.2
Change in other operating assets/liabilities	-15.1	-18.5
Taxes paid	-30.5	-26.6
= Cash flow from operating activities	**55.9**	**68.7**
Cash payments for purchase of non-current assets	-52.0	-58.9
Cash receipts from disposal of non-current assets	7.1	7.6
Dividends received	4.2	2.5
Interest income received	3.1	2.0
Acquisitions of subsidiaries, net of cash acquired	0.0	-9.7
Cash receipts (+)/cash payments (-) for sundry assets	-2.7	-4.1
= Cash flow from investing activities	**-40.4**	**-60.6**
Capital contribution from shareholders for the carried out capital increase	30.9	0.0
Dividends paid to non-controlling interests	-2.1	-2.4
Cash receipts (+)/cash payments (-) from changes in ownership interests in subsidiaries without loss of control	0.3	-1.0
Proceeds from borrowings	649.0	7.7
Repayment of borrowings	-654.2	-165.7
Interest paid	-52.0	-57.2
Cash receipts (+)/cash payments (-) for other financing activities	-30.5	16.6
= Cash flow from financing activities	**-58.6**	**-201.9**
Effect of foreign exchange rate changes on cash and cash equivalents	-1.5	2.1
= Change in cash and cash equivalents	**-44.6**	**-191.8**
Cash and cash equivalents at the beginning of the period	562.4	373.5
Cash and cash equivalents at the end of the period	517.7	181.7

Consolidated statement of changes in equity

in € million	Subscribed capital	Contributions for carrying out the approved capital increase	Capital reserves	Retained earnings
Balance as at 01/01/2012	**0.5**	**0.0**	**348.5**	**-806.4**
Effects from first-time adoption IAS 19R*				-3.3
Balance as at 01/01/2012 (restated)	**0.5**	**0.0**	**348.5**	**-809.8**
Net income for the period*				24.9
Other comprehensive income (loss)*				
Comprehensive income (loss)				24.9
Dividends				
Effects from the acquisition/disposal of non-controlling interests				-0.4
Other changes				0.2
Balance as at 30/06/2012 (restated)	**0.5**	**0.0**	**348.5**	**-785.1**
Balance as at 01/01/2013	**0.5**	**1,132.6**	**348.5**	**-647.7**
Effects from first-time adoption IAS 19R*				-3.0
Balance as at 01/01/2013 (restated)	**0.5**	**1,132.6**	**348.5**	**-650.7**
Net income for the period				69.3
Other comprehensive income (loss)				
Comprehensive income (loss)				69.3
Capital increase	98.4	-1,132.6	1,894.0	
Transaction costs			-15.1	
Dividends				
Effects from the acquisition/disposal of non-controlling interests				
Balance as at 30/06/2013	**98.9**	**0.0**	**2,227.4**	**-581.4**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also “Accounting policies”

>>TABLE 23

	Accumulated other comprehensive income (loss)						
	Cumulative translation adjustment	Gains/losses on defined benefit obligation	Gains/losses on cash flow hedges	Gains/losses from at-equity investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
	-35.5	**20.9**	**-23.0**	**0.4**	**-494.7**	**7.1**	**-487.6**
		4.3			1.0		1.0
	-35.5	**25.2**	**-23.0**	**0.4**	**-493.6**	**7.1**	**-486.6**
					24.9	1.0	25.9
	9.9	-74.5	-3.2		-67.7	0.0	-67.7
	9.9	-74.5	-3.2	0.0	-42.8	1.0	-41.8
						-2.4	-2.4
					-0.4	-0.7	-1.1
					0.2	0.1	0.3
	-25.7	**-49.2**	**-26.1**	**0.4**	**-536.7**	**5.1**	**-531.6**
	-32.8	**-130.4**	**-16.9**	**0.4**	**654.2**	**6.2**	**660.3**
		3.4			0.3		0.3
	-32.8	**-127.0**	**-16.9**	**0.4**	**654.5**	**6.2**	**660.7**
					69.3	1.0	70.3
	-15.7	17.5	8.0		9.8	0.0	9.8
	-15.7	17.5	8.0	0.0	79.1	1.0	80.1
					859.9		859.9
					-15.1		-15.1
					0.0	-2.1	-2.1
					0.0	0.1	0.1
	-48.5	**-109.5**	**-8.9**	**0.4**	**1,578.3**	**5.2**	**1,583.5**

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

At the Shareholders' Meeting on 25 April 2013, it was decided to transform KION Holding 1 GmbH, whose registered office is at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, Germany, into a public stock corporation with the name KION GROUP AG. The transformation became legally effective when KION GROUP AG was entered in the commercial register at the Wiesbaden local court under reference HRB 27060 on 4 June 2013. KION GROUP AG is the parent company of the KION Group in Germany. Superlift Holding S.à r.l., Luxembourg, is the parent company of KION GROUP AG.

The condensed consolidated interim financial statements were prepared by the Executive Board of KION GROUP AG on 7 August 2013.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2013 have been prepared in line with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and 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 concerning the application of international accounting standards for interim financial statements. A condensed scope of interim reporting has been prepared in accordance with IAS 34.

All of the IFRSs and the related interpretations (IFRICs/SICs) of the IFRS Interpretations Committee (IFRS IC) that had been issued by the reporting date and that were required to be applied for financial years commencing on or after 1 January 2013 have been applied in preparing these 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 annual financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2012. 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 2012.

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

The following financial reporting standards were adopted for the first time in the condensed consolidated interim financial statements for the six months ended 30 June 2013:

- 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 government loans with a below-market rate of interest
- Amendments to IFRS 7 "Financial Instruments: Disclosures": offsetting of financial assets and financial liabilities
- 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
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
- Improvements to IFRSs (2009—2011).

Apart from the changes described below, the first-time adoption of these standards and interpretations has had no significant effect on the financial position or financial performance of the KION Group or on the disclosures in the notes to its financial statements:

- The amended IAS 1 results in a revised presentation of the statement of comprehensive income. Following the amendment to the standard, the items of other comprehensive income and loss must be split into items that will never be reclassified to profit or loss and items that might be reclassified to profit or loss in future periods.

- The publication of IFRS 13 "Fair Value Measurement" introduces a separate standard containing general rules on the measurement of fair value. The KION Group is applying these rules for the first time in the 2013 financial year. The main impact of this is enhanced disclosures in the notes to the financial statements.

- The effects of the amendments to IAS 19 are described in the section "Accounting policies".

Financial reporting standards released but not yet adopted

In its condensed consolidated interim financial statements for the six months ended 30 June 2013, the KION Group has not applied—besides the standards and interpretations that it did not apply as at 31 December 2012—the following standards and interpretations, which have been issued by the IASB but are not yet required to be applied in 2013:

- Amendments to IAS 36 "Impairment of Assets": clarification of recoverable amount disclosures required for non-financial assets

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement": amendments relating to the novation of derivatives and continuation of hedge accounting

- IFRIC 21 "Levies".

These standards and interpretations will only be applied by the companies included in the KION Group from the date on 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.

The reporting currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in rounding differences of +/- €0.1 million. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

Basis of consolidation

A total of 19 German and 80 foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2013. On 11 June 2013, Superlift Holding S.à r.l., Luxembourg, made a non-cash capital contribution—including all of the shares in Superlift Funding S.à r.l., Luxembourg—to KION GROUP AG as part of a capital increase. Superlift Funding S.à r.l. was therefore consolidated as part of the KION Group for the first time in June 2013.

In addition, ten joint ventures and associates were consolidated and accounted for using the equity method as at 30 June 2013, which was the same number as at 31 December 2012; 40 (31 December 2012: 39) companies with minimal business volumes or no business operations were not included in the consolidation.

Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2012. These condensed consolidated interim financial statements are based on the interim financial statements of the parent company and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group.

The amendments in IAS 19R "Employee Benefits" are required to be applied on a retrospective basis to financial statements for financial years commencing on or after 1 January 2013. In the KION Group, actuarial gains and losses, including deferred taxes, were already recognised in other comprehensive income (loss).

First-time adoption of the revised IAS 19 in the KION Group for the 2013 financial year has led to an overall decrease in retained earnings/net income of €3.3 million with effect from 1 January 2012. Firstly, this is the result of the revised definition of termination benefits, according to which partial retirement bonus payments must be accumulated as other long-term benefits for employees on a pro-rata basis over the vesting period. This has led to an increase in retained earnings / net income of € 1.8 million with effect from 1 January 2012. Secondly, because the amendment to IAS 19R requires the past service cost to be recognised immediately, retained earnings / net income declined by € 0.8 million. Furthermore, alignment of the expected return on plan assets with the discount rate caused retained earnings / net income to fall by € 4.3 million with effect from 1 January 2012, while there was an equivalent rise in gains / losses on employee benefits recognised in other comprehensive income (loss).

Net income for the 2012 financial year has also increased retrospectively by € 1.0 million, while other comprehensive income (after deferred taxes) has gone down by € 1.0 million owing to the alignment of the expected return on plan assets with the discount rate. The change in the accounting treatment of provisions for partial retirement obligations has resulted in a decrease in net income (after income taxes) of €0.8 million for the 2012 financial year. The consequences of the above effects for the first half of 2012 were a rise of €0.1 million in net income (after income taxes) and a decline of €0.5 million in other comprehensive income (loss).

Assumptions and estimates

The preparation of these condensed IFRS consolidated interim financial statements requires the use of assumptions and estimates for certain line items that affect recognition and measurement in the statement of financial position and the income statement. The actual amounts realised may differ from estimates. Assumptions and estimates are applied in particular:

- in assessing the need for and the amount of impairment losses on intangible assets, property, plant and equipment, and inventories;
- in determining the useful life of non-current assets;
- in classifying leases;
- to the recognition and measurement of defined benefit pension obligations, provisions for tax, and other provisions; and
- in assessing the recoverability of deferred tax assets.

The estimates may be affected, for example, by deteriorating global economic conditions or by changes in exchange rates, interest rates or commodity prices. Production errors, the loss of key customers and changes in financing can also impact on the Company's performance going forward. Changes are recognised in profit or loss when they become known and assumptions are adjusted accordingly.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Other income

Other income of €65.9 million for the first half of 2013 included further income of €8.1 million connected with the sale of our controlling interest (70 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics).

Income taxes

In the consolidated interim financial statements, current income taxes are calculated on the basis of the expected income tax rate for the full year.

In April 2013, KION GROUP GmbH, Wiesbaden (controlling company; since renamed KION Material Handling GmbH), and Linde Material Handling GmbH, Aschaffenburg (subordinated company), concluded a profit-and-loss transfer agreement. The agreement came into effect upon entry in the commercial register on 17 May 2013. In the second quarter of 2013, this resulted in additional deferred tax assets of €36.2 million being recognised on loss carryforwards that it had previously not been possible to utilise.

Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) accruing to the KION GROUP AG shareholders by the weighted average number of shares outstanding during the reporting period (H1 2013: 64,707,912 no-par-value shares; Q2 2013: 65,457,496 no-par-value shares). The applicable amounts for net income (loss) can be found in the consolidated income statement. The number of shares taken into account was adjusted in accordance with the calculation method in IAS 33 and reflected a stock split from €2.00 to €1.00 per share as well as the capital increases from company funds in the first half of 2013. As a result, the applicable number of shares was adjusted by 63,700,000 no-par-value shares as at 1 January 2013 and by 63,310,500 no-par-value shares as at the start of the second quarter of 2013. Due to the additional capital increases carried out during the reporting period (see the section "Equity"), the number of shares to be taken into account in accordance with IAS 33 advanced from 63,950,000 no-par-value shares as at 1 January 2013 to 98,900,000 no-par-value shares as at 30 June 2013. Similarly, the calculation for each of the prior-year periods shown is based on an adjusted weighted average number of shares outstanding of 63,171,000 no-par-value shares.

As at 30 June 2013, there were no equity instruments that diluted the earnings per share for the number of shares issued.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

The decline in goodwill in the first six months of 2013 resulted from exchange-rate differences of €2.5 million.

Impairment losses of €1.2 million were recognised on capitalised development costs in the first half of 2013 to reflect the lack of opportunities to use them in future as a result of the planned closure of a production site. This relates to further impairment losses in connection with the closure of the heavy truck plant in Merthyr Tydfil (Linde Material Handling segment).

Land and buildings in the amount of €18.3 million (31 December 2012: €4.2 million) were largely pledged as collateral for accrued retirement benefits under partial retirement agreements.

Equity

As at 30 June 2013, the Company's share capital amounted to €98.9 million and was fully paid up. It was divided into 98,900,000 no-par-value shares, each with a value of €1. There were changes to the share capital in the first half of the year for the following reasons:

In December 2012, the Shareholders' Meeting of KION Holding 1 GmbH had approved a resolution to increase the share capital by €0.8 million to €1.3 million. The capital increase was not entered in the commercial register until 14 January 2013. In addition, free capital reserves went up by €1,131.8 million.

The Shareholders' Meeting on 25 April 2013 approved not only the change in legal form but also a resolution to increase the share capital by €62.7 million to €64.0 million from company funds. KION GROUP AG's transformation and capital increase were entered in the commercial register on 4 June 2013.

On 11 June 2013, the Shareholders' Meeting of KION GROUP AG resolved to increase the share capital by €4.0 million to €68.0 million by way of a share issue. The new shares were issued in return for a non-cash capital contribution from Superlift Holding S.à r.l., Luxembourg (referred to below as Superlift Holding). The non-cash capital contribution from Superlift Holding took the form of all shares in Superlift Funding S.à r.l., Luxembourg (referred to below as Superlift Funding), and all rights and duties of Superlift Holding arising out of the agreement between Superlift Holding and Superlift Funding dated 30 September 2009 for a loan of €100.0 million (plus accrued interest of €17.0 million). The portion of the non-cash capital contribution that exceeded the capital increase (€114.0 million) was paid into the capital reserves. The aforementioned capital increase was entered in the commercial register on 19 June 2013.

In addition, the Shareholders' Meeting on 13 June 2013 approved a further resolution to increase the share capital by €13.7 million to €81.7 million by way of a share issue. Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, subscribed these shares. The capital increase was entered in the commercial register on 27 June 2013, as a result of which the share capital increased by €13.7 million and free capital reserves went up by €314.7 million.

The share capital also increased due to the issue of shares to investors as part of the IPO. To this end, the Shareholders' Meeting of KION GROUP AG on 13 June 2013 resolved to increase the share capital of KION GROUP AG by a further €17.2 million to a total of €98.9 million by issuing new shares. An amount of €396.2 million was paid into the capital reserves.

Total transaction costs of €29.9 million were incurred in connection with the capital increases. The amount directly attributable to the stock market flotation was €21.3 million, which—after subtraction of a tax benefit of €6.2 million—was deducted directly from the capital reserves.

Retirement benefit obligation

The retirement benefit obligation was lower than it had been at the end of 2012 owing, above all, to actuarial gains resulting largely from higher discount rates. The estimated present value of the defined benefit obligation was calculated on the basis of the following discount rates:
>> TABLE 24

Discount rate >>TABLE 24

	30/06/2013	31/12/2012
Germany	3.70 %	3.50 %
UK	4.45 %	4.35 %
Other (weighted average)	2.94 %	2.57 %

Other comprehensive income (loss)

The change in estimates about defined benefit pension entitlements resulted in a €17.5 million increase in equity as at 30 June 2013 (after deferred taxes).

Financial liabilities

Corporate bond

The KION Group issued a corporate bond for €650.0 million through the consolidated subsidiary KION Finance S.A., Luxembourg, in February 2013. Of the bond's total par value of €650.0 million, €450.0 million is repayable at a fixed interest rate of 6.75 per cent p.a., while €200.0 million carries a floating interest rate based on three-month EURIBOR plus a margin of 4.5 percentage points. The payout amount for the variable portion was €1.0 million below the par value (discount). The interest on the fixed-rate tranche is paid semi-annually, while interest on the floating-rate tranche is paid once a quarter. Excluding early repayment options, the contract stipulates repayment as a bullet payment on maturity in February 2020. Of the total proceeds of €649.0 million, €636.0 million was used to repay existing liabilities under the senior facilities agreement (referred to below as SFA) and €13.0 million relates to settlement of the transaction costs incurred for the issuance of the corporate bond. On repayment of the existing SFA liabilities of €636.0 million, an amount of €4.7 million representing the proportion of the related deferred borrowing costs was recognised as an expense.

OTHER DISCLOSURES

Information on financial instruments

In line with IFRS 7, the following table shows the carrying amounts and fair values of financial assets and liabilities: >> TABLE 25

Carrying amounts and fair values broken down by class >>TABLE 25

in € million	30/06/2013 Carrying amount	30/06/2013 Fair value	31/12/2012 Carrying amount	31/12/2012 Fair value
Financial assets				
Loans receivable	0.7	0.7	0.7	0.7
Financial receivables	10.5	10.5	9.6	9.6
Available-for-sale investments	0.8	0.8	0.8	0.8
Lease receivables*	415.9	415.7	399.3	398.2
Trade receivables	642.6	642.6	625.5	625.5
Other receivables	770.8	770.8	59.2	59.2
thereof non-derivative receivables	746.6	746.6	35.2	35.2
thereof derivative receivables	24.2	24.2	23.9	23.9
Cash and cash equivalents	517.7	517.7	562.4	562.4
Financial liabilities				
Liabilities to banks	1,086.9	1,086.9	1,858.4	1,858.4
Corporate bond	1,127.2	1,213.8	489.5	530.9
Other financial liabilities to non-banks	5.2	5.2	4.5	4.5
Lease liabilities*	505.2	505.3	475.0	475.8
Trade payables	626.5	626.5	646.0	646.0
Other liabilities	484.9	485.0	503.1	503.6
thereof non-derivative liabilities	134.2	134.2	159.2	159.2
thereof liabilities from finance leases*	303.1	303.1	300.3	300.8
thereof derivative liabilities	47.7	47.7	43.6	43.6

* as defined by IAS 17

Fair value measurement and assignment to classification levels

The following table shows the assignment of fair values to the individual classification levels as defined by IFRS 13 for financial instruments measured at fair value. >>TABLES 26—27

Financial instruments measured at fair value

>>TABLE 26

	Fair value hierarchy			
in € million	Level 1	Level 2	Level 3	30/06/2013
Financial assets				**25.0**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		4.6	19.6	24.2
Financial liabilities				**47.7**
thereof derivative instruments		14.5	33.2	47.7

Financial instruments measured at fair value

>>TABLE 27

	Fair value hierarchy			
in € million	Level 1	Level 2	Level 3	31/12/2012
Financial assets				**24.7**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		4.2	19.7	23.9
Financial liabilities				**43.6**
thereof derivative instruments		27.1	16.5	43.6

Level 1 comprises available-for-sale assets for which the fair value is calculated using prices quoted in an active market.

All interest-rate swaps and currency forwards are classified as Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Both contractually agreed payments and forward interest rates are used to estimate the future cash flows, which are then discounted on the basis of a yield curve that is observable in the market. The fair value of currency forwards is calculated by the system using the discounting method based on forward rates on the reporting date.

The financial assets and liabilities allocated to Level 3 relate to a put option of Linde Material Handling, Aschaffenburg, and Weichai's two call options on the remaining shares in Linde Hydraulics. The Black-Scholes model is used to calculate the fair value of the put option and the two call options. At 30 June 2013, the material changes in fair value and the impact on the income statement for the period were as follows. >>TABLE 28

Development of financial assets/liabilities classified as level 3 >>TABLE 28

in € million	
Value as at 01/01/2013	**3.2**
Losses recognised in net financial expenses	-16.8
Value as at 30/06/2013	**-13.6**
Losses of the period relating to financial assets/liabilities held as at 30/06/2013	-16.8
Change in unrealised losses for the period relating to financial assets/liabilities held as at 30/06/2013	-16.8

The fair values are measured using probability-weighted scenario analysis, on which the key, unobservable input parameters in the following table are based.

Significant unobservable inputs of level 3 >>TABLE 29

Financial assets/liabilities	Input	Value as at 30/06/2013
Put-Option	Initial exercise price (in € million)	**77.4**
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	1.99—3.99
Call-Option 1	Initial exercise price (in € million)	77.4
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	0.13—4.49
Call-Option 2	Initial exercise price (in € million)	38.7
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	1.99—4.49

As at 30 June 2013, the net value calculated for the options on the remaining shares in Linde Hydraulics came to minus €13.6 million (31 December 2012: €3.2 million). If the fair value of the shares had been 10 per cent lower on the reporting date, the net value arising from the options would have increased by €9.6 million (31 December 2012: €8.3 million) to minus €4.0 million (31 December 2012: €11.5 million) and led to a lower expense of €9.6 million (31 December 2012: additional gain of €8.3 million). A 10 per cent rise in the fair value of the shares in Linde Hydraulics on the reporting date would have reduced the net value arising from the options by €9.7 million (31 December 2012: €9.0 million) to minus €23.3 million (31 December 2012: €5.8 million) and led to an expense of €9.7 million (31 December 2012: €9.0 million).

In order to eliminate default risk to the greatest possible extent, the KION Group only enters into derivatives with investment-grade counterparties.

If events or changes in circumstances make it necessary to reclassify financial instruments as a different level, they are reclassified at the end of a reporting period. No financial instruments were transferred between Levels 1, 2 or 3 in the first half of 2013.

Segment report

The Executive Board divides the KION Group into financial services (FS) activities and the Linde Material Handling (LMH) and STILL brands for management purposes. Segment reporting follows the same breakdown, taking into account the relevant organisational structures and corporate strategy of the KION Group.

Segment report Q2 2013 >>TABLE 30

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	676.7	378.5	83.0	11.1	0.0	1,149.3
Intersegment revenue	71.2	54.3	57.7	47.8	-231.0	0.0
Total revenue	747.9	432.8	140.7	58.9	-231.0	1,149.3
Earnings before taxes	**76.0**	**17.3**	**1.1**	**-67.8**	**0.4**	**27.1**
Financial income	1.8	0.4	13.2	0.3	-9.8	5.9
Financial expenses	-4.3	-8.0	-12.2	-55.4	9.6	-70.3
= Net financial expenses	-2.6	-7.6	1.1	-55.1	-0.2	-64.4
EBIT	**78.6**	**24.9**	**0.0**	**-12.7**	**0.7**	**91.5**
+ Non-recurring items	-1.2	2.6	0.0	7.1	0.0	8.5
+ KION acquisition items	6.2	1.5	0.0	0.0	0.0	7.7
= Adjusted EBIT	**83.6**	**28.9**	**0.0**	**-5.5**	**0.7**	**107.6**
Equity result	0.4	0.8	3.5	0.0	0.0	4.6
Capital expenditures[1]	14.7	8.4	0.0	3.0	0.9	26.9
Depreciation[2]	21.0	9.1	0.0	4.0	1.1	35.3
Order intake	673.2	386.0	140.7	58.9	-153.9	1,104.8

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets

The key performance indicator used to manage the brand segments is “adjusted EBIT”. Segment reporting therefore includes a reconciliation of externally reported consolidated earnings before interest and tax (EBIT)—including KION acquisition items and non-recurring items—to the adjusted EBIT for the segments (“adjusted EBIT”). To improve comparability and control, the non-recurring items for the Linde Material Handling segment in 2012 also include the retrospective elimination of the EBIT items for the hydraulics business, which was sold at the end of 2012.

The key performance indicator used to manage the Financial Services segment is earnings before tax (EBT). Return on equity (ROE) is also an important metric.

The tables 30–33 contain information on the revenue and earnings generated by the KION Group’s operating segments in the second quarter of 2013 and 2012 and in the first six months of 2013 and 2012.

Segment report Q2 2012 >>TABLE 31

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	728.0	364.6	63.9	9.6	0.0	1,166.1
Intersegment revenue	54.9	42.9	58.7	49.2	-205.6	0.0
Total revenue	782.9	407.5	122.6	58.8	-205.6	1,166.1
Earnings before taxes	**82.6**	**21.1**	**1.1**	**-54.0**	**-20.1**	**30.7**
Financial income	2.9	0.4	11.5	-10.5	-6.6	-2.3
Financial expenses	-6.8	-7.1	-11.0	-52.4	5.6	-71.7
= Net financial expenses	-3.9	-6.8	0.5	-62.8	-1.0	-74.0
EBIT	**86.5**	**27.9**	**0.6**	**8.8**	**-19.1**	**104.7**
+ Non-recurring items	-15.3	-2.4	0.0	5.6	0.0	-12.1
+ KION acquisition items	7.0	2.0	0.0	0.4	0.0	9.3
= Adjusted EBIT	**78.2**	**27.4**	**0.6**	**14.8**	**-19.1**	**101.9**
Equity result	6.7	0.1	0.0	0.0	0.0	6.9
Capital expenditures[1]	17.9	12.0	0.0	3.8	0.0	33.7
Depreciation[2]	25.3	10.6	0.0	4.5	0.0	40.3
Order intake	779.1	399.5	122.6	58.8	-157.4	1,202.6

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets

Segment report Q1—Q2 2013 >>TABLE 32

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	1,323.5	730.3	157.4	23.2	0.0	2,234.4
Intersegment revenue	135.7	112.2	97.6	98.7	-444.2	0.0
Total revenue	1,459.2	842.5	255.0	122.0	-444.2	2,234.4
Earnings before taxes	**140.2**	**29.2**	**2.3**	**-105.7**	**-0.1**	**65.9**
Financial income	4.6	0.9	25.5	18.3	-19.6	29.6
Financial expenses	-10.4	-16.2	-23.4	-110.4	18.7	-141.7
= Net financial expenses	-5.8	-15.3	2.1	-92.1	-0.9	-112.0
EBIT	**146.0**	**44.5**	**0.2**	**-13.6**	**0.8**	**177.9**
+ Non-recurring items	1.2	3.5	0.0	2.5	0.0	7.2
+ KION acquisition items	12.3	2.8	0.0	0.2	0.0	15.3
= Adjusted EBIT	**159.4**	**50.9**	**0.2**	**-10.9**	**0.8**	**200.4**
Segment assets	4,606.8	2,072.6	1,077.2	1,751.5	-2,527.2	6,981.0
Segment liabilities	1,430.0	1,164.9	1,039.3	4,281.0	-2,517.8	5,397.4
Carrying amount of at-equity investments	132.0	6.1	15.8	0.0	0.0	153.9
Equity result	-1.0	0.8	3.5	0.0	0.0	3.3
Capital expenditures[1]	29.2	15.4	0.0	5.7	1.7	52.0
Depreciation[2]	42.1	18.5	0.0	8.0	2.3	70.8
Order intake	1,353.7	809.3	255.0	122.0	-289.8	2,250.2
Number of employees[3]	13,192	7,512	116	713	–	21,533

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at 30 June

Segment report Q1—Q2 2012 >>TABLE 33

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	1,441,5	716.1	132.5	20.4	0.0	2,310.5
Intersegment revenue	114.1	102.0	88.7	97.4	-402.2	0.0
Total revenue	1,555.6	818.1	221.3	117.8	-402.2	2,310.5
Earnings before taxes	**157.7**	**34.7**	**2.3**	**-104.7**	**-19.9**	**70.1**
Financial income	5.9	1.5	22.6	10.7	-14.2	26.5
Financial expenses	-13.3	-13.8	-21.0	-116.1	12.5	-151.8
= Net financial expenses	-7.5	-12.3	1.6	-105.4	-1.8	-125.3
EBIT	**165.2**	**47.0**	**0.7**	**0.7**	**-18.2**	**195.4**
+ Non-recurring items	-31.8	2.0	0.0	8.4	0.0	-21.4
+ KION acquisition items	14.3	3.4	0.0	0.6	0.0	18.3
= Adjusted EBIT	**147.7**	**52.4**	**0.7**	**9.7**	**-18.2**	**192.3**
Segment assets	4,589.1	2,018.0	965.3	513.3	-2,048.3	6,037.4
Segment liabilities	1,561.7	1,110.3	927.2	5,006.7	-2,036.9	6,569.0
Carrying amount of at-equity investments	17.6	4.8	12.7	0.0	0.0	35.0
Equity result	11.6	0.1	0.0	0.0	0.0	11.7
Capital expenditures[1]	32.3	20.1	0.0	6.4	0.0	58.9
Depreciation[2]	50.2	21.1	0.0	8.6	0.0	79.9
Order intake	1,548.6	803.7	221.3	117.8	-281.6	2,409.8
Number of employees[3]	14,254	7,200	106	690	–	22,250

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at 30 June

The non-recurring items mainly comprised consultancy costs, as well as costs incurred in connection with severance payments, social plan costs and costs relating to the relocation of production and closure of production sites. They totalled €11.6 million in the first half of 2013. In the first six months of 2013, these items also included further income and expenses connected with the sale of our controlling interest (70 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg, and components of the share of profit (loss) of the remaining 30 per cent of the equity-accounted shares, which amounted to net income of minus €4.4 million. For reasons of comparability and control, the hydraulic business's current income of €19.9 million in the first half of 2012 was also eliminated as a non-recurring item from EBIT in last year's segment reporting.

The KION acquisition items relate to the acquisition of the KION Group, which was formed at the end of 2006 when it was spun off from Linde AG, Munich. These items comprise net write-downs on the hidden reserves identified as part of the purchase price allocation.

Related party disclosures

In addition to the subsidiaries included in these condensed consolidated interim financial statements, the KION Group maintains direct or indirect relationships with a large number of unconsolidated subsidiaries, joint ventures and associates in the course of its ordinary business activities. Related parties that are controlled by the KION Group, through which a significant influence can be exerted over the KION Group, or which are members of the Superlift group are either included in the list of shareholdings as at 31 December 2012 or in the table below.

>>TABLE 34

Related parties >>TABLE 34

Superlift Holding S.à r.l., Luxembourg	Parent company
Kohlberg Kravis Roberts & Co. L.P., New York, USA	Entity with significant influence
Goldman, Sachs & Co., New York, USA	Entity with significant influence
Weichai Power Co. Ltd., Weifang, China	Entity with significant influence
KION Management Beteiligungs GmbH & Co. KG	Stockholder

Superlift Funding S.à r.l., Luxembourg

Under a supplementary loan agreement dated 23 September 2009, investment funds advised by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) and The Goldman Sachs Group, Inc. extended the SFA to include an additional loan of €100.0 million to be paid via Superlift Funding S.à r.l., Luxembourg. The loan (including accrued interest) and the investment in Superlift Funding, together amounting to €118.1 million, were converted into equity with effect from 11 June 2013.

Advisory

On 8 May 2007, KION GROUP GmbH, Kohlberg, Kravis Roberts & Co. L.P. (“KKR”) and Goldman, Sachs & Co. entered into an advisory agreement, under the terms of which KKR and Goldman, Sachs & Co. were to provide advisory services for the KION Group. These advisory services related, in particular, to financial and strategic issues. A pro-rata amount of €2.4 million has been recognised as an expense in respect of this agreement in the condensed consolidated interim financial statements for the six months ended 30 June 2013 (H1 2012: €2.4 million). Of this amount, €1.2 million relates to the second quarter of 2013 (Q2 2012: €1.2 million). The advisory agreement expired when KION GROUP AG was floated on the stock market.

KION GROUP AG, KKR and Goldman, Sachs & Co. concluded a new advisory agreement on 7 June 2013. Under the agreement, KKR and Goldman, Sachs & Co. will continue to provide limited advisory services for the KION Group after its IPO in the event that the KION Group decides it wishes to draw on this expertise.

In connection with the issue of a corporate bond, an advisory fee totalling €1.9 million was paid to KKR and Goldman, Sachs & Co. This fee has been allocated pro rata as transaction costs to each of the tranches and expensed over their respective terms.

As part of the stock market flotation, KKR and Goldman, Sachs & Co. were promised a contractual banking fee totalling €5.1 million, which was allocated to the capital increase as transaction costs and reported directly in equity.

Weichai Power

Weichai Power Co. Ltd., Weifang, China (referred to below as Weichai Power) holds a 30 per cent stake in KION GROUP AG, Wiesbaden. In addition, Weichai Power has a controlling interest (70 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics). The remaining shares (30 per cent) in Linde Hydraulics are held by the KION Group. During the first half of 2013, the KION Group generated revenue of €8.2 million from selling goods and services to Linde Hydraulics. Of this amount, €3.9 million related to the second quarter of 2013. During the first six months of the year, KION Group companies obtained goods and services from Linde Hydraulics amounting to €62.8 million. Of this amount, €27.5 million related to the second quarter of 2013. The outstanding balances from the sale of goods and services stood at €3.3 million as at 30 June 2013 (31 December 2012: €1.0 million). Valuation allowances for receivables from Linde Hydraulics had not been recognised as at the reporting date, a situation that was unchanged on 31 December 2012. As at 30 June 2013, liabilities to Linde Hydraulics resulting from the purchase of goods and services came to €4.5 million (31 December 2012: €0.0 million).

In parallel with its advisory agreement with KKR and Goldman, Sachs & Co., KION GROUP AG also concluded an advisory agreement with Weichai Power on 7 June 2013. Under the agreement, Weichai Power will provide advisory services related to the Asia-Pacific region for the KION Group after its IPO in the event that the KION Group decides it wishes to draw on this expertise.

Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, acquired shares in the business by way of a capital increase. This capital increase caused the share capital to rise by €13.7 million and the capital reserves by €314.7 million. As contractually agreed, payment of the share premium was still outstanding as at 30 June 2013. The outstanding amount of €314.7 million was reported under other current assets.

Material events after the reporting date

On 2 July 2013, the KION Group received the outstanding proceeds from the IPO and capital increase from Weichai Power. They totalled €701.6 million after deduction of bank fees. Once all the proceeds from the IPO had been received, the KION Group used this cash, along with part of the new loan facility and existing cash reserves, to pay back the long-term bank liabilities resulting from the acquisition finance arrangements (Senior Facilities Agreement or SFA). In addition, the floating rate note, which was due to mature in 2018 and amounted to €175.0 million, was paid back in full on 19 July 2013.

In connection with the IPO, the KION Group agreed a new revolving loan facility with a group of banks for €995.0 million with a term to maturity of five years after the IPO. Combined with the current low level of interest rates, this loan facility offers more favourable credit terms in line with those typically available to comparable listed companies.

Wiesbaden, 7 August 2013

The Executive Board

Gordon Riske

Bert-Jan Knoef

Theodor Maurer

Ching Pong Quek

Dr Thomas Toepfer

Review Report

To the KION GROUP AG, Wiesbaden

We have reviewed the condensed interim consolidated financial statements of the KION GROUP AG, Wiesbaden, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes, together with the interim group management report of the the KION GROUP AG, Wiesbaden, for the period from 1 January to 30 June 2013, that are part of the semi annual financial report pursuant to § 37w WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main / Germany, 7 August 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Kompenhans)	(J. Löffler)
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesbaden, 7 August 2013

The Executive Board

Gordon Riske

Bert-Jan Knoef

Theodor Maurer

Ching Pong Quek

Dr Thomas Toepfer

Quarterly information

Quarterly information >>TABLE 35

in € million	Q2 2013	Q1 2013	Q4 2012[2]	Q3 2012[2]	Q2 2012[2]	Q1 2012[2]
Order intake	1,104.8	1,145.3	1,213.5	1,076.8	1,202.6	1,207.2
Order intake—excluding Hydraulics Business	1,104.8	1,145.3	1,204.5	1,052.0	1,165.8	1,168.0
Revenue	1,149.3	1,085.2	1,287.9	1,128.3	1,166.1	1,144.4
Revenue—excluding Hydraulics Business	1,149.3	1,085.2	1,252.0	1,089.5	1,122.3	1,096.0
EBIT	91.5	86.4	274.1	79.6	104.7	90.7
Adjusted EBIT[1]	107.6	92.8	116.4	99.7	101.9	90.3
Adjusted EBIT margin[1]	9.4 %	8.5 %	9.3 %	9.1 %	9.1 %	8.2 %
Adjusted EBITDA[1]	183.5	167.9	191.7	174.2	174.2	160.5
Adjusted EBITDA margin[1]	16.0 %	15.5 %	15.3 %	16.0 %	15.5 %	14.6 %
Free cash flow	20.2	-4.7	-73.7	30.8	81.7	-73.7
Net financial debt	1,701.6	1,824.4	1,790.1	2,709.6	2,711.6	2,714.8

1 Key figures for 2012 were adjusted due to the Hydraulics Business
2 Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

DISCLAIMER

We have included the interim group management report and the condensed consolidated interim financial statements of KION GROUP AG in this interim report. KION GROUP AG owns all the shares in KION Holding 2 GmbH, which in turn is the sole shareholder of KION Material Handling GmbH.

This interim report should be read in conjunction with the 2012 group management report and consolidated financial statements of KION Holding 1 GmbH (since renamed KION GROUP AG), which are available on our website. The information in this interim report comprises updates and additions to the 2012 group management report and consolidated financial statements.

The condensed consolidated interim financial statements of KION Group AG included in this interim report for the applicable period ended 30 June 2013 have been prepared in line with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and 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 concerning the application of international accounting standards for interim financial statements. The financial information and financial statements in this report are disclosed in euros (€). Certain numbers in this interim report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the interim report. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

This interim report contains information, data and forecasts concerning our markets and our competitive position. We have not verified the accuracy of the data and forecasts contained in this interim report that were taken from industry publications, publicly available documents of our competitors or other external sources. We believe that the information, data and forecasts in this interim report provide adequate estimates of the size of our markets and essentially provide a true and fair reflection of our competitive position in these markets. However, our internal estimates have not been verified by external experts. We cannot guarantee that a third party applying different methods of collecting, evaluating and calculating market information and data would obtain the same results. In addition, our competitors may define our and their markets differently to how we define them.

This interim report contains forward-looking statements that are subject to various risks and uncertainties. Certain factors may cause actual results to differ substantially from the results implied in these forward-looking statements. Such factors include, but are not limited to, changes in business conditions, economic conditions and the competitive situation, regulatory reforms, exchange rate fluctuations, uncertainties surrounding legal disputes and investigations and the availability of funds. These and other risks and uncertainties are set forth in the 2012 group management report, and an update has been provided in the section "Opportunity and risk report" in this interim report. However, other factors could also have an adverse effect on us.

The information in this interim report is given as of the date of the report. KION GROUP AG does not undertake to update the information contained in this interim report.

FINANCIAL CALENDAR

14 November 2013
Interim report for the period ended
30 September 2013

20 March 2014
Financial statements press conference
Publication of 2013 annual report

8 May 2014
Interim report for the period ended
31 March 2014

19 May 2014
Shareholders' Meeting

Subject to change without notice

CONTACT INFORMATION

Contacts for the media

Michael Hauger
Head of Corporate Communications
Tel. +49 (0) 611.770-655
michael.hauger@kiongroup.com

Frank Brandmaier
Head of Corporate Media Relations
Tel. +49 (0) 611.770-752
frank.brandmaier@kiongroup.com

Contacts for investors

Frank Herzog
Head of Corporate Finance
Tel. +49 (0) 611.770-303
frank.herzog@kiongroup.com

Silke Glitza
Head of Investor Relations and M&A
Tel. +49 (0) 611.770-450
silke.glitza@kiongroup.com

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WKN: KGX888

KION GROUP AG
Abraham-Lincoln-Straße 21
65189 Wiesbaden | Germany
Tel. +49 (0) 611.770-0
Fax +49 (0) 611.770-269
info@kiongroup.com
www.kiongroup.com

This interim report is available in German and English on www.kiongroup.com under Investor Relations / Publications & Events / Financial Reports. Only the content of the German version is authoritative.

Publisher

KION GROUP AG
Corporate Communications
Abraham-Lincoln-Straße 21
65189 Wiesbaden | Germany

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www.kiongroup.com