DEMAG
CRANES AG

We Can Handle It.
Interim Report 2009/2010
3rd Quarter

Group Key Figures

Earnings (in EUR million)	**Q3 2009/2010**	Q3 2008/2009	Δ	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009	Δ	Financial year 2008/2009
Order intake	242.9	174.0	39.6 %	643.1	655.6	–1.9 %	841.9
Order book as at end of period	340.9	384.4	–11.3 %	–	–	–	313.1
Revenue	205.1	220.6	–7.0 %	641.1	791.8	–19.0 %	1,047.6
Of which							
inside Germany	19.3 %	24.7 %	–5.4 % pts	21.8 %	22.7 %	–0.8 % pts	22.2 %
outside Germany	80.7 %	75.3 %	5.4 % pts	78.2 %	77.3 %	0.8 % pts	77.8 %
Gross profit	60.3	29.2	106.5 %	169.4	185.0	–8.5 %	249.7
in % of revenue	29.4 %	13.2 %	16.2 % pts	26.4 %	23.4 %	3.0 % pts	23.8 %
Operating EBITDA[1]	15.2	10.8	40.4 %	44.9	71.7	–37.4 %	89.5
Operating EBIT[1]	10.0	5.3	87.4 %	29.7	55.2	–46.1 %	67.6
in % of revenue	4.9 %	2.4 %	2.5 % pts	4.6 %	7.0 %	–2.3 % pts	6.5 %
EBIT	8.3	–40.8	n/a	25.5	4.6	459.3 %	13.2
Operating net income after tax[2]	5.2	0.7	619.5 %	15.9	30.0	–47.0 %	42.8
Operating earnings per share (in EUR)[2]	0.25	0.03	689.9 %	0.75	1.41	–46.4 %	2.01
Net income after tax	4.1	–31.3	n/a	13.0	–5.0	n/a	1.2
Earnings per share (in EUR)	0.19	–1.48	n/a	0.62	–0.25	n/a	0.04
Cash Flow (in EUR million)							
Cash flow from operating activities	–6.4	28.7	n/a	–4.6	54.6	n/a	61.8
Cash flow from investing activities	–3.1	–4.3	–28.2 %	–8.5	–10.8	–22.0 %	–18.3
Of which capital expenditure	–2.7	–4.4	–37.7 %	–8.7	–11.3	–22.8 %	–18.8
Free cash flow before financing	–9.5	24.4	n/a	–13.0	43.8	n/a	43.4
Financial Position (in EUR million)	**30 June 2010**	30 June 2009				Δ	30 September 2009
Total assets	814.9	855.1	–4.7 %	–	–	–	818.8
Net working capital	232.0	229.8	0.9 %	–	–	–	210.5
Net debt	8.8	5.9	47.7 %	–	–	–	6.3
Equity	259.3	235.8	10.0 %	–	–	–	227.7
Equity ratio in %	31.8 %	27.6 %	4.2 % pts	–	–	–	27.8 %
Gearing in %	3.4 %	2.5 %	0.9 % pts	–	–	–	2.7 %
Employees							
Employees[3]	5,735	6,121	–6.3 %	–	–	–	5,934
Of which							
inside Germany	2,763	3,031	–8.8 %	–	–	–	2,906
outside Germany	2,972	3,090	–3.8 %	–	–	–	3,028
Shares							
Number of shares (in million)	21.2	21.2	–	–	–	–	21.2
Market capitalisation (in EUR million)	527.6	341.3	54.6 %	–	–	–	519.6
Dividend per share (in EUR)	–	–	–	–	–	–	–
Closing share price (in EUR)[4]	24.92	16.12	54.6 %	–	–	–	24.54

1 Adjusted to reflect the effects of operating adjustments.
2 Adjusted to reflect the effects of operating adjustments and tax effects.
3 Employees as at the end of the period, excluding temporary employees, apprentices and trainees.
4 As per XETRA closing.

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Letter to Shareholders

Dear Shareholders,

Economic recovery gained momentum worldwide in the third quarter of 2009/2010. Asia continues to shine with above-average growth rates, while established industrialised countries like the USA, Japan and the euro zone are exiting the financial and economic crisis far more slowly.

As a globally positioned company, Demag Cranes AG was able to benefit from the economic recovery in its order intake. The value of incoming orders was some 40 percent up on the same quarter a year earlier and also kept up the positive trend from the immediately preceding quarters. We thus have a solid base of orders for the last quarter of financial year 2009/2010.

Our growth remains focused on foreign markets. The BRIC countries (Brazil, Russia, India and China) especially proved highly resilient throughout the economic and financial crisis and now form the backbone of the global upswing. We are therefore investing in these markets on a continuous basis. In the quarter under review, we opened a new plant in Chakan, India. Some EUR 8 million will flow towards the expansion of our production capacity. As we implement our strategy of further enhancing focus on customer needs around the world, we will bring the product range in India into line with regional market requirements as elsewhere and further localise production.

As far as our expectations for the fourth quarter are concerned, we are encouraged by the current order situation. Summarising our guidance, we anticipate Group revenue of around EUR 900 million and Group operating EBIT of EUR 45 to 50 million in financial year 2009/2010. For further details, please see the Outlook on page 17.

Demag Cranes AG Shares

Performance of Demag Cranes AG Shares

During the third quarter of financial year 2009/2010, economic recovery gained momentum worldwide to an extent that even surprised many market researchers. As the German Federation of Wholesale and Foreign Trade (BGA) reported in July 2010, German exports in May were 9.2 percent higher than a month earlier; compared with May 2009 they were up 28.8 percent – the biggest rise for ten years. According to surveys by VDMA, the industry association, 32.0 percent more orders were received nationwide from January to June 2010 than in the same timeframe a year earlier.

In contrast, the capital markets remained aware of risks such as persistently high levels of national debt in industrialised countries. As a result, the main stock markets spent the quarter moving sideways, with above-average volatility. This high volatility reduces the information value of reporting-date share prices.

From April to June, the Demag Cranes share price largely moved with the market as a whole, but held up well against its benchmark indices. Having closed the second quarter at EUR 25.96 as at 31 March 2010, the share price climbed to its high point for the third quarter at EUR 28.23 on 14 April. The price then fell to a third-quarter low of EUR 23.09 on 25 May. Demag Cranes shares closed at 30 June 2010 at EUR 24.92, some 4.0 percent down on the end of the previous quarter, thus testing the bottom limit of the uptrend that had emerged since autumn 2008. The share price subsequently picked up again to close at EUR 26.48 on 14 July 2010.

From 1 April to 1 July 2010, the MDAX lost 2.8 percent, slipping from 8,035 to 7,811 points while the DAX fell 6.1 percent from 6,236 to 5,857 points.

On 5 May, the Demag Cranes Group announced its results for the second quarter of 2009/2010. The Company reported a stabilisation of business in all three segments, improvements in key Group performance indicators and increased order intake. Despite ongoing uncertainty about the economy, Demag Cranes re-affirmed its guidance for financial year 2009/2010.

On 21 May 2010, financial investors Cevian Capital announced that they had acquired just over ten percent of Demag Cranes AG shares up to 20 May 2010. By their own account, Cevian are compelled by the technology and innovation leadership of Demag Cranes and believe in the continued success of the strong Demag and Gottwald brands. Cevian Capital consider, however, that the current valuation does not adequately reflect the fundamental value of Demag Cranes AG and that it should be substantially higher.

Demag Cranes AG continued its intensive investor relations activities in the third quarter of 2009/2010. The Company took part in the UniCredit First Annual European Forum in San Francisco and the Commerzbank German Mid Cap Investor Conference in New York. Roadshows led to Geneva, Frankfurt, Vienna and Paris. Demag Cranes AG earned special recognition for its investor relations activities from Institutional Investor, the international finance magazine. In a survey of some 1,100 financial analysts and nearly 650 investors, CFO Rainer Beaujean was voted third among Europe's top CFOs in the General and Mechanical Engineering category. This award also serves as an incentive to continue our active and transparent investor relations work with a decisive approach. The Demag Cranes AG annual report for financial year 2008/2009 also garnered a silver award in the League of American Communications Professionals LLC (LACP) international annual report competition, taking third place in the Equipment, Machinery and Instruments category behind Vossloh AG (platinum), Heidelberger Druckmaschinen AG (gold) and Hyundai Heavy Industries Co. (gold).

Key Share Data		**30 June 2010**	31 March 2010
Number of shares	in millions	21.17	21.17
Closing price*	EUR	24.92	25.96
Market capitalisation	in EUR million	527.6	549.7
		Q3 2009/2010	Q2 2009/2010
Average daily trading volume	Shares	120,820	191,300
Share price: high*	EUR	28.23	27.05
Share price: low*	EUR	23.09	22.66

* XETRA closing share price.

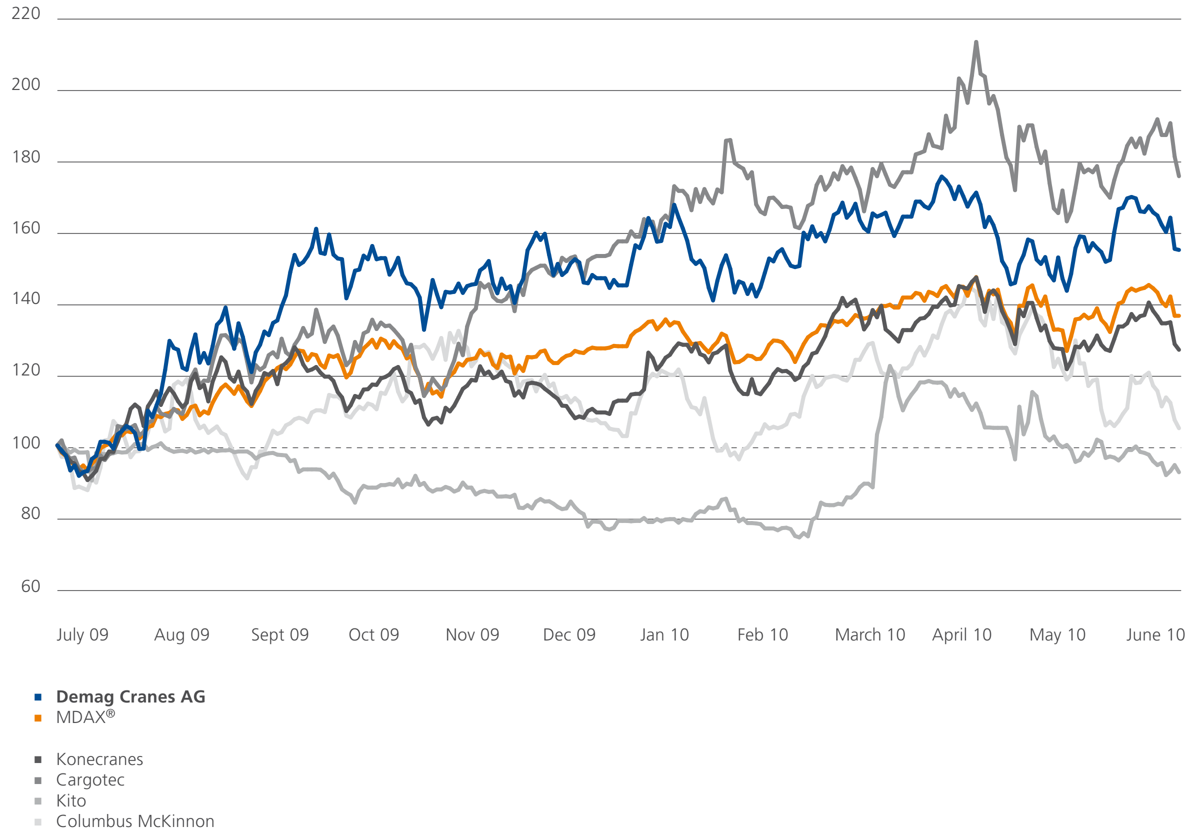
Ownership Structure

According to voting rights notifications available to us at 30 June 2010, the following individuals and institutions hold more than three percent of shares in Demag Cranes AG:

	30 June 2010			
Shareholder	**Shareholding (%)**	**Votes**	**direct/ indirect**	**Attributed under WpHG*:**
Mark Five, USA	3.13	663,557	indirect	Section 22 (1) sentence 1 No. 6 and (1) sentence 2
Gregg Hymowitz, USA	3.13	663,557	indirect	Section 22 (1) sentence 1 No. 6 and (1) sentence 2
Financiere de L'Echiquier, Paris, France	3.12	660,300	direct	
Cevian Capital II Master Fund LP, Camana Bay, Grand Cayman, Cayman Islands	10.07	2,132,299	direct	
Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands	10.07	2,132,299	indirect	Section 22 (1) sentence 1 No. 1
Allianz Global Investors, Frankfurt am Main, Deutschland	4.33	917,361	direct/indirect	
Of which	1.70	360,635	indirect	Section 22 (1) sentence 1 No. 6

* German Securities Trading Act.

THE DEVELOPMENT OF THE SHARE PRICE FROM 1 JULY 2009 TO 30 JUNE 2010, COMPETITORS AND MDAX®
in percent



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from 1 October 2009 to 30 June 2010

General Economic Environment

World Economic Trends[1]

The third quarter of the Demag Cranes AG financial year 2009/2010 (April to June 2010) saw the global economy continue to recover from the effects of the recession at an increasing pace. Goldman Sachs experts estimate that the world economy grew by 5.0 percent in the period under review compared with the same period of the previous year. This growth was once again driven by emerging markets, which grew by 7.8 percent compared with the same period a year earlier. Mature markets expanded by 3.0 percent in the same timeframe.

The most dynamic growth region in the period under review again proved to be Asia, though there were also signs of improvement in key industrialised economies such as the USA and Japan. Among emerging markets, the Chinese economy again displayed particulary strong growth. A jump in lending causes experts to see a risk of increasing numbers of distressed loans, however. The Chinese central bank has consequently begun to throttle back growth in lending. The resulting more restrictive bank lending policies are therefore likely to temper economic growth in the second half of the year. China should nonetheless continue to exert a stabilising influence on the world economy. For the USA, economists project 3.5 percent economic growth in April to June compared with the same period of the previous year. The American economy is thus growing steadily, but the current trend is less dynamic than the powerful upswings that followed past crises. The labour market situation in particular is improving only slowly. It is also hard for the Administration and the Federal Reserve to judge the risks posed by the debt crisis in various European countries.

Economic Trends in the Euro Zone

The euro zone economy likewise continued to improve in the third quarter of 2009/2010, but is recovering only very slowly from the deep recession. Economic experts from Goldman Sachs and Commerzbank estimate that the euro zone saw year-on-year economic growth in the 1.2 to 1.5 percent range through the third quarter of 2009/2010. They point out, however, that the increase is mostly accounted for by the construction industry, which spent the spring making up some of the output lost to the exceptionally hard winter. The experts also expect the euro economy to grow less strongly in summer than in the preceding spring quarter. An adverse factor continues to be the uncertainty resulting from the debt crisis in a number of European countries.

Economic recovery in Germany continued through the third quarter of 2009/2010. GDP grew an estimated 0.8 percent in the third quarter compared with the second quarter of 2009/2010. This was significantly more than the 0.2 percent GDP growth recorded in the second quarter compared with the first quarter of 2009/2010. The largest share of growth came from additions to inventories. Alongside a continuation of healthy foreign demand, domestic orders also picked up significantly.

Situation of the Mechanical Engineering Industry

German mechanical and plant engineering firms recorded a sharp recovery in their order intake from April to June 2010 compared with the same period of the previous year. Order intake was up by 36.0 percent year-on-year in April and over 60 percent in May and June. It is important to note, however, that the comparable period a year ago marked the low point for German mechanical and plant engineering orders. On the other hand, not all of the growth can be ascribed to this baseline effect; a certain amount reflected a continuation of growth momentum that was already underway. On a cumulative basis, order intake gained 32.0 percent growth in real terms from January to June 2010. Capacity utilisation in mechanical engineering also went up during the period under review, climbing from 69.2 percent in July 2009 to 82.9 percent in July 2010.

[1] Sources: Dresdner Kleinwort, Commerzbank Research, "Konjunktur und Finanzmärkte June/July 2010";
Goldman Sachs, "Global Economics Analyst, Third Quarter 2010"; VDMA, "Konjunkturbulletin August 2010";
German Federal Ministry of Economics and Technology, "Schlaglichter der Wirtschaftspolitik" monthly report, July 2010.

Situation of the Company

With products and services in its Industrial Cranes, Port Technology and Services segments, the Demag Cranes Group operates on the global market for cargo-handling equipment and materials logistics. This market includes all products which perform, control and monitor cargo-handling and logistics processes, including the corresponding software solutions and services.

The **Industrial Cranes segment's** products are used in a diverse range of industries and serve a variety of customer groups. It remains difficult to make forecasts for the Industrial Cranes segment because it is heavily reliant on the economic cycle, although the order situation improved sharply in the period under review.

The **Port Technology segment** is dependent on worldwide cargo volumes and growth in container handling. A healthy sign is that there are now positive trends in contract awards. There is a renewed increase in replacement expenditure. In the case of expansion expenditure, we continue to see a reluctance to invest due to terminals still operating at relatively low capacity. The original implementation timetables of terminal automation projects are still being put back. Over the medium and long term, however, experts still anticipate renewed growth in global cargo traffic and, therefore, continuing demand for the relevant handling equipment.

Increasing utilisation of crane equipment by customers is invigorating spare parts business in the **Services segment**. This has a positive effect on the EBIT margin. The Services segment is less vulnerable to the economic crisis than the other two segments, given that equipment will have to be maintained as usual in the interests of safety, reliability and availability.

Business Performance of the Group and its Segments in the Third Quarter of Financial Year 2009/2010

Order Intake and Order Book

The upward trend in the order situation continued in the third quarter of 2009/2010. Order intake rose in value to EUR 242.9 million, up 39.6 percent on the comparative quarter of the previous year (Q3 2008/2009). Compared with the preceding quarter (second quarter 2009/2010), order intake increased by 12.6 percent. All segments contributed to this growth. In the first nine months of financial year 2009/2010, the Demag Cranes Group generated order intake to the value of EUR 643.1 million (Q1 to Q3 2008/2009: EUR 655.6 million). As a result of the strong order trend in the second and third quarter, the shortfall on the first nine months of the previous year was down to 1.9 percent.

in EUR million	Q3 2009/ 2010	Q3 2008/ 2009	Δ	Q1–Q3 2009/ 2010	Q1–Q3 2008/ 2009	Δ	Q2 2009/ 2010	Δ Q3/Q2
Industrial Cranes	113.3	75.8	49.5 %	293.8	320.9	–8.5 %	93.9	20.6 %
Port Technology	51.6	33.3	55.0 %	126.4	107.9	17.1 %	44.3	16.4 %
Services	78.0	64.9	20.3 %	223.0	226.8	–1.7 %	77.4	0.8 %
Group order intake	**242.9**	**174.0**	**39.6 %**	**643.1**	**655.6**	**–1.9 %**	**215.7**	**12.6 %**

The Group order book stood at EUR 340.9 million as at 30 June 2010. This compares with EUR 384.4 million as at 30 June 2009. The order book has been replenished substantially compared with 31 March 2010 (EUR 290.5 million).

in EUR million	30 June 2010	30 June 2009	Δ	30 September 2009	31 March 2010
Industrial Cranes	195.5	247.5	–21.0 %	197.7	173.7
Port Technology	82.8	83.9	–1.2 %	69.4	60.5
Services	62.5	53.0	18.1 %	46.0	56.3
Group order book	**340.9**	**384.4**	**–11.3 %**	**313.1**	**290.5**

The **Industrial Cranes segment** achieved strong third-quarter growth in order intake, with a 49.5 percent increase on the same quarter a year earlier (EUR 75.8 million). This also marked further improvement on the EUR 93.9 million recorded in the preceding quarter. On a cumulative basis, the EUR 293.8 million order intake for the first nine months of the current financial year was 8.5 percent down on the comparative figure for the previous year. The order book in the Industrial Cranes segment came to EUR 195.5 million at 30 June 2010 (30 June 2009: EUR 247.5 million). Compared with 31 March 2010, the order book grew by 12.5 percent.

The third quarter of 2009/2010 also brought a continuation of the positive trend in customer orders in the **Port Technology segment**. At EUR 51.6 million, order intake was above both the same quarter a year earlier (EUR 33.3 million) and the preceding quarter (EUR 44.3 million). The sustained demand for Mobile Harbour Cranes is particularly notable. Some terminal operators are already seeing a return to growth in container handling and ports are also operating at increasingly high capacity. Nonetheless, existing handling capacity is being taken back into service first before any investment is made in expansion. Because of this, the Port Technology segment did not transact any business in automated products during the period under review. Order intake for the first nine months amounted to EUR 126.4 million, 17.1 percent above the comparative figure for the previous year. The order book ran to EUR 82.8 million at 30 June 2010 (30 June 2009: EUR 83.9 million). Compared with 31 March, the order book grew by 36.9 percent.

Order intake in the **Services segment**, at EUR 78.0 million for the third quarter of 2009/2010, surpassed the figure for the same quarter of the previous year by 20.3 percent. The order situation also improved relative to the preceding quarter (EUR 77.4 million). Increasing crane utilisation by customers further boosted spare parts business in the period under review. The nine-month cumulative figure for order intake came to EUR 223.0 million (Q1 to Q3 2008/2009: EUR 226.8 million). The Services segment order book amounted to EUR 62.5 million at 30 June 2010 (30 June 2009: EUR 53.0 million).

Revenue

Group revenue fell in the third quarter of 2009/2010 compared with the same quarter a year earlier by 7.0 percent to EUR 205.1 million. Due to the late-cycle bias of our business, we generally benefit from any upswing with a lag of six to twelve months. The 9.8 percent lower revenue relative to the preceding quarter can be attributed to this fact. Taking into account delivery times and billing terms, the positive trend in order intake consequently was, expectedly, not able to show through in revenue for the quarter under review. As a result, Group revenue was likewise down on a nine-month basis, at EUR 641.1 million, compared with the same period the previous year (Q1 to Q3 2008/2009: EUR 791.8 million).

in EUR million	**Q3 2009/ 2010**	Q3 2008/ 2009	Δ	**Q1–Q3 2009/ 2010**	Q1–Q3 2008/ 2009	Δ	Q2 2009/ 2010	Δ Q3/Q2
Industrial Cranes	101.3	119.5	–15.2 %	316.0	420.5	–24.9 %	108.2	–6.4 %
Port Technology	29.6	35.2	–16.0 %	113.8	146.1	–22.1 %	46.3	–36.0 %
Services	74.2	65.8	12.7 %	211.3	225.2	–6.1 %	73.0	1.7 %
Group revenue	**205.1**	**220.6**	**–7.0 %**	**641.1**	**791.8**	**–19.0 %**	**227.4**	**–9.8 %**

The decrease in revenue affected the segments to differing extents:

In the **Industrial Cranes segment**, third-quarter revenue fell by 15.2 percent compared with the same quarter a year earlier and 6.4 percent relative to the preceding quarter to EUR 101.3 million. This mainly reflects weak order intake in the high-revenue Process and Standard Cranes business in the first and second quarters of 2009/2010. Plant engineering business in particular is subject to fluctuations due to various factors. In the nine-month period, the Industrial Cranes segment generated revenue of EUR 316.0 million (Q1 to Q3 2008/2009: EUR 420.5 million).

Revenue in the **Port Technology segment** totalled EUR 29.6 million in the third quarter of 2009/2010, 16.0 percent down on the comparative quarter of the previous year. Compared with the preceding quarter, revenue fell by 36.0 percent. Most of the revenue generated came from sales of our Mobile Harbour Cranes. The drop in revenue relative to both the same quarter a year earlier and the immediately preceding quarter reflected revenue being postponed to the fourth quarter of 2009/2010. Under our contracts with some customers, products are not billed until customer acceptance. As has already been mentioned with reference to the order situation, we transacted virtually no business with our automated products in the period under review. In the nine-month period, revenue in the Port Technology segment came to EUR 113.8 million, a decrease of 22.1 percent on the comparative figure for the previous year (Q1 to Q3 2008/2009: EUR 146.1 million).

In the **Services segment**, revenue in the reporting period rose by 12.7 percent to EUR 74.2 million compared with the comparative quarter a year earlier. Encouragingly, demand for high-revenue, high-margin spare parts has begun to grow again. The revenue increase compared with the preceding quarter was 1.7 percent. Due to the weaker trend in the first quarter of 2009/2010, revenue for the first nine months, at EUR 211.3 million, remained 6.1 percent down on the comparative period of the previous year (Q1 to Q3 2008/2009: EUR 225.2 million).

Group revenue is distributed among regions as follows:

in EUR million	**Q3 2009/ 2010**	Q3 2008/ 2009	Δ	**Q1–Q3 2009/ 2010**	Q1–Q3 2008/ 2009	Δ	LTM June 2010	Financial year 2008/ 2009	Q2 2009/ 2010	Δ Q3/Q2
Germany	39.5	54.5	–27.4 %	140.0	179.6	–22.0 %	21.6 %	22.2 %	50.8	–22.2 %
Rest of Europe	63.1	67.4	–6.4 %	196.2	250.5	–21.7 %	32.3 %	32.9 %	66.3	–4.9 %
North America	27.6	22.9	20.5 %	78.6	97.0	–19.0 %	11.4 %	11.5 %	28.7	–3.7 %
Mature markets	**130.2**	**144.8**	**–10.1 %**	**414.8**	**527.1**	**–21.3 %**	**65.2 %**	**66.6 %**	**145.8**	**–10.7 %**
BRIC countries	32.9	26.8	22.8 %	98.2	102.4	–4.1 %	14.4 %	12.7 %	38.7	–15.0 %
Central and South America	2.1	2.6	–16.5 %	6.3	11.9	–47.3 %	2.1 %	2.3 %	1.6	34.8 %
Asia/Pacific	23.8	30.8	–23.0 %	79.4	100.0	–20.5 %	13.1 %	13.2 %	25.7	–7.5 %
Other	16.1	15.6	3.2 %	42.4	50.4	–15.8 %	5.2 %	5.2 %	15.7	2.7 %
Emerging markets	**74.9**	**75.8**	**–1.2 %**	**226.3**	**264.7**	**–14.5 %**	**34.8 %**	**33.4 %**	**81.6**	**–8.3 %**
Group revenue	**205.1**	**220.6**	**–7.0 %**	**641.1**	**791.8**	**–19.0 %**	**100.0 %**	**100.0 %**	**227.4**	**–9.8 %**

Looking at the regional figures, revenue was down in most regions compared with both the third quarter and the first nine months of the previous financial year. Growth was achieved in North America, the BRIC countries and the Other region. This corresponds with the general trend in the world economy. The emerging market share of Group revenue stayed near-constant in the last twelve months relative to financial year 2008/2009.

Earnings

Earnings Before Interest and Tax (EBIT)

Consolidated earnings before interest and tax (EBIT) came to EUR 8.3 million in the third quarter of 2009/2010 (Q3 2008/2009: minus EUR 40.8 million). The low comparative figure for the previous year was after provisions for restructuring recognised in the third quarter of 2008/2009. In the first nine months, the Demag Cranes Group generated EBIT of EUR 25.5 million, compared with EUR 4.6 million in the first nine months of 2008/2009.

The Management Board uses operating EBIT as a key indicator for management of the Group. Operating EBIT excludes purchase accounting depreciation and amortisation, comprising the impact on depreciation and amortisation of fair-value adjustments to assets acquired in business combinations. It also excludes any one-off effects, such as severance and restructuring expenses.

In the third quarter of 2009/2010, the Demag Cranes Group generated operating EBIT of EUR 10.0 million (Q3 2008/2009: EUR 5.3 million). The 87.4 percent increase is largely accounted for by the improved cost base as a result of the restructuring programme. Compared with the preceding quarter (EUR 10.5 million), operating EBIT has remained near-constant. Relative to the first nine months of 2008/2009, Group operating EBIT decreased from EUR 55.2 million to EUR 29.7 million.

in EUR million	Q3 2009/2010	Q3 2008/2009	Δ	Q1–Q3 2009/2010	Q1–Q3 2008/2009	Δ	Financial year 2008/2009	Q2 2009/2010	Δ Q3/Q2
Group EBIT	**8.3**	**–40.8**	**n/a**	**25.5**	**4.6**	**459.3 %**	**13.2**	**8.7**	**–4.3 %**
Operating adjustments	**1.7**	**46.2**		**4.2**	**50.6**		**54.4**	**1.8**	
Of which									
Purchase accounting depreciation and amortisation	0.4	0.4		1.2	1.2		1.6	0.4	
Severance expenses	–	–		–	3.8		3.7	–	
Integration costs	1.0	–		2.4	–		–	1.2	
Other	0.3	45.8		0.5	45.6		49.0	0.2	
Group operating EBIT	**10.0**	**5.3**	**87.4 %**	**29.7**	**55.2**	**–46.1 %**	**67.6**	**10.5**	**–4.6 %**
Of which									
Industrial Cranes	–1.6	3.0	n/a	1.3	25.6	–94.8 %	29.7	1.0	n/a
Port Technology	–0.8	–7.5	88.8 %	–3.8	–10.3	63.6 %	–14.8	–0.3	143.8 %
Services	15.3	11.3	35.8 %	39.9	44.5	–10.3 %	60.2	12.9	18.4 %
Central holding company/DCAG	–2.8	–1.4	101.9 %	–7.8	–4.7	66.4 %	–7.5	–3.0	–5.4 %

Operating EBIT is distributed among the segments as follows:

In the **Industrial Cranes segment**, operating EBIT decreased from EUR 3.0 million in the comparative quarter of the previous year to minus EUR 1.6 million in the third quarter of 2009/2010. This was also down on the preceding quarter (EUR 1.0 million). The decrease reflected the lower revenue. Operating EBIT in the first nine months of 2009/2010 was EUR 1.3 million, compared with EUR 25.6 million in the same period of the previous year.

In the **Port Technology segment**, operating EBIT improved to minus EUR 0.8 million in the third quarter of 2009/2010 (Q3 2008/2009: minus EUR 7.5 million). Despite significantly lower revenue, operating EBIT remained on a par with the preceding quarter. In comparison with the previous year, operating EBIT reflects the positive effects of the restructuring programme. In the first nine months, operating EBIT improved to minus EUR 3.8 million (Q1 to Q3 2008/2009: minus EUR 10.3 million).

Operating EBIT in the **Services segment** increased in the period under review by 35.8 percent to EUR 15.3 million (Q3 2008/2009: EUR 11.3 million). Spare parts business showed particularly strong growth in the third quarter. As a result, the operating EBIT margin showed a further substantial rise compared with the preceding quarter, increasing to 20.6 percent. Operating EBIT in the first nine months of financial year 2009/2010 came to EUR 39.9 million (Q1 to Q3 2008/2009: EUR 44.5 million). The shortfall year on year relates to the weaker trend in the first two quarters of financial year 2009/2010.

Earnings Before Interest, Tax and Depreciation/Amortisation (EBITDA)

Group operating EBITDA increased from EUR 10.8 million in the comparative quarter of the previous year to EUR 15.2 million in the third quarter of 2009/2010. Compared with the preceding quarter, Group operating EBITDA stayed almost constant. On a nine-month basis, the figure decreased from EUR 71.7 million to EUR 44.9 million.

in EUR million	Q3 2009/ 2010	Q3 2008/ 2009	Δ	Q1–Q3 2009/ 2010	Q1–Q3 2008/ 2009	Δ	Financial year 2008/ 2009	Q2 2009/ 2010
Group operating EBIT	**10.0**	**5.3**	**87.4 %**	**29.7**	**55.2**	**–46.1 %**	**67.6**	**10.5**
Operating depreciation and amortisation	5.2	5.5	–5.6 %	15.2	16.5	–8.1 %	21.9	5.1
Group operating EBITDA	**15.2**	**10.8**	**40.4 %**	**44.9**	**71.7**	**–37.4 %**	**89.5**	**15.6**

Net Income After Tax

Operating net income after tax came to EUR 5.2 million in the third quarter of 2009/2010 (Q3 2008/2009: EUR 0.7 million). On a cumulative basis, operating net income after tax dropped from EUR 30.0 million to EUR 15.9 million in the first nine months of 2009/2010.

in EUR million	Q3 2009/ 2010	Q3 2008/ 2009	Δ	Q1–Q3 2009/ 2010	Q1–Q3 2008/ 2009	Δ	Financial year 2008/ 2009	Q2 2009/ 2010
Net income after tax	**4.1**	**–31.3**	**n/a**	**13.0**	**–5.0**	**n/a**	**1.2**	**4.6**
Operating adjustments	**1.7**	**46.2**		**4.2**	**50.6**		**54.4**	**1.8**
Of which								
Purchase accounting depreciation and amortisation	0.4	0.4		1.2	1.2		1.6	0.4
Severance expenses	–	–		–	3.8		3.7	–
Integration costs	1.0	–		2.4	–		–	1.2
Other	0.3	45.8		0.5	45.6		49.0	0.2
Tax effects on operating adjustments 30.7%	**–0.5**	**–14.2**		**–1.3**	**–15.5**		**–16.7**	**–0.6**
Effects of German tax audit	**–**	**–**		**–**	**–**		**4.0**	**–**
Operating net income after tax	**5.2**	**0.7**	**619.5 %**	**15.9**	**30.0**	**–47.0 %**	**42.8**	**5.8**

Cash Flows

Free cash flow before financing – cash flow from operating activities plus cash flow from investing activities – came to minus EUR 13.0 million in the first nine months of 2009/2010 (Q1 to Q3 2008/2009: EUR 43.8 million). The figure changed as follows year on year:

in EUR million	Q3 2009/ 2010	Q3 2008/ 2009	Δ	Q1–Q3 2009/ 2010	Q1–Q3 2008/ 2009	Δ	Q2 2009/ 2010
Cash flow from operating activities	–6.4	28.7	n/a	–4.6	54.6	n/a	–4.4
Cash flow from investing activities	–3.1	–4.3	–28.2 %	–8.5	–10.8	–22.0 %	–3.5
Free cash flow before financing	**–9.5**	**24.4**	**n/a**	**–13.0**	**43.8**	**n/a**	**–7.9**
Restructuring payments	6.0	1.3	n/a	13.8	1.3	n/a	3.2
Free cash flow before financing and restructuring payments	**–3.5**	**25.7**	**n/a**	**0.8**	**45.1**	**n/a**	**–4.7**

Compared with the same period of the previous year, cash flow from operating activities decreased in the first nine months of financial year 2009/2010 from a cash inflow of EUR 54.6 million to a cash outflow of EUR 4.6 million. This mainly reflects the change in net working capital (see also page 15); additionally, the outflow of cash under the restructuring programme has been EUR 12.5 million higher in the current financial year than in the same part of the previous year. On a nine-month basis, Group interest received net of interest paid narrowed from a negative EUR 1.3 million in the previous year to a negative EUR 0.2 million in 2009/2010. This was mainly due to lower interest payments reflecting the reduced interest rates on Demag Cranes AG's master loan agreement.

The nine-month cash flow from investing activities changed compared with the previous year from an outflow of EUR 10.8 million to an outflow of EUR 8.5 million. This mainly reflected a decrease in purchases of intangible assets and property, plant and equipment from EUR 11.3 million to EUR 8.7 million.

in EUR million	**30 June 2010**	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Non-current loans and borrowings	105.5	106.0	106.0	105.9	105.6
Other financial liabilities	0.1	0.1	0.1	0.1	0.3
Current loans and borrowings	4.2	4.7	5.0	4.4	4.7
Cash and cash equivalents	–100.5	–104.4	–109.8	–103.7	–104.1
Other current financial assets	–0.4	–0.4	–0.4	–0.4	–0.5
Net debt	**8.8**	**6.0**	**1.0**	**6.3**	**5.9**

Net debt increased relative to 30 September 2009 by EUR 2.5 million to EUR 8.8 million at 30 June 2010. Compared with the last quarterly reporting date (31 March 2010), net debt increased by EUR 2.8 million. The main factor here was a EUR 3.6 million decrease in cash and cash equivalents to EUR 100.5 million.

Demag Cranes AG meets its funding needs from operating cash flow and a revolving syndicated credit facility for a total of EUR 325.0 million (including an ancillary facility of EUR 115.0 million). The facility runs to 27 June 2011.

The revolving credit facility was drawn upon as follows as at 30 June 2010:

EUR 162.2 million total drawings (due September 2010); this is split between EUR 105.0 million (30 September 2009: EUR 105.0 million) in credit facility drawings and EUR 57.2 million (30 September 2009: EUR 63.6 million) in drawings on the ancillary credit line for guarantees.

The credit facility is subject to certain covenants with regard to additional borrowing, purchases and disposals of assets as well as the provision of collateral. There are also financial covenants to be observed during the lifetime of the credit facility. These include stipulated ratios for consolidated net debt[2] to consolidated operating EBITDA[3] (less than 2.75) and consolidated operating EBITDA[3] to consolidated net interest payable (greater than 4.0).

The covenants were met in all respects as at 30 June 2010. There is no further change to the information given under "Cash Flows" on page 61 of the Annual Report 2008/2009.

[2] Group net debt adjusted for downpayment guarantees exceeding EUR 35 million.
[3] Group operating EBITDA adjusted for non-cash charges under the Matching Stock Program (MSP).

Financial Position

The financial position of the Demag Cranes Group developed as follows in the period under review:

in EUR million	**30 June 2010**	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Inventories	198.8	176.5	198.7	207.1	246.9
Advance payments made	2.6	2.1	2.4	2.8	3.8
Trade receivables	153.5	143.9	131.1	152.6	144.5
Trade payables	–59.1	–54.1	–51.8	–62.9	–54.0
Advance payments received	–63.8	–54.9	–76.9	–89.0	–111.3
Net working capital	**232.0**	**213.6**	**203.5**	**210.5**	**229.8**

Net working capital – inventories, advance payments made and trade receivables less trade payables and advance payments received – increased from EUR 210.5 million at 30 September 2009 to EUR 232.0 million at 30 June 2010. This mainly involves two opposing factors: a EUR 25.2 million decrease in advance payments received, and a EUR 8.3 million decrease in inventories. The reporting period brought the first major increase in inventories compared with the preceding quarter. This is partly due to the better situation regarding order intake and therefore to an improvement of operating business. Advance payments received also rose compared with the preceding quarter, which is another positive indicator for the future.

in EUR million	**30 June 2010**	30 September 2009
Total assets	814.9	818.8
Shareholders' equity	259.3	227.7
Gearing in %	3.4 %	2.7 %

Total assets of the Demag Cranes Group came to EUR 814.9 million at 30 June 2010, down EUR 3.9 million compared with 30 September 2009. The main assets-side factors in this change consisted of the EUR 8.3 million decrease in inventories and a EUR 4.4 million decrease in property, plant and equipment; these were countered by a EUR 7.0 million increase in other current non-financial assets. On the shareholders' equity and liabilities side, shareholders' equity increased by EUR 31.6 million to EUR 259.3 million. Most of the change in shareholders' equity was accounted for by the EUR 13.0 million net income after tax and an amount of EUR 18.6 million recognised directly in equity for differences arising from currency translation. There was also a EUR 25.2 million decrease in advance payments received. Other current provisions also fell by EUR 20.2 million from EUR 51.4 million to EUR 31.2 million. Most of this was accounted for by utilisation of the restructuring provisions in the amount of EUR 13.8 million.

In addition to the liabilities shown on the balance sheet, there are significant guarantees for third-party liabilities in the form of contingent liabilities relating to buy-back arrangements entered into in the Port Technology segment in connection with sales of certain Company plant and machinery products. The maximum potential obligation amounted to EUR 55.3 million at 30 June 2010 (30 June 2009: EUR 52.7 million).

Gearing – the ratio of net debt to shareholders' equity – increased slightly in the period under review from 2.7 percent to 3.4 percent at 30 June 2010.

The equity ratio (total equity to total assets) improved substantially and stood at 31.8 percent at the end of the reporting period (30 September 2009: 27.8 percent).

Employees

Employee Structure and Employee-Related Key Figures

As at 30 June 2010, the Group had 5,735 employees*, 386 fewer than as at 30 June 2009. The workforce decreased by 199 since 30 September 2009.

Employee-Related Key Figures

	LTM June 2010	Financial year 2008/2009	Δ
Operating personnel expenses in EUR million	318.2	322.6	–1.4 %
Operating personnel expenses/revenue	35.5 %	30.8 %	4.7 % pts
Operating personnel expenses/employee in EUR thousand**	55	53	3.7 %
Revenue/employee in EUR thousand**	154	171	–10.0 %

Number of Employees by Regions*

	30 June 2010	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Germany	2,763	2,793	2,870	2,906	3,031
Rest of Europe	1,108	1,125	1,163	1,195	1,227
North America	573	566	552	572	583
Mature markets	**4,444**	**4,484**	**4,585**	**4,673**	**4,841**
BRIC countries	868	866	837	830	851
Asia/Pacific	209	207	207	203	196
Other	214	214	225	228	233
Emerging markets	**1,291**	**1,287**	**1,269**	**1,261**	**1,280**
Demag Cranes Group total	**5,735**	**5,771**	**5,854**	**5,934**	**6,121**

Number of Employees by Segments*

	30 June 2010	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Industrial Cranes	3,134	3,133	3,210	3,398	3,448
Port Technology	649	682	701	774	883
Services	1,703	1,717	1,698	1,719	1,747
Demag Cranes AG employees	249	239	245	43	43
Of which in Group headquarters	170	161	167	43	43
Demag Cranes Group total	**5,735**	**5,771**	**5,854**	**5,934**	**6,121**

	30 June 2010	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Temporary employees	321	198	117	112	117
Apprentices/trainees	279	270	291	285	242

* Employees excluding temporary employees, apprentices and trainees.
** Based on average number of employees.

Operating personnel expenses declined in the period 1 July 2009 to 30 June 2010 compared with financial year 2008/2009 from EUR 322.6 million to EUR 318.2 million. This figure is net of severance payments for workforce reductions made as part of the restructuring programme. As a proportion of revenue, operating personnel expenses rose to 35.5 percent.

Due to the decline in Group revenue, revenue per employee dropped from EUR 171,000 to EUR 154,000.

At segment level, the number of employees in the Industrial Cranes segment was reduced to 3,134 at 30 June 2010 compared with 30 June 2009. In the Port Technology segment, the number of employees decreased to 649 at 30 June 2010. The Services segment had a workforce of 1,703 at the end of the third quarter of 2009/2010. The decrease in the number of employees at segment level compared with 30 June 2009 is a result of our restructuring programme. The first quarter of 2009/2010 also saw key management functions relating to finance, accounting, human resources, IT, marketing and corporate development centralised in Shared Services and transferred to Group headquarters. These employees are shown as employees of Demag Cranes AG, which had a workforce of 249 at 30 June 2010.

We have added to our workforce in emerging markets in response to the positive business trend there.

Compared with a year earlier, the number of temporary employees at 30 June 2010 also increased to 321. These additions were made in growth regions such as India.

Risk Report

As at 30 June 2010, there were no risks that raised doubt about the Demag Cranes Group's ability to continue as a going concern. There has also been no significant change in opportunities and risks relative to the Risk Report on page 71 of the 2008/2009 Annual Report.

Outlook

Business Outlook for the Demag Cranes Group

According to current projections, the world economy will gradually recover. These projections remain subject to uncertainties, however, due to the current debt situation in some European countries.

Regarding business development in the Demag Cranes Group, we intend to continue reinforcing our market position in the markets relevant to us in financial year 2009/2010. The recovery in order intake is to be considered a positive indicator for a good fourth quarter of 2009/2010. For the full year 2009/2010, the Management Board anticipates Group revenue of approximately EUR 900 million and operating EBIT of EUR 45 to 50 million. Capital expenditure ought to slightly exceed the previous year's level. This corresponds to our previous announcements concerning the outlook for financial year 2009/2010. We aim in general to continue rigorously aligning our Group to growth and greater efficiency. The focus of growth is on foreign markets.

In implementing our restructuring and integration activities, we have not only successfully navigated our Group through the crisis so far: we are also rendering it more competitive in readiness for a future economic recovery and are laying the foundations for sustained growth.

Overall, the Demag Cranes Group has a solid financial basis. We are also already well positioned in the key markets.

Consolidated Interim Financial Statements
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from 1 October 2009 to 30 June 2010

Statement of Comprehensive Income

from 1 October 2009 to 30 June 2010

in EUR thousand	Note	Q3 2009/2010	Q3 2008/2009	Q1–Q3 2009/2010	Q1–Q3 2008/2009
Revenue		205,099	220,565	641,120	791,785
Cost of sales		–144,791	–191,354	–471,753	–606,735
Gross profit		**60,308**	**29,211**	**169,367**	**185,050**
Selling, general and administrative expenses		–49,044	–59,855	–136,417	–161,443
Research and development expenses		–3,812	–11,886	–11,748	–23,512
Other operating income		5,961	8,871	14,596	26,550
Other operating expenses		–5,704	–7,768	–12,438	–23,530
Share of profit from equity-accounted investments		617	614	2,187	1,453
Earnings before interest and tax (EBIT)		**8,325**	**–40,812**	**25,548**	**4,568**
Interest and similar income		664	785	2,211	3,000
Interest and similar expenses		–2,817	–3,372	–8,421	–11,581
Earnings before tax (EBT)		**6,172**	**–43,400**	**19,337**	**–4,013**
Income tax		–2,114	12,139	–6,296	–1,005
Net income after tax		**4,058**	**–31,260**	**13,042**	**–5,018**
Of which					
attributable to the shareholders of Demag Cranes AG		4,036	–31,328	13,049	–5,306
attributable to minority interest		22	68	–7	288
Effective portion of changes in the fair value of cash flow hedges		–45	–	–338	808
Changes in the fair value of available-for-sale financial instruments		6	11	–2	4
Actuarial gains/losses		–	–	–	–
Differences arising from currency translation		10,680	1,544	18,564	–1,436
Deferred tax income/expenses		12	–3	104	–294
Net income recognised directly in equity		**10,653**	**1,552**	**18,328**	**–918**
Total recognised income and expense		**14,711**	**–29,708**	**31,370**	**–5,936**
Of which					
attributable to the shareholders of Demag Cranes AG		14,689	–29,776	31,378	–6,224
attributable to minority interest		22	68	–7	288
Earnings per share (in EUR)	5	**0.19**	**–1.48**	**0.62**	**–0.25**

Statement of Financial Position

as at 30 June 2010

Assets

in EUR thousand	Note	**30 June 2010**	30 September 2009
Goodwill		120,499	120,424
Other intangible assets		39,317	40,606
Property, plant and equipment		115,548	119,917
Investment properties		185	181
Equity-accounted investments		19,562	16,588
Other investments		759	751
Trade receivables		1,148	975
Other non-financial assets		3,008	2,168
Deferred tax assets		30,955	28,840
Total non-current assets		**330,980**	**330,450**
Inventories	6	198,781	207,123
Advance payments made		2,621	2,751
Trade receivables		152,363	151,635
Other financial assets		1,210	1,572
Other non-financial assets		25,090	18,067
Tax receivables		3,362	3,482
Cash and cash equivalents		100,485	103,689
Total current assets		**483,914**	**488,320**
Total assets		**814,894**	**818,770**

Shareholders' Equity and Liabilities

in EUR thousand	Note	**30 June 2010**	30 September 2009
Subscribed capital		21,173	21,173
Additional paid-in capital		192,119	191,912
Other reserves		44,166	12,789
Equity attributable to shareholders of Demag Cranes AG		**257,459**	**225,874**
Minority interest		1,827	1,835
Total equity		**259,286**	**227,709**
Provisions for pensions and similar obligations		132,769	132,530
Other provisions		8,996	9,026
Loans and borrowings		104,978	105,014
Other financial liabilities		9,532	9,147
Other non-financial liabilities		15,904	18,211
Deferred tax liabilities		4,181	3,838
Total non-current liabilities		**276,361**	**277,766**
Advance payments received		63,810	89,008
Other provisions		31,163	51,359
Loans and borrowings		4,171	4,408
Trade payables		59,140	62,930
Other financial liabilities		50,972	46,108
Tax liabilities		11,836	11,421
Other non-financial liabilities		58,156	48,061
Total current liabilities		**279,248**	**313,295**
Total shareholders' equity and liabilities		**814,894**	**818,770**

Statement of Changes in Equity

as at 30 June 2010

in EUR thousand	Subscribed capital	Additional paid-in capital
Balance at 1 October 2008	**21,173**	**191,651**
Dividends paid	–	–
Share-based payment	–	114
Transactions with shareholders	**–**	**114**
Total recognised income and expense	**–**	**–**
Balance at 30 June 2009	**21,173**	**191,766**
Balance at 1 October 2009	**21,173**	**191,912**
Dividends paid	–	–
Share-based payment	–	207
Transactions with shareholders	**–**	**207**
Total recognised income and expense	**–**	**–**
Balance at 30 June 2010	**21,173**	**192,119**

Other reserves		**Equity attributable to shareholders of Demag Cranes AG**	Minority interest	**Total equity**
Retained earnings	Net income recognised directly in equity			
48,021	**8,852**	**269,697**	**1,525**	**271,222**
–29,642	–	–29,642	–	–29,642
–	–	114	–	114
–29,642	**–**	**–29,528**	**–**	**–29,528**
–5,306	**–918**	**–6,224**	**288**	**–5,936**
13,073	**7,934**	**233,946**	**1,813**	**235,758**
19,229	**–6,441**	**225,874**	**1,835**	**227,709**
–	–	–	–	–
–	–	207	–	207
–	**–**	**207**	**–**	**207**
13,049	**18,328**	**31,378**	**–7**	**31,370**
32,279	**11,888**	**257,459**	**1,827**	**259,286**

Cash Flow Statement

from 1 October 2009 to 30 June 2010

in EUR thousand	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009
Net income after tax	**13,042**	**–5,018**
Income tax	6,296	1,005
Interest and similar income/expenses, net	6,210	8,581
Depreciation, amortisation and impairments	16,384	25,376
EBITDA	**41,931**	**29,944**
Change in inventories	18,701	15,192
Change in trade receivables	9,171	57,119
Change in trade payables	–11,796	–43,018
Change in advance payments made/received, net	–30,154	–4,334
Gain/loss on disposal of assets	19	–145
Share of profit from equity-accounted investments	–2,187	–1,453
Dividends received from equity-accounted investments	2,794	236
Change in other financial/non-financial assets	–5,709	403
Change in other financial/non-financial liabilities	–19,996	9,878
Cash flow from operating activities before interest and tax	**2,773**	**63,822**
Interest received	1,568	2,402
Interest paid	–1,813	–3,685
Income tax paid	–7,119	–7,910
Cash flow from operating activities	**–4,591**	**54,628**
Purchase of intangible assets and property, plant and equipment	–8,707	–11,271
Proceeds from disposal of assets	254	429
Cash flow from investing activities	**–8,453**	**–10,842**
*Free cash flow (FCF) before financing**	*–13,044*	*43,785*
Change in other financial receivables/liabilities	3,210	924
Dividends paid	–	–29,642
Cash flow from financing activities	**3,210**	**–28,718**
Effect of foreign exchange rate changes on free cash flow	–325	25
Net increase/decrease in cash and cash equivalents	**–10,159**	**15,092**
Cash and cash equivalents as at 1 October	103,689	90,003
Effects of foreign exchange rate changes on cash on hand	6,955	–969
Cash and cash equivalents as at 30 June	**100,485**	**104,126**
*Free cash flow before financing, interest and tax payments**	*–5,680*	*52,979*

* The Group uses FCF and FCF before financing, interest and tax payments to show the amounts available either for distribution to shareholders or to fund other financing needs.

General Notes on the Condensed Consolidated Interim Financial Statements

1. Basis for the Preparation of the Consolidated Interim Financial Statements

The condensed Consolidated Interim Financial Statements of Demag Cranes AG, Düsseldorf, Germany, as at 30 June 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the reporting date as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and with the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Consolidated Interim Financial Statements prepared in accordance with IAS 34 represent a condensed reporting format relative to the Consolidated Financial Statements for financial year 2008/2009.

The condensed Consolidated Interim Financial Statements are prepared in euros, the functional currency of Demag Cranes AG. All figures are rounded to the nearest thousand euros unless otherwise stated. All percentages relate to figures stated to the nearest euro. The amount shown for each individual item and total is the figure with the smallest rounding difference. Reported totals may therefore differ slightly from the sum of the individual reported amounts.

2. New and Revised Standards and Interpretations

The following standards and interpretations must be applied for the first time in financial year 2009/2010:

- **Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements**

The amendments facilitate measurement of the cost of an investment in a subsidiary, jointly controlled entity or associate in the separate financial statements of the parent. The amendments also deal with initial measurement of cost in the separate financial statements of a parent formed as a result of reorganisation. The amendments have no effect on the Consolidated Financial Statements.

- **Amendments to IFRS 2: Share-based Payment**

The revised standard clarifies the meaning of vesting conditions and the treatment of non-vesting conditions when accounting for share-based payment. It also clarifies the scope of stipulations regarding cancellations. Application of the revised IFRS 2 has no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

- **Amendments to IFRS 3: Business Combinations and IAS 27: Consolidated and Separate Financial Statements**

The main changes relate to the identification and measurement of consideration transferred by the acquirer in a business combination, the measurement of non-controlling interests and accounting for step acquisitions. Contingent consideration must be recognised at the acquisition date on purchase price allocation. Transaction costs directly attributable to the acquisition are not capitalised as part of the consideration transferred by the acquirer but immediately recognised as expenses. The new standard introduces an option of recognising goodwill in connection with any non-controlling interests. Finally, it changes the accounting treatment of step acquisitions. The acquisition date in a step acquisition is deemed to be the date control is achieved. The amendments have no effect on the Consolidated Financial Statements.

- **Amendments to IFRS 7: Financial Instruments: Disclosures and IFRS 4: Insurance Contracts**

The amendments to IFRS 7 require additional disclosures on the measurement of fair values of financial instruments and on liquidity risk. The amendments solely require minor additional disclosures in the Notes to the Consolidated Financial Statements.

- **IFRS 8: Operating Segments**

The new IFRS 8 Operating Segments replaces IAS 14 Segment Reporting. The new standard introduces the management approach to segment reporting. The previous year's figures for the reportable segments have been restated to reflect operating adjustments. The changes in segment reporting have no effect at Group level on net income after tax or on earnings per share. Further information on the changes in segment reporting is provided in Note 4.

- **Amendments to IAS 1: Presentation of Financial Statements**

The main changes concern the presentation of the income statement or statement of comprehensive income, the statement of changes in equity and in some cases the balance sheet. All non-owner changes in equity must be presented either in a single statement of comprehensive income or in two statements comprising a conventional income statement and a statement of comprehensive income beginning with profit or loss and displaying components of other comprehensive income. Owner changes in equity must be presented in the statement of changes in equity separately from comprehensive income. If retrospective changes affect the balance sheet, a restated balance sheet must additionally be presented as at the beginning of the earliest comparative period. Demag Cranes AG has elected the single statement option. The modifications are purely technical and have no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

- **Amendments to IAS 23: Borrowing Costs**

Under the revised IAS 23, the capitalisation of borrowing costs as part of the cost of a qualifying asset ceased to be optional. These borrowing costs must now be capitalised. Application of the amendments has had no effect on the Consolidated Financial Statements.

- **Amendments to IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements**

The revised IAS 32 and IAS 1 require, in contrast with earlier revisions, the presentation of certain puttable financial instruments in equity together with the corresponding disclosures. Application of the amendments has had no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

- **Amendments to IAS 39: Financial Instruments: Recognition and Measurement**

The amendments clarify the circumstances in which a hedged risk or a portion of cash flows qualifies for hedge accounting. Application of the revised standard has not resulted in any change in accounting policy at Demag Cranes AG.

- **IFRIC 9: Reassessment of Embedded Derivatives and IAS 39: Financial Instruments: Recognition and Measurement**

The amendments clarify the treatment of embedded derivatives when a hybrid financial instrument accounted for at fair value through profit or loss is reclassified. First-time application has had no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

• IFRIC 12: Service Concession Agreements

IFRIC 12 relates to service concessions granted to private-sector operators by government or government agencies in order to provide public services. The Interpretation addresses the accounting treatment of rights and obligations under such agreements for private-sector operators. The Interpretation is not relevant to the Demag Cranes Group and has no effect on the Consolidated Financial Statements.

• IFRIC 13: Customer Loyalty Programmes

IFRIC 13 addresses accounting for loyalty award credits granted to customers on buying goods or services. Specifically, it stipulates how the consideration paid by customers is allocated between the goods or services and the loyalty credits and when the portion allocated to the loyalty credits is recognised as revenue. The Interpretation is not relevant to the Demag Cranes Group and has no effect on the Consolidated Financial Statements.

• IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 explains the circumstances in which economic benefits from a pension plan are considered to be available to the entity. The Interpretation also addresses how the measurement of defined contribution pension plan assets or liabilities is affected by a statutory or contractual minimum funding requirement. It clarifies to what extent such a requirement restricts the availability of economic benefits and whether the requirement triggers recognition of a liability. First-time application has had no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

• IFRIC 16: Hedges of a Net Investment in a Foreign Operation

IFRIC 16 addresses specific issues in connection with accounting for hedges of a net investment in a foreign operation. The issues clarified include the nature of the risk to be hedged, the amount to be hedged, which entity in a group can hold the hedging instrument, and the recognition of any foreign exchange gains on disposal of the foreign operation. As the Group has not designated any hedges of this kind, there has been no effect on the presentation of its financial position or financial performance or on its earnings per share.

• Annual Improvements

In May 2008, the IASB issued its first set of annual improvements to various standards with the primary aim of removing inconsistencies and clarifying wording. Transitional provisions apply for the standards affected. The amendments that are effective for annual periods beginning on or after 1 January 2009 have had no effect on the presentation of the Group's financial position or financial performance or on its earnings per share.

3. Accounting Policies

With the exception of the newly applicable Standards and Interpretations (Note 2), the Condensed Consolidated Financial Statements have been prepared using the same accounting policies as the Consolidated Financial Statements for financial year 2008/2009. These are described in detail in the Notes to the Consolidated Financial Statements contained in the 2008/2009 Annual Report.

4. Segment Reporting

Since 1 October 2009, Demag Cranes AG has applied the new IFRS 8 Operating Segments. IFRS 8 follows the management approach. That is, external segment reporting reflects the internal reporting system. For the purpose of internal Group control, the Management Board uses operating EBIT, which does not include management adjustments such as the effects of business combinations, restructuring measures and severance awards. These management adjustments are not defined in accordance with IFRS and may differ from similar adjustments applied by other companies, and the presented figures may not be fully comparable between companies. The Unallocated line contains central holding company costs. The segment data are based on the accounting methods in accordance with IFRS.

Activities of the Reportable Segments

The first reportable segment, **Industrial Cranes**, integrates the development, production, sale, assembly and delivery of industrial cranes, including components and material handling solutions. Activities of the second reportable segment, **Port Technology**, consist of developing, manufacturing, selling, assembling, delivering and maintaining Mobile Harbour Cranes and automated container handling systems, including the provision of storage and integrated software solutions. The **Services** segment comprises Industrial Cranes field service activities such as inspection, maintenance, repairs and the refurbishment of used cranes, as well as the sale of spare parts.

Quarterly Performance Year-on-Year

Disclosures in Accordance with IFRS 8	Revenue		Operating depreciation, amortisation and impairments	
in EUR thousand	**Q3 2009/2010**	Q3 2008/2009*	**Q3 2009/2010**	Q3 2008/2009*
Industrial Cranes	101,274	119,493	2,960	2,892
Port Technology	29,614	35,235	1,108	1,887
Services	74,211	65,837	399	572
Unallocated	–	–	692	113
Group	**205,099**	**220,565**	**5,159**	**5,464**

Disclosures in Accordance with IFRS 8	Depreciation, amortisation and impairments		Operating earnings before interest and tax (EBIT)		Earnings before interest and tax (EBIT)	
in EUR thousand	**Q3 2009/2010**	Q3 2008/2009*	**Q3 2009/2010**	Q3 2008/2009*	**Q3 2009/2010**	Q3 2008/2009*
Industrial Cranes	3,222	3,134	–1,573	2,996	–1,928	–10,786
Port Technology	1,226	9,664	–841	–7,490	–1,774	–31,371
Services	426	620	15,282	11,251	15,128	7,223
Unallocated	692	113	–2,850	–1,411	–3,102	–5,878
Group	**5,567**	**13,530**	**10,018**	**5,346**	**8,325**	**–40,812**

* Previous year's figures restated.

in EUR thousand	Q3 2009/2010	Q3 2008/2009
Earnings before interest and tax (EBIT)	8,325	–40,812
Interest and similar income	664	785
Interest and similar expenses	–2,817	–3,372
Earnings before tax (EBT)	**6,172**	**–43,400**

Nine-Month Performance Year-on-Year

Disclosures in Accordance with IFRS 8	Revenue		Operating depreciation, amortisation and impairments	
in EUR thousand	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009*	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009*
Industrial Cranes	315,965	420,534	8,524	8,748
Port Technology	113,806	146,084	3,419	5,717
Services	211,348	225,167	1,262	1,690
Unallocated	–	–	1,956	339
Group	**641,120**	**791,785**	**15,161**	**16,495**

Disclosures in Accordance with IFRS 8	Depreciation, amortisation and impairments		Operating earnings before interest and tax (EBIT)		Earnings before interest and tax (EBIT)	
in EUR thousand	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009*	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009*	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009*
Industrial Cranes	9,307	9,481	1,340	25,647	2,132	11,374
Port Technology	3,774	13,730	–3,769	–10,345	–8,961	–34,334
Services	1,347	1,825	39,925	44,534	39,979	40,419
Unallocated	1,956	339	–7,769	–4,669	–7,603	–12,891
Group	**16,384**	**25,376**	**29,727**	**55,167**	**25,548**	**4,568**

* Previous year’s figures restated.

in EUR thousand	Q1–Q3 2009/2010	Q1–Q3 2008/2009
Earnings before interest and tax (EBIT)	25,548	4,568
Interest and similar income	2,211	3,000
Interest and similar expenses	–8,421	–11,581
Earnings before tax (EBT)	**19,337**	**–4,013**

The operating adjustments in earnings before interest and tax (EBIT) include a EUR 7,444,000 reduction in restructuring provisions and in the opposite direction a EUR 7,508,000 adjustment to the one-off effect from inventory writedowns.

5. Earnings per Share

	Q3 2009/2010	Q3 2008/2009	**Q1–Q3 2009/2010**	Q1–Q3 2008/2009
Net income after tax attributable to shareholders of Demag Cranes AG (in EUR thousand)	4,036	–31,328	13,049	–5,306
Weighted average number of shares outstanding	21,172,993	21,172,993	21,172,993	21,172,993
Earnings per share (in EUR)	**0.19**	**–1.48**	**0.62**	**–0.25**

There is no dilutive effect as no potential shares were in circulation in the first nine months of financial year 2009/2010 or in the same period of the previous year. Diluted earnings per share and basic earnings per share are therefore the same.

6. Inventories

in EUR thousand	**30 June 2010**	30 September 2009
Materials and supplies	40,391	48,300
Work in progress	145,512	150,163
Finished goods and products held for resale	12,879	8,661
Total	**198,781**	**207,123**

7. Contractual Commitments

Contractual Commitments at June 30, 2010:

in EUR thousand	**30 June 2010**	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Operating lease commitments	**48,035**	**46,649**	**45,216**	**51,271**	**39,404**
Of which					
less than 1 year	13,088	13,208	12,797	14,092	10,442
1 year to 5 years	31,238	29,196	28,059	31,577	24,036
more than 5 years	3,709	4,245	4,360	5,602	4,926
Purchase commitments	**91,733**	**73,033**	**70,586**	**86,776**	**84,521**
Intangible assets	67	107	233	127	185
Of which					
less than 1 year	67	107	233	127	185
1 year to 5 years	–	–	–	–	–
more than 5 years	–	–	–	–	–
Property, plant and equipment	2,975	2,453	2,676	1,925	2,705
Of which					
less than 1 year	2,975	2,453	2,676	1,925	2,705
1 year to 5 years	–	–	–	–	–
more than 5 years	–	–	–	–	–
Inventories	77,645	62,680	63,499	81,217	75,227
Of which					
less than 1 year	74,621	60,481	62,242	77,920	68,845
1 year to 5 years	3,024	2,199	1,258	3,296	6,382
more than 5 years	–	–	–	–	–
Other assets	11,046	7,793	4,177	3,507	6,405
Of which					
less than 1 year	11,025	7,772	4,177	3,387	6,405
1 year to 5 years	21	20	–	120	–
more than 5 years	–	–	–	–	–
Total	**139,768**	**119,682**	**115,802**	**138,047**	**123,926**

8. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or a present obligation whose amount cannot be measured reliably or where it is not probable that an outflow of resources will be required to settle the obligation. The Group has contingent liabilities as follows as a result of giving guarantees (excluding product warranties):

	30 June 2010	31 March 2010	31 December 2009	30 September 2009	30 June 2009
in EUR thousand	**Maximum potential future obligation**	Maximum potential future obligation	Maximum potential future obligation	Maximum potential future obligation	Maximum potential future obligation
Credit guarantees	–	–	4,076	3,882	3,916
Notes	13	32	27	20	468
Guarantees	55,300	56,037	49,768	48,535	52,889
Total	**55,313**	**56,068**	**53,871**	**52,437**	**57,273**

Guarantees consist of contingent liabilities relating to buy-back arrangements entered into by Gottwald Port Technology GmbH in connection with sales of certain of its plant and machinery products. The maximum potential liability from buy-back arrangements amounted to EUR 55,300,000 at 30 June 2010 (30 June 2009: EUR 52,724,000).

9. Related Parties

Material transactions with related parties were as follows in the first nine months of financial year 2009/2010:

	30 June		30 September	
in EUR thousand	**2010**	Of which interest	2009	Of which interest
Assets	**5,524**	**2**	**5,165**	**5**
Trade receivables from MHE-Demag (S) Pte. Ltd.	4,770	–	4,055	–
Trade receivables from Donati Ltd.	460	–	216	–
Trade receivables from TBA Logistics and Software Private Ltd.	–	–	51	–
Trade receivables from SMS Siemag Aktiengesellschaft	65	–	257	–
Advance payments made to MHE-Demag (S) Pte. Ltd.	–	–	384	–
Other financial assets receivable from Donati Ltd.	229	2	202	5
Liabilities	**456**	**–**	**549**	**–**
Financial liability to TBA Holding	–	–	110	–
Trade payables to MHE-Demag (S) Pte. Ltd.	32	–	–	–
Trade payables to Donati Ltd.	12	–	1	–
Advance payments received from SMS Siemag Aktiengesellschaft	412	–	438	–

	1 October to 30 June	
in EUR thousand	**2009/2010**	2008/2009
Revenue	**14,399**	**12,500**
MHE-Demag (S) Pte, Ltd.	12,037	11,294
Donati Ltd.	897	926
SMS Siemag Aktiengesellschaft	1,466	981
E & W Anlagenbau GmbH*	–	280

* Interests sold on 19 December 2008.

10. Events after the Balance Sheet Date

No events material to the financial position or financial performance of the Group occurred after 30 June 2010.

Düsseldorf, 10 August 2010

Aloysius Rauen Rainer Beaujean Thomas H. Hagen

Financial Calendar 2010

7 December 2010	Financial Statements, Financial Year 2009/2010

Publisher's Note

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Segment Key Figures

	Q3 2009/ 2010	Q3 2008/ 2009	Δ	Q1–Q3 2009/ 2010	Q1–Q3 2008/ 2009	Δ	Financial year 2008/ 2009
Industrial Cranes							
Order intake	113.3	75.8	49.5 %	293.8	320.9	–8.5 %	397.9
Order book as at end of period	195.5	247.5	–21.0 %	–	–	–	197.7
Revenue	101.3	119.5	–15.2 %	316.0	420.5	–24.9 %	545.8
Operating EBIT[1]	–1.6	3.0	n/a	1.3	25.6	–94.8 %	29.7
in % of revenue	–1.6 %	2.5 %	–4.0 % pts	0.4 %	6.1 %	–5.7 % pts	5.4 %
Employees[2]	3,134	3,448	–9.1 %	–	–	–	3,398
Port Technology							
Order intake	51.6	33.3	55.0 %	126.4	107.9	17.1 %	151.8
Order book as at end of period	82.8	83.9	–1.2 %	–	–	–	69.4
Revenue	29.6	35.2	–16.0 %	113.8	146.1	–22.1 %	204.0
Operating EBIT[1]	–0.8	–7.5	88.8 %	–3.8	–10.3	63.6 %	–14.8
in % of revenue	–2.8 %	–21.3 %	18.4 % pts	–3.3 %	–7.1 %	3.8 % pts	–7.3 %
Employees[2]	649	883	–26.5 %	–	–	–	774
Services							
Order intake	78.0	64.9	20.3 %	223.0	226.8	–1.7 %	292.1
Order book as at end of period	62.5	53.0	18.1 %	–	–	–	46.0
Revenue	74.2	65.8	12.7 %	211.3	225.2	–6.1 %	297.7
Operating EBIT[1]	15.3	11.3	35.8 %	39.9	44.5	–10.3 %	60.2
in % of revenue	20.6 %	17.1 %	3.5 % pts	18.9 %	19.8 %	–0.9 % pts	20.2 %
Employees[2]	1,703	1,747	–2.5 %	–	–	–	1,719

1 Adjusted to reflect the effects of operating adjustments.
2 Employees as at the end of period, excluding temporary employees, apprentices and trainees.

Multiple-Year Overview

	1 October to 30 September					
Earnings (in EUR million)	**2008/2009**	2007/2008	2006/2007	2005/2006	2004/2005[1]	2003/2004[1]
Order intake	841.9	1,323.4	1,205.1	1,054.0	921.5	–
Order book as at end of period	313.1	523.5	427.6	305.6	249.7	–
Revenue	1,047.6	1,225.8	1,080.4	986.9	881.6	810.1
Of which						
inside Germany	22.2 %	20.7 %	19.0 %	19.2 %	20.6 %	22.4 %
outside Germany	77.8 %	79.3 %	81.0 %	80.8 %	79.4 %	77.6 %
Gross profit	249.7	361.5	291.7	267.2	227.6	188.4
in % of revenue	23.8 %	29.5 %	27.0 %	27.1 %	25.8 %	23.3 %
Operating EBITDA[2]	89.5	160.0	118.5	105.6	84.9	55.9
Operating EBIT[2]	67.6	137.5	94.6	84.5	64.0	34.1
in % of revenue	6.5 %	11.2 %	8.8 %	8.6 %	7.3 %	4.2 %
EBIT	13.2	135.8	82.0	54.1	36.1	7.1
Operating net income after tax[3]	42.8	85.2	51.4	40.7	–	–
Operating earnings per share (in EUR)[3]	2.01	4.00	2.41	1.92	–	–
Net income after tax	1.2	80.8	32.8	22.1	0.5	–19.5
Earnings per share (in EUR)	0.04	3.79	1.53	1.04	–	–
Cash flow (in EUR million)						
Cash flow from operating activities	61.8	147.1	64.7	57.6	19.8	4.9
Cash flow from investing activities	–18.3	–21.3	–26.1	–13.5	–10.0	–6.3
Of which capital expenditure	–18.8	–25.4	–30.7	–28.1	–22.6	–22.2
Free cash flow before financing	43.4	125.9	38.5	44.1	9.8	–1.4
Balance sheet (in EUR million)	**30 September 2009**	30 September 2008	30 September 2007	30 September 2006	30 September 2005	30 September 2004
Total assets	818.8	925.5	843.1	831.8	867.7	826.7
Net working capital	210.5	254.0	247.5	203.9	202.3	196.1
Net debt	6.3	18.4	116.6	133.3	178.3	286.9
Equity	227.7	271.2	209.0	188.9	160.6	65.1
Equity ratio in %	27.8 %	29.3 %	24.8 %	22.7 %	18.5 %	7.9 %
Gearing in %	2.7 %	6.8 %	55.8 %	70.6 %	111.0 %	440.7 %
Employees						
Employees[4]	5,934	6,093	5,813	5,680	5,520	5,783
Of which						
inside Germany	2,906	3,008	2,926	2,852	–	–
outside Germany	3,028	3,085	2,887	2,828	–	–
Shares						
Number of shares (in million)	21.2	21.2	21.2	21.2	–	–
Market capitalisation (in EUR million)	519.6	589.2	699.6	571.7	–	–
Dividend per share (in EUR)	–	1.40	1.10	1.00	–	–
Closing share price (in EUR)[5]	24.54	27.83	33.04	27.00	–	–

1 Combined Financial Statements.
2 Adjusted to reflect the effects of operating adjustments.
3 Adjusted to reflect the effects of operating adjustments and tax effects.
4 Employees as at the end of the period, excluding temporary employees, apprentices and trainees.
5 As per XETRA closing.

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