

Consolidated Interim Financial Statements

Pages 18–34

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

	Subscribed capital	Additional paid-in capital
in EUR thousand		
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 at- tributable 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
<i>Free cash flow (FCF) before financing*</i>	<i>-13,044</i>	<i>43,785</i>
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
<i>Free cash flow before financing, interest and tax payments*</i>	<i>-5,680</i>	<i>52,979</i>

* 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	
	Q3 2009/2010	Q3 2008/2009*	Q3 2009/2010	Q3 2008/2009*
in EUR thousand				
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)	
	Q3 2009/2010	Q3 2008/2009*	Q3 2009/2010	Q3 2008/2009*	Q3 2009/2010	Q3 2008/2009*
in EUR thousand						
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	
	Q1-Q3 2009/2010	Q1-Q3 2008/2009*	Q1-Q3 2009/2010	Q1-Q3 2008/2009*
in EUR thousand				
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)	
	Q1-Q3 2009/2010	Q1-Q3 2008/2009*	Q1-Q3 2009/2010	Q1-Q3 2008/2009*	Q1-Q3 2009/2010	Q1-Q3 2008/2009*
in EUR thousand						
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 fu- ture 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:

in EUR thousand	30 June		30 September	
	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	–


in EUR thousand	1 October to 30 June	
	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.

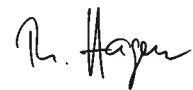
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Financial Calendar 2010

7 December 2010

Financial Statements, Financial Year 2009/2010

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