DEMAG CRANES AG

We Can Handle It.

Interim Report 1st Quarter 2007/2008

Group Key Figures

(IFRS)

Earnings (in EUR million)	Q1 2007/2008	Q1 2006/2007	Δ	Financial Year 2006/2007
Order intake	295.0	274.4	7.5%	1,205.1
Order book[1]	430.1	337.6	27.4%	427.6
Revenue	291.1	242.5	20.0%	1,080.4
of which inside Germany	21.0%	18.5%	2.5% points	19.0%
of which outside Germany	79.0%	81.5%	-2.5% points	81.0%
Gross profit	81.7	69.0	18.4%	291.7
in % of revenue	28.1%	28.5%	-0.4% points	27.0%
Adjusted EBITDA[2]	35.2	26.5	33.0%	118.5
Adjusted EBIT[2]	29.9	20.9	43.1%	94.6
in % of revenue	10.3%	8.6%	1.7% points	8.8%
EBIT	29.5	18.6	58.3%	82.0
Adjusted net income after taxes[3]	17.8	10.7	65.8%	51.1
Net income after taxes	17.6	9.4	86.9%	32.8

Cash flow (in EUR million)	Q1 2007/2008	Q1 2006/2007	Δ	Financial Year 2006/2007
Cash flow from operating activities	10.6	-8.3	228.2%	64.7
Cash flow from investing activities	-1.4	-1.4	4.5%	-26.1
of which capital expenditure	-2.7	-5.5	51.0%	-30.7
Free cash flow before financing	9.3	-9.7	195.0%	38.5

Balance sheet (in EUR million)	31 December 2007	31 December 2006	Δ	30 September 2007
Balance sheet total	858.6	865.4	-0.8%	843.1
Working capital	270.2	231.2	16.9%	247.5
Net financial liabilities	107.3	142.5	-24.7%	116.6
Equity	226.0	196.7	14.9%	209.0
Equity ratio in %	26.3%	22.7%	3.6% points	24.8%
Gearing in %	47.5%	72.4%	-25.0% points	55.8%

Employees	31 December 2007	31 December 2006	Δ	30 September 2007
Employees[4]	5,846	5,686	2.8%	5,813
of which inside Germany	2,924	2,917	0.2%	2,926
of which outside Germany	2,922	2,769	5.5%	2,887

Shares	31 December 2007	31 December 2006	Δ	30 September 2007
Number of shares (in millions)	21.2	21.2	–	21.2
Market capitalisation (in EUR million)	621.2	846.9	-26.7%	699.6
Adjusted earnings per share (in EUR)[3]	0.84	0.51	64.7%	2.41
Earnings per share (in EUR)	0.83	0.44	89.3%	1.53
Dividend per share (in EUR)	–	–	–	1.10
Share closing rate (in EUR)[5]	29.34	40.00	-26.7%	33.04
High (in EUR)[5]	39.75	40.00	-0.6%	52.02
Low (in EUR)[5]	27.00	26.95	0.2%	26.70

[1] As at the end of the period
[2] The adjustments reflect the effects of the purchase accounting method and one-off effects
[3] The adjustments reflect the effects of the purchase accounting method, one-off effects and tax effects
[4] Employees as at the end of the period excluding temporary employees, apprentices and trainees
[5] As per Xetra market

Segment Key Figures

INDUSTRIAL CRANES (in EUR million)	Q1 2007/2008	Q1 2006/2007	Δ	Financial Year 2006/2007
Order intake	146.2	130.6	12.0%	575.4
Order book[1]	254.7	181.9	40.1%	251.5
Revenue	141.8	111.5	27.2%	485.4
Adjusted gross profit[2]	37.8	31.9	18.4%	134.8
Adjusted EBIT[2, 3]	9.5	5.0	90.3%	25.0
in % of revenue	6.7%	4.5%	2.3% points	5.2%
Employees[4]	3,364	3,325	1.2%	3,350

PORT TECHNOLOGY (in EUR million)	Q1 2007/2008	Q1 2006/2007	Δ	Financial Year 2006/2007
Order intake	66.1	68.8	-3.9%	323.3
Order book[1]	127.7	113.5	12.5%	128.9
Revenue	67.0	61.0	9.9%	298.9
Adjusted gross profit[2]	12.7	13.7	-7.5%	52.3
Adjusted EBIT[2, 3]	2.9	2.8	3.7%	10.4
in % of revenue	4.3%	4.6%	-0.3% points	3.5%
Employees[4]	798	778	2.6%	795

SERVICES (in EUR million)	Q1 2007/2008	Q1 2006/2007	Δ	Financial Year 2006/2007
Order intake	82.7	74.9	10.3%	306.4
Order book[1]	47.6	42.3	12.7%	47.3
Revenue	82.3	70.1	17.4%	296.1
Adjusted gross profit[2]	32.5	26.0	24.8%	115.4
Adjusted EBIT[2, 3]	19.0	13.3	42.4%	62.2
in % of revenue	23.1%	19.0%	4.1% points	21.0%
Employees[4]	1,657	1,583	4.7%	1,643

[1] As at the end of the period
[2] The adjustments reflect the effects of the purchase accounting method and one-off effects
[3] In this quarterly report, Demag Cranes AG central holding company expenses not directly allocable to segments are shown for the first time as a separate item. The comparison figures (Q1 2006/2007 and financial year 2006/2007) have been restated accordingly.
[4] Employees as at the end of the period, excluding temporary employees, apprentices and trainees

At a Glance

- Group order intake increases by 7.5 percent
- Group revenue grows by 20.0 percent
- Adjusted Group EBIT boosted by 43.1 percent
- Guidance for financial year based on conservative estimate confirmed

Demag Cranes AG – We Can Handle It.

Demag Cranes is one of the world's leading providers of industrial cranes, crane components, harbour cranes and port automation technology. Services, in particular maintenance and refurbishment services, are another key element of the Group's business activities. The activities of Demag Cranes are divided up into three segments: Industrial Cranes, Port Technology and Services.

In "Demag" and "Gottwald", the Group has strong brands and believes that it is a global market leader by virtue of its innovation and technology leadership, its excellent product and service quality and its close and long-term customer relationships. Demag Cranes manufactures in 16 countries on five continents and through subsidiaries, agencies and a joint venture operates one of the most comprehensive worldwide revenue and service networks in the industry. The Group is represented in more than 60 countries and reaches customers in more than 100 countries.

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CEO Letter to our Shareholders

Dear Shareholders,
Ladies and Gentlemen,

First the good news: The Demag Cranes Group has made a very strong start to the financial year. We significantly improved our revenue and earnings figures compared with the same quarter a year earlier. Our order book is well filled and demand for our products remains strong – especially in global growth markets such as the BRIC states (Brazil, Russia, India and China), the Middle East and Eastern Europe, markets on which we place special focus. The current trend and the outlook for the remainder of the financial year are very promising indeed.

Contrasting with all this are the troubled times on the financial markets. Fed by the subprime crisis, fears of a recession in the USA have multiplied. Concerns are being voiced that the world economy might suffer a major slowdown as a result. The world's stock exchanges have reacted accordingly with sharp falls in security prices. The Demag Cranes share price was unable to break free of this trend, particularly since investors often switch in such market phases from shares in companies they consider to be cyclically dependent to less cyclical stocks.

Regarding such dependence, allow me to underscore at this point that the Demag Cranes Group is only marginally affected by cyclical fluctuations. The **Industrial Cranes segment** is its most cyclical. Even here, however, phenomena such as the trend towards infrastructure investment in growth markets offset any downturn scenarios in established markets. The segment is well positioned in this regard.

Our **Port Technology segment** has long benefited from the megatrend of globalisation and from steady growth in worldwide container handling. The forecasting institutes do not anticipate any medium-term decline on this front. Also, the majority of our customers – namely port operators – come under state regulation where policy decisions on matters such as infrastructure are implemented directly. Cyclical factors only play a secondary role here.

The **Services segment** is in itself scarcely cyclical, as the tendency to outsource and demand for repairs undergo a surge at the bottom of the business cycle. Refurbishment services also pick up in the event that capital expenditure on new products is postponed.

HARALD J. JOOS _ CEO and Member of the Board responsible for the Port Technology Segment

In the final analysis, cyclical developments cannot serve as an excuse for not doing one's homework. Our object is continuous qualitative improvement for Demag Cranes. This includes rigorously seeing through existing challenges, like cutting production costs in the Port Technology segment. In this way, we will boost our competitive standing and execute our strategy of sustained and profitable growth. Our first-quarter success underscores that we are on the right track.

Yours sincerely,

Harald J. Joos
CEO

The Share

Demag Cranes Shares

The Demag Cranes share price was unable to escape the capital market logjam in the first quarter of the 2007/2008 financial year. Worries about the impact of the subprime crisis on the US economy, high oil prices and a weak dollar made international investors wary of smaller stocks across the board and especially ones from the euro area.

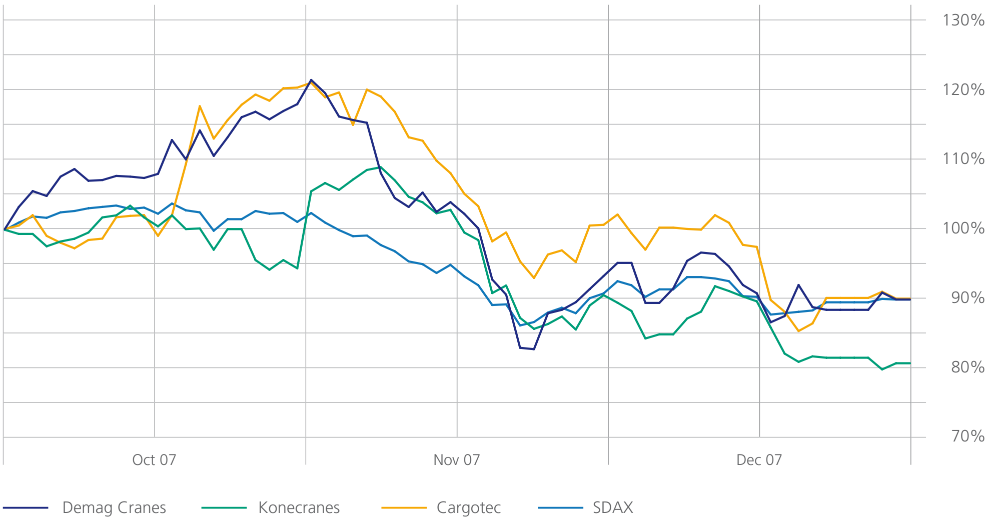
Xetra trading in Demag Cranes AG shares closed on 28 September 2007 at EUR 33.04. On 24 October 2007, we affirmed that we had met our revised targets for the 2006/2007 financial year and presented earnings-improvement measures that were already successfully underway in the Port Technology segment. The Demag Cranes share price afterwards reached a first-quarter high of EUR 39.75 on 31 October 2007.

In November and December, four international funds sold parts of their shareholdings and announced having passed below the three-percent threshold. This ongoing selling pressure was partly offset by purchases, notably on the part of German funds, but not sufficiently for a lasting recovery in the share price. Demag Cranes shares closed on 28 December 2007 at EUR 29.34, 10.3 percent down on the quarter's opening price. The SDAX benchmark index fell in the same quarter by 9.5 percent, from 3558.14 to 3219.88 points.

Key share data		31 December 2007	30 September 2007
Number of shares	Millions	21.17	21.17
Share closing rate*	in EUR	29.34	33.04
Market capitalisation	in EUR million	621.22	699.56
		Q1 2007/2008	**FY 2006/2007**
Average daily trading volume	Shares	222,641	180,683
High*	in EUR	39.75	52.02
Low*	in EUR	27.00	26.70
Earnings per share	in EUR	0.83	1.53

* As per Xetra market

Demag Cranes share price performance compared with SDAX, 1 October to 31 December 2007



After the end of the first quarter, the share price lost further ground in an unrelentingly slack market. Demag Cranes AG shares closed at EUR 24.15 on 24 January 2008.

On 12 December 2007, we published our consolidated financial statements for the 2006/2007 financial year and discussed the Company's earnings and outlook at well-attended press and analysts' conferences. We kept up the dialogue with analysts and fund managers in a several-day roadshow. We are in regular telephone contact with major investors. Three of our analysts published updates in December reaffirming their 'buy' or 'overweight' recommendations.

Ownership Structure

100 percent of the Company's shares were freely traded as at 31 December 2007.

Interim Management Report 1st Quarter 2007/2008

Business Overview and Market Development

The end of 2007 saw the German economy back on track for growth, although with diminishing momentum. The economy was still largely driven by foreign demand, which the dynamic world economy kept buoyant in the face of a massive rise in the euro against the dollar.

Turbulence in international financial markets has since made an economic downturn seem significantly more likely. The ifo[1] World Economic Climate index dropped sharply over the last calendar quarter of 2007, with both the assessment of the present economic situation and expectations for the next six months revised downwards. The index fell in all three main economic regions – North America, Western Europe and Asia. The decline was steepest in North America, and most of all in the United States. The ifo indicator also dipped in Western Europe. The economic expectations point to an economic slowdown in the next six months for almost all countries in this region. Despite a weakening over the previous quarter, the current economic situation nonetheless received largely positive assessments except with regard to France and Portugal. The smallest decline in the economic climate was recorded in Asia.

Recent months have not only brought heightened risks to the economy. The price climate has also taken a turn for the worse, chiefly in the form of renewed major price hikes on key resources. Prices of crude oil and basic agricultural products climbed further in autumn 2007.

Despite the increasingly adverse general economic climate, the Demag Cranes Group succeeded in further solidifying its market position in the first quarter of the 2007/2008 financial year.

The Demag Cranes Group serves the global market for cargo handling technology and material logistics with products and services in its Industrial Cranes, Port Technology and Services segments. The overall market comprises all products used to execute, manage and monitor cargo handling and logistics processes, including related software solutions and services.

The Demag Cranes Group overall is only marginally dependent on cyclical trends. In principal, the Industrial Cranes segment has a late-cycle bias, but any cyclical risk in its established markets is largely checked by the trend towards infrastructure investment in emerging markets. The Services segment should actually be able to profit from a cyclical downturn because there tends to be stronger demand at such times for servicing, refurbishment and especially spare parts than for new capital goods.

[1] See Centre for Economic Studies (CES) (2007) CESifo is an independent institute at the Economic Faculty of Ludwig-Maximilians University that works closely with the Wirtschaftsforschungsinstitut (Economic Research Institute) ifo.

The Port Technology segment depends on worldwide cargo volumes, which are likely to be scarcely affected by cyclical fluctuations in individual regions. Participants in this market expect that container transport will continue growing strongly, and this should lend ongoing support to segmental performance.

Business Performance

Order intake and order book

The Group's order intake and order book continued to grow in the first quarter of the 2007/2008 financial year. Compared with the first quarter of 2006/2007, order intake rose through entirely organic growth by 7.5 percent from EUR 274.4 million to EUR 295.0 million. The order book swelled by no less than 27.4 percent compared with the prior-year quarter, to EUR 430.1 million.

in EUR million	Q1 2007/2008	Q1 2006/2007	Δ
Industrial Cranes	146.2	130.6	12.0%
Port Technology	66.1	68.8	-3.9%
Services	82.7	74.9	10.3%
Group order intake	**295.0**	**274.4**	**7.5%**

in EUR million	31 December 2007	31 December 2006	Δ
Industrial Cranes	254.7	181.9	40.1%
Port Technology	127.7	113.5	12.5%
Services	47.6	42.3	12.7%
Group order book	**430.1**	**337.6**	**27.4%**

At segment level, order intake in the Industrial Cranes segment increased in the first quarter by 12.0 percent to EUR 146.2 million. The gain was essentially spread across all product lines, although growth was particularly strong in Process Cranes. The segmental order book grew by EUR 72.9 million compared with the end of the prior-year quarter (31 December 2006) to EUR 254.7 million. This is equivalent to over six months' average revenue.

As budgeted, order intake in the Port Technology segment was slightly down on the first quarter of 2006/2007, falling 3.9 percent to EUR 66.1 million. Order intake in this segment is subject to intra-year fluctuation due to its almost exclusively project-based business with relatively small production runs.

This is also illustrated by the fourth quarter of the 2006/2007 financial year, when the Port Technology segment recorded its highest order intake ever – partly comprising a first 'series' order for ten automated stacking cranes (ASCs) under the major Antwerp contract. The Port Technology segment order book gained 12.5 percent on the end of the prior-year quarter, to EUR 127.7 million. We do not project any overall drop in demand for our products in this segment.

Order intake in the Services segment likewise kept up its positive trend, growing in the first quarter of 2007/2008 compared with the equivalent prior-year quarter by 10.3 percent from EUR 74.9 million to EUR 82.7 million. Spare parts business and refurbishment services contributed particularly strongly to this healthy growth. The order book increased to EUR 47.6 million, up 12.7 percent on the comparable prior-year period.

Revenue

Group revenue grew in the first quarter of 2007/2008 compared with the prior-year quarter by 20.0 percent to EUR 291.1 million.

in EUR million	**Q1 2007/2008**	**Q1 2006/2007**	Δ
Industrial Cranes	141.8	111.5	27.2%
Port Technology	67.0	61.0	9.9%
Services	82.3	70.1	17.4%
Group revenue	**291.1**	**242.5**	**20.0%**

A large proportion of this growth was accounted for by the Industrial Cranes segment, where revenue rose by 27.2 percent to EUR 141.8 million. All segmental product lines showed strong growth.

Revenue in the Port Technology segment increased compared with the same quarter of the previous financial year by 9.9 percent to EUR 67.0 million. Most of this revenue growth is attributable to strong demand for mobile harbour cranes.

Services segment revenue were 17.4 percent up on the equivalent prior-year quarter, reaching EUR 82.3 million by the end of the period under review. The main revenue drivers here were spare parts business and refurbishment services.

Earnings

Compared with the prior-year quarter, Group adjusted EBIT rose by 43.1 percent to EUR 29.9 million in the first quarter of 2007/2008.

in EUR million	Q1 2007/2008	Q1 2006/2007	Δ	Financial year 2006/2007
Industrial Cranes	9.5	5.0	90.3%	25.0
Port Technology	2.9	2.8	3.7%	10.4
Services	19.0	13.3	42.4%	62.2
Central holding company expenses / DC AG	-1.5	-0.3	–	-3.0
Adjusted Group EBIT	**29.9**	**20.9**	**43.1%**	**94.6**

In this quarterly report, Demag Cranes AG central holding company expenses not directly allocable to segments are shown for the first time as a separate item labelled 'Central holding company expenses/ DC AG'. The amounts concerned include Demag Cranes AG expenses for the Annual General Meeting, for auditing of the annual financial statements and for Supervisory Board remuneration. The Management Board considers that this presentation gives an appropriate and objective view of segmental earning power. In the period under review, the separate item contains Demag Cranes AG expenses amounting to EUR 1.5 million (Q1 2006/2007: EUR 0.3 million). The main reason for the rise in central holding company expenses compared with the first quarter of 2006/2007 is the cost of improved financial control and governance functions in the Group.

Segmental earnings:
Turning to the segmental figures, adjusted EBIT in the Industrial Cranes segment increased by no less than 90.3 percent compared with the first quarter of the 2006/2007 financial year, to EUR 9.5 million. This is largely down to successes with the Crane Components and Standard Cranes product lines.

Adjusted EBIT in the Port Technology segment came to EUR 2.9 million, a slight improvement on the same period of the previous financial year. A five-part package of cost improvement measures adopted in the 2006/2007 financial year is to be implemented by the end of the third quarter of 2007/2008 and will take full effect during 2008/2009. The engineering and equipment levels of all products have been carefully reviewed in relation to performance classes so as to open up scope for production cost improvements without lessening quality. Appraisal of standardisation levels and purchasing costs in particular has led to greater versatility in the revenue mix together with lasting cuts in production costs achieved without adding to delivery times. The adopted measures are being implemented to plan. The drop in adjusted EBIT compared with the fourth quarter of 2006/2007 is due to seasonal factors. The adjusted EBIT margin improved as expected from 3.5 percent in the 2006/2007 financial year to 4.3 percent in the first quarter of 2007/2008, not least due to the measures just mentioned being implemented on schedule.

In the Services segment, first-quarter adjusted EBIT increased by a substantial 42.4 percent to EUR 19.0 million. Major factors in this growth were the spare parts business and refurbishment services.

Adjusted Group EBITDA rose from EUR 26.5 million to EUR 35.2 million.

in EUR million	Q1 2007/2008	Q1 2006/2007	Δ
Adjusted Group EBIT	**29.9**	**20.9**	**43.1%**
Adjusted depreciation and amortisation	5.3	5.6	-4.8%
Adjusted Group EBITDA	**35.2**	**26.5**	**33.0%**

Financial position

Consolidated free cash flow before financing changed as follows during the first quarter:

in EUR million	Q1 2007/2008	Q1 2006/2007	Δ
Cash flow from operating activities	10.6	-8.3	228.2%
Cash flow from investing activities	-1.4	-1.4	4.5%
Free cash flow before financing	**9.3**	**-9.7**	**195.0%**

Despite a EUR 22.7 million rise in working capital, cash flow from operating activities improved by EUR 18.9 million to EUR 10.6 million. The cash flow increase is a result of very strong business performance in the first quarter of the 2007/2008 financial year.

Cash flow from investing activities remained near-constant at minus EUR 1.4 million. This is largely an outcome of two opposing factors: Cash outflows for capital expenditure were EUR 2.8 million down on the prior-year quarter, while cash inflows from revenue of property, plant and equipment and of intangible assets decreased by roughly EUR 2.7 million.

in EUR million	31 December 2007	30 September 2007	Δ
Cash and cash equivalents	67.4	55.7	20.9%
Net financial debt	107.3	116.6	-8.0%

Cash and cash equivalents increased compared with 30 September 2007 from EUR 55.7 million to EUR 67.4 million. Net financial debt fell by EUR 9.3 million due to the very strong cash flow from operating activities with drawings on the revolving credit facility held constant.

Net assets

in EUR million	31 December 2007	30 September 2007	Δ
Balance sheet total	858.6	843.1	1.8%
Working capital	270.2	247.5	9.2%
Total equity	226.0	209.0	8.1%
Gearing in %	47.5%	55.8%	–

Balance sheet total at 31 December 2007 were up EUR 15.5 million (1.8 percent) compared with 30 September 2007. The increase mostly reflects higher inventory levels in line with the fuller order book. There was also an EUR 11.7 million rise in cash and cash equivalents. This combined with a concurrent EUR 17.0 million increase in total equity led to an 8.3 percentage-point improvement in the gearing ratio (net financial debt to total equity), from 55.8 percent to 47.5 percent.

The equity ratio (total equity to balance sheet total) consequently stands at about 26 percent.

Employees

The Group had 5,846 employees* at 31 December 2007, an increase of 33 compared with 30 September 2007 and of 160 compared with 31 December 2006. The 2.8 percent year-on-year growth in the workforce went hand in hand with 20.0 percent growth in revenue.

	31 December 2007	31 December 2006	Δ	30 September 2007
Employees*	5,846	5,686	2.8%	5,813
Revenue per employee** (in EUR thousand)	50	43	17.0%	–

* Employees excluding temporary employees, apprentices and trainees
** Based on average employee numbers

Revenue per employee amounted to EUR 50 thousand in the first quarter of 2007/2008, 17.0 percent up on the figure for the prior-year quarter.

Report on Opportunities and Risks

There has been no significant change in opportunities and risks relative to the Risk Report on page 74 of the 2006/2007 Annual Report.

Outlook

Revenue and earnings expected to grow
We are operating on the assumption that the weakness of the US economy and uncertainties in international financial markets may lead to a slowdown in world economic growth and hence the domestic economy.

Given the highly volatile capital market environment described above, we have elected to take a safe approach in our expectations regarding the Group's figures for the 2007/2008 financial year and are not yet increasing our forecast for the year as a whole. Accordingly, our forecast of Group revenue in the EUR 1.13–1.16 billion range for the 2007/2008 financial year remains unchanged from the 2006/2007 Annual Report. Our projection for adjusted EBIT remains at approximately EUR 110.0 million for the time being.

We reaffirm our forecast of continued business growth for the remaining quarters of the 2007/2008 financial year. As mentioned earlier, we also consider our Company to be well placed with regard to cyclical fluctuations. We are confident that our Company will benefit from its strong market position and will achieve sustained profitable growth.

Dusseldorf, 24 January 2008

HARALD J. JOOS
CEO and Management Board member with responsibility for Port Technology

RAINER BEAUJEAN
CFO

THOMAS H. HAGEN
Management Board member with responsibility for Industrial Cranes and Services

Consolidated Interim Financial Statements

as at 31 December 2007 (1st Quarter 2007/2008)
according to IFRS

Consolidated Income Statement

1 October to 31 December 2007

in EUR thousand	Q1 2007/2008	Q1 2006/2007
Revenue	291,112	242,529
Cost of sales	-209,434	-173,533
Gross profit	**81,678**	**68,996**
Research and development expenditure	-4,736	-5,175
Selling, general and administrative expenses	-47,997	-45,826
Other operating income/expenses, net	-13	190
Share of profit of associated companies	572	448
Earnings before interest and tax (EBIT)	**29,504**	**18,633**
Interest and similar income/expenses, net	-3,235	-3,655
Earnings before taxes (EBT)	**26,269**	**14,978**
Income tax expenses	-8,629	-5,540
Net income after tax	**17,640**	**9,438**
of which attributable to the shareholders of Demag Cranes AG	*17,538*	*9,368*
of which attributable to minority interest	*102*	*70*
Earnings per share (in EUR), basic, diluted	**0.83**	**0.44**
Weighted average number of ordinary shares outstanding	21,172,993	21,172,993

Consolidated Balance Sheet

as at 31 December 2007

Assets in EUR thousand	Note	31 December 2007	30 September 2007
Goodwill		120,522	120,537
Other intangible assets		53,313	55,232
Property, plant and equipment		119,710	121,469
Investment property		184	394
Investments in associated companies		14,017	14,493
Other investments		718	745
Non-current trade receivables		665	618
Other non-current assets		2,340	2,288
Deferred tax assets		34,170	37,305
Total non-current assets		**345,640**	**353,081**
Inventories	3	227,865	220,265
Advance payments made		2,771	2,888
Trade receivables		191,189	186,414
Current financial receivables		1,162	1,129
Tax receivables		2,744	2,455
Other current assets		19,853	21,184
Cash and cash equivalents		67,377	55,716
Total current assets		**512,961**	**490,051**
Total assets		**858,601**	**843,132**

Shareholders' Equity and Liabilities in EUR thousand

	Note	31 December 2007	30 September 2007
Subscribed capital		21,173	21,173
Additional paid-in capital		193,232	192,962
Other reserves		10,487	-6,169
Equity attributable to shareholders of the parent company		**224,892**	**207,966**
Minority interests		1,092	990
Total equity		**225,984**	**208,956**
Non-current interest-bearing loans and borrowings	4	169,268	169,154
Non-current interest-bearing loans and borrowings		*170,972*	*170,980*
Non-amortised debt issuance cost		*-1,704*	*-1,826*
Pension plans and similar commitments		121,818	121,734
Non-current provisions		9,577	8,987
Other non-current liabilities		26,178	25,723
Deferred tax liabilities		5,530	5,897
Total non-current liabilities		**332,372**	**331,495**
Current interest-bearing loans and borrowings and current maturities of non-current debt instruments		4,874	2,497
Trade payables		69,325	72,376
Advance payments received		82,932	90,313
Current provisions		23,077	20,560
Provisions for tax		16,952	13,252
Other current liabilities		103,086	103,683
Total current liabilities		**300,245**	**302,681**
Total shareholders' equity and liabilities		**858,601**	**843,132**

Consolidated Statement of Cash Flow

1 October to 31 Dezember 2007

in EUR thousand	2007/2008	2006/2007
Net income after tax	**17,640**	**9,438**
Depreciation and amortisation	6,697	8,396
Interest income/expenses, net	3,235	3,655
Income tax	8,629	5,540
Sub-total	**36,201**	**27,029**
Change in inventories	-8,278	-20,299
Change in trade receivables	-6,637	7,029
Change in trade payables	-2,695	-23,001
Change in advance payments, net	-6,829	8,815
Contributions to pension funds	-246	-230
Gain/loss on disposal of fixed assets	-1,051	-494
Change in other assets/liabilities	4,202	-5,941
Cash flow from operating activities before interest and tax	**14,667**	**-7,092**
Net interest payments	-1,874	-452
Income tax payments	-2,160	-752
Cash flow from operating activities	**10,633**	**-8,296**
Purchase for investments in property, plant and equipment/intangible assets	-2,697	-5,507
Proceeds from the disposal of property, plant and equipment/intangible assets	1,317	4,062
Cash flow from investing activities	**-1,380**	**-1,445**
*Free cash flow before financing (FCF)**	*9,253*	*-9,741*
Changes in financial receivables/liabilities**	1,917	40,147
Dividends paid	0	0
Cash flow from financing activities	**1,917**	**40,147**
Effect of foreign exchange rate changes on free cash flow	464	-373
Net increase/decrease in cash and cash equivalents	**11,634**	**30,033**
Cash and cash equivalents as at 1 October	55,716	51,062
Effect of foreign exchange rate changes on cash on hand	27	-275
Cash and cash equivalents as at 31 December	**67,377**	**80,820**
*Free cash flow before financing, interest and tax payments**	*13,287*	*-8,537*

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

** Note:

Drawings on revolving credit facility	0	40,000
Increase/decrease in other financial liabilities	1,917	147
	1,917	**40,147**

Consolidated Statement of Shareholders' Equity

1 October to 31 December 2007

in EUR thousand	Subscribed capital	Additional paid-in capital	Other Reserves: Retained earnings	Other Reserves: Statement of recognised income and expenses (SORIE)	**Equity attributable to shareholders of the parent company**	Minority interest	**Total equity**
Balance as at 1 October 2007	**21,173**	**192,962**	**-8,984**	**2,815**	**207,966**	**990**	**208,956**
Net income after tax			17,538		**17,538**	102	**17,640**
Dividends paid							
Other changes		270		-882	**-612**		**-612**
Balance as at 31 December 2007	**21,173**	**193,232**	**8,554**	**1,933**	**224,892**	**1,092**	**225,984**
Balance as at 1 October 2006	**21,173**	**192,088**	**-20,251**	**-4,796**	**188,214**	**650**	**188,864**
Net income after tax			9,368		**9,368**	70	**9,438**
Other changes		180	-294	-1,504	**-1,618**		**-1,618**
Balance as at 31 December 2006	**21,173**	**192,268**	**-11,177**	**-6,300**	**195,964**	**720**	**196,684**

1) Basis for Preparation

IFRS Unaudited Interim Financial Statements

The Demag Cranes AG consolidated interim financial statements as at 31 December 2007 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 accounting policies used are in compliance with IAS 34 (Interim Financial Reporting). The accounting policies and methods of computation used for the interim financial statements are identical with those applied in the audited IFRS consolidated financial statements as at 30 September 2007 and are described in detail in the 2006/2007 Annual Report. No IFRS financial reporting pronouncements of relevance to the Group were applicable for the first time in the first three months of the 2007/2008 financial year.

The interim financial statements show a true and fair view of the financial position and performance of the Group in the period under review.

Scope of Consolidated Financial Statements

The interim financial statements include the separate financial statements of Demag Cranes AG and the interim financial statements of all material directly or indirectly controlled subsidiaries. OOO Demag Cranes & Components Russland, Moscow, a company established on 19 November 2007 by Demag Cranes & Components GmbH, Wetter, is included in the consolidated financial statements for the first time.

Use of Estimates

The preparation of interim financial statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the interim financial statements and the reported amounts of earnings and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions are based on experience and other factors believed to provide a reasonable foundation for determining carrying amounts of assets and liabilities that cannot be derived from other reliable sources. Interim results are not necessarily indicative of results to be expected for the full year.

Rounding

The consolidated financial statements are presented in euros, the Group's functional currency. Unless otherwise stated, all values are rounded to the nearest thousand euros (EUR thousand). Individual figures and totals represent the value with the smallest rounding error. Addition of the individual figures shown may therefore show minor discrepancies from displayed totals.

2) Segment Reporting

The Group distinguishes between business segments and geographical segments. The segmental information provided in interim financial reporting complies in substance and scope with the requirements of IAS 14 for the primary segment reporting format. This format takes into account the segments' differing risks and earnings structures and reflects internal reporting (the management approach). For detailed information related to the secondary segment reporting format (geographical segments), please refer to page 106 onwards in the Notes to the Consolidated Financial Statements as at 30 September 2007.

Primary Reporting Format (business segments)
The Group has three reporting segments based on type of product and service (Industrial Cranes, Port Technology and Services). Information on segmental performance in the first quarter of the 2007/2008 financial year is provided in the following.

IAS 14 segmental information

	1 October to 31 December					
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
in EUR thousand	Revenue		Segment earnings (EBIT)		Scheduled depreciation and amortisation	
Industrial Cranes	141,833	111,469	8,654	3,111	3,813	5,084
Port Technology	67,005	60,981	2,418	2,623	2,205	1,933
Services	82,274	70,079	18,433	12,899	679	1,379
Total	**291,112**	**242,529**	**29,504**	**18,633**	**6,697**	**8,396**

Supplementary segmental information

	1 October to 31 December							
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
in EUR thousand	Adjusted EBIT		*in percent of revenue*		Adjusted scheduled depreciation and amortisation		Adjusted EBITDA	
Industrial Cranes	9,549	5,018	*6.7*	*4.5*	2,683	2,945	12,232	7,963
Port Technology	2,890	2,788	*4.3*	*4.6*	2,080	1,763	4,970	4,551
Services	18,991	13,332	*23.1*	*19.0*	547	885	19,538	14,217
Central holding company / DC AG	-1,540	-255			32	20	-1,508	-235
Total	**29,890**	**20,883**	*10.3*	*8.6*	**5,342**	**5,613**	**35,232**	**26,496**

In addition to the information required under IFRS, the Group presents a second set of segmental figures based on adjusted EBIT. This is a measure of earnings used for management purposes and differs from reported segment earnings (EBIT) in that certain items are excluded. Adjusted EBIT is derived as follows from the first-quarter EBIT figure shown in the consolidated income statement:

in EUR thousand	Q1 2007/2008	Q1 2006/2007
Adjusted EBIT	**29,890**	**20,883**
– Effects from purchase accounting depreciation and amortisation	-1,355	-2,784
– Adjustments for one-off effects*	969	534
Segment earnings (EBIT)	**29,504**	**18,633**
* Of which:		
Gains/losses on divestments	969	534

Aside from expenses that cannot be allocated to the segments directly or on any other reasonable allocation basis, adjusted EBIT also excludes purchase-accounting depreciation and amortisation, which represents the impact on depreciation and amortisation of fair-value adjustments to assets acquired in business combinations. Adjusted EBIT is consequently higher than reported segment earnings (EBIT), which includes part of the eliminated expenses.

The Management Board believes that such effects are not indicative of the Group's ongoing operating performance and that the Group's operating performance is more accurately reflected by excluding them. Irrespective of this, the Group may yet incur expenses similar to those excluded as part of the adjustments.

In addition to adjusted EBIT, the Group also uses other non-IFRS indicators in measuring general profitability and cash flow. As a measure of profitability, the Management Board computes adjusted EBITDA. This is found from adjusted EBIT by adding back depreciation and amortisation with the exclusion of purchase accounting depreciation and amortisation.

The definitions of these key Group performance indicators may differ from similar indicators used by other companies, and the presented figures may not be fully comparable between companies. The indicators should not be viewed in isolation, nor are they meant to take the place of the remaining financial statement analysis. In particular, they are not intended to be viewed by investors as alternatives to other, IFRS-based indicators of Group performance.

3) Inventories

in EUR thousand	**31 December 2007**	**30 September 2007**
Raw materials and supplies	50,408	41,766
Work in progress	169,059	171,055
Finished goods and products held for resale	8,398	7,444
Total inventories	**227,865**	**220,265**

4) Long-Term Interest-Bearing Loans and Borrowings

Long-term interest-bearing loans and borrowings as at 31 December 2007 comprise the following:

in EUR thousand	31 December 2007	30 September 2007
Revolving credit facility	170,000	170,000
Finance lease obligations	28	31
Financial debt to related parties	490	490
Other debt	557	565
Less current maturities	-103	-106
Long-term interest-bearing loans and borrowings	**170,972**	**170,980**
Non-amortised debt issuance cost	-1,704	-1,826
Long-term debt including non-amortised debt issuance cost	**169,268**	**169,154**

The revolving credit facility for EUR 325,000 thousand (including an ancillary facility of EUR 105,000 thousand) was opened on 16 June 2006 and terminates on 27 June 2011. Drawings on the facility at 31 December 2007 were as follows:

- EUR 170,000 thousand drawn on the revolving credit facility itself (due March 2008). This sum is equal in amount to the drawings as at 30 September 2007.

- EUR 61,337 thousand drawn on the ancillary credit line for guarantees (30 September 2007: EUR 63,284 thousand)

5) Contractual Commitments

The following other contractual commitments existed as at 31 December 2007:

	31 December 2007			
in EUR thousand	Less than one year	One to five years	More than five years	**Total**
Operating lease obligations	10,516	21,132	5,419	**37,067**
Purchase commitments				
– Fixed assets	4,773			**4,773**
– Inventories	131,725	17,631		**149,356**
– Other assets	7,305			**7,305**
Total contractual commitments	**154,319**	**38,763**	**5,419**	**198,501**

6) Contingent Liabilities

A contingent liability is an obligation about which there is insufficient certainty for it to be accounted for as a provision or liability on the balance sheet. If the criteria for the recognition of a provision are met, the liability is shown on the balance sheet. As at 31 December 2007, obligations from issuing guarantees (excluding product warranties) were as follows:

	31 December 2007	
in EUR thousand	Maximum potential future obligation	Amount recognised as liability
Loan guarantees	11,671	0
Notes	1,223	0
Guarantees for third-party liabilities	58,544	0
Warranties	372	0
Other	1,694	0
Total contingent liabilities	**73,504**	**0**

Guarantees for third-party liabilities include contingencies from 'buy-back arrangements', which subsidiary Gottwald Port Technology GmbH enters into in connection with the sale of certain items of machinery and equipment it produces. As at 31 December 2007, the maximum potential liability amounted to EUR 55,396 thousand (30 September 2007: EUR 55,771 thousand).

7) Related Parties

Material transactions with related parties were as follows in the first quarter of the 2007/2008 financial year:

	1 October to 31 December		31 December	30 September
	2007	**2006**	**2007**	**2007**
Current debt to TBA Holding			110	280
Financial liabilities to TBA Holding			490	490
Revenue to MHE Demag Pte. Ltd.	4,290	3,263		
Receivables from MHE Demag Pte. Ltd.			4,413	4,848
Payables to MHE Demag Pte. Ltd.			20	68
Revenue to Donati Ltd.	449	350		
Receivables from Donati Ltd.			763	313
Financial receivables from Donati Ltd.			235	242
Revenue to E & W Anlagenbau GmbH	360	552		
Receivables from E & W Anlagenbau GmbH			1,694	1,800
Payables to E & W Anlagenbau GmbH			153	

No consulting services were provided in the period under review by the member of the Supervisory Board of Demag Cranes & Components GmbH and his consulting company listed in the related party disclosures in the 2006/2007 Annual Report. The amounts reported as at 31 December 2007 include EUR 45 thousand for services provided in the previous financial year but not yet invoiced.

8) Subsequent Events

No events material to the financial position and performance of the Group have arisen since 31 December 2007.

Financial calendar 2008

6 March 2008	Annual General Meeting, financial year 2006/2007
8 May 2008	Interim Report, 2nd Quarter 2007/2008
7 August 2008	Interim Report, 3rd Quarter 2007/2008
15 December 2008	Publication of annual financial statements for the financial year 2007/2008

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