



We Can Handle It.

DEMAG
CRANES AG

Interim Report 3rd Quarter 2006/2007

At a Glance

- ___ Group order intake increase 19.4 percent thanks to high demand in all segments
- ___ Group Sales up by 11.0% thanks to strong growth in the Industrial Cranes and Services segments
- ___ Adjusted EBIT decreases by 11.4 percent due to high manufacturing costs and hold-ups in transport in the Port Technology segment
- ___ Port Technology Segment: intensive review of manufacturing costs initiated
- ___ Outlook: Adjusted goals for financial year 2006/2007

Portrait

Demag Cranes AG 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. Demag Cranes operates through its three segments of Industrial Cranes, Port Technology and Services. The Group sees its core expertise in the development and design of technologically advanced cranes and hoists, as well as automated transport and logistics systems for ports, the provision of services for these products and the manufacture of high-quality components. In financial year 2005/2006, the Group, with its 5,680 employees, generated sales of some EUR 987 million.

The Demag Cranes AG share has been listed in the Prime Standard of the German Stock Exchange since 23 June 2006, and it has been included in the SDAX since 18 September 2006.

Group Key Figures

(IFRS)

Earnings (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ	Financial year 2005/2006
Order intake	295.3	247.2	19.4%	890.8	785.0	13.5%	1,054.0
Order book ¹	421.7	312.0	35.2%	421.7	312.0	35.2%	305.6
Sales	276.2	248.8	11.0%	773.8	713.9	8.4%	986.9
of which inside Germany	20.7%	20.1%	+0.6% -points	19.6%	19.2%	0.4% -points	19.2%
of which outside Germany	79.3%	79.9%	-0.6% -points	80.4%	80.8%	-0.4% -points	80.8%
Gross profit	70.0	68.6	2.1%	213.8	191.4	11.7%	267.2
Adjusted EBITDA ²	26.5	28.9	-8.3%	81.4	69.8	16.7%	105.6
Adjusted EBIT ²	21.2	23.9	-11.4%	65.2	54.8	18.9%	84.5
in % of sales	7.7%	9.6%	-1.9% -points	8.4%	7.7%	+0.7% -points	8.6%
EBIT	16.5	8.3	98.6%	55.4	27.7	100.2%	54.1
Adjusted net income after taxes	11.7	9.3	24.8%	35.8	25.0	43.2%	40.7
Net income after taxes	8.8	-0.2	>1,000%	29.9	8.5	252.0%	22.1
Cash flow (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ	Financial year 2005/2006
Cash flow from operating activities	10.4	13.7	-23.9%	13.6	19.0	-28.4%	57.6
Cash flow from investing activities	-5.1	-5.5	5.9%	-13.0	-7.1	-83.5%	-13.5
of which capital expenditures	-5.2	-5.4	4.5%	-17.3	-18.8	8.3%	-28.1
Free cash flow before financing	5.3	8.2	-35.9%	0.6	11.9	-94.8%	44.1
Balance (in EUR million)	30 June 2007	30 June 2006	Δ	30 June 2007	30 June 2006	Δ	30 September 2006
Total assets	867.1	849.5	2.1%	867.1	849.5	2.1%	831.8
Net working capital	262.8	219.7	19.6%	262.8	219.7	19.6%	203.9
Net financial debt	152.1	166.8	-8.8%	152.1	166.8	-8.8%	133.3
Total equity	198.2	168.3	17.7%	198.2	168.3	17.7%	188.9
Equity ratio in %	22.9%	19.8%	–	22.9%	19.8%	–	22.7%
Gearing in %	76.8%	99.1%	–	76.8%	99.1%	–	70.6%
Employees	30 June 2007	30 June 2006	Δ	30 June 2007	30 June 2006	Δ	30 September 2006
Employees ³	5,771	5,681	1.6%	5,771	5,681	1.6%	5,680
of which inside Germany	2,962	2,877	3.0%	2,962	2,877	3.0%	2,852
of which outside Germany	2,809	2,804	0.2%	2,809	2,804	0.2%	2,828
Share	30 June 2007	30 June 2006	Δ	30 June 2007	30 June 2006	Δ	30 September 2006
Total number of shares (in EUR million)	21.2	21.2	0	21.2	21.2	0	21.2
Market capitalisation (in EUR million)	1,047.0	488.0	114.5%	1,047.0	488.0	114.5%	571.7
Adjusted EPS (in EUR) ⁵	0.55	0.44	24.8%	1.69	1.18	43.2%	1.92
EPS (in EUR) ⁵	0.42	-0.01	>1,000%	1.40	0.40	252%	1.04
Dividend per share (in EUR) ²	–	–	–	–	–	–	1.00
Share price (in EUR) ⁴	49.45	23.05	114.5%	49.45	23.05	114.5%	27.00
High (in EUR) ⁴	52.02	24.02	116.6%	52.02	24.02	116.6%	27.05
Low (in EUR) ⁴	45.12	21.65	24.5%	26.95	21.65	24.5%	21.95

¹ As at the end of the period

² The adjustments reflect the effects of the purchase accounting method, one-off effects as well as Holding charges up to the IPO.

³ Employees as at the end of the period, excluding temporary employees, apprentices and trainees/including Holding employees.

⁴ As per XETRA market

⁵ For the third quarter or for the first nine months

Segment Key Figures

Industrial Cranes (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1-Q3 2006/2007	Q1-Q3 2005/2006	Δ	Financial year 2005/2006
Order intake	148.2	112.8	31.5%	450.7	359.6	25.3%	478.2
Order book ¹	266.3	165.3	61.1%	266.3	165.3	61.1%	164.0
Sales	119.8	106.4	12.6%	348.4	332.8	4.7%	449.0
Adjusted gross profit ²	34.8	29.9	16.4%	100.9	88.1	14.6%	118.9
Adjusted EBIT ²	5.5	3.8	42.5%	15.9	6.2	155.9%	10.8
in % of sales	4.6%	3.6%	+1.1%-points	4.6%	1.9%	+2.7%-points	2.4%
Employees ³	3,376	3,342	1.0%	3,376	3,342	1.0%	3,303

Port Technology (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1-Q3 2006/2007	Q1-Q3 2005/2006	Δ	Financial year 2005/2006
Order intake	72.0	64.6	11.5%	205.9	222.3	-7.4%	300.5
Order book ¹	104.8	105.4	-0.6%	104.8	105.4	-0.6%	104.0
Sales	79.0	77.4	2.1%	204.4	188.1	8.7%	269.6
Adjusted gross profit ²	6.3	16.6	-62.0%	33.9	40.4	-16.0%	60.8
Adjusted EBIT ²	-2.7	7.8	-134.5%	3.1	14.8	-79.3%	24.5
in % of sales	-3.4%	10.1%	-13.5%-points	1.5%	7.8%	-6.4%-points	9.1%
Employees ³	795	756	5.2%	795	756	5.2%	765

Services (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1-Q3 2006/2007	Q1-Q3 2005/2006	Δ	Financial year 2005/2006
Order intake	75.0	69.9	7.3%	234.2	203.2	15.2%	275.3
Order book ¹	50.6	41.3	22.6%	50.6	41.3	22.6%	37.5
Sales	77.5	65.0	19.2%	221.0	193.0	14.5%	268.3
Adjusted gross profit ²	31.5	24.5	28.5%	86.9	71.9	20.9%	99.0
Adjusted EBIT ²	18.4	12.3	50.0%	46.2	33.8	36.7%	49.3
in % of sales	23.7%	18.9%	+4.9%-points	20.9%	17.5%	+3.4%-points	18.4%
Employees ³	1,578	1,583	-0.3%	1,578	1,583	-0.3%	1,612

Group Total (in EUR million)	Q3 2006/2007	Q3 2005/2006	Δ	Q1-Q3 2006/2007	Q1-Q3 2005/2006	Δ	Financial year 2005/2006
Order intake	295.3	247.2	19.4%	890.8	785.0	13.5%	1054.0
Order book ¹	421.7	312.0	35.2%	421.7	312.0	35.2%	305.6
Sales	276.2	248.8	11.0%	773.8	713.9	8.4%	986.9
Adjusted gross profit ²	72.7	71.1	2.2%	221.8	200.4	10.7%	278.7
Adjusted EBIT ²	21.2	23.9	-11.4%	65.2	54.8	18.9%	84.5
in % of sales	7.7%	9.6%	-1.9%-points	8.4%	7.7%	+0.7%-points	8.6%
Employees ³	5,749	5,681	1.2%	5,749	5,681	1.2%	5,680

¹ As at the end of the period

² The adjustments reflect the effects of the purchase accounting method, one-off effects as well as the Holding charges up to the IPO.

³ Employees as at the end of the period, excluding temporary employees, apprentices and trainees

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4 Letter to the Shareholders

__ Dear Shareholder,
Ladies and Gentlemen,

As you may remember, in the last quarterly report we informed you of the high manufacturing costs in our Port Technology segment. At that time, we assumed that this was an issue that could be resolved quickly. However, our preliminary quarterly figures indicated that this issue concerning the high manufacturing costs resulting from a shift in the sales mix has regrettably taken a turn for the worse. In addition, transport bottlenecks have led to hold-ups in the delivery of manufactured cranes and thus delays in booking sales. The analysis conducted on behalf of the Management Board revealed that the issue is not a temporary one. Accordingly, we issued an ad-hoc announcement on 13 July 2007, stating that we would have to reduce the forecast for the annual earnings (adjusted EBIT) for the Group from approximately EUR 105 million to approximately EUR 93 million. Regrettably, the price of our share has been subject to considerable pressure as a result. In this Interim Report, we will provide background information and details on this cost issue in the Port Technology segment. At this point, we wish to convey four important messages:

1. The downward adjustment of the forecast was necessary solely due to issues concerning the Port Technology segment that makes up approximately 27 percent of our total sales.
2. There are no problems with products in the Port Technology segment. Generation 5 Mobile Harbour Cranes continue to be in high demand. As at 30 June 2007, Generation 5 cranes constituted 70 percent of the total order intake for harbour cranes. At the end of the past calendar year, they comprised approximately 30 percent.

3. There is no decrease in demand. The market for Mobile Harbour Cranes is growing – with no end in sight. With a market share of 47 percent¹ as at the end of the first quarter of the calendar year, we have not only succeeded in maintaining our position as the global market leader, but have in fact secured an even greater lead.
4. We have a manufacturing cost issue in the Port Technology segment. We are currently tackling the issue to substantially improve the results in this segment.

By contrast, in our two other segments, Industrial Cranes and Services, business results were also satisfactory in the third quarter. In these segments, we were able to boost sales and adjusted EBIT considerably compared to the same period of the prior year. Highlights include, in particular, the high order intake and the significant increase in sales in the Industrial Cranes and Services segments.

In total, we have seen significant growth at the Group level in sales and in adjusted EBIT in the first nine months compared to the prior-year period.

Yours sincerely,


The Management Board



— Harald J. Joos
Chairman



— Rainer Beaujean



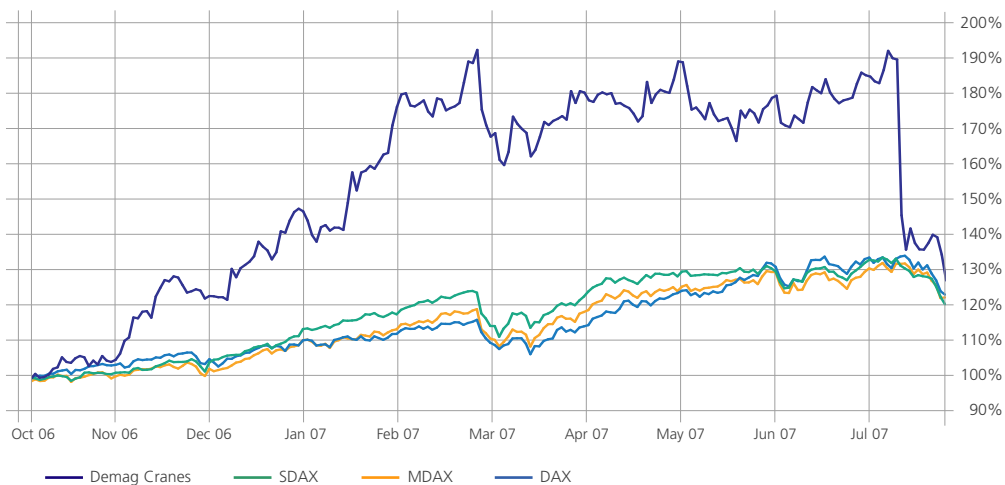
— Thomas H. Hagen

¹ Cargo Systems Magazine – Mobile harbour crane survey, May 2007

The Share

6 — The Demag Cranes share initially showed a satisfactory development in the third quarter and in the first nine months of financial year 2006/2007. In the period under review, i.e. from the beginning of the financial year on 1 October 2006 to 29 June 2007, our share rose 83.4 percent to EUR 49.45, performing better than the comparative SDAX index that went up by 31.0 percent. In the third quarter of financial year 2006/2007, the Demag Cranes share was characterised by a sideward development, reflected in the 2.6 percent increase. The SDAX index grew by 4.7 percent in the third quarter. In the first nine months of financial year 2006/2007, Demag Cranes AG recorded a high of EUR 52.02 on 26 February 2007 and a low of EUR 26.95 on 3 October 2006.

► Development of the Demag Cranes share price as compared to SDAX, MDAX, DAX
1 October 2006 to 27 July 2007



— Following the ad-hoc announcement on 13 July 2007, the share price declined rapidly. On 27 July 2007, the price closed at EUR 34.56.

Key share data		30 June 2007	31 March 2007	27 July 2007
Number of shares	in millions	21.2	21.2	21.2
Closing price*	EUR	49.45	48.79	34.56
Market capitalisation	EUR million	1,047.0	1,033.0	731.7
		Q1-Q3 2006/2007	Q1-Q2 2006/2007	
Average daily trading volume	No. of shares	122,715	128,181	
High*	EUR	52.02	52.02	
Low*	EUR	26.95	26.95	
Earnings per share	EUR	1.40	0.98	

* As per XETRA market

Shareholder Structure

— As at 30 June 2007, the free float was 100 percent.

Special Item: Port Technology Segment

Unexpected Negative Impact

Background Information

— The mobile harbour crane is a high-tech product and is a high-grade capital investment good with an average price of some EUR 2.5 million. To ensure the short delivery lead-times and to achieve lasting cuts in manufacturing costs, the new Generation 5 mobile harbour cranes are manufactured based on the principles of standardisation and modularisation. Standardisation is to be understood here as the use of many identical parts for building the various crane models. As a result, the number of different types of components is reduced, enabling procurement costs to be cut largely thanks to the economies of scale. Modularisation is to be understood as the use of certain crane assemblies for building various types of crane models – similar to the platform strategy in the automotive industry. By pre-producing these modules and reducing the time required for crane production, the delivery lead-times are substantially shortened for customers, an attractive feature that provides a competitive edge. A few quarters may pass from the time of component procurement to production, from transport to final assembly and hand-over of the crane depending on the model and its destination. Correspondingly, the advance procurement of components and pre-production has become more important. Mobile harbour cranes are, for the most part, transported to customers by ship. Special ships are required that are hired as soon as the delivery date is agreed upon with the customer.

How Did This Current Situation Come About?

— Prior to the market launch of the Generation 5 cranes last year, figures for sales goals with regard to the various models and designs for the financial year 2006/2007 were defined. As Generation 5 is *the* state-of-art concept for mobile harbour cranes worldwide, there were no empirical figures with regard to demand for the different types of performance features of the three models currently available. Based on the assumptions made, components were standardised and modules pre-manufactured. The sales success clearly indicates that Generation 5 as a product line has been very well received by the market. However, the performance features customers ordered differ greatly from those anticipated. As a result, many high-grade components were used to manufacture the cranes ordered, resulting in higher manufacturing costs per crane. In addition, there were hold-ups in deliveries of the already manufactured cranes due to a shortage of ships that could be hired for transport. Owing to the global economic boom, a lower number of the special ships required was available.

Interim Report

3rd Quarter 2006/2007

Business Overview and Market Development

— The second calendar quarter of 2007 continued to be characterised by a high-level global economic growth that showed only very slight signs of weakening, and thus was considerably above the long-term average. According to CESifo¹, the expectations for the coming six months have improved further, pointing to a robust world economic development in the second half of 2007.

Thus, the economic environment for Demag Cranes AG will remain stable at a high level in the essential markets. In particular in Western Europe, especially in Germany, the Netherlands and the Scandinavian countries, the Ifo climate indicator¹ rose once again, while in North America and in some regions of Asia, the indicator has clearly fallen. China, however, remains the driving engine for growth in this region with expectations continuing to grow.

This afore-mentioned development reflects the situation on the procurement market. The Purchasing Manger Index² (PMI) recorded growth in orders for the twenty-first time if only at a slightly lower rate. Such a trend has not been recorded since the year 2000. Owing to this positive economic development, the order intake of capital-goods manufacturers has seen an increase in the industrial-goods sector. Due to this high demand, the situation in global supply markets continues to be difficult. On-going bottlenecks in supplies, for example, castings, have the greatest impact on the Industrial Cranes segment.

¹ Source: Center for Economic Studies (CES) (2007). CESifo is an independent institute of the Faculty of Economics at the Ludwig-Maximilian University in Munich that works closely with the Ifo Institute for Economic Research.

² Source: NTC/BME Purchasing Mangers' Index (PMI) Federal Association Materials Management, Purchasing and Logistics e.V. (Bundesverband Einkauf, Materialwirtschaft und Logistik e.V.)

The situation on the commodity markets remains tense. In the foreseeable future, historically high prices can be expected. The London Economist Intelligence Unit (EIU) has predicted this high-price trend for the remaining part of this year and for 2008. The Industrial Raw Materials (IRM) price index by the London economy specialists is anticipated to increase in 2007 – and thus for the sixth year in a row – by a further 12 percent. Since the beginning of the cycle, the index has grown around 150 percent³.

Business Development

Order Intake

— Order intake in the Group saw a very positive development in the third quarter. Compared to the third quarter of the prior-year, order intake increased solely thanks to organic growth by 19.4 percent from EUR 247.2 million to EUR 295.3 million. All three segments contributed to this positive development.

in EUR million	Q3 2006/2007	Q3 2005/2006	Δ	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ
Industrial Cranes	148.2	112.8	31.5%	450.7	359.6	25.3%
Port Technology	72.0	64.6	11.5%	205.9	222.3	-7.4%
Services	75.0	69.9	7.3%	234.2	203.2	15.2%
Group order intake	295.3	247.2	19.4%	890.8	785.0	13.5%

At segment level, order intake in the Industrial Cranes segment increased in the third quarter by 31.5 percent, totalling EUR 148.2 million thanks to the strong growth rates compared to the prior-year period in the standard and process crane product lines. In a quarterly year-on-year comparison, the order book of this segment was up by EUR 101.0 million at EUR 266.3 million, a figure equivalent to about five months of average sales. Some EUR 40 million of this order book resulted from an agency agreement with a former affiliated company we reported in the second quarter. Low to neutral gross profit is expected to be generated from this order.

Order intake in the Port Technology segment grew in the third quarter in a year-on-year comparison by 11.5 percent to EUR 72.0 million. This growth is attributable, in particular to its core product, mobile harbour cranes and to the high customer acceptance of the new Generation 5 cranes. In total, the order book at EUR 104.8 million remained at the level of the prior-year third quarter. Primarily due to the major order for fully automated container transporters (AGVs) reported in the first quarter, a cumulative comparison for the third quarter indicates a decline in order intake.

³ Source: Handelsblatt Online, 19 June 2007

The Services segment continued to see a positive trend. Order intake in the third quarter compared to that of the prior-year was up 7.3 percent from EUR 69.9 million to EUR 75.0 million. In particular, spare parts and refurbishment were the main drivers of business. The order book at EUR 50.6 million was 22.6 percent higher than the prior-year period.

Sales

— Group sales grew in the third quarter by 11.0 percent to EUR 276.2 million in a quarterly year-on-year comparison. In the first nine months, sales went up by 8.4 percent to EUR 773.8 million.

in EUR million	Q3 2006/2007	Q3 2005/2006	Δ	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ
Industrial Cranes	119.8	106.4	12.6%	348.4	332.8	4.7%
Port Technology	79.0	77.4	2.1%	204.4	188.1	8.7%
Services	77.5	65.0	19.2%	221.0	193.0	14.5%
Group sales	276.2	248.8	11.0%	773.8	713.9	8.4%

In the third quarter, the Industrial Cranes segment contributed substantially to the boost in sales of 12.6 percent to EUR 119.8 million compared to the same period in the prior year. Essentially, all product lines saw a considerable increase in sales. Cumulative sales for this segment were up 4.7 percent at EUR 348.4 million.

Contrary to expectations, sales in the Port Technology segment only grew slightly in a quarterly year-on-year comparison by 2.1 percent to EUR 79.0 million. This slower-than-expected development is essentially ascribable to transport bottlenecks on the global market, causing sales to be booked later due to hold-ups in deliveries. At EUR 204.4 million, sales in the first nine months improved by 8.7 percent. As explained in the section on order intake, demand for mobile harbour cranes of all sizes and performance classes remains high, in particular, for the Generation 5 cranes.

In the Services segment, sales at a growth rate of 19.2 percent compared to the prior-year quarter improved most significantly of the three segments, amounting to EUR 77.5 million at the end of the period under report. Cumulative sales for this segment in the third quarter of financial year 2006/2007 were at EUR 221.0 million, up 14.5 percent.

Earnings

— On a quarterly basis, adjusted EBIT declined by EUR 2.7 million, in particular, due to the negative impact of the Port Technology segment. In the first nine months, adjusted Group EBIT was up 18.9% at EUR 65.2 million.

in EUR million	Q3 2006/2007	Q3 2005/2006	Δ	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ
Industrial Cranes	5.5	3.8	42.5%	15.9	6.2	155.9%
Port Technology	-2.7	7.8	-134.5%	3.1	14.8	-79.3%
Services	18.4	12.3	50.0%	46.2	33.8	36.7%
Adjusted Group EBIT	21.2	23.9	-11.4%	65.2	54.8	18.9%

At segment level, adjusted EBIT in the Industrial Cranes segment in the third quarter soared 42.5 percent to EUR 5.5 million in a quarterly year-on-year comparison. Cumulative adjusted EBIT in the Industrial Cranes segment was at EUR 15.9 million.

In the Port Technology segment, adjusted EBIT plunged, amounting to EUR -2.7 million, attributable to the high manufacturing costs for the Generation 5 mobile harbour cranes.

Each of the Generation 5 performance classes is being thoroughly reviewed in terms of their design and equipment in order to achieve even greater optimisation with regard to the related manufacturing costs. In particular, the degree of standardisation and the procurement costs are being examined. The goal is to increase flexibility with respect to the sales mix and to achieve lasting cuts in manufacturing costs without prolonging delivery lead-times.

To sum up, the Generation 5 mobile harbour cranes are very well received by the market; the problem we have concerns their manufacturing costs only. The high demand is underscored by the number of cranes sold: as at 30 June 2007, Generation 5 cranes made up 70 percent of the total sales for mobile harbour cranes. As at 31 December 2006, they comprised some 30 percent. The principles of modularisation and standardisation in the manufacturing process are not being challenged here as customers still expect delivery as quickly as possible.

In the Services segment, EBIT in a quarterly year-on-year comparison increased significantly by 50.0 percent to EUR 18.4 million. Cumulative adjusted EBIT amounted to EUR 46.2 million, up 36.7 percent over the prior-year period.

Financial Position

Free Group cash flow before financing saw the following development in the first nine months:

in EUR million	Q1–Q3 2006/2007	Q1–Q3 2005/2006	Δ
Cash flow from operating activities	13.6	19.0	-28.4%
Cash flow from investment activities	-13.0	-7.1	-83.5%
Free cash flow before financing	0.6	11.9	-94.8%

Compared to the prior-year period, cash flow from operating activities decreased by EUR 5.4 million to EUR 13.6 million. This decrease is essentially due to the increase of inventories in the Port Technology segment. The satisfactory earnings of the Industrial Cranes and Services segments counter the impact of this decrease, improving Group EBITDA accordingly.

Cash flow from investment activities dropped from EUR -7.1 million to EUR -13.0 million. Small-scale investments and the inclusion of two companies in the prior-year consolidated group have had a cumulative effect on cash flow (EUR 3.5 million). The drop in cash flow from investment activities in the period under review can be explained by way of the changes in the sales proceeds incurred. In the prior year, sales proceeds amounting to EUR 13.7 million from sales related to real estate were held as financial investments. In the nine months under review of financial year 2006/2007, EUR 4.3 million in sales proceeds were incurred. Adjusted for this changing effect by EUR -9.3 million, free cash flow before financing is almost at the same level of the prior year.

in EUR million	30 June 2007	30 September 2006	Δ
Cash and cash equivalents	51.9	51.1	1.6%
Net financial debt	152.1	133.3	14.2%

Cash and cash equivalents have hardly changed compared to the end of the prior financial year as at 30 September 2006. Net financial debts have increased, in particular, due to the higher net working capital in the Port Technology segment.

Net Assets

in EUR million	30 June 2007	30 September 2006	Δ
Total assets	867.1	831.8	4.3%
Net working capital	262.8	203.9	28.9%
Total equity	198.2	188.9	4.9%
Gearing	76.8%	70.6%	–

— Total assets as at 30 June 2007 went up by EUR 35.4 million compared to 30 September 2007 (4.3 percent). This increase essentially resulted from higher levels of inventory amounting to EUR 40 million in both the Port Technology and the Industrial Crane segments. The greater amount of inventory is the main reason for the increase in net working capital as compared to 30 September 2006.

Total equity grew by EUR 9.3 million, the equity ratio being approximately 22.9 percent.

Employees

— As at 30 June 2007, the Group had 5,771 employees*, 91 more than as at 30 September 2006. Compared to the reference date of 2005/2006, headcount went up by 90 employees or 1.6 percent. At the same time, sales grew by 8.4 percent.

	30 June 2007	30 June 2006	Δ	30 September 2006
Employees*	5,771	5,681	1.6%	5,680
Sales per employee** in EUR thousand	135	127	6.0%	

* Employees as at the end of the period excluding temporary employees, apprentices and trainees/including Holding employees.

** Employees on average for the first nine months, excluding temporary employees, apprentices and trainees.

Sales per employee went up to EUR 135 thousand and thus 6.0 percent.

Outlook

— Based on the information currently available, we expect Group sales of EUR 1,040 million to EUR 1,070 million to be achieved for financial year 2006/2007, adjusted EBIT of some EUR 93 million and adjusted Group EBITDA of some EUR 113 million.

Consolidated Interim Financial Statements

as at 30 June 2007 (3rd Quarter 2006/2007)

Consolidated Income Statement

1 April to 30 June 2007

in EUR thousand	Note	Legal consolidation		
		Q3 2006/2007	Q3 2005/2006	Q3 2005/2006
Sales	2	276,223	248,751	201,817
Cost of sales		-206,197	-180,133	-143,104
Gross profit	2	70,026	68,618	58,713
Research and development expenses		-2,679	-3,490	-2,804
Selling, general and administrative expenses		-50,185	-58,397	-53,121
Other operating income/expenses, net		-1,078	1,047	1,140
Profit share on associated companies		419	530	530
Earnings before interest and taxes (EBIT)	2	16,503	8,308	4,458
Interest and similar income/expenses, net		-3,920	-8,463	-7,074
Earnings before taxes (EBT)		12,583	-155	-2,616
Income tax income/expenses		-3,759	4	-447
Net income after taxes		8,824	-151	-3,063
of which attributable to the shareholders of Demag Cranes AG		8,799	-191	-3,073
of which attributable to minority interest		25	40	10
Earnings per share (in EUR), basic/diluted		0.42	-0.01	–
Weighted average number of ordinary shares outstanding		21,172,993	21,172,993	–

Consolidated Income Statement

1 October 2006 to 30 June 2007

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in EUR thousand	Note	Legal consolidation		
		Q1-Q3 2006/2007	Q1-Q3 2005/2006	Q1-Q3 2005/2006
Sales	2	773,751	713,920	566,941
Cost of sales		-559,954	-522,493	-408,805
Gross profit	2	213,797	191,427	158,136
Research and development expenses		-13,023	-11,367	-8,156
Selling, general and administrative expenses		-145,638	-154,329	-133,563
Other operating income/expenses, net		-634	1,013	675
Profit share on associated companies		942	950	950
Earnings before interest and taxes (EBIT)	2	55,444	27,694	18,042
Interest and similar income/expenses, net		-11,082	-16,898	-12,561
Earnings before taxes (EBT)		44,362	10,796	5,481
Income tax income/expenses		-14,472	-2,303	-1,456
Net income after taxes		29,890	8,493	4,025
of which attributable to the shareholders of Demag Cranes AG		29,631	8,456	4,015
of which attributable to minority interest		259	37	10
Earnings per share (in EUR), basic/diluted		1.40	0.40	–
Weighted average number of ordinary shares outstanding		21,172,993	21,172,993	–

Consolidated Balance Sheet

as at 30 June 2007

Assets in EUR thousand	Note	30 June 2007	30 September 2006
Goodwill		120,552	120,537
Other intangible assets		55,591	59,921
Property, plant and equipment		116,402	120,989
Investment property		2,250	4,881
Investments in associates		12,345	11,798
Other investments		736	785
Long-term trade receivables		1,167	1,224
Other long-term assets		2,349	2,415
Deferred tax assets		65,905	70,732
Total noncurrent assets		377,297	393,282
Inventories	3	225,557	185,533
Advance payments made		3,587	2,556
Accounts receivable		185,169	175,934
Short-term financial receivables		665	2,371
Income tax receivables		381	155
Other short-term assets		22,589	20,859
Cash and cash equivalents		51,887	51,062
Total current assets		489,835	438,470
Total assets		867,132	831,752

Shareholders' equity and liabilities in EUR thousand

	Note	30 June 2007	30 September 2006
Capital stock		21,173	21,173
Additional paid-in capital		192,752	192,088
Revaluation, hedging, translation reserves, actuarial gains and losses (SORIE)		-4,602	-4,796
Retained earnings, net of minority interest		-12,047	-20,251
Equity attributable to equity holders of the parent		197,276	188,214
Minority interest		909	650
Total equity		198,185	188,864
Long-term interest-bearing loans and borrowings (including unamortised debt issuance cost)	4	199,156	180,119
<i>Long-term interest-bearing loans and borrowings</i>		201,104	182,606
<i>Unamortised debt issuance cost</i>		-1,948	-2,487
Pension plans and similar commitments		130,947	130,464
Long-term provisions		9,709	9,356
Other long-term liabilities		26,775	23,983
Deferred tax liabilities		17,490	19,120
Noncurrent liabilities		384,077	363,042
Short-term interest-bearing loans and current maturities of long-term debt		3,585	4,077
Accounts payable		72,032	99,437
Advance payments received		80,641	61,894
Short-term provisions		19,569	22,988
Accrued tax liabilities (income/trade)		10,696	6,367
Other short-term liabilities		98,347	85,083
Total current liabilities		284,870	279,846
Total shareholders' equity and liabilities		867,132	831,752

Consolidated Statement of Cash Flow

1 October 2006 to 30 June 2007

in EUR thousand	Legal consolidation		
	2006/2007	2005/2006	2005/2006
Net income after taxes	29,890	8,493	4,025
Depreciation and amortisation	24,587	23,478	19,924
Interest income/expenses, net	11,082	16,935	12,561
Income taxes	14,472	2,303	1,456
Subtotal	80,031	51,209	37,966
Change in inventory	-40,320	-18,329	9,252
Change in accounts receivable (trade)	-9,783	-16,661	-11,248
Change in accounts payable (trade)	-26,660	15,330	12,105
Change in advance payments, net	17,918	2,242	8,698
Contributions to pension funds	-709	-796	-796
Gain/loss on disposal of fixed assets	-547	40	16
Change in other assets/liabilities	7,465	2,672	5,865
Cash flow from operating activities before interest and taxes	27,395	35,707	61,858
Net interest payments	-6,898	-10,601	-7,853
Income tax payments	-6,933	-6,156	-2,944
Cash flow from operating activities	13,564	18,950	51,061
Acquisitions (purchase price and debt)	0	-1,887	1,378
Divestments	0	0	0
Capital expenditure	-17,283	-18,847	-7,163
Disposal proceeds	4,333	13,678	13,647
Cash flow from investing activities	-12,950	-7,056	7,862
Free cash flow before financing (FCF)*	614	11,894	58,923
Increase/decrease in debt**	20,875	9,581	-33,747
Other changes in equity	-21,173	0	0
Cash flow from financing activities	-298	9,581	-33,747
Effect of foreign exchange rate changes in free cash flow	80	-1,490	-1,488
Net increase/decrease in cash and cash equivalents	396	19,985	23,688
Cash and cash equivalents as at 1 October	51,062	43,166	39,454
Effect of foreign exchange rate changes on cash	429	-1,498	-1,489
Cash and cash equivalents as at 30 June	51,887	61,653	61,653
Free cash flow before financing, interest and tax payments*	14,445	28,651	69,720

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

** Memo:

Scheduled repayment of senior debt (loans from former affiliates)	0	-4,565	-4,565
Mandatory and voluntary repayment of senior dept (loans from former affiliates)	0	-207,552	-207,552
Repayment of Mezzanin dept (loans from former affiliates)		-20,582	-20,582
Revolving credit facility borrowings	20,000	220,000	220,000
Repayment of other loans from former affiliates		-34,103	-34,103
Increase/decrease in other financial debt	875	56,383	13,055
	20,875	9,581	-33,747

Consolidated Statement of Shareholders' Equity

1 October 2006 to 30 June 2007

in EUR thousand	Capital stock	Additional paid-in capital	Retained earnings	Statement of recognised income and expenses (SORIE)	Equity attributable to equity holders of the parent	Minority interest	Total equity (gross)
Balance as at 1 October 2006	21,173	192,088	-20,251	-4,796	188,214	650	188,864
Net income after taxes			29,631		29,631	259	29,890
Dividend payment			-21,173		-21,173		-21,173
Other changes		664	-254	194	604		604
Balance as at 30 June 2007	21,173	192,752	-12,047	-4,602	197,276	909	198,185

Balance as at 1 October 2005	2,207	233,570	-65,931	-9,339	160,507	84	160,591
Net income after taxes			8,456		8,456	37	8,493
First consolidation Gottwald	-757	-14,643	-93,184	955	-107,629		-107,629
Capital increase	19,723	87,848			107,571		107,571
Other changes		130	790	-2,197	-1,277	580	-697
Balance as at 30 June 2006	21,173	306,905	-149,869	-10,581	167,628	701	168,329

Legal consolidation

Balance as at 1 October 2005	1,450	218,927	-66,299	-7,789	146,289	84	146,373
Net income after taxes			4,015		4,015	10	4,025
First consolidation Gottwald			-89,354	-595	-89,949		-89,949
Capital increase	19,723	87,848			107,571		107,571
Other changes		130	1,769	-2,197	-298	607	309
Balance as at 30 June 2006	21,173	306,905	-149,869	-10,581	167,628	701	168,329

1) Basis for Preparation

Unaudited Interim Financial Statements in accordance with IFRS

These consolidated interim financial statements of Demag Cranes AG as at 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) adopted by the International Accounting Standards Board (IASB). They are in accordance with IAS 34 "Interim financial reporting". The accounting policies and methods of computation applied for the interim financial statements are identical to those followed in the audited consolidated financial statements according to IFRS as at 30 September 2006 and are described in detail in the Annual Report of financial year 2005/2006. No IFRS accounting pronouncements of relevance to the Group were adapted in the first nine months of the financial year.

The interim financial statements reflect a true and fair view of the Group's results of operations, financial position and net assets for the reporting period.

Scope of Consolidated Financial Statements

The Group's scope of consolidated financial statements has not changed since 30 September 2006. These interim financial statements still include the individual financial statements of the Demag Cranes AG (former DCC HoldCo 3 (drei) GmbH)), the consolidated financial statements of the DCC HoldCo 4 (vier) GmbH (DCC group) and the consolidated financial statements of the Gottwald HoldCo 3 (drei) GmbH (Gottwald group), and substantially all directly or indirectly controlled Group companies.

Comparative Figures

For comparative purposes, the Group figures at the **balance sheet date** as at 30 June 2007 have been set off against the consolidated financial statements according to IFRS as at 30 September 2006.

For comparative purposes, the Group figures of the **third quarter** and the **period** from 1 October to 30 June 2007 were supplemented by the following information:

- ▶ the combined financial statements consisting of the consolidated financial statements of the DCC group and the Gottwald group and
- ▶ the consolidated financial statements of DCC HoldCo 3 (drei) GmbH because the Gottwald subsidiaries only became part of the Group as at 1 June 2006. The information is reported as "legal consolidation" in the income statement, the statement of cash flow, the statement of shareholder's equity and the segment reporting.

Use of Estimates

The preparation of interim financial statements requires the Management Board to make certain 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 reported amounts of earnings and expenses during the reporting period. Actual results could differ from those estimates. Interim results are not necessarily indicative of results to be expected for the full year.

Rounding

All figures have been calculated on the basis of EUR thousand. For this reason, figures indicated in both EUR million and percentages may show slight discrepancies due to rounding.

2) Segment Reporting

The Group distinguishes between business segments and geographical segments. Within the scope of interim financial reporting, information is provided for the business segments (primary segment reporting format). This structure reflects internal reporting (management approach) and takes into account the different risks and earnings structures of the segments. For detailed information related to the secondary segment reporting format "geographical segments", reference is made to the consolidated financial statements as at 30 September 2006.

Primary Reporting Format (business segments)

The three reportable business segments of the Group (Industrial Cranes, Port Technology and Services) achieved the following adjusted earnings during the third quarter and in the first nine months of financial year 2006/2007:

in EUR thousand	Q3 2006/2007	Q3 2005/2006	Q1-Q3 2006/2007	Q1-Q3 2005/2006
Industrial Cranes	119,764	106,379	348,369	332,829
Port Technology	78,999	77,392	204,411	188,092
Services	77,460	64,980	220,971	192,999
Group sales	276,223	248,751	773,751	713,920

in EUR thousand	Q3 2006/2007	Q3 2005/2006	Q1-Q3 2006/2007	Q1-Q3 2005/2006
Industrial Cranes	34,827	29,918	100,892	88,062
Port Technology	6,323	16,659	33,944	40,419
Services	31,507	24,510	86,926	71,882
Adjusted Group gross profit	72,657	71,087	221,762	200,363

in EUR thousand	Q3 2006/2007	Q3 2005/2006	Q1-Q3 2006/2007	Q1-Q3 2005/2006
Industrial Cranes	5,455	3,827	15,874	6,203
Port Technology	-2,690	7,789	3,053	14,764
Services	18,393	12,261	46,237	33,823
Adjusted Group EBIT	21,158	23,877	65,164	54,790

In the third quarter and in the first nine months, the gross profit and the earnings before interest and taxes (EBIT) were adjusted by the following items:

in EUR thousand	Q3		Q1-Q3	
	2006/2007	2005/2006	2006/2007	2005/2006
Adjusted Group gross profit	72,657	71,087	221,762	200,363
– Effects from purchase accounting depreciation/amortisation	-2,631	-2,756	-7,965	-8,269
– Adjustments for one-of effects	0	287	0	-667
Group gross profit	70,026	68,618	213,797	191,427

in EUR thousand	Q3		Q1-Q3	
	2006/2007	2005/2006	2006/2007	2005/2006
Segment profit (adjusted EBIT)	21,158	23,877	65,164	54,790
– Effects from purchase accounting depreciation/amortisation	-2,744	-2,873	-8,311	-8,505
– Adjustments for one-of effects*	-1,911	-12,295	-1,409	-17,434
– Adjustments for Holding charges	0	-401	0	-1,157
EBIT	16,503	8,308	55,444	27,694

*Of which:

Initial Public Offering (IPO)	0	-11,551	0	-11,551
Restructuring/Consulting	0	212	0	-1,833
Severance and redundancy expenses	-1,495	-75	-1,495	-3,533
Profit/loss from divestments	0	-613	534	-249
Others	-416	-268	-448	-268

Apart from these segment standards, the Group applies certain standards to evaluate the general profitability and cash flow that do not correspond to generally accepted accounting principles. For the evaluation of profitability, the Management Board applies adjusted EBITDA. The Management Board considers that adjusted EBITDA represents a more meaningful basis for the comparison of the profitability of the Group in successive financial years. For the third quarter and the first nine months of financial year 2006/2007, the figures for this key performance measure were as follows:

in EUR thousand	Q3		Q1-Q3	
	2006/2007	2005/2006	2006/2007	2005/2006
Adjusted Group EBIT	21,158	23,877	65,164	54,790
Adjusted scheduled depreciation and amortisation	5,369	5,050	16,275	14,973
Adjusted Group EBITDA	26,527	28,927	81,439	69,763

The definitions of these key performance measures used by the Group may differ from the definition used by other companies. The figures presented may thus not be fully comparable. These measures should not be used in isolation and not as substitutes for the other analysis provided in the financial statements. In particular, they should not be considered by investors as alternatives to other indicators of the Group's performance as determined by IFRS.

For the legal consolidation (consisting of the consolidated financial statements of DCC HoldCo 3 (dreif) GmbH), the segment sales and adjusted segment results of the third quarter and in the first nine months of the financial year were as follows:

in EUR thousand	Legal Consolidation			
	Q3	Q3	Q1-Q3	Q1-Q3
	2006/2007	2005/2006	2006/2007	2005/2006
Industrial Cranes	119,764	105,843	348,369	342,925
Port Technology	78,999	31,017	204,411	31,017
Services	77,460	64,957	220,971	192,999
Groupsales	276,223	201,817	773,751	566,941

in EUR thousand	Legal Consolidation			
	Q3	Q3	Q1-Q3	Q1-Q3
	2006/2007	2005/2006	2006/2007	2005/2006
Industrial Cranes	5,455	3,804	15,874	6,203
Port Technology	-2,690	3,690	3,053	3,690
Services	18,393	12,282	46,237	33,823
Adjusted Group EBIT	21,158	19,776	65,164	43,716

3) Inventories

in EUR thousand	30 June	30 September
	2007	2006
Raw materials and supplies	42,714	37,627
Work-in-progress	172,169	133,842
Finished goods and products held for resale	10,674	14,064
Total inventories	225,557	185,533

4) Long-Term Interest-Bearing Loans and Borrowings

The long-term interest-bearing loans and borrowings as at 30 June 2007 include the following:

in EUR thousand	30 June	30 September
	2007	2006
Revolving credit facility	200,000	180,000
Obligations under finance leases	35	1,525
Financial debt to related parties	490	770
Other debt	692	711
Less current maturities	-113	-400
Long-term interest-bearing loans and borrowings	201,104	182,606
Unamortised debt issuance cost	-1,948	-2,487
Total long-term debt including unamortised debt issuance cost	199,156	180,119

As at 30 June 2007, the revolving credit facility of EUR 325,000 thousand (including an ancillary facility of EUR 105,000 thousand), agreed on for the period of 27 June 2006 to 27 June 2011, was drawn as follows:

- ▶ EUR 200,000 thousand revolving credit facility (maturity: September 2007). In addition to the credit amount of EUR 180,000 thousand as at 30 September 2006, an amount of EUR 20,000 thousand was drawn. New indebtedness has been reduced by EUR 20,000 thousand compared to 31 March 2007.
- ▶ EUR 62,961 thousand ancillary line for guarantees (30 September 2006: EUR 61,255 thousand).

5) Other Contractual Commitments

The following contractual commitments existed as at 30 June 2007:

in EUR thousand	30 June 2007			Total
	Less than one year	Between one and five years	More than five years	
Operating lease obligations	9,879	21,827	6,315	38,021
Purchase commitments	0	0	0	0
– Fixed assets	3,201	1,285	0	4,486
– Inventories	126,158	13,007	0	139,165
– Other assets	11,235	0	0	11,235
Total other contractual commitments	150,473	36,119	6,315	192,907

6) Contingencies

Contingent liabilities are uncertainties in which the outcome has not been determined. This is why they are not recognised as provisions. If the outcome is probable and estimable, the liability is reported in the balance sheet. As at 30 June 2007, obligations from issuing guarantees as a guarantor (excluding product warranties) were as follows:

in EUR thousand	30 June 2007	
	Maximum potential future obligation	Amount recognised as a liability
Credit guarantees	6,931	0
Notes	924	737
Guarantees for third-party liabilities	56,028	0
Warranties	571	0
Others	756	0
Contingent liabilities	65,210	737

Guarantees for third-party liabilities include contingencies from so-called "buy-back arrangements", which the subsidiary Gottwald Port Technology GmbH enters in connection with the sale of certain items of its machinery and equipment products. As at 30 June 2007 the maximum potential liability amounted to EUR 55,808 thousand (30 September 2006: EUR 55,859 thousand).

7) Subsequent Events

On 6 July 2007, the German Upper House of Parliament approved the Corporate Tax Reform. In accordance with IAS 12.47, deferred taxes are subject to valuation with the new (lower) corporate tax rate. Due to the legal change of the tax rate, all German Group companies will be affected by the adjustment of their deferred taxes in the fourth quarter. As a consequence, a non-cash relevant one-time effect in tax expenses amounting to between EUR 8 and 9 million will result. Beginning with financial year 2007/2008 as of 1 October 2007, there will be a cash-relevant tax relief for Group earnings due to the reduction of the tax rate from approximately 39 percent to approximately 31 percent.

Financial Calendar 2007

12 December 2007

Financial statements, financial year 2006/2007

6 March 2008

Annual General Meeting, financial year 2006/2007

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