



We Can Handle **It.**

Management Report and Annual Financial Statements
as at 30 September 2008

DEMAG
CRANES AG

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Management Report

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Business and Environment

Structure and Business Activities

Demag Cranes AG is the parent company of the Demag Cranes Group. As at 30 September 2008, it directly held 100 percent of the shares in DCC HoldCo 4 (vier) GmbH and Gottwald HoldCo 3 (drei) GmbH and indirectly held interests in numerous other companies inside and outside Germany (for details, see the list of subsidiaries, joint ventures and investments as at 30 September 2008, after the Notes to the Financial Statements).

As Group parent, Demag Cranes AG performs the usual functions of a management holding company. In this capacity, the Company manages and administers its domestic and foreign subsidiaries and affiliates. It also fulfils corporate development, investor relations, treasury, Group accounting and financial control, and corporate communication functions.

Operating activities and related functions, including sales and marketing, production, research and development and human resources development, are almost exclusively carried out within the various subsidiaries. The business performance of the operating business units and their functional divisions is described in detail in the Group Management Report.

The legal structure aside, the business activities of the Demag Cranes Group are divided into three segments: Industrial Cranes, Port Technology and Services.

The Industrial Cranes segment and the Services segment are managed through Demag Cranes & Components GmbH, based in Wetter, Germany (DCC). In its **Industrial Cranes segment**, the Demag Cranes Group develops and manufactures high-quality components such as rope hoists, chain hoists, travel units and motors, as well as complete cranes. A distinction is made between cranes that are configured from standardised modules for industrial infrastructure applications (Standard Cranes), and cranes that, although also made from largely standardised modules, are integrated individually into the customer's specific production processes (Process Cranes). With its highly flexible KBK crane construction kit, which is primarily used in industries with changing production requirements (e.g. the automotive industry), Demag Cranes is the world market leader.

The **Port Technology segment** is constituted by Gottwald Port Technology GmbH based in Düsseldorf, Germany, and its subsidiary TBA B.V. based in Delft, the Netherlands. In the Port Technology segment, the Group is focused on products and services for ports, terminals and intermodal facilities. The range extends from conventional cargo handling equipment such as Mobile Harbour Cranes to integrated automated solutions for container transport and storage in port and intermodal terminals. In addition, the Demag Cranes Group offers planning and consultancy services for port operators, software solutions and a full range of services. According to a survey conducted by World Cargo News (January 2008 edition) and our own research, the Company is the world market leader in Mobile Harbour Cranes. The Group also ranks among the pioneers and leading international suppliers in the promising port automation sub-market. The market for cargo-handling equipment in inland intermodal and trimodal facilities is an increasing focus of our attention. The trend towards using rail and inland waterways to handle maritime hinterland traffic and connect the hinterland to the ports is opening up attractive markets. The segment already has products for this in the shape of its Wide Span Gantries, and at the same time the Automated Stacking Cranes and Guided Vehicles previously used in maritime ports are being made available in these markets.

The **Services segment** offers a complete range of services for the use, maintenance and refurbishment of cranes and lifting equipment. As well as standard services such as spare parts, technical inspections, maintenance and repairs, the segment increasingly performs consultancy and training services to optimise the use of crane systems. The range of service contracts extends from simple recurring inspections to preventive maintenance to full-service arrangements. They cover not just our own Industrial Crane products but also third-party products and related equipment. The use of the latest technical aids such as remote servicing permits condition-based, customised maintenance. In the area of refurbishment, the segment uses both standard products and sophisticated tailored solutions.

Organisation and Locations

The in-house production of the Demag Cranes Group is focused on high-value-added components. By outsourcing the production of low value-added components to strategic partners, particularly in less industrialised regions, the Group gains flexibility and capacity and can reduce its own investment requirements.

The **Industrial Cranes segment** operates three component plants in Wetter/Ruhr (Germany), São Paulo (Brazil) and Shanghai (China). In addition, crane girders are produced and cranes are assembled at 22 crane plants in highly industrialised regions around the world. The necessary components are supplied by our own component plants. Seven of the 22 crane plants are operated by MHE-Demag (S) Pte. Ltd., Singapore, a 50/50 joint venture between Demag Cranes & Components GmbH, Wetter, and Jepsen & Jessen (SEA) Pte. Ltd., Singapore. In less industrialised regions, Demag Cranes achieves broad geographical coverage and operational flexibility through cooperation with crane manufacturing partners, who are supplied with Demag Cranes components. Where required, crane girders produced by local partners and components from Demag Cranes are assembled into cranes locally in accordance with the Group's quality requirements. This system allows us to better plan our own production capacities and use them more profitably. The product development efforts of the Industrial Cranes segment targeting emerging markets are increasingly shifting in this direction, creating in-depth product expertise tailored to these markets.

Production for the **Port Technology segment** is concentrated in the Düsseldorf plant. Both our main market of Europe and our global customers are served centrally from here. The efficiency of the plant has been enhanced in recent years by extensive investment, a new production layout and adjustments in the areas of production control and materials management. At the same time, operations have been focused on the production of core components and final assembly. A worldwide network of sales & service centres, which is being continuously enhanced in terms of regional proximity to customers and range of services, supports our products and customers in the different markets worldwide.

In the **Services segment**, the Demag Cranes Group has one of the largest crane and hoist service networks on the market with more than 220 service centres worldwide. An installed base of approximately 650,000 cranes and electric hoists and the current outsourcing trend among customers represent a solid platform for long-term demand growth. All services are provided by our own service sales organisation, which like our field service organisation is structured on a regional basis. The spare parts business is increasingly being conducted via the Demag Shop. This is a company-wide virtual sales and distribution platform directly linked to the central spare parts logistics system and the spare parts supply chain, which is mainly separate from the new equipment supply system. Spare parts are manufactured on a decentralised basis and distributed via a central logistics system. Efficient repair centres are available worldwide for general overhauls and repairs to crane components. Key strengths of our field service organisation are the skills and motivation of our staff who, after completing high-quality professional training, receive further training organised by the Company. Processes in the field service organisation are effectively managed using integrated IT planning and reporting modules to ensure fast response times. A centrally organised competence centre is available to provide engineering services for complex crane refurbishment projects.

Strategy

The Demag Cranes Group follows a consistent strategy geared to sustained profitable growth. Expansion of the business is not an end in itself, however, but is pursued subject to clearly defined earnings targets. Alongside a steadily broadening range and ongoing improvements to products and processes, the Group regards expanding its presence on international markets as an opportunity and a key growth driver. A central role is played in this connection by emerging markets, notably the BRIC states (Brazil, Russia, India and China) and the Middle East. With its growth strategy emphasising organic growth, the Group will further foster the growth process by adding to its portfolio of products specially tailored to the needs of these markets. An expected consolidation of the competitive lineup in mature markets opens added opportunities in this regard.

Hallmark successes of this strategy in recent years include the accomplished substantial internationalisation of the business together with the successful development and market launch of new innovative products and series, including Generation 5 Mobile Harbour Cranes as well as the new rope and chain hoist series in the Industrial Cranes segment. The Demag Cranes Group has also implemented comprehensive programmes to boost efficiency, among them a restructuring of Mobile Harbour Crane production. The new Russian subsidiary established in November 2007 saliently highlights the importance of emerging markets for the Demag Cranes Group. Over the coming years, the Group aims to systematically extend its market lead by innovating and continuously adapting the product range to customer needs in the markets it serves. Further market potential will be tapped with new partner arrangements and by augmenting local development capabilities. Growth of the service business is largely driven by gaining share within the existing installed base. The emerging markets offer additional scope in this respect. In the field of port technology, strategic potential lies in the continuing evolution of automation and green port technology as well as expansion of activities in the hinterland of maritime ports and in emerging markets. The Group has two strong brands in Demag and Gottwald. Through innovation and technology leadership combined with excellent product and service quality, it has established an internationally leading market position and close, long-lasting customer relationships.

Group Management

At both corporate and operating segment levels, the internal control system used by Demag Cranes AG is based on qualitative and quantitative information from a management information system (MIS). This is updated at frequent intervals and primarily uses financial performance metrics for Group management and as efficiency indicators. The central Group-level measurement and control variable is earnings before interest and tax (EBIT) adjusted to eliminate non-operating income and expenses. Adjusted EBIT is also used as the basis for analysing target attainment by operating segments, for determining bonuses paid as part of variable compensation as well as the basis for analysis in segment and regional management.

Gross profit is used as an additional measure of the quality of billed orders. Further focuses of attention include active management of net working capital and the generation of cash and cash equivalents. The management of net working capital relates to inventories, receivables and payables, as well as advance payments received and made. Other indicators and control parameters used in the Group's active cash management are free cash flow before financing and net debt (defined in explanatory notes in the Financial Review section of the Annual Report). The dividend policy, financing structure and return on capital employed are also appraised and managed on a targeted basis with reference to these indicators.

Demag Cranes AG revises its control system and adapts it to changes in global circumstances on an ongoing basis. All members of the workforce and management are called upon to contribute and in particular to communicate their opinion in this regard to the Management Board. The Group expects feedback and systematically demands it.

General Economic Environment¹

Despite the uncertainty already mounting in international financial markets over the state of the US mortgage market, 2007 was still a year of global economic growth. During the first nine months of calendar year 2008, however, the fallout from the global property and financial market crisis led to an economic downturn that is weighing heavily on industrialised nations. Further increases in energy and commodity prices added to the pressures.

The US economy, in particular, is currently experiencing a period of weakness. In the first calendar quarter of 2008, it saw a sharp slowdown in growth. With consumer spending only creeping up, business investment in decline and the crisis in residential construction ongoing, domestic demand stagnated. US economic growth then accelerated slightly in the second quarter as exchange rates boosted exports and private households received tax rebates, but economic conditions nevertheless remained difficult. Falling property prices undermined the value of mortgages, which in turn severely weakened US banks. These then started to exercise restraint in extending new loans. Added to this was the dampening effect of the recent sharp rise in commodity prices. These various pressures came together to exacerbate one another.

The euro zone economy fared better than its US counterpart during the first calendar quarter of 2008. In Germany in particular, the economy proved to be quite robust despite the pressures also in evidence there. Growth was driven mainly by investment, while consumer spending only crept up. Interest rate increases from the European Central Bank and higher financing costs as a result of the financial market crisis had less of a negative impact in Germany than in other euro zone countries where the boom has been accompanied by a rapid expansion in credit in recent years. Relative to gross domestic product (GDP), debt among businesses and private households even fell slightly. In the further course of the year, however, the state of the German economy deteriorated. Having stood at 2.3 percent a year earlier, inflation was driven up by high energy costs to over 3 percent. This in turn depressed consumer spending, and businesses too were somewhat more reluctant to invest. Over the long term, therefore, it is unlikely that the German economy will be able to withstand the global downward trends. The Demag Cranes Group is already preparing itself for this.

¹ Sources: Commerzbank Economic Research, Economics, Interest Rates and Exchange Rates, October/November 2008; Goldman Sachs, Global Economics Analyst, September/October 2008; German Federal Foreign Office, Economy, country information.

The rapid pace of growth in Asia as well as Central and Eastern Europe continued almost unabated, although prices surged in these regions too. With their strong growth rates, India and China are the markets of the future offering the greatest potential for German businesses. While the Chinese economy is primarily export-orientated, India's rapid economic growth has been propelled by domestic demand. In 2007/2008, the savings rate stood at 34.8 percent and the investment rate at 35.9 percent of GDP. The Brazilian economy also performed well in 2007, with GDP growth topping five percent year-on-year. At the start of 2007, the Brazilian government launched a programme aimed at accelerating the pace of economic growth (PAC – Programa de Aceleração do Crescimento), under which it plans to invest over BRL 500 billion (EUR 1 = BRL 2.66)² by 2010, primarily in infrastructure projects. Of the emerging markets, Brazil is of particular importance to the Demag Cranes Group, as the Company has a firm foothold there through its own production site in São Paulo and over a period of several decades has established a very good position in the market.

During 2007 and 2008, the US dollar continued to weaken against the euro as a result of deteriorating economic data from the US and the trend in global interest rates. In August 2008, it then embarked on a recovery that took it to USD 1.42 to the euro at the end of financial year 2007/2008, almost matching the exchange rate of USD 1.43 to the euro at the end of the previous year. The average exchange rate for the reporting period, however, was USD 1.50 to the euro.

The trend towards sharply rising and very volatile commodity prices continued during 2007 and the first few months of 2008 as global economic activity, and in particular economic growth in a number of emerging markets, remained brisk. The Brent oil price climbed from around USD 78 a barrel at the beginning of financial year 2007/2008 to almost USD 99 a barrel at financial year-end. In October 2008, this trend reversed: at the end of the month, the price per barrel stood at around USD 65.

² Closing rate on 30 September 2008.

Industry Conditions

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

The world market for industrial cranes grew significantly in the 2007/2008 financial year. The main drivers with above-average growth rates were the emerging economies. Growth in the established industrialised countries was also positive, but weaker on average, mainly due to the decline in North America. According to our own analyses, total market growth in the emerging markets was almost twice as high as in the mature markets. There, the trend is continuing towards the increased use of higher-value material flow and logistics products in particular. This trend is primarily due to increasing productivity in the countries concerned and, associated with this, higher utilisation of customers' production capacities. Market players are therefore demanding higher handling performance and availability. Increasing safety requirements are strengthening this trend even further. The mature industrial cranes markets are highly consolidated markets dominated by a limited number of large international suppliers. The consolidation trend increased further in 2007/2008. By contrast, the emerging markets as a whole are still highly fragmented, with the global industrial crane suppliers mainly serving the premium segments with high-price products.

The Port Technology segment continued its positive performance through the past financial year. The markets it serves are dependent on the global movement of goods and the associated growth in container transport. The dynamic growth in this sector has led to considerable investment in maritime ports, with increasing attention being given to environmental aspects. As well as the energy consumed by cranes and vehicles, which has a direct influence on operators' operating costs, concessions to operate terminals often impose limits on CO₂, noise and light emissions or on space usage. At the same time, terminal operators are having to deal with larger ships, which offer more favourable transport costs per container. These larger ships, however, pose growing demands on terminal logistics, which are becoming more and more complex if a corresponding increase in ship turnaround times is to be avoided.

Towards the end of the financial year, a mixed trend in global container traffic became apparent. Some main transport routes such as Asia to North America reported falling cargo volumes. One major reason for this was declining consumption in North America. Prices for container transport fell on some routes. Faced with sharply increased fuel costs to boot, all the players in the transport chains are therefore under severe cost pressure. The growth of regional container shipping on the sea and overland routes within the continents remains gratifying. The trend here, too, is towards larger ships on the intercontinental routes, which can only call at a limited number of maritime ports. Distribution within the regions is carried out by smaller vessels calling at several ports. This structure means that containers are loaded and unloaded several times, increasing the demand for handling equipment. In overland container shipping, there is a

growing trend towards using inland waterway vessels and rail as a more eco-friendly alternative to road truck transport. In addition to environmental and cost aspects, the fast-growing container volumes are stretching the road infrastructures of maritime ports to their limits, resulting in congestion and delays. This is to be avoided by managing and optimising the transport chain and integrating inland waterway shipping and rail traffic. At the same time, investment in new or expanded handling facilities is necessary along these transport chains.

According to our own analyses, the relevant world market for the Services segment grew on average only slightly in financial year 2007/2008, mainly driven by the emerging markets. Customers' safety, performance and availability requirements are increasing, leading to higher demand for maintenance and refurbishment services. In the mature markets, service revenue was on the whole unchanged from the previous year. This is mainly explained by the strong growth in the new cranes business. In healthy economic times, customers invest more in new equipment and there is less demand for high-volume refurbishment services. By contrast, in weaker economic phases, the fact that customers may opt for refurbishment rather than buying new equipment can offset possible declines in the Industrial Crane business.

Legal Environment

Demag Cranes AG is an Aktiengesellschaft – a German public limited company – has its registered office in Düsseldorf and has issued voting shares that are listed on an organised market as defined in Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG), namely the Regulated Market (Prime Standard section) operated by Frankfurt Stock Exchange.

Subscribed Capital; Rights and Obligations Attaching to Shares

Demag Cranes AG has a subscribed capital (share capital) of EUR 21,172,993 as at 30 September 2008, divided into 21,172,993 no-par-value bearer shares. There are no different classes of shares. Each share has one vote at general meetings. In all other respects, the rights and obligations attaching to each share are as stipulated in the German Stock Corporations Act (AktG).

Restrictions on the Transfer of Securities and on Voting Rights

Shares in Demag Cranes AG are not subject to any restrictions on voting rights under the Articles of Association or by law. No restrictions on voting rights resulting from agreements between shareholders are known to the Management Board.

Holdings Relating to More Than 10 Percent of Voting Rights

No direct or indirect holdings in the Company's share capital that relate to more than 10 percent of voting rights are known to the Management Board.

Securities Carrying Special Rights

None of the shares issued by Demag Cranes AG carries special rights with regard to control of the Company.

How Rights Are Exercised on Shares under an Employee Share Scheme If Not Directly by Employees

No information is available on the exercise of voting rights on shares under an employee share scheme where the rights are not directly exercised by employees.

Appointment and Replacement of Members of the Management Board; Amendments to the Articles of Association

The statutory governing and representative body of Demag Cranes AG is the Management Board. Under Article 6 (1) of the Articles of Association, the Management Board consists of at least two members. The size of the Management Board is otherwise decided by the Supervisory Board. The Supervisory Board may appoint deputy members of the Management Board. If the Supervisory Board does not nominate a Management Board member as CEO, the Management Board elects a spokesperson from among its number.

The Management Board of the Company currently consists of Harald J. Joos (CEO and member with responsibility for Port Technology), Rainer Beaujean (CFO) and Thomas H. Hagen (member with responsibility for Industrial Cranes and Services).

Appointment and replacement of Management Board members takes place on the basis of Sections 84 and 85 of the German Stock Corporations Act (AktG) and Section 31 of the German Co-determination Act (MitbestG). In accordance with Section 84, AktG, members of the Management Board are appointed by the Supervisory Board for terms not exceeding five years. Management Board members may also be reappointed or their terms extended in increments not exceeding five years. The contracts with current members of the Management Board expire as follows:

Harald J. Joos: 30 April 2011

Rainer Beaujean: 31 May 2010

Thomas H. Hagen: 30 April 2010

Extension of terms and reappointment require a new resolution of the Supervisory Board, which can normally be adopted no earlier than one year before the end of the current term. The Supervisory Board may revoke the appointment of a member of the Management Board before the end of the member's term of office for cause, for example, in the event of gross breach of duty or of a vote of no confidence at a general meeting. The Company is represented by two Management Board members or by one Management Board member acting jointly with an authorised signatory (Prokurist).

In accordance with Section 179, AktG, amendments to the Articles of Association normally require a resolution of the general meeting. In departure from this general rule, amendments that solely affect the wording of the Articles of Association may be adopted by the Supervisory Board. The Company's Articles of Association provide that unless otherwise stipulated by law, general meeting resolutions require a simple majority of votes cast and, if the law stipulates a majority of represented capital, a simple majority of the share capital represented at the time of the vote.

Powers of the Management Board to Issue and Buy Back Shares

Under Article 4 (5) of the Articles of Association, the Management Board is authorised subject to Supervisory Board approval to increase the Company's share capital by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 10,586,496 by or before 18 May 2011 (Authorised Capital); this is equivalent to 50 percent of the current share capital. The new shares may be taken up by one or more financial institutions determined by the Management Board subject to an undertaking that the shares will be offered to existing shareholders (indirect rights issue).

In certain circumstances, the Management Board is authorised to exclude existing shareholders' statutory right of pre-emption:

- *When issuing shares for non-cash consideration in order to provide shares for the purpose of acquiring a business, part of a business or ownership interests in a business or for the purpose of issuing shares to employees of the Company or to employees of its affiliates, in accordance with the law;*
- *To the extent needed to provide holders of warrants or convertible bonds issued by the Company or its subsidiaries with rights to new shares in the amount they would be entitled to on exercise of the right of purchase or conversion or on discharge of the conversion obligation or obligation to sell;*
- *To exclude any fractional amount arising in a rights issue;*
- *When issuing shares for cash consideration provided that, in accordance with Section 203 (1) and (2) and the fourth sentence of Section 186 (3) of the German Stock Corporations Act (AktG), the issue price of the new shares is not significantly lower than the stock market price, at the time the final issue price is set by the Management Board, of existing listed shares of the same class and carrying the same rights and provided that the new shares for which the right of pre-emption is excluded do not together comprise more than ten percent of the share capital at the time they are issued. The ten percent maximum is reduced by any sales governed by the fifth sentence of Section 71 (1) 8 and the fourth sentence of Section 186 (3), AktG comprising sales of shares to the exclusion of existing shareholders' right of pre-emption during the lifetime of the authorisation and by any issues governed by Section 221 (4) and the fourth sentence of Section 186 (3), AktG comprising issues of shares in respect of which a right of conversion or purchase or a conversion obligation or obligation to sell exists by virtue of a convertible or warrant-linked bond issued since the granting of the authorisation to the exclusion of existing shareholders' right of pre-emption.*

The Management Board is authorised subject to Supervisory Board approval to decide the remaining details of the increase in share capital and its conduct, including the nature of rights attached to shares and the conditions of share issue.

By resolution of the Annual General Meeting of 6 March 2008 in accordance with Section 71 (1) 8, AktG, Demag Cranes AG is authorised until 5 September 2009 to purchase its own shares of any class up to a maximum of 10 percent of the share capital at the time of the resolution. The authorisation may be exercised either in whole or in part, and if in part, on one or more occasions. The shares may be purchased on the stock market, by way of an offer to buy made to all shareholders, or by way of an invitation to submit offers to sell extended to all shareholders. The purchase price must be in the range set in the resolution granting the authorisation.

If shares are purchased on the stock market, the consideration paid per share (net of transaction costs) must not be more than 10 percent above or below the arithmetic mean closing price of the same class of shares in the Company in the Frankfurt Stock Exchange Xetra trading system (or functionally comparable successor system) over the last three trading days preceding the purchase.

If shares are purchased by way of an offer to buy extended to all shareholders, the offered price per share must not be more than 20 percent above or below the arithmetic mean closing price of the same class of shares in the Company in the Frankfurt Stock Exchange Xetra trading system (or functionally comparable successor system) over the last three trading days preceding publication of the offer. Provision may be made for preferential purchase of small numbers of shares not exceeding 100 shares per shareholder.

If shares are purchased by way of an invitation to submit offers to sell extended to all shareholders, the price per share paid by the Company must not be more than 20 percent above or below the arithmetic mean closing price of the same class of shares in the Company in the Frankfurt Stock Exchange Xetra trading system (or functionally comparable successor system) over the last three trading days preceding acceptance of the offers. Provision may be made for preferential purchase of small numbers of shares not exceeding 100 shares per shareholder.

The shares in the Company purchased by virtue of this authorisation may be sold on the stock market or by way of an offer extended to all shareholders or may be used subject to Supervisory Board approval for the following purposes:

- *To list shares in the Company on a foreign stock exchange where they are not yet listed for trading; in such instances, the existing shareholders' right of pre-emption is excluded;*
- *To transfer shares in the Company to a third party in connection with a business combination or with the acquisition of a business, part of a business or ownership interests in a business; in such instances, the existing shareholders' right of pre-emption is excluded;*
- *To retire shares in the Company; the retirement and the performance of the retirement do not require an additional resolution of the general meeting;*

– *To sell shares in the Company other than on the stock market and other than by way of an offer extended to all shareholders, provided that the sale is for cash consideration at a price not significantly below the stock market price, at the time of the sale, of Company shares of the same class. This authorisation is restricted to the sale of shares representing in total not more than 10 percent of the share capital. The 10 percent maximum is reduced by the proportion of share capital represented by any shares sold during the lifetime of this authorisation in a stock issue to the exclusion of existing shareholders' rights of pre-emption in accordance with the fourth sentence of Section 186 (3), AktG and by the proportion of share capital represented by any shares to be issued to settle warrant-linked or convertible bonds carrying a right of purchase or right of conversion or to be issued to meet a conversion obligation provided that the bonds have been issued during the lifetime of this authorisation to the exclusion of the existing shareholders' right of pre-emption in application, mutatis mutandis, of the fourth sentence of Section 186 (3), AktG. In such instances, the existing shareholders' right of pre-emption is excluded.*

The price at which, under the granted authorisation, shares in the Company are first listed on a foreign stock exchange or sold to a third party for cash consideration, must not be more than five percent below the arithmetic mean closing price of the same class of shares in the Company in the Frankfurt Stock Exchange Xetra trading system (or functionally comparable successor system) over the last five trading days preceding the listing on the foreign stock exchange or the conclusion of a binding agreement with the third party.

The above options for the use of treasury shares may be used on one or more occasions, in whole or in multiple parts, separately or in combination.

It is standard practice in German listed companies for an authorisation to purchase the company's own shares to be renewed at the Annual General Meeting. The Management Board and Supervisory Board will submit a proposal for renewal of the authorisation at the Annual General Meeting on 3 March 2009. The Company made no use of the authorisation for the purchase of its own shares or for the use of treasury shares in financial year 2007/2008.

Significant Agreements Conditional upon a Change of Control Following a Takeover Bid

Demag Cranes AG is not party to any significant agreement that takes effect, alters or terminates upon a change of control of the Company following a takeover bid.

Agreements with Members of the Management Board or Employees for the Event of a Takeover Bid

Demag Cranes AG is not party to any agreement providing for compensation for members of the Management Board or for employees in the event of a takeover bid.

Overall Operating Environment

In view of its balanced product and services portfolio, the Demag Cranes Group was barely affected overall by the weak to adverse cyclical trends over the past financial year.

The **Industrial Cranes segment** has the greatest dependency on overall economic trends and in principle has a late-cycle bias. So far, however, any potential impacts of cyclical risk in its mature markets have been largely checked by the rising trend towards infrastructure investment in emerging markets. The Demag Cranes Group was able to further solidify its competitive position as a leading supplier in the industrial cranes sector during the year under review. The segment substantially boosted its order intake in Germany and Europe, and the increased business made for a further strengthening in market position. On local currency figures, orders in North America remained on a par with the previous year. The Company continued its growth in the BRIC states (Brazil, Russia, India and China).

The **Port Technology segment** depends on worldwide cargo volumes and growth in container handling. Globally speaking, the sustained growth trend in container handling has barely been affected by cyclical variations in individual regions over the past year. Demand for versatile Mobile Harbour Cranes has further gained compared with the year before. Automated products are also taking an increasing share. The project-based nature of business in this segment and the high average price per crane nonetheless result in fluctuations over time in order intake and revenue recognition, although these cancel out in a multi-year analysis.

The **Services segment**, too, benefited in financial year 2007/2008 from major refurbishment efforts by customers to expand capacity and raise efficiency. Strong business for customers also resulted in further outsourcing of maintenance services. The Services segment additionally benefited from this due to expansion of the workforce, in particular in field service. The very high level of capacity utilisation across the board and improvements made to the spare parts range resulted in a sharp rise in profitability.

Business Performance and Situation of Demag Cranes AG

In accordance with its role as the parent and management holding company of the Demag Cranes Group, the business performance, opportunities and risks of Demag Cranes AG are inseparably linked to the development of the Group's (operating) units. In view of this, the information provided in the following also relates to matters that directly affect the Demag Cranes Group.

Overall Assessment

The financial position and financial performance of Demag Cranes AG at the end of financial year 2007/2008 is strongly positive. The Company generates suitable returns and has a sound financing structure.

Segment EBIT, Orders and Revenue (incorporating information from the Demag Cranes AG IFRS Consolidated Financial Statements at and for the year ended 30 September 2008)

The Group generated earnings before interest and tax (EBIT) of EUR 135.8 million (11.1 percent of revenue) in financial year 2007/2008, compared with EUR 82.0 million (7.6 percent of revenue) in the previous year. This represents a 65.6 percent improvement (2006/2007: 51.5 percent).

EBIT as shown in the Consolidated Financial Statements is adjusted for one-off effects and extraordinary items for meaningful comparison with the previous year's performance. Adjusted Group EBIT is also one of the Group's core management control variables. The figure rose from EUR 94.6 million in financial year 2006/2007 to EUR 137.5 million in the period under review, an increase of 45.3 percent (2006/2007: 11.9 percent).

Adjusted Group EBIT excludes purchase accounting depreciation and amortisation, which represents the impact on depreciation and amortisation of fair-value adjustments to assets acquired in business combinations. It also excludes any one-off effects.

In the **Industrial Cranes segment**, adjusted EBIT climbed 91.0 percent from EUR 25.0 million to EUR 47.8 million year-on-year. The adjusted EBIT margin consequently improved from 5.2 percent in the previous year to 8.4 percent in financial year 2007/2008. The increase reflects higher revenues in all product groups, cost cutting programmes, and efficiency gains due to operating closer to full capacity worldwide.

The **Port Technology segment** generated adjusted EBIT of EUR 22.1 million in financial year 2007/2008. The EBIT margin (EBIT to revenue) consequently improved from 3.5 percent in the previous year to 6.8 percent in the period under review. This outcome highlights the fact that the Group has resolved the problems with manufacturing costs relating to its Generation 5 Mobile Harbour Cranes. In previous year, these problems resulted in the Port Technology segment only being able to achieve adjusted EBIT of EUR 10.4 million. The Management Board responded by adopting a package of measures to secure a lasting reduction in manufacturing costs. The measures were implemented by the end of the third quarter of financial year 2007/2008.

In the **Services segment**, adjusted EBIT increased by 21.2 percent compared with the previous year, to EUR 75.4 million. The strong spare parts business due to industry operating at high capacity and increased demand for servicing and refurbishment work comprised a major earnings driver. It was also possible to push through price increases.

In an increasingly difficult economic environment, the Demag Cranes Group saw sustained strong demand for products in the Industrial Cranes segment in financial year 2007/2008. This boosted order intake by 16.8 percent to EUR 671.9 million. The trend in order intake in financial year 2007/2008 was driven primarily by increased demand for the Standard Cranes and Process Cranes product lines.

The **Industrial Cranes segment** order book grew by EUR 98.9 million compared with the end of the prior-year period (30 September 2007) to EUR 350.4 million, a volume equivalent to almost nine average months' revenue. In the Industrial Cranes segment, the Group continued to expand its market position. Buoyed by the positive trend in order intake, the segment lifted revenue by 17.7 percent compared with financial year 2006/2007, thereby more than doubling the rate of increase year-on-year. This growth is attributable to strong demand for the Standard Cranes, Process Cranes and crane components product lines, but was also supported by stable prices. In addition, the customer structure in the Industrial Cranes segment is broadly spread across all industries and very balanced, with the result that the segment is not dependent on individual industries to provide its customer base.

Order intake in the **Port Technology segment** fell slightly year-on-year, from EUR 323.3 million to EUR 316.8 million, mainly because order intake in financial year 2006/2007 included the first request for delivery of 10 Automated Stacking Cranes (ASC) under the framework agreement with Antwerp Gateway. Demand for versatile Mobile Harbour Cranes continued to rise year-on-year. Order intake in this segment can be subject to intra-year fluctuation due to its almost exclusively project-based business with relatively small production runs and high unit prices. The Port Technology segment order book dropped by 5.5 percent compared with the end of the prior-year period to EUR 121.7 million. Revenue in the Port Technology segment increased by 8.9 percent year-on-year from EUR 298.9 million to EUR 325.5 million. This increase was exactly on a par with the 8 to 9 percent growth in containers, confirming the success of the market and product strategy being pursued in this segment.

The **Services segment** sustained last year's positive trend in orders. Order intake increased by 9.2 percent from EUR 306.4 million to EUR 334.6 million, while the order book rose 8.6 percent above the prior-year figure to EUR 51.4 million at the financial year-end. The Services segment lifted revenue by 11.2 percent, thereby outstripping the previous year's growth rate of 10.4 percent. Revenue increased from EUR 296.1 million to EUR 329.1 million. Above all, the Services segment benefited from the expansion of the worldwide service network as well as the ongoing trend towards outsourcing maintenance and refurbishment work, which allowed it to win additional maintenance contracts.

Earnings

The earnings of Demag Cranes AG are dominated by the Company's net income from participating interests. In financial year 2007/2008, net income from participating interests improved by EUR 48.93 million to EUR 97.96 million (2006/2007: EUR 49.03 million). Net income from participating interests consisted of profit transferred from two subsidiaries: DCC HoldCo 4 (vier) GmbH (EUR 83.35 million) and Gottwald HoldCo 3 (drei) GmbH (EUR 14.61 million). The improvement in net income from participating interests was primarily a result of strong growth at Demag Cranes & Components GmbH, leading to a substantial, EUR 36.78 million rise in gross profit. Profit transferred from Demag Cranes & Components GmbH to Demag Cranes AG via DCC HoldCo 5 (fünf) GmbH and DCC HoldCo 4 (vier) GmbH showed an increase of EUR 34.36 million on the previous year.

General and administrative expenses at Demag Cranes AG increased in financial year 2007/2008 to EUR 17.42 million, from EUR 12.96 million in the previous year. The main constituents of this figure are salary expenses of EUR 9.47 million (2006/2007: EUR 5.99 million), legal and consulting expenses of EUR 2.28 million (2006/2007: EUR 2.03 million), Annual General Meeting expenses of EUR 0.57 million (2006/2007: EUR 1.04 million) and expenses for preparation and auditing of the Annual Financial Statements totalling EUR 0.85 million (2006/2007: EUR 0.42 million).

The EUR 9.83 million in other operating income (2006/2007: EUR 9.12 million) is mostly accounted for by services charged to subsidiaries of Demag Cranes AG. This figure was partly offset by other operating expenses of EUR 0.99 million (2006/2007: EUR 1.19 million).

Net interest income increased to EUR 2.70 million in the period under review, from EUR 1.17 million in the previous year. Net interest income mirrors the Group financing activities of Demag Cranes AG. Demag Cranes AG has a master loan agreement for a total amount of EUR 325.00 million dating from 16 June 2006 with lenders Bayerische Hypo- und Vereinsbank AG and Commerzbank AG. Loan drawings at the balance sheet date amounted to EUR 105.00 million and were made available to subsidiaries DCC HoldCo 5 (fünf) GmbH (EUR 5.00 million) and Gottwald Port Technology GmbH (EUR 100.00 million).

The above figures resulted in profit on ordinary activities for the period under review of EUR 92.08 million (2006/2007: EUR 45.17 million).

Dividend Proposal to the Annual General Meeting

At the Annual General Meeting on 3 March 2009, the Management Board and Supervisory Board of Demag Cranes AG will propose a dividend of EUR 1.40 per share for financial year 2007/2008 (2006/2007: EUR 1.10 per share). This represents a total dividend distribution of EUR 29,642,190.20. The Management Board and Supervisory Board will also propose carrying forward the Company's remaining net income of EUR 71,433,519.43 to new account (2006/2007: EUR 18,626,760.01).

Cash Flows and Balance Sheet

Demag Cranes AG had total assets of EUR 532.37 million at the balance sheet date (2007: EUR 475.73 million). The increase mainly relates to a EUR 35.07 million rise in receivables from affiliated companies to EUR 280.74 million (2007: EUR 245.67 million). In this connection, an increase in receivables under profit transfer agreements for financial year 2007/2008 from DCC HoldCo 4 (vier) GmbH and Gottwald HoldCo 3 (drei) GmbH is countered in particular by loan repayments by DCC HoldCo 5 (fünf) GmbH.

The receivables from affiliated companies (EUR 280.74 million) consisted of EUR 100.00 million (2006/2007: EUR 105.43 million) in receivables from Gottwald Port Technology GmbH, EUR 162.09 million (2006/2007: EUR 74.83 million) in receivables from DCC HoldCo 4 (vier) GmbH, EUR 5.00 million (2006/2007: EUR 65.02 million) in receivables from DCC HoldCo 5 (fünf) GmbH and EUR 13.65 million (2006/2007: EUR 0.00 million) in receivables from Gottwald HoldCo 3 (drei) GmbH.

The Company is mainly financed through shareholders' equity and a revolving syndicated master loan facility. The resulting amounts owed to banks amounted to EUR 105.00 million at 30 September 2008 (2007: EUR 170.05 million). Amounts owed to affiliated companies increased in financial year 2007/2008 to EUR 91.37 million (2007: EUR 39.73 million).

Demag Cranes AG had an equity ratio (equity to total assets) of 59 percent at the balance sheet date (2007: 54 percent). Of the Company's total financing, 20 percent was secured through the master loan agreement (2007: 36 percent), 17 percent through affiliated companies (2007: 8 percent) and 4 percent through provisions and other liabilities (2007: 2 percent).

The Company had access to a sufficient and appropriate level of liquidity throughout financial year 2007/2008. Its solvency is ensured at all times by central resource equalisation under internal Group cash pooling, which comes under the Company's central cash and foreign exchange management system.

Other Disclosures

Remuneration Report

Overall Management Board compensation comprises a number of components. These include fixed and variable compensation, long-term incentives and post-retirement benefits. Members of the Supervisory Board receive fixed compensation as well as being reimbursed for their expenses. For more details, including the compensation received by each member of the Management and Supervisory Boards, please see the Remuneration Report in the Corporate Governance section of the Annual Report.

The total remuneration paid to board members and the individual remuneration paid to members of the Management Board are stated in the Notes to the Annual Financial Statements.

Risk and Opportunities Management System

Introduction

The role of Demag Cranes AG as a management holding company as described in the Structure and Business Activities section limits the risks and opportunities to which the Company is directly exposed. Because a large part of its earnings consists of income from participating interests, however, the Company is indirectly confronted with the same risks and opportunities as its subsidiaries.

Risk and Opportunities Management System

A key tool for ensuring corporate success is the active and transparent management of the various risks and opportunities within the operating segments. The comprehensive analysis and management of income-related risk factors and going-concern risks require integrated planning, reporting, controlling and early warning systems and processes for the entire Group.

The current Group-wide risk management system was introduced in October 2006. It is continuously adapted to account for current developments and reviewed for efficiency. In financial year 2007/2008, the audit firm KPMG carried out an external review, which gave the Demag Cranes Group valuable insights for the development of the system. These developments are to be implemented in financial year 2008/2009.

The purpose of the uniform Group risk management system is to identify risks and opportunities in good time, evaluate them and communicate them appropriately. As an integrated, ongoing management and control tool, it supports decision-making for exploiting opportunities in a structured way and consciously accepting any risks that arise or averting them by taking countermeasures or minimising their possible effects.

Responsibilities in the area of risk management are distributed in line with the Group structure. As a general rule, each operating segment in the Demag Cranes Group manages the risks arising in its own area of responsibility. All risks that accumulate at Group level are recorded and managed centrally. Interim reports are prepared in a standardised form on a quarterly basis and immediately if risks materialise or damage is incurred.

The documentation and communication processes in place ensure that the responsible decision-makers and in particular the Management Board and Supervisory Board of Demag Cranes AG are informed regularly and in good time about risk factors that could materially affect the Company's business development.

The Demag Cranes Group's risk early warning system complies with statutory requirements. It was examined by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, during the audit of the Consolidated Financial Statements.

Significant Risks

Risks Arising from Economic Developments

Most of the products of the Demag Cranes Group are allocable to capital goods. Demand for such goods depends to a considerable extent on the performance of the overall economy.

This applies in particular to the cranes and hoists offered by the **Industrial Cranes segment**. The growth expectations for this segment are based on assumptions regarding growth in emerging markets and, more especially, on the assessment that the current economic slow-down in industrial countries will only be temporary and economic development will prove robust in the face of the negative influences of the international real estate and financial market crisis. However, it is possible that the Company's expectations will not be met. The risks are intensified by the fact that a number of customers in the Industrial Cranes segment work in cyclical industries or in sectors that are particularly sensitive to changes in the economy as well as global and regional trends.

In the **Port Technology segment**, the growing volume of worldwide and regional goods transport is expected to result in replacement or expansion investments by port and terminal operators and thus create additional sales opportunities. But there is no guarantee that worldwide and/or regional goods transport will grow as forecast. Global trade is highly sensitive to economic trends and could be negatively impacted by the severe loss of confidence of companies and consumers globally arising from the international real estate and financial market crisis. In particular, difficulties in raising financing for investments in ports and intermodal terminals could well result in delays in projects currently planned by customers.

The **Services segment** is deemed relatively independent of economic cycles. Nevertheless, it is possible in the case of an economic downturn that sales may also briefly fall in this segment because of customers delaying maintenance and, more especially, postponing refurbishment projects. In the long term, this effect would be offset by the resulting backlog of necessary work, but the effects would be felt in the short and medium term.

Price Competition

The Demag Cranes Group operates in markets characterised by intense competition and in some cases considerable price pressure. This price pressure is particularly apparent in some emerging economies. Here, technological benefits cannot always be given adequate consideration when making purchasing decisions owing to the very limited funds available for new investments in many cases. In order to develop and maintain a competitive edge in spite of this, the Demag Cranes Group invests in developing products for differentiated customer and market segments and in expanding and training its distribution and service network.

Product Risks

In order to maintain its competitiveness, the Demag Cranes Group invests time and resources into developing new products and improving the existing product range. Despite using state-of-the-art project management, monitoring and controlling techniques, new product development entails considerable cost risk. The risk lies not only in the actual development phase, but also after market launch, as the need for some technical improvements can only be identified once products are used in real continuous operation. Such cases have arisen in the last two financial years, in particular relating to the Generation 5 Mobile Harbour Cranes. However, these problems were resolved in the course of the reporting period thanks to an efficiently implemented action plan.

Competitive Risks

Any company operating globally in the mechanical engineering sector faces risks arising from the activities of competitors. Observation of our competitors suggests that global competition will generally rise in the Demag Cranes Group's product segments. We will tackle these risks by constantly monitoring the market and developing strategies, based on our observations, with regard to products, price and market cultivation.

Major Project Risks

Within the Group, potential major project risks, such as liability and earnings risks, are continuously monitored and mitigated through strict project management and controlling. Nevertheless, cost overruns can occur, especially in the area of major automated projects. Such overruns, however, appear manageable by way of limitation of liability and concentration on core products.

Procurement Risks

There are certain dependencies relating to suppliers of the Demag Cranes Group. These arise in part from the fact that there are only limited possibilities for changing suppliers of certain components and assemblies at short notice, and in part from the fact that there is a technical/commercial dependency for certain components, especially moulded components. The Group has defined clear procurement strategies for such cases to permanently ensure security of supply.

The increase in outsourcing of activities in order to keep fixed costs low, also compared with competitors, similarly gives rise to dependencies on the respective suppliers which are greater than those on normal suppliers because of their deeper involvement in the production process. The Company counters the resulting risks through careful selection and supervision of outsourcing partners using comprehensive supplier management systems.

Raw materials account for a significant proportion of production costs. But less than 10 percent relates directly to steel and primary products made predominantly of steel. Because the steel industry is subject to strong cyclical movements, prices can be volatile. Through a wide range of specific measures, the Group constantly endeavours to counter the negative effects of possible rises in steel prices.

Financial Risks

The Demag Cranes Group is exposed to financial risk in its operating activities. Monitoring, controlling and limiting this risk at Group level (financial risk early warning system) and fine-tuning the Group's finances are the responsibility of the Group Treasury. The primary objective in this is to guarantee the Company's continued ability to operate as a going concern and its earning power.

Rolling cash forecasts and central cash management ensure that the Group has ample funding at all times, including in the form of bank borrowings and credit balances. Derivative financial instruments are used solely to hedge underlying transactions. Trading, settlement and back office functions are strictly separated.

The following financial risks are managed in the Demag Cranes Group:

Currency and Interest Rate Risk

Most Group business is transacted in EUR, USD and GBP. The Group is mainly exposed to currency risk where payables and receivables exist or are likely to arise other than in its local currency. For active early detection of risk, foreign currency payables and receivables are normally hedged as they arise using financial instruments.

Risk due to changes in market interest rates is particularly liable to affect loan exposures under a variable-interest master loan agreement and can adversely impact cash flows (cash flow risk). This risk is hedged for the lifetime of the master loan agreement by interest rate swaps and collars proportionate to forecast changes in loan exposure over time. The cash flow impact of interest rate changes is subject to regular analysis.

Credit Risk

Credit risk arises when contractual partners or customers delay or default in meeting their obligations under a business transaction and financial losses are suffered as a result. The Demag Cranes Group counters specific credit risk by only doing business with parties with good credit, primarily based on the ratings of national and international trade credit rating agencies, and by rigorously observing risk limits laid down by trade credit insurers. Credit risk is also avoided by agreeing advance payments and the use of documentary letters of credit.

Liquidity Risk

Liquidity risk can result in the Demag Cranes Group being unable to make available the funds needed to meet obligations entered into in its operating business or in connection with financial instruments. Safeguarding the liquidity of the Demag Cranes Group while allowing sufficient reserves for special eventualities is therefore an integral part of ongoing liquidity management. Resource equalisation within the Group through cash pooling and intercompany loans ensures that cash surpluses at individual Group companies are efficiently used to meet funding needs in others.

Sufficient lines of credit ensured that neither funding nor liquidity shortfalls arose in financial year 2007/2008. Under the master loan agreement entered into by Demag Cranes AG, the Group had EUR 140.0 million undrawn on a revolving credit facility at the balance sheet date (2007: EUR 79.0 million). The facility can be drawn against for terms of between one and six months and has a total term of up to two years and nine months. Under the same master loan agreement, the Group also had access to EUR 10.3 million in undrawn combined credit and guarantee facilities at the balance sheet date (2007: EUR 12.7 million).

Personnel Risks

Our future economic growth will largely depend on the dedication and performance of our employees. The Group intends to meet the growing competition for highly qualified specialist and senior staff with attractive training and development opportunities and performance-based compensation systems. In addition, particular emphasis will be placed on knowledge management within the Group by consistently supporting and advancing top management. Also, a new strategy is being developed in line with "Employer Branding" to enhance the Group's attractiveness as an employer. The aim of the strategy is to recruit tomorrow's employees and managers today.

Risks Arising from Information Technology

In order to ensure the security and efficiency of our business processes both now and in future, our IT systems are constantly reviewed and developed. In order to limit the risk of failure of application-critical systems, websites and infrastructure components, the Group complies with industry standards, such as backups, redundant network connections and separate computer centres. The new Group-wide IT strategy developed in financial year 2008 with the aim of creating greater transparency in the segments, regions and companies, will be rigorously implemented in all segments in financial year 2009.

Legal and Other Risks

No significant legal, organisational or other risks have been identified at present.

Assessment of Overall Risk for the Group

According to our assessment of the overall risk, the total of all current risks does not threaten the Demag Cranes Group's ability to continue as a going concern or materially affect its financial position or financial performance.

Report on Post-Balance Sheet Date Events

There were no events of particular significance for the business performance of Demag Cranes AG after the end of financial year 2007/2008.

Forecast Report (including the Future Development and Performance of the Demag Cranes Group)

Introduction

The following statements on the future development and performance of Demag Cranes AG and the key underlying assumptions concerning market and industry developments are based on assessments which Demag Cranes AG considers realistic on the basis of the information currently available to it. They nevertheless involve a degree of uncertainty and an unavoidable risk that forecast developments may not actually occur, either in the general pattern or to the extent anticipated.

Economic Trends

With regard to economic trends, the Management Board has adopted the views expressed in the September/October 2008 edition of Goldman Sachs' Global Economics Analyst.

According to this study, the global economy should continue to grow over the coming years, albeit at a significantly slower pace due to the fallout from the global property and financial market crisis, increased rates of inflation and high energy prices. Experts³ expect global economic growth to be 3.9 percent in 2008 compared with 4.9 percent in 2007. A further decline to 3.6 percent is forecast for calendar year 2009.

The emerging markets are seen as key drivers of growth in this scenario; having expanded by 8.4 percent overall in 2007, they are expected to grow by around 7.1 percent in 2008 and 6.6 percent in 2009. In the USA, it is likely that economic growth will continue to be depressed by the severe repercussions of the financial market crisis. It is assumed that both consumer spending and business investment will be hit. The US economy is currently forecast to grow by 1.9 percent in calendar year 2008 and 1.0 percent in 2009. Growth forecasts for the euro zone have also been slashed in the face of weak demand for exports, a decline in consumer spending and the fallout from the financial market crisis. While the aforementioned study by Goldman Sachs forecasts real GDP growth of 1.5 percent in 2008 and 1.3 percent in 2009, the Autumn Forecast for 2008 to 2010 published by the European Commission on 3 November 2008 expects

³ Goldman Sachs Economic Research, Global Economics Analyst, September/October 2008.

economic growth in the European Union to reach 1.4 percent in 2008 – just half of what it was in 2007 – and to slow sharply to as little as 0.2 percent in 2009. October 2008 in particular saw the financial crisis take an increasing toll on the European economy. Although the extensive packages of measures aimed at stabilising the financial markets restored some degree of confidence, the outlook remains clouded by the considerable uncertainty over who will ultimately bear the main brunt of the credit defaults and what the extent of those defaults will be. Credit conditions deteriorated significantly in the fourth calendar quarter of 2008 and, despite various injections of capital, the banking sector will likely continue to deleverage, keeping credit in short supply. In Germany, the European Commission's experts only expect the economic upswing to continue through 2008, and at a sharply reduced clip to boot. Here too, the overall economic trend will be negatively impacted primarily by the fallout from the financial market crisis. Real GDP growth is expected to be 1.7 percent in 2008 compared with 2.6 percent in 2007. The experts then expect the economy to come to a complete standstill in 2009, however.

Global economic growth is also being depressed by comparatively high inflation. This has accelerated sharply in recent months, one reason being the ongoing rise in energy prices. According to estimates from research institutes, consumer price inflation will peak in 2008, at around 2.8 percent in Germany, roughly 3.5 percent in the euro zone and over 4 percent in the USA, and then drop back again in 2009.

Experts expect the gloomy economic outlook in Europe to prompt the European Central Bank to follow the lead of US interest rate-setters and cut benchmark rates over the coming months. This is likely to further depress the euro, which they see at around USD 1.30 next year, and thus reduce one of the pressures on the German export sector.

Market and Business Opportunities

In the industrial cranes market, the Demag Cranes Group expects further global growth on average in financial year 2008/2009, with emerging markets continuing to outpace industrialised nations. Compared with mature markets, emerging markets remain highly fragmented overall, with global industrial cranes suppliers primarily serving premium segments. For premium suppliers, in particular, the trend for customers to make greater use of higher-quality material flow and logistics products offers attractive growth opportunities. For global suppliers like the Demag Cranes Group, there are further opportunities to be had through their extensive range of products comprising both components such as hoists and complete cranes.

In the Port Technology segment, customers are expected to vary in the way they assess their business environment. Customers on large projects, where long-term port cargo-handling contracts or licensing requirements have to be fulfilled and the resulting investments made, may consider extending their plans over a longer time period. The investment behaviour of other customers, meanwhile, will be influenced by short-term contracts for cargo-handling services or the financing required to make their purchase. Like contractual and financial conditions, traffic volumes on principal intercontinental and regional routes also show a mixed picture. The current view, however, is that global transport of cargo – and therefore demand for the relevant handling technology – will continue to increase over the medium and long term. The market for intermodal applications is expected to see a general increase in investment, as customers need to ramp up capacity following the expansion of maritime ports in recent years. The marked increase in environmental awareness, especially in industrialised nations, could open up further sales opportunities since, from an environmental perspective, automated systems in container terminals offer significant advantages over manual equipment. Ultimately, however, we need to keep a close watch on how the financial market crisis, and in particular lending, might affect business for customers in both the Port Technology and the Industrial Cranes segments.

The Demag Cranes Group expects further growth in the Services segment in financial year 2008/2009. Besides the ongoing increase in demand in emerging markets, the key driver of this growth will be the large installed base in industrialised nations. In general, and especially in a difficult economic environment, customers continue to switch to professional maintenance and focus on maximum product performance. This benefits all types of services, especially those that require the manufacturer's specific expertise. Re-furbishments also make an important contribution for customers aiming to improve their efficiency and streamline their business. At the same time, existing legal requirements mean that all safety-related checks and maintenance continue to be carried out regardless of the extent to which a crane is being utilised. Due in particular to excellent customer relationships, the Demag Cranes Group's Services segment is well positioned in this market worldwide.

Business Outlook for the Demag Cranes Group

Based on the healthy order book at the end of financial year 2007/2008 and despite the difficult economic environment, the Group expects sustained steady demand overall in all three business segments throughout financial year 2008/2009.

It is difficult to make forecasts for the **Industrial Cranes segment** because, as explained above, it is more heavily dependent on economic cycles. It is well positioned thanks to its product portfolio, particularly the extended range of new-generation rope and chain hoists. Investments in production and assembly have been completed or initiated, paving the way for it to further reduce manufacturing costs and increase flexibility and efficiency. The Industrial Cranes segment's products are used in a wide variety of industries and serve myriad customer groups. It is likely that the possible adverse changes in the economic environment and the associated fall in demand in mature markets will continue to contrast with growth potential in emerging markets, especially the BRIC countries, where the Company is now well positioned.

With an attractive range of products, the **Port Technology segment** is equipped to serve every part of the transport chain. Mobile Harbour Cranes in particular enable customers to operate a terminal with relatively little capital expenditure and at a relatively low cost, even when economic conditions are difficult. At the same time, Mobile Harbour Cranes are a safe investment, as they can be transported to wherever they are needed for handling. For large terminals, the range includes products which, as a result of automation, allow facilities to be operated with an eye towards costs and the environment. Away from the maritime ports, the Port Technology segment carries solutions for the growing volume of intermodal traffic, enabling it to serve markets subject to developments and trends different from those in sea transport.

During the past financial year, the **Services segment** took further important steps to ensure its continued growth, even in a deteriorating economic environment. For example, additional staff were recruited to the field service team, engineering resources were expanded for refurbishment projects and procurement and logistics processes in the spare parts business were continuously improved. Another important step was the introduction of an active process for leveraging business potential in the services market. This includes further investment in infrastructure and skills and, in particular, specific projects and activities for each country organisation. The organic growth expected in financial year 2008/2009 could be further boosted by the acquisition of independent service companies. In the Services segment, the Company is therefore relatively relaxed about the prospect of an economic downturn based on the assumption that the segment will not be badly affected by a slight decline in capacity utilisation because equipment will have to be maintained as usual in the interests of safety, reliability and availability.

Overall Assessment

Given the forecasts outlined above, the Management Board expects the Demag Cranes Group to remain profitable over the next two years. At the present time, no one can say for sure how the financial crisis will affect the real economy and thus the Group's customers and suppliers. As a result, forecasts involve an even greater degree of uncertainty.

Forecast for Financial Year 2008/2009

For financial year 2008/2009, the Management Board has chosen to be conservative in its approach based on this assumption that forecasts will involve a considerable degree of uncertainty. This conservative approach factors into the forecast certain downside risks from volumes and prices.

Based on these assumptions, a possible decline in volumes coupled with price pressures from competition in the Industrial Cranes segment could also have a negative impact on the Group's adjusted EBIT margin. The growth of the Services segment could have a positive effect.

The Group's sound financial position may create opportunities to turn some competitors' problems to its advantage and participate much more actively in the process of industry consolidation than has been the case in recent years. The Group therefore intends to continue to pay attractive dividends that are set in line with the Company's operating performance. In implementing both an organic and an external growth strategy, it is conceivable that the dividend policy will have to be adapted on an ad hoc basis. This would then no longer be based on the Group's adjusted net income as it has been in the past.

The Management Board sees it as its job to maintain the solid base built over the past financial year and if necessary tread new paths to cost efficiency. Overall, therefore, the aim remains to keep a sound balance sheet and, as in the past, use the strong cash flows to invest in products and attractive markets.

Düsseldorf, 28 November 2008

Demag Cranes AG



Harald J. Joos



Rainer Beaujean



Thomas H. Hagen

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Income Statement

1 October 2007 to 30 September 2008

in EUR	2007/2008	2006/2007
1. General and administrative expenses	(17,416,854.72)	(12,957,744.02)
2. Other operating income	9,826,887.62	9,116,403.47
3. Other operating expenses	(992,817.42)	(1,187,416.12)
4. Income under profit transfer agreements	97,961,768.76	49,947,759.51
5. Other interest and similar income	15,284,480.17	13,264,165.70
6. Loss transfer	0.00	(921,885.05)
7. Interest and similar expenses	(12,584,380.28)	(12,090,510.50)
8. Profit from ordinary activities	92,079,084.13	45,170,772.99
9. Income tax	(9,630,134.51)	(5,117,044.59)
10. Net income for the financial year	82,448,949.62	40,053,728.40
11. Net income carried forward from previous year	18,626,760.01	1,863,323.91
12. Net income available for distribution	101,075,709.63	41,917,052.31

Balance Sheet

as at 30 September 2008

Assets

in EUR	30 Sept. 2008	30 Sept. 2007
A. Fixed assets		
I. Intangible assets		
Concessions, patents, licences, trade marks and similar rights and assets	642,578.00	466,582.00
II. Property, plant and equipment		
1. Fixtures, fittings, tools and equipment	329,844.00	280,533.00
2. Payments on account	0.00	6,885.28
III. Investments		
Shares in affiliated companies	215,855,308.40	215,855,308.40
	216,827,730.40	216,609,308.68
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	280,738,031.22	245,670,064.92
2. Other assets	204,559.95	120,917.89
	280,942,591.17	245,790,982.81
II. Cash at bank	34,209,042.37	12,684,094.56
	315,151,633.54	258,475,077.37
C. Prepayments and accrued income	386,156.40	640,996.97
Total	532,365,520.34	475,725,383.02

Liabilities and Shareholders' Equity

in EUR	30 Sept. 2008	30 Sept. 2007
A. Shareholders' equity		
I. Subscribed capital	21,172,993.00	21,172,993.00
II. Additional paid-in capital	191,775,534.19	191,775,534.19
III. Retained earnings	101,075,709.63	41,917,052.31
	314,024,236.82	254,865,579.50
B. Provisions		
1. Provisions for pensions and similar obligations	405,389.00	300,356.00
2. Tax provisions	14,699,322.00	5,100,000.00
3. Other provisions	6,412,165.00	5,381,818.66
	21,516,876.00	10,782,174.66
C. Liabilities		
1. Amounts owed to banks	105,000,000.00	170,049,366.39
2. Trade payables	429,121.37	269,022.90
3. Amounts owed to affiliated companies	91,367,600.30	39,725,187.49
4. Other liabilities	27,685.85	34,052.08
	196,824,407.52	210,077,628.86
Total	532,365,520.34	475,725,383.02

Notes to the Annual Financial Statements for the Financial Year 2007/2008¹

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¹ The Annual 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.
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.

The Annual Financial Statements of Demag Cranes AG, Düsseldorf, have been prepared in accordance with the requirements of the German Commercial Code (HGB) governing business corporations, taking into account the provisions of the German Stock Corporations Act (AktG). The Company is a large corporation ('grosse Kapitalgesellschaft') as defined in Section 267 (3), HGB.

Accounting Policies

From financial year 2007/2008, as part of the process of alignment to international accounting standards, tangible fixed assets other than property are depreciated on a straight-line basis. The diminishing balance method of depreciation is no longer used (under a reform of corporate taxation in Germany, this method also ceased to be used for tax purposes from 1 January 2008). As a result of this change, depreciation is EUR 14,000 lower than the comparative figure for the previous year.

The amount up to which the entire purchase price of a minor asset can be recognised as an expense for tax purposes in the year of purchase was reduced from EUR 410.00 to EUR 150.00 with effect from 1 January 2008. German tax law now allows minor assets with a purchase price of EUR 150.00 to EUR 1000.00 to be grouped and depreciated as a group over five years. For financial reporting purposes, minor assets are accounted for from 1 January 2008 analogously to the amended treatment under tax law. In the Statement of Changes in Fixed Assets, a disposal is recognised for the assets in the group in the financial year in which the group is depreciated to zero.

There were no other changes in accounting policies compared with the previous year.

The Income Statement is prepared using the cost of sales method.

Fixed Assets

Intangible assets are carried at cost of purchase and depreciated on a straight-line basis. The estimated useful life is normally three years. Registered trademarks have an estimated useful life of twelve years.

Property, plant and equipment is carried at cost of purchase or production less depreciation for wear and tear. The estimated useful life is seven or eight years, as appropriate.

Shares in affiliated companies are carried at the lower of cost of purchase or fair value.

Current Assets

Receivables and other assets are carried at face value, and write-downs are recognised as appropriate on individual assets or classes of assets to make allowance for all identifiable risks.

Cash and cash equivalents are carried at face value.

Prepayments and Accrued Income

Expenses incurred before the balance sheet date for a specific later time are recognised in prepayments and accrued income. As permitted in Section 250 (3) of the German Commercial Code (HGB), any excess of the settlement amount of a liability over its value on inception is amortised over the term of the liability.

Provisions

In accordance with Section 6 a of the German Income Tax Act (EStG), provisions for pensions and similar obligations are carried at actuarial present value using a discount rate of 6 percent and the Heubeck 2005 G mortality tables.

Other provisions are recognised to make allowance for all identifiable risks.

Liabilities

Liabilities are normally recognised at their settlement amount.

Currency Translation

Short-term payables and receivables from Group finance transactions are translated at the applicable spot rate.

Notes to the Income Statement

1. General and Administrative Expenses

The main items making up the general and administrative expenses of EUR 17,417,000 (2006/2007: EUR 12,958,000) consist of EUR 9,470,000 (2006/2007: EUR 5,986,000) in personnel expenses, EUR 2,282,000 (2006/2007: EUR 2,030,000) in legal and consulting expenses and EUR 574,000 (2006/2007: EUR 1,038,000) in expenses for statutory obligations under company law.

2. Other Operating Income

The Company has service agreements relating to the provision of various services with Demag Cranes & Components GmbH, DCC HoldCo 5 (fünf) GmbH and Gottwald Port Technology GmbH. Payment under contract for services rendered in the year under review generated income of EUR 8,221,000 (2006/2007: EUR 7,485,000).

3. Income Under Profit Transfer Agreements

The income under profit transfer agreements, totalling EUR 97,962,000 (2006/2007: EUR 49,948,000), consists of profit transfers for financial year 2007/2008 from DCC HoldCo 4 (vier) GmbH in the amount of EUR 83,353,000 (2006/2007: EUR 49,948,000) and from Gottwald HoldCo 3 (drei) GmbH in the amount of EUR 14,609,000 (2006/2007: EUR 922,000 loss transfer).

4. Other Interest and Similar Income

EUR 13,080,000 (2006/2007: EUR 11,979,000) of the other interest and similar income relates to affiliated companies.

5. Loss Transfer

The loss transfer expense item relates to the EUR 922,000 net loss of Gottwald HoldCo 3 (drei) GmbH in the previous year.

6. Interest and Similar Expenses

Interest and similar expenses amount to EUR 12,584,000 (2006/2007: EUR 12,091,000). EUR 3,526,000 (2006/2007: EUR 2,138,000) of this total relates to affiliated companies.

7. Disclosures in Accordance with Section 285 8 b of the German Commercial Code (Personnel Expenses)

in EUR thousand	1 Sept. 2007 – 30 Sept. 2008	1 Sept. 2006 – 30 Sept. 2007
Wages and salaries	9.054	5.765
Social insurance, pensions and support	416	221
[of which pensions]	[37]	[43]
Total	9.470	5.986

Notes to the Balance Sheet

1. Fixed Assets

Changes in individual classes of fixed assets are shown in the Appendix to the Notes to the Annual Financial Statements.

The intangible assets mainly consist of a trademark with a carrying amount of EUR 399,000 (as at 30 September 2008).

The shares in affiliated companies relate to DCC HoldCo 4 (vier) GmbH (EUR 108,226,000) and Gottwald HoldCo 3 (drei) GmbH (EUR 107,629,000).

2. Receivables and Other Assets

Of the receivables from affiliated companies totalling EUR 280,738,000 (2007: EUR 245,670,000), EUR 100,000,000 (2007: EUR 164,878,000) have a remaining term of more than one year. The amount reported at 30 September 2008 mainly consists of EUR 162,089,000 relating to DCC HoldCo 4 (vier) GmbH, Wetter, EUR 100,000,000 relating to Gottwald Port Technology GmbH, Düsseldorf, and EUR 5,000,000 relating to DCC HoldCo 5 (fünf) GmbH, Wetter.

The other assets chiefly comprise tax credits. As in the previous year, the other assets have a remaining term of less than one year.

3. Prepayments and Accrued Income

Prepayments and accrued income consists of EUR 173,000 (2007: EUR 351,000) for prepaid insurance premiums, lease payments and maintenance expenditure and EUR 213,000 (2007: EUR 290,000) representing the excess of the settlement amount of liabilities over their value on inception.

4. Shareholders' Equity

The Company's subscribed capital is unchanged, at EUR 21,172,993 divided into 21,172,993 no-par-value bearer shares. By resolution of the Annual General Meeting of 18 May 2006, the Management Board is authorised subject to Supervisory Board approval to increase the Company's share capital by up to a total of EUR 10,586,000 by issuing new no-par-value bearer shares for cash or non-cash consideration by or before 18 May 2011. In circumstances listed in the authorising resolution, the Management Board is authorised to exclude existing shareholders' statutory right of pre-emption.

By resolution of the Annual General Meeting of 6 March 2008, EUR 23,290,000 of net income for the financial year 2006/2007 was distributed to shareholders and EUR 18,627,000 carried forward to new account.

5. Provisions

The major portion of the other provisions relates to workforce-related obligations (EUR 4,392,000). A further EUR 574,000 relates to costs of the Annual General Meeting.

6. Liabilities

As in the previous year, the amounts owed to banks, taken as a whole, have remaining terms of greater than one year and less than five years.

As in the previous year, the trade payables totalling EUR 429,000 (2007: EUR 269,000) and the amounts owed to affiliated companies totalling EUR 91,368,000 (2007: EUR 39,725,000) have a remaining term of up to one year.

Other liabilities (EUR 28,000) mainly relate to social insurance contributions. As in the previous year, the other liabilities are due within one year.

Contingent Liabilities and Other Financial Commitments

The Company is a guarantor under bank loans taken out to finance the Demag Cranes Group. The Company is jointly and severally liable in the amount of a credit facility for a total of EUR 325,000,000. Drawings on the facility came to EUR 172,905,000 at the balance sheet date. EUR 105,000,000 of this amount consists of loans reported under amounts due to banks and EUR 67,905,000 of guarantee facilities.

Demag Cranes AG is also jointly and severally liable for a guarantee facility for its subsidiaries utilised in the amount of EUR 26,153,000 as at the balance sheet date.

Other contingent liabilities are as follows:

in EUR thousand	30 Sept. 2008	30 Sept. 2007
Liabilities under guarantees	203	1.364
[of which: to affiliated companies]	[203]	[1.364]

Other financial commitments amount to EUR 469,000 at 30 September 2008. These consist of lease obligations. EUR 177,000 is due in the next financial year and EUR 292,000 in the subsequent four years.

There are no other material financial commitments at the balance sheet date.

Derivative Financial Instruments

Demag Cranes AG uses derivative financial instruments to hedge exchange rate risk. The face value of exchange rate hedges at 30 September 2008 is EUR 49,755,000. The market value of the derivatives is EUR 454,000 at the balance sheet date. On forward foreign exchange contracts, market value is based on a comparison of the price at inception and the closing price at the year-end, taking applicable forward premiums and discounts into account.

Demag Cranes AG additionally entered into interest rate swaps and collars with effect from 29 September 2006, with a face value totalling EUR 45.0 million at 30 September 2008. Their market value at the balance sheet date is EUR 335,000. Market value is determined using interest rate yield curves as at the balance sheet date. The volume of these derivatives is being scaled back on a continuous basis up to 30 September 2010.

Other Disclosures

Subsidiaries and Associates (as at 30 September 2008)

The list of subsidiaries and associates of Demag Cranes AG as at 30 September 2008 is published in the electronic Bundesanzeiger (Federal Gazette).

Currency translation for foreign subsidiaries and associates is performed using the rate of exchange prevailing at the balance sheet date (equity) or the average exchange rate over the financial year (net income).

Employees

The Company had an average of 27 employees (all white-collar employees) in financial year 2007/2008 (2006/2007: 18).

Supervisory Board Remuneration

The total remuneration for the Supervisory Board in accordance with the Articles of Association amounted to EUR 497,000 in financial year 2007/2008 (2006/2007: EUR 472,000).

Compensation of the Management Board

Members of the Management Board were paid fixed and variable compensation in financial year 2007/2008. The variable compensation depends on the attainment of Group targets for adjusted EBIT and adjusted net income after tax. Members of the Management Board also participate in the Matching Stock Program (MSP). Non-cash compensation is also provided in the amounts required to be recognised under tax regulations for the use of company cars. The Balance Sheet includes EUR 66,000 at 30 September 2008 in pension provisions for a former member of the Management Board.

The table below provides a breakdown of the compensation received by each member of the Management Board for the period 1 October 2007 to 30 September 2008 (these are additional disclosures in accordance with Section 285 (1) 9 of the German Commercial Code (HGB)):

in EUR	Fixed compensation	Variable compensation*	Other	Total
Harald J. Joos	581,250	1,046,250	14,697	1,642,197
Rainer Beaujean	400,000	720,000	84,856	1,204,856
Thomas H. Hagen	400,000	720,000	68,157	1,188,157
Total	1,381,250	2,486,250	167,710	4,035,210

* Variable compensation: Recognised in provisions through profit or loss.

In addition, members of the Management Board were granted phantom shares under the Matching Stock Program (MSP) as follows:

	Outstanding phantom shares (number)	Fair value (EUR)*	Exercised phantom shares (number)	Value of phantom shares (EUR)**
Harald J. Joos	231,792	495,398	57,948	598,603
Rainer Beaujean	156,000	54,099		
Thomas H. Hagen	157,872	24,413		
Total	545,664	573,910	57,948	598,603

* Proportionate fair value of MSP programme in financial year 2007/2008.

** Exercise of first tranche 2006 on 23 June, 2008.

To promote the attainment of its business goals, Demag Cranes AG operates a Matching Stock Program (MSP). The MSP is a form of long-term compensation combining incentive and risk and entitles executives and managerial employees to subscribe for phantom shares. At the time of subscribing, MSP participants must be executives or employees of Demag Cranes AG or a Demag Cranes Group company whose contract is not pending termination. For each MSP share acquired in the MSP, participants receive five tranches of six phantom shares each year from the date of the IPO. The allocated phantom shares are subject to a two-year lock-up period from allocation of each tranche and thereafter are automatically exercised at the base price if a specific performance threshold is attained.

The base price of phantom shares in the first tranche is the issue price plus ten percent. The base price of the second to fifth tranche is the average unweighted closing price of Demag Cranes AG shares on the Frankfurt Stock Exchange Xetra trading platform in the last 60 trading days before allocation of the phantom shares, plus a ten percent mark-up. The base price is EUR 24.20 for the first tranche, EUR 52.73 for the second and 37.98 for the third.

The performance threshold is attained if the exercise price of the allocated phantom shares, being the average unweighted closing price on the Xetra trading platform in the last 60 trading days before exercise of the phantom shares, is above the base price.

On attainment of the performance threshold, for each phantom share, an amount equal to the difference between the base price and the exercise price, less payroll tax and social insurance contributions, is credited via a trustee account in shares in Demag Cranes AG, which can be freely disposed of after a two-year lockup period. If the gain to all participants, computed as the difference between the base price and the exercise price when all phantom shares in a tranche of the MSP are exercised, exceeds EUR 4,000,000, the gain to all participants thus computed is subjected to a pro rata MSP cap such that the gross MSP gain to all participants after application of the cap does not exceed EUR 4,000,000.

Phantom shares expire if they are not exercised within seven years of the MSP's inception. MSP participants who leave the Group before the end of the MSP forfeit all entitlements to phantom shares not yet allocated. In certain circumstances, phantom shares that have already been allocated but not yet exercised are then charged at an appropriate price.

The performance threshold for the first tranche of the Matching Stock Program (base price EUR 24.20; exercise price EUR 34.53) was attained on 23 June 2008. A total of 240,810 phantom shares worth EUR 1,318,000 were exercised by MSP participants. Participants can freely dispose of these shares after two years. The average share price at the time of the purchase was EUR 32.84.

Auditors' Fees

Fees for services rendered by the auditors of the Annual Financial Statements were recognised as expense in financial year 2007/2008 in the amount of EUR 538,000, consisting of EUR 144,000 for the audit of the Annual Financial Statements 2007/2008 and EUR 34,000 for audit services relating to the previous year. A further EUR 316,000 was incurred for the half-year review at 30 March 2008. An amount of EUR 44,000 was billed for other consulting services.

Compliance Statement on the German Corporate Governance Code

The Management Board and Supervisory Board of Demag Cranes AG have published a compliance statement on the recommendations of the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporations Act (AktG). The current compliance statement is available to shareholders at all times on the Demag Cranes AG website (www.demagcranes-ag.de).

Voting Rights Notifications Pursuant to Section 26 (1) of the German Securities Trading Act (WpHG)

Voting rights notifications we have received pursuant to Section 26 (1) of the German Securities Trading Act (WpHG) are listed in an Appendix to the Notes to the Annual Financial Statements.

Consolidated Financial Statements

Demag Cranes AG, Düsseldorf, prepares consolidated financial statements in compliance with International Financial Reporting Standards (IFRS) in respect of its subsidiaries and associates.

The Consolidated Financial Statements of Demag Cranes AG, Düsseldorf, are published in the electronic Bundesanzeiger (Federal Gazette).

Proposal for the Appropriation of Net Income of Demag Cranes AG

The Management Board and Supervisory Board propose that the net income available for distribution for financial year 2007/2008, totalling EUR 101,075,709.63, be used to pay out a dividend of EUR 1.40 (2006/2007: EUR 1.10) per share on the share capital of EUR 21,172,993.00 divided into 21,172,993 shares and to carry forward EUR 71,433,519.43 to new account.

Supervisory Board

Burkhard Schuchmann, Dortmund, Germany
Vice Chairman of the Board, Patentes Talgo SA, Madrid, Spain
Chairman of the Supervisory Board (since 6 March 2008)

Membership of other supervisory bodies:

Siegwerk Druckfarben AG, Siegburg, Germany
Patil Rail Industries Ltd., Hyderabad, India

Josef Berger*, Düsseldorf, Germany
Chairman of the Works Council of Demag Cranes & Components GmbH, Wetter, Germany
Deputy Chairman of the Supervisory Board

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Reinhard Gorenflos, Oxford, United Kingdom
Partner, Kohlberg Kravis Roberts & Co. L.P., London, United Kingdom
(Chairman of the Supervisory Board until 6 March 2008; member until 15 September 2008)

Membership of other supervisory boards:

ATU GmbH, Weiden, Germany
ProSiebenSat.1 Media AG, Munich, Germany

Membership of other supervisory bodies:

DEMAG Holding S.à.r.l., Luxembourg
Der Grüne Punkt – Duales System Deutschland GmbH, Cologne, Germany
Pages Jaunes SA, Paris, France
van Gansewinkel BV, Rotterdam, Netherlands

Gerd-Uwe Boguslawski*, Northeim, Germany
First authorised representative of the German Metalworkers Union (IG Metall)
in southern Lower Saxony/Harz, Northeim, Germany

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany
Novelis Deutschland GmbH, Göttingen, Germany
Sartorius AG, Göttingen, Germany

* Employee representative.

Klaus Ginsel*, Monheim am Rhein, Germany
Chairman of the Works Council of Gottwald Port Technology GmbH, Düsseldorf, Germany

Membership of other supervisory boards:
Gottwald Port Technology GmbH, Düsseldorf, Germany

Alfred Hack*, Herdecke, Germany
Head of Cranes Strategy – New Markets
Demag Cranes & Components GmbH, Wetter, Germany

Membership of other supervisory boards:
Demag Cranes & Components GmbH, Wetter, Germany

Prof. Dr. h. c. Karlheinz Hornung, Munich, Germany
Member of the Management Board and CFO of MAN AG, Munich, Germany

Membership of other supervisory boards:
MAN Nutzfahrzeuge AG, Munich, Germany
manroland AG, Offenbach, Germany
MAN Diesel SE, Augsburg, Germany
MAN Ferrostaal AG, Essen, Germany
MAN TURBO AG, Oberhausen, Germany
RENK AG, Augsburg, Germany
Arcandor AG (since 12 December 2007)

Robert J. Koehler, Wiesbaden, Germany
Chairman of the Management Board of SGL CARBON AG, Wiesbaden, Germany

Membership of other supervisory boards:
Benteler AG, Paderborn, Germany
Heidelberger Druckmaschinen AG, Heidelberg, Germany
Lanxess AG, Leverkusen, Germany
Klöckner & Co. AG, Duisburg, Germany (since 10 December 2007)

Dr. Herbert Meyer, Königstein, Germany
President of the Financial Reporting Enforcement Panel, Berlin, Germany

Membership of other supervisory boards:
Kuka AG, Augsburg, Germany
Deutsche Beteiligungs AG, Frankfurt am Main, Germany
WEBASTO AG, Stockdorf, Germany
Sektellerei Schloss Wachenheim AG, Wachenheim, Germany

Membership of other supervisory bodies:
Verlag Europa Lehrmittel GmbH, Haan-Gruiten, Germany
GOSS International, Chicago, USA

Reinhard Möller*, Uslar, Germany

Chairman of the Works Council of Demag Cranes & Components GmbH, Uslar plant, Germany

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Dr. Martin Posth, Berlin, Germany

Self-employed management consultant

Membership of other supervisory bodies:

Deining Management Consulting Co. Ltd., Shanghai, China

Iberia Motor Company S.A., Piastów, Poland

Hubert Rosenthal*, Herdecke, Germany

First authorised representative of the German Metalworkers Union (IG Metall)

Hagen administration office, Hagen, Germany

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Hoesch Schwerter Profile GmbH, Schwerte, Germany

Thyssen Krupp Bilstein Suspension GmbH, Ennepetal, Germany

Guß Holding GmbH, Osnabrück, Germany

Hoesch Hohenlimburg GmbH, Hohenlimburg, Germany

Management Board

Harald J. Joos, Düsseldorf, Germany

CEO and Member of the Board for Port Technology

Chairman of the Supervisory Board of Gottwald Port Technology GmbH, Düsseldorf, Germany

Member of the Supervisory Board at Berliner Volksbank eG, Berlin, Germany

Member of other supervisory bodies:

Deutsche Bank AG, Düsseldorf, Germany

Demag Cranes & Components Trading (Shanghai) Co. Ltd., Pudong, China

Demag Cranes & Components (Shanghai) Co. Ltd., Shanghai, China

Demag Cranes & Components Corp., Cleveland, USA

MHE-Demag (S) Pte. Ltd., Singapore

Rainer Beaujean, Meerbusch, Germany

CFO

Membership of the Supervisory Board:

Demag Cranes & Components GmbH, Wetter, Germany

Gottwald Port Technology GmbH, Düsseldorf, Germany

Thomas H. Hagen, Detmold, Germany
Member of the Board for Industrial Cranes and Services

Chairman of the Supervisory Board of Demag Cranes & Components GmbH, Wetter, Germany

Member of the Supervisory Board at Phorms Management AG, Berlin, Germany

Member of the supervisory body at MHE-Demag (S) Pte. Ltd., Singapore

Düsseldorf, 28 November 2008

Demag Cranes AG



Harald J. Joos



Rainer Beaujean



Thomas H. Hagen

Responsibility Statement


To the best of our knowledge, and in accordance with the applicable reporting principles, the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Demag Cranes AG, and the Management Report includes a fair review of the development and performance of the business and the position of Demag Cranes AG, together with a description of the principal opportunities and risks associated with the expected development of Demag Cranes AG.

Düsseldorf, 28 November 2008

Demag Cranes AG



Harald J. Joos



Rainer Beaujean



Thomas H. Hagen

Subsidiaries, Joint Ventures and Investments

Company and Registered Office	Country
Consolidated Companies (inside Germany)	
Gottwald HoldCo 3 (drei) GmbH, Düsseldorf	Germany
Gottwald Port Technology GmbH, Düsseldorf	Germany
Gottwald Port Technology Verwaltungs GmbH (Deutschland), Düsseldorf	Germany
DCC HoldCo 4 (vier) GmbH, Wetter	Germany
DCC HoldCo 5 (fünf) GmbH, Wetter	Germany
Demag Cranes & Components GmbH, Wetter	Germany
Kranservice Rheinberg GmbH, Rheinberg	Germany
DCC Verwaltungs GmbH, Wetter	Germany
DCC Verwaltungs 2 (zwei) GmbH, Wetter	Germany
Consolidated Companies (outside Germany)	
TBA B.V., Delft	Netherlands
Demag Cranes & Components Pty. Ltd., Smithfield	Australia
Demag Cranes & Components Ltda., Cotia	Brazil
Demag Cranes & Components (Shanghai) Co. Ltd., Shanghai	China
Demag Cranes & Components Trading (Shanghai) Co. Ltd., Pudong	China
Donati (Shanghai) Trading Co. Ltd., Shanghai	China
Demag Cranes & Components A/S, Copenhagen	Denmark
DCC France HoldCo SAS, Châlons en Champagne	France
Demag Cranes & Components SA, Châlons en Champagne	France
Demag Cranes & Components Ltd., Banbury	United Kingdom
Demag Cranes & Components Guarantee Ltd., Banbury	United Kingdom
Demag Cranes & Components Holdings Ltd., Banbury	United Kingdom
Demag Cranes & Components (India) Pte. Ltd., Pune	India
Donati Sollevamenti S.r.l., Varese	Italy
Demag Cranes & Components S.p.A., Agrate Brianza	Italy
Demag Cranes & Components GmbH, Salzburg	Austria
Demag Cranes & Components Sp. z o.o., Warsaw	Poland
Demag Cranes & Components Ltda., Lisbon	Portugal
OOO Demag Cranes & Components, Moscow	Russia
Demag Cranes & Components AG, Dietlikon	Switzerland
Demag Cranes & Components S.A.U., Madrid	Spain
Demag Cranes & Components (Pty.) Ltd., Johannesburg	South Africa
Demag Cranes & Components spol. s.r.o., Slaný	Czech Republic
Demag Cranes & Components Corp., Cleveland	USA
Crane America Services Corp., Dayton	USA
Demag Cranes & Components (Middle East) FZE, Dubai	UAE
Demag Cranes & Components Holdings Limited, Dubai	UAE

¹ 74 % DCC GmbH / 26 % DCC Guarantee Ltd.

² 10 % DCC GmbH / 90 % DCC S.p.A., provisional figures.

³ 99 % DCC GmbH / 1 % DCC Verwaltungs GmbH.

Interest and control held by	Percent of interest	Equity in EUR thousand	Net income 1/10/2007–30/9/2008 in EUR thousand
Demag Cranes AG	100.00	14,401	0
Gottwald HoldCo 3 (drei) GmbH	100.00	55,448	0
Gottwald Port Technology GmbH	100.00	25	0
Demag Cranes AG	100.00	108,039	0
DCC HoldCo 4 (vier) GmbH	100.00	203,247	0
DCC HoldCo 5 (fünf) GmbH	100.00	308,667	0
DCC GmbH	100.00	6,020	2,232
DCC GmbH	100.00	27	0
DCC GmbH	100.00	654	19
Gottwald Port Technology GmbH	69.78	4,490	2,138
DCC GmbH	100.00	5,387	1,733
DCC GmbH	999.999	12,768	6,543
DCC GmbH	100.00	3,571	(68)
DCC GmbH	100.00	1,457	(13)
Donati Sollevamenti S.r.l.	100.00	21	(80)
DCC GmbH	100.00	2,930	454
DCC HoldCo 5 (fünf) GmbH	100.00	14,225	4,437
DCC France HoldCo SA	100.00	4,765	1,929
DCC Holdings Ltd.	100.00	12,023	582
DCC GmbH	100.00	77	9
DCC GmbH / DCC Guarantee Ltd.	100.00 ¹	4,419	0
DCC GmbH	100.00	3,372	881
DCC GmbH / DCC S.p.A.	100.00 ²	6,062	50
DCC GmbH	100.00	14,064	502
DCC GmbH	100.00	7,074	2,234
DCC GmbH	100.00	2,939	1,430
DCC GmbH	100.00	217	74
DCC GmbH / DCC Verwaltungs GmbH	100.00 ³	689	(246)
DCC GmbH	100.00	2,840	1,529
DCC GmbH	100.00	2,033	445
DCC GmbH	100.00	8,373	1,800
DCC GmbH	100.00	5,320	527
DCC GmbH	100.00	24,577	206
DCC Corp.	100.00	12,542	1,225
DCC Holding Limited	100.00	3,492	1,659
DCC GmbH	100.00	2,520	60

Company and Registered Office**Country****Non-Consolidated Companies (inside Germany)**

AQZ Ausbildungs- und Qualifizierungszentrum Düsseldorf GmbH, Düsseldorf

Germany

Non-Consolidated Companies (outside Germany)

TBA Ro, Satu Mare

Romania

Donati Ltd., Liverpool

United Kingdom

Associated Companies (outside Germany)

MHE-Demag (S) Pte. Ltd., Singapore

Singapore

⁴ Information as at 31 December 2007.

Changes in Fixed Assets

in Financial Year 2007/2008

Cost

in T EUR

1 Oct. 2007

Additions

Reclassifications

I. Intangible assets

Concessions, patents, licenses, trade marks and similar rights and assets

545**247****0****II. Property, plant and equipment**

1. Fixtures, fittings, tools and equipment

348

142

7

2. Payments on account

7

0

(7)

355**142****0****III. Investments**

Shares in affiliated companies

215,855

0

0

Total**216,755****389****0**

Interest and control held by	Percent of interest	Equity in T EUR	Net income 1/10/2007–30/9/2008 in T EUR
Gottwald Port Technology GmbH	20.00 ⁴	464	28
TBA B.V.	100.00	20	5
Donati Sollevamenti S.r.l.	100.00	76	(7)
DCC GmbH	50.00 ⁴	18,573	1,710

Disposals	30 Sept. 2008	Accumulated depreciation, amortisation and write-downs	Carrying amount 30 Sept. 2008	Carrying amount 30 Sept. 2007	Depreciation, amortisation and write-downs in FY 2007/2008
0	792	149	643	467	71
1	496	166	330	280	99
0	0	0	0	7	0
1	496	166	330	287	99
0	215,855	0	215,855	215,855	0
1	217,143	315	216,828	216,609	170

[Independent] Auditors' Report

We have audited the Annual Financial Statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Demag Cranes AG, Düsseldorf, for the business year from 1 October 2007 to 30 September 2008. The maintenance of the books and records and the preparation of the Annual Financial Statements and Management Report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the Annual Financial Statements, together with the bookkeeping system, and on the Management Report based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Annual Financial Statements in accordance with German principles of proper accounting and in the Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the Annual Financial Statements and the Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the Annual Financial Statements and Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Annual Financial Statements of Demag Cranes AG, Düsseldorf, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The Management Report is consistent with the Annual Financial Statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 28 November 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Crampton
(Wirtschaftsprüfer)
[German Public Auditor]

Schmelzer
(Wirtschaftsprüfer)
[German Public Auditor]

Voting Rights Notifications Pursuant to Section 26 (1) of the German Securities Trading Act (WpHG)

Company	Date of change	No. of voting rights after change
JPMorgan Asset Management (UK) Limited, London	29.09.2008	592,648
JPMorgan Asset Management Holdings (UK) Limited, London	29.09.2008	592,648
JPMorgan Asset Management International Limited, London	29.09.2008	592,648
JPMorgan Chase & Co., New York	29.09.2008	691,731
Oppenheimer Funds Inc.	29.09.2008	673,301
Massachusetts Mutual Life Insurance Company, Massachusetts	29.09.2008	673,301
GLG Partners LP, London	19.09.2008	483,445
GLG Partners Ltd., London	19.09.2008	483,445
Polaris Capital Management LLC, Boston	12.09.2008	605,650
JPMorgan Asset Management Holdings Inc., New York	28.08.2008	1,058,147
GLG Partners LP, London	17.07.2008	991,681
GLG Partners Ltd., London	17.07.2008	991,681
cominvest Asset Management GmbH, Frankfurt am Main	22.08.2008	635,175
JPMorgan Asset Management Holdings Inc., New York	12.08.2008	1,066,254
JPMorgan Chase & Co., New York	11.08.2008	1,067,339
Polaris Capital Management LLC, Boston	18.07.2008	636,850
Norges Bank (Central Bank of Norway), Oslo	14.03.2008	637,366
State of Norway, Oslo	14.03.2008	637,366
Norges Bank (Central Bank of Norway), Oslo	01.04.2008	557,283
State of Norway, Oslo	01.04.2008	557,283
cominvest Asset Management GmbH, Frankfurt am Main	19.06.2008	639,375
GLG Partners LP, London	13.06.2008	1,056,116
GLG Partners Ltd., London	13.06.2008	1,056,116
GLG Partners LP, London	16.06.2008	1,058,964
GLG Partners Ltd., London	16.06.2008	1,058,964
cominvest Asset Management GmbH, Frankfurt am Main	13.06.2008	630,375
GLG Partners LP, London	09.06.2008	1,062,032
GLG Partners Ltd., London	09.06.2008	1,062,032
GLG Partners LP, London	19.05.2008	1,065,565
GLG Partners Ltd., London	19.05.2008	1,065,565
GLG Partners LP, London	21.05.2008	1,057,322
GLG Partners Ltd., London	21.05.2008	1,057,322

Share of voting rights on reaching threshold

No. of voting rights		Percent of voting rights		Percent attributed	
Held directly	Attributed	Held directly	Attributed	Attributed under Sec. 22 (1) 1-6 or 22 (2), WpHG	Additionally Sec. 22 (1), sentence 2
	592,648		2.80	2.80	
	592,648		2.80		2.80
	592,648		2.80		2.80
	691,731		3.27	0.11	3.16
673,301		3.18			
	673,301		3.18	3.18	
	483,445		2.28	2.28	
	483,445		2.28		2.28
	605,650		2.860	2.860	
	1,058,147		4.998		4.998
	991,681		4.68	4.68	
	991,681		4.68		4.68
547,425	87,750	2.58549	0.41444	0.41444	
	1,066,254		5.04		5.04
	1,067,339		5.04	0.06	4.99
	636,850		3.008	3.008	
637,366		3.0103			
	637,366		3.0103	3.0103	
557,283		2.63			
	557,283		2.63	2.63	
529,075	110,300	2.49882	0.52094	0.52094	
	1,056,116		4.99	4.99	
	1,056,116		4.99		4.99
	1,058,964		5.0015	5.0015	
	1,058,964		5.0015		5.0015
519,375	111,000	2.45301	0.52425	0.52425	
	1,062,032		5.02	5.02	
	1,062,032		5.02		5.02
	1,065,565		5.03	5.03	
	1,065,565		5.03		5.03
	1,057,322		4.99	4.99	
	1,057,322		4.99		4.99

Company	Date of change	No. of voting rights after change
cominvest Asset Management GmbH, Frankfurt am Main	21.05.2008	644,275
cominvest Asset Management GmbH, Frankfurt am Main	19.05.2008	633,475
GLG Partners LP, London	15.05.2008	1,057,584
GLG Partners Ltd., London	15.05.2008	1,057,584
JPMorgan Asset Management (UK) Limited, London	30.04.2008	652,282
JPMorgan Asset Management Holdings (UK) Limited, London	30.04.2008	652,282
JPMorgan Asset Management International Limited, London	30.04.2008	652,282
DWS Investment GmbH, Frankfurt am Main	22.04.2008	403,000
JPMorgan Asset Management Holdings Inc., New York	04.04.2008	667,150
JPMorgan Chase & Co., New York	04.04.2008	667,754
DWS Investment GmbH, Frankfurt am Main	03.04.2008	828,000
DWS Investment GmbH, Frankfurt am Main	31.03.2008	1,128,000
DWS Investment GmbH, Frankfurt am Main	19.03.2008	1,058,000
JPMorgan Asset Management Holdings Inc., New York	10.03.2008	577,850
JPMorgan Chase & Co., New York	10.03.2008	591,833
JPMorgan Asset Management Holdings Inc., New York	21.02.2008	647,280
JPMorgan Chase & Co., New York	21.02.2008	647,366
DWS Investment GmbH, Frankfurt am Main	22.01.2008	1,097,000
Cheyne Special Situations L.P., London	07.01.2008	629,347
Cheyne Capital Management (UK) LLP, London	07.01.2008	629,347
Cheyne Capital Management Limited, London	07.01.2008	629,347
Cheyne Capital Holdings Limited, Road Town	07.01.2008	629,347
Cheyne General Partner Inc, George Town	07.01.2008	629,347
Jalner International Limited, Road Town	07.01.2008	629,347
Novatrust Limited, Jersey	07.01.2008	629,347
New Star Asset Management, London	18.12.2007	634,125
Oppenheimer Funds Inc.	05.12.2007	583,721
Massachusetts Mutual Life Insurance Company, Massachusetts	06.12.2007	627,573
DWS Investment GmbH, Frankfurt am Main	10.12.2007	650,000
ODIN Forvaltning AS, Oslo	28.11.2007	623,568
Schroder Investment Management Ltd., London	08.11.2007	101,638
Schroders plc, London	08.11.2007	101,638

Share of voting rights on reaching threshold

No. of voting rights		Percent of voting rights		Percent attributed	
Held directly	Attributed	Held directly	Attributed	Attributed under Sec. 22 (1) 1-6 or 22 (2), WpHG	Additionally Sec. 22 (1), sentence 2
520,375	123,900	2.4577	0.5852	0.5852	
509,575	123,900	2.4067	0.5852	0.5852	
	1,057,584		4.99	4.99	
	1,057,584		4.99		4.99
	652,282		3.08	3.08	
	652,282		3.08		3.08
	652,282		3.08		3.08
403,000		1.90			
	667,150		3.15		3.15
	667,754		3.15	0.003	3.151
828,000		3.91			
1,128,000		5.33			
1,058,000		4.9969			
	577,850		2.73		2.73
	591,833		2.80	0.07	2.73
	647,280		3.06		3.06
	647,366		3.06	0.0004	3.0571
1,097,000		5.18			
629,347		2.972			
	629,347		2.972	2.972	
	629,347		2.972		2.972
	629,347		2.972		2.972
	629,347		2.972	2.972	
	629,347		2.972		2.972
	629,347		2.972		2.972
	634,125		2.99	2.99	
583,721		2.76			
	627,573		2.96	2.96	
650,000		3.07			
	623,568		2.95	2.95	
	101,638		0.48	0.48	
	101,638		0.48		0.48

Company	Date of change	No. of voting rights after change
Schroder Administration Limited, London	08.11.2007	101,638
cominvest Asset Management GmbH, Frankfurt am Main	29.10.2007	642,875
Cheyne Special Situations L.P., London	02.10.2007	650,000
Cheyne Capital Management (UK) LLP, London	02.10.2007	650,000
Cheyne Capital Management Limited, London	02.10.2007	650,000
Cheyne Capital Holdings Limited, Road Town	02.10.2007	650,000
Cheyne General Partner Inc, George Town	02.10.2007	650,000
Jalner International Limited, Road Town	02.10.2007	650,000
Novatrust Limited, Jersey	02.10.2007	650,000
Allianz Global Investors Kapitalanlagegesellschaft mbH (Correction to notice of 23.07.2007)	17.07.2007	733,380
Threadneedle Asset Management Limited, London	13.07.2007	425,960
Threadneedle Asset Management Holdings Limited, London	13.07.2007	425,960
Ameriprise Financial Inc., Minneapolis	13.07.2007	425,960
FMR Corp., Boston	30.05.2007	590,000
Credit Suisse Securities (Europe) Limited, London	22.01.2007	
Credit Suisse Group, Zurich	22.01.2007	
Credit Suisse, Zurich	22.01.2007	
Credit Suisse (International) Holding AG, Zug	22.01.2007	
Credit Suisse Investment (UK), London	22.01.2007	
Credit Suisse Investment Holdings (UK), London	22.01.2007	

Share of voting rights on reaching threshold

No. of voting rights		Percent of voting rights		Percent attributed	
Held directly	Attributed	Held directly	Attributed	Attributed under Sec. 22 (1) 1-6 or 22 (2), WpHG	Additionally Sec. 22 (1), sentence 2
	101,638		0.48		0.48
562,375	80,500	2.66	0.38	0.38	
650,000		3.07			
	650,000		3.07	3.07	
	650,000		3.07		3.07
	650,000		3.07		3.07
	650,000		3.07	3.07	
	650,000		3.07		3.07
	650,000		3.07		3.07
469,223	264,157	2.21	1.25	1.25	
	425,960		2.01	2.01	
	425,960		2.01		2.01
	425,960		2.01		2.01
	590,000		2.79	2.79	
		0.050			
			0.05	0.05	
			0.05	0.05	
			0.05	0.05	
			0.05	0.05	
			0.05	0.05	

The Management Report and Annual Financial Statements contain forward-looking statements relating to the business, financial performance and earnings of Demag Cranes AG and its subsidiaries and associates. Forward-looking statements are not historical facts and are indicated by words and phrases such as 'believe', 'expect', 'forecast', 'intend', 'project', 'plan', 'estimate', 'aim', 'anticipate', 'assume', 'target' and similar. Forward-looking statements are based on current plans, estimates, projections and expectations and are therefore subject to risks and uncertainties, most of which are difficult to estimate and which in general are beyond the control of Demag Cranes AG. Consequently, actual developments as well as actual earnings and performance may differ materially from that which is explicitly or implicitly assumed in the forward-looking statements.

Demag Cranes AG gives no guarantee that expectations and targets explicitly or implicitly assumed in forward-looking statements will be attained. Demag Cranes AG does not intend or accept any obligation to publish updates of these forward-looking statements incorporating events or circumstances subsequent to publication of this Annual Report.

All figures are rounded to the nearest thousand Euros unless otherwise stated. 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. Please note that, in the case of a legal dispute, only the official German version is legally binding. The English version is provided for information purposes only.



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