



We Can Handle It.

Interim Report 2nd Quarter 2007/2008

DEMAG
CRANES AG

Group Key Figures

(IFRS)

	Q2 2007/2008	Q2 2006/2007	Δ	Q1–Q2 2007/2008	Q1–Q2 2006/2007	Δ	Financial Year 2006/2007
Earnings (in EUR million)							
Order intake	353.0	321.1	9.9%	648.0	595.5	8.8%	1,205.1
Order book ¹	492.2	402.6	22.2%	492.2	402.6	22.2%	427.6
Revenue	281.6	255.0	10.4%	572.7	497.5	15.1%	1,080.4
of which inside Germany	22.1%	19.5%	2.6% points	21.4%	19.0%	2.4% points	19.0%
of which outside Germany	77.9%	80.5%	-2.6% points	78.6%	81.0%	-2.4% points	81.0%
Gross profit	86.0	74.8	15.0%	167.7	143.8	16.6%	291.7
in % of revenue	30.5%	29.3%	1.2% points	29.3%	28.9%	0.4% points	27.0%
Adjusted EBITDA ²	39.3	28.4	38.4%	74.6	54.9	35.8%	118.5
Adjusted EBIT ²	34.1	23.1	47.7%	64.0	44.0	45.5%	94.6
in % of revenue	12.1%	9.1%	3.1% points	11.2%	8.8%	2.3% points	8.8%
EBIT	32.8	20.3	61.4%	62.3	38.9	59.9%	82.0
Adjusted net income after taxes ³	20.2	13.2	53.3%	38.0	23.9	58.9%	51.1
	Q2 2007/2008	Q2 2006/2007	Δ	Q1–Q2 2007/2008	Q1–Q2 2006/2007	Δ	Financial Year 2006/2007
Cash flow (in EUR million)							
Cash flow from operating activities	26.5	11.5	131.3%	37.2	3.2	1071.9%	64.7
Cash flow from investing activities	-3.4	-6.4	47.7%	-4.7	-7.8	39.2%	-26.1
of which capital expenditure	-3.4	-6.6	48.8%	-6.1	-12.1	49.8%	-30.7
Free cash flow before financing	23.2	5.1	354.2%	32.4	-4.6	798.4%	38.5
	31 March 2008	31 March 2007	Δ	31 March 2008	31 March 2007	Δ	30 September 2007
Balance sheet (in EUR million)							
Total assets	864.8	878.5	-1.6%	864.8	878.5	-1.6%	843.1
Working capital	273.9	239.0	14.6%	273.9	239.0	14.6%	247.5
Net financial liabilities	110.0	158.4	-30.6%	110.0	158.4	-30.6%	116.6
Equity	219.6	188.2	16.7%	219.6	188.2	16.7%	209.0
Equity ratio in %	25.4%	21.4%	4.0% points	25.4%	21.4%	4.0% points	24.8%
Gearing in %	50.1%	84.2%	-34.1% points	50.1%	84.2%	-34.1% points	55.8%
	31 March 2008	31 March 2007	Δ	31 March 2008	31 March 2007	Δ	30 September 2007
Employees							
Employees ⁴	5,896	5,753	2.5%	5,896	5,753	2.5%	5,813
of which inside Germany	2,939	2,915	0.8%	2,939	2,915	0.8%	2,926
of which outside Germany	2,957	2,838	4.2%	2,957	2,838	4.2%	2,887
	31 March 2008	31 March 2007	Δ	31 March 2008	31 March 2007	Δ	30 September 2007
Shares							
Number of shares (in millions)	21.2	21.2	–	21.2	21.2	–	21.2
Market capitalisation (in EUR million)	612.3	1,033.0	-40.7%	612.3	1,033.0	-40.7%	699.6
Adjusted earnings per share (in EUR) ³	0.95	0.62	53.2%	1.79	1.13	58.4%	2.41
Dividend per share (in EUR)	–	–	–	–	–	–	1.10
Closing share price (in EUR) ⁵	28.92	48.79	-40.7%	28.92	48.79	-40.7%	33.04
High (in EUR) ⁵	31.71	52.02	-39.0%	31.71	52.02	-39.0%	52.02
Low (in EUR) ⁵	21.05	37.50	-43.9%	21.05	26.95	-21.9%	26.70

¹ As at the end of the period

² The adjustments reflect the effects of the purchase accounting method and one-off effects

³ The adjustments reflect the effects of the purchase accounting method, one-off effects and tax effects

⁴ Employees as at the end of the period excluding temporary employees, apprentices and trainees, including holding company

⁵ As per Xetra closing

Segment Key Figures

INDUSTRIAL CRANES (in EUR million)	Q2 2007/2008	Q2 2006/2007	Δ	Q1–Q2 2007/2008	Q1–Q2 2006/2007	Δ	Financial Year 2006/2007
Order intake	197.4	171.8	14.9%	343.6	302.4	13.6%	575.4
Order book ¹	312.6	236.1	32.4%	312.6	236.1	32.4%	251.5
Revenue	132.5	117.1	13.1%	274.3	228.6	20.0%	485.4
Adjusted gross profit ²	39.3	34.1	15.0%	77.1	66.1	16.7%	134.8
Adjusted EBIT ^{2, 3}	13.2	5.5	141.5%	22.7	10.5	117.0%	25.0
in % of revenue	10.0%	4.7%	5.3% points	8.3%	4.6%	3.7% points	5.2%
Employees ⁴	3,382	3,330	1.6%	3,382	3,330	1.6%	3,350

PORT TECHNOLOGY (in EUR million)	Q2 2007/2008	Q2 2006/2007	Δ	Q1–Q2 2007/2008	Q1–Q2 2006/2007	Δ	Financial Year 2006/2007
Order intake	71.0	65.1	9.1%	137.1	133.9	2.4%	323.3
Order book ¹	127.9	113.7	12.5%	127.9	113.7	12.5%	128.9
Revenue	70.5	64.4	9.4%	137.5	125.4	9.6%	298.9
Adjusted gross profit ²	15.5	13.9	11.3%	28.2	27.6	2.0%	52.3
Adjusted EBIT ^{2, 3}	4.4	3.3	35.3%	7.3	6.0	20.7%	10.4
in % of revenue	6.2%	5.0%	1.2% points	5.3%	4.8%	0.5% points	3.5%
Employees ⁴	804	798	0.8%	804	798	0.8%	795

SERVICES (in EUR million)	Q2 2007/2008	Q2 2006/2007	Δ	Q1–Q2 2007/2008	Q1–Q2 2006/2007	Δ	Financial Year 2006/2007
Order intake	84.7	84.2	0.5%	167.3	159.2	5.1%	306.4
Order book ¹	51.6	52.8	-2.2%	51.6	52.8	-2.2%	47.3
Revenue	78.6	73.4	7.1%	160.9	143.5	12.1%	296.1
Adjusted gross profit ²	32.5	29.4	10.5%	64.9	55.4	17.1%	115.4
Adjusted EBIT ^{2, 3}	18.9	15.3	23.3%	37.9	28.7	32.2%	62.2
in % of revenue	24.1%	20.9%	3.2% points	23.6%	20.0%	3.6% points	21.0%
Employees ⁴	1,682	1,610	4.5%	1,682	1,610	4.5%	1,643

¹ As at the end of the period

² The adjustments reflect the effects of the purchase accounting method and one-off effects

³ Since the 2007/2008 financial year Demag Cranes AG central holding company expenses not directly allocable to segments are shown for the first time as a separate item. The comparison figures (Q2 and Q1–Q2 2006/2007 and financial year 2006/2007) have been restated accordingly.

⁴ Employees as at the end of the period, excluding temporary employees, apprentices and trainees

At a Glance

- Continued strong Group order intake (plus 9.9 percent)
- Dynamic Group revenue growth (plus 10.4 percent)
- Adjusted Group EBIT grew considerably (plus 47.7 percent)
- Group Guidance increased (New: Revenue up to around 1.2 billion EUR; Adjusted EBIT up to around 125 million EUR)

Demag Cranes AG – We Can Handle It.

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

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

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CEO Letter to our Shareholders

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Dear Shareholders,
Ladies and Gentlemen,

The Demag Cranes Group sustained its very strong business trend in the second quarter of the 2007/2008 financial year. The continued strong order intake in our Industrial Cranes segment was particularly notable in light of the ongoing discussion about the current financial crisis and scenarios for a weakening economy.

This reaffirms the resilience of our business model, a resilience which is largely due to international diversification between established markets and emerging economies. In the latter especially, the flow of investment in domestic infrastructure continues, and we can profit from this trend with our products and services.

Based on this resilience and the very strong first half year, the Management Board has decided to increase our guidance for the year as a whole. On the background assumption of the positive business trend being sustained through the next two quarters, we forecast Group revenue of up to around EUR 1.2 billion (previously EUR 1.13 – 1.16 billion) and adjusted EBIT of up to around EUR 125 million (previously approximately EUR 110 million). For our appraisal of the overall economic trends, please see the 'Business Overview and Market Development' and 'Outlook' sections.

Aside from the strong first half, we are also pleased to record that the Demag Cranes shares are now traded in the next higher index, the MDAX index compiled by Deutsche Börse. This increases the attention on our company and our share internationally – something which makes for a balanced ownership structure.

Yours sincerely



Harald J. Joos
CEO and Member of the Board
for Port Technology



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

The Share

Demag Cranes AG Shares

The second quarter of the 2007/2008 financial year brought two important events for Demag Cranes AG shareholders:

The second Annual General Meeting of Demag Cranes AG was held at the Dusseldorf Congress Centre on 6 March 2008. All motions from the Company's administration were passed with a more than 98 percent majority. The next day, the Company paid out a dividend of EUR 1.10 per share – a ten percent increase on the previous year. The dividend ratio came to 45.6 percent, at the upper end of the published dividend policy of 35–45 percent of adjusted net income.

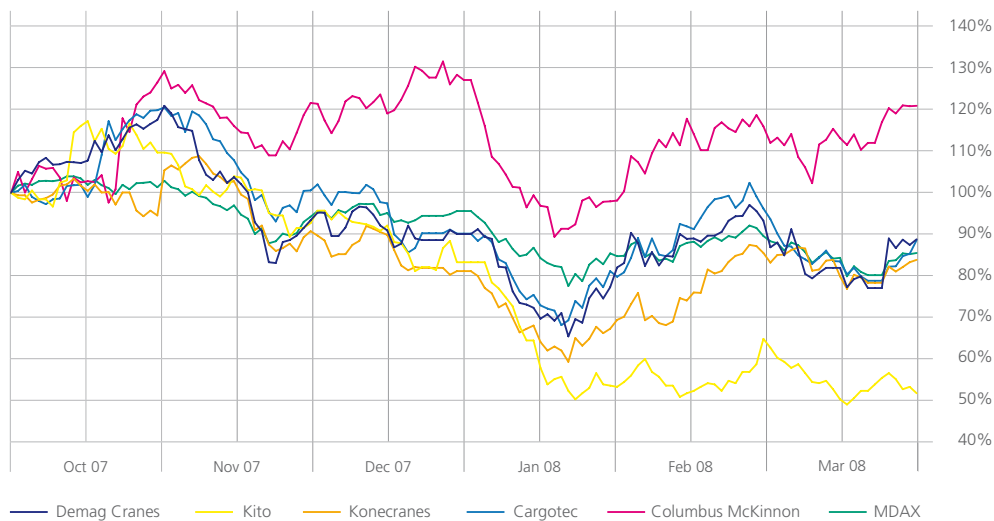
The second key event was the promotion of Demag Cranes shares to the MDAX index. In a very difficult and volatile capital market climate, the Company's shares outperformed its benchmark share indices in the preceding months in terms of both market capitalisation and trading volume. This qualified our shares for inclusion in a higher index. Deutsche Börse consequently announced on 5 March 2008 that Demag Cranes would be included in the MDAX from 25 March 2008. The change has since had a positive impact on the share price performance.

At the end of the first quarter of the 2007/2008 financial year, the share price stood at EUR 29.34¹. After the start of trading in the new calendar year, the share price at first continued its downward trend, which as previously reported was a result of international investors turning away from European small caps in general. In the wake of the plunge taken by international stock markets on 'Black Monday', 21 January 2008, the share price marked its second-quarter low at EUR 21.05¹.

Key share data		31 March 2008	31 December 2007
Number of shares	Millions	21.17	21.17
Closing price ¹	in EUR	28.92	29.34
Market capitalisation	in EUR million	612.32	621.22
		Q2 2007/2008	Q1 2007/2008
Average daily trading volume	Shares	282,812	222,641
High ¹	in EUR	31.71	39.75
Low ¹	in EUR	21.05	27.00

¹ As per XETRA closing

Demag Cranes share price performance compared with its peers and the MDAX, 1 October 2007 to 31 March 2008



The early announcement of very strong business results for the first quarter on 30 January 2008 was received positively by the capital market. We found that the interest in Demag Cranes share had increased during several roadshows. The share price recovered strongly and reached its highest level for the second quarter at EUR 31.71 on 26 February 2008.

Profit-taking and the ex-dividend markdown following the Annual General Meeting caused a drop in the share price to EUR 24.97 by mid-March. The inclusion in the MDAX had a positive impact thereafter. On 25 March 2008, the share price gained a good 16 percent to EUR 29.01. On the 31 March 2008 the share price closed at EUR 28.92, only 1.4 percent down on the beginning of the quarter.

In the same quarter, the SDAX benchmark index fell by 14 percent from 5219.39 to 4488.35 and the MDAX by 9.5 percent from 9708.26 to 8787.38.

The Demag Cranes share price continued its recovery following the end of the second quarter, closing at EUR 34.93 on 6 May 2008.

Inclusion in the MDAX noticeably boosted analyst and investor interest in Demag Cranes. Two further major investment advisors have announced their intention to compile research on Demag Cranes shares. This will further boost international awareness of Demag Cranes AG.

Ownership Structure

100 percent of the Company's shares were freely traded as at 31 March 2008.

Interim Management Report

2nd Quarter 2007/2008

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Business Overview and Market Development

World economic trends

The world economic climate further worsened in the first calendar quarter of 2008. According to Ifo Institute surveys, companies assessed both the current business situation and the outlook for the next six months as having further deteriorated. WES experts consider that the US subprime crisis is affecting – apart from the US itself – above all the financial systems in the UK, Switzerland, Ireland and Germany. However, the experts think that the negative impact will be concentrated on the first half of 2008 and that it will weaken thereafter.

The worsening in the Ifo World Economic Climate Index primarily affected North America and Western Europe and was far less pronounced in Asia. The strongest decline in the economic climate indicator occurred in the US.

Economic trends in the euro area

The economic climate in all countries comprising the euro zone likewise deteriorated in the first calendar quarter of 2008. Despite the international pressures, however, experts do not think that the euro area economy will slide into a recession⁵. The fact that companies are still making good profits and operating near full capacity makes a slump in business investment unlikely.

The German economy remains on an upward trend. The main stabilising force in the first quarter was the manufacturing industry. The German industry remains highly competitive and its products are in strong demand, ensuring sustained economic impetus from abroad⁶.

Overall, the economic experts forecast that the negative factors will tail off in the second half of the year, allowing the euro area economy to grow somewhat more strongly towards the year-end.

Industry situation

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

Due to its balanced product and service portfolio, the Demag Cranes Group is only marginally dependent on cyclical trends.

² Ifo Institute for Economic Research, Munich

³ Similar findings are recorded in Goldman Sachs Global Economics Analyst March-April 2008 and Commerzbank Economic Research, "Economics, interest rates and exchange rates", April/May 2008

⁴ Findings of the Ifo World Economic Survey (WES) for the first quarter of 2008, in cooperation with the International Chamber of Commerce (ICC), Paris

⁵ Commerzbank Economic Research, "Economics, interest rates and exchange rates", April/May 2008

⁶ Federal Ministry of Economics and Technology press release dated 18 March 2008

The Industrial Cranes segment is dependent on the trend in the economy as a whole but in principle has a late-cycle bias. Also, any cyclical risk in its established markets is largely checked by the trend towards infrastructure investment in emerging markets. This in particular supports our growth ambitions in these markets.

The Port Technology segment depends on worldwide cargo volumes and the very stable growth in container handling. Considerable sums are being spent on marine port facilities to cope with the dynamic growth in cargo volumes and particularly in container transport⁷. Viewed globally, this growth trend is likely to be scarcely affected by cyclical fluctuations in individual regions. Also, the majority of customers in the Port Technology segment – namely port operators – come under state regulation where policy decisions on matters such as infrastructure are generally implemented directly.

The Services segment is barely subject to cyclic variations and is even able to profit from a cyclical downturn because there tends to be stronger demand at such times for servicing and refurbishment than for new capital goods.

Overall, we consider the Demag Cranes Group to be outstandingly well positioned.

Business Performance

Order intake and order book

Despite the increasingly negative overall market environment, the Group's order intake and order book continued to grow in the second quarter of the 2007/2008 financial year. Compared with the second quarter of 2006/2007, order intake rose through entirely organic growth by 9.9 percent from EUR 321.1 million to EUR 353.0 million. This positive trend was mainly driven by the Industrial Cranes and Port Technology segments. The order book grew by no less than 22.2 percent compared with the prior-year quarter, to EUR 492.2 million.

Comparing the figures for the first half year, order intake gained 8.8 percent from EUR 595.5 million to EUR 648.0 million.

in EUR million	Q2 2007/2008	Q2 2006/2007	Δ	Q1-Q2 2007/2008	Q1-Q2 2006/2007	Δ
Industrial Cranes	197.4	171.8	14.9%	343.6	302.4	13.6%
Port Technology	71.0	65.1	9.1%	137.1	133.9	2.4%
Services	84.7	84.2	0.5%	167.3	159.2	5.1%
Group order intake	353.0	321.1	9.9%	648.0	595.5	8.8%

⁷ Federal Ministry of Economics and Technology, „Schlaglichter der Wirtschaftspolitik: Monatsbericht April 2008“

in EUR million	31 March 2008	31 March 2007	Δ	30 September 2007
Industrial Cranes	312.6	236.1	32.4%	251.5
Port Technology	127.9	113.7	12.5%	128.9
Services	51.6	52.8	-2.2%	47.3
Group order book	492.2	402.6	22.2%	427.6

At segment level, order intake in the Industrial Cranes segment increased in the second quarter by 14.9 percent to EUR 197.4 million driven by sustained strong demand. Compared with the first half of the 2006/2007 financial year, the Industrial Cranes segment achieved growth of 13.6 percent. The positive trend was largely carried by the Standard and Process Cranes product lines. The segmental order book grew by EUR 76.5 million compared with the end of the prior-year quarter (31 March 2007) to EUR 312.6 million.

Order intake in the Port Technology segment was compared with the second quarter of 2006/2007, rising 9.1 percent to EUR 71.0 million. Order intake in this segment is subject to intra-year fluctuation due to its almost exclusively project-based business with relatively small production runs. Comparing the half-year figures, the increase in order intake was consequently 2.4 percent. The Port Technology segment order book gained 12.5 percent on the end of the prior-year quarter, to EUR 127.9 million.

At EUR 84.7 million, second-quarter order intake in the Services segment was slightly up on the same quarter of 2006/2007. Comparing first-half figures, order intake gained 5.1 percent to EUR 167.3 million. The segmental order book was on a par with the end of the prior-year quarter.

Revenue

Group revenue in the second quarter of 2007/2008 rose compared with the same period a year earlier by 10.4 percent to EUR 281.6 million. The Demag Cranes Group has thus succeeded in more than tripling its revenue growth rate compared with the second quarter of 2006/2007 (Q2 2006/2007 revenue growth: 3.4 percent).

Revenue grew by 15.1 percent compared with the first half of the 2006/2007 financial year.

All three segments contributed to this revenue growth.

in EUR million	Q2 2007/2008	Q2 2006/2007	Δ	Q1-Q2 2007/2008	Q1-Q2 2006/2007	Δ
Industrial Cranes	132.5	117.1	13.1%	274.3	228.6	20.0%
Port Technology	70.5	64.4	9.4%	137.5	125.4	9.6%
Services	78.6	73.4	7.1%	160.9	143.5	12.1%
Group revenue	281.6	255.0	10.4%	572.7	497.5	15.1%

The Industrial Cranes segment boosted revenue in the second quarter of 2007/2008 by EUR 15.3 million or 13.1 percent to EUR 132.5 million. Comparing half-year figures, revenue climbed by no less than 20.0 percent to EUR 274.3 million. All product lines showed substantial growth.

Second-quarter revenue in the Port Technology segment rose by 9.4 percent to EUR 70.5 million. Compared with the first half of the 2006/2007 financial year, revenue was up 9.6 percent. Most of this revenue growth is due to strong demand for mobile harbour cranes.

In the Services segment, revenue grew by 7.1 percent compared with the prior-year quarter to a total of EUR 78.6 million. The main drivers were the spare parts business and refurbishment services.

Earnings

The Demag Cranes Group sustained its positive earnings trend in the second quarter of 2007/2008. The Group generated adjusted EBIT of EUR 34.1 million, a substantial 47.7 percent increase on the prior-year quarter.

Cumulative adjusted EBIT for the first half of 2007/2008 came to EUR 64.0 million, EUR 20.0 million or 45.5 percent up on the first half of 2006/2007. The Services and Industrial Cranes segments contributed a major share of this growth.

in EUR million	Q2 2007/2008	Q2 2006/2007	Δ	Q1-Q2 2007/2008	Q1-Q2 2006/2007	Δ
Industrial Cranes	13.2	5.5	141.5%	22.7	10.5	117.0%
Port Technology	4.4	3.3	35.3%	7.3	6.0	20.7%
Services	18.9	15.3	23.3%	37.9	28.7	32.2%
Central holding company expenses/ DC AG	-2.4	-0.9	-	-3.9	-1.2	-
Adjusted Group EBIT	34.1	23.1	47.7%	64.0	44.0	45.5%

Segmental earnings

Turning to the segmental figures, second-quarter adjusted EBIT in the Industrial Cranes segment rose by 141.5 percent to EUR 13.2 million. Cumulative adjusted EBIT for the first half year came to EUR 22.7 million, representing growth of 117.0 percent. This very strong performance reflected increased revenue in all product lines compared with the previous year and efficiency gains through improved utilisation of our worldwide capacity.

The Port Technology segment also achieved the expected improvement in earnings compared with the same time a year earlier, with EUR 4.4 million in the second quarter of 2007/2008 and EUR 7.3 million in the first half of the 2007/2008 financial year. A five-part package of measures was adopted in the 2006/2007 financial year to cut manufacturing costs on our fifth-generation mobile harbour cranes. Approximately 80 percent of the package had been implemented by the end of the first half of 2007/2008. This has already brought major cost savings on cranes currently under manufacture on the basis of the measures concerned. Because most revenue is recognised on an f.o.b. (free on board ship) basis, the full benefit of the measures will show through in earnings in the 2008/2009 financial year.

In the Services segment, adjusted EBIT grew on a quarter-to-quarter comparison by a substantial 23.3 percent to EUR 18.9 million. The spare parts business contributed particularly strongly to this growth. On a half-year basis, adjusted EBIT improved by 32.2 percent to EUR 37.9 million.

Central holding company expenses increased in the first half compared with the same part of the previous year by EUR 2.7 million due to the organisational restructuring and the introduction of additional management and control tools.

Group adjusted EBITDA climbed from EUR 28.4 million to EUR 39.3 million.

in EUR million	Q2 2007/2008	Q2 2006/2007	Δ	Q1-Q2 2007/2008	Q1-Q2 2006/2007	Δ
Adjusted Group EBIT	34.1	23.1	47.7%	64.0	44.0	45.5%
Adjusted depreciation and amortisation	5.2	5.3	-1.9%	10.5	10.9	-3.4%
Adjusted Group EBITDA	39.3	28.4	38.4%	74.6	54.9	35.8%

Financial position

Consolidated free cash flow before financing changed as follows during the first and second quarters of 2007/2008:

in EUR million	Q1-Q2 2007/2008	Q1-Q2 2006/2007	Δ
Cash flow from operating activities	37.2	3.2	1071.9%
Cash flow from investing activities	-4.7	-7.8	39.2%
Free cash flow before financing	32.4	-4.6	798.4%

Despite a EUR 26.4 million increase in working capital, cash flow from operating activities grew by EUR 34.0 million to EUR 37.2 million. The cash flow increase is a result of a very strong business performance in the first half of the 2007/2008 financial year.

Cash flow from investing activities improved by EUR 3.1 million to minus EUR 4.7 million. This is largely an outcome of two factors: Cash outflows for capital expenditure were EUR 6.0 million down on the prior-year quarter, while cash inflows from sales of property, plant and equipment and of intangible assets decreased by roughly EUR 3.0 million.

in EUR million	31 March 2008	30 September 2007	Δ
Cash and cash equivalents	62.7	55.7	12.6%
Net financial debt	110.0	116.6	-5.7%

Cash and cash equivalents increased compared with 30 September 2007 from EUR 55.7 million to EUR 62.7 million. Net financial debt fell by EUR 6.6 million due to the very strong cash flow from operating activities with drawings on the revolving credit facility held constant.

Net assets

in EUR million	31 March 2008	30 September 2007	Δ
Total assets	864.8	843.1	2.6%
Working capital	273.9	247.5	10.7%
Total equity	219.6	209.0	5.1%
Gearing in %	50.1%	55.8%	-

Total assets at 31 March 2008 were up EUR 21.6 million (2.6 percent) compared with 30 September 2007. The increase mostly reflects higher inventory levels in line with the fuller order book and an increase in trade receivables. There was also a EUR 7.0 million increase in cash and cash equivalents. This combined with a concurrent EUR 10.6 million increase in total equity led in the first half of the 2007/2008 financial year to a 5.7 percentage-point improvement in the gearing ratio (net financial debt to total equity), from 55.8 percent to 50.1 percent.

The equity ratio (total equity to total assets) consequently stands at 25.4 percent.

Employees

The Group had 5,896 employees* at 31 March 2008, an increase of 83 compared with 30 September 2007 and 159 compared with 31 March 2007. The 2.8 percent year-on-year growth in the workforce went hand in hand with 15.1 percent growth in revenue.

	31 March 2008	31 March 2007	Δ	30 September 2007
Employees*	5,896	5,737	2.8%	5,813
Revenue per employee** (in EUR thousand)	98	87	12.2%	–

* Employees excluding temporary employees, apprentices and trainees

** Based on average employee numbers

Revenue per employee amounted to EUR 98,000 in the first half of 2007/2008, 12.2 percent up on the figure for the prior-year period.

Report on Opportunities and Risks

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At 31 March 2008, there are no risks that raise doubt about the entity's ability to continue as a going concern. There has also been no significant change in opportunities and risks relative to the Risk Report on page 74 of the 2006/2007 Annual Report.

Outlook

Continued positive business development expected in the second half of the current financial year – guidance for financial year upgraded.

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

Precise forecasts are made altogether difficult given the highly volatile capital market environment described above. Despite this, the Management Board of Demag Cranes AG considers that in particular the very strong business performance in the first half year justifies an increase in its guidance for the 2007/2008 financial year as a whole. The Management Board now forecasts Group revenue of up to around EUR 1.2 billion (previously EUR 1.13 – 1.16 billion) and adjusted EBIT of up to around EUR 125 million (previously around EUR 110 million).

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

Dusseldorf, 8 May 2008



HARALD J. JOOS

CEO and Member of the
Board for Port Technology



RAINER BEAUJEAN

CFO



THOMAS H. HAGEN

Member of the Board for
Industrial Cranes and Services

Consolidated Interim Financial Statements

as at 31 March 2008 (2nd Quarter 2007/2008) according to IFRS

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Consolidated Income Statement

1 January to 31 March 2008

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in EUR thousand	Note	Q2 2007/2008	Q2 2006/2007
Revenue		281,574	254,999
Cost of sales		-195,583	-180,224
Gross profit		85,991	74,775
Research and development expenses		-4,947	-5,169
Selling, general and administrative expenses		-49,201	-49,627
Other operating income/expenses, net		280	11
Share of profit of associated companies		659	318
Earnings before interest and tax (EBIT)		32,782	20,308
Interest and similar income/expenses, net		-3,368	-3,507
Earnings before tax (EBT)		29,414	16,801
Income tax		-9,962	-5,173
Net income after tax		19,452	11,628
<i>of which attributable to the shareholders of Demag Cranes AG</i>		19,255	11,464
<i>of which attributable to minority interest</i>		197	164
Earnings per share (in EUR)	3	0.91	0.54

Consolidated Income Statement

1 October to 31 March 2008

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in EUR thousand	Note	Q1-Q2 2007/2008	Q1-Q2 2006/2007
Revenue		572,686	497,528
Cost of sales		-405,017	-353,757
Gross profit		167,669	143,771
Research and development expenses		-9,683	-10,344
Selling, general and administrative expenses		-97,198	-95,453
Other operating income/expenses, net		267	201
Share of profit of associated companies		1,231	766
Earnings before interest and tax (EBIT)		62,286	38,941
Interest and similar income/expenses, net		-6,603	-7,162
Earnings before tax (EBT)		55,683	31,779
Income tax		-18,591	-10,713
Net income after tax		37,092	21,066
<i>of which attributable to the shareholders of Demag Cranes AG</i>		36,793	20,832
<i>of which attributable to minority interest</i>		299	234
Earnings per share (in EUR)	3	1.74	0.98

Consolidated Balance Sheet

as at 31 March 2008

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Assets in EUR thousand	Note	31 March 2008	30 September 2007
Goodwill		120,416	120,537
Other intangible assets		51,807	55,232
Property, plant and equipment		117,975	121,469
Investment property		176	394
Investments in associates		14,850	14,493
Other investments		729	745
Non-current trade receivables		466	618
Other non-current assets		2,343	2,288
Deferred tax assets		28,574	37,305
Total non-current assets		337,336	353,081
Inventories	4	235,944	220,265
Advance payments made		2,594	2,888
Trade receivables		202,245	186,414
Current financial receivables		823	1,129
Tax receivables		3,170	2,455
Other current assets		19,898	21,184
Cash and cash equivalents		62,749	55,716
Total current assets		527,423	490,051
Total assets		864,759	843,132

Shareholders' Equity

and Liabilities in EUR thousand

	Note	31 March 2008	30 September 2007
Subscribed capital		21,173	21,173
Additional paid-in capital		193,501	192,962
Other reserves		3,631	-6,169
Equity attributable to shareholders of the parent company		218,305	207,966
Minority interests		1,289	990
Total equity		219,594	208,956
Non-current interest-bearing loans and borrowings	5	169,222	169,154
<i>Non-current interest-bearing loans and borrowings</i>		<i>170,804</i>	<i>170,980</i>
<i>Non-amortised debt issuance cost</i>		<i>-1,582</i>	<i>-1,826</i>
Pension plans and similar commitments		121,967	121,734
Non-current provisions		9,403	8,987
Other non-current liabilities		26,562	25,723
Deferred tax liabilities		4,809	5,897
Total non-current liabilities		331,963	331,495
Current interest-bearing loans and current maturities of non-current debt instruments	6	2,771	2,497
Trade payables		75,380	72,376
Advance payments received		91,933	90,313
Current provisions		23,131	20,560
Provisions for tax		15,916	13,252
Other current liabilities		104,070	103,683
Total current liabilities		313,201	302,681
Total shareholders' equity and liabilities		864,759	843,132

Consolidated Statement of Recognised Income and Expenses (SORIE)

1 October 2007 bis 31 March 2008

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in EUR thousand	2007/2008	2006/2007
Effective portion of changes in the fair value of cash flow hedging instruments	341	-179
Changes in the fair value of available-for-sale financial instruments	-15	-37
Differences arising from currency translation	-3,924	-628
Deferred tax income/expense	-105	71
Net income recognised directly in equity	-3,703	-772
Net income after tax	37,092	21,066
of which attributable to the shareholders of Demag Cranes AG	36,793	20,832
of which attributable to minority interest	299	234
Total recognised income and expenses for the year	33,389	20,294
of which attributable to the shareholders of Demag Cranes AG	33,090	20,060
of which attributable to minority interest	299	234

Consolidated Statement of Shareholders' Equity

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1 October 2007 to 31 March 2008

in EUR thousand	Subscribed capital	Additional paid-in capital	other reserves		Equity attributable to shareholders of the parent company	Minority interest	Total equity
			Retained earnings	Statement of recognised income and expenses (SORIE)			
Balance as at 1 October 2007	21,173	192,962	-8,984	2,815	207,966	990	208,956
Net income after tax			36,793		36,793	299	37,092
Dividends paid			-23,290		-23,290		-23,290
Other changes		539		-3,703	-3,164		-3,164
Balance as at 31 March 2008	21,173	193,501	4,519	-888	218,305	1,289	219,594
Balance as at 1 October 2006	21,173	192,088	-20,251	-4,796	188,214	650	188,864
Net income after tax			20,832		20,832	234	21,066
Dividends paid			-21,173		-21,173		-21,173
Other changes		328	-131	-772	-575		-575
Balance as at 31 March 2007	21,173	192,416	-20,723	-5,568	187,298	884	188,182

1) Basis of Preparation

IFRS Interim Financial Statements

The Demag Cranes AG consolidated interim financial statements as at 31 March 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the reporting date as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies used are in compliance with IAS 34 (Interim Financial Reporting). The accounting policies and methods of computation used for the interim financial statements are identical with those applied in the audited IFRS consolidated financial statements as at 30 September 2007 and are described in detail in the 2006/2007 Annual Report. No IFRS financial reporting pronouncements of relevance to the Group were applicable for the first time in the first half of the 2007/2008 financial year.

The quarterly financial statements of Demag Cranes AG as at 31 March 2008 and 2007 were not reviewed.

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

Scope of Consolidated Financial Statements

The interim financial statements include the separate financial statements of Demag Cranes AG and the interim financial statements of all material directly or indirectly controlled subsidiaries. In addition to OOO Demag Cranes & Components Russland, Moscow, launched in the first quarter, Donati (Shanghai) Trading Co. Ltd., Shanghai, launched by Donati Sollevamenti S.r.l., Varese, Italy on 25 March 2008 was included in the consolidated financial statements for the first time. The changes in the scope of the consolidated financial statements do not have a material impact on the quarterly financial statements.

Use of Estimates

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

Rounding

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

2) Segment Reporting

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

Primary Reporting Format (business segments)

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

IAS 14 segmental information

in EUR thousand	2007/2008		2006/2007		1 January to 31 March	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
	Revenue		Segment earnings (EBIT)		Depreciation and amortisation	
Industrial Cranes	132,465	117,136	10,957	3,233	3,920	4,918
Port Technology	70,496	64,431	3,700	2,826	2,021	1,979
Services	78,613	73,432	18,125	14,249	606	1,179
Total	281,574	254,999	32,782	20,308	6,547	8,076

in EUR thousand	2007/2008		2006/2007		1 October to 31 March	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
	Revenue		Segment earnings (EBIT)		Depreciation and amortisation	
Industrial Cranes	274,298	228,605	19,611	6,344	7,732	10,002
Port Technology	137,501	125,412	6,117	5,449	4,226	3,912
Services	160,887	143,511	36,557	27,148	1,286	2,558
Total	572,686	497,528	62,286	38,941	13,244	16,472

Supplementary segmental information

	1 January to 31 March							
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
in EUR thousand	Adjusted EBIT		<i>in % of revenue</i>		Adjusted depreciation and amortisation		Adjusted EBITDA	
Industrial Cranes	13,186	5,460	10.0	4.7	2,793	2,706	15,980	8,166
Port Technology	4,397	3,251	6.2	5.0	1,892	1,830	6,289	5,081
Services	18,913	15,342	24.1	20.9	463	656	19,377	15,998
Central Holding company/DC AG	-2,351	-930			43	100	-2,308	-830
Total	34,146	23,123	12.1	9.1	5,192	5,293	39,338	28,416

	1 October to 31 March							
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
in EUR thousand	Adjusted EBIT		<i>in % of revenue</i>		Adjusted depreciation and amortisation		Adjusted EBITDA	
Industrial Cranes	22,735	10,478	8.3	4.6	5,476	5,651	28,212	16,129
Port Technology	7,287	6,039	5.3	4.8	3,972	3,593	11,259	9,632
Services	37,904	28,674	23.6	20.0	1,010	1,541	38,915	30,215
Central Holding company/DC AG	-3,891	-1,185			75	120	-3,816	-1,065
Total	64,036	44,006	11.2	8.8	10,534	10,906	74,570	54,912

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

in EUR thousand	Q2 2007/2008	Q2 2006/2007	Q1-Q2 2007/2008	Q1-Q2 2006/2007
Adjusted EBIT	34,146	23,123	64,036	44,006
– Effects from purchase accounting depreciation and amortisation	-1,355	-2,783	-2,710	-5,567
– Adjustments for one-off effects*	-8	-32	961	502
Segment earnings (EBIT)	32,782	20,308	62,286	38,941
*Of which:				
Gains/losses on divestments	-8		961	534
Other		-32		-32

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

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

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

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

3) Earnings per share

There was no dilutive effect as there were no potential shares in the first half of the 2007/2008 financial year. Diluted and basic earnings per share are therefore identical.

Adjusted earnings per share is not defined in IFRS and may differ from the definition used by other companies. The figures shown may therefore only be comparable to a limited extent. However, as Demag Cranes AG bases its dividend policy on distributing 35–45 percent of this figure, adjusted earnings per share is the more relevant measure of performance for the capital market.

Earnings per share and adjusted earnings per share are derived as follows:

	Q2 2007/2008	Q2 2006/2007
in EUR thousand except per-share amounts		
Net income after tax attributable to the shareholders of Demag Cranes AG	19,255	11,464
Average number of ordinary shares in circulation	21,172,993	21,172,993
Earnings per share (in EUR)	0.91	0.54
Net income after tax attributable to the shareholders of Demag Cranes AG	19,255	11,464
Adjustments:		
– Effects from purchase accounting depreciation and amortisation	1,355	2,783
– Adjustments for one-off effects	8	32
Tax effect on adjustments 07/08 30.7% (06/07 39.0%)	-419	-1,098
Adjusted net income after tax attributable to the shareholders of Demag Cranes AG	20,200	13,181
Average number of ordinary shares in circulation	21,172,993	21,172,993
Adjusted earnings per share (in EUR)	0.95	0.62
	Q1–Q2 2007/2008	Q1–Q2 2006/2007
in EUR thousand except per-share amounts		
Net income after tax attributable to the shareholders of Demag Cranes AG	36,793	20,832
Average number of ordinary shares in circulation	21,172,993	21,172,993
Earnings per share (in EUR)	1.74	0.98
Net income after tax attributable to the shareholders of Demag Cranes AG	36,793	20,832
Adjustments:		
– Effects from purchase accounting depreciation and amortisation	2,710	5,567
– Adjustments for one-off effects	-961	-502
Tax effect on adjustments 07/08 30.7% (06/07 39.0%)	-537	-1,975
Adjusted net income after tax attributable to the shareholders of Demag Cranes AG	38,005	23,922
Average number of ordinary shares in circulation	21,172,993	21,172,993
Adjusted earnings per share (in EUR)	1.79	1.13

4) Inventories

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Inventories include the following positions:

in EUR thousand	31 March 2008	30 September 2007
Raw materials and supplies	50,486	41,766
Work in progress	177,065	171,055
Finished goods and products held for resale	8,392	7,444
Total inventories	235,944	220,265

5) Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings comprise the following:

in EUR thousand	31 March 2008	30 September 2007
Revolving credit facility	170,000	170,000
Finance lease obligations	25	31
Financial debt to related parties	320	490
Other debt	564	565
Less current maturities	-105	-106
Non-current interest-bearing loans and borrowings	170,804	170,980
Non-amortised debt issuance cost	-1,582	-1,826
Non-current interest-bearing loans including non-amortised debt issuance cost	169,222	169,154

The revolving credit facility for EUR 325,000,000 (including an ancillary facility of EUR 105,000,000) was opened on 16 June 2006 and terminates on 27 June 2011. Drawings on the facility at 31 March 2008 were as follows:

- EUR 170,000,000 drawn on the revolving credit facility itself (due June 2008). This sum is equal in amount to the drawings as at 30 September 2007.
- EUR 59,144,000 drawn on the ancillary credit line for guarantees (30 September 2007: EUR 63,284,000)

6) Current interest-bearing loans and current maturities of non-current debt instruments

Current interest-bearing loans and current maturities of non-current debt instruments are composed as follows:

in EUR thousand	31 March 2008	30 September 2007
Current maturities of non-current debt instruments	105	106
Financial debt to related parties	280	280
Other debt	2,386	2,110
Total current interest-bearing loans	2,771	2,497

7) Contractual commitments

The following other contractual commitments existed as at 31 March 2008:

in EUR thousand	31 March 2008			Total
	Less than one year	One to five years	More than five years	
Operating lease obligations	10,282	20,084	5,465	35,832
Purchase commitments				
– Fixed assets	5,746			5,746
– Inventories	139,946	19,289		159,234
– Other assets	8,300			8,300
Total contractual commitments	164,274	39,373	5,465	209,112

8) Contingent liabilities

A contingent liability is an obligation about which there is insufficient certainty for it to be accounted for as a provision or liability on the balance sheet. If the criteria for the recognition of a provision are met, the liability is shown on the balance sheet. As at 31 March 2008, obligations from issuing guarantees (excluding product warranties) were as follows:

in EUR thousand	31 March 2008	
	Maximum potential future obligation	Amount recognised as liability
Loan guarantees	10,920	
Notes	396	
Guarantees for third-party liabilities	56,159	
Warranties	297	
Other	2,561	
Total	70,333	0

Guarantees for third-party liabilities include contingencies from 'buy-back arrangements', which subsidiary Gottwald Port Technology GmbH enters into in connection with the sale of certain items of machinery and equipment it produces. As at 31 March 2008, the maximum potential liability amounted to EUR 55,999,000 (30 September 2007: EUR 55,771,000).

9) Related parties

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

in EUR thousand	1 October to 31 March		31 March	30 Sep- tember
	2007/2008	2006/2007	2008	2007
Current debt to TBA Holding			280	280
Financial liability to TBA Holding			320	490
Sales to MHE Demag Pte. Ltd.	8,203	7,487		
Receivables from MHE Demag Pte. Ltd.			4,298	4,848
Payables to MHE Demag Pte. Ltd.			26	68
Sales to Donati Ltd.	941	681		
Receivables from Donati Ltd.			597	313
Financial receivable from Donati Ltd.			220	242
Sales to E & W Anlagenbau GmbH	1,256	1,204		
Receivables from E & W Anlagenbau GmbH			1,620	1,800

No consulting services were provided in the period under review by the member of the Supervisory Board of Demag Cranes & Components GmbH and his consulting company as mentioned in the related party disclosures in the 2006/2007 Annual Report. As at 31 March 2008, all services provided in the previous financial year had been invoiced.

10) Subsequent events

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No events material to the financial position and performance of the Group have arisen since 31 March 2008.

Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Dusseldorf, 8 May 2008

Demag Cranes AG
The Management Board



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



RAINER BEAUJEAN
CFO



THOMAS H. HAGEN
Member of the Board for
Industrial Cranes and Services

Financial calendar 2008

7 August 2008	Interim Report, 3 rd Quarter 2007/2008
15 December 2008	Publication of annual financial statements for the financial year 2007/2008

Please note that in case of legal dispute only the official German version of this document is legally binding.
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