

Notes to the Balance Sheet

15. Goodwill and Other Intangible Assets

	Goodwill	Trademarks	Patents
in EUR thousand			
Cost			
Balance at 1 October 2007	120,537	27,846	15,099
Additions from acquisitions	-	-	-
Additions from internal development	-	-	-
Disposals	-63	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Exchange differences	-89	-	-
Balance at 30 September 2008	120,385	27,846	15,099
Balance at 1 October 2008	120,385	27,846	15,099
Additions from acquisitions	-	-	-
Additions from internal development	-	-	-
Disposals	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Exchange differences	39	-	-
Balance at 30 September 2009	120,424	27,846	15,099

	Goodwill	Trademarks	Patents
in EUR thousand			
Amortisation and Impairments			
Balance at 1 October 2007	-	-85	-15,046
Amortisation	-	-	-5
Impairments	-	-	-
Disposals	-	-	-
Exchange differences	-	-	-
Balance at 30 September 2008	-	-85	-15,051
Balance at 1 October 2008	-	-85	-15,051
Amortisation	-	-	-4
Impairments	-	-	-
Disposals	-	-	-
Exchange differences	-	-	-
Balance at 30 September 2009	-	-85	-15,055
Carrying Amounts			
Balance at 1 October 2007	120,537	27,761	53
Balance at 30 September 2008	120,385	27,761	48
Balance at 1 October 2008	120,385	27,761	48
Balance at 30 September 2009	120,424	27,761	44

	Capitalised development (in progress)	Capitalised development (completed)	Software	Other intangible assets	Total
	3,055	13,621	21,108	24,814	226,080
	-	-	3,544	639	4,183
	-	696	-	-	696
	-	-	-1,138	-	-1,201
	-3,055	3,055	65	-65	-
	-	-	139	-	139
	-	-	63	-5	-31
	-	17,372	23,781	25,383	229,866
	-	17,372	23,781	25,383	229,866
	-	-	3,696	21	3,717
	643	-	-	-	643
	-	-	-330	-22,744	-23,074
	-	-	609	-464	145
	-	-	-	-	-
	-	-	-55	-18	-34
	643	17,372	27,701	2,178	211,263

	Capitalised development (in progress)	Capitalised development (completed)	Software	Other intangible assets	Total
	-	-2,872	-11,768	-20,540	-50,311
	-	-2,849	-3,292	-3,973	-10,119
	-	-	-2	-	-2
	-	-	217	-	217
	-	-	-32	2	-30
	-	-5,721	-14,877	-24,511	-60,245
	-	-5,721	-14,877	-24,511	-60,245
	-	-2,995	-3,293	-152	-6,444
	-	-5,967	-608	-	-6,575
	-	-	253	22,744	22,997
	-	-	15	20	35
	-	-14,683	-18,510	-1,899	-50,232
	3,055	10,749	9,340	4,274	175,769
	-	11,651	8,904	872	169,621
	-	11,651	8,904	872	169,621
	643	2,689	9,191	279	161,031

Goodwill

The Group tests goodwill for impairment annually at segment level. Goodwill is allocated to segments as follows:

in EUR thousand	30 September	
	2009	2008
Industrial Cranes	15,525	15,486
Port Technology	8,266	8,266
Services	96,633	96,633
Total	120,424	120,385

As there is no active market in which to determine the fair value of the segments, the Group assesses goodwill allocated to them for impairment by reference to their discounted expected future operating cash flows less estimated costs to sell (fair value less costs to sell). These cash flows are estimated over the detailed planning period on the basis of the Group's medium-term plan, which has a five-year planning horizon. Key factors incorporated into the planning model include trends in exchange rates, relevant markets, and costs of production, selling and marketing, and administration. These take into account general market forecasts alongside current trends and past experience. We refer to the Management Report for detailed information. For the ongoing future beyond the medium-term planning horizon, net cash flows are projected to remain unchanged and are not multiplied by a growth factor. The discount rate used to discount future cash flows is 12.6 percent in the Industrial Cranes and Services segments (2007/2008: 14.1 percent) and 8.8 percent in the Port Technology segment (2007/2008: 12.8 percent). This is equal to the weighted average pre-tax cost of capital.

As in the previous year, the impairment tests performed in financial year 2008/2009 confirmed the existing carrying amounts of goodwill.

Other Intangible Assets

The other intangible assets balance sheet item in the amount of EUR 40,606,000 (2008: EUR 49,236,000) comprises trademarks, patents, capitalised development costs for development in progress, capitalised development costs for completed development, software, and sundry other intangible assets.

EUR 643,000 in development expenses were capitalised for a new model range in financial year 2008/2009 (2007/2008: EUR 696,000). They were accounted for by the Port Technology segment.

Based on indications that they may be impaired, capitalised development expenses in the Port Technology segment were tested for impairment in financial year 2008/2009. The resulting impairment loss of EUR 5,967,000 was recognised in the Income Statement, where it is included in research and development expenses. The impairment loss is measured relative to the fair value determined using a net present value-based method with an after-tax discount rate of 7.5 percent. The impairment losses on other intangible assets related to the Port Technology segment in the amount of EUR 608,000 in financial year 2008/2009 and to the Industrial Cranes segment in the amount of EUR 2,000 in financial year 2007/2008.

As in the previous year, there were no impairment reversals in financial year 2008/2009.

Trademarks with indefinite useful lives are tested annually for impairment using the relief from royalty method. The recoverable amounts were computed by applying a pre-tax discount rate of 9.1 percent (2008: 9.8 percent) in the Industrial Cranes and Services segments and of 6.6 percent (2008: 9.0 percent) in the Port Technology segment. The imputed licence fee was 2.5 percent (2008: 2.5 percent). The carrying amounts of trademark assets in each segment are as follows:

	30 September	
in EUR thousand	2009	2008
Industrial Cranes	10,623	10,623
Port Technology	9,747	9,747
Services	6,891	6,891
Total	27,261	27,261

As in the previous year, impairment testing of trademarks did not give cause to recognise any impairment losses.

Amortisation and impairments of intangible assets are divided between items in the Income Statement as follows:

	1 October to 30 September			
in EUR thousand	2008/2009	Of which impairments	2007/2008	Of which impairments
Cost of sales	-648	-	-5,249	-
Research and development expenses	-10,026	-6,575	-2,837	-
Selling, general and administrative expenses	-2,345	-	-2,035	-2
Total	-13,019	-6,575	-10,121	-2

16. Property, Plant and Equipment

	Land	Buildings and leasehold improvements
in EUR thousand		
Cost		
Balance at 1 October 2007	23,981	61,692
Additions	–	1,246
Disposals	–	–4
Reclassifications	–	1,266
Other changes	–	–
Exchange differences	133	1,144
Balance at 30 September 2008	24,114	65,344
Balance at 1 October 2008	24,114	65,344
Additions	17	700
Disposals	–64	–
Reclassifications	153	27
Other changes	–	–
Exchange differences	59	–107
Balance at 30 September 2009	24,279	65,964

	Land	Buildings and leasehold improvements
in EUR thousand		
Depreciation and Impairments		
Balance at 1 October 2007	–1,032	–20,538
Depreciation	–	–3,910
Impairments	–	–
Disposals	–	2
Exchange differences	–	–164
Balance at 30 September 2008	–1,032	–24,610
Balance at 1 October 2008	–1,032	–24,610
Depreciation	–	–3,470
Impairments	–	–1,084
Disposals	–	–
Exchange differences	–	–47
Balance at 30 September 2009	–1,032	–29,211
Carrying Amounts		
Balance at 1 October 2007	22,949	41,154
Balance at 30 September 2008	23,082	40,734
Balance at 1 October 2008	23,082	40,734
Balance at 30 September 2009	23,247	36,753

	Plant and machinery	Other plant	Prepayments and assets under construction	Property, plant and equipment under finance leases	Total
	78,483	27,938	8,295	128	200,517
	9,300	6,295	3,690	–	20,531
	–1,289	–1,687	–9	–	–2,989
	173	216	–1,655	–	–
	–	–	–139	–	–139
	526	–239	32	6	1,602
	87,193	32,523	10,214	134	219,522
	87,193	32,523	10,214	134	219,522
	10,096	4,775	–1,124	–	14,463
	–880	–1,399	–558	–	–2,901
	1,048	175	–1,548	–	–145
	–	–	–	–	–
	–136	–122	53	–1	–254
	97,321	35,952	7,037	133	230,685

	Plant and machinery	Other plant	Prepayments and assets under construction	Property, plant and equipment under finance leases	Total
	–38,656	–18,737	–	–85	–79,048
	–8,284	–5,182	–	–14	–17,390
	–447	–	–	–	–447
	949	1,568	–	–	2,519
	–252	160	–	–5	–261
	–46,690	–22,191	–	–104	–94,627
	–46,690	–22,191	–	–104	–94,627
	–8,593	–5,061	–	–9	–17,133
	–	–	–	–	–1,084
	762	1,232	–	–	1,994
	72	56	–	1	82
	–54,449	–25,964	–	–112	–110,768
	39,827	9,201	8,295	43	121,469
	40,503	10,332	10,214	30	124,895
	40,503	10,332	10,214	30	124,895
	42,872	9,988	7,037	21	119,917

The EUR 1,084,000 impairments on buildings and leasehold improvements in financial year 2008/2009 relate to the Port Technology segment were else EUR 447,000 of the previous financial year's impairment losses were charged for plant and machinery to the Industrial Cranes segment.

There were no impairment reversals on property, plant and equipment in financial year 2008/2009 or 2007/2008.

Depreciation and impairments of property, plant and equipment are divided between items in the Income Statement as follows:

1 October to 30 September				
in EUR thousand	2008/2009	Of which impairments	2007/2008	Of which impairments
Cost of sales	-15,368	-1,084	-14,587	-447
Research and development expenses	-73	-	-12	-
Selling, general and administrative expenses	-2,776	-	-3,238	-
Total	-18,217	-1,084	-17,837	-447

Property, Plant and Equipment Under Finance Leases

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Allocation is performed using the effective interest method. Each period during the lease term is therefore allocated a finance charge determined by applying the effective interest rate under the lease to the remaining balance of the liability. The minimum leasing payments under finance leases in force are as follows:

in EUR thousand	30 September 2009			30 September 2008		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	4	0	4	15	1	14
1 to 5 years	-	-	-	4	0	4
Over 5 years	-	-	-	-	-	-
Total	4	0	4	18	1	18

Loans and borrowings as at 30 September 2009 (see Note 27) include liabilities under finance leases of EUR 4,000 (30 September 2008: EUR 18,000).

Prepayments and Assets under Construction

The prepayments and assets under construction sub-item is made up as follows:

	30 September	
in EUR thousand	2009	2008
Gear grinders	1,214	1,079
Lathes	854	399
Harbour crane	503	496
Parking garage refurbishment	502	–
Factory building fire control	438	–
Milling machines	429	942
Machining centres	–	1,284
Conversion of office building in Wetter	–	522
Automated container handling system	–	496
Pretreatment facility	–	457
Rack storage and retrieval unit	–	384
Powder coating booth	–	300
Other	3,097	6,771
Total	7,037	10,214

17. Investment Property

	Land	Buildings	Total
in EUR thousand			
Cost			
Balance at 1 October 2007	262	217	479
Transfer to/from property, plant and equipment	–	–	–
Disposals	–79	–202	–281
Exchange differences	–8	–8	–16
Balance at 30 September 2008	175	7	182
Balance at 1 October 2008	175	7	182
Transfer to/from property, plant and equipment	–	–	–
Disposals	–	–	–
Exchange differences	3	–	3
Balance at 30 September 2009	178	7	185
Depreciation and Impairments			
Balance at 1 October 2007	–	–85	–85
Depreciation	–	–2	–2
Impairments	–	–	–
Disposals	–	79	79
Exchange differences	–	4	4
Balance at 30 September 2008	–	–4	–4
Balance at 1 October 2008	–	–4	–4
Depreciation	–	–	–
Impairments	–	–	–
Disposals	–	–	–
Exchange differences	–	–	–
Balance at 30 September 2009	–	–4	–4
Carrying Amounts			
Balance at 1 October 2007	262	132	394
Balance at 30 September 2008	175	3	178
Balance at 1 October 2008	175	3	178
Balance at 30 September 2009	178	3	181

As in the previous year, rentals from investment property included in the Income Statement for the reporting period and the attributable operating expenses each come to less than EUR 50,000.

In view of the minor importance of the investment properties and in the absence of indications that their fair values differ significantly from their carrying amounts, Demag Cranes AG refrained from determining their fair value at the balance sheet date.

18. Equity-Accounted Investments

Equity-accounted investments relate in their entirety to the shareholding in MHE-Demag (S) Pte. Ltd, Singapore ("MHE-Demag"). Demag Cranes AG's share in the profit of MHE-Demag for financial year 2008/2009 is EUR 2,043,000 (2007/2008: EUR 2,492,000). Revenue in financial year 2008/2009 includes EUR 15,240,000 (2007/2008: EUR 20,596,000) in supplies to MHE-Demag. The share of profit included in the Income Statement is explained in Note 11 (Share of Profit from Equity-Accounted Investments).

The table below contains financial information on MHE-Demag relative to the Group's 50 percent ownership interest:

	31 August	
in EUR thousand	2009	2008
Revenue*	41,322	41,352
Net income after tax*	2,043	2,492
Non-current assets	4,629	4,687
Current assets	28,977	28,863
Non-current liabilities	592	753
Current liabilities	16,054	17,476
Liabilities and shareholders' equity	16,960	15,321

* 1 September 2008 – 31 August 2009.

19. Other Investments

	Investments in associates	Long-term securities	Total
in EUR thousand			
Cost			
Balance at 1 October 2007	50	695	745
Additions	–	–	–
Change in fair value	–	–18	–18
Disposals	–	–	–
Balance at 30 September 2008	50	677	727
Balance at 1 October 2008	50	677	727
Additions	15	–	15
Change in fair value	–	34	34
Disposals	–25	–	–25
Balance at 30 September 2009	40	711	751

The 6.7 percent shareholding in E & W Anlagenbau GmbH, Moormerland, was sold on 19 December 2008.

20. Trade Receivables and Other Financial Assets

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	160,105	1,278	161,383	199,784	836	200,620
Trade receivables from associates and joint ventures	4,322	–	4,322	8,274	–	8,274
Derivative financial instruments	553	–	553	934	–	934
Receivables from employees	572	–	572	525	–	525
Construction contract receivables	–	0	0	–	–	–
Other	454	–	454	530	–	530
Gross	166,005	1,278	167,284	210,048	836	210,883
Impairments	–12,798	–303	–13,101	–6,809	–327	–7,137
Net	153,207	975	154,182	203,239	508	203,747

The current trade receivables are mostly receivables with country-specific maturities on which no interest is charged.

The non-current trade receivables are for supplies to customers payable in one to five years. Interest is charged on these at market rates.

Impairment losses totalling EUR 10,477,000 (2008: EUR 6,291,000) were individually recognised on trade receivables and other financial assets with a gross carrying amount of EUR 167,284,000 (2008: EUR 210,883,000). Trade receivables for which individual assessment did not reveal any indication of impairment were grouped into receivables with similar credit risk characteristics and collectively assessed for impairment based on historical loss experience. This resulted in the recognition of impairment losses on a collective basis totalling EUR 2,624,000 (2008: EUR 846,000). The impaired receivables are owed by a large number of different customers. Receivables are monitored by the individual Group companies.

Receivables in the amount of EUR 2,830,000 were sold during the financial year, resulting in the derecognition of EUR 2,453,000 in the balance sheet. The sale proceeds came to EUR 2,561,000.

The derivative financial instruments sub-item mainly contains derivatives with positive fair values of EUR 431,000 (2008: EUR 897,000) that are not used for hedging purposes.

Trade receivables past due at 30 September 2009 before impairment losses recognised on a collective basis:

in EUR thousand	30 September	
	2009	2008
Gross carrying amount	165,705	208,894
Individual impairments	–10,471	–6,279
Trade receivables	155,234	202,615
Of which at the balance sheet date		
neither past due nor impaired	109,874	146,780
up to 30 days past due	20,362	30,062
31 to 60 days past due	7,339	7,888
61 to 90 days past due	5,543	7,188
91 to 180 days past due	4,999	5,391
181 to 360 days past due	4,025	2,223
over 360 days past due	3,092	3,083

Impairment losses on trade receivables and other financial assets have changed as follows:

in EUR thousand	2008/2009		2007/2008	
	Total	Of which specific allowances	Total	Of which specific allowances
Balance at 1 October	-7,137	-6,291	-7,014	-6,160
Additions	-7,412	-5,453	-2,052	-1,802
Reversals	1,055	885	1,498	1,290
Derecognitions	237	237	382	382
Exchange differences	156	145	50	-1
Balance at 30 September	-13,101	-10,477	-7,137	-6,291

Detailed information on financial instruments is provided in Note 33.

Construction contracts in progress at the balance sheet date:

in EUR thousand	30 September	
	2009	2008
Construction costs incurred	11,509	-
Plus recognised profits	2,880	-
Less anticipated losses	-	-
Progress billings	-14,389	-
Total	0	-

As a result of progress billings, the Group has no amounts due under construction contracts. Revenue from construction contracts came to EUR 15,559,000 in financial year 2008/2009 (2008: EUR 0,000), comprising EUR 15,517,000 in the Industrial Cranes segment and EUR 41,000 in the Services segment. There were no retentions at the balance sheet date.

21. Other Non-Financial Assets

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Other tax receivables	7,984	–	7,984	11,356	–	11,356
Prepayments	2,947	1,418	4,365	3,533	1,315	4,848
Deferred charges	4,870	–	4,870	5,284	–	5,284
Other	2,265	1,823	4,089	2,051	1,894	3,946
Gross	18,067	3,241	21,308	22,225	3,209	25,434
Impairments	–	–1,073	–1,073	–	–1,073	–1,073
Net	18,067	2,168	20,235	22,225	2,136	24,361

The carrying amounts of other non-financial assets are mostly the same as their fair values.

Impairment losses on other non-financial assets have changed as follows:

in EUR thousand	2008/2009		2007/2008	
	Total	Of which specific allowances	Total	Of which specific allowances
Balance at 1 October	–1,073	–1,073	–1,075	–1,075
Additions	–	–	–	–
Reversals	–	–	–	–
Derecognitions	–	–	–	–
Exchange differences	–	–	2	2
Balance at 30 September	–1,073	–1,073	–1,073	–1,073

22. Inventories

in EUR thousand	30 September	
	2009	2008
Materials and supplies	48,300	57,548
Work in progress	150,163	196,518
Finished goods and products held for resale	8,661	7,496
Total	207,123	261,561

A total of EUR 544,862,000 (2007/2008: EUR 617,270,000) in inventories were recognised as expense (material expenses) in the reporting period. This includes EUR 4,418,000 (2007/2008: EUR 2,087,000) in write-downs.

23. Cash and Cash Equivalents

Cash and cash equivalents as at 30 September 2009 contains the following:

in EUR thousand	30 September	
	2009	2008
Cash on hand	3,579	4,463
Current accounts (bank)	23,240	36,951
Fixed-term deposits	72,798	48,260
Other	4,072	328
Total	103,689	90,003

The cash and cash equivalents items in the Balance Sheet and the Cash Flow Statement are identical. EUR 2,271,000 (2008: EUR 1,199,000) are pledged as security for liabilities.

Changes in cash and cash equivalents in the reporting period are shown in the Cash Flow Statement.

24. Shareholders' Equity

Subscribed Capital

Demag Cranes AG's subscribed capital amounts to EUR 21,172,993 and is divided into 21,172,993 no-par-value bearer shares.

Management Board Authorisation

The Management Board is authorised subject to Supervisory Board approval to increase the Company's subscribed capital by issuing new no-par-value bearer shares for cash and/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).

By resolution of the Annual General Meeting of 3 March 2009 in accordance with Section 71 (1) 8, AktG, the Management Board is authorised until 2 September 2010 subject to Supervisory Board approval to purchase the Company's own shares up to a maximum of ten percent of the share capital at the time of the resolution. No shares in the Company were purchased in the financial year.

Detailed information on the Management Board authorisations is provided under Disclosures under Section 315 (4) of the German Commercial Code in the Management Report on page 41.

Additional Paid-In Capital

Additional paid-in capital mostly contains amounts credited under the share option scheme (Matching Stock Program).

Share-Based Payment (Matching Stock Program)

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 with an incentive component 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. Participants must also present proof of acquiring Demag Cranes shares (MSP shares). For each MSP share acquired in the MSP, participants receive five tranches of six phantom shares. The allocated phantom shares are subject to a two-year lock-up period from allocation of each tranche and are exercised automatically thereafter at the base price if a specific performance threshold is attained.

The base price of phantom shares in the first tranche is 110 percent of the issue price. The base price of the second to fifth tranche is the average 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, EUR 37.98 for the third and EUR 17.70 for the fourth.

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 disbursed in shares in Demag Cranes AG, which can be freely disposed of after a two-year lock-up 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 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. Phantom shares that have already been allocated but not yet exercised are then charged at an appropriate price.

Changes in outstanding phantom shares:

Shares	2008/2009	2007/2008	2006/2007	2005/2006
Phantom shares outstanding at 1 October	1,375,350	1,599,048	2,039,190	–
Granted	16,200	155,454	291,528	2,039,190
Forfeited	–239,952	–138,342	–731,670	–
Exercised	–	–240,810	–	–
Expired	–262,668	–	–	–
Phantom shares outstanding at 30 September	888,930	1,375,350	1,599,048	2,039,190
Of which				
held by Management Board members	235,404	545,664	258,000	289,740
exercisable at 30 September	–	–	–	–

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 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.

The performance threshold for the second tranche of the Matching Stock Program was not attained in financial year 2008/2009.

At 30 September 2009, MSP participants have subscribed for 49,385 (2008: 58,755) MSP shares entitling them to exercise up to 888,930 phantom shares (30 September 2008: 1,375,350 phantom shares) by the end of the MSP.

Parameters used in measuring phantom shares:

	Fourth tranche 2009	Third tranche 2008	Second tranche 2007	First tranche 2006
Demag Cranes AG share price at grant date	–	EUR 32.84	EUR 48.31	EUR 22.40
Base price	EUR 17.70	EUR 37.98	EUR 52.73	EUR 24.20
Expected volatility	–	37.52 % – 45.57 %	29.45 % – 30.91 %	27.31 % – 31.25 %
Term	–	2 – 4 years	2 – 5 years	2 – 6 years
Risk-free interest rate	–	4.50 % – 4.53 %	4.37 % – 4.52 %	3.48 % – 3.86 %
Expected dividend yield*	–	4.61 %	3.11 %	5.11 %
Fair value of all phantom shares per MSP share	–	EUR 39.84	EUR 75.80	EUR 56.15

* The simulation was based on discrete dividend estimates. The stated dividend yield is an average figure.

The phantom shares in the five tranches per MSP share were measured using Monte Carlo simulation at the grant date taking into account the absolute target of the MSP, the setting of future base prices and the MSP cap. The average fair value at the grant date estimated using Monte Carlo simulation is EUR 56.15 for the first tranche, EUR 75.80 for the second and EUR 39.84 for the third. As there was no change in the number of MSP participants in the past financial year, parameters have not been determined for the fourth tranche.

The volatility of Demag Cranes shares was estimated based on the historical trend in the share prices of two listed companies – PALFINGER AG and KCI Konecranes Plc – over the term of the various MSP tranches. The Group recognised an expense and credited to additional paid-in capital an amount of EUR 261,000 for the MSP in 2008/2009 (2007/2008: EUR 8,000).

Other Reserves

Retained earnings consist of accumulated profits carried forward less dividends paid.

Exchange rate effects from translating the financial statements of foreign entities whose functional currency is not the same as the Group reporting currency are reported in differences arising from currency translation.

The net income recognised directly in equity sub-item comprises three items: cash flow hedges, available-for-sale financial assets and actuarial gains and losses as well as deferred taxes on these items.

The cash flow hedges reserve item contains the accumulated net gain or loss on the fair value of derivatives that are determined to be effective cash flow hedges for transactions that are not yet settled or for forecast transactions.

The available-for-sale financial assets item contains the accumulated net gain or loss on available-for-sale financial assets.

The Group makes use of the third option provided for in IAS 19.93A, recognising differences between the expected and actual benefit obligation and the actual and expected return on plan assets directly in equity under actuarial gains and losses. Actuarial gains and losses recognised in the reporting period are presented separately in the Statement of Recognised Income and Expense.

Paid and Proposed Dividends

In view of the restructuring in financial year 2008/2009 and its considerable impact on Group earnings and shareholders' equity, the Management Board and Supervisory Board of Demag Cranes AG will not be proposing a dividend for financial year 2008/2009 at the Annual General Meeting on 2 March 2010.

At the proposal of the Management Board and Supervisory Board, the Annual General Meeting resolved on 3 March 2009 to use the net income for financial year 2007/2008 to pay out to shareholders a dividend of EUR 1.40 per share (a total of EUR 29,642,000). The dividend was paid out on 4 March 2009.

Statement of Shareholders' Equity

	Subscribed capital	Additional paid-in capital
in EUR thousand		
Balance at 1 October 2007	21,173	192,962
Changes not affecting profit or loss	-	-
Net income after tax	-	-
Changes affecting profit or loss	-	-
Total changes affecting and not affecting profit and loss	-	-
Dividends paid	-	-
Share-based payment	-	-1,311
Transactions with shareholders	-	-1,311
Balance at 30 September 2008	21,173	191,651
Balance at 1 October 2008	21,173	191,651
Changes not affecting profit or loss	-	-
Net income after tax	-	-
Changes affecting profit or loss	-	-
Total changes affecting and not affecting profit and loss	-	-
Dividends paid	-	-
Share-based payment	-	261
Transactions with shareholders	-	261
Balance at 30 September 2009	21,173	191,912

The composition of the net income recognised directly in equity sub-item is shown on page 89.

	Other reserves			Equity attributable to shareholders of Demag Cranes AG	Minority interest	Total equity
	Net income recognised directly in equity	Differences arising from currency translation	Retained earnings			
	6,714	-3,899	-8,984	207,966	990	208,956
	6,170	-133	-	6,037	-	6,037
	-	-	80,295	80,295	535	80,830
	-	-	80,295	80,295	535	80,830
	6,170	-133	80,295	86,333	535	86,867
	-	-	-23,290	-23,290	-	-23,290
	-	-	-	-1,311	-	-1,311
	-	-	-23,290	-24,601	-	-24,601
	12,884	-4,032	48,021	269,697	1,525	271,222
	12,884	-4,032	48,021	269,697	1,525	271,222
	-13,095	-2,197	-	-15,293	-	-15,293
	-	-	850	850	310	1,160
	-	-	850	850	310	1,160
	-13,095	-2,197	850	-14,442	310	-14,132
	-	-	-29,642	-29,642	-	-29,642
	-	-	-	261	-	261
	-	-	-29,642	-29,381	-	-29,381
	-211	-6,230	19,229	225,874	1,835	227,709

25. Provisions for Pensions and Similar Obligations

The provisions for pensions and similar obligations contains the following:

	30 September	
in EUR thousand		
Defined benefit obligation	2009 123,642	2008 104,097
Deferred compensation	8,884	8,567
Similar obligations	4	4
Total	132,530	112,669

Defined Benefit Obligation

In Germany, the Group pays post-employment benefits to almost all employees. Outside Germany, post-employment benefits are paid to employees in Switzerland and South Africa. The level of post-employment benefit depends on salary-based entitlement and/or position in the company and length of service.

The defined benefit obligation changed as follows in financial year 2008/2009 (2007/2008):

in EUR thousand	2008/2009			2007/2008		
	Germany	Other countries	Total	Germany	Other countries	Total
Defined benefit obligation at 1 October	103,165	17,631	120,796	113,016	16,446	129,462
Current service cost	1,216	528	1,744	1,373	458	1,831
Interest cost	6,706	665	7,371	6,255	616	6,871
Exchange differences	–	950	950	–	183	183
Contributions by plan participants	–	316	316	–	295	295
Actuarial gains and losses	18,869	–791	18,078	–10,895	122	–10,773
Benefits paid	–7,230	–1,186	–8,416	–6,821	–489	–7,310
Other	–596	–	–596	237	–	237
Defined benefit obligation at 30 September	122,130	18,113	140,242	103,165	17,631	120,796
Of which						
funded	–	16,600	16,600	–	16,753	16,753
unfunded	122,130	1,513	123,642	103,165	878	104,043

The actuarial gains and losses result from differences between the actual and expected benefit obligation. The change in defined benefit obligations mainly relates to a reduction in the discount factor from 6.5 percent to 5.35 percent.

The table below reconciles the present value of defined benefit obligations to the amount of the obligation stated in the balance sheet:

in EUR thousand	30 September				
	2009	2008	2007	2006	2005
Defined benefit obligation	140,242	120,796	129,462	137,402	143,189
Fair value of plan assets	-16,600	-16,753	-16,919	-16,607	-13,608
Amount not recognised as asset	-	55	303	109	-
Prepayments	-	-	170	178	182
Provision for defined benefit obligation	123,642	104,097	113,016	121,082	129,763

The fair value of plan assets changed as follows:

in EUR thousand	2008/2009	2007/2008
Fair value of plan assets at 1 October	16,753	16,919
Expected return on plan assets	803	814
Contributions by the employer	350	322
Contributions by plan participants	316	295
Benefits paid	-1,186	-489
Actuarial gains and losses	-1,335	-1,261
Exchange differences	899	153
Fair value of plan assets at 30 September	16,600	16,753
Actual return on plan assets	-532	-447

Only plans outside Germany are funded.

Plan assets contains the following:

in %	30 September	
	2009	2008
Equity instruments	24	20
Debt instruments	46	44
Property	8	9
Other short-term investments	22	27
Total	100	100

The Group's investment objectives are to maximise returns while limiting risk. Investments in debt and equity instruments, cash and cash equivalents and property are made in observance of the Group's risk management policies. The diversified securities portfolio includes both domestic and foreign securities. Their allocation is monitored on an ongoing basis by the trustees.

The expected return on plan assets is based on average market expectations for the period over which the obligation is settled.

Based on actuarial calculations, the composition of the pension expense is as follows:

in EUR thousand	1 October to 30 September 2008/2009			1 October to 30 September 2007/2008		
	Germany	Other countries	Total	Germany	Other countries	Total
Current service cost	1,216	528	1,744	1,373	458	1,831
Interest cost	6,706	665	7,371	6,255	616	6,871
Expected return on plan assets	–	–803	–803	–	–814	–814
Other	–33	–	–33	–	–	–
Pension expense, net	7,889	390	8,279	7,628	260	7,888
Included in						
Cost of sales	701	347	1,048	866	303	1,169
Selling, general and administrative expenses	478	181	659	501	155	656
Research and development expenses	4	–	4	6	–	6
Interest and similar income	–	–803	–803	–	–814	–814
Interest and similar expenses	6,706	665	7,371	6,255	616	6,871

The assumed discount rates, rates of salary increases and benefit increases used to compute the benefit obligation, including the long-term return on plan assets, vary with economic conditions in the countries where the pension plans are in effect.

The actuarial assumptions are as follows:

in %	2008/2009		2007/2008	
	Germany	Other countries	Germany	Other countries
Discount rate	5.35	3.0 – 8.5	6.5	3.0 – 9.0
Expected salary increase	2.5	1.5	2.5	1.5
Expected benefit increase	1.5	0.0 – 3.5	1.25	0.0 – 4.0
Expected return on plan assets	–	4.0 – 10.0	–	4.0 – 10.0

Experience adjustments are as follows:

in %	30 September			
	2009	2008	2007	2006
Defined benefit obligation	-0.2	-1.8	-1.0	0.4
Plan assets	-7.9	-7.5	1.6	1.3

Experience adjustments are the ratio of the portion of actuarial gains and losses comprising differences between previous computation assumptions and what has actually occurred to the amount of the defined benefit obligation and plan assets at the balance sheet date.

Deferred Compensation

Deferred compensation is a form of pension funded by employees out of their pay. Under an agreement between a Group company and the employee, a portion of the employee's earnings are withheld and paid out at a later date. The benefit entitlements resulting from deferred compensation are computed using actuarial methods. EUR 8,884,000 in deferred compensation was recognised as liabilities in financial year 2008/2009 (2007/2008: EUR 8,567,000).

Defined Contribution Plans

In addition to the defined benefit plans, contributions are paid notably in Germany, Brazil, China, the USA and the UK into defined contribution plans. Under defined contribution arrangements, the Group pays contributions by law, by contractual agreement or voluntarily into state or private pension funds. Contributions are recognised as an expense in the year they are paid. EUR 18,045,000 was recognised as an expense in financial year 2008/2009 (2007/2008: EUR 16,283,000). This included EUR 14,525,000 (2007/2008: EUR 14,290,000) in contributions to the state pension scheme in Germany.

26. Other Provisions

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Restructuring	33,471	-	33,471	614	-	614
Warranties	3,606	9,026	12,632	3,346	9,342	12,687
Customer complaints	7,151	-	7,151	6,910	-	6,910
Legal and litigation	5,637	-	5,637	6,605	-	6,605
Other	1,494	-	1,494	1,061	-	1,061
Total	51,359	9,026	60,385	18,535	9,342	27,877

in EUR thousand	Restructuring	Warranties	Customer complaints	Legal and litigation	Other	Total
Balance at 1 October 2008	614	12,687	6,910	6,605	1,061	27,877
Additional provisions made	33,270	2,218	13,062	177	1,336	50,063
Amounts used	-104	-2,181	-12,839	-449	-871	-16,444
Unused amounts reversed	-	-89	-	-787	-	-876
Reclassifications	-302	-	-	-	-	-302
Exchange differences	-7	-3	18	91	-31	67
Balance at 30 September 2009	33,471	12,632	7,151	5,637	1,494	60,385

The increase in restructuring provision relates to the restructuring programme approved by the Supervisory Board of Demag Cranes AG in May 2009. A restructuring provision was recognised on announcement of the restructuring plan to the parties affected. The amount of the provision is based on management's best estimate of the present value of expenditure directly associated with the restructuring and not attributable to operating activities. A breakdown of the restructuring provision by segment and explanatory information on the restructuring expenses are provided in Note 32, Segment Reporting.

Group companies give various product warranties under which they provide a warranty with a specific warranty period for supplied products and rendered services. Provisions for expected future costs under product warranties are recognised when products are sold. The warranty provisions include individual provisions and provisions recognised on a class basis. The material warranty claims will be settled in the next two years. As the time value of money is not material in this connection, Demag Cranes AG does not discount the provisions to present value.

Provisions for risks of threatened and pending litigation against Demag Cranes Group companies are recognised if it is more likely than not that a liability will result. Estimates of the probability of the provisions being used incorporate judgements of lawyers and appraisers representing the Company. The amount recognised as a liability is the probable amount of any compensation claims and the probable cost of any sanctions. Demag Cranes AG estimates that the litigation to which the provisions relate will not result in costs significantly in excess of the provisions recognised as at 30 September 2009.

The provisions for customer complaints relate to known individual risks in connection with notified defects and reductions in invoice amounts.

27. Loans and Borrowings

Loans and borrowings contains the following:

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Revolving credit facility, gross	–	105,000	105,000	–	105,000	105,000
Unamortised debt issuance cost	–	–851	–851	–	–1,339	–1,339
Revolving credit facility, net*	–	104,149	104,149	–	103,661	103,661
Obligations under finance leases	4	–	4	–	18	18
Loans and borrowings from related parties	110	–	110	380	110	490
Other short-term debt	4,294	–	4,294	3,275	–	3,275
Other loans and borrowings	–	866	866	–	465	465
Total	4,408	105,014	109,422	3,655	104,254	107,909

* Nominal interest rate: EURIBOR + 0.35 %.

Effective interest rate: 3.12 % (for the period from 1 October 2008 to 30 September 2009).

Unamortised debt issuance cost has changed as follows:

in EUR thousand	2008/2009	2007/2008
Balance at 1 October	-1,339	-1,826
Additions	-	-
Amortisation	487	487
Other changes	-	-
Exchange differences	-	-
Balance at 30 September	-851	-1,339

The carrying amounts of loans and borrowings correspond to their fair values.

The composition of obligations under finance leases is shown in Note 16 (Property, Plant and Equipment).

Information on the Group's interest and exchange rate risks is provided in Note 33 (Additional Disclosures on Financial Instruments).

Revolving Credit Facility

On 16 June 2006, the Group took out a revolving credit facility in the amount of EUR 325,000,000 for which major Group companies are jointly and severally liable to the lenders. The facility expires on 27 June 2011 and includes a EUR 105,000,000 ancillary facility for cash drawings and bank guarantees. Drawings on the facility at 30 September 2009 totalled EUR 105,000,000 (30 September 2008: EUR 105,000,000). This amount is due on 30 December 2009 and is subject to 1.09 percent interest (0.74 percent EURIBOR plus a 0.35 percentage point margin). Loan agreements specify certain financial covenants including a minimum interest cover requirement (ratio of adjusted earnings before interest, tax, depreciation and amortisation [operating EBITDA] to consolidated net interest payable) and a maximum gearing requirement (net debt to operating EBITDA). If the financial covenants are not met and the non-compliance is not remedied or the lenders do not waive the covenants, there may be grounds for termination. Among other things, the lenders would then be entitled to call due all amounts owed with immediate effect. There are also certain other contractually agreed circumstances whose occurrence can lead to termination with all outstanding amounts becoming due for repayment with immediate effect. A further right of termination exists in certain instances in the event of a change of control or third-party acquisition of a majority shareholding in Demag Cranes AG.

There are also covenants with regard to additional borrowing, purchases and disposals of assets, and the provision of collateral.

Drawings on the ancillary facility for guarantees totalled EUR 63,625,000 at 30 September 2009 (2008: EUR 67,905,000).

28. Trade Payables and Other Financial Liabilities

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Trade payables	62,930	–	62,930	97,009	–	97,009
Accrued liabilities	29,931	–	29,931	30,938	–	30,938
Derivative financial instruments	304	–	304	1,494	–	1,494
Severance benefits	–	5,226	5,226	–	5,397	5,397
Other selling-related liabilities	4,045	–	4,045	4,874	–	4,874
Other	11,827	3,921	15,749	12,576	3,380	15,956
Total	109,038	9,147	118,185	146,891	8,777	155,668

29. Other Non-Financial Liabilities

in EUR thousand	30 September 2009			30 September 2008		
	Current	Non-current	Total	Current	Non-current	Total
Long service	–	2,713	2,713	–	2,852	2,852
Partial retirement	–	15,495	15,495	–	20,497	20,497
Other personnel liabilities	35,844	–	35,844	56,461	–	56,461
Value added tax	5,463	–	5,463	5,912	–	5,912
Social security, payroll tax and church tax	4,752	–	4,752	4,974	–	4,974
Other	2,003	4	2,006	4,224	24	4,247
Total	48,061	18,211	66,273	71,570	23,373	94,943

The Group recognises – primarily in Germany – liabilities for amounts outstanding and top-up amounts under existing partial retirement plans and for expected top-up amounts under partial retirement plans whose signing is probable as of the balance sheet date. The amount of the obligation under partial retirement plans is measured in accordance with actuarial principles, incorporating the full amount of increases under signed partial retirement plans and a pro rata amount for wages and salaries to be paid during the non-working phase of partial retirement corresponding to service rendered during the working phase. Top-up amounts for impending plans are included in the liability in the probable amount of vested benefits to be claimed (the expected value). Impending plans relate to partial retirement plans that are expected to be entered into in place of regular contracts of employment. Factors taken into account in measurement of the obligation include the end of legislative provision for partial retirement plans and the maximum levels of benefit payable to employees in partial retirement under the law and collective agreements. In the previous financial year,

EUR 4,803,000 in obligations were recognised in connection with TV FlexÜ, a collective agreement on flexible transition into retirement dated 3 September 2008. In financial year 2008/2009, in departure from this agreement, the collective bargaining parties negotiated solely a funding contribution that applies exclusively for the period January to April 2010. After this date, the agreement can only enter into force indefinitely if the collective bargaining parties agree on matching funding. As a result of the failure to reach agreement in financial year 2008/2009, obligations under partial retirement plans decreased by EUR 4,803,000. Other personnel liabilities decreased due to payments on replacement of a restructuring agreement at a Group company and non-performance-related bonuses.

30. Deferred Tax

Deferred tax assets and liabilities relate to the following items:

in EUR thousand	30 September 2009		30 September 2008	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	77	15,838	119	18,304
Property, plant and equipment	4,528	2,375	3,548	2,908
Inventories	6,190	829	6,387	94
Other assets	1,835	140	991	313
Tax loss carry forwards	21,159	–	11,552	–
Provisions and liabilities	17,190	948	13,204	2,118
Other	274	211	160	247
Deferred tax assets before impairments and netting	51,253	20,340	35,961	23,984
Impairments	–5,911	–	–1,910	–
Netting of deferred tax assets and liabilities	–16,502	–16,502	–9,515	–9,515
Total	28,840	3,838	24,536	14,469

Deferred tax recognised directly in equity:

in EUR thousand	30 September	
	2009	2008
Cash flow hedges	–27	247
Actuarial gains and losses	268	–5,683
Other equity items	–5	3
Total	236	–5,432

(+) deferred tax assets / (–) deferred tax liabilities

Changes in deferred taxes are mostly recognised in profit or loss, but a portion is recognised directly in equity. Further information is provided in Note 13, Income Tax.

Deferred tax assets are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits. The Management Board considers it probable that the recognised deferred tax assets will be utilised.

The Group has tax loss carryforwards as follows:

in EUR thousand	30 September	
	2009	2008
Germany		
Corporation tax	73,702	42,769
Trade tax	37,965	6,255
Other countries	14,502	14,716

Losses can be carried forward indefinitely in Germany. Of the foreign loss carryforwards, EUR 9,501,000 (2007/2008: EUR 9,395,000) expire in the next five years and EUR 5,001,000 (2007/2008: EUR 5,321,000) in more than five years. The utilisation of tax loss carryforwards is limited by minimum taxation in certain jurisdictions.

Analysis of deferred tax assets recognised for tax loss carryforwards by period:

in EUR thousand	30 September	
	2009	2008
Up to 1 year	30	–
1 to 2 years	1,604	261
2 to 3 years	667	187
3 to 4 years	–	1,080
4 to 5 years	82	810
Over 5 years	18,776	9,214
Total	21,159	11,552