

Other Disclosures

31. Cash Flow Statement

The Cash Flow Statement shows changes in cash and cash equivalents due to inflows and outflows during the reporting period. The statement shows cash flow from operating, investing and financing activities and the resulting changes in cash and cash equivalents. The starting point for computing cash flow from operating activities is net income after tax. Under the indirect method of reporting cash flow from operating activities, non-cash income items are eliminated and cash operating transactions that do not affect profit or loss are added in. Cash flow from investing activities consists of payments for investments and receipts from divestments. Cash flow from financing activities shows cash changes in equity and in other financial assets/loans and borrowings. Cash and cash equivalents include cash on hand and in banks with a residual maturity of up to three months.

EUR 0,000 of drawings on the revolving credit facility were repaid in the past financial year (2007/2008: EUR 65,000,000). Loans and borrowings increased by EUR 637,000 (2007/2008: decrease of EUR 91,000). These figures are reported in the Cash Flow Statement under Change in other financial assets/loans and borrowings.

Dividends of EUR 29,642,000 were paid out to shareholders of Demag Cranes AG in financial year 2008/2009 (2007/2008: EUR 23,290,000).

32. Segment Reporting

The Group distinguishes between business segments (primary reporting format) and geographical segments (secondary reporting format). These reporting formats take into account the differing risks and earning potential of the Group and reflect internal reporting (the management approach). The information provided in the following is based on the same accounting policies as are used for the Financial Statements.

Primary Segment Reporting Format (Business Segments)

The Group consists of three reportable segments based on type of product and service: Industrial Cranes, Port Technology and Services. The **Industrial Cranes segment** integrates the development, production, sale, assembly and delivery of Industrial Cranes, including components and material handling solutions. Activities of the **Port Technology segment** consist of developing, manufacturing, selling, assembling, delivering and maintaining Mobile Harbour Cranes and automated container handling systems, including the provision of storage and integrated software solutions. The **Services segment** comprises Industrial Cranes field service activities such as inspection, maintenance, repairs and the refurbishment of used cranes, and the sale of spare parts.

The first part of the segment information provides in summary form the disclosures for each segment (revenue, earnings before interest and tax, depreciation, amortisation and impairments, segment assets, segment liabilities and segment capital expenditure). The reported amounts represent the portion of Group amounts that can be directly attributed to segments or can be allocated to them on a reasonable basis.

The table below presents information for the primary reporting format:

in EUR thousand	Industrial Cranes		Port Technology	
	2008/2009	2007/2008	2008/2009	2007/2008
Revenue	545,845	571,185	204,016	325,467
Depreciation, amortisation and impairments	13,076	16,546	15,194	8,319
Of which impairments	–	449	7,659	–
Share of profit from equity-accounted investments	2,043	2,492	–	–
Earnings before interest and tax (EBIT)	12,011	44,307	–37,287	24,416
Of which				
restructuring/one-off effects	–16,772	–	–22,104	–
severance expenses	–	–	–	–
Segment assets	307,979	389,572	165,932	210,762
Of which equity-accounted investments	16,588	15,842	–	–
Segment liabilities	232,284	251,959	67,072	75,695
Segment capital expenditure	12,787	14,978	2,638	6,320

	Services		Unallocated		Group	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
	297,706	329,137	-	-	1,047,567	1,225,789
	2,666	2,916	299	179	31,235	27,961
	-	-	-	-	7,659	449
	-	-	-	-	2,043	2,492
	54,429	74,823	-15,931	-7,764	13,222	135,782
	-5,501	-	-4,723	-	-49,100	-
	-	-	-3,713	-	-3,713	-
	195,789	191,302	149,069	133,882	818,770	925,517
	-	-	-	-	16,588	15,842
	60,500	79,855	231,206	246,786	591,061	654,294
	2,961	3,205	437	908	18,823	25,410

In the interests of greater transparency, Demag Cranes AG has restated the presentation of central holding company costs for financial year 2007/2008 to match the financial reporting through all quarters of financial 2008/2009. The restatement affected earnings before interest and tax (EBIT) and depreciation, amortisation and impairments. Demag Cranes AG has also modified the allocation of segment assets. The presentation changes have no effect on net income after tax or earnings per share.

Restructuring expenses/one-off effects are included in Income Statement items as follows:

	1 October to 30 September
in EUR thousand	2008/2009
Cost of sales	22,617
Selling, general and administrative expenses	19,087
Research and development expenses	6,874
Other operating expenses	522
Total	49,100

These mainly consist of costs of severance packages, costs of interim employment companies, impairments of non-current assets, consulting costs and onerous contracts. Restructuring expenses accounted for payments totalling EUR 7,520,000 as at the balance sheet date.

The main non-cash expenses other than depreciation and amortisation in the financial year related to restructuring in the amount of EUR 33,270,000. The main non-cash expenses in the previous year amounted to EUR 10,730,000.

The severance expenses relate to the departure of the former CEO.

There was no material inter-segment revenue in financial year 2008/2009 or 2007/2008.

The segment assets and segment liabilities do not include any effects relating to financing or to current or deferred tax. The effects of pensions are only included to the extent they are directly attributable to segments.

Secondary Segment Reporting Format (Geographical Segments)

The table below provides information on geographical segments comprising the Group's secondary segment reporting format:

	Revenue		Segment assets		Segment capital expenditure	
	1 October to 30 September	2007/2008	30 September	2008	1 October to 30 September	2007/2008
in EUR thousand	2008/2009		2009		2008/2009	
Germany	232,927	253,705	483,510	556,583	13,986	20,057
Rest of Europe	351,787	470,653	129,387	158,852	1,639	2,275
North and South America	200,384	226,843	100,162	112,349	1,012	667
Other regions	262,469	274,588	105,711	97,732	2,186	2,411
Total	1,047,567	1,225,789	818,770	925,517	18,823	25,410

33. Additional Disclosures on Financial Instruments

The tables that follow show the carrying amounts of financial instruments in each category defined in IAS 39 and state their fair values together with the source of the valuation used for each class of financial instruments:

30 September 2009				
in EUR thousand	Carrying amount	IAS 39 category	Fair value	Of which determined from quoted prices
Cash and cash equivalents	103,689	LaR	103,689	–
Trade receivables	152,610	LaR	152,610	–
Other financial assets	1,572		1,572	–
Derivatives not in designated hedging relationships	431	HfT	431	–
Derivatives in designated hedging relationships	122	n/a	122	–
Other assets	1,019	LaR	1,019	–
Other investments	751		711	711
Investments in associates	40	AfS	–	–
Long-term securities	711	AfS	711	711
Total financial assets	258,622		258,582	711
Loans and borrowings	109,422		109,422	–
Revolving credit facility, net	104,149	AmC	104,149	–
Loans and borrowings from related parties	110	AmC	110	–
Finance leases	4	n/a	4	–
Other loans and borrowings	5,160	AmC	5,160	–
Trade payables	62,930	AmC	62,930	–
Other financial liabilities	55,255		55,255	–
Derivatives not in designated hedging relationships	266	HfT	266	–
Derivatives in designated hedging relationships	38	n/a	38	–
Other liabilities	54,951	AmC	54,951	–
Total financial liabilities	227,607		227,607	–

Aggregated by IAS 39 categories:

30 September 2009				
in EUR thousand	Carrying amount	IAS 39 category	Fair value	Of which determined from quoted prices
Available-for-sale financial assets	751	AfS	711	711
Loans and receivables	257,318	LaR	257,318	–
Held for trading (at fair value through profit or loss)	165	HfT	165	–
Financial liabilities measured at amortised cost	227,299	AmC	227,299	–
Not applicable	80	n/a	80	–

30 September 2008

in EUR thousand	Carrying amount	IAS 39 category	Fair value	Of which determined from quoted prices
Cash and cash equivalents	90,003	LaR	90,003	–
Trade receivables	201,770	LaR	201,770	–
Other financial assets	1,977		1,977	–
Derivatives not in designated hedging relationships	897	HfT	897	–
Derivatives in designated hedging relationships	38	n/a	38	–
Other assets	1,043	LaR	1,043	–
Other investments	727		677	677
Investments in associates	50	AfS	–	–
Long-term securities	677	AfS	677	677
Total financial assets	294,477		294,427	677
Loans and borrowings	107,910		107,910	–
Revolving credit facility, net	103,661	AmC	103,661	–
Loans and borrowings from related parties	490	AmC	490	–
Finance leases	18	n/a	18	–
Other loans and borrowings	3,741	AmC	3,741	–
Trade payables	97,009	AmC	97,009	–
Other financial liabilities	58,659		58,659	–
Derivatives not in designated hedging relationships	1,161	HfT	1,161	–
Derivatives in designated hedging relationships	333	n/a	333	–
Other liabilities	57,165	AmC	57,165	–
Total financial liabilities	263,578		263,578	–

Aggregated by IAS 39 categories:

30 September 2008

in EUR thousand	Carrying amount	IAS 39 category	Fair value	Of which determined from quoted prices
Available-for-sale financial assets	727	AfS	677	677
Loans and receivables	292,815	LaR	292,815	–
Held for trading (at fair value through profit or loss)	–264	HfT	–264	–
Financial liabilities measured at amortised cost	262,066	AmC	262,066	–
Not applicable	–313	n/a	–313	–

The IAS 39 categories in the Demag Cranes Group correspond to the IFRS 7 classes of financial instruments.

Cash and cash equivalents, trade receivables and other financial assets mostly have short residual maturities. Their carrying amount at the balance sheet date therefore approximates to fair value. The same applies to trade payables and other financial liabilities. Where other investments are traded on an active market, their fair value is the quoted market price. The fair value of long-term debt not traded on an active market and of interest-bearing loans and borrowings is measured by discounting the respective expected future cash flows. The discount rate used is the prevailing market rate of interest for the applicable term to maturity. Individual features of financial instruments are taken into account by applying market credit and liquidity spreads when measuring fair value. Investments in associates are not carried at fair value because their future cash flows cannot be reliably determined and it is not possible to determine a fair value from comparable transactions. The fair value of derivatives is based in the case of foreign exchange contracts on the European Central Bank reference rates adjusted for the applicable interest rate differential (premium or discount). The fair value of interest rate derivatives is measured using generally accepted interest rate yield curves.

The tables that follow show the undiscounted contractual interest payments and payments on principal for financial liabilities within the scope of IFRS 7:

30 September 2009				
in EUR thousand	Carrying amount	Outflow of resources in the next reporting period	Outflow of resources in the next-but-one reporting period	Later outflow of resources
Revolving credit facility, gross	105,000	1,157	105,868	–
Loans and borrowings from related parties	110	110	–	–
Finance lease liabilities	4	4	–	–
Other loans and borrowings	5,160	4,328	87	665
Outflow of resources from loans and borrowings	110,273	5,599	105,955	665
Trade payables	62,930	62,930	–	–
Derivatives not in designated hedging relationships	266	266	–	–
Derivatives in designated hedging relationships	38	38	–	–
Other liabilities	54,951	41,826	3,882	13,033
Trade payables and other financial liabilities	118,185	105,061	3,882	13,033
Outflow of resources from financial liabilities within the scope of IFRS 7	228,458	110,659	109,837	13,698

30 September 2008				
in EUR thousand	Carrying amount	Outflow of resources in the next reporting period	Outflow of resources in the next-but-one reporting period	Later outflow of resources
Revolving credit facility, gross	105,000	5,832	5,832	109,374
Loans and borrowings from related parties	490	380	110	–
Finance lease liabilities	18	14	4	–
Other loans and borrowings	3,741	3,275	–	466
Outflow of resources from loans and borrowings	108,758	9,121	5,835	109,840
Trade payables	97,009	97,009	–	–
Derivatives not in designated hedging relationships	1,161	1,161	–	–
Derivatives in designated hedging relationships	333	333	–	–
Other liabilities	57,165	48,308	30	13,075
Trade payables and other financial liabilities	155,668	146,811	30	13,075
Outflow of resources from financial liabilities within the scope of IFRS 7	264,426	155,931	5,865	122,916

For interest-bearing loans and borrowings with variable rates of interest, interest payments in future reporting periods are based on the interest rates prevailing at the balance sheet date. Financial liabilities that can be repaid at any time are assigned to the earliest time band.

The net gains or losses on each IAS 39 category are as follows:

	1 October to 30 September							
	Loans and receivables (LaR)		Available-for-sale financial assets (AFS)		Held for trading (at fair value through profit or loss) (HfT)		Financial liabilities measured at amortised cost (AmC)	
in EUR thousand	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
Interest income	2,366	4,426	31	32	–	–	–	–
Interest expense	–	–	–	–	–	–	–5,119	–10,344
Dividends	–	–	–	–	–	–	–	–
Currency translation gains	10,969	12,621	–	–	–	–	833	3,441
Currency translation losses	–10,075	–13,601	–	–	–	–	–1,005	–689
Impairments	–7,412	–2,051	–	–	–	–	–	–
Impairment reversals	1,055	1,498	–	–	–	–	–	–
Fair value gains and losses	–	–	–	–	–450	–187	–	–
Disposal gains and losses	–	–	136	–	–	–	–	–
Net gains or losses	–3,098	2,892	167	32	–450	–187	–5,292	–7,592

Interest income on impaired financial assets came to EUR 15,000 (2007/2008: EUR 82,000).

Interest on financial instruments and currency translation gains and losses on interest-bearing payables and receivables are contained in “interest and similar income” and “interest and similar expenses”. Currency translation gains and losses on trade payables and receivables and other financial assets and liabilities are contained in “other operating income” and “other operating expenses”. “Interest and similar income” and “interest and similar expenses” also contain gains and losses on the “at fair value through profit and loss” category, which comprises both interest and currency translation gains and losses. Impairments on trade receivables in the loans and receivables category are included in the selling, general and administrative expenses item.

Derivative Financial Instruments

The Group uses derivative financial instruments in the management of financial risk to hedge its risk exposure on assets and liabilities, contractual claims and obligations, and planned transactions. Hedge accounting in accordance with IAS 39 is used to hedge exposure to variability in cash flows (cash flow hedges) and is primarily used in connection with large orders. The risk of adverse exchange rate changes is hedged with foreign exchange contracts that even out the cash flows on foreign currency orders not yet settled or accepted. Derivative financial instruments to which cash flow hedge accounting is applied are measured at fair value. The gain or loss on such instruments is divided for accounting purposes into an effective and an ineffective portion. The portion of the gain or loss that is determined to be an effective hedge in offsetting changes in cash flows due to the hedged risk is recognised directly in equity after allowing for deferred tax. The ineffective portion is recognised in profit or loss. As in the previous year, no portion of the gain or loss on such instruments was determined to be ineffective in financial year 2008/2009. The hedged item or transaction is accounted for using general accounting policies. On termination of the hedge, the portion of the gain or loss previously recognised directly in equity is recognised as income or expense in profit or loss to the extent that the cash flows from the hedged item affect profit or loss.

The fair value of cash flow hedges at 30 September 2009 was EUR 122,000 (assets) / EUR 38,000 (liabilities) (2008: EUR 38,000 (assets) / EUR 333,000 (liabilities)). The hedged foreign currency cash flows are expected, and will therefore affect profit or loss, in financial year 2009/2010.

Income – before deferred taxes – of EUR 892,000 (2007/2008: expenditure of EUR 1,336,000) was recognised directly in equity for gains or losses on foreign exchange contracts used to hedge foreign currency cash flows. This amount is presented in the Statement of Recognised Income and Expense. An amount of EUR 417,000 (2007/2008: EUR 509,000) was removed from equity and included in profit or loss in financial year 2008/2009.

in EUR thousand	30 September 2009		30 September 2008	
	Notional amount	Fair value	Notional amount	Fair value
Assets				
Currency contracts	24,858	553	23,305	599
Interest rate contracts	–	–	45,000	335
Liabilities				
Currency contracts	11,566	–190	23,720	–1,494
Interest rate contracts	7,000	–114	–	–
Total	43,425	249	92,025	–560

Positive fair values of derivative financial instruments are included in the balance sheet in other financial assets, and negative fair values in other financial liabilities. The derivative financial instruments have a term to maturity of less than one year.

Risk Reporting

The Group is exposed by its global business operations to various types of risk. These include currency risk, credit risk and interest rate risk. Targeted financial risk management is used to minimise any adverse impact of this risk on the Group's financial position, financial performance and cash flows. Among other things, this involves the use of derivative financial instruments. The risk management system is described in the Management Report.

Currency Risk

The Group maintains global business relationships and accordingly does business in many different currencies. The risk of adverse exchange rate changes is hedged with foreign exchange contracts that even out the cash flows on foreign currency orders not yet settled or accepted. Derivative financial instruments to which cash flow hedge accounting is applied are measured at fair value. The hedged foreign currency cash flows are expected, and will therefore affect profit or loss, in financial year 2009/2010. The accounting treatment and impact of valuation of derivative financial instruments are described in Note 5.

Credit Risk

The Group is exposed to credit risk equal to the carrying amount of derivative and non-derivative financial assets plus financial guarantees given in the amount of EUR 3,882,000 (2008: EUR 7,662,000).

The Group gives supplier credit in the normal course of business and assesses debtors on an ongoing basis with regard to specific customer financial conditions but does not generally require specific security for receivables. Doubtful debts are accounted for in a doubtful debts allowance, taking into account the credit risk associated with specific customers based on collection experience and other information. The Group counters specific credit risk by only doing business with parties with good credit standing, primarily based on the ratings of national and international trade credit rating agencies, and by rigorously observing the risk limit laid down by the trade credit insurer. An amount of EUR 13,403,000 (2008: EUR 20,007,000) was held in security at 30 September 2009. This mostly consisted of retentions of title.

Interest Rate Risk

Demag Cranes AG has entered into credit facilities at variable interest rates and is exposed to interest rate risk in the amount of facility drawings. Interest is charged on each drawing at the three or six-month EURIBOR rate in force on the day of the drawing. The margin on EURIBOR is set quarterly based on the Company's financial performance figures as stated in Note 27 (Loans and Borrowings).

Interest rate changes can therefore result in higher interest payments on financial liabilities. The Management Board limits the variability on a portion of interest payments as part of its risk management strategy. For this purpose, an interest rate hedge was entered into on 27 September 2006 for the revolving credit facility taken out on 27 June 2006. The hedge consists of interest rate swap, cap and floor agreements by which variable rate debt averaging 6.7 percent of total drawings on the revolving credit facility for financial year 2009/2010 was converted into debt with a base annual interest rate of 3.00 to 4.25 percent.

The interest rate hedges are derivative financial instruments. Gains and losses on them are recorded in profit or loss.

Sensitivity Analysis

The types of market risk to which the entity is exposed are currency risk and interest rate risk. A sensitivity analysis is prepared for each of these two types of risk showing how profit or loss and equity would have been affected by changes in the relevant risk variable at the balance sheet date. It is assumed for these purposes that the currency and interest rate risk on financial instruments at the respective balance sheet date is representative of risk exposure during the reporting period and the comparative period.

The countries and currencies in relation to which the Group has exchange rate exposure are the USA (USD), the Czech Republic (CZK) and China (CNY). A ten percent (2008: ten percent) appreciation or depreciation of the euro relative to these source currencies would have resulted in a EUR 1,275,000 decrease (2007/2008: EUR 636,000 decrease) or a EUR 1,249,000 increase (2007/2008: EUR 434,000 increase) in net income after tax.

in EUR thousand	30 September 2009		30 September 2008	
	10 % appreciation of EUR relative to source currency	10 % depreciation of EUR relative to source currency	10 % appreciation of EUR relative to source currency	10 % depreciation of EUR relative to source currency
EUR : USD	-336	309	402	-604
EUR : CZK	-692	692	-738	738
EUR : CNY	-247	247	-300	300
Total	-1,275	1,249	-636	434

The same appreciation or depreciation would also have resulted in a EUR 521,000 increase (2008: EUR 450,000 increase) or a EUR 635,000 decrease (2008: EUR 368,000 decrease) in equity as at the balance sheet date.

A 100 basis point increase or decrease in market interest rates at the balance sheet date would have decreased net income after tax by EUR 707,000 (2007/2008: EUR 1,600,000) or increased it by EUR 705,000 (2007/2008: EUR 1,600,000).

34. Capital Management

Capital management focuses on the active management of net working capital and the generation of cash and cash equivalents.

Net working capital is composed of inventories, trade payables and receivables, and advance payments made and received and is used by the Demag Cranes Group as a management parameter for capital employed:

in EUR thousand	30 September	
	2009	2008
Inventories	207,123	261,561
Advance payments made	2,751	3,668
Trade receivables	152,610	201,770
Trade payables	-62,930	-97,009
Advance payments received	-89,008	-116,024
Net working capital	210,546	253,966

Other indicators and control parameters for active management of the Group's cash resources comprise free cash flow before financing and net debt. These are also used for the evaluation and targeted control of dividend policy, financing structure and return on capital employed:

	30 September	
in EUR thousand	2009	2008
Non-current loans and borrowings	105,866	105,593
Revolving credit facility, gross	105,000	105,000
Other non-current loans and borrowings	866	593
Other financial liabilities	114	–
Derivative financial instruments	114	–
Current loans and borrowings	4,408	3,655
Cash and cash equivalents	–103,689	–90,003
Other current financial assets	–447	–853
Derivative financial instruments	–	–335
Other assets	–447	–518
<i>Receivables from affiliated companies and other equity investments</i>	–202	–226
<i>Loans</i>	–245	–292
Net debt	6,252	18,393

Explanatory notes on the dividend proposal to be submitted to the Annual General Meeting for financial year 2008/2009 are provided in the Financial Review Section of the Management Report.

35. Contractual Commitments

Contractual commitments at 30 September 2009:

	30 September	
in EUR thousand	2009	2008
Operating lease commitments	51,271	43,811
Of which		
less than 1 year	14,092	12,179
1 year to 5 years	31,577	25,262
more than 5 years	5,602	6,370
Purchase commitments	86,776	171,275
Intangible assets	127	267
Of which		
less than 1 year	127	267
1 year to 5 years	-	-
more than 5 years	-	-
Property, plant and equipment	1,925	4,271
Of which		
less than 1 year	1,925	4,271
1 year to 5 years	-	-
more than 5 years	-	-
Inventories	81,217	159,967
Of which		
less than 1 year	77,920	159,967
1 year to 5 years	3,296	-
more than 5 years	-	-
Other assets	3,507	6,770
Of which		
less than 1 year	3,387	6,770
1 year to 5 years	120	-
more than 5 years	-	-
Total	138,047	215,086

Lease payments under operating leases are recognised in profit and loss on a straight-line basis over the lease term. Expenses under operating leases amounted to EUR 19,912,000 in financial year 2008/2009 (2007/2008: EUR 16,927,000).

36. Contingencies and Other Obligations

The Group has contingent liabilities as follows as a result of giving guarantees (excluding product warranties):

	30 September	
	2009	2008
in EUR thousand		
Credit guarantees	3,882	7,662
Notes	20	–
Guarantees	48,535	60,578
Other	–	1,472
Total	52,437	69,711

Credit guarantees are guarantees given by the Group with regard to creditors of third parties (guarantees to banks).

The notes sub-item represents the face value of notes issued that were not due or had not been honoured by the balance sheet date and which Group companies are liable to honour as endorsers.

Guarantees consist of contingent liabilities relating to buy-back arrangements entered into by Gottwald Port Technology GmbH in connection with sales of certain of its plant and machinery products. These arrangements generally have a term of one to five years. Buy-back obligations and similar guarantees can result from the sale of products to customers or leasing companies. Under some of these contracts, Gottwald Port Technology GmbH must buy back machines from a leasing company if a lessee defaults on lease payments, does not exercise a purchase option or does not extend the lease at the end of the initial lease term. Under others, Gottwald Port Technology GmbH must compensate leasing companies for financial losses suffered through customers defaulting on payment. In certain instances where customers purchase products directly from Gottwald Port Technology GmbH, the exercise of a buy-back option by the customer is subject to certain conditions. Based on past experience and the regional distribution of installed cranes, the Management Board considers it a remote possibility that buy-back options be exercised to a substantial extent at the same time. The maximum potential liability from buy-back arrangements amounted to EUR 48,535,000 at 30 September 2009 (2008: EUR 60,410,000).

37. Related Parties

Transactions with Related Parties

Demag Cranes AG and the subsidiaries included in the Financial Statements transact business with numerous other companies, including in some cases with related parties. Related parties notably include the entities contained in the list of Demag Cranes AG subsidiaries, joint ventures and investments, plus employees in key Group positions and their families.

The Group's main transactions with related parties arise in the course of normal business dealings. All such transactions are effected on an arm's length basis. The table below provides information on related parties as at 30 September 2009:

Related party	Relation	Transactions
MHE-Demag (S) Pte. Ltd., Singapore	Joint venture	Supplier relationships with MHE-Demag (S) Pte. Ltd. and DCC GmbH
Donati Ltd., Liverpool	Investment	Supplier relationships with Donati Ltd. and DCC GmbH
Dr. Kay Mayland (member of the Supervisory Board, DCC GmbH, Wetter; CEO, SMS Siemag Aktiengesellschaft, Düsseldorf)	Group management	Supplier relationships with SMS Siemag Aktiengesellschaft and DCC GmbH
TBA International Holding B.V., Delft	Subsidiary TBA B.V., Delft	Loans with Gottwald Port Technology GmbH and TBA International Holding B.V.

Compensation of the Management Board and Members of the Supervisory Board

Detailed information on the compensation system and compensation paid to individual members of the Management Board and Supervisory Board is provided in the Remuneration Report (in the Corporate Governance section). The Remuneration Report forms an integral part of the Management Report.

Management Board

Members of the Management Board were paid fixed and variable compensation in financial year 2008/2009. The variable compensation depends on the attainment of targets for operating EBIT and operating net income after tax. Members of the Management Board also participate in the Matching Stock Program (MSP). This is described in Note 24 (Shareholders' Equity). Non-cash compensation is also provided in the amounts required to be recognised under tax regulations for the use of company cars.

Total Compensation

The table below shows the compensation for the active members and one former member of the Management Board:

in EUR thousand	1 October to 30 September	
	2008/2009	2007/2008
Fixed compensation	1,342	1,381
Variable compensation	413	2,486
Other	3,688	168
Share-based compensation*	235	478
Total	5,676	4,513

* Proportionate fair value of MSP program in financial year.

The total compensation paid to active members of the Management Board was EUR 1,920,000 (2007/2008: EUR 2,596,000). This consisted of EUR 1,029,000 (2007/2008: EUR 800,000) in fixed compensation, EUR 413,000 (2007/2008: EUR 1,440,000) in variable compensation and EUR 244,000 (2007/2008: EUR 153,000) in other compensation. The total figure includes the fair value of share-based compensation (the MSP), at EUR 235,000 for the financial year 2008/2009 (2007/2008: EUR 203,000). Total compensation also includes EUR 56,000 (2007/2008: EUR 0,000) in additions to pension provisions.

A member of the Management Board departing in the financial year received EUR 313,000 in fixed compensation (2007/2008: EUR 581,000), EUR 0,000 in variable compensation (2007/2008: EUR 1,046,000) and EUR 3,444,000 in other compensation (2007/2008: EUR 15,000). Other compensation in the financial year mainly consists of a EUR 3,438,000 final settlement for early termination of contract covering all income the departing member of the board would have received, had the contract continued after 31 March 2009. Entitlements under the share option scheme expired on termination. The fair value of share-based compensation in the previous year was EUR 275,000. Pension provisions for former members of the Management Board amounted to EUR 96,000 as at 30 September 2009 (2008: EUR 66,000).

Supervisory Board

In accordance with the Articles of Association, members of the Supervisory Board received fixed compensation totalling EUR 404,000 for financial year 2008/2009 (2007/2008: EUR 408,000) for their activities on the Supervisory Board of Demag Cranes AG and on the supervisory boards of other Group companies. A further EUR 130,000 (2007/2008: EUR 126,000) was paid in attendance fees. Out-of-pocket expenses came to EUR 15,000 (2007/2008: EUR 19,000). There is no variable compensation for members of the Supervisory Board.

38. Personnel Expenses and Number of Employees

The Group had an average of 6,113 employees in financial year 2008/2009 (2007/2008: 5,957), comprising 3,096 blue-collar and 3,017 white-collar employees (2007/2008: 2,919 and 3,038). The number of employees at 30 September 2009 was 5,934 (2008: 6,093). Personnel expenses amounted to EUR 358,608,000 in financial year 2008/2009 (2007/2008: EUR 351,909,000).

39. Corporate Governance Code

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

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

The mandatory disclosures under Section 26 (1) of the German Securities Trading Act (WpHG) are listed in the Appendices to the Financial Statements.

41. Exemption under Section 264 (3) of the German Commercial Code

The following subsidiaries made use of the exemption from disclosure under Section 264 (3) of the German Commercial Code (HGB) in the year under review:

- *Demag Cranes & Components GmbH, Wetter, Germany*
- *DCC HoldCo 4 (vier) GmbH, Wetter, Germany*
- *DCC HoldCo 5 (fünf) GmbH, Wetter, Germany*
- *Gottwald Port Technology GmbH, Düsseldorf, Germany*
- *Gottwald HoldCo 3 (drei) GmbH, Düsseldorf, Germany*

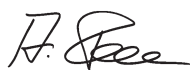
42. Auditors' Fees

Fees for services rendered by the auditors of the Financial Statements, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf were recognised as expenses in financial year 2008/2009 as follows: EUR 776,000 for the audit (2007/2008: EUR 847,000), EUR 47,000 for audit-related services (2007/2008: EUR 0,000) and EUR 40,000 for other services (2007/2008: EUR 60,000).

43. Events After the Balance Sheet Date

No events material to the financial position or financial performance of the Group occurred after the balance sheet date.

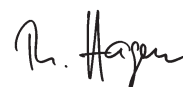
Düsseldorf, 27 November 2009



Aloysius Rauen



Rainer Beaujean



Thomas H. Hagen