DEMAG CRANES AG

Annual Report 2011/2012

We Can Handle It.

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CEO Letter to the Shareholders

Dear Shareholders,

We look back on a year full of change: On 30 January 2012, Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, signed a domination and profit and loss transfer agreement that came into effect on entry in the commercial registry on 18 April 2012.

Since April 2012, an integration team has been tasked with integrating the Demag Cranes Group step by step into the Terex Group. We want customers, business partners and employees to benefit as soon as possible from the extra value we can generate with a larger structure, a wider product range and extended sales channels. The changes are now becoming visible as our Industrial Cranes, Services and Port Technology segments are incorporated in Terex Material Handling & Port Solutions.

Material Handling encompasses both the Industrial Cranes business and related Services activities. In this annual report, we present the Services figures separately one more time for ease of comparison with previous years. That aside, from the short financial year onwards, the new structure will also be reflected in our reporting to the capital market. The strong Demag brand continues in the Terex Group – a clear mark of commitment to the Industrial Cranes and related Services business. Terex Port Solutions takes in the port activities previously conducted by Demag Cranes under the Gottwald brand and additionally the Terex port equipment business. In our financial reporting, however, we continue to report solely on the port activities of Demag Cranes. As a result of the integration, Gottwald products are consequently sold from June 2012 under the Terex® | Gottwald brand. The new Port Solutions portfolio of both Terex and Demag Cranes now offers a significantly more comprehensive range of solutions in the industry for automated and non-automated cargo handling.

We attained key milestones in both businesses during the past year:

In August 2012, Demag Cranes signed the agreements to launch a joint venture with Weihua, one of China's largest crane builders. The joint venture, Demag Weihua (Liaoning) Material Handling Machinery Co. Ltd., will be responsible for the development and production of components and parts for cranes and hoists in the mid-market segment. This marks a further milestone in our strategy of boosting emerging market revenue share on a lasting basis.

In August, Terex Port Solutions succeeded in securing major contracts from APM Terminals and Rotterdam World Gateway (RWG) for automated handling systems to equip new container terminals in Rotterdam, the Netherlands. The orders comprise supplying environment-friendly battery driven Lift AGVs (automated guided vehicles) developed by ourselves, including automated battery exchange stations and our automated stacking cranes for operation of the container yard. This means Terex Port Solutions now has a hand in six automated container terminals – more than any other manufacturer in the world.

We are also happy with the past financial year in operating terms. All three segments put in a positive performance, even if the growth rates in both order intake and revenue were down relative to the previous year. We improved on the key performance indicators. Although our operating EBIT margin is significantly lower than anticipated at the beginning of the financial year, we met our May 2012 forecast in every respect. The associated economic uncertainty makes it difficult, however, to predict how the business will perform in the coming year. For details on our outlook, please turn to page 59.

Yours sincerely,

Aloysius Rauen
CEO

Report of the Supervisory Board

During the course of financial year 2011/2012, the Supervisory Board of Demag Cranes AG fulfilled its obligations as required by law, the Articles of Association and the Rules of Procedure and advised the Management Board in its management of the Company.

For the purpose of monitoring the executive management, the Supervisory Board dealt regularly and in detail with the current position of the Company and the further development of the Demag Cranes Group. The Management Board provided the Supervisory Board with regular, prompt and comprehensive information in verbal or written form, in particular on the course of business and business development in the individual segments, the position of the Company and the Group, proposed business policies, corporate planning and strategy, the profitability of the Company, risk management and compliance. In the event of matters and decisions of fundamental importance to the Company, the Management Board involved the Supervisory Board in advance. If a transaction or action by the Management Board required the approval of the Supervisory Board, it was presented by the Management Board in the proper manner and decided upon by the Supervisory Board.

In my capacity as Chairman of the Supervisory Board, I regularly discussed issues related to the Company's strategy, planning, business development, risk position, risk management and compliance with the Management Board, particularly the Chairman of the Management Board, also outside the Supervisory Board meetings. Thus, I always learned immediately of any events that could be of significance for evaluating the Group's position and prospects.

In addition, the committee chairmen regularly briefed the Supervisory Board meetings on the work being carried out by the individual committees.

The Supervisory Board held six ordinary and four extraordinary meetings in financial year 2011/2012. The ordinary meetings of the Supervisory Board were held on 29 November 2011, 9 January 2012, 30 January 2012, 15 March 2012, 4 May 2012 and 29 August 2012, and the extraordinary meetings on 5 December 2011, 12 January 2012, 16 March 2012 and 5 July 2012. Due to the urgency of the matters in hand, the extraordinary Supervisory Board meetings were sometimes held by teleconference. On 20 June 2012 and 24 October 2012, the Supervisory Board also adopted resolutions in writing without meeting.

There were no conflicts of interest involving members of the Management or Supervisory Boards in financial year 2011/2012. Further information can be found in the Corporate Governance Report on page 2 et seqq.

Activities and meetings of the committees

The Supervisory Board has formed a total of four committees. In addition to the Mediation Committee, whose formation is required by Section 27 (3) of the German Co-determination Act (MitbestG), there is the General Committee, the Audit Committee and the Nominations Committee. The committees primarily prepare topics and resolutions for meetings of the full Supervisory Board. In some cases, they also have decision-making powers transferred to them, insofar as the law permits, by the Supervisory Board. With the exception of the Nominations Committee, the committees each have four members, of whom two are employee representatives and two are shareholder representatives. The Nominations Committee comprises all six shareholder representatives on the Supervisory Board.

Specifically, the General Committee prepares the personnel-related decisions of the Supervisory Board, such as the terms of Management Board members' employment contracts including their remuneration, the appointment and dismissal of Management Board members and the nomination of the Chairman of the Management Board. The General Committee held a total of six meetings in financial year 2011/2012, on 23 November 2011, 29 November 2011, 5 December 2011, 1 March 2012, 12 April 2012 and 3 May 2012.

The Audit Committee prepares the Supervisory Board's decision on the adoption of the Financial Statements and the approval of the Consolidated Financial Statements. To this end, it is responsible for conducting the preliminary review of the Financial Statements, the Consolidated Financial Statements and the combined Management Report, checking the independence of the auditors and the services additionally provided by the auditors, engaging the auditors, specifying the points on which the audit should focus and agreeing the auditors' fee. The Audit Committee also discusses the half-yearly and quarterly financial reports with the Management Board prior to their publication and deals, in particular, with the oversight of the financial reporting process, the effectiveness of the internal control system and the internal audit system as well as compliance. In addition, the Audit Committee assists the Supervisory Board in monitoring the executive management. The Audit Committee met a total of six times in financial year 2011/2012, on 28 November 2011, 5 December 2011, 30 January 2012, 4 May 2012, 5 July 2012 and 28 August 2012. The Chairman of the Audit Committee has at no time been a member of the Company's Management Board, is independent and, as a result of his education and professional experience, has appropriate accounting and auditing expertise.

The Nominations Committee met once in financial year 2011/2012, on 29 November 2011.

There was no reason in financial year 2011/2012 to convene a meeting of the Mediation Committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG).

Audit of the Financial Statements and Consolidated Financial Statements

On 16 March 2012, the Annual General Meeting resolved to appoint PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors of the Financial Statements and Consolidated Financial Statements for financial year 2011/2012. The Supervisory Board engaged PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors for financial year 2011/2012, concluded the agreements regarding the auditors' fee and followed the Audit Committee's recommendations in specifying the points on which audit activities should focus.

The audit of the Financial Statements and Consolidated Financial Statements as at 30 September 2012 focused on the following: presentation and deferral of revenue, particularly when using the percentage-of-completion method; the impact on earnings of the over- or undervaluation of assets, an excess or shortfall of provisions and estimated amounts in the accounts (management override of controls); recoverability of assets (incl. goodwill), including note disclosures and clear documentation (plausibility of assumptions used to calculate recoverable amount, including replacement cost of capital); effects of the domination & profit and loss transfer agreement; the recognition of current income tax and deferred tax; opportunity and risk reporting in the Group Management Report and assessment of the risk early warning system.

PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited and issued an unqualified audit opinion on the Financial Statements and Consolidated Financial Statements prepared by the Management Board for the financial year from 1 October 2011 to 30 September 2012. The financial statement documents and the auditors' audit reports were submitted to all members of the Supervisory Board in good time. At the Audit Committee meeting of 28 November 2012 and the Supervisory Board meeting of 29 November 2012, the documents were discussed and examined in detail in the presence of the auditors. At both meetings, the auditors reported on the material findings of their audits, answered questions and were available to provide any further information. In doing so, the auditors confirmed that no material weaknesses had been identified in the internal control and risk management system in relation to the financial reporting process and that there were no circumstances that would call into question the auditors' impartiality. The auditors also reported that, in addition to performing the financial statement audits, they had conducted an informal review as at 31 March 2012 and provided audit-related services amounting to EUR 128,000 in financial year 2011/2012. Having thoroughly examined the Financial Statements and Consolidated Financial Statements as well as the combined Management Report, the Supervisory Board approved the findings of the auditors' audit. It did not raise any objections on completion of its examination. The Supervisory Board followed the Audit Committee's recommendation and approved the Financial Statements and Consolidated Financial Statements. The Financial Statements were thus adopted.

Corporate Governance

In financial year 2011/2012, the Supervisory Board again devoted considerable attention to the Company's corporate governance. Pursuant to Clause 3.10 of the German Corporate Governance Code of 15 May 2012, the Management and Supervisory Boards report on corporate governance within the Demag Cranes Group in the Corporate Governance Report in connection with the Statement on Corporate Governance. On 30 November 2012, the Management and Supervisory Boards issued an updated Declaration of Compliance in accordance with Section 161 of the German Stock Corporations Act (AktG), which the Supervisory Board adopted at its meeting on 29 November 2012. This declaration is published on the Internet at www.demagcranes-ag.com.

Financial year 2011/2012 was a particularly eventful year for the Demag Cranes Group. The Supervisory Board would like to express its thanks and recognition to the Management Board, the employees and the employee representatives of all Group member companies and associated companies for their work.

Düsseldorf, 30 November 2012

The Supervisory Board

Dr. Michael W. Ernestus
Chairman

Products at a glance

Comprehensive product portfolio
Demag Cranes supplies crane systems for almost every sector of industry, from general-purpose cranes consisting of standardised modules to process cranes tailored to customers' specific processes – including fully automated crane solutions featuring our warehouse management system developed in-house.

Modular systems
The market and technology leader in light crane systems – for almost five decades. The modular KBK light crane system for capacities up to 3.2 tonnes is suitable for implementing individual ergonomic workplaces as well as complete intralogistics solutions.

Mobile and universal
Maximum mobility for universal and special cargo terminals: Mobile Harbour Cranes and derivative crane types from Demag Cranes ensure efficient handling of bulk containers, unit loads and project cargo. With around 1,400 Mobile Harbour Cranes sold, we consider ourselves the world market leader.

Effective and efficient
Automated Guided Vehicles (AGVs) with their sophisticated management and navigation software are the essence of efficient container handling. The development of battery-powered drive systems for AGVs (Battery AGVs) now means operators can implement zero exhaust emission terminals.

Single source
From components to systems: the extensive, modular Demag Cranes product range keeps things moving. Alongside cranes for conventional needs, countless applications call for a custom solution, implemented with Demag drive technology.

Global service
Service made to measure – from regular servicing to complete overhauls – keeps customers' cranes up and running. The Demag Cranes network is among the biggest in the industry, providing full life-cycle service for both Demag and third-party cranes.

Efficient storage
Automated Stacking Cranes (ASCs) from Demag Cranes allow fully automated management of container yards and connect waterside and landside equipment such as ship-to-shore cranes, terminal transport vehicles and trucks. In the yard area, ASCs ensure high-density storage, efficient sorting and short access times.

Maintaining value
Securing maximum availability and productivity while maintaining the value of our customers' investments is our maxim for customer-focused service and targeted product training. Highly skilled, seasoned specialists ensure customers draw maximum long-term benefit from our high-performance equipment.

Combined Group Management Report and Management Report of Demag Cranes AG

for the financial year

from 1 October 2011 to 30 September 2012

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Foreword

The Consolidated Financial Statements of Demag Cranes AG on which this report is based were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU. Demag Cranes AG is the parent company of the Demag Cranes Group. It continues after the majority takeover by Terex to perform the usual functions of a management holding company as well as assuming responsibility for operational management. In this capacity, the Company manages and administers its Group member companies and associated companies. During the past financial year, in the course of its ordinary operating activities, Demag Cranes AG provided services in its shared services function relating to Financial Controlling, Finances and Accounting, Group Accounting, IT, Strategic Purchasing, Human Resources, Corporate Strategy, Corporate Communication & Marketing and Language Services. The position and future development of Demag Cranes AG depend mainly on the business success of the Demag Cranes Group. The Separate Company Financial Statements of Demag Cranes AG, on which this Combined Management Report is also based, were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporations Act (AktG).

The Demag Cranes Group and Demag Cranes AG Combined Management Report are prepared in euros, the functional currency of Demag Cranes AG. All figures are rounded to the nearest million euros unless otherwise stated. All percentages relate to figures stated to the nearest euro. The amount shown for each individual item and total is the figure with the smallest rounding difference. Reported totals may therefore differ slightly from the sum of the individual reported amounts.

Business and environment

Group structure and business activities

Demag Cranes AG has its registered office in Düsseldorf and is the parent company of the Demag Cranes Group. As at 30 September 2012, it directly held 100% of the shares in DCC HoldCo 4 (vier) GmbH and Gottwald HoldCo 3 (drei) GmbH and indirectly held interests in numerous other companies inside and outside Germany. For details on our subsidiaries, joint ventures and investments, see also the Notes to the Consolidated Financial Statements under Note 44 (Subsidiaries, joint ventures and investments as at 30 September 2012). Since 16 August 2011, the Terex Group has held a majority share in Demag Cranes.

The Demag Cranes Group manufactures products in the industrial cranes, crane components, harbour cranes and terminal automation technology sectors. It produces in a total of 16 countries on five continents and, through subsidiaries, agencies and joint ventures, operates an extensive sales and service network linking more than 220 service locations in over 60 countries.

As shown in the chart below, at 30 September 2012, the business activities of the Demag Cranes Group were divided into three segments: Industrial Cranes, Port Technology and Services. This segmentation was also the basis of Group management and supervision.

Demag Cranes – built on three pillars until 30 September 2012

Industrial Cranes	Port Technology	Services
• Standard and Process Cranes • Crane construction kit • Rope and chain hoists	• Mobile Harbour Cranes • Automated Stacking Cranes • Automated Guided Vehicles	• Spare parts • Refurbishment • Field service
• Share of revenue: 46.6 % • Installed base: > 600,000	• Share of revenue: 23.6 % • Around 1,500 MHC sold	• Share of revenue: 29.8 %

FY 2011/2012 key figures

Order intake: EUR 1,326.6 million	Revenue: EUR 1,123.3 million	Oper. EBIT: EUR 89.2 million

Demag Cranes forms the core of Material Handling & Port Solutions segment of the Terex Corporation. In the course of its integration into the Terex group, Demag Cranes no longer intends to report in future to the capital market on its three segments Industrial Cranes, Port Technology and Services. In line with the new organisation within Terex, the business activities of the Industrial Cranes and Services segments will be grouped under Material Handling while those of the Demag Port Technology segment, the Terex Port Equipment business as well as the Terex Reach Stacker business in Montceau les Mines will be part of Port solutions in the future. The Terex Port Equipment business and the Reach Stacker business in Montceau Les Mines will not be included in the Financial Statements of Demag Cranes. The former entities of Demag Cranes that have been sold to Terex are included in the Financial Statements until the date of sale. As a result, figures reported in the Financial Statements of Terex Corporation for the Material Handling & Port Solutions segment will thus not be comparable with those in the Consolidated Financial Statement of Demag Cranes.

TEREX Material Handling & Port Solutions		**Demag Cranes** Material Handling & Port Solutions	
Material Handling (Industrial Cranes & Services)	**Port Solutions** (Port Technology & Terex Port Equipment, Terex reach stacker business)	**Material Handling** (Industrial Cranes & Services)	**Port Solutions** (Port Technology)

Industrial Cranes products and markets

Product portfolio

- Standard Cranes
- Process Cranes
- Crane construction kit
- Rope and chain hoists
- Travel unit components
- Switch and control systems
- Geared motors & drives
- Load handling attachments
- Crane components

End markets

- General manufacturing
- Engineering companies
- Pulp & paper producers
- Steelmaking companies
- Shipbuilders
- Energy utilities
- Storage & logistics
- Automotive industry
- Waste sector
- Mechanical engineering industry

Market position

- Excellent positioning in technologically advanced and high quality product segments

Competitors

- Konecranes Plc.
- Columbus McKinnon Corporation
- ABUS
- Kito Corporation

Port Technology products and markets

Product portfolio

- Mobile Harbour Cranes
- Automated Guided Vehicles
- Automated Stacking Cranes
- Wide Span Gantries
- Turnkey projects for ports & intermodal terminals
- Consulting and software tools for planning and optimising terminal operations
- Spare parts
- Service

End markets

- Large port & terminal operators
- Small multifunctional ports
- Intermodal handling within inland ports
- New terminal projects and ”Green Ports”

Market position

- #1 in Mobile Harbour Cranes based on market share and installed base of about 1,500 cranes sold
- Technological leader in automated port technology

Competitors

- Konecranes Plc.
- Kalmar
- ZPMC Co. Ltd.
- Liebherr International AG

Services products and markets

Product portfolio	End markets	Market position
• Commissioning • Operator and safety training courses • Crane inspections and safety checks • Crane runway surveys • Maintenance agreements • Spare parts and accessories • Factory repairs • General overhauls • Crane upgrades and refurbishment • 24/7 emergency service	• Customers of the industrial cranes segment and other crane operators worldwide • Demag Cranes, crane components and drives • Non-Demag cranes and components • Lifting equipment	• Market leader regarding installed base of more than 660,000 cranes and hoists • Service network with more than 220 service centres **Competitors** • In-house service departments of customers • Multitude of small service providers • Other crane manufacturers • Industrial service providers

Organisation and locations

In the ***Industrial Cranes segment***, crane girders are produced and cranes are assembled at 21 plants in highly industrialised regions around the world. The components required for the production of industrial cranes are supplied by our own two component plants in Wetter an der Ruhr (Germany) and Uslar (Germany) as well as five plants that manufacture cranes and components located in São Paulo (Brazil), Chakan (India), Slaný (Czech Republic), Agrate (Italy) and Shanghai (China). Seven of the 21 crane plants are operated by MHE-Demag (S) Pte Ltd., Singapore, a 50/50 joint venture between Demag Cranes & Components GmbH, Wetter, and Jebsen & Jessen (SEA) Pte Ltd., Singapore. In less industrialised regions, the Group works together with crane manufacturing partners and provides them with our own components and production-related engineering services. This gives us broad geographical coverage and operational flexibility. Crane girders produced by local partners are then locally assembled with Demag components to create cranes in line with our quality requirements. This allows us to plan production capacities better and to use them more profitably. The product development activities of the Industrial Cranes segment targeting emerging markets are increasingly being relocated to these regions. In Pune (India) and Shanghai (China), for example, development centres have been established for industrial crane and port technology products. This creates in-depth product expertise tailored to these specific markets. In August 2012, Demag Cranes signed the agreements to launch a joint venture with Weihua, one of China's largest crane builders. The joint venture, Demag Weihua (Liaoning) Material Handling Machinery Co. Ltd., will be responsible for the development and production of components and parts for cranes and hoists in the mid-market segment.

Production as well as the technical areas of the ***Port Technology segment*** are located at the Düsseldorf plant, with engineering and research as well as development activities also based in the development centre in Pune (India). Both our main market in Europe and our international customers are served centrally from Düsseldorf. Operations focus on the production of critical large components that determine product quality as well as on final assembly. We additionally draw on a worldwide network of suppliers and production partners. The cranes we produce are transported along the Rhine to the North Sea ports of Antwerp and Rotterdam and from there on to end customers. Worldwide sales and service in the Port Technology segment are carried out by centrally based key account managers for international customers, but also regionally by Demag Cranes AG's regional subsidiaries, or by contractual partners.

In the ***Services segment***, the Demag Cranes Group operates one of the largest crane and lifting equipment service networks on the market. The largest installed base in the world numbering over 660,000 Demag cranes and electric hoists is served by more than 220 service centres worldwide. Our service sales team actively approaches customers and our services are provided by our own, qualified staff.

The spare parts business is increasingly being conducted via our web-based Demag Shop system. This gives customers direct access to Demag spare parts and components as well as to automated, cost-effective business processes with a direct link to the central spare parts logistics system and production. Repair centres for general overhauls and repairs to crane components are available globally. A centrally organised competence centre provides development services for complex crane refurbishment projects.

Management structure

The Management Board, as the executive body, holds responsibility for the segments. It is supported by five executive vice presidents, who together with the Management Board form the Executive Committee. Ongoing Group management and reporting to the capital market and Supervisory Board are based on standard reporting.

The sales organisation, through which the sale of our products and services is managed Group-wide, comprises local sales and service companies as well as a partner network.

The production network comprises our own strategically sited component factories in Germany, Brazil and China as well as local crane factories and partners, and ensures consistently top product quality at high levels of efficiency.

Group management

Demag Cranes AG's key performance indicator system

Demag Cranes AG uses a performance indicator system based around a number of globally standardised and clearly structured key performance indicators (KPIs). The basis consists of IFRS figures adjusted as necessary in accordance with internal control needs. This includes adjusting for one-off items.

The most important KPIs are as follows: cash generation (cash flow return on revenue), return on capital, return on sales, working capital as a percentage of revenue, order intake and order book as advanced indicators and functional indicators.

Among these key performance indicators, the profitability indicators play a special part as they essentially use operating net income, a central management indicator, as the target metric in the denominator. Indicators based on earnings before interest and tax (EBIT) and revenue are used as key measures of target attainment for all parts of the Group and also as the basis for calculating variable compensation.

Statement on corporate governance under Section 289a of the German Commercial Code

The Statement on corporate governance is available for viewing online at www.demagcranes-ag.com/statement_on_corporate_governance.

Corporate governance report

The Corporate governance report is available for viewing online at www.demagcranes-ag.com/corporategovernance.

Remuneration report

With regard to commercial law disclosure requirements, the following **Remuneration Report** also forms an integral part of the Notes to the Consolidated Financial Statements and Group Management Report.

Compensation for the Management Board

Overall Management Board compensation normally comprises a fixed salary, a performance-based bonus, pension benefits and fringe benefits. Management Board member Lawrence Lockwood additionally participates in the Terex Corporation Long Term Incentive Plan. Management Board members Rainer Beaujean and Thomas H. Hagen, who stepped down in 2011, additionally participate in the Demag Cranes AG Matching Stock Program (MSP).

The appropriate level of compensation to be received by members of the Management Board overall is determined by the full Supervisory Board at the proposal of the General Committee based on a performance review.

Aloysius Rauen's contract as member of the Management Board, which has been renewed until 30 April 2017, was revised with effect from 1 October 2011 and supplemented with provisions relating to D&O insurance by Supervisory Board resolution of 4 January 2012.

By resolution of the Supervisory Board of 5 December 2011, Axel Joachim Arendt was appointed on an interim basis pursuant to Section 105 of the German Stock Corporations Act to fill a vacant post on the Management Board. Following the departure of Mr Beaujean, the Management Board would otherwise no longer have had at least two members as required by the Articles of Association. The employment contract signed with Mr Arendt with effect from 5 December 2011 ended, together with his office as member of the Management Board, on 15 May 2012.

Lawrence Lockwood was appointed to the Management Board of the Company on 16 May 2012. His Management Board contract signed with effect from 16 May 2012 ends on 31 December 2013. The components of his compensation and other benefits under his Management Board contract are paid, for the time being, by Terex Corporation and normally refunded to the latter by Demag Cranes AG against invoice.

Non-performance-related compensation, old-age and surviving dependants' pensions, and fringe benefits

The non-performance-related component of compensation comprises basic compensation and fringe benefits.

For the CEO, Aloysius Rauen, this includes vested pension benefits from his 65th birthday. The amount of this pension is determined based on the length of Mr Rauen's service at Demag Cranes AG and amounts to up to 40% of his final gross fixed salary. Until the end of their contract terms, Mr Hagen und Mr Beaujean additionally received contributions towards an external pension plan. For the duration of his Management Board contract, Mr Lockwood is entitled to participate in the Terex retirement plan (401(k) plan), under which Terex pays a company contribution of 100% of the first five percent of Mr Lockwood's contributions up to a maximum of USD 12,500.

The Management Board contract with Mr Rauen also provides for a surviving dependants' pension in the form of a life-long widow's pension. The widow's pension amounts to 60% of the maximum retirement pension.

Finally, members of the Management Board receive fringe benefits in the form of non-cash compensation, primarily comprising insurance premiums (e.g. contributions to health and long-term care insurance, life and accident insurance), expenses (e.g. travel) and use of a company car. Certain additional fringe benefits apply specifically for Mr Lockwood including relocation and other costs arising through his relocation to Germany from the USA. These specific fringe benefits are met in part by Demag Cranes AG and in part by Terex Corporation.

There is also a directors' and officers' liability insurance (D&O) policy for members of the Management Board, which provides for a suitable deductible. For each claim, the members of the Management Board being claimed for personally meet 10% of the loss up to a maximum amount for all claims made within one year of 150% of the Management Board member's fixed annual compensation (deductible).

Performance-related compensation and long-term incentive components

With the exception of Mr Arendt (who is now no longer a member), members of the Management Board received performance-related compensation during the reporting period in the form of a bonus. The bonus consists of a target bonus and an additional bonus.

The maximum annual target bonus is EUR 800,000 for the CEO, Mr Rauen, and USD 136,000 for the CFO, Mr Lockwood. The maximum annual additional bonus is EUR 440,000 for Mr Rauen and USD 95,200 for Mr Lockwood.

The target bonus is linked to the attainment of targets defined by the Supervisory Board relating to operating EBIT (50% weighting) and operating net income after tax (50% weighting). If the targets are attained in full, 100% of the target bonus is paid out. If the targets fail to be met by 20% or less, the bonus paid out is reduced accordingly on a straight-line basis, with a final figure of 25% of the target bonus being reached if 80% of the target is met. If one of the targets fails to be met by more than 20%, there is no entitlement to the bonus, in which event the Supervisory Board decides at its own discretion whether to grant a bonus and the amount of the bonus.

The granting and size of the additional bonus depend on attainment of highly demanding targets set by the Supervisory Board for the key performance indicators of operating EBIT and operating net income after tax.

For Mr Rauen, two thirds of the target and additional bonuses for the first of three financial years is paid out after the first financial year. The remaining third is only paid out after the third financial year if and to the extent that the relevant targets for the second and third financial years are attained. For the target bonus, the amount of the remaining third to be paid out is calculated on the basis of the average target attainment for the second and third financial years. This two-year average must be at least 80%, with the individual target attainment figures for the two years capped at a maximum of 100%. The average figure calculated in this way is multiplied by the as yet unpaid portion of the target bonus (one third) from the first financial year to determine the amount to be paid for the first financial year. Just as for the target bonus, only two thirds of the additional bonus is paid out after the first financial year. The remaining third is paid out after the third financial year if and to the extent that the special targets for the additional bonus for the second and third financial years are attained, based on the average attainment of targets for the additional bonus.

The target bonus for Mr Rauen amounted to EUR 525,000 for the reporting period; the additional bonus amounted to EUR 0. Under the staggered pay-out arrangements as described above, two thirds of the target and additional bonuses for the first of three financial years will be paid out after the first financial year – i.e. after financial year 2011/2012. The remaining third will be paid out after the third financial year subject to the above conditions. Mr Rauen will therefore be paid a target bonus of EUR 350,000 and an additional bonus of EUR 0 for financial year 2011/2012.

Management Board member Lockwood will be paid a (pro rata temporis) target bonus of EUR 26,000 and a (pro rata temporis) additional bonus of EUR 0 for financial year 2011/2012. Irrespective of the above bonus arrangements, Mr Lockwood continues to participate (at the expense of Terex Corporation) in the Terex Long Term Incentive Plan. Under this plan, Terex Corporation has granted him long-term and short-term incentive benefits (shares and cash) for which, by resolution of the Board of Directors of Terex Corporation, he will continue to be taken into consideration. The grant conditions for the incentive benefits are to correspond with those of the Terex Long Term Incentive Plan, which are laid down annually by the Board of Directors of Terex Corporation.

Specific arrangements for members of the Management Board who have stepped down during the reporting period

Following consummation of the tender offer from Terex Industrial Holding AG and the resulting change of control, the two Management Board members Rainer Beaujean and Thomas H. Hagen exercised their special right of termination with effect from 30 November 2011.

In full settlement of Mr Beaujean’s and Mr Hagen’s entitlements to pro rata temporis target and additional bonuses under their Management Board contracts, a final payment of EUR 65,000 each was agreed in the context of their departure from the Management Board. This is equivalent to two thirds of their respective maximum pro rata temporis target bonus.

It was also agreed in the context of Mr Beaujean’s and Mr Hagen’s departure from the Management Board that they would continue to participate in the Company’s Matching Stock Program (MSP) and would not lose their MSP entitlements (the MSP entitles participants to subscribe for phantom shares if they have acquired Demag Cranes AG shares). The number of rights granted to Mr Beaujean and Mr Hagen and the fair value of those rights as at the grant date are stated below under "Matching Stock Program (MSP)."

The contributions towards an external pension plan for Mr Beaujean and Mr Hagen continued to be paid up to 30 November 2011, including on a pro rata temporis basis for financial year 2011/2012.

In the context of Mr Beaujean's and Mr Hagen's departure, a reduction was agreed to the widows' and orphans' pensions provided for in their Management Board contracts. This results in a widow's pension of EUR 34,400 p.a. and an orphan's pension of EUR 17,200 p.a. in relation to the two former Management Board members Mr Beaujean and Mr Hagen.

No specific arrangements were made for termination of Mr Arendt's office as member of the Management Board.

Management Board compensation for financial year 2011/2012

In total, members of the Management Board received compensation of EUR 2,430,000 in financial year 2011/2012, including non-cash compensation. EUR 1,399,000 of this relates to fixed compensation, EUR 616,000 to variable compensation and EUR 415,000 to other compensation.

The table below provides a breakdown of the compensation received by each member of the Management Board:

	Fixed compensation	Variable compensation		Other	**Total compensation 2011/2012**	Total compensation 2010/2011
in EUR thousand		Payment due short-term	Deferred, conditional payment			
Aloysius Rauen	554	350	175	17	1,095	1,555
Axel Arendt	540	0	0	47	586	0
Lawrence Lockwood	239	26	0	346	611	0
Rainer Beaujean	67	65	0	6	138	1,372
Thomas H. Hagen	0	0	0	0	0	1,372
Total	**1,399**	**441**	**175**	**415**	**2,430**	**4,299**

Pensions and surviving dependants' pensions

The tables below provide a breakdown of the pensions and surviving dependants' pensions granted directly by Demag Cranes AG to each member of the Management Board:

Pensions and surviving dependants' pensions for members of the Management Board according to IFRS

	Expense		Provision	
in EUR thousand	**2011/2012**	2010/2011	**30 September 2012**	30 September 2011
Aloysius Rauen	138	168	622	324
Rainer Beaujean	3	23	157	78
Thomas H. Hagen	5	35	214	123
Total	**146**	**227**	**993**	**525**

At 30 September 2012, the Consolidated Statement of Financial Position additionally included pension provisions in accordance with IFRS of EUR 217,000 (30 September 2011: EUR 133,000) for a former member of the Management Board.

Pensions and surviving dependants' pensions for members of the Management Board according to the German Commercial Code

	Expense		Provision	
in EUR thousand	**2011/2012**	2010/2011	**30 September 2012**	30 September 2011
Aloysius Rauen	112	205	430	303
Rainer Beaujean	7	41	81	70
Thomas H. Hagen	-2	64	116	112
Total	**116**	**310**	**627**	**486**

At 30 September 2012, the Consolidated Statement of Financial Position additionally included pension provisions in accordance with the German Commercial Code of EUR 127,000 (30 September 2011: EUR 118,000) for a former member of the Management Board.

Management Board member Lockwood is entitled to participate in the Terex retirement plan (401(k) plan). The expense to be refunded in this connection by Demag Cranes AG to Terex Corporation amounts to approximately EUR 9,673 per year.

Matching Stock Program (MSP)

Demag Cranes AG decided to settle the fifth and last tranche of the Matching Stock Program in cash.

Management Board members Rainer Beaujean and Thomas H. Hagen, who stepped down from the Management Board in the course of the reporting period, received the following share-based compensation under the Matching Stock Program (MSP):

MSP according to IFRS

	2011/2012		2010/2011	
	Outstanding phantom shares (number)*	**Expense (EUR thousand)**	Outstanding phantom shares (number)*	Expense (EUR thousand)
Rainer Beaujean	0	49	39,000	325
Thomas H. Hagen	0	50	39,468	329
Total	**0**	**99**	**78,468**	**655**

* The members of the Management Board did not receive new phantom shares in the financial years 2011/2012 and 2010/2011.

MSP according to the German Commercial Code

	2011/2012		2010/2011	
	Outstanding phantom shares (number)*	**Expense (EUR thousand)**	Outstanding phantom shares (number)*	Expense (EUR thousand)
Rainer Beaujean	0	70	39,000	733
Thomas H. Hagen	0	71	39,468	742
Total	**0**	**142**	**78,468**	**1,475**

* The members of the Management Board did not receive new phantom shares in the financial years 2011/2012 and 2010/2011.

Arrangements for the event of termination of office of current members of the Management Board

If the appointment of a member of the Management Board is prematurely revoked without cause for termination of the employment contract:

- Mr Rauen receives by way of financial compensation his fixed salary for the originally planned contract term and a target bonus pro rata temporis to the end of his contract term, assuming 100% target attainment, but no more than two times his total annual compensation (severance cap).
- Mr Lockwood receives from Demag Cranes AG by way of financial compensation his fixed salary up to the end of a three-month termination period from the end of the month the revocation of appointment comes into effect or the end of the contract term, whichever is the earlier, plus, pro rata temporis, all bonuses earned in the financial year the contract

termination comes into effect. Moreover, he receives from Terex Corp. his fixed salary for two years (this is reduced to one year of fixed salary following the 2nd anniversary of his appointment to the Management Board), taking into account any payment of fixed salary by Demag Cranes AG, and continued vesting of his Terex long-term incentive awards and U.S. health care continuation during the severance period.

If the Company has good cause to terminate an employment contract without notice within the meaning of Section 626 of the German Civil Code (BGB), claims for compensation are excluded and the Management Board member concerned does not receive any bonus payments, pro rata temporis or otherwise, for the then current financial year.

In the event of a change of control, Mr Rauen has the right to terminate his Management Board contract within six months at three months’ notice to the end of a month. A change of control is deemed to take place when either (i) a shareholder acquires control of the Company within the meaning of Section 29 of the German Securities Acquisition and Takeover Act (WpÜG) by holding at least 30% of the voting rights in the Company, including voting rights attributable to the shareholder under Section 30 WpÜG, or (ii) an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act (AktG) under which the Company is a dependent company is entered into and comes into force or (iii) the Company is merged with another legal entity pursuant to Section 2 of the German Transformation Act (UmwG), unless, based on the agreed exchange ratio, the value of the other legal entity is less than 50% of the value of the Company. If the special termination right is exercised, Mr Rauen receives by way of financial compensation the fixed salary up to the planned end of the contract term and a target bonus pro rata temporis up to the end of the contract term, assuming 100% target attainment, but no more than two times the total annual compensation (severance cap).

Supervisory Board compensation

Supervisory Board compensation is governed by the Articles of Association of Demag Cranes AG. Contrary to Clause 5.4.6 of the German Corporate Governance Code as amended on 15 May 2012, members of the Supervisory Board of Demag Cranes AG only receive basic annual compensation of EUR 25,000; the Chairman of the Supervisory Board receives 2.5 times and each vice chairman receives 1.5 times that amount. Members of committees – except for the Mediation Committee required under Section 27 (3) MitbestG and the Nominations Committee – additionally receive 0.1 times their basic compensation for each committee on which they sit.

Chairmen of committees additionally receive 0.25 times their basic compensation; this does not apply to the Chairman of the Supervisory Board, the Chairman of the Mediation Committee required under Section 27 (3) MitbestG or the Chairman of the Nominations Committee. In addition to their basic annual compensation, members of the Supervisory Board receive an attendance fee of EUR 1,500 for each Supervisory Board and committee meeting they attend, but no more than EUR 1,500 per calendar day. Reasonable out-of-pocket expenses are refunded on presentation of receipts.

Fixed compensation is stipulated for the Supervisory Board in view of the independence it must have to be able to carry out its monitoring function. The performance of this function should not be tied to any monetary incentives.

The compensation for each individual member of the Supervisory Board breaks down as follows:

in EUR	Demag Cranes AG Fixed compensation	Demag Cranes AG Attendance fee	Supervisory Board compensation from subsidiaries Fixed compensation	Supervisory Board compensation from subsidiaries Attendance fee	**Total compensation 2011/2012**	Total compensation 2010/2011
Axel Arendt	13,972.60	6,000.00	–	–	19,972.60	1,979.45
Josef Berger*	42,500.00	24,000.00	9,000.00	1,500.00	77,000.00	72,000.00
Gerd-Uwe Boguslawski*	25,000.00	12,000.00	6,000.00	1,500.00	44,500.00	45,500.00
Giuseppe Di Lisa*	10,479.45	4,500.00	–	–	14,979.45	–
Dr. Michael W. Ernestus	62,500.00	24,000.00	–	–	86,500.00	2,184.93
Harry Hansen*	25,000.00	15,000.00	6,000.00	1,000.00	47,000.00	45,500.00
Dr. Michael Leue	25,000.00	15,000.00	–	–	40,000.00	1,979.45
Reinhard Möller*	25,000.00	15,000.00	6,000.00	1,500.00	47,500.00	45,500.00
Hubert Rosenthal*	30,000.00	21,000.00	6,000.00	1,500.00	58,500.00	58,000.00
Fred Schumacher	9,657.53	9,000.00	–	–	18,657.53	–
Oren G. Shaffer	31,250.00	18,000.00	–	–	49,250.00	2,013.70
Horst Thelen	14,589.04	10,500.00	–	–	25,089.04	38,500.00
Supervisory Board members who stepped down in financial year 2010/2011**						277,643.83
Total	**314,948.62**	**174,000.00**	**33,000.00**	**7,000.00**	**528,948.62**	**590,801.36**

* The employee representatives declare that they contribute the compensation they receive for their work on the Supervisory Board to the Hans-Böckler Foundation in compliance with the policies laid down by the German Trade Union Federation (DGB)

**Including compensation for Supervisory Board members, Messrs. Schuchmann, Prof. Dr.h.c. Hornung, Koehler, Meyer, Dr. Rupprecht and Tischendorf, who stepped down on 23 September 2011.

Supervisory Board members Kevin A. Barr and Brian J. Henry waived their Supervisory Board compensation for financial year 2011/2012.

No compensation or benefits were granted for services rendered by Supervisory Board members, including for advisory and intermediation services.

Disclosures under Sections 289 (4) and 315 (4) of the German Commercial Code and explanatory report on these disclosures by the Management Board of Demag Cranes AG

Demag Cranes AG, the parent company of the Demag Cranes Group within the meaning of Section 290 (1) of the German Commercial Code, is an Aktiengesellschaft (a German public limited company), has its registered office in Düsseldorf and has issued voting shares that are listed on an organised market as defined in Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG), namely the Regulated Market (Prime Standard section) operated by Frankfurt Stock Exchange. Since 4 July 2012, Demag Cranes AG shares have been listed on the General Standard segment of the Frankfurt Stock Exchange. On 29 August 2012, the Management Board resolved to delist from the Regulated Market and submitted an application to that effect to Deutsche Börse AG in Frankfurt. In accordance with the delisting notice, the delisting takes effect at midnight on 7 March 2013. Following the delisting, shares in the Company are to be traded in the Entry Standard segment of the Open Market on Frankfurt Stock Exchange.

Subscribed capital; rights and obligations attaching to shares

Demag Cranes AG's subscribed capital (share capital) amounts to EUR 21,172,993 as at 30 September 2012 and is divided into 21,172,993 no-par-value bearer shares. There are no different classes of shares. Each share has one vote at general meetings. In all other respects, the rights and obligations attaching to each share are as stipulated in the German Stock Corporations Act (AktG).

Restrictions on the transfer of securities and on voting rights

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

Holdings relating to more than 10% of voting rights

TIHAG Funding GmbH notified Demag Cranes AG in a voting rights notification that its share of voting rights in Demag Cranes AG passed above the 3, 5, 10, 15, 20, 25, 30, 50 and 75% threshold on 26 April 2012 and amounted to 82.92% (17,345,848 voting rights) on that day. The voting rights attributable to TIHAG Funding GmbH are held directly by Terex Industrial Holding AG. As well as to TIHAG Funding GmbH, the voting rights held by Terex Industrial Holding AG are also attributed to Terex Germany GmbH & Co. KG, Düsseldorf, Germany, Terex Verwaltungs GmbH, Düsseldorf, Germany, Terex European Holdings B.V., Amsterdam, Netherlands, Terex Netherlands B.V., Amsterdam, Netherlands and Terex Corporation, Westport, USA.

Elliott Asset Management LLC, Elliott Capital Advisors L.P., Braxton Associates, Inc., all of New York, USA, and Paul E. Singer, USA, notified Demag Cranes AG in a voting rights notification that their respective percentages of the voting rights in the Company passed above the 10% threshold on 15 August 2011 and amounted to 10.08% (2,133,794 voting rights) on that day. Cornwall (Luxembourg) S.à r.l. notified Demag Cranes AG in a voting rights notification that its share of voting rights in the Company passed above the 3, 5 and 10% threshold on 15 March 2012 and amounted to 12.70% (2,689,317 voting rights) on that day. Elliott International Capital Advisors Inc., New York, USA, Elliott International Limited, George Town, Cayman Islands and Hambledon Inc. George Town, Cayman Islands, notified Demag Cranes AG in a voting rights notification that their respective percentages of the voting rights in the Company passed above the 10% threshold on 15 March 2012 and amounted to 12.71% (2,691,317 voting rights) on that day. The voting rights are held through various investment companies, to each of which they are attributable, in some cases reciprocally.

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

Securities carrying special rights

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

How rights are exercised on shares under an employee share scheme if not directly by employees

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

Appointment and replacement of members of the Management Board; amendments to the Articles of Association

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

The Management Board of the Company consisted on 30 September 2012 of CEO Aloysius Rauen and Lawrence Lockwood.

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

Aloysius Rauen: 30 April 2017

Lawrence Lockwood: 31 December 2013

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

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

Powers of the Management Board to issue and buy back shares

Under Article 4 (5) of the Articles of Association, the Management Board is authorised, subject to Supervisory Board approval, to increase the Company’s share capital by issuing new no-par-value bearer shares, each representing a pro rata amount of one euro of the share capital, for cash or non-cash consideration in one or more issues by up to a total of EUR 10,586,496 by or before 1 March 2016.

The new shares may be taken up by one or more financial institutions determined by the Management Board or taken up by one or more enterprises within the meaning of the first sentence of Section 53 (1), of the first sentence of Section 53b (1) or of Section 53b (7) of the Banking Act (Kreditwesengesetz) subject to an undertaking that the shares will be offered to existing shareholders (indirect rights issue).

In certain circumstances and subject to Supervisory Board approval, the Management Board is authorised to exclude existing shareholders' statutory right of pre-emption.

a) When issuing shares for non-cash consideration for the purpose of granting to third parties shares representing a pro rata amount of up to EUR 4,243,598 of the share capital in connection with business combinations or to acquire a business, part of a business or ownership interests in a business, including to increase the size of existing holdings of ownership interests or other assets;

b) To the extent needed to provide holders of warrants or convertible bonds issued by the Company or by Group companies under the management of the Company, for the purpose of preventing dilution, with rights to new shares in the amount they would be entitled to on exercise of the right of purchase or conversion or on discharge of the conversion obligation or obligation to sell;

c) To exclude any fractional amount arising in a rights issue;

d) When issuing shares for cash consideration provided that, in accordance with Section 203 (1) and (2) and the fourth sentence of Section 186 (3) of the German Stock Corporations Act (AktG), the issue price of the new shares is not significantly lower than the stock market price, at the time the final issue price is set by the Management Board, of existing listed shares of the same class and carrying the same rights and provided that the new shares for which the right of pre-emption is excluded do not together comprise more than 10% of the share capital at the time this authorisation comes into effect or at the time the authorisation is exercised, whichever amount is the lesser. The 10% maximum is reduced by the pro rata amount of the share capital attributed to shares (i) issued or sold during the lifetime of this authorisation or in application, directly or mutatis mutandis, of the fourth sentence of Section 186 (3), AktG or (ii) required to be issued to serve warrant-linked or convertible bonds in respect of which a right of purchase or a right of conversion or a conversion obligation exists and which have been issued during the lifetime of this authorisation to the exclusion of existing shareholders' right of pre-emption in application mutatis mutandis of the fourth sentence of Section 186 (3), AktG.

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

By resolution of the Company's Annual General Meeting of 2 March 2010, the Management Board of Demag Cranes AG is further authorised, subject to Supervisory Board approval, to issue convertible and/or warrant-linked bearer bonds (collectively 'bonds') with limited or unlimited maturities up to an aggregate face value of EUR 210,000,000 on one or more occasions by or before 1 March 2015 and to give the bondholders conversion rights and/or options (including with an attached conversion obligation) to no-par-value bearer shares in the Company making up a maximum EUR 4,200,000 portion of the share capital in accordance with the detailed terms and conditions of the convertible or warrant-linked bond issue. The bonds are required to be issued solely for cash.

The bonds may be denominated in euros or – up to the equivalent of the stipulated maximum amount – in a foreign currency that is legal tender, for example, the currency of an OECD country. The bonds may also be issued by a Group company managed by the Company; in such instances, the Management Board may, subject to Supervisory Board approval, guarantee the bonds on the Company's behalf and give bondholders conversion rights and/or options (including with an attached conversion obligation) to no-par-value bearer shares in the Company. The issues must be divided into individual bonds.

In a warrant-linked bond issue, one or more warrants are attached to each bond, granting the bondholder an option to subscribe for no-par-value bearer shares in the Company according to the terms and conditions of the option as laid down by the Management Board. The option lifetime must not exceed the maturity of the warrant-linked bond issue.

In a convertible bond issue, bondholders are given the right to convert their bonds into no-par-value bearer shares in the Company in accordance with the detailed terms and conditions of the convertible bond as laid down by the Management Board. The conversion ratio is arrived at by dividing the face value of a bond, or the issue price if lower, by the stipulated conversion price for a no-par-value bearer share in the Company. The conversion ratio may be rounded up or down to the nearest integer; an additional cash payment may also be stipulated if applicable.

The convertible bond terms and conditions may further stipulate a conversion obligation at maturity (or earlier). The portion of the share capital made up by no-par-value Company shares issued on conversion of each bond must not exceed the face value of the bond.

The terms and conditions of the convertible or warrant-linked bonds may give the Company a right to grant bond creditors new shares or treasury shares in the Company instead of all or part of any amount due. Subject to more detailed provisions laid down in the bond terms and conditions, the value of such shares is determined as the arithmetic mean, rounded up to the nearest full cent, of closing auction prices for the same class of Company shares in XETRA trading (or a functionally equivalent successor trading system) on Frankfurt Stock Exchange on the last three trading days before notice of conversion or exercise.

The terms and conditions of the convertible or warrant-linked bonds may further provide on each occasion for treasury shares in the Company to be granted on conversion or exercise. They may also provide that instead of granting holders of convertible or warrant-linked bonds shares in the Company, the Company may pay bondholders the equivalent value in cash. Subject to more detailed provisions laid down in the bond terms and conditions, the value of such shares is determined as the arithmetic mean, rounded up to the nearest full cent, of closing auction prices for the same class of Company shares in XETRA trading (or a functionally equivalent successor trading system) on Frankfurt Stock Exchange on the last three trading days before notice of conversion or exercise.

The stipulated conversion or exercise price on each occasion must be at least 80% of the arithmetic mean of the closing auction prices for the same class of Company shares in XETRA trading (or a functionally equivalent successor trading system) on Frankfurt Stock Exchange from the start of the subscription period to the third day (inclusive) before announcement of the final terms and conditions in accordance with the second sentence of Section 186 (2) of the German Stock Corporations Act (AktG).

If, during the conversion or exercise period, the Company conducts a rights issue for existing shareholders or issues further convertible or warrant-linked bonds or grants or guarantees conversion rights or options and does not give existing holders of conversion rights or options a corresponding subscription right of the scope they would be entitled to after exercising their conversion rights or options or meeting their conversion obligations, or increases the share capital out of retained earnings, the terms and conditions of the convertible and/or warrant-linked bonds must ensure that there is no effect on the economic value of existing conversion rights and/or options by providing for a modification of the conversion rights and/or options to maintain that value unless such modification is already required by law. The same applies mutatis mutandis upon a decrease in share capital, other corporate measures, restructuring, change of control, extraordinary dividend or other similar measures that may dilute the share value.

Company shareholders normally have pre-emptive rights; that is, convertible and/or warrant-linked bonds must normally be offered to them. The bonds may also be bought by one or more banks provided they are then offered to shareholders. If bonds are issued by a Group company, the Company must ensure that subscription rights are granted to Company shareholders.

The Management Board may, subject to Supervisory Board approval, exclude shareholders' pre-emptive rights to bonds if, after due appraisal, it finds the issue price not to be significantly below the bonds' theoretical market value as determined by generally accepted financial mathematical methods. The authorisation to exclude shareholders' pre-emptive rights is limited, however, to bonds with a conversion right or option (including with an attached conversion obligation) to shares making up no more than 10% of the share capital when the authorisation takes effect or, if smaller, of the share capital when the authorisation is exercised. The 10% maximum must be determined taking into account any amount of share capital relating to (i) shares issued during the lifetime of the authorisation under the fourth sentence of Section 186 (3), AktG to the exclusion of existing shareholders' pre-emptive rights and (ii) shares sold during the lifetime of the authorisation out of repurchased treasury stock other than on the stock market or by way of an offer to all shareholders with the fourth sentence of Section 186 (3), AktG applying mutatis mutandis; any fractional amounts resulting from the subscription ratio; and any amount needed so that it is possible to give holders of previously issued conversion rights or options a subscription right of the scope they would be entitled to as shareholders after exercising their conversion rights or options or meeting their conversion obligations.

The Management Board is authorised, subject to Supervisory Board approval and where applicable in agreement with the boards of bond-issuing Group companies, to decide the remaining details of the bond issues and terms, including interest rates and how interest is applied, issue price, term to maturity and denomination, anti-dilution provisions, conversion or option periods and conversion or exercise price.

In conjunction with granting the Management Board authorisation to issue bonds, conditional authority was given to increase the Company's share capital by up to EUR 4,200,000 by issuing up to 4,200,000 new no-par-value bearer shares each comprising one euro of share capital ('Conditional Capital'). The conditional authority to issue shares is to be used for granting shares to holders of or creditors under convertible and/or warrant-linked bonds issued with the above authorisation. Shares are to be issued under the conditional authority solely to the extent that conversion rights and/or options are exercised or conversion obligations under such bonds are fulfilled and the Conditional Capital is needed for the purpose according to the terms and conditions of the convertible and/or warrant-linked bonds. The new shares are to be issued at the exercise or conversion price determined in accordance with the above authorisation. The new shares are entitled to dividends from the start of the financial year they are issued on exercise of conversion rights or options or on fulfilment of conversion obligations. The Management Board is authorised, subject to Supervisory Board approval, to decide the remaining details with regard to issuing shares under the conditional authority.

The Company made no use of its authorisation to issue convertible and/or warrant-linked bonds in financial year 2011/2012; no shares were issued out of the Conditional Capital. Likewise, no shares were issued out of Authorised Capital.

There is no authorisation to buy back shares.

Significant agreements conditional upon a change of control following a takeover bid

The syndicated credit facility arranged by Demag Cranes AG granted each lender the right to call due its share of the facility (loans and guarantees given) subject to certain requirements if a party or a group of parties acting in concert acquires control of Demag Cranes AG (*change of control*). After the domination & profit and loss transfer agreement between Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, came into effect on 18 April 2012, the EUR 350 million revolving credit facility (including the ancillary facility for guarantees in the amount of EUR 150 million) was repaid in full and terminated on 21 May 2012. For further information on how the Demag Cranes Group is currently financed see "Demag Cranes Group financial position."

In the event of a change of control in the Company, the CEO has the right to terminate his Management Board contract and give up his Management Board mandate within six months, giving three months' notice to the end of a month. Circumstances in which a change of control is deemed to take place include when a shareholder acquires control of the Company within the meaning of Section 29 of the German Securities Acquisition and Takeover Act (WpÜG) by holding at least 30% of the voting rights in the Company, including voting rights attributable to the shareholder under Section 30 WpÜG.

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

Agreements with members of the Management Board or employees for the event of a takeover bid

If he exercises his special termination right, the CEO receives by way of financial compensation his fixed salary up to the planned end of his contract term and a target bonus pro rata temporis up to the end of his contract term, assuming 100% target attainment, but no more than two times his total annual compensation. For further information on Management Board contracts, please see the Remuneration Report.

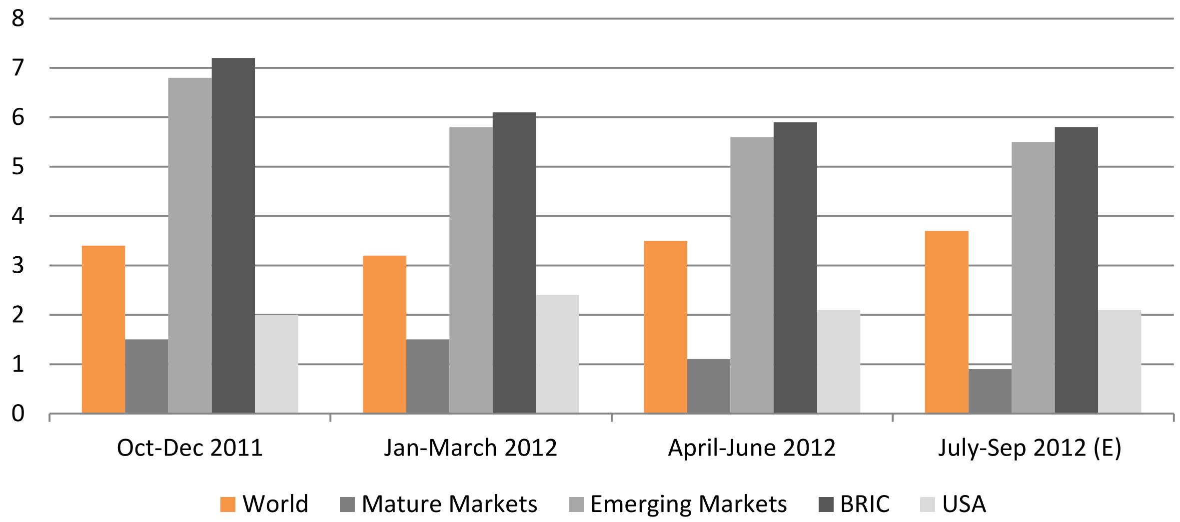
General economic environment[1]

World economic trends

The global economy slowed down slightly at the beginning of financial year 2011/2012. The global growth slowdown primarily reflected uncertainty about the onward course of the debt crisis. Although emerging market economic output dropped sharply in the past months, these markets contributed most to a further increase in global economic activity over the reporting period. The four BRIC states saw a particularly large decrease in economic output. Mature markets likewise suffered in the poor market environment and followed the negative cyclic trend. The USA was at least able to break free of this trend with a fairly stable trajectory over the course of the reporting period.

The following chart shows the development of real GDP compared with the prior-year period:

Real year-on-year GDP growth (based on the US dollar)
In %



(E) Estimates
Source: Oxford Economics, November 2012

The economic uncertainty in connection with the European debt crisis also affected the global market for ***Industrial Cranes*** in financial year 2011/2012. Increasing sovereign debt worldwide led economic forecasts to be adjusted downwards, causing capital spending to level off and consumption to fall. Internal analyses nonetheless show the overall market for industrial cranes to have grown in the mid-single-digit percentage range relative to the previous year. Sectoral conditions in industrial cranes broadly tracked the market trend in mechanical engineering and growth rates for order intake was significantly down year on year. The market was also affected by sustained price competition,

[1] Sources: VDMA, Konjunkturbulletin, November 2012; Oxford Economics, November 2012; Commerzbank, Economic Research

mainly driven by surplus capacity, the large number of competitors and the financial crisis mentioned above.

The market in the ***Port Technology segment*** was characterised by a further increase in container handling at ports and rising volumes of marine cargo, although this growth trend weakened slightly towards the end of the financial year. Customers in the Port Technology segment stepped up investing activity in response to the rising trend in transhipment volumes. This fuelled general growth in demand for versatile cargo handling equipment such as Mobile Harbour Cranes. The terminal systems business, too, developed positively in the reporting period. In the past financial year, we secured contracts for automated handling systems from two terminal operators to equip new container terminals on Maasvlakte II in Rotterdam, the Netherlands. Our customers continue to show interest in cost-saving or environmentally friendly solutions, but demand is subject to pronounced price competition.

Industry conditions likewise improved in the ***Services segment***. The positive order situation and the resulting high level of machine capacity utilisation created customer demand for our services and spare parts.

Effects of the economic environment on business performance

All three of the Demag Cranes Group's segments performed well during the past financial year, although the rates of increase in order intake and revenue were lower than in 2010/2011. This was due mainly to the ongoing sovereign debt crisis and the economic uncertainty associated with it.

In the ***Industrial Cranes segment***, demand for our products continued to rise compared with financial year 2010/2011. The rate of growth in order intake slowed, however (year-on-year increase: 2011/2012: 5.5%; 2010/2011: 24.9%). The increased price competition emerging in the market also had an impact on our business in that revenue continued to improve, but the rate of increase was lower than in the previous year (year-on-year increase: 2011/2012: 7.0%; 2010/2011: 11.1%). From a regional perspective, the main growth drivers were Germany and emerging markets such as China.

In the ***Port Technology segment***, our customers not only replaced old cranes, but also invested in expansion due to the higher level of capacity utilisation at port terminals as a result of rising freight volumes and transport rates. In addition, major project business resumed. The current situation on the financial markets has increased the overall complexity of concluding contracts for customers and suppliers. Revenue also continued to increase in the Port Technology segment, but here, too, growth slowed year on year (year-on-year increase: 2011/2012: 10.8%; 2010/2011: 25.8%).

The ***Services segment*** benefited from increased capacity utilisation by our customers and the greater use of crane systems associated with it. Order intake and revenue did not increase year on year due to the one-time effect of the sale of two US companies to Terex.

Business performance of the Demag Cranes Group and its segments in financial year 2011/2012

Takeover by Terex and integration into the Terex Group

Following the successful takeover of Demag Cranes by Terex Industrial Holding AG, a subsidiary of Terex Corporation, Westport, Connecticut, USA, a further milestone was reached in the past financial year: The domination & profit and loss transfer agreement signed in January 2012 between Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, was entered in the commercial registry on 18 April 2012 and has therefore entered in force. The agreement had already been approved at the Annual General Meeting of Demag Cranes AG on 16 March 2012. Under the agreement, Terex Germany GmbH & Co. KG offered to acquire the shares held by outside shareholders of Demag Cranes AG in return for cash compensation of EUR 45.52 per no-par value share pursuant to Section 305 of the German Stock Corporations Act (AktG). The agreement also provides for an annual guaranteed dividend payment to outside shareholders of Demag Cranes AG for the term of the agreement in the gross amount of EUR 3.33 per no-par value share (EUR 3.04 net per no-par value share). The payment obligations of Terex Germany GmbH & Co. KG under the domination & profit and loss transfer agreement are secured by a letter of comfort issued by Terex Corporation.

After the domination & profit and loss transfer agreement came into effect in April 2012, an integration team was established in May 2012 with the aim of swiftly integrating Demag Cranes into the Terex Group so that the potential created by the business combination could be quickly realised. The business of the Demag Cranes Group is managed since the takeover as a fifth segment, Material Handling & Port Solutions (MH&PS). Material Handling encompasses the Industrial Cranes and the Services business, which continues under the successful and renowned Demag brand. The brand name is solely appended with the words “A Terex Brand”. Port Solutions comprises the Demag Cranes Port Technology business and the Terex Port Equipment as well Reach Stacker businesses. The Gottwald brand continues as Terex® | Gottwald. As a high-performance global Group, Terex is well positioned to fulfil its mission of providing solutions to Machinery and Industrial Product customers that yield superior productivity and return on investment. That, in turn, contributes to achieving the Group’s purpose, which is to help improve the lives of people around the world. In this way, Demag Cranes, with its values and its objective of being number one in the markets its services, is an ideal strategic fit with Terex Corporation.

Overall responsibility for the MH&PS segment is held by Aloysius Rauen. Dr Lars Brzoska heads Material Handling and Klaus Peter Hoffmann is in charge of Port Solutions. Both Material Handling and Port Solutions are key in further advancing the diversification of the Terex portfolio as a whole. Material Handling is strongly oriented towards customers in the industrial products sector and is heavily service-centric. Terex aims to expand this experience and expertise throughout the Group. By bringing together Terex Port Equipment with Gottwald, we now have a global port equipment division with a broad product range. This makes us one of the three globally leading companies in the industry.

Operationally, the objective is to manage the entire Group as “One Terex”. The goal in the integration of Demag Cranes is therefore first and foremost to identify opportunities for revenue and profit growth on the foundation of the shared customer base while exploring potential to cut operating costs by shared use of resources.

Demag Cranes intends to bring its capital market reporting into line with this new structure and to report on the Material Handling & Port Solutions segment in future. This new segmentation is also to form the basis of Group management and supervision. The Terex Port Equipment business and the Reach Stacker business in Montceau Les Mines will not be included in the Financial Statements of Demag Cranes. The former entities of Demag Cranes that have been sold to Terex are included in the Financial Statements until the date of sale.

Overall assessment of business performance and target attainment in the financial year

Overall, financial year 2011/2012 was a successful one for us despite the uncertain environment.

At operating level, we continued to grow. Our Group order intake increased by 18.3% compared with financial year 2010/2011 to EUR 1,326.6 million, with all segments making a positive contribution. We also lifted revenue year on year: at EUR 1,123.3 million (forecast: around EUR 1.1 billion), Group revenue was 5.7% up on the prior-year figure (financial year 2010/2011: EUR 1,062.3 million). The Group's operating EBIT amounted to EUR 89.2 million, a year-on-year increase of 17.9%. The operating EBIT margin stood at 7.9%. In May 2012, we had updated our forecast, predicting that the EBIT margin would be up on the prior year (EBIT margin 2010/2011: 7.1%). We thus improved on the key performance indicators. Although our operating EBIT margin is significantly lower than anticipated at the beginning of the financial year, we met our May 2012 forecast in every respect.

The ***Industrial Cranes segment*** generated revenue of EUR 524.0 million (2010/2011: EUR 489.8 million) and operating EBIT of EUR 13.6 million (2010/2011: EUR 10.8 million). During the past financial year, we continued to expand our business activities and consolidate our market position in emerging markets in particular, as a result of which these regions contributed successfully to our revenue growth.

The ***Port Technology segment*** generated revenue of EUR 264.8 million (2010/2011: EUR 239.0 million) and operating EBIT of EUR 13.4 million (2010/2011: EUR 9.2 million). Encouragingly, the past financial year saw us receive orders from two terminal operators for automated handling systems to equip new container terminals at Maasvlakte II in Rotterdam.

The ***Services segment*** also performed well, generating revenue of EUR 334.5 million (2010/2011: EUR 333.5 million) and operating EBIT of EUR 67.6 million (2010/2011: EUR 66.2 million). Revenue and operating EBIT did not materially improve compared with the prior year primarily due to the sale of the two US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA to Terex USA, LLC, a Delaware limited liability company, USA, effective 29 June 2012. Prior to the sale of the two US companies, for the first nine months of the 2011/2012 fiscal year, revenue was up approximately 11% and operating EBIT was up approximately 10%.

Group free cash flow before financing and restructuring payments amounted to EUR 115.6 million and net cash to EUR 26.8 million.

Demag Cranes AG shares[2]

Demag Cranes AG shares have a very low level of trading liquidity in the past financial year due to its existing ownership structure. The shares opened financial year 2011/2012 at EUR 58.00 on 1 October 2011 and closed at EUR 49.57 on 30 September 2012.

On 16 March 2012, this year's Annual General Meeting for financial year 2010/2011 took place in Düsseldorf. Represented at the AGM were 20,311,069 shares, or 95.93% of the share capital. The motions put by the Management and Supervisory Boards under agenda items 3 to 7 were approved by the requisite majority, while Terex Industrial Holding AG's countermotion with regard to agenda item 2 on the appropriation of net income was likewise passed by the requisite majority. Terex Industrial Holding AG had put a countermotion to agenda item 2 proposing that, of the net income for financial year 2010/2011 of EUR 71,138,167.54, a total of EUR 846,919.72 be distributed to shareholders by paying a dividend of EUR 0.04 per share and EUR 70,291,247.82 be carried forward.

On 26 March 2012, Demag Cranes AG applied for the shares' admission to trading on the Prime Standard segment of the Frankfurt Stock Exchange to be revoked. Following confirmation by Deutsche Börse, the revocation of admission to trading took effect at midnight on 3 July 2012. Since 4 July 2012, Demag Cranes AG shares have been listed on the General Standard segment of the Frankfurt Stock Exchange.

The domination & profit and loss transfer agreement signed between Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, in January 2012 and approved at the Annual General Meeting in March was entered in the commercial registry on 18 April 2012 and has therefore entered in force.

At the Extraordinary General Meeting on 29 August 2012, the motion to change the financial year to the calendar year and thus create a short financial year from 1 October 2012 to 31 December 2012 was passed by the requisite majority. From 1 January 2013, the Company's financial year will be the calendar year.

Following the General Meeting, the Management Board decided to apply to have the shares' admission to trading on the Regulated Market (General Standard segment) of Deutsche Börse revoked. An application in this regard was submitted to Deutsche Börse AG, Frankfurt am Main. Following its publication on the Frankfurt Stock Exchange's website, the revocation will take effect at midnight on 7 March 2013. The Management Board also decided to apply for the shares to be admitted to the Entry Standard segment of the Frankfurt Stock Exchange's Open Market. The aim is for them to be admitted on the date on which the revocation of admission to the Regulated Market takes effect. The Management Board believes the Entry Standard is the ideal segment for aligning the costs of the stock exchange listing with the current ownership structure. At the same time, the Entry Standard continues to ensure a high degree of transparency for shareholders.

[2] Closing prices on the Frankfurt Stock Exchange; source: www.ariva.de

Key share data	Financial year	**2011/2012**	2010/2011	2009/2010
Number of shares	in millions	21.17	21.17	21.17
Year-end closing price (Closing prices on 30 Sept 2012, 30 Sept 2011, 30 Sept 2010)	EUR	49.57	58.34*	28.14*
Market capitalisation (on 30 Sept 2012, 30 Sept 2011, 30 Sept 2010)	in EUR million	1049.5	1235.2*	595.8*
Average daily trading volume	shares	76,034	139,859*	141,740*
Share price: annual high	EUR	60.30	59.10*	28.76*
Share price: annual low	EUR	47.20	28.73*	21.33*
Earnings per share	EUR	4.00	0.31	1.31
Operating earnings per share	EUR	2.80	2.21	1.44
Dividend per share	EUR	3.33	0.04	0.60

*As per XETRA

Identification Numbers and Codes	
WKN (German securities identification number)	DCAG01
ISIN	DE000DCAG010
Reuters	D9CGn.DE
Bloomberg	D9C GR

Ownership structure

In the reporting period, Elliott further increased its shareholding in Demag Cranes to 12.71%. With regard to individuals and institutions holding more than 3% of Demag Cranes AG shares, our ownership structure was therefore as follows at the editorial deadline on 23 November 2012:

Shareholder	Shareholding %	Votes	direct/ indirect	Attributed under WpHG*
Terex total	**81.92**	**17,345,848**		
Terex Industrial Holding AG, Düsseldorf, Deutschland	81.92	17,345,848	direct	
Terex Germany GmbH & Co. KG, Düsseldorf, Deutschland	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
Terex Verwaltungs GmbH, Düsseldorf Deutschland	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
Terex European Holdings B.V. (NL), Amsterdam, Niederlande	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
Terex Netherlands Holding B.V. (NL), Amsterdam, Niederlande	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
Terex Corporation, Westport, CT, USA	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
TIHAG Funding GmbH, Düsseldorf, Deutschland	81.92	17,345,848	indirect	Sec. 22, 1(1), No. 1
Elliott total	**12.71**	**2,691,317**		
Paul E. Singer, USA	10.08	2,133,794	indirect	Sec. 22, 1(1), No. 1
Davon	6.28	1,328,786	indirect	Sec. 22, 1(1), No. 6 and (2)
Braxton Associates, Inc., New York, New York, USA	10.08	2,133,794	indirect	Sec. 22, 1(1), No. 1
Elliott Asset Management LLC, New York, New York, USA	10.08	2,133,794	indirect	Sec. 22, 1(1), No. 1
Elliott Capital Advisors, L.P., New York, New York, USA	10.08	2,133,794	indirect	Sec. 22, 1(1), No. 1
Elliott International Capital Advisors Inc., New York, New York, USA	12.71	2,691,317	indirect	Sec. 22, 1(1), No. 6
Hambledon, Inc., George Town, Grand Cayman, Cayman Islands	12.71	2,691,317	indirect	Sec. 22, 1(1), No. 1
Elliott International, L.P., George Town, Grand Cayman, Cayman Islands	12.71	2,691,317	indirect	Sec. 22, 1(1), No. 1
Elliott International Limited, George Town, Grand Cayman, Cayman Islands	12.71	2,691,317	indirect	Sec. 22, 1(1), No. 1
Maidenhead LLC, New York, New York, USA	12.71	2,691,317	direct/ indirect	
Davon	12.71	2,690,317	indirect	Sec. 22, 1(1), No. 1
Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg	12.71	2,690,317	direct/ indirect	
Davon	12.70	2,689,317	indirect	Sec. 22, 1(1), No. 1
Cornwall (Luxembourg) S.á r.l., Luxembourg, Luxembourg	12.70	2,689,317	direct	

* Securities Trading Act

The current shareholder structure of Demag Cranes AG is available on the Company's website at www.demagcranes-ag.com/shareholder_structure.

Business performance of the Group and its segments

Order intake/order book

The Demag Cranes Group generated order intake of EUR 1,326.6 million in financial year 2011/2012, an increase of 18.3% on financial year 2010/2011 (EUR 1,121.2 million). The segments contributed to this encouraging order growth as follows:

	1 October to 30 September			
in EUR million	**2011/2012**	2010/2011	Δ	2009/2010
Industrial Cranes	542.9	514.8	5.5%	412.2
Services	339.0	339.1	0.0%	301.5
Industrial Cranes and Services	***881.9***	***853.9***	***3.3%***	***713.7***
Port Technology	444.7	267.3	66.4%	197.0
Group order intake	**1,326.6**	**1,121.2**	**18.3%**	**910.6**

The Group order book stood at EUR 545.7 million as at 30 September 2012, an improvement of 50.9% on the prior-year figure (EUR 361.7 million). The significant increase compared with 2010/2011 is due to two major project wins in the Port Technology segment.

	30 September			
in EUR million	**2012**	2011	Δ	2010
Industrial Cranes	216.7	201.5	7.5%	180.0
Services	43.2	54.6	-21.0%	49.6
Industrial Cranes and Services	***259.8***	***256.1***	***1.4%***	***229.6***
Port Technology	285.9	105.6	170.8%	76.9
Group order book	**545.7**	**361.7**	**50.9%**	**306.6**

In the ***Industrial Cranes segment***, order intake increased by 5.5% to EUR 542.9 million in financial year 2011/2012. The Industrial Cranes segment order book stood at EUR 216.7 million as at 30 September 2012 (30 September 2011: EUR 201.5 million).

The ***Port Technology segment*** can also look back on strong order performance: compared with financial year 2010/2011, the value of orders received rose by 66.4% from EUR 267.3 million to EUR 444.7 million. This strong performance was due to the two major project wins already mentioned. The Port Technology segment order book amounted to EUR 285.9 million as at 30 September 2012 (30 September 2011: EUR 105.6 million).

Greater capacity utilisation and the associated increased use of crane systems by our customers also led to an improvement in the order situation of the ***Services segment***. The fact that orders did not materially increase as compared with financial year 2010/2011 was primarily due to the previously mentioned sale of the two US companies.

The Services segment order book amounted to EUR 43.2 million as at 30 September 2012 (30 September 2011: EUR 54.6 million).

Revenue

Group revenue was up 5.7% in the past financial year to EUR 1,123.3 million (financial year 2010/2011: EUR 1,062.3 million). All segments contributed to this increase.

	1 October to 30 September			
in EUR million	**2011/2012**	2010/2011	Δ	2009/2010
Industrial Cranes	524.0	489.8	7.0%	440.8
Services	334.5	333.5	0.3%	300.6
Industrial Cranes and Services	***858.5***	***823.3***	***4.3%***	***741.4***
Port Technology	264.8	239.0	10.8%	189.9
Group revenue	**1,123.3**	**1,062.3**	**5.7%**	**931.3**

The ***Industrial Cranes segment*** generated revenue of EUR 524.0 million, 7.0% more than in financial year 2010/2011 (EUR 489.8 million). On the product side, the main sales drivers were the flexible-use crane construction kits and Standard Cranes.

The ***Port Technology segment*** lifted revenue by 10.8% to EUR 264.8 million. The sales growth is due, in particular, to the healthy level of prior-year orders for Mobile Harbour Cranes, the revenue recognised for a portion of the Automated Guided Vehicles under the large order with Europe Container Terminals (ECT), Rotterdam from 2011 and higher services.

Revenue in the ***Services segment*** rose to EUR 334.5 million in financial year 2011/2012 and was therefore on a par with the previous year (financial year 2010/2011: EUR 333.5 million). Revenue did not materially increase as due to the previously mentioned sale of the two US companies.

Revenue is distributed among the regions as follows:

	1 October to 30 September						
				in % of revenue			
in EUR million	**2011/2012**	2010/2011	Δ	2011/2012	2010/2011	2009/2010	2008/2009
Germany	226.7	204.6	10.8%	20.2	19.3	20.5	22.2
Rest of Europe	319.3	292.4	9.2%	28.4	27.5	32.0	32.9
North America	128.5	123.2	4.3%	11.4	11.6	11.8	11.5
Mature markets	**674.5**	**620.2**	**8.8%**	**60.0**	**58.4**	**64.3**	**66.6**
BRIC countries	191.2	185.3	3.2%	17.0	17.4	15.4	12.7
Central and South America	30.3	36.6	-17.0%	2.7	3.4	2.5	2.3
Asia/Pacific	160.3	163.0	-1.7%	14.3	15.3	11.8	13.2
Other	67.0	57.2	17.1%	6.0	5.4	5.9	5.2
Emerging markets	**448.8**	**442.0**	**1.5%**	40.0	**41.6**	**35.7**	**33.4**
Group revenue	**1,123.3**	**1,062.3**	**5.7%**	**100.0**	**100.0**	**100.0**	**100.0**

Demag Cranes Group financial review

Demag Cranes Group earnings

Earnings before interest and tax (EBIT) was EUR 130.3 million in financial year 2011/2012, compared with EUR 43.9 million in financial year 2010/2011.

The Management Board uses operating EBIT as a key indicator for management of the Group. Operating EBIT excludes one-time effects such as restructuring expenses and proceeds from or losses on the sale of companies. It also excludes Group allocations and purchase accounting depreciation and amortisation, comprising the impact on depreciation and amortisation of fair value adjustments to assets acquired in business combinations.

At Group level, we generated operating EBIT of EUR 89.2 million in financial year 2011/2012. This represents a 17.9% increase on the prior-year figure (EUR 75.7 million).

	1 October to 30 September			
in EUR million	**2011/2012**	2010/2011	Δ	2009/2010
Group EBIT	**130.3**	**43.9**	**196.8%**	**50.2**
Operating adjustments	**-41.0**	**31.8**		**4.0**
Of which				
Purchase accounting depreciation and amortisation	1.2	1.2		1.6
Integration costs	0.6	0.2		2.3
Restructuring costs	3.8	–		–
Refinancing expenses	0.0	1.8		0.6
Management services charged by Terex	5.7	–		–
Costs incurred in connection with the take over by Terex Industrial Holding AG	1.1	28.4		–
Revenue generated by the sale of US entities	-57.2	–		–
Other	3.8	0.3		-0.6
Group operating EBIT	**89.2**	**75.7**	**17.9%**	**54.2**
Of which				
Industrial Cranes	13.6	10.8	25.9%	4.8
in % of revenue	2.6	2.2		1.1
Services	67.6	66.2	2.2%	58.3
in % of revenue	20.2	19.8		19.4
Industrial Cranes and Services	*81.3*	*77.0*	*5.6%*	*63.1*
in % of revenue	*9.5*	*9.4*		*7.7*
Port Technology	13.4	9.2	45.6%	0.6
in % of revenue	5.0	3.8		0.3
Central holding company/Demag Cranes AG	-5.4	-10.5	-48.2%	-9.5

The following table shows the development of operating EBITDA:

	1 October to 30 September			
in EUR million	**2011/2012**	2010/2011	Δ	2009/2010
Group operating EBIT	**89.2**	**75.7**	**17.9%**	**54.2**
Operating depreciation and amortisation	20.4	20.9	-2.2%	20.2
Group operating EBITDA	**109.6**	**96.6**	**13.5%**	**74.3**

The following table contains an overview of the Group's key cost items. The "Operating" column shows function costs adjusted for the effects of operating adjustments. You will find a detailed breakdown of the operating adjustments in the reconciliation of Group EBIT to operating EBIT on page 31.

	1 October to 30 September			
	2011/2012		2010/2011	
in EUR million	**Reported**	Operating	Reported	Operating
Cost of sales	-806.4	-803.2	-754.2	-754.5
in % of revenue	71.8	71.5	71.0	71.0
Selling, general and administrative expenses	-231.5	-218.9	-253.6	-221.6
in % of revenue	20.6	19.5	23.9	20.9
Of which				
Selling expenses	-158.6	-157.1	-152.1	-152.1
in % of revenue	14.1	14.0	14.3	14.3
General and administrative expenses	-67.2	-61.8	-101.5	-69.5
in % of revenue	6.0	5.5	9.6	6.5
Research and development expenses	-18.3	-18.2	-16.3	-16.1
in % of revenue	1.6	1.6	1.5	1.5
Personnel expenses	-380.2	-374.1	-375.6	-368.4
in % of revenue	33.8	33.3	35.4	34.7

The Demag Cranes Group generated earnings before tax (EBT) of EUR 117.0 million in financial year 2011/2012 (2010/2011: EUR 32.0 million).

Operating income after tax came to EUR 59.3 million in financial year 2011/2012, compared with EUR 46.8 million in the previous year. In addition, tax expenses totalling EUR 15.6 million were recognised mainly regarding the domination & profit and loss transfer agreement. The effective tax rate in financial year 2011/2012 was 27.5%, compared with 79.6% in the previous year.

Operating earnings per share (operating EPS) amounted to EUR 2.80, compared with EUR 2.21 a year earlier.

Dividend

Under section 2 of the domination & profit and loss transfer agreement with Terex Germany GmbH & Co. KG, Demag Cranes AG has undertaken to transfer its total profit to Terex Germany. In return, Terex Germany has undertaken under section 4 of the agreement to pay Demag Cranes AG shareholders a guaranteed annual dividend of EUR 3.33 gross, or EUR 3.04 net, for the duration of the agreement.

Demag Cranes Group cash flows

Free cash flow before financing – cash flow from operating activities minus cash flow from investing activities – was EUR 115.1 million in the reporting period (2010/2011: minus EUR 13.2 million). The figure changed as follows year on year:

	1 October to 30 September		
in EUR million	**2011/2012**	2010/2011	Δ
Cash flow from operating activities	40.7	14.1	188,6%
Cash flow from investing activities	74.4	-27.3	n/a
Free cash flow before financing	**115.1**	**-13.2**	**n/a**
Restructuring payments	0.5	4.0	-87.8%
Free cash flow before financing and restructuring payments	**115.6**	**-9.2**	**n/a**

Cash flow from operating activities increased compared with financial year 2010/2011 by EUR 26.6 million to EUR 40.7 million in the reporting period. This mostly related to the decrease in net working capital, primarily in inventories. Cash flow from investing activities changed relative to financial year 2010/2011 from a negative cash flow of EUR 27.3 million to a positive cash flow of EUR 74.4 million. This mainly reflects the sale of the two US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA to Terex USA, LLC, a Delaware limited liability company, USA, for a purchase price of EUR 102.4 million.

The following table shows a breakdown of capital expenditure on intangible assets, property, plant and equipment by segment:

	1 October to 30 September		
in EUR million	**2011/2012**	2010/2011	Δ
Industrial Cranes	12.6	18.2	-31.1%
Services	2.2	1.9	14.9%
Industrial Cranes and Services	*14.8*	*20.1*	*-26.7%*
Port Technology	4.3	3.9	9.2%
Central holding company/Demag Cranes AG	3.2	2.6	23.0%
Capital expenditure	**22.3**	**26.7**	**-16.5%**

Group financing

in EUR million	**30 Sept 2012**	30 June 2012	31 March 2012	31 Dec 2011	30 Sept 2011
Non-current loans and borrowings	0.8	0.8	135.9	135.9	126.0
Current loans and borrowings	8.8	60.3	8.7	3,6	3.8
Cash and cash equivalents	-55.9	-52.6	-94.2	-102.9	-107.6
Other current financial assets	-15.7	-13.0	-0.3	-0.3	-0.4
Net debt in connection with available-for-sale assets	35.3	–	–	–	–
Net debt	**-26.8**	**-4.5**	**50.0**	**36.2**	**21.8**

Further information is provided in the Notes to the Consolidated Financial Statements under Note 35 (Capital management).

Net debt changed from EUR 21.8 million at 30 September 2011 to a net cash position of EUR 26.8 million at 30 September 2012. This was due, in particular, to the cash inflow from the sale of the US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA to Terex USA, LLC, a Delaware limited liability company, USA at a purchase price of EUR 102.4 million.

After the domination & profit and loss transfer agreement between Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, came into effect on 18 April 2012, the EUR 350 million revolving credit facility (including the ancillary facility for guarantees in the amount of EUR 150 million) was repaid in full on 21 May 2012. Fine-tuning the Group's financing is the responsibility of Group treasury. The primary objective in this is to guarantee the Company's continued ability to operate as a going concern and its earnings power. Rolling cash forecasts and central cash management ensure that the Group has adequate funding at all times, including in the form of borrowings and credit balances at Terex Germany GmbH & Co. KG.

In the context of its financing activities, Demag Cranes AG requires not only loans and borrowings, but also guarantee facilities allowing bid, down payment, performance and warranty bonds/guarantees to be issued on its behalf. Bank guarantees are drawn under bilateral guarantee facilities. The central aim of this financing portfolio is to secure suitable lines of credit for us to field the liquidity needed for industry-specific seasonal fluctuations and the ongoing development of our business.

Our financing is supplemented with off-balance sheet operating leases, including for IT hardware and for the vehicle fleet in the Services segment.

The Demag Cranes Group normally borrows centrally as part of the Terex cash pooling arrangement. Local borrowing is only taken out in individual instances if Group borrowing is unfavourable due to the legal environment. Demag Cranes AG must expressly approve such borrowing, however. A central cash pooling arrangement allows cash surpluses at Group member companies to be deployed cost-effectively in the Group.

Financial risks are explained in the Risk report on page 34 and in the Notes to the Consolidated Financial Statements, under Note 28 (.Loans and borrowings).

Demag Cranes Group financial position

The financial position of the Demag Cranes Group changed as follows in the reporting period:

in EUR million	**30 Sept 2012**	30 June 2012	31 March 2012	31 Dec 2011	30 Sept 2011
Inventories	188.0	214.8	229.4	228.9	225.8
Advance payments made	4.1	4.9	3.6	4.7	5.7
Trade receivables	147.9	168.7	184.8	182.7	194.2
Trade payables	-48.9	-56.8	-65.5	-66.7	-93.0
Advance payments received	-86.9	-78.4	-94.4	-95.4	-80.7
Net working capital	**204.2**	**253.2**	**257.9**	**254.2**	**251.9**

Net working capital – inventories, advance payments made and trade receivables less trade payables and advance payments received – declined from EUR 251.9 million at 30 September 2011 to EUR 204.2 million at 30 September 2012. This was due, in particular, to the sale of the two US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA and the reclassification of the assets and liabilities of six other companies (Demag Cranes & Components S.A.S, Châlons en Champagne; DCC France HoldCo SA, Châlons en Champagne; Demag Cranes & Components S.A.U., Madrid; Demag Cranes & Components S.p.A., Agrate Brianza; Donati Sollevamenti S.r.l., Varese; and Demag Cranes & Components Pty. Ltd., Smithfield) as "assets held for sale", as these companies, too, are to be sold to Terex.

	30 September	
in EUR million	**2012**	2011
Total assets	802.5	894.9
Equity	276.1	250.0
Gearing in %	-9.7%	8.7%

The Demag Cranes Group's total assets amounted to EUR 802.5 million at 30 September 2012, a decline of EUR 92.4 million compared with 30 September 2011. This change is mainly the result of the previously mentioned sale of the two US companies. The sale reduced net assets by EUR 49.3 million. Due to the planned sale of the six further companies mentioned above, EUR 78.3 million is presented in a separate item on the assets side and EUR 35.3 million on the liabilities side. Non-current assets likewise decreased due to the sale of the US companies and the derecognition of EUR 7.3 million in deferred assets on tax loss carryforwards as a result of the domination & profit and loss transfer agreement concluded in April 2012.

In addition to the liabilities shown on the Statement of Financial Position, there are guarantees for third-party liabilities in the form of contingent liabilities relating to buy-back arrangements entered into in the Port Technology segment in connection with sales of certain Company plant and machinery products (see also Note 37, (Contingencies and Other Obligations) of the Notes to the Consolidated Financial Statements in our 2011/2012 Annual Report). The maximum potential obligation amounted to EUR 42.7 million at 30 September 2012, compared with EUR 44.1 million at 30 September 2011.

Gearing – the ratio of net debt to shareholders' equity – changed in the reporting period from 8.7% at 30 September 2011 to minus 9.7% at 30 September 2012.

Demag Cranes AG financial review

Supplementary to reporting on the Demag Cranes Group, in the following we present the performance of Demag Cranes AG. The Financial Statements of Demag Cranes AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporations Act (AktG).

In the course of its ordinary operating activities, Demag Cranes AG provides services in its shared services function relating to Financial Controlling, Finances and Accounting, Group Accounting, IT, Strategic Purchasing, Human Resources, Corporate Strategy, Corporate Communication & Marketing and Language Services.

Demag Cranes AG earnings

	1 October to 30 September	
in EUR million	**2011/2012**	2010/2011
Net income from participating interests		
Income under profit transfer agreements	40.2	57.9
Loss transfer	0.0	0.0
Net interest income	2.1	0.2
Other expenses and income/revenue		
Other operating income/revenue	50.5	54.1
General and administrative expenses/cost of sales	-58.2	-69.3
Other operating expenses	-1.2	-1.5
Profit/(loss) from ordinary activities	**33.4**	**41.4**
Extraordinary income/expenses	-2.0	-29.6
Income tax	-13.2	-3.7
Net income for the financial year	**18.2**	**8.1**

The information on individual segments set out in the Management Report applies likewise with regard to the earnings of Demag Cranes AG. As in the previous year, the earnings of Demag Cranes AG are dominated by net income from participating interests. This came to EUR 40.2 million in financial year 2011/2012 (2010/2011: EUR 57.9 million). Net income from participating interests declined by EUR 17.7 million year on year. It should be noted that the sale of associated companies generated income totalling EUR 41.3 million and the fair value measurement of the investments in affiliated companies generated expenses totalling EUR 18.7 million, in each case at Demag Cranes & Components GmbH. In the previous year, it included one-time income of EUR 39.0 million from the fair value measurement of the investments in affiliated companies at the balance sheet date, also at the level of a subsidiary.

Net interest income mirrors the Group financing activities of Demag Cranes AG.

Demag Cranes AG performs central management functions as the holding company of the Demag Cranes Group. Exercising these functions generated other operating expenses and income/revenue totalling EUR 8.9 million in financial year 2011/2012 (2010/2011: EUR 16.7 million). The decline in general and administrative expenses/cost of sales is mainly the result of a fall in personnel costs.

Extraordinary income/expenses in the reporting period include EUR 2.0 million in expenses for staff restructuring measures in connection with the reorganisation and integration of DEMAG/TEREX.

The EUR 18.2 million in net income before profit transfer for financial year 2011/2012 was transferred to Terex Germany GmbH & Co. KG on the basis of the profit & loss transfer agreement concluded on 30 January 2012.

The development of non-financial success factors is described in the "Development of non-financial success factors" section.

Demag Cranes AG cash flows and balance sheet

Assets

in EUR million	**30 September 2012**	30 September 2011
Intangible assets	3.8	4.8
Property, plant and equipment	4.6	3.1
Investments in affiliated companies	215.9	215.9
Receivables from affiliated companies	247.4	293.6
Cash and cash equivalents	4.0	52.3
Other assets	4.2	9.6
Assets	**479.9**	**579.3**

Liabilities and shareholders' equity

in EUR million	**30 September 2012**	30 September 2011
Shareholders' equity	283.2	284.1
Provisions	33.7	36.5
Liabilities owed to banks	0.0	125.0
Liabilities owed to affiliated companies	161.5	121.6
Other liabilities	1.5	12.1
Liabilities and shareholders' equity	**479.9**	**579.3**

The balance sheet reflects the holding company function of Demag Cranes AG. The decline in assets is mainly due to a fall in cash and cash equivalents as well as liabilities owed to banks as a result of switching the method of financing. Since mid-May 2012, financing has been provided through a cash pool at Terex Germany GmbH & Co. KG.

The Company and Group member companies are mainly financed through shareholders' equity and the internal Group cash pool.

Demag Cranes AG had an equity ratio (equity to total assets) of 59.0% at the balance sheet date (30 September 2011: 49.1%). Of the Company's total financing, 33.7% was secured through affiliated companies (30 September 2011: 21.0%) as well as 7.3% through provisions and other liabilities (30 September 2011: 8.3%). In the previous year, 21.6% of the total financing had additionally been secured through a master credit facility.

The Company had access to a sufficient and appropriate level of liquidity throughout financial year 2011/2012. Its solvency is ensured at all times by central resource equalisation under internal Group cash pooling, which comes under the Terex Corporation’s central cash and foreign exchange management system.

As the holding company for the Demag Cranes Group, Demag Cranes AG derives most of its income from its subsidiaries. The expectations for the Group’s business development outlined in the forecast report are likely to be reflected in the earnings of Demag Cranes AG.

Development of non-financial success factors

Employees

Employee structure and employee-related key figures

As at 30 September 2012, the Group had 5,712 employees, 403 less than on 30 September 2011. This is due to the sale of the two American companies to Terex. A workforce increase continued to go hand in hand with our expanding activities in the emerging markets India and China, where we have added 84 employees since 30 September 2011. The number of employees in mature markets decreased by 487 from 4,541 as at 30 September 2011 to 4,054 as at 30 September 2012.

Employee-related key figures — **1 October to 30 September**

	2011/2012	2010/2011	Δ
Operating personnel expenses in EUR million	374.1	368.4	1.5%
Operating personnel expenses/revenue	33.3%	34.7%	–1.4% pts
Operating personnel expenses/employee in EUR thousand*	62	62	0.8%
Revenue/employee in EUR thousand*	187	178	5.0%

Number of employees by segment**

	30 Sept 2012	30 June 2012	31 March 2012	31 Dec 2011	30 Sept 2011
Industrial Cranes	3,268	3,301	3,461	3,427	3,358
Services	1,435	1,421	1,850	1,823	1,813
Industrial Cranes and Services	*4,703*	*4,722*	*5,311*	*5,250*	*5,171*
Port Technology	746	738	735	712	684
Demag Cranes AG employees	263	266	266	267	260
Of which in Group headquarters	191	194	196	199	195
Demag Cranes Group total	**5,712**	**5,726**	**6,312**	**6,229**	**6,115**

*Based on average number of employees

** Employees, excluding temporary employees, apprentices and trainees

Human resources management

Our integration into the Terex Group is in full swing. The focus here is primarily on the future Material Handling & Port Solutions segment. In addition, Demag Cranes will be integrated into Terex's human resources management systems.

Diversity is a very important issue for the Company, and integration into the Terex Group will further boost our international makeup.

We also consider the representation of women in management positions to be highly important. We have undertaken and will continue to undertake various measures to support these very important goals.

Procurement and purchasing

In the past financial year, delivery times for key components remained similar to those in financial year 2010/2011. A key focus for Demag Cranes AG's Corporate Purchasing was therefore to ensure procurement of materials in a timely manner by coordinating capacity with suppliers as early as possible. Moreover, we continually reviewed the credit standing of our suppliers to identify unfavourable developments early on and, if necessary, to introduce necessary countermeasures quickly. We also continued to take necessary measures so that we do not become too dependent on any individual supplier.

In the period under review, we saw price increase requests from a number of our suppliers. The Demag Cranes Group's internationally focused procurement strategies enabled us to offset these price increases in most cases. The Company's global purchasing presence allows Corporate Purchasing to react flexibly to constantly changing market conditions and to systematically exploit local procurement advantages. In this regard, the focus is on the procurement markets in emerging economies, where we have our own purchasing offices in key locations.

In the financial year, expenses for supplies and services amounted to approximately EUR 539 million (2010/2011: approximately EUR 540 million), of which some EUR 404 million (2010/2011: around EUR 411 million) was spent on materials.

Research and development

In our research and development (R&D) activities, we aim to provide customers with the highest standards of innovative products and services. We do our utmost in the process to satisfy customer needs in terms of performance, value for money and reliability. We achieve this from our position as technology leaders by constantly seeking groundbreaking, future-ready solutions and improving existing products.

R&D expenses, including capitalised development expenses, amounted to EUR 20.8 million in financial year 2011/2012, compared with EUR 21.8 million in the previous financial year. EUR 2.5 million (previous year: EUR 5.5 million) of this amount was capitalised. In line with development work carried out, development expenses were also capitalised in the Industrial Cranes and Services segments in the year under review (EUR 1.2 million). Total R&D expenses broken down by segment were as follows:

• EUR 4.6 million (22.4% of total R&D expenses) (previous year: EUR 6.6 million, 30.3%) was attributable to the Port Technology segment;

• EUR 16.2 million (77.6% of total R&D expenses) (previous year: EUR 15.2 million, 69.7%) was attributable to the Industrial Cranes and the Services segments;

R&D in the ***Industrial Cranes segment*** continued to focus on expanding the product range for fast-growing markets, and notably China and India. This included adding further models to the Bas product range.

Developments in the ***Port Technology segment*** focused on expanding the mobile harbour crane product range and reducing manufacturing costs, allowing us to compete more effectively in emerging economies. We also worked on producing more effective, eco-friendly solutions with the development, implementation and launch of battery-powered AGVs.

Environment and occupational safety

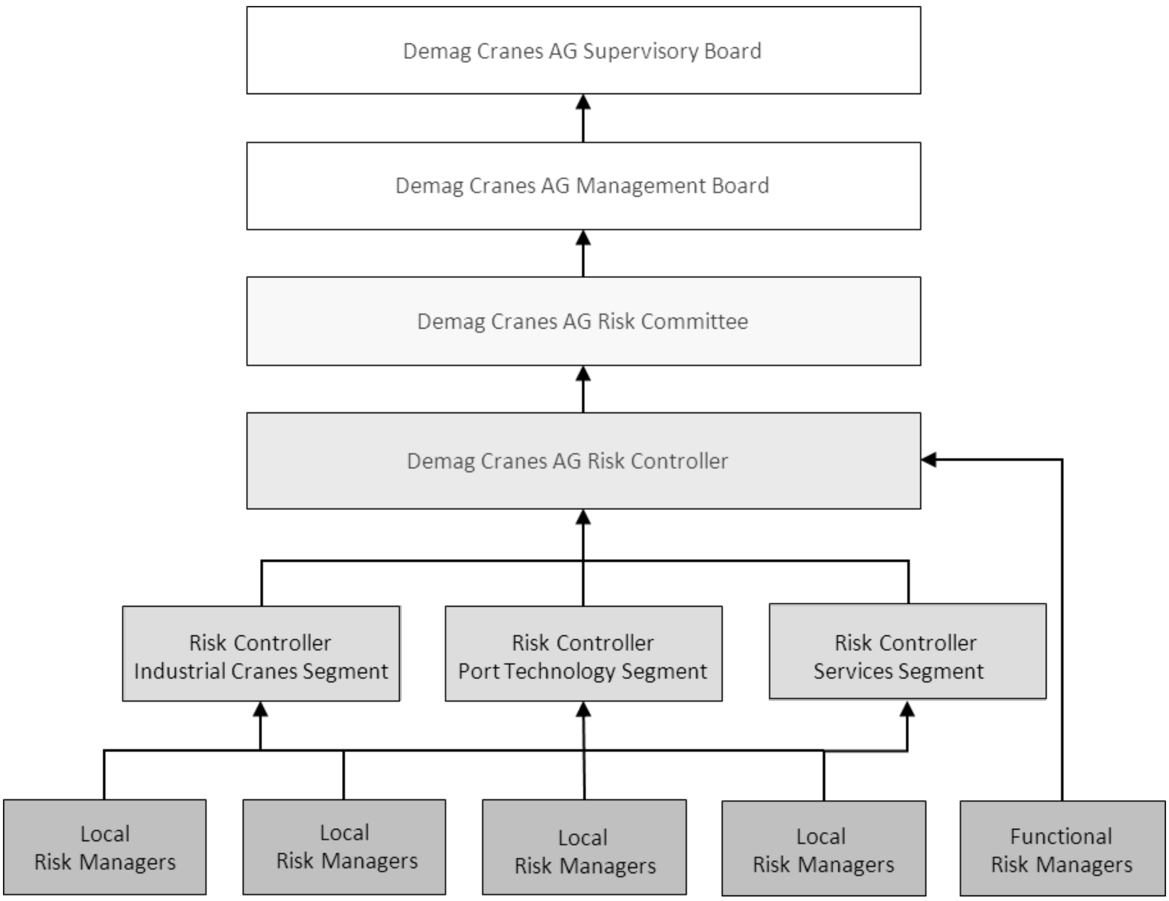
Opportunities to protect the environment abound in any company: separating waste, avoiding emissions, using resources sparingly – these are just a few examples of activities that are an integral part of our corporate policy. More and more companies are being required not only to implement quality and environmental management systems, but also prove that they have introduced systems to manage occupational health and safety issues. This requirement and the responsibility, goals and duties anchored in our corporate policy led to the successful introduction of an OHSAS 18001:2007 occupational health and safety management system as part of a matrix certification at the German production locations as well as the Czech production location at the end of 2011.

Risk report

Risk management system

Active and transparent management of the various risks within the operating segments is a key tool for ensuring corporate success. Integrated analysis and management of earnings-related risk factors and going-concern risks require coordinated Group-wide planning, reporting, financial control as well as early warning systems and processes. Risk management responsibilities are allocated in line with the Group structure. The diagram below provides an overview. As a general rule, risk managers at Group member companies and associated companies as well as at Group headquarters manage the risks arising in their area of responsibility. A risk controller for each segment supports the risk management process at segment level and checks the data for plausibility. At Group level, a central risk controller has overall responsibility for preparing the Group risk report and coordinating the risk management process. All segment risks that may accumulate at Group level are recorded and managed centrally. The central risk controller additionally consults with the department heads responsible (functional risk managers) about the risks reported by local risk managers, which also boosts the quality of our risk management.

Risk management organisation



Demag Cranes Group's risk early warning system complies fully with statutory requirements.

Opportunity management

Separation of risk management and opportunity management

As a rule, we address risk management and opportunity management separately. A separate risk reporting system documents risks and supports risk monitoring. Recording and communicating opportunities, on the other hand, is an integral part of the established management and control system between Group member companies and associated companies and the parent company, Demag Cranes AG. The management of individual companies is directly responsible for identifying, analysing and acting on operational opportunities.

Significant individual risks

Financial risks

The Demag Cranes Group is exposed to financial risk in its operating activities. Monitoring, controlling and limiting this risk at Group level (financial risk management) and fine-tuning the Group's finances are the responsibility of Group treasury. The primary objective in this is to guarantee the Company's continued ability to operate as a going concern and its earnings power. Rolling cash forecasts and central cash management ensure that the Group has adequate funding at all times, including in the form of borrowings and credit balances at Terex Germany GmbH & Co. KG. Derivative financial instruments are used solely to hedge underlying transactions. Trading, settlement and back office functions are strictly separated.

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

Currency risks

Most Group business is transacted in euros, US dollars and pounds Sterling. The Group is mainly exposed to currency risk where payables and receivables exist or are likely to arise in a currency other than the local currency of the company recording them. As part of active risk management, foreign currency payables and receivables are normally hedged as they arise using financial instruments (foreign exchange contracts) (see also the Notes to the Consolidated Financial Statements under Note 34 (Additional disclosures on financial instruments)).

Liquidity risks

Liquidity risk can result in the Demag Cranes Group being unable to make available the funds needed to meet financial obligations entered into in its operating business or in connection with financial instruments. Safeguarding the liquidity of the Demag Cranes Group while allowing sufficient reserves for special eventualities is therefore an integral part of ongoing liquidity management. Resource equalisation within the Group through cash pooling and intercompany loans ensures that cash surpluses at individual Group member companies are efficiently used to meet funding needs in others. Sufficient cash-pool credit facilities at Terex Germany GmbH & Co. KG ensured that neither funding nor liquidity shortfalls arose in financial year 2011/2012. Under the cash pooling agreement entered into by Demag Cranes AG, the Group had EUR 150.0 million undrawn on a credit facility at the balance sheet date (2010/2011: EUR 35.0 million). The cash-pool credit facility at Terex Germany GmbH & Co. KG can be drawn against at any time and at short notice. Under bilateral loan agreements, the Group also had access to EUR 29.3 million in undrawn guarantee facilities at the balance sheet date (2010/2011: EUR 27.8 million).

Credit risks

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

Compliance risks

Reporting on compliance risks covers risks such as legal risks, risks arising from fraudulent activity, corruption or breaches of antitrust law, and risks arising from breaches of other compliance regulations. The Demag Cranes Group has established a compliance management system that counters these risks through the Code of Conduct as well as various compliance corporate policies, audits and employee training initiatives. A regular Group-wide compliance report describes the status of the compliance management system so that risks can be promptly identified and appropriate measures taken. Compliance risk is also addressed within the higher-level risk management system. The Management Board and the Compliance Officers review the compliance management system of Demag Cranes AG regularly and adapt it to meet changing requirements.

As a result of the combination of Terex Corporation and Demag Cranes, the Demag Cranes compliance program is in the process of being integrated with the Terex Corporation compliance program in a coordinated fashion. The Company is expected to benefit from both its participation in the Terex Corporation compliance program and its access to greater compliance resources.

Operating risks

Sales risks

Given its worldwide operations, the Demag Cranes Group is exposed to fluctuations in prices and volumes on its sales markets. It counters this general risk by diversifying its product portfolio as well as the sectors and regional markets to which it sells. By continuously monitoring the markets, it updates its sales strategy is to take account, for example, of changing customer requirements or competitor behaviour.

Procurement risks

There are certain dependencies relating to suppliers of the Demag Cranes Group. These arise in part because there are only limited possibilities for changing suppliers of certain components and assemblies at short notice and in part because there is a technical/commercial dependency on suppliers of certain components, especially mould-specific components. The Group has defined clear procurement strategies for such cases to safeguard supplies in the long term. Bought-in parts account for a large proportion of production costs. As the steel industry, for example, is subject to strong cyclical movements, prices can be volatile. Through a wide range of specific measures, the Group constantly endeavours to secure prevailing market prices.

Production process risks

Production processes can give rise to complex risks, the main ones being unanticipated technical difficulties, unforeseen developments at project locations, problems at partner companies or subcontractors and the resulting disruptions to logistics. These risks are minimised by issuing comprehensive corporate policies and procedural instructions on project and quality management, product and occupational safety as well as environmental protection. Risks are also mitigated through systematic employee training and development, continuous improvements to production processes and technologies as well as regular plant and system maintenance. The Group has adequate insurance cover for losses resulting from technical failure, fire, explosions and similar events.

Major project risks

Within the Group, potential major project risks, such as liability and earnings risks, are continuously monitored and mitigated through strict project management and control.

Cost overruns can occur, however, especially on major automated projects, but can be managed by limiting liability and concentrating on core products. Nevertheless, it must be ensured that the necessary resources are in place to carry out projects.

Product risks

In order to maintain its competitiveness, the Demag Cranes Group works continuously to develop new products and improve the existing product range. Despite using cutting-edge project management, monitoring and control techniques, new product development entails considerable cost risk. This risk lies not only in the actual development phase, but also after market launch due to a possible need for technical improvements that can only be identified once products are in continuous operation under real-use conditions. Risks arising from product liability cannot be ruled out entirely. They may affect the Demag Cranes Group in the form of financial losses and damage to its reputation. Insurance has been taken out to cover product liability claims.

Strategic risks

Economic risks

Most of the products and services provided by the Demag Cranes Group can be allocated to the global market for cargo handling equipment and material logistics. Demand for such goods partly depends on the general economic trend.

In the course of the financial year, economic growth slowed again as a result of the debt crisis in the euro zone.

The ***Industrial Cranes segment's*** products are used in a diverse range of industries and serve a variety of customer groups. These include end customers who operate in cyclical sectors, i.e. in sectors particularly sensitive to changes in the economy as well as to global and regional trends. It remains difficult to make forecasts for the Industrial Cranes segment because it is heavily reliant on the economic cycle.

The ***Port Technology segment*** is dependent on worldwide cargo volumes and growth in container handling. Furthermore, automation revenues in this segment are mainly determined by major project business, which by its nature is subject to certain fluctuations. Generally speaking, container handling is down slightly on the previous year in almost all regions bar Africa and North America.

Although all service units in the ***Services segment*** contributed to a positive business performance, as the economic situation remains strained worldwide it remains difficult to make forecasts for the Services segment.

Risks related to price competition

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

Competitive risks

Any company operating globally in the mechanical engineering sector faces risks arising from the activities of competitors. Observation of our competitors suggests that global competition will continue to rise in the Demag Cranes Group's product segments. We counter these risks by constantly monitoring the market and developing product, pricing and marketing strategies on the basis of our observations.

Assessment of the risk situation and change in the risk position since the previous year

As in the previous year, no risks were identified in the course of early risk detection activities in the past financial year that raised doubts about the ability of the Group and Demag Cranes AG to continue as a going concern.

In the course of financial year 2011/2012, the risk position improved overall compared with the previous year. However, it is currently impossible to assess whether the trend in the global economy, the development of the debt crisis in several countries could cause the risk position of the Group and Demag Cranes AG to deteriorate.

Disclosures under Section 289 (5) and Section 315 (2) 5 of the German Commercial Code (main features of the internal control system and of the risk management system in relation to the financial reporting process) and explanatory report on these disclosures by the Management Board of Demag Cranes AG

According to the explanatory memorandum to the German Accounting Law Modernisation Act (BilMoG), the internal control system encompasses the policies, processes and tasks that help ensure effective and efficient financial reporting, the quality of the financial reporting and compliance with applicable law. This also includes the internal audit system to the extent that it relates to financial reporting.

The risk management system in relation to the financial reporting process encompasses, as part of and hence in the same way as the internal control system, financial reporting control and monitoring processes in particular with regard to items on the statement of financial position associated with the management of risk.

Main features of the internal control system and of the risk management system in relation to the financial reporting process

The main features of the internal control and risk management system at Demag Cranes AG and in the Demag Cranes Group in relation to the (Group) financial reporting process may be described as follows:

- The Demag Cranes Group has a clear organisational, corporate, control and monitoring structure.

- Coordinated Group-wide planning, reporting, financial control and early warning systems and processes ensure integrated analysis and management of earnings-related risk factors and going-concern risks.

- Functional responsibilities (e.g. accounting, financial control and internal audit) are clearly assigned for all parts of the financial reporting process.

- Accounting IT systems are secured against unauthorised access.

- Most finance systems in deployment are standard software.

- A suitable system of internal policies (including on Group-wide risk management and accounting) is in place and subject to ongoing refinement in line with development needs.

- Departments involved in the financial reporting process meet quantitative and qualitative requirements.

- The completeness and accuracy of accounting data are regularly verified by sampling and plausibility checks performed both manually and by the software used. A risk controller for each segment supports the risk management process at segment level and checks the data for plausibility.

- Key processes related to financial reporting are subject to regular analysis. The Group-wide risk management system is continuously adapted in line with current developments and regularly tested for effectiveness.

- The dual control system is applied throughout all processes related to financial reporting.

- Processes related to financial reporting are subject to scrutiny by the internal audit function.

- The Supervisory Board supervises matters including key aspects of financial reporting, risk management and the audit mandate together with its main points of focus.

Explanatory notes on the main features of the internal control system and of the risk management system in relation to the financial reporting process

The internal control and risk management system in relation to the financial reporting process as set out above ensures that matters pertaining to the business are fully and accurately recognised, presented and measured in the accounts and so are included in external financial reporting.

The internal control and risk management system at Demag Cranes AG also ensures that financial reporting in the Demag Cranes Group is uniform and in compliance with legal and statutory requirements as well as internal corporate policies. The central tasks performed by Demag Cranes AG include consolidating the figures, checking differences between actual and budgeted amounts, assessing recognised goodwill for impairment and examining the accounts to determine whether these have been kept correctly, the Group-wide accounting and financial control policies have been observed and the financial data thus meet regulatory requirements. This ongoing process is assured through the preparation of monthly accounts, in which the final amounts are checked by various units for plausibility, completeness and variance from the monthly budget. In addition to the accounting and financial control functions, this involves operations managers and, in some cases, internal audit as required by the annual audit plan.

The purpose of the uniform Group risk management system, which fully meets the statutory requirements, is to identify risks in good time, assess them and communicate them appropriately. Report users are thus provided with accurate, relevant and reliable information. All Group member companies submit their financial data to Demag Cranes AG for consolidation in accordance with the uniform Group reporting calendar.

The effectiveness of the internal control system in relation to the financial reporting process is regularly reviewed by internal audit, which has access to all data and audits individual areas and Group member companies in detail using sampling methods. In doing so, it examines whether the internal control system was implemented in this context, i.e. whether transactions were checked, and whether the dual control system was applied in all areas, for example.

Working in close cooperation, the compliance management and internal audit functions perform spot checks to monitor compliance with internal codes and the relevant laws relating to compliance. Points of focus here include anticorruption arrangements.

The uniform Group IT system incorporates authorisation procedures; if a subsidiary is audited by internal audit, these authorisation procedures and their implementation are also assessed.

Automated controls and plausibility checks ensure the completeness and accuracy of data entries. In some cases, data are validated fully automatically and discrepancies highlighted.

Report on post-balance sheet date events

The Management Board, after obtaining approval from the Supervisory Board, has decided to sell the companies Demag Cranes & Components S.A.S, Châlons en Champagne; DCC France HoldCo SA, Châlons en Champagne; Demag Cranes & Components S.A.U., Madrid; Demag Cranes & Components S.p.A., Agrate Brianza; Donati Sollevamenti S.r.l., Varese; and Demag Cranes & Components Pty. Ltd., Smithfield to the corresponding in-country Terex entities: Terex Cranes SAS, France, Terex Equipment and Machinery S.L.U. Spain, Terex Italia S.r.l. Italy und Terex Australia Pte. Ltd. Australia.

Forecast report

Introduction

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

The global economy is taking longer than expected to recover. In its interim assessment in September, the Organisation for Economic Co-operation and Development (OECD) said it expects the weak growth in G7 nations to continue as the year progresses. Even major emerging economies such as China continue to cool. The euro zone is in a slight recession, which as well as impacting on peripheral states is increasingly taking a toll on core countries. The environment for German foreign trade therefore also remains under strain.

With the further integration of Demag Cranes into the Terex Group, the two segments Industrial Cranes and Services are now combined into the Material Handling segment.

The ***Industrial Cranes segment*** is a late-cycle business that, from past experience, responds with a time lag to cyclical changes in the overall economy. There is a risk of the ongoing uncertainty in connection with the European sovereign debt crisis leading to further cyclic slowdown. This may impact the Industrial Cranes segment in the shape of lower capital expenditure by our customers. In light of this, we estimate the growth opportunities to be moderate overall. However, we will also adapt our procurement, production, sales, service, marketing and organisation functions to these new market circumstances through comprehensive cost-cutting programmes.

In our view, additional growth prospects arise from advancing industrialisation in emerging markets and the accompanying trend towards increased production efficiency. This favours demand for high-quality crane components. We aim to develop further potential by expanding the product portfolio in the mid-range product/price bracket, as provided for in our strategy for the BRIC states. Such potential is available on the one hand in emerging markets – even if establishing supply chains and new distribution channels in such regions has shown signs during the new financial year of posing more of a challenge than initially expected. On the other hand, we also see growth opportunities for these products in mature markets given the shift in customers' investment behaviour as a result of the economic and financial crisis as well as the current economic uncertainties. We have already expanded our product portfolio accordingly and will continue in the same vein so that we can respond flexibly to changing customer needs. The joint venture with the Chinese Weihua Group must be regarded as a further pillar of growth and a strategically important step in intensifying our development of the Chinese market.

We likewise continue to expect growth in the ***Services segment*** in the years ahead. Our customers show an ongoing trend towards outsourcing and switching to professional maintenance services. Our customer base in emerging markets is also expanding. At the same time, the performance of the services business remains dependent on industrial capacity utilisation, which can be adversely affected by uncertainty in connection with the debt crisis. Risks arise here, for example, from the weak economic constitution of the countries of Southern Europe. In general, we see stronger growth in the Services segment in emerging markets, partly due to heightened safety requirements. Thanks to our existing installed base, however, mature markets offer ongoing growth potential. We have additionally identified further growth potential for the Services segment for which we have adjusted our strategic focus: By assuming more functional responsibility and offering a broader selection of services, we enable our customers to focus on their own core business. Through our services, we also make it possible for customers to gain maximum benefit from their crane systems in all processes.

Under the given conditions, market growth in the ***Port Technology segment*** for financial year 2013 is heavily dependent on our customers' business performance and market opportunities. Despite the current climate of uncertainty, we see a positive trend in the growth projections from Drewry Shipping Consultants for container and bulk cargo transhipments because, from experience, any increase in transhipment rates drives corresponding demand for port and handling technology. Innovative products, however, continue to provide additional opportunities in port technology as elsewhere. The battery-powered, zero-emission Automated Guided Vehicle (AGV) remains a prime example of this, as it is now in deployment with terminal operators in Rotterdam. We also see the current growth in the terminal systems business as an opportunity to benefit from growth potential and to demonstrate our expertise for follow-up projects. The amalgamation of the activities of Terex and Gottwald Port Technology in Terex Port Solutions – each of which was already a major supplier in the ports sector on its own – means we can serve port technology customers and meet their needs to the best possible extent from a single source.

Business outlook for the Demag Cranes Group

Having appropriately weighed up the opportunities and risks, we expect overall order intake, revenue volume and operating EBIT worldwide in the Material Handling segment, which includes the Industrial Cranes and Services segments, to increase only moderately in the next 12-24 months, excluding the effects of changes in the composition of the group. The development of demand for industrial cranes must be viewed separately by market: We expect stagnation and potentially even a decline in demand in central Europe, mainly as a result of the crisis-related uncertainty on the previously stable markets of Germany, Austria and Switzerland. We also expect a fall in demand in markets that have been affected by the crisis for some time, i.e., the Mediterranean countries of Spain, Italy and Greece. While we generally expect further growth in the Services segment, excluding the effects of changes in the composition of the group, the development of the service business remains dependent on the industry's capacity utilisation, which may continue to be negatively impacted by the uncertainty surrounding the debt crisis.

We also anticipate moderate growth in order intake, revenue and operating EBIT in the Port Technology segment in the next 12-24 months, of which our Mobile Harbour Cranes constitute the basic business. Marketing of the newly designed compact crane family could provide additional impetus. Furthermore, revenue recognised from the two major projects in the Netherlands could have a positive impact on segment revenue. We expect the price pressure and fierce competition to persist in the Port Technology segment as well.

For the next 12 months we see revenues for the Demag Cranes Group as a whole to be below those of the 2011/2012 financial year (EUR 1,123 million). This is mainly due to the sale of companies to Terex, as already mentioned in the report on post balance sheet date events, which represented about 13% of group sales and 7% of group operating EBIT in the 2011/2012 Financial Year. Operating EBIT margin for the next 12 months is expected to be stable compared with the Financial Year 2011/2012 (7.9%) provided that our revenue projection is attained. We expect to make a significant profit on the sale of the aforementioned companies. Capex for the Group will amount to approximately 2% to 3% of revenue.

However, the development of raw materials prices and energy costs, which according to current forecasts will continue to rise, constitutes a risk factor. The expected price rises could have a negative impact on the cost base. However, we will endeavour to counteract these factors through extensive cost-cutting programs and increased efficiency, so as to offset any effects.

It is very difficult to predict how the business will develop over the following years due to the high degree of uncertainty in the overall economy. Since the trend in the Industrial Cranes and Services segments depends heavily on demand for capital goods and capacity utilisation in the industry, we believe we can achieve further growth if the conditions are favourable. The Port Technology segment relies considerably on the development of container and bulk cargo transhipments, since any increase here boosts demand for handling equipment. If these indicators continue to develop in a positive direction, then we believe we are very well positioned – especially with the entire product portfolio of Terex Port Solutions – to participate in this market growth. We would expect that operating EBIT will improve in line with the revenue growth. The trend in raw material prices and energy costs and the pricing environment nonetheless constitute risk factors.

Düsseldorf, 28 November 2012

Aloysius Rauen Lawrence Lockwood

Consolidated Financial Statements

for the financial year

1 October 2011 to 30 September 2012

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Statement of comprehensive income

1 October to 30 September

in EUR thousand	Note	**2011/2012**	2010/2011
Revenue	7	1,123,267	1,062,256
Cost of sales		-806,360	-754,183
Gross profit		**316,906**	**308,073**
Selling, general and administrative expenses	8	-231,502	-253,611
Research and development expenses	9	-18,325	-16,339
Other operating income	10	71,207	15,077
Other operating expenses	10	-11,949	-12,522
Income from investments accounted for using the equity method	11	3,919	3,210
Earnings before interest and tax (EBIT)		**130,256**	**43,887**
Interest and similar income	12	3,158	2,980
Interest and similar expenses	12	-16,449	-14,878
Earnings before tax (EBT)		**116,966**	**31,989**
Income tax	13	-32,185	-25,458
Net income after tax		**84,781**	**6,532**
Of which			
attributable to the shareholders of Demag Cranes AG		84,506	6,459
attributable to non-controlling interest		275	72
Effective portion of changes in the fair value of cash flow hedges	25	–	–
Changes in the fair value of available-for-sale financial instruments	25	29	-31
Actuarial gains/losses	25	-42,488	14,405
Differences arising from currency translation	25	7,410	-3,331
Deferred tax	25	-2,510	-4,540
Net income recognised directly in equity		**-37,559**	**6,504**
Total recognised income and expense		**47,222**	**13,036**
Of which			
attributable to the shareholders of Demag Cranes AG		46,890	12,967
attributable to non-controlling interest		333	68
Earnings per share (in EUR)	**14**	**4.00**	**0.31**

Statement of financial position

as at 30 September

Assets

in EUR thousand	Note	**2012**	2011
Goodwill	15	95,093	120,427
Other intangible assets	15	43,294	42,996
Property, plant and equipment	16	113,678	118,949
Investment property	17	179	180
Investments accounted for using the equity method	18	25,041	23,478
Other investments	19	733	745
Trade receivables	20	656	870
Other financial assets	20	1,689	1,817
Other non-financial assets	21	–	940
Deferred tax assets	31	10,960	23,883
Non-current assets		**291,323**	**334,284**
Inventories	22	188,027	225,802
Advance payments made		4,072	5,684
Trade receivables	20	147,206	193,335
Other financial assets	20	16,742	1,323
Tax receivables		2,745	2,681
Other non-financial assets	21	18,163	24,229
Cash and cash equivalents	23	55,947	107,606
Subtotal of non-current assets		**432,901**	**560,659**
Assets held for sale	24	78,275	-
Current assets		**511,176**	**560,659**
Assets		**802,499**	**894,943**

Shareholders' equity and liabilities			
in EUR thousand	Note	**2012**	2011
Subscribed capital	25	21,173	21,173
Additional paid-in capital	25	188,943	190,963
Other reserves	25	64,353	36,509
Equity attributable to shareholders of Demag Cranes AG	**25**	**274,469**	**248,645**
Equity attributable to non-controlling interest	25	1,657	1,386
Equity	**25**	**276,126**	**250,032**
Provisions for pensions and similar obligations	26	183,691	143,246
Other provisions	27	2,681	9,217
Loans and borrowings	28	794	123,613
Other financial liabilities	29	7,945	9,556
Other non-financial liabilities	30	10,084	12,318
Deferred tax liabilities	31	2,114	5,594
Non-current liabilities		**207,308**	**303,545**
Advance payments received		86,945	80,730
Other provisions	27	22,897	21,410
Loans and borrowings	28	8,780	3,767
Trade payables	29	48,857	93,021
Other financial liabilities	29	42,362	44,763
Tax liabilities		23,842	14,825
Other non-financial liabilities	30	50,050	82,849
Subtotal of non-current liabilities		**283,732**	**341,367**
Liabilities held for sale	24	35,333	-
Current liabilities		**319,065**	**341,367**
Shareholders' equity and liabilities		**802,499**	**894,943**

Statement of changes in equity

in EUR thousand	Subscribed capital	Additional paid-in capital	Other reserves				Equity attributable to shareholders of Demag Cranes AG	Equity attributable to non-controlling interest	Total equity
			Retained earnings		Accumulated other comprehensive income				
			Actuarial gains/losses	Other reserves	Available-for-sale financial assets	Differences arising from currency translation			
Balance at 1 October 2010	**21,173**	**192,280**	**-17,797**	**46,934**	**-14**	**7,123**	**249,699**	**1,889**	**251,588**
Dividends paid	–	–	–	**-12,704**	–	–	**-12,704**	**-907**	**-13,610**
Share-based payment	–	-1,317	–	–	–	–	-1,317	–	-1,317
Business acquisitions	–	–	–	–	–	–	–	336	336
Transactions with shareholders	**–**	**-1,317**	**–**	**-12,704**	**–**	**–**	**-14,021**	**-571**	**-14,592**
Total recognised income and expense	**–**	**–**	**9,855**	**6,459**	**-23**	**-3,323**	**-12,967**	**68**	**-13,036**
Balance at 30 September 2011	**21,173**	**190,963**	**-7,942**	**40,690**	**-38**	**3,800**	**248,645**	**1,386**	**250,032**
Balance at 1 October 2011	**21,173**	**190,963**	**-7,942**	**40,690**	**-38**	**3,800**	**248,645**	**1,386**	**250,032**
Dividends paid	–	–	–	-847	–	–	-847	-62	-909
Profit transfer to Terex	–	–	–	-18,198	–	–	-18,198	–	-18,198
Share-based payment	–	-2,020	–	–	–	–	-2,020	–	-2,020
Transactions with shareholders	**–**	**-2,020**	**–**	**-19,045**	**–**	**–**	**-21,066**	**-62**	**-21,128**
Total recognised income and expense	**–**	**-**	**-44,983**	**84,506**	**22**	**7,345**	**46,890**	**333**	**47,222**
Balance at 30 September 2012	**21,173**	**188,943**	**-52,925**	**106,150**	**-16**	**11,145**	**274,469**	**1,657**	**276,126**

Further information is provided in Note 25.

Statement of cash flow

1 October to 30 September

in EUR thousand	**2011/2012**	2010/2011
Net income after tax	**84,781**	**6,532**
Income tax	32,185	25,458
Interest and similar expenses, net	13,290	11,898
Depreciation, amortisation and impairments	21,567	22,049
EBITDA	**151,823**	**65,937**
Change in inventories	14,671	-48,551
Change in trade receivables	-10,462	-16,483
Change in trade payables	-22,635	16,233
Change in advance payments made/received, net	14,554	20,625
Gain/loss on disposal of non-current assets	-57,231	-39
Income from investments accounted for using the equity method	-3,919	-3,210
Dividends received from investments accounted for using the equity method	4,209	1,122
Change in other financial/non-financial assets/liabilities	-26,093	-1,711
Cash flow from operating activities before interest and tax	**64,916**	**33,923**
Interest received	2,394	2,268
Interest paid	-7,753	-10,169
Income tax paid	-18,844	-11,913
Cash flow from operating activities	**40,714**	**14,109**
Purchase of businesses	–	-905
Purchase of intangible assets and property plant and equipment	-22,272	-26,688
Proceeds from the sale of businesses	96,501	–
Proceeds from intangible assets and property plant and equipment	166	260
Cash flow from investing activities	**74,395**	**-27,333**
Free cash flow (FCF) before financing	*115,109*	*-13,224*
Payments/proceeds from loans and borrowings*	-162,213	24,262
Share-based payments	-2,194	-2,179
Dividends paid to minority shareholders	-62	-907
Dividends paid to Demag Cranes AG shareholders	-847	-12,704
Cash flow from financing activities	**-165,316**	**8,472**
Effect of foreign exchange rate changes on free cash flow	2,976	-48
Net increase/decrease in cash and cash equivalents	**-47,231**	**-4,800**
Cash and cash equivalents as at 1 October	107,606	113,423
Effects of foreign exchange rate changes on cash and cash equivalents	1,470	-1,018
Effects of assets held for sale on cash and cash equivalents	-5,897	–
Cash and cash equivalents as at 30 September	**55,947**	**107,606**
Of which restricted	1,082	2,287
Free cash flow before financing, interest and tax payments	139,311	6,590

* Of which repayment of EUR 122,654,000 in financial year for the revolving credit facility.

Further information on the statement of cash flow is provided in Note 32.

Notes to the Consolidated Financial Statements

1. General information

Demag Cranes AG is a Germany-based listed company. Demag Cranes AG is registered under registration number HRB 54517 in the commercial registry at Düsseldorf local court. The address of its registered office is Forststrasse 16, 40597 Düsseldorf, Germany.

Demag Cranes comprises the segments Industrial Cranes, Port Technology and Services. The business ranges from the development and design of technically advanced cranes and hoists to automated transport and logistics systems for ports and terminals, the provision of services relating to these products and the manufacture of high-quality components.

The Management Board of Demag Cranes AG has prepared the Consolidated Financial Statements and submitted them to the Supervisory Board on 28 November 2012. The Consolidated Financial Statements are to be released for publication in their present form at the Supervisory Board Meeting on 29 November 2012.

Demag Cranes AG has been a subsidiary of Terex Industrial Holding AG, Düsseldorf, since 16 August 2011 and is included in the Consolidated Financial Statements of Terex Corporation, Westport, Connecticut, USA.

2. Basis of preparation

The Consolidated Financial Statements of Demag Cranes AG for the financial year 1 October 2011 to 30 September 2012 are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) applicable at the balance sheet date and as adopted by the European Union (EU). The supplementary requirements in Section 315a (1) of the German Commercial Code are also met.

The Statement of comprehensive income combines the income statement and net income recognised directly in equity. It is prepared using the cost of sales method. Assets and liabilities are presented in the Statement of financial position using a current/non-current classification. Certain items in the Statement of comprehensive income and the Statement of financial position are combined for the sake of clarity. These items are explained in the Notes.

The Consolidated Financial Statements are prepared on a historical cost basis with the exception that derivative financial instruments and available-for-sale financial assets are measured at fair value where this can be reliably determined.

Preparation of the Consolidated Financial Statements has required the use of estimates and assumptions that affect the recognition and measurement of assets and liabilities, the amounts of expense and income items, and disclosures relating to contingent assets and contingent liabilities. Material judgements that the Management Board has made in applying IFRS are described along with the main estimates whose review may result in material changes in the next financial year in Note 5, Accounting estimates and judgements.

The Consolidated Financial Statements are prepared in euros, the functional currency of Demag Cranes AG. All figures are rounded to the nearest thousand euros unless otherwise stated. All percentages relate to figures stated to the nearest euro. The amount shown for each individual item and total is the figure with the smallest rounding difference. Reported totals may therefore differ slightly from the sum of the individual reported amounts.

3. New and revised standards and interpretations

New standards and interpretations effective in financial year 2011/2012

The following new or revised standards were effective in the past financial year:

- Amendments to IAS 24: Related party disclosures and IFRS 8: Operating segments

The definition of a related party has been revised to simplify the application of IAS 24. The amendments also simplify disclosure requirements for entities that are at least significantly influenced by the state. The revised IAS 24 also results in amendments to IFRS 8. The amendments do not have a material impact on Demag Cranes.

- Amendments to IFRIC 14: Prepayments of a minimum funding requirement

The Interpretation addresses accounting for prepayments of a minimum funding requirement on a defined benefit plan. It allows such prepayments to be recognised as assets. The Interpretation is not relevant to the Consolidated Financial Statements of Demag Cranes AG.

- Annual improvements

As part of its annual improvements project, the IASB amended various standards in May 2010 with the aim of streamlining the International Financial Reporting Standards and clarifying wording. Some of the affected standards are effective from 1 October 2010 and others from 1 October 2011. The amendments do not have a material impact on the Consolidated Financial Statements of Demag Cranes AG.

- IFRS 7: Disclosures – Transfers of financial assets

The amendments to IFRS 7 are concerned with the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The amendments aim to promote transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets.

The amendments to IFRS 7 do not have a material impact on the Consolidated Financial Statements of Demag Cranes AG.

Standards and interpretations effective in later financial years

A number of International Financial Reporting Standards issued by the IASB and endorsed by the EU are effective for future periods and Demag Cranes has not elected early adoption.

- IAS 1: Presentation of financial statements – Presentation of items of other comprehensive income

The amendments relate to the presentation of other comprehensive income in the Statement of comprehensive income. Items of other comprehensive income must be grouped into items that will be subsequently recycled (reclassified to profit or loss) and those that will not subsequently be recycled (not reclassified to profit or loss).

Demag Cranes is currently assessing the effects of the amendments on the presentation of the Statement of comprehensive income for the Demag Cranes Group. The amendments are not expected to have a material impact on the Group's financial position and financial performance.

The amendments are effective for annual periods beginning on or after 1 July 2012.

- IAS 19: Employee benefits

The amendments mainly relate to the elimination of the corridor method for the recognition of actuarial gains and losses, a restructuring of pension expense, a redefinition and thus a change in accounting for top-up amounts under partial retirement plans, and additional notes disclosures.

Elimination of the corridor method does not affect Demag Cranes, as actuarial gains and losses are already recognised in other comprehensive income.

The remaining changes will affect Demag Cranes. The impacts on the Consolidated Financial Statements are currently being assessed.

The amended IAS 19 is effective for annual periods beginning on or after 1 January 2013.

Demag Cranes does not expect that the changes in accounting requirements will have a significant effect on the Group's financial position and financial performance.

The IASB and the IFRS Interpretations Committee have issued the following standards, amendments to standards, and interpretations whose application is not yet mandatory and is conditional upon their endorsement by the European Union.

- IFRS 9: Financial Instruments

In November 2009 the IASB issued IFRS 9 (Financial Instruments), containing rules for the classification and measurement of financial assets. In October 2010 it issued new requirements for the classification and measurement of financial liabilities, incorporating them into IFRS 9. This marks the completion of the first part of a three-part project to completely revise the accounting treatment of financial instruments. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative in a structured product will no longer have to be assessed for possible separate accounting treatment unless the host is a non-financial contract. A hybrid contract that includes a financial host must be classified and measured in its entirety. An amendment passed in December 2011 postponed the mandatory effective date of IFRS 9 to annual periods beginning on or after January 1, 2015. The disclosure requirements under IFRS 7 concerning the first-time application of IFRS 9 were amended at the same time. IFRS 9 has not yet been endorsed by the European Union. The changes will not have a material impact on the presentation of the Group's financial position or results of operations.

- IAS 12: Income Taxes

In December 2010, the IASB issued an amendment to IAS 12 (Income Taxes). This amendment introduces a rebuttable presumption that the carrying amount of an asset will normally be recovered through sale rather than use. The change is particularly relevant for the calculation of deferred taxes in countries where the income tax rates on gains from divestments differ from those on regular rental income, for example. In this connection, SIC-21 (Income Taxes – Recovery of Revalued Non-Depreciable Assets) was integrated into IAS 12 (Income Taxes), except where it relates to real estate held as investment property. The revised standard is to be applied retrospectively for annual periods beginning on or after January 1, 2012. The amendment has not yet been endorsed by the European Union. The new standard will not have a material impact on the presentation of the Group's financial position or results of operations.

- Consolidation standards: IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 27, IAS 28

In May 2011 the IASB published four new standards: IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) and IFRS 13 (Fair Value Measurement). It also published amendments to two existing standards, IAS 27 (Separate Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures). Application is mandatory for annual periods beginning on or after January 1, 2013. These new standards and amendments have not yet been endorsed by the European Union. The impact the changes will have on the presentation of its financial position and results of operations is currently being evaluated.

IFRS 10 (Consolidated Financial Statements) lays down the criteria for the inclusion of a company's participating interests in its consolidated financial statements irrespective of the nature of the interest. The criteria are based on a principle of control defined in the standard, which also contains detailed instructions for applying this principle. IFRS 10 thus entirely replaces the corresponding provisions of IAS 27 (Consolidated and Separate Financial Statements) and SIC-12 (Consolidation – Special Purpose Entities).

IFRS 11 (Joint Arrangements) prescribes the accounting for joint arrangements over which control is shared with a third party. The accounting treatment is determined by the rights and obligations resulting from the joint arrangement rather than by the legal form as in the past. Joint arrangements are classified as either joint operations or joint ventures. Each party to a joint operation must in future recognize its shares of the operation's assets and liabilities in accordance with its rights and obligations. Investments in joint ventures are to be accounted for using the equity method. IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers).

The IASB has revised IAS 28 (Investments in Associates and Joint Ventures) to address the accounting for investments in both associates and joint ventures using the equity method.

IFRS 12 (Disclosure of Interests in Other Entities) prescribes the information to be disclosed in the notes to the financial statements about interests in subsidiaries, associates, joint arrangements and non-consolidated structured entities. The objective of these disclosures is to enable the users of an entity's financial statements to understand the nature of its interests in other entities, the risks associated with them, and the effects of the interests on its financial position and results of operations.

In light of the amendments made by IFRS 10 (Consolidated Financial Statements) and IFRS 12, the IASB published a revised version of IAS 27 (Separate Financial Statements), which is now devoted entirely to accounting for interests in subsidiaries, associates and joint ventures in IFRS separate financial statements.

In IFRS 13 (Fair Value Measurement), the IASB provides a uniform definition of fair value and how it is measured and specifies the related information to be provided in the notes. This standard prescribes how – rather than when – an asset or liability is to be measured at fair value, the fair value being defined as the price that would be received to sell an asset or paid to transfer a liability. IFRS 13 must be applied prospectively when it is first applied.

- IAS 32 Financial Instruments – Offsetting Financial Assets and Liabilities

In December 2011 the IASB issued "Offsetting Financial Assets and Financial Liabilities" (Amendments to IAS 32) and "Disclosures – Offsetting Financial Assets and Financial Liabilities" (Amendments to IFRS 7). The amendments to IAS 32 (Financial Instruments: Presentation) clarify what is meant by "right of set-off in all circumstances" and "simultaneous settlement." The amendments to IFRS 7 (Financial Instruments: Disclosures) require gross and net offsetting amounts reflected in the statement of financial position – along with other existing rights of set-off that do not meet the requirements for set-off in the statement of financial position – to be presented in tabular form in future. The amendments are required to be applied retrospectively for annual and interim periods beginning on or after January 1, 2013 (IFRS 7 amendments) or January 1, 2014 (IAS 32 amendments). They have not yet been endorsed by the European Union. The impact the changes will have on the presentation of its financial position and results of operations is currently being evaluated.

4. Accounting policies

The accounting policies set out in the following correspond to the methods applied in the previous financial year.

Subsidiaries

Subsidiaries are companies that are controlled by Demag Cranes AG, meaning that Demag Cranes AG, by virtue of holding a majority of their voting rights or through other means, has the power to govern their financial and operating policies so as to obtain benefits from their activities. Subsidiaries are included in the Consolidated Financial Statements from the date Demag Cranes AG obtains control and cease to be included when control is lost. The results of subsidiaries acquired and disposed of during the year are included in the Statement of comprehensive income from the date of acquisition and up to the date of disposal.

The Consolidated Financial Statements are prepared on the basis of uniform accounting policies. All intra-Group transactions including the resulting balances, income and expenses are eliminated in full.

Non-controlling interests are measured at the non-controlling interests' proportionate share of the net assets of consolidated subsidiaries. Demag Cranes has not elected to apply the alternative treatment of measuring non-controlling interests at fair value. Non-controlling interests are identified separately from the equity attributable to shareholders of Demag Cranes AG. The same item includes non-controlling interests in total recognised income and expense for the period and in each component of total recognised income and expense. This allocation of annual changes in net assets is made even if it results in the non-controlling interests having a deficit balance.

Investments in subsidiaries that are of minor overall significance to the presentation of the financial position and financial performance of the Group are measured at cost less any impairments and accounted for under other investments as investments in associates.

All subsidiaries of Demag Cranes AG are shown in the list of subsidiaries, joint ventures and investments as at 30 September 2012, after the Notes to the Consolidated Financial Statements.

Interests in joint ventures

Demag Cranes AG includes one joint venture (MHE-Demag (S) Pte. Ltd., Singapore) in its Consolidated Financial Statements. A joint venture is a contractual arrangement whereby Demag Cranes AG and at least one other third party directly or indirectly undertake an economic activity that is subject to joint control.

The Group's investment in the joint venture is accounted for in the Consolidated Financial Statements using the equity method.

The interest in a joint venture accounted for using the equity method is initially recognised in the Statement of financial position at cost. The carrying amount is subsequently increased or decreased by changes in Demag Cranes' share of the net assets of the joint venture after the date of acquisition and by any impairment of its interest in the joint venture. Intra-Group transactions are eliminated in proportion with Demag Cranes' interests in it. If the Group's share of losses from a joint venture exceeds the carrying amount of its interest in the joint venture concerned, such losses are only taken into account to the extent that Demag Cranes has incurred legal or constructive obligations to cover them. The joint venture's financial year is the calendar year. The figures included are based on interim financial statements whose reporting date is set back by one month.

The share of profit or loss from income from investments accounted for using the equity method reported in the Statement of comprehensive income is Demag Cranes' share of profit or loss from the joint venture.

The joint ventures are shown in the list of subsidiaries, joint ventures and investments as at 30 September 2012, after the Notes to the Consolidated Financial Statements.

Currency translation

The Consolidated Financial Statements are prepared in euros, the functional currency of Demag Cranes AG. The financial statements of foreign entities included in the Consolidated Financial Statements are prepared in local currency, which is the functional currency of the companies concerned. Transactions in currencies other than the applicable functional currency are translated at the average spot exchange rate prevailing at the date of the transaction. Monetary items (such as payables and receivables) denominated in foreign currencies are translated into euros at the average spot exchange rate prevailing on the balance sheet date. Non-monetary items are translated at historical exchange rates. Exchange differences arising on the translation of monetary balance sheet items into functional currency are recognised under other operating income or under other operating expenses, except gains and losses on foreign currency transactions relating to financing activities, which are recognised in interest and similar income or in interest and similar expenses.

The financial statements of foreign subsidiaries included in the Consolidated Financial Statements with functional currencies other than the euro are translated from local currency into the Group presentation currency (euros). The assets and liabilities of foreign subsidiaries are translated using the exchange rates prevailing at the balance sheet date. Equity items are translated at the historical exchange rates prevailing at their recognition date. Income and expenses are translated at the average exchange rates for the period. Exchange differences arising on the translation of foreign entity financial statements are reported in equity as a net amount under other comprehensive income. On disposal of a foreign entity, any accumulated net gains or losses are recognised in profit or loss. The accumulated exchange differences reported in equity as at 30 September 2012 mainly relate to the Group's companies in the UK, the Czech Republic and China.

The exchange rates used for major currencies in the Consolidated Financial Statements are as follows (in foreign currency units per euro):

Land	ISO-Code	EUR exchange rate prevailing on the balance sheet date 30 September		Average EUR exchange rate for the period 1 October to 30 September	
		2012	2011	**2011/2012**	2010/2011
USA	USD	1.29220	1.36140	1.30388	1.39540
Great Britain	GBP	0.79820	0.87080	0.82777	0.86861
South Africa	ZAR	10.67640	10.73780	10.48915	9.70655
Czech Republic	CZK	25.15500	24.57499	25.17533	24.46677
China	CNY	8.11500	8.76730	8.27420	9.12630
Switzerland	CHF	1.20950	1.22000	1.21214	1.25781
Brazil	BRL	2.61360	2.46340	2.43299	2.29632
India	INR	68.32900	66.51000	67.99017	62.97153

Revenue and income recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue is reliably measurable and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue from the sale of goods where installation is a significant part of the contract is not recognised until the ordered goods have been delivered to the customer and installed. Revenue from the sale of spare parts is recognised on delivery. In multiple-element sales transactions, Demag Cranes applies separate recognition criteria to revenue from the sale of goods and revenue from rendering services. Revenue from rendering services is recognised, subject to the satisfaction of recognition criteria, by reference to the stage of completion of the transaction at the balance sheet date. In certain instances involving revenue from construction contracts, profit is recognised on a percentage of completion basis. Demag Cranes determines the percentage of completion for this purpose according to contract costs incurred to date as a percentage of total contract costs (the cost-to-cost method). Expected contract losses are recognised as an expense in the period in which estimated total contract costs are found to exceed total contract revenues. Revenue is reported after deducting any trade discounts and rebates.

Rental income from investment properties and other operating leases is recognised under other operating income in profit or loss on a straight-line basis over the duration of the tenancy. Any premium paid for an operating lease is allocated to accounting periods as part of total lease income.

Dividend revenue on investments is recognised when the right to receive payment is established. Interest revenue is recognised in the amount of the effective yield on invested capital. The effective yield is the rate of interest required to discount the stream of future cash receipts expected over the life of a financial asset to equate to the net carrying amount of the asset.

On disposal of an asset, any difference between the proceeds from the sale and the carrying amount is recognised in profit or loss.

Cost of sales

The cost of sales reported in the Statement of comprehensive income consists of all costs directly attributable to the production process. These include direct material and direct labour, allocable overheads such as depreciation, production-related administrative overheads, impairments of production-related tangible and intangible assets, and inventory write-downs.

Research and development expenses

Research expenses are recognised in the period in which they are incurred.

Expenditure is incurred for development activities when research findings or other knowledge are applied to a plan or design for the production of new or substantially improved products or processes. Demag Cranes recognises an intangible asset arising from development if the outcome is technically and commercially feasible and it is considered probable that the product or process to be developed will generate future economic benefits. The development expenditure recognised as an intangible asset includes direct material, direct labour and allocated overheads. Other development expenses are recognised as expense in cost of sales when incurred. Further information is provided in Note 9.

Capitalised development expenses are presented in the Statement of financial position net of accumulated amortisation and accumulated impairments. Development expenses recognised as assets are amortised on a straight-line basis over the estimated period in which products based on the intangible asset will be marketed. Demag Cranes subjects internally generated intangible assets to annual impairment testing during the development phase and at other times only when there are indications of impairment. Further information on development costs capitalised in the financial year is provided in Note 15.

Tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates that have been enacted by the end of the reporting period. Deferred tax relating to items recognised directly in equity is likewise recognised directly in equity.

Deferred tax is accounted for using the temporary difference approach. It is measured by applying the applicable tax rate to temporary differences between the carrying amounts of assets and liabilities in the Statement of financial position and the tax bases used in the computation of taxable profit. The applicable tax rate is the rate prevailing at the balance sheet date or the rate that is virtually certain to apply for the relevant Group member company when the temporary differences reverse.

Deferred tax assets are only recognised for temporary differences to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits. Deferred tax assets are also recognised for tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect any change in the probability that the benefits can be utilised. The carrying amount of each deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which a loss arising on reversal of the temporary difference can be utilised. Any unrecognised deferred tax assets are reassessed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are not recognised for taxable temporary differences resulting from the initial recognition of goodwill. Similarly, deferred tax liabilities are not recognised for temporary differences resulting from the initial recognition of other assets or liabilities in transactions other than business combinations where the initial recognition affects neither taxable profit nor net income. Demag Cranes does not recognise deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries and associates or with interests in joint ventures if it is probable that the temporary difference will not reverse in the foreseeable future, if the Company is able to control the timing of the reversal, or if it is not probable that sufficient taxable profits will be available against which a loss arising on reversal of the temporary difference can be utilised.

Demag Cranes offsets deferred tax assets and deferred tax liabilities to the extent that it has a legally enforceable right to set off current tax assets against current tax liabilities relating to income taxes levied by the same taxation authority.

Further information on deferred taxes is provided in Note 31.

Value-added tax refundable by or payable to the taxation authority is accounted for by Demag Cranes as part of other non-financial assets and other non-financial liabilities, respectively.

Goodwill and negative goodwill

Goodwill recognised on a business combination is the excess of the consideration transferred to achieve control and the fair value of any previously held interests in the acquiree over the remeasured net assets of the acquiree. Goodwill is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, which is done at least annually, Demag Cranes allocates goodwill to the cash-generating units – the three segments – that are expected to reap synergies from the business combination. On disposal of part of a cash-generating unit to which goodwill has been allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill recognised on acquisition of an equity-accounted investment is included in the carrying amount of the Group’s investment and is not assessed for impairment separately. Further information on impairment testing in accordance with IAS 36 is provided in Note 15.

If the consideration transferred to achieve control and the fair value of any previously held interests in the acquiree falls short of the net assets of the acquiree measured at the acquisition date, Demag Cranes, after reassessing the amounts, recognises the excess immediately in profit or loss (gain from a bargain purchase).

Other intangible assets

Other intangible assets comprise patents, trademarks, software, service agreements, technology, customer relations, supplier relations and capitalised development projects.

Separately acquired intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired by Demag Cranes in a business combination are initially recognised at fair value at the acquisition date. Expenditure on internally generated intangible assets is capitalised if the criteria for recognition of an asset are satisfied. Subsequent expenditure on intangible assets is added to the carrying amount of the intangible asset if, and only if, it substantially increases the future economic benefits embodied in the asset and the cost can be reliably estimated. Borrowing costs that are attributable to the purchase or production of a qualifying asset form part of the cost of that asset. All other expenditure in connection with intangible assets is recognised immediately in profit or loss.

Intangible assets with finite useful lives are amortised on a straight-line basis over the period of any contractual rights or the period over which they are expected to be used, whichever is the shorter. Demag Cranes AG additionally reviews such assets at least annually for indications of impairment.

The useful lives of intangible assets are normally as follows:

	Useful life
Patents, licences and similar rights	5 years
Capitalised development projects	5 years
Trademarks	Indefinite
Software	3 years
Service agreements	6 years

Intangible assets with indefinite useful lives are not amortised. Instead, Demag Cranes tests such assets at least annually for impairment. Trademarks are not amortised if they are established trademarks and there is no determinable limit to their useful lives.

Estimated useful lives are reviewed at each financial year-end and changed if necessary. Changes in accounting estimates are applied prospectively in profit and loss in accordance with IAS 8.

Intangible assets are derecognised on disposal or when no future economic benefits are expected for Demag Cranes. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss in the period of disposal.

Changes in other intangible assets are presented in Note 15.

Property, plant and equipment

Property, plant and equipment consists of land, land rights and buildings, including buildings on third-party land, plant and machinery, prepayments and assets under construction, tools and equipment, and other assets.

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Demolition, removal, restoration and recultivation expenses are recognised as part of the cost of property, plant and equipment and an equal amount is recognised in other provisions. Borrowing costs that are attributable to the purchase or production of a qualifying asset form part of the cost of that asset. All other expenses, such as for maintenance or modernisation, are recognised immediately in profit or loss.

Parts of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and a useful life significantly different to that of other parts are depreciated separately.

Subsequent costs that increase future economic benefit and can be reliably estimated likewise form part of the cost of property, plant and equipment.

Expenditure for major maintenance and repairs is added to the carrying amount of an item of property, plant and equipment if fixed servicing or overhaul intervals can be reliably determined.

Depreciation is charged on a straight-line basis over the useful life of an item of property, plant and equipment. The revaluation method is not used. Demag Cranes normally estimates the useful lives as follows:

	Useful life
Factory and office buildings	25 to 33 years
Other buildings	8 to 50 years
Plant and machinery	5 to 12 years
Tools and equipment	3 to 10 years
Vehicles	5 to 8 years
IT equipment and hardware	3 to 5 years

Estimated useful lives and depreciation methods are reviewed at each financial year-end and changed as necessary. Changes in accounting estimates are applied in profit and loss.

Items of property, plant and equipment are derecognised on disposal (e.g. sale, scrapping or demolition) or when no future economic benefits are expected for Demag Cranes. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss in the period of disposal.

Investment property

The investment property item consists of one site and one building on it held to earn rental income and for capital appreciation.

Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses (cost model). Depreciation is charged as for property, plant and equipment. Rental income is recognised as other operating income in the Statement of comprehensive income and depreciation as other expenses.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Impairment of non-current non-financial assets

Demag Cranes assesses at least at each balance sheet date whether there is any indication that goodwill, other intangible assets, property, plant and equipment and investment properties are impaired. If any such indication exists, the asset is tested for impairment.

Goodwill, other intangible assets with indefinite useful lives and intangible assets not yet available for use at the balance sheet date are also tested for impairment at each balance sheet date irrespective of whether there is any indication that they are impaired. If the recoverable amount of an asset or the cash-generating unit to which it belongs is less than its carrying amount, the difference is recognised in profit or loss as an impairment loss. A cash-generating unit is a group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss recognised for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other non-current assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. If there is an indication that an impairment may no longer exist, Demag Cranes remeasures the recoverable amount. If this exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to a maximum of cost less any accumulated depreciation or amortisation. Impairment losses recognised for goodwill are not reversed.

Other non-current assets are tested for impairment if there is any indication that the assets are impaired or that an impairment loss recognised in prior periods may no longer exist. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The increased carrying amount attributable to a reversal of an impairment loss is limited to the recoverable amount or the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Leasing

Leases that transfer to Demag Cranes (as lessee) substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. At the commencement of the lease term, finance leases are recognised as assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The future lease payments are recognised in the Statement of financial position under loans and borrowings.

Lease payments are apportioned in accordance with the effective interest method between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance. The interest charge is recognised in interest and similar expenses.

Lease payments under leases where the lessor retains substantially all the risks and rewards incidental to ownership (operating leases) are recognised as an expense on a straight-line basis over the lease term unless another allocation to periods is more representative of the time pattern of Demag Cranes’ benefit from the use of the leased asset. Contingent payments under an operating lease are recognised as an expense in the period in which they are incurred. The benefit of incentives to enter into an operating lease is recognised as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern of Demag Cranes’ benefit from the use of the leased asset.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of purchase is measured using the rolling average method and cost of conversion using the standard cost method. Cost of conversion includes direct production costs, including direct material and direct labour, and allocated production overheads including depreciation on factory buildings and equipment. Borrowing costs that are directly attributable to a qualifying asset form part of the cost of that asset. Inventory write-downs include appropriate deductions for unusually long holding periods and obsolescence.

Construction contracts

Construction contracts that meet the applicable criteria are accounted for using the percentage-of-completion method. Demag Cranes normally determines the percentage of completion for this purpose according to contract costs incurred to date as a percentage of expected contract cost (cost-to-cost method). Where the outcome of a construction contract cannot be measured reliably, revenue is recognised only in the amount of contract costs incurred that it is probable will be recoverable (zero-profit method). The gross amount due from or to customers for contract work is presented under trade receivables or trade payables as appropriate. The gross amount due is equal to cost incurred plus recognised profits, less any recognised losses and progress billings up to a maximum of work performed. Amounts paid by customers in excess of amounts due are reported in liabilities as advance payments received. Any anticipated contract losses are recognised immediately in full in profit or loss. Further information is provided in Note 20.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Demag Cranes initially recognises a financial instrument when a company in the Demag Cranes Group becomes a party to the contractual provisions governing the instrument. Financial instruments are recognised and derecognised on the settlement date.

As in the previous year, there were no reclassifications of financial instruments during the financial year.

Primary financial instruments

Financial assets and financial liabilities are initially recognised at fair value plus directly attributable transaction costs, except financial instruments at fair value through profit or loss, which are recognised at fair value without transaction costs. The fair value of financial instruments traded on organised markets is determined using the quoted price on the balance sheet date. If Demag Cranes has financial instruments for which there is not an active market, their fair value is determined by using a valuation technique. Subsequent measurement is carried out in accordance with the classification of financial instruments into the categories that follow. Financial assets with the exception of those classified as at fair value through profit or loss are tested at each balance sheet date for impairment.

- Held to maturity

This category consists of financial assets quoted in an active market with fixed or determinable payments and fixed maturity that Demag Cranes has the intention and ability to hold to maturity. Financial assets held to maturity are measured at amortised cost using the effective interest method, less any impairment losses. Demag Cranes does not have any financial instruments held to maturity at the balance sheet date.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category mainly consists of trade receivables and cash and cash equivalents. These are measured at amortised cost using the effective interest method less accumulated impairment losses. Receivables that carry no interest or that bear an off-market interest rate are measured at the present value of future cash receipts.

- At fair value through profit or loss

This category contains two subcategories: held for trading, and designated as at fair value through profit or loss. These assets are measured at all times at fair value. Changes in their fair value are recognised in profit or loss. The held for trading subcategory contains the fair value of currency and interest rate derivatives (further information is provided in Notes 20, 29 and 34). Demag Cranes has no financial instruments in the designated as at fair value through profit or loss category.

- Available-for-sale financial assets

This category encompasses all financial assets which, based on objective criteria, are not classified in any other category or which Demag Cranes has designated as available for sale. Available-for-sale financial assets at Demag Cranes mainly comprise long-term securities and investments in associates. Long-term securities are measured at fair value. Gains and losses arising from changes in their fair value are recognised directly in equity under available-for-sale financial assets, except for impairment losses and exchange differences arising on translation of monetary items denominated in foreign currencies, which are recognised directly as income or expense in profit or loss. When the assets are derecognised, the accumulated gain or loss previously recognised in equity is recognised in profit or loss. Associates are measured at cost less any accumulated impairment losses as they are of minor overall significance. Further information on this category is provided in Notes 19 and 34.

- Financial liabilities measured at amortised cost

Financial liabilities in this category are measured at amortised cost using the effective interest method, recognising the interest expense in profit or loss in accordance with the effective interest rate for the period. At Demag Cranes, the category comprises loans and borrowings (Notes 28 and 34), trade payables and a portion of other financial liabilities (Notes 29 and 34).

Derivative financial instruments

Hedging is used to manage interest and exchange rate risk. The hedging instruments used by Demag Cranes mainly consist of foreign exchange contracts and interest rate swaps.

All derivative financial instruments are accounted for as financial assets or financial liabilities and measured at fair value at the balance sheet date. Changes in the fair value of derivative financial instruments are recognised as income or expense in profit or loss. Derivative financial instruments are accounted for by the rules applicable to the at fair value through profit or loss category. Hedge accounting was not applied in the financial year.

Impairment of financial assets

Financial assets classified as loans and receivables or available for sale are tested for impairment at each balance sheet date. A financial asset is impaired if there are indications that Demag Cranes may not recover part of its initial investment and the present value of the future cash flows or the fair value of the financial asset is less than the instrument’s carrying amount. On an available-for-sale equity instrument, a significant or prolonged decline in the fair value of the financial instrument below its cost is to be considered objective evidence of impairment. Financial assets are tested for impairment individually or on a portfolio basis. Demag Cranes recognises allowances as appropriate for all identifiable credit risks. The remaining credit risk from financial instruments corresponds to their carrying amounts. The impairment loss on a financial instrument measured at amortised cost is the difference between the asset’s carrying amount and the present value of estimated future cash flows from the asset discounted at the instrument’s original effective interest rate. An impairment loss directly reduces the carrying amount of all affected financial instruments except for trade receivables, where impairment losses are recognised through an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are accounted for by reversing the allowance account to profit or loss.

If in a subsequent period the fair value of an available-for-sale financial asset other than an equity instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss and any increase in excess of amortised cost is recognised directly in equity. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed. Any increase in fair value after recognition of an impairment loss is recognised directly in equity.

Derecognition of financial instruments

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or it is transferred to another party with all the risks and rewards of ownership. If on formal transfer of a financial asset Demag Cranes neither transfers nor retains substantially all the risks and rewards of ownership and retains control of the transferred asset, it continues to recognise the financial asset to the extent of its continuing involvement and recognises as a liability any obligations created in the transfer. If Demag Cranes retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the asset and recognises a secured loan for the consideration received.

Demag Cranes derecognises a financial liability when, and only when, the underlying obligation is discharged or cancelled or expires.

Financial instruments: Other investments

The other investments item consists of two sub-items – associates and long-term securities – and comes under the available-for-sale financial assets category. Long-term securities are measured at fair value. This is determined by prices quoted in an active market. Gains and losses arising from changes in fair value are recognised directly in equity, taking account of any deferred tax. On disposal, the accumulated gain or loss previously recognised directly in equity is recognised in profit or loss. The appropriate classification of securities is determined on purchase and reviewed at each balance sheet date. There were no reclassifications in the financial year.

Investments in associates are measured at cost less accumulated impairment losses, as they are of minor overall significance. There were no indications of impairment in the financial year.

Further information on the other investments item is provided in Note 19.

Financial instruments: Trade receivables

Trade receivables are classified in the loans and receivables category. They are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses.

Financial instruments: Other financial assets

Other financial assets other than derivative financial instruments are measured at amortised cost less accumulated impairment losses. These assets are classified in the loans and receivables category. The measurement of derivative financial instruments is explained in a separate section (Derivative financial instruments).

Financial instruments: Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, bank deposits on up to one-day notice and securities with a residual maturity of up to three months at the acquisition date. These holdings are classified in the loans and receivables category. Demag Cranes measures cash and cash equivalents at amortised cost.

Non-current assets held for sale and associated liabilities

To be classed as assets held for sale, assets must be available for immediate sale and their sale must be highly probable. Assets held for sale can be individual non-current assets or groups of assets held for sale (disposal groups). Liabilities that are disposed of with assets held for sale in a single transaction are part of a disposal group and are reported separately under current liabilities as liabilities associated with assets held for sale.

Non-current assets held for sale and disposal groups cease to be depreciated or amortised, and are measured at their carrying amount or at fair value less costs to sell, whichever is lower.

Share-based payment

Demag Cranes has an equity-settled share-based payment scheme (Matching Stock Program) for executives and managerial employees. Settlement is in Demag Cranes AG shares. The amount of the equity-settled payment obligation is the fair value of the options at the grant date. This is independently assessed using Monte Carlo simulation. Demag Cranes recognises share-based payments in personnel expenses on a straight-line basis over the vesting period with a matching increase in additional paid-in capital. A provision is additionally recognised for payroll deductions pro rata in accordance with changes in the fair value of the options.

Pension obligations

Pension obligations arise under defined contribution and defined benefit plans. Contributions to defined contribution plans are recognised as an expense in profit or loss in the year employees have rendered service entitling them to the contributions.

The present value of the obligation under defined benefit plans is measured separately for each plan using the projected unit credit method, based on the estimated amount of benefit employees have earned up to the balance sheet date. Demag Cranes obtains an actuarial valuation to measure the amount of its obligation each year. Demag Cranes' net obligation is determined by subtracting the fair value of plan assets from the present value of the defined benefit obligation. The discount rate used is the yield at the balance sheet date on senior corporate bonds with maturities approximating to the duration of the benefit. Experience adjustments and changes in actuarial parameters over time can result in differences between the actual and expected benefit obligation and the actual and expected return on plan assets. The resulting actuarial gains and losses are recognised directly in equity (in retained earnings) and presented separately in the Statement of comprehensive income. If plan benefits are subsequently increased, the share of the present value of the increased benefits that relates to employees' past service (the past service cost) is recognised as expense on a straight-line basis over the vesting period. The past service cost for benefits that are vested immediately is recognised immediately in profit or loss.

Other provisions

Other provisions are recognised if at the balance sheet date Demag Cranes has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the time value of money is material, provisions are recognised at the discounted present value of the expected amount of the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the cash flow risk on the liability. If it is virtually certain that the amount of a provision will be reimbursed by an identifiable third party, the expected reimbursement is recognised as a separate asset. Provisions for the estimated cost of product warranties are recognised when products are sold. Restructuring provisions are recognised when a detailed formal restructuring plan has been drawn up and announced to the parties affected. Changes in estimates used in the measurement of provisions are recognised in profit or loss. No provision is recognised for costs that need to be incurred to operate in the future. Provisions for onerous contracts are recognised if and to the extent it becomes apparent that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Financial instruments: Loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value less transaction costs incurred on inception. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost, with the difference between the initial amount and the repayment amount being recognised as interest expense over the loan term using the effective interest method. Gains and losses arising from amortisation of such differences and derecognition of financial liabilities are recognised immediately in profit or loss.

Financial guarantee contracts are initially measured at fair value plus any transaction costs directly attributable to their issue. They are subsequently measured at the higher of the amount of any provision recognised for giving the guarantee and the amount initially recognised less accumulated amortisation.

Financial instruments: Trade payables

Trade payables are financial liabilities that Demag Cranes measures at amortised cost using the effective interest method.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or a present obligation where it is possible but not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amount of assets and liabilities and disclosures on contingent assets and liabilities at the balance sheet date and the amount of income and expenses during the reporting period. Actual amounts may differ from these estimates. The estimates and assumptions are based on experience and other factors considered relevant in measuring carrying amounts where these are not readily apparent from other reliable sources. Demag Cranes reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which an estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the preparation of the Consolidated Financial Statements, the Management Board of Demag Cranes AG used estimates and assumptions relating to material items as follows:

- Assessment of the need to recognise impairments and measurement of the amount of any impairment loss

Demag Cranes assesses at each reporting date whether there is any indication that items of property, plant and equipment, intangible assets or investment property are impaired. To test for impairment, an asset’s or cash-generating unit’s recoverable amount is compared with its carrying amount. The recoverable amount is fair value less costs to sell or value in use, whichever is higher. Demag Cranes normally measures the recoverable amount on the basis of fair value less costs to sell. In estimating fair value less costs to sell, management makes assumptions regarding expected future cash flows from each asset or cash-generating unit, using appropriate discount rates. The recoverable amount of trademarks in other intangible assets is determined using the relief from royalty method. Impairment testing has confirmed the carrying amounts of goodwill and trademarks.

- Estimated useful lives

Useful lives are based on estimates. The estimated useful lives of intangible assets, property, plant and equipment and investment property are reviewed at each financial year-end. As in the previous year, the review has not identified any need to alter the estimated useful life of any asset.

- Recognition and measurement of development expenses

Development expenses are capitalised if the recognition criteria are satisfied. Management makes assumptions in this connection concerning the size of expected future cash flows, the applicable discount rates and the period over which expected future benefits will be generated. Development expenses are amortised over the expected useful life of the asset from the point at which it is able to be used. EUR 2,695,000 in development expenses were capitalised in financial year 2011/2012 (2010/2011: EUR 5,509,000). Impairment testing of capitalised development expenses did not result in recognition of any impairment losses in financial year 2011/2012. Further information on the impairment of capitalised development expenses is provided in Note 15.

- Accounting for pensions and similar obligations

Demag Cranes uses actuarial valuations in the measurement of pensions and similar obligations. These valuations are made on the basis, among other things, of expected returns on plan assets, future salary increases, future pension increases, mortality and staff turnover. Due to their long-term focus, these estimates are subject to material uncertainty. The provision for pensions and similar obligations amounted to EUR 183,691,000 at the balance sheet date (30 September 2011: EUR 143,246,000). Further information is provided in Note 26.

- Accounting for restructuring provisions

The size of restructuring provisions is based on management's best estimate. Changes in estimates may become necessary as the restructuring plan takes on substance and is implemented. The restructuring provision came to EUR 4,235,000 at 30 September 2012 (30 September 2011: EUR 2,478,000). Further information is provided in Note 27.

- Other personnel-related obligations and partial retirement obligations

Recognition and measurement of partial retirement obligations and other personnel-related obligations likewise involve estimates and assumptions regarding the expected timing and amount. Factors affecting the size of the provision include biometric data used in calculations, workforce turnover and take-up of partial retirement arrangements. Other personnel-related obligations totalled EUR 37,237,000 at the balance sheet date (30 September 2011: EUR 65,895,000). Partial retirement obligations came to EUR 8,364,000 (30 September 2011: EUR 10,253,000). Further information is provided in Note 30.

- Share-based payment

In determining the fair value of equity instruments, Demag Cranes applies a suitable valuation technique (Monte Carlo simulation) that reflects the conditions of its share-based payment scheme. The variables incorporated in the valuation model and the fair values of equity instruments are presented in Note 25.

- Deferred tax assets

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is probable that there will be taxable profits permitting their utilisation. Their measurement requires estimates as to the timing and amount of taxable profits against which they can be utilised. At 30 September 2012, the net carrying amount of deferred tax assets recognised for tax loss carryforwards amounted to EUR 3,253,000 (30 September 2011: EUR 10,437,000). Further information is provided in Note 31.

All estimates and assumptions are based on the best available information and the objective of achieving a fair presentation of the financial position, financial performance and cash flows of Demag Cranes. Due to the uncertainty associated with estimates and assumptions, actual results may differ from the reported amounts.

6. Consolidated Group

The Consolidated Financial Statements for the year ended 30 September 2012 incorporate the Financial Statements of Demag Cranes AG and 37 (2010/2011: 39) domestic and foreign subsidiaries.

With effect from 30 August 2012, Demag Cranes launched a joint venture with Weihua, one of China's largest crane builders. Demag Weihua (Liaoning) Material Handling Machinery Co. Ltd. will be responsible for the development and production of components and parts for cranes and hoists in the mid-market segment. Demag Cranes will hold 51% of the company; Weihua will have a share of 49%. As at 30 September 2012, Demag Weihua is still in the process of being launched and is not yet included in the Consolidated Financial Statements.

On 29 June 2012, Demag Cranes & Components US, Cleveland, USA and Crane America Service, Dayton, USA, were sold to Terex USA, LLC, a Delaware limited liability company. A profit of EUR 57,205,000 was made on the sale. The profit is reported in the Statement of comprehensive income under other operating income.

The sale of Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA had the following impact:

in EUR thousand	
Goodwill	17,663
Property, plant and equipment	3,160
Other non-current assets	7,887
Inventories	12,011
Trade receivables	20,960
Other current assets	17,930
Assets	79,610
Non-current liabilities	-3,226
Current liabilities	-27,133
Liabilities	-30,359
Net assets	49,251
Differences arising from currency translation	4,023
Salesprice	102,433
Proceeds from disposal of assets	57,205

Notes to the Statement of comprehensive income

7. Revenue

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Industrial Cranes segment	523,979	489,812
Port Technology Segment	264,804	238,985
Goods and spare parts sold	**788,783**	**728,797**
Services (Services segment)	334,484	333,458
Total	**1,123,267**	**1,062,256**

Revenue from the sale of goods denominated in foreign currencies is cash flow hedged using foreign currency derivatives and includes net gains or losses on those derivatives.

Further information on revenue by segment and by region is contained in the segment reporting section (Note 33).

8. Selling, general and administrative expenses

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Selling expenses	-158,646	-152,087
General administrative expenses	-72,856	-101,524
Total	**-231,502**	**-253,611**

Selling expenses include agents’ commissions, marketing and advertising expenses, and outbound freight for deliveries to end customers. General and administrative expenses consist of expenses not attributable to development and production or to sales.

9. Research and development expenses

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Incurred research and development expenses	-19,110	-20,208
Amortisation	-1,710	-1,640
Impairments	–	–
Capitalised development expenses	2,495	5,509
Total	**-18,325**	**-16,339**

The incurred research and development expenses sub-item contains all expenses for research and development activities in the period. The amortisation relates to capitalised development expenses.

Detailed information on capitalised development expenses, amortisation and impairments is given in Note 15 (Goodwill and other intangible assets).

10. Other operating income and other operating expenses

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Foreign exchange gains	9,927	8,883
Gains on disposal of US entities	57,205	–
Gains on disposal of assets	198	137
Income from reversal of other provisions	114	3,790
Other insurance benefits	–	183
Differences arising from first-time consolidation of D.B. Holdings and DBIS	–	51
Other	3,763	2,033
Other operating income	**71,207**	**15,077**
Foreign exchange losses	-11,066	-12,218
Losses on disposal of assets	-147	-97
Other	-736	-207
Other operating expenses	**-11,949**	**-12,522**

11. Income from investments accounted for using the equity method

The EUR 3,919,000 (2010/2011: EUR 3,210,000) income from investments accounted for using the equity method in the Statement of comprehensive income is from the 50% share of MHE-Demag (S) Pte. Ltd., Singapore, held by Demag Cranes & Components GmbH, Wetter, Germany.

12. Interest and similar income and interest and similar expenses

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Interest on current accounts and term deposits	1,725	1,895
Measurement of interest rate swaps at fair value	–	–
Expected return on plan assets	764	702
Other	670	383
Interest and similar income	**3,158**	**2,980**
Interest on senior credit facility	-4,121	-4,353
Interest expenses on pension provisions	-7,147	-6,586
Interest expenses on non-current liabilities	-536	-469
Amortisation of debt issuance costs	-1,962	-1,168
Other	-2,682	-2,302
Interest and similar expenses	**-16,449**	**-14,878**

13. Income tax

The 30.55% (2010/2011: 30.7%) income tax rate for domestic companies consists of corporation tax at 15.0% (2010/2011: 15.0%) plus the supplementary 5.5% solidarity surcharge (2010/2011: 5.5%) and German trade tax at an average of 14.72% (2010/2011: 14.9%).

Current and deferred income tax at foreign companies is computed on the basis of local tax rates.

Income tax is made up as follows:

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Current income tax		
Germany	-13,293	-19,864
Other countries	-16,624	-10,869
Subtotal	**-29,918**	**-30,734**
Deferred tax		
Germany	-1,498	4,197
Other countries	-769	1,079
Subtotal	**-2,267**	**5,276**
Total	**-32,185**	**-25,458**

The reported income tax figure differs from expected income tax expenses based on the 30.55% aggregate German income tax rate for the reasons set out in the following:

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Earnings before tax (EBT)	116,966	31,989
Group tax rate (%)	30.55	30.7
Expected income tax expenses	**-35,733**	**-9,822**
Differences due to foreign tax rates	-810	-411
Additions/deductions due to German trade tax	–	22
Effects of losses carried forward/valuation allowances	-8,265	-17,229
Tax-free income	16,963	73
Non-deductible expenses	-1,408	-1,227
Effects of changes in income tax rates	1,209	-1
Income tax of prior years	-9,579	-602
Permanent differences	1,860	2,258
Effects from the profit transfer agreements	2,095	–
Other	1,484	1,481
Reported income tax	**-32,184**	**-25,458**
Effective tax rate (%)	27.5	79.6

The tax effects arising from tax-free income in financial year 2011/2012 are attributable, in particular, to income from dividends and income from the sale of shareholding in the US entities.

Current and deferred tax was allocated within the framework of the consolidated tax Group during the year according to economic tax principles, i.e. as if Demag Cranes were the debtor. In the Consolidated Financial Statements as at 30 September 2012, tax was not allocated according to economic tax principles, but according to a purely formal point of view. As a result of this purely formal point of view of the consolidated tax Group, the Consolidated Financial Statement contains only the effects of tax that were allocated in proportional terms legally to the tax subject Demag Cranes AG by financial authorities. In this way, users of the Financial Statements achieve a clearer picture of the legal and financial situation of Demag Cranes.

14. Earnings per share

	1 October to 30 September	
	2011/2012	2010/2011
Net income attributable to shareholders of Demag Cranes AG (in EUR thousand)	84,506	6,459
Weighted average number of shares outstanding	21,172,993	21,172,993
Earnings per share (in EUR)	**4.00**	**0.31**

There is no dilutive effect as no potential shares were in circulation in financial year 2011/2012 or 2010/2011. Diluted earnings per share and basic earnings per share are therefore the same.

Notes to the Statement of financial position

15. Goodwill and other intangible assets

				Other intangible assets				
	Goodwill	Trademarks	Patents	Capitalised development (in progress)	Capitalised development (completed)	Software	Other intangible assets	**Total**
in EUR thousand								
Cost								
Balance at 1 October 2010	**120,491**	**27,846**	**15,099**	**2,625**	**17,372**	**27,236**	**2,216**	**212,885**
Change in the scope of the Consolidated Financial Statements	–	–	–	–	–	988	492	1,480
Additions from acquisitions	–	–	40	–	–	1,299	22	1,361
Additions from internal development	–	–	–	5,203	307	–	–	5,509
Disposals	–	–	–	–	–	-8	–	-8
Reclassifications	–	–	–	-2,529	2,529	54	–	54
Other changes	–	–	–	–	–	–	–	–
Exchange difference	-65	–	–	–	–	-89	1	-153
Balance at 30 September 2011	**120,427**	**27,846**	**15,139**	**5,299**	**20,208**	**29,481**	**2,731**	**221,129**
Balance at 1 October 2011	**120,427**	**27,846**	**15,139**	**5,299**	**20,208**	**29,481**	**2,731**	**221,129**
Change in the scope of the Consolidated Financial Statements	-17,663	–	–	–	–	–	-981	-18,643
Additions from acquisitions	–	–	–	–	–	2,083	16	2,098
Additions from internal development	–	–	–	1,998	696	–	–	2,695
Disposals	–	–	–	–	–	-149	-9	-159
Reclassifications	–	–	–	-4,180	4,180	124	-124	0
Reclassifications of assets under construction	–	–	–	–	–	61		61
Reclassification as assets held for sale	-7,674	-85	–	–	–	-424	-417	-8,600
Exchange difference	3	–	–	–	–	122	91	216
Balance at 30 September 2012	**95,093**	**27,761**	**15,139**	**3,117**	**25,085**	**31,298**	**1,306**	**198,798**

	Other intangible assets							
	Goodwill	Trademarks	Patents	Capitalised development (in progress)	Capitalised development (completed)	Software	Other intangible assets	**Total**
in EUR thousand								
Depreciation, amortisation and impairments								
Balance at 1 October 2010	**–**	**-85**	**-15,059**	**–**	**-16,168**	**-19,634**	**-2,060**	**-53,006**
Amortisation	–	–	-8	–	-1,360	-3,202	-176	-4,746
Impairments	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	8	–	8
Exchange difference	–	–	–	–	–	40	-2	38
Balance at 30 September 2011	**–**	**-85**	**-15,068**	**–**	**-17,528**	**-22,788**	**-2,239**	**-57,708**
Balance at 1 October 2011	**–**	**-85**	**-15,068**	**–**	**-17,528**	**-22,788**	**-2,239**	**-57,708**
Change in the scope of the Consolidated Financial Statements							981	981
Amortisation	–	–	-12	–	-1,252	-3,026	-181	-4,471
Impairments	–	–	–	–	–			0
Disposals	–	–	–	–	–	147	9	156
Reclassifications	–	–	–	–	–	-64	64	0
Reclassification as assets held for sale	–	85	–	–	–	241	416	742
Exchange difference	–	–	–	–	–	-54	-57	-111
Balance at 30 September 2012	**–**	**0**	**-15,080**	**0**	**-18,780**	**-25,544**	**-1,007**	**-60,411**
Carrying amounts								
Balance at 1 October 2010	120,491	27,761	40	2,625	1,204	7,603	155	159,879
Balance at 30 September 2011	**120,427**	**27,761**	**71**	**5,299**	**2,680**	**6,692**	**492**	**163,422**
Balance at 1 October 2011	120,427	27,761	71	5,299	2,680	6,692	492	163,422
Balance at 30 September 2012	**95,093**	**27,761**	**59**	**3,117**	**6,305**	**5,754**	**300**	**138,387**

Goodwill

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

	30 September	
in EUR thousand	**2012**	2011
Industrial Cranes	15,387	15,528
Port Technology	8,037	8,266
Services	71,669	96,633
Total	**95,093**	**120,427**

As there is no active market in which to determine the fair value of the segments, Demag Cranes 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 plan for the Group, which has a one-year (2010/2011: 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. A growth rate of 1.8% to 3.8% have been assumed for the first two periods following the planning horizon. Net cash flows are estimated beyond the planning horizon as the average net cash flows from preceding periods. The weighted average cost of capital used to discount future cash flows is, on a post-tax basis, 9.3% in the Industrial Cranes and Services segments (2011: 8.5%) and 9.3% in the Port Technology segment (2011: 8.5%). Demag Cranes estimates costs to sell at 2% (2011: 2%) of the estimated fair value of the relevant cash-generating unit.

As in the previous year, the impairment tests performed in financial year 2011/2012 confirmed the existing carrying amounts of goodwill.

Other intangible assets

The EUR 43,294,000 other intangible assets item in the Statement of financial position (2011: EUR 42,996,000) comprises trademarks, patents, capitalised development costs for development in progress and completed development, software, and sundry other intangible assets.

Development expenses totalling EUR 2,695,000 were capitalised for a new model range in financial year 2011/2012 (2010/2011: EUR 5,509,000). This was accounted for by the Port Technology and the Industrial Cranes segments. Borrowing costs of EUR 200,000 were recognised for qualifying assets in the period under review (2010/2011: EUR 51,000). The underlying capitalisation rate determined on a quarterly basis averaged 3.74% in the financial year (2010/2011: 2.65%).

As in the previous year, impairment testing in financial year 2011/2012 did not result in recognition of any impairment losses.

As in the previous year, there were no impairment reversals in financial year 2011/2012.

Demag Cranes assumes for trademark assets that the assets are subject to continued use and have indefinite useful lives. Trademarks with indefinite useful lives are tested annually for impairment. The recoverable amount against which the carrying amount is compared is measured at fair value using the relief from royalty method. The future cash flows are discounted – applying a one-year (2010/2011: five-year) planning horizon – at a post-tax discount rate of 9.3% in the Industrial Cranes and Services segments (2011: 8.5%) and 9.3% in the Port Technology segment (2011: 8.5%). The imputed licence fee is estimated by Demag Cranes at 0.5% (2011: 0.5%) of budgeted revenue using the trademark. The carrying amounts of trademark assets in each segment are as follows:

	30 September	
in EUR thousand	**2012**	2011
Industrial Cranes	10,623	10,623
Port Technology	9,747	9,747
Services	6,891	6,891
Total	**27,261**	**27,261**

The Demag brand, which is not allocated to a specific segment, is additionally recognised with a carrying amount of EUR 500,000 (2011: EUR 500,000).

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

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

	1 October to 30 September			
in EUR thousand	**2011/2012**	Of which **Impairments**	2010/2011	Of which Impairments
Cost of sales	-568	–	-681	–
Research and development expenses	-1,464	–	-1,511	–
Selling, general and administrative expenses	-2,439	–	-2,555	–
Total	**-4,471**	**–**	**-4,746**	**–**

16. Property, plant and equipment

	Land	Buildings and leasehold improvements	Plant and machinery	Other plant and machinery	Prepayments and assets under construction	Property, plant and equipment under finance leases	**Total**
in EUR thousand							
Cost							
Balance at 1 October 2010	**24,574**	**69,962**	**106,379**	**40,431**	**3,925**	**74**	**245,345**
Change in the scope of the Consolidated Financial Statements	–	–	–	61	–	–	61
Additions	–	645	7,971	4,798	6,398	–	19,813
Disposals	–	–	-1,316	-1,882	-44	–	-3,242
Reclassifications	–	729	1,516	1,672	-3,938	-64	-86
Other changes	–	–	–	–	–	–	–
Exchange difference	142	-203	-379	-296	-125	–	-860
Balance at 30 September 2011	**24,716**	**71,132**	**114,172**	**44,785**	**6,216**	**10**	**261,031**
Balance at 1 October 2011	**24,715**	**71,132**	**114,172**	**44,785**	**6,216**	**10**	**261,031**
Change in the scope of the Consolidated Financial Statements	-550	-2,274	-1,866	-2,796	-128	–	-7,613
Additions	–	3,114	5,009	4,666	4,542	148	17,478
Disposals	–	-56	-2,137	-1,919	-29	–	-4,140
Reclassification	–	1,277	3,072	965	-5,376	–	-61
Reclassification as assets held for sale	-190	-446	-3,036	-6,435	-320	–	-10,427
Other changes	–	–	–	–	–	–	–
Exchange difference	19	-325	270	234	-2	1	197
Balance at 30 September 2012	**23,994**	**72,423**	**115,485**	**39,501**	**4,904**	**158**	**256,465**

in EUR thousand	Land	Buildings and leasehold improvements	Plant and machinery	Other plant and machinery	Prepayments and assets under construction	Property, plant and equipment under finance leases	**Total**
Depreciation, amortisation and impairments							
Balance at 1 October 2010	**-1,032**	**-33,054**	**-64,013**	**-29,565**	**-363**	**-62**	**-128,089**
Amortisation	–	-3,495	-9,479	-4,323	–	–	-17,298
Impairments	–	–	–	–	–	–	–
Disposals	–	–	1,263	1,758	–	–	3,021
Reclassifications	–	-24	445	-474	–	53	–
Exchange difference	–	45	79	162	-2	–	284
Balance at 30 September 2011	**-1,032**	**-36,528**	**-71,705**	**-32,443**	**-365**	**-10**	**-142,083**
Balance at 1 October 2011	**-1,032**	**-36,528**	**-71,705**	**-32,443**	**-365**	**-10**	**-142,083**
Change in the scope of the Consolidated Financial Statements	–	1,418	1,258	1,920	–	–	4,596
Amortisation	–	-3,576	-9,080	-4,423	–	-15	-17,095
Impairments	–	–	–	–	–	–	–
Disposals	–	15	1,971	1,844	–	–	3,831
Reclassification as assets held for sale	–	260	2,155	5,614	275	–	8,304
Exchange difference	–	93	-222	-202	-7	-1	-340
Balance at 30 September 2012	**-1,032**	**-38,319**	**-75,623**	**-27,690**	**-98**	**-26**	**-142,787**
Carrying amounts							
Balance at 1 October 2010	23,542	36,908	42,366	10,866	3,562	12	117,256
Balance at 30 September 2011	**23,684**	**34,604**	**42,467**	**12,343**	**5,851**	**–**	**118,949**
Balance at 1 October 2011	23,684	34,604	42,467	12,343	5,851	–	118,949
Balance at 30 September 2012	**22,962**	**34,104**	**39,862**	**11,812**	**4,806**	**133**	**113,678**

No impairments on property, plant and equipment were recognised in financial year 2011/2012 (2010/2011: EUR 0,000). There were no impairment reversals on property, plant and equipment in financial year 2011/2012 or 2010/2011.

Amortisation and impairments of property, plant and equipment are divided between items in the Statement of comprehensive income as follows:

	1 October to 30 September			
in EUR thousand	**2011/2012**	Of which Impairments	2010/2011	Of which Impairments
Cost of sales	-13,976	–	-14,255	–
Research and development expenses	-246	–	-130	–
Selling, general and administrative expenses	-2,874	–	-2,913	–
Total	**-17,095**	**–**	**-17,298**	**–**

Prepayments and assets under construction

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

	30 September	
in EUR thousand	**2012**	2011
Vertical turning system	518	–
Painting booth	465	–
Lathes	758	733
Bed milling machine	231	–
Boiler	139	–
Tools	127	–
Brake winder	101	–
Cranes	100	–
Construction of a computer centre	–	944
Machining centre	–	717
CNC machines	–	597
Parking garage refurbishment	–	486
Paint facility	–	442
Other	2,366	1,932
Total	**4,806**	**5,851**

17. Investment property

in EUR thousand	Land	Building	**Total**
Cost			
Balance at 1 October 2010	**182**	**8**	**190**
Transfer to/from property, plant and equipment	–	–	–
Disposals	–	–	–
Exchange difference	-4	-1	-5
Balance at 30 September 2011	**178**	**8**	**186**
Balance at 1 October 2011	**178**	**8**	**186**
Transfer to/from property, plant and equipment	–	–	–
Disposals	–	–	–
Exchange difference	0	0	0
Balance at 30 September 2012	**178**	**8**	**186**
Depreciation, amortisation and impairments			
Balance at 1 October 2010	**–**	**-5**	**-5**
Amortisation	–	-1	-1
Impairments	–	–	–
Disposals	–	–	–
Exchange difference	–	1	1
Balance at 30 September 2011	**–**	**-6**	**-6**
Balance at 1 October 2011	**–**	**-6**	**-6**
Amortisation	–	0	0
Impairments	–	–	–
Disposals	–	–	–
Exchange difference	–	0	0
Balance at 30 September 2012	**–**	**-6**	**-6**
Carrying amounts			
Balance at 1 October 2010	182	3	185
Balance at 30 September 2011	**178**	**2**	**180**
Balance at 1 October 2011	178	2	180
Balance at 30 September 2012	**178**	**1**	**179**

As in the previous year, rental income included under other operating income in the Statement of comprehensive income for the reporting period comes to less than EUR 100,000 net of attributable operating expenses.

18. Investments accounted for using the equity method

Equity-accounted investments relate in their entirety to the shareholding in MHE-Demag (S) Pte. Ltd., Singapore ("MHE- Demag"). Demag Cranes' share in the profit of MHE-Demag for financial year 2011/2012 is EUR 3,919,000 (2010/2011: EUR 3,210,000). Revenue in financial year 2011/2012 includes EUR 26,500,000 (2010/2011: EUR 21,815,000) in supplies to MHE-Demag. Income from the investment included in the Statement of comprehensive income is explained in Note 11 (Income from investments accounted for using the equity method).

The table below contains financial information on MHE-Demag relative to the 50% ownership interest held by Demag Cranes:

	31 August	
in EUR thousand	**2012**	2011
Revenue[1]	67,184	50,905
Other operating income[1]	447	237
Expenses[1]	62,482	46,678
Tax[1]	1,230	1,254
Net income after tax[1]	3,919	3,210
Non-current assets	7,631	5,557
Current assets	48,515	37,855
Non-current liabilities	766	–
Current liabilities	31,716	20,243
Equity	23,664	23,169

[1] 1 September – 31 August

19. Other investments

	Subsidiaries, joint ventures and investments	Long-term securities	**Total**
in EUR thousand			
Cost			
Balance at 1 October 2010	**50**	**726**	**776**
Additions	–	–	–
Change in fair value	–	-31	-31
Disposals	–	–	–
Balance at 30 September 2011	**50**	**694**	**745**
Balance at 1 October 2011	**50**	**694**	**745**
Additions	–	–	–
Change in fair value	–	29	29
Reclassification as assets held for sale	-15	–	-15
Disposals	-25	–	-25
Balance at 30 September 2012	**10**	**723**	**733**

20. Trade receivables and other financial assets

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Trade receivables	144,048	1,083	145,131	203,867	1,159	205,026
Trade receivables from associates and joint ventures	6,239	–	6,239	54	–	54
Derivative financial instruments	484	–	484	335	–	335
Receivables from employees	502	–	502	589	–	589
Contract work trade receivables/payables	3,500	–	3,500	–	–	–
Other	15,757	1,689	17,446	401	1,817	2,218
Gross	**170,529**	**2,772**	**173,301**	**205,245**	**2,976**	**208,221**
Impairments	-6,581	-427	-7,009	-10,587	-289	-10,876
Net	**163,948**	**2,345**	**166,293**	**194,658**	**2,687**	**197,345**

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.

As in the previous year, no receivables were forfaited during the financial year.

Derivative financial instruments mainly consist of derivatives with positive fair values of EUR 484,000 (2011: EUR 335,000) that are not used for hedging purposes.

Trade receivables past due at 30 September 2012 before impairment losses recognised on a collective basis:

	30 September	
in EUR thousand	**2012**	2011
Gross carrying amount	154,870	205,080
Individual impairments	-6,599	-9,903
Trade receivables	**148,271**	**195,177**
Of which at the balance sheet date neither impaired		
nor past due	95,580	161,089
up to 30 days past due	15,389	16,488
31 to 60 days past due	4,738	4,302
61 to 90 days past due	3,379	2,186
91 to 180 days past due	3,049	2,204
181 to 360 days past due	3,205	1,820
over 360 days past due	594	704

Impairment losses totalling EUR 6,599,000 (2011: EUR 9,903,000) were individually recognised on trade receivables with a gross carrying amount of EUR 28,935,000 (2011: EUR 16,286,000).

There was no indication at the balance sheet date that debtors will not meet their payment obligations with regard to trade receivables neither impaired nor past due.

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

	2011/2012		2010/2011	
in EUR thousand	**Total**	Of which specific allowances	Total	Of which specific allowances
Balance at 1 October	**-10,876**	**-9,904**	**-11,527**	**-9,345**
Additions	-4,003	-3,865	-4,173	-3,909
Reversals	3,944	3,778	3,270	1,824
Drawings	1,150	1,150	1,531	1,531
Exchange difference	-228	-206	22	-6
Sale/reclassification	3,005	2,449	–	–
Balance at 30 September	**-7,009**	**-6,599**	**-10,876**	**-9,904**

Impairment losses totalling EUR 6,599,000 (2011: EUR 9,904,000) were individually recognised on trade receivables and other financial assets with a gross carrying amount of EUR 161,104,000 (2011: EUR 208,221,000). 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 41,000 (2011: EUR 972,000). The impaired receivables are owed by a large number of different customers. Receivables are monitored by the individual Group companies.

Detailed information on financial instruments is provided in Note 34.

Construction contracts in progress at the balance sheet date:

	30 September	
in EUR thousand	**2012**	2011
Construction costs incurred	2,846	345
plus recognised profits	654	86
Progress billings	–	-431
Total	**3,500**	**–**

Revenue from construction contracts came to EUR 3,500,000 in financial year 2011/2012 (2010/2011: EUR 421,000), comprising EUR 3,500,000 in the Industrial Cranes segment (2010/2011: EUR 421,000). There were no retentions at the balance sheet date.

21. Other non-financial assets

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	Total	Current	Non-current	Total
Other tax receivables	7,339	–	7,339	13,235	–	13,235
Prepayments	3,334	–	3,334	2,686	940	3,627
Deferred charges	4,111	–	4,111	4,835	–	4,835
Other	3,587	1,073	4,660	3,492	1,073	4,565
Gross	**18,372**	**1,073**	**19,445**	**24,248**	**2,014**	**26,262**
Impairments	-209	-1,073	-1,282	-19	-1,073	-1,092
Net	**18,163**	**0**	**18,163**	**24,229**	**940**	**25,170**

The carrying amounts of other non-financial assets largely match their fair values.

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

in EUR thousand	2011/2012 Total	2011/2012 Of which Individual impairments	2010/2011 Total	2010/2011 Of which Individual impairments
Balance at 1 October	**-1,092**	**-1,092**	**-1,073**	**-1,073**
Additions	-193	-193	-19	-19
Reversals	3	3	–	–
Exchange differences	1	1	–	–
Balance at 30 September	**-1,282**	**-1,285**	**-1,092**	**-1,092**

22. Inventories

in EUR thousand	30 September **2012**	30 September 2011
Materials and supplies	42,443	56,799
Work in progress	141,365	160,102
Finished goods and products held for resale	4,219	8,900
Total	**188,027**	**225,802**

A total of EUR 549,218,000 (2010/2011: EUR 506,401,000) in inventories were recognised as expense (material expenses) in the reporting period. This is net of EUR 2,161,000 in income from reversal of write-downs (2010/2011: EUR 5,338,000 in write-downs). The gross value of written-down inventories is EUR 47,842,000 (30 September 2011: EUR 67,534,000).

23. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2012 were made up as follows:

in EUR thousand	30 September **2012**	30 September 2011
Cash on hand	57	1,750
Current accounts (bank)	31,870	81,320
Fixed-term deposits	23,878	22,589
Other	141	1,947
Total	**55,947**	**107,606**

The cash and cash equivalents items in the Statement of financial position and the Statement of cash flow are identical. EUR 1,082,000 (30 September 2011: EUR 2,287,000) are pledged as security for liabilities.

Changes in cash and cash equivalents in the reporting period are shown in the Statement of cash flow.

24. Non-current assets held for sale and associated liabilities

On 25 September 2012, the Management Board of Demag Cranes AG decided to sell a number of foreign subsidiaries to companies in the Terex Group. From this point, all assets and liabilities of the companies designated for sale are treated as a disposal group as defined in IFRS 5.

Demag Cranes & Components S.p.A., Italy and its subsidiaries Donati Sollevamenti S.r.l., Italy and Donati Ltd. UK, Great Britain are to be sold to Terex Italia S.r.l.

Demag Cranes & Components S.A.U., Spain is to be sold to Terex Equipment and Machinery Espana S.L.U., Spain.

It is further planned to sell DCC France Holdco S.A., France and its subsidiary Demag Cranes & Components S.A.S., France to Terex Cranes SAS, France.

Demag Cranes & Components Pty. Ltd., Australia is to be sold to Terex Australia Pty. Ltd., Australia.

The assets and liabilities of these entities have been reclassified as non-current assets held for sale and liabilities associated with non-current assets held for sale and are made up as follows:

in EUR thousand	30 September 2012
Goodwill	7,674
Other intangible assets	184
Property, plant and equipment	2,138
Other non-current assets	7,185
Inventories	12,553
Trade receivables	39,714
Other current assets	8,826
Assets held for sale	78,275
Non-current liabilities	3,527
Current liabilities	31,806
Liabilities in connection with assets held for sale	35,333
Balance	42,942

The subsidiaries held for sale come under the Industrial Cranes and the Services segments.

25. 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 authorisations

By resolution of the Annual General Meeting of 2 March 2011, the Management Board is authorised subject to Supervisory Board approval to increase the Company's share capital by up to EUR 10,586,000 by issuing new no-par-value bearer shares, each comprising one euro of share capital, for cash or non-cash consideration on one or more occasions by or before 1 March 2016 (authorized capital). In circumstances listed in the authorising resolution, the Management Board is authorised to exclude existing shareholders' statutory right of pre-emption.

By resolution of the Company's Annual General Meeting of 2 March 2010, the Management Board of Demag Cranes AG is further authorised, subject to Supervisory Board approval, to issue convertible and/or warrant-linked bearer bonds (collectively 'bonds') with limited or unlimited maturities up to an aggregate face value of EUR 210,000,000 on one or more occasions by or before 1 March 2015 and to give the bondholders conversion rights and/or options (including with an attached conversion obligation) to no-par-value bearer shares in the Company making up a maximum EUR 4,200,000 portion of the share capital in accordance with the detailed terms and conditions of the convertible or warrant-linked bond issue (conditional capital). The bonds are required to be issued solely for cash.

No convertible bonds or warrant-linked bonds had been issued as at the 30 September 2012 balance sheet date.

Additional paid-in capital

The change in additional paid-in capital during the financial year relates to the share option scheme (Matching Stock Program).

Share-based payment (Matching Stock Program)

To promote the attainment of its business goals, Demag Cranes launched a Matching Stock Program (MSP) in 2006. The MSP was a form of long-term compensation with an incentive component and entitled executives and managerial employees to subscribe for phantom shares. For each MSP share acquired in the MSP, participants received five tranches – one tranche a year – of six phantom shares each. The phantom shares were subject to a two-year lock-up period from allocation of each tranche and exercised automatically thereafter at the base price on attainment of a specific performance threshold.

The performance threshold for the first (2006) tranche was attained. The phantom shares were allocated to participants and the two-year lock-up period has since expired.

The performance thresholds for the second (2007) and third (2008) tranches were not attained.

The performance threshold for the fourth (2009) tranche was attained on 23 June 2011. Participants exercised 286,002 phantom shares that were initially blocked until 23 June 2013. Due to the takeover by Terex Industrial Holding AG, these phantom shares were released ahead of time with effect from 22 June 2012.

The performance threshold for the fifth (2010) tranche of the Matching Stock Program (base price EUR 28.40; exercise price EUR 51.09) was attained on 23 June 2012.

The 43,420 remaining MSP shares from the fifth tranche entitled participants to exercise 260,520 phantom shares. As the gross MSP gain – the difference between the base price and the performance threshold for all remaining phantom shares – exceeded the MSP cap of EUR 4,000, the gross MSP gain was reduced to the MSP cap on a pro rata basis for all participants.

Demag Cranes AG made use of the opportunity provided by the takeover by Terex Industrial Holding AG to settle the fifth and last tranche of the Matching Stock Program in cash. The net MSP gain (gross MSP gain less payroll tax and social insurance contributions) was determined to be EUR 2,194,000 and was paid out to participants.

As at 30 September 2012, there were no phantom shares outstanding at Demag Cranes (30 September 2011: 264,198 phantom shares outstanding).

Demag Cranes recognised an expense and credited to additional paid-in capital an amount of EUR 173,000 for the MSP in 2011/2012 (2010/2011: EUR 123,000). The liability for payment of payroll tax and social insurance contributions for plan participants was EUR 0,000 (2010/2011: EUR 483,000) at the balance sheet date.

Retained earnings

Retained earnings consist of net income for the financial year, accumulated profits carried forward less dividends, together with differences between the expected and actual defined benefit obligation and the actual and expected return on plan assets.

Other comprehensive income

Other comprehensive income comprises three items: cash flow hedges, available-for-sale financial assets, and differences arising from currency translation.

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

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

The components of accumulated other comprehensive income presented in the Statement of changes in equity are stated after income tax. In the Statement of comprehensive income, changes in the financial year are presented before tax along with the tax effect relating to net income recognised directly in equity. The table below reconciles the before-tax to the after-tax amounts.

in EUR thousand	**2011/2012**	2010/2011
Changes in the fair value of available-for-sale financial instruments	**-16**	**-38**
Changes affecting profit or loss	–	–
Changes not affecting profit or loss	29	-31
Deferred tax	-7	8
Actuarial gains/losses	**-52,929**	**-7,939**
Changes not affecting profit or loss	-42,488	14,405
Deferred tax	-2,502	-4,547
Differences arising from currency translation	**11,137**	**3,792**
Changes affecting profit or loss	–	–
Changes not affecting profit or loss	7,345	-3,331
Of which from investments accounted for using the equity method	1,853	-269
Net income recognised directly in equity at 30 September	**-41,809**	**-4,184**

The above presentation also includes the portion of net income recognised directly in equity that is attributable to non-controlling interests.

Paid and proposed dividends

Under the domination and profit and loss transfer agreement entered into on 30 January 2012 between Terex Germany GmbH & Co. KG, Düsseldorf and Demag Cranes AG, Düsseldorf, the net income of EUR 18,198,000 for financial year 2011/2012 is to be transferred to Terex Germany GmbH & Co KG.

The agreement further provides for an annual guaranteed dividend payment by Terex Germany GmbH & Co. KG to all outside shareholders of Demag Cranes AG in the gross amount of EUR 3.33 per no-par value share (EUR 3.04 net per no-par value share).

A dividend of EUR 0.04 per share was approved at the Annual General Meeting for financial year 2010/2011 on 16 March 2012.

26. Provisions for pensions and similar obligations

The provisions for pensions and similar obligations are made up as follows:

	30 September	
in EUR thousand	**2012**	2011
Defined benefit obligation	174,551	134,634
Deferred compensation	9,137	8,608
Similar obligations	3	3
Total	**183,691**	**143,246**

Defined benefit obligation

In Germany, Demag Cranes pays post-employment benefits to almost all retired employees. Outside Germany, post-employment benefits have been granted to employees in Switzerland. 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 2011/2012:

		2011/2012			2010/2011	
in EUR thousand	Germany	Other countries	**Total**	Germany	Other countries	Total
Defined benefit obligation as at 1 October	**131,326**	**21,776**	**153,102**	**146,038**	**21,137**	**167,175**
Current service cost	1,467	514	1,981	1,918	510	2,429
Interest cost	6,268	499	6,767	5,750	484	6,234
Exchange differences	–	192	192	–	1,647	1,647
Contributions by plan participants	–	426	426	–	395	395
Actuarial gains/losses	41,435	-305	41,129	-15,230	836	-14,394
Benefits paid	-7,727	139	-7,587	-7,634	-557	-8,191
Other	-964	–	-964	484	-2,676	-2,192
Defined benefit obligation as at 30 October	**171,805**	**23,241**	**195,046**	**131,326**	**21,776**	**153,102**
Of which						
funded	–	20,496	20,496	–	18,467	18,467
unfunded	171,805	2,745	174,551	131,326	3,309	134,635

The actuarial gains and losses result from differences between the actual and expected benefit obligation. The change in accumulated actuarial gains and losses mainly relates to a change in the discount rate from 4.75% to 3.15%.

The table below reconciles the present value of the defined benefit obligation to the amount of the obligation stated in the Statement of financial position:

			30 September		
in EUR thousand	**2012**	2011	2010	2009	2008
Defined benefit obligation	195,046	153,102	167,175	140,242	120,796
Fair value of plan assets	-20,496	-18,467	-19,209	-16,600	-16,753
Amount not recognised as asset	–	–	–	–	55
Prepayments	–	–	–	–	–
Provision for defined benefit obligation	**174,551**	**134,634**	**147,966**	**123,642**	**104,097**

The fair value of plan assets changed as follows:

in EUR thousand	**2011/2012**	2010/2011
Fair value of plan assets at 1 October	**18,467**	**19,209**
Expected return on plan assets	764	702
Contributions by the employer	470	438
Contributions by plan participants	426	395
Pension benefits	139	-557
Actuarial gains (+)/losses (-)	64	-479
Exchange difference	164	1,436
Reversals	-	-2,676
Fair value of plan assets at 30 September	**20,496**	**18,467**
Actual income from plan assets	828	223

Only plans outside Germany are funded.

Plan assets are made up as follows:

	30 September	
in %	**2012**	2011
Equity instruments	28	24
Debt instruments	50	55
Property	14	14
Other short-term investments	9	7
Total	**100**	**100**

The investment objectives of Demag Cranes 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. The securities portfolio is administered 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:

	01 October to 30 September 2011/2012			1 October to 30 September 2010/2011		
in EUR thousand	Germany	Other countries	**Total**	Germany	Other countries	Total
Current service cost	1,467	514	1,981	1,918	510	2,428
Interest cost	6,268	499	6,767	5,750	484	6,234
Expected return on plan assets	–	-764	-764	–	-702	-702
Other	–	–	0	–	–	0
Pension expense, net	**7,736**	**249**	**7,985**	**7,668**	**292**	**7,960**
Included in						
cost of sales	842	345	1,187	1,035	344	1,379
selling, general and administrative expenses	625	169	794	878	166	1,044
research and development expenses	0	–	0	5	–	5
interest and similar income	–	-764	-764	–	–	0
interest and similar income expenses	6,268	499	6,767	5,750	-218	5,532

The assumed discount rates and rates of increase for wages, salaries and benefits used to compute the defined 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:

	2011/2012		2010/2011	
in %	**Germany**	**Other countries**	Germany	Other countries
Discount rate	3.15	2.00	4.75	2.25
Expected salary increase	2.5	1.25	2.5	1.5
Expected increases in pensions	2.0	-	1.5	–
Expected return on plan assets	-	3.75	–	4.0

Experience adjustments are as follows:

	30 September				
in %	**2012**	2011	2010	2009	2008
Defined benefit obligation	0.1	-0.8	0.7	-0.2	-1.8
Plan assets	-0.3	-2.6	1.7	-7.9	-7.5

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. The figures state the amount by which it was necessary to increase (+) or decrease (-) the estimated figures for the defined benefit obligation/plan assets.

Deferred compensation

Under agreements between Group companies and employees, a portion of employees' earnings is withheld and paid out at a later date. The employee benefit entitlements resulting from deferred compensation are computed using actuarial methods. EUR 9,137,000 in deferred compensation was recognised as liabilities in financial year 2011/2012 (2010/2011: EUR 8,608,000).

Defined contribution plans

In addition to the defined benefit plans, payments are made notably in Germany, Brazil, Denmark, the USA and the UK into defined contribution plans. Under defined contribution arrangements, Demag Cranes 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 16,579,000 was recognised as an expense in financial year 2011/2012 (2010/2011: EUR 16,241,000). This included EUR 14,758,000 (2010/2011: EUR 14,472,000) in contributions to the state pension scheme in Germany.

27. Other provisions

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Restructuring	4,235	–	4,235	2,478	–	2,478
Warranties and customer complaints	15,544	2,681	18,225	13,331	9,217	22,548
Legal and litigation	2,203	–	2,203	4,297	–	4,297
Other	915	–	915	1,304	–	1,304
Total	**22,897**	**2,681**	**25,578**	**21,410**	**9,217**	**30,628**

in EUR thousand	Restructuring	Warranties and customer complaints	Legal and litigation	Other	**Total**
Balance at 1 October 2010	**8,692**	**23,592**	**6,469**	**971**	**39,723**
Additional provisions made	11	1,665	179	1,506	3,361
Amounts used	-4,352	-1,732	-1,813	-1,013	-8,909
Unused amounts reversed	-1870	-953	-333	-192	-3,348
Exchange difference	-3	-14	-204	32	-189
Other changes	–	-11	–	–	-11
Balance at 30 September 2011	**2,478**	**22,548**	**4,297**	**1,304**	**30,628**
Balance at 1 October 2011	**2,478**	**22,548**	**4,297**	**1,304**	**30,628**
Change in the scope of the Consolidated Financial Statements	-9	-578	-339	-46	-972
Additional provisions made	4,227	8,708	286	512	13,734
Amounts used	-1,829	-2,158	-1,405	-836	-6,228
Unused amounts reversed	-494	-9,451	-129	-60	-10,135
Reclassification as liabilities in connection with assets held for sale	-139	-1,042	-432	-21	-1,634
Exchange difference	1	198	-76	62	185
Other changes	–	–	–	–	0
Balance at 30 September 2012	**4,235**	**18,225**	**2,203**	**915**	**25,578**

The restructuring 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.

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 costs under product warranties are recognised when products are sold. The warranty provisions include individual provisions and provisions recognised on a collective basis. The material warranty claims will be settled in the next two years.

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

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 this probability 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 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 2012.

Uncertain obligations are presented separately from any reimbursement claims. Demag Cranes recognises claims against third parties where the criteria for recognition of an asset are satisfied.

28. Loans and borrowings

Loans and borrowings are made up as follows:

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Revolving credit facility, gross	–	–	–	–	125,000	125,000
Unamortised debt issuance cost	–	–	–	–	-2,346	-2,346
Revolving credit facility, net	**–**	**–**	**–**	**–**	**122,654**	**122,654**
Finance lease liabilities	–	105	105	–	–	–
Loans and borrowings from related parties	–	42	42	–	42	42
Other current liabilities	8,780	-	8,780	3,767	–	3,767
Other loans and borrowings	-	648	648	–	917	917
Total	**8,780**	**794**	**9,574**	**3,767**	**123,613**	**127,380**

Unamortised debt issuance cost has changed as follows:

in EUR thousand	**2011/2012**	2010/2011
Balance at 1 October	**-2,346**	**-364**
Additions	–	-3,150
Amortisation	2,321	862
Discount rate	25	306
Balance at 30 September	**–**	**-2,346**

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

Other short-term debt consists of short-term liabilities to banks.

Information on the Group's interest and exchange rate risks is provided in Note 34 (Additional disclosures on financial instruments).

Financing of the Demag Cranes Group

After the domination and profit and loss transfer agreement between Demag Cranes AG and Terex Germany GmbH & Co. KG, an indirect wholly-owned subsidiary of Terex Corporation, Westport, USA, came into effect on 18 April 2012, the EUR 350 million revolving credit facility (including the ancillary facility for guarantees in the amount of EUR 150 million) was repaid in full and terminated on 21 May 2012.

Since 16 May 2012, Demag Cranes has come under Terex Corporation's cash pooling arrangements. Under the cash pooling arrangements, Demag Cranes is able borrow up to EUR 150.0 million on short notice at any time. The refinancing interest rate with Terex is LIBOR plus an arm's length margin.

There were no borrowings under the cash pooling arrangements as at 30 September 2012.

Demag Cranes additionally has guarantee facilities with various banks and two insurers (EUR 99 million maximum) and via ancillary facilities with Terex Germany GmbH & Co. KG (EUR 33 million maximum). As at 30 September 2012, drawings on the guarantee facilities with banks and two insurers total EUR 84 million and drawings on the ancillary facilities with Terex Germany GmbH & Co. KG total EUR 19 million.

29. Trade payables and other financial liabilities

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	**Total**
Trade payables	48,857	–	48,857	93,021	–	93,021
Accrued liabilities	25,938	–	25,938	24,559	–	24,559
Derivative financial instruments	176	–	176	442	90	533
Severance benefits	–	2,262	2,262	–	4,757	4,757
Other selling-related liabilities	128	5,683	5,810	481	–	481
Other	16,120	–	16,120	19,281	4,708	23,989
Total	**91,218**	**7,945**	**99,163**	**137,784**	**9,556**	**147,340**

30. Other non-financial liabilities

	30 September 2012			30 September 2011		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	**Total**
Long-year service	–	1,709	1,709	–	2,065	2,065
Partial retirement	–	8,364	8,364	–	10,253	10,253
Other personnel liabilities	37,237	–	37,237	65,895	–	65,895
Value added tax	4,842	–	4,842	7,577	–	7,577
Social security, payroll tax and church tax	4,180	–	4,180	5,111	–	5,111
Other	3,791	11	3,802	4,266	1	4,267
Total	**50,050**	**10,084**	**60,134**	**82,849**	**12,318**	**95,168**

Demag Cranes recognises – primarily in Germany – liabilities for amounts payable 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. The obligation incorporates the full amount of increases under signed partial retirement plans. A pro rata amount is recognised for wages and salaries that continue to be payable during the non-working phase of partial retirement corresponding to service rendered during the working phase. Top-up amounts for impending additional plans are included in the liability in the expected amount of entitlements to pay increases. 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.

31. Deferred tax

Deferred tax assets and liabilities relate to the following items:

	30 September 2012		30 September 2011	
in EUR thousand	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Intangible assets	16	21	29	19,366
Property, plant and equipment	651	830	4,022	2,136
Inventories	3,525	154	6,539	963
Other assets	883	418	1,358	385
Consolidated entities tax loss	4,492	–	12,583	–
Provisions and liabilities	1,731	530	19,293	616
Other	902	161	253	177
Deferred tax assets before impairments and netting	**12,199**	**2,114**	**44,077**	**23,642**
Impairments	-1,239	–	-2,146	–
Netting	–	–	-18,048	-18,048
Total	**10,960**	**2,114**	**23,883**	**5,594**

Deferred tax recognised directly in equity:

	30 September	
in EUR thousand	**2012**	2011
Cash flow hedges	–	–
Actuarial gains/losses	886	3,398
Other equity items	3	3
Total	**889**	**3,401**

Changes in deferred taxes are normally recognised in profit or loss. As an exception from this rule, deferred taxes are recognised directly in equity when they relate to transactions or events that affect net income recognised directly in equity or another equity item. Further information is provided in Note 25 (Shareholders' equity).

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. Demag Cranes considers it probable that the recognised deferred tax assets will be utilised.

No deferred tax liabilities have been recognised for EUR 7,752,000 (2010/2011: EUR 76,904,000) in temporary differences in connection with investments in subsidiaries and joint ventures where it is not probable that the temporary differences will reverse in the foreseeable future.

Consolidated entities have tax loss carryforwards as follows:

	30 September	
in EUR thousand	**2012**	2011
Germany		
Corporation tax	2	23,708
Trade tax	2	23,851
Other countries	16,451	19,238

Tax losses can be carried forward indefinitely in Germany. Of the foreign loss carryforwards, EUR 9,632,000 (2010/2011: EUR 16,611,000) expire in the next five years and EUR 6,819,000

(2010/2011: EUR 2,628,000) in more than five years. In certain jurisdictions, the utilisation of tax loss carryforwards is limited by minimum taxation rules. Write-downs were recognised on corporate tax loss carryforwards of EUR 15,693,000 (2010/2011: EUR 8,579,000). Write-downs of EUR 0,000 were recognised on trade tax loss carryforwards (2010/2011: EUR 0,000).

Deferred tax assets recognised by Demag Cranes for tax loss carryforwards decrease in future periods as follows unless previously chargeable against current income:

	30 September	
in EUR thousand	**2012**	2011
Up to 1 year	2,277	1,435
1 year to 2 years	–	1,867
2 year to 3 years	–	734
3 year to 4 years	–	250
4 year to 5 years	131	251
More than 5 years	2,084	8,046
Total	**4,492**	**12,583**

Other disclosures

32. Statement of cash flow

The Statement of cash flow 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. Due to currency translation effects, changes presented in it relating to items in the Statement of financial position cannot be inferred directly from the Statement of financial position. 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 debt capital from borrowing. Cash and cash equivalents include cash on hand and in banks with a residual maturity of up to three months.

Cash flow from investing activities includes EUR 96.501,000 from the sale of the US companies. The selling price for the two companies was EUR 102,433,000. This is after deduction of EUR 5,932,000 in cash and cash equivalents.

The full EUR 125,000,000 in drawings on the revolving credit facility were repaid in the past financial year (2010/2011: EUR 105,000,000). As at 30 September 2012, there were no borrowings under the cash pooling arrangements with Terex begun in May. Loans and borrowings decreased by EUR 162,213,000 (2010/2011: increase of EUR 24,262,000). These figures are reported in cash flow from financing activities under payments/proceeds from loans and borrowings. Further information on financing is provided in Note 28.

Dividends of EUR 847,000 were paid out to shareholders of Demag Cranes AG in financial year 2011/2012 (2010/2011: EUR 12,704,000).

33. Segment reporting

Segment reporting at Demag Cranes reflects internal reporting. For internal control of Demag Cranes, the Management Board uses operating earnings before interest and tax (EBIT) adjusted to eliminate the effects of acquisitions, restructuring and severance payments. Segment earnings and the management adjustments are not defined in IFRS. They may differ from the definitions used by other companies; this limits the usefulness of intercompany comparisons.

The Demag Cranes 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, as well as the sale of spare parts. The Unallocated item relates to holding company costs.

The segment information provides in summary form the disclosures without management adjustments for each segment (revenue, earnings before interest and tax (EBIT), segment assets, segment liabilities and segment capital expenditure). The reported amounts represent the portion of IFRS-basis Group figures that can be directly attributed to segments or can be allocated to them on a reasonable basis. Disclosures on segments with management adjustments are prefixed “operating” (operating depreciation, amortisation and impairments; operating earnings before interest and tax (EBIT)).

The table below presents the control parameters used to measure segment performance.

in EUR thousand	Revenue		Gross profit		Operating depreciation, amortisation and impairments	
	1 October to 30 September		1 October to 30 September		1 October to 30 September	
	2011/2012	2010/2011	**2011/2012**	2010/2011	**2011/2012**	2010/2011
Industrial Cranes	523,979	489,812	128,267	125,495	11,898	11,476
Of which from investments accounted for using the equity method	–	–	–	–	–	–
Services	334,484	333,458	134,629	131,048	1,614	1,608
Industrial Cranes and Services	*858,463*	*823,271*	*262,897*	*256,543*	*13,511*	*13,084*
Port Technology	264,804	238,985	54,010	51,530	4,514	4,822
Reportable segments	**1,123,267**	**1,062,256**	**316,906**	**308,073**	**18,025**	**17,906**
Unallocated	–	–	–	–	2,686	3,157
Group	**1,123,267**	**1,062,256**	**316,906**	**308,073**	**20,711**	**21,062**

There was no material inter-segment revenue in financial year 2011/2012 or 2010/2011.

Operating adjustments in financial year 2011/2012 mainly relate to the EUR 57,205,000 proceeds on the sale of the US companies. This was countered by EUR 3,761,000 in restructuring costs and the EUR 5,654,000 intra-group transfer to Terex.

The adjustments to derive segment operating earnings mainly relate in financial year 2010/2011 to costs in connection with the takeover offer from Terex Industrial Holding AG and refinancing costs. The adjustments also include a EUR 1,759,000 reduction in restructuring provisions.

Material non-cash expenses other than depreciation, amortisation and impairments in the financial year amounted to EUR 0,000 (2010/2011: EUR 0,000). Restructuring costs in the financial year came to EUR 488,000 (2010/2011: EUR 4,003,000).

Reconciliation to IFRS-based Group EBIT:

The table below reconciles segment EBIT as represented by operating earnings before interest and tax (EBIT) to Demag Cranes Group earnings before interest and tax (EBIT).

	Operating earnings before interest tax (EBIT)		**Reconciliation**		**Earnings before interest and tax (EBIT)**	
	1 October to 30 September		1 October to 30 September		1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011	**2011/2012**	2010/2011	**2011/2012**	2010/2011
Industrial Cranes	13,640	10,836	26,648	478	40,288	11,314
Of which from investments accounted for using the equity method	3,919	3,210	–	–	3,919	3,210
Services	67,627	66,154	20,490	110	88,118	66,264
Industrial Cranes and Services	*81,268*	*76,990*	*47,138*	*588*	*128,406*	*77,578*
Port Technology	13,369	9,181	-1,215	-99	12,155	9,082
Reportable segments	**94,637**	**86,171**	**45,924**	**489**	**140,561**	**86,660**
Unallocated	-5,425	-10,477	-4,880	-32,296	-10,305	-42,773
Group	**89,212**	**75,694**	**41,044**	**-31,807**	**130,256**	**43,887**

The table below reconciles earnings before interest and tax (EBIT) to Demag Cranes Group earnings before tax (EBT).

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Earnings before interest and tax (EBIT)	130,256	43,887
Interest and similar income	3,158	2,980
Interest and similar expenses	-16,449	-14,878
Earnings before tax (EBT)	**116,966**	**31,989**

The table below shows segment assets, segment liabilities and segment capital expenditure together with their reconciliation to the Group figures.

	Segment assets		**Segment liabilities**		**Segment capital expenditure**	
	30 September		30 September		1 October to 30 September	
in EUR thousand	**2012**	2011	**2012**	2011	**2011/2012**	2010/2011
Industrial Cranes	327,911	349,578	267,048	220,080	12,574	18,240
Of which from investments accounted for using the equity method	25,041	23,478	–	–	–	–
Services	170,301	212,717	59,890	67,010	2,178	1,896
Industrial Cranes and Services	*498,212*	*562,295*	*326,937*	*287,090*	*14,752*	*20,136*
Port Technology	174,094	174,573	102,652	73,563	4,283	3,921
Reportable segments	**672,306**	**736,868**	**429,590**	**360,652**	**19,035**	**24,057**
Unallocated	130,193	158,075	96,784	284,259	3,236	2,631
Group	**802,499**	**894,943**	**526,373**	**644,912**	**22,272**	**26,688**

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.

Geographical reporting

The table below provides supplementary information on the geographical distribution of the Demag Cranes Group's revenue and non-current assets.

	Revenue		Non-current assets	
	1 October to 30 September		30 September	
in EUR thousand	**2011/2012**	2010/2011	**2012**	2011
Germany	226,748	204,608	203,947	201,202
Rest of Europe	328,457	311,205	36,320	42,227
North and South America	237,140	236,226	25,283	42,542
Other	330,922	310,216	16,714	22,026
Total	**1,123,267**	**1,062,256**	**282,263**	**307,997**

Revenue is allocated by region based on the destination country of goods sold.

34. Additional disclosures on financial instrument

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 2012					Fair value based on:		
in EUR thousand	Carrying amount	Of which Within the scope of IFRS 7	Categories of measurement in accordance with IAS 39	(Continued) Cost	Fair value	Quoted market value (level 1)	Other market prices (level 2)	Non-observable market prices (level 3)
Cash and cash equivalents	**55,947**	**55,947**	**LaR**	**55,947**	**55,947**	**–**	**–**	**–**
Trade receivables	**147,861**	**147,861**	**LaR**	**147,861**	**147,861**	**–**	**–**	**–**
Other financial assets	**6,234**	**6,234**		**5,750**	**6,234**	**–**	**484**	**–**
Derivatives not in designated hedging relationships	484	484	**HfT**	–	484	–	484	–
Derivatives in designated hedging relationships	–	–	n/a	–	–	–	–	–
Other financial assets	5,750	5,750	LaR	5,750	5,750	–	–	–
Other investments	**733**	**733**		**10**	**723**	**723**	**–**	**–**
Investments in associates	10	10	AfS	10	–	–	–	–
Long-term securities	723	723	AfS	–	723	723	–	–
Total financial assets	**210,775**	**210,775**		**209,568**	**210,765**	**723**	**484**	**–**
Loans and borrowings	**16,056**	**16,056**		**16,056**	**16,056**	**–**	**–**	**–**
Revolving credit facility, net	–	–	n/a	–	–	–	–	–
Loans and borrowings								
Loans and borrowings from related parties	42	42	AmC	42	42	–	–	–
Finance leases	105	105	AmC	105	105	–	–	–
Other financial liabilities	15,910	15,910	AmC	15,910	15,910	–	–	–
Trade payables	**48,857**	**48,857**	**AmC**	**48,857**	**48,857**	**–**	**–**	**–**
Other financial liabilities	**50,307**	**50,307**		**50,130**	**50,307**	**–**	**176**	**–**
Derivatives not in designated hedging relationships	176	176	HfT	–	176	–	176	–
Derivatives in designated hedging relationships	–	–	n/a	–	–	–	–	–
Other financial liabilies	50,130	50,130	AmC	50,130	50,130	–	–	–
Total financial liabilities	**115,219**	**115,219**		**115,043**	**115,219**	**–**	**176**	**–**

in EUR thousand	30 September 2012 Carrying amount	Of which Within the scope of IFRS 7	Categories of measurement in accordance with IAS 39	(Measured at) amortised cost	Fair value	Fair value based on: Quoted market value (level 1)	Other market prices (level 2)	Non-observable market prices (level 3)
Available-for-sale financial assets	733	733	AfS	10	723	723	–	–
Loans and receivables	290,558	290,558	LaR	290,558	290,558	–	–	–
Held for trading (at fair value through profit or loss)	308	308	HfT	–	308	–	308	–
Financial liabilities measured at amortised cost	115,043	115,043	AmC	115,043	115,043	–	–	–
Not applicable	–	–	n/a	–	–	–	–	–

	30 September 2011			(Continued)		Fair value based on:		
in EUR thousand	Carrying amount	Of which Within the scope of IFRS 7	measurement in accordance with IAS 39	Cost	Fair value	Quoted market value (level 1)	Other market prices (level 2)	Non-observable market prices (level 3)
Cash and cash equivalents	**107,606**	**107,606**	**LaR**	**107,606**	**107,606**	**–**	**–**	**–**
Trade receivables	**194,205**	**194,205**	**LaR**	**194,205**	**194,205**	**–**	**–**	**–**
Other financial assets	**3,140**	**3,140**		**2,805**	**3,140**	**–**	**335**	**–**
Derivatives not in designated hedging relationships	335	335	HfT	–	335	–	335	–
Derivatives in designated hedging relationships	–	–	n/a	–	–	–	–	–
Other financial assets	2,805	2,805	LaR	2,805	2,805	–	–	–
Other investments	**745**	**745**		**50**	**694**	**694**	**–**	**–**
Investment in associates	50	50	AfS	50	–	–	–	–
Long-term securities	694	694	AfS	–	694	694	–	–
Total financial assets	**305,695**	**305,695**		**304,666**	**305,645**	**694**	**335**	**–**
Loans and borrowings	**127,380**	**127,380**		**127,380**	**127,380**	**–**	**–**	**–**
Revolving credit facility, net	122,654	122,654	AmC	122,654	122,654	–	–	–
Loans and borrowings from related parties	42	42	AmC	42	42	–	–	–
Finance leases	–	–	n/a	–	–	–	–	–
Other financial liabilities	4,685	4,685	AmC	4,685	4,685	–	–	–
Trade payables	**93,021**	**93,021**	**AmC**	**93,021**	**93,021**	**–**	**–**	**–**
Other financial liabilities	**54,319**	**54,319**		**53,787**	**54,319**	**–**	**533**	**–**
Derivatives not in designated hedging relationships	533	533	HfT	–	533	–	533	–
Derivatives in designated hedging relationships	–	–	n/a	–	–	–	–	–
Other financial liabilies	53,787	53,787	AmC	53,787	53,787	–	–	–
Total financial liabilities	**274,721**	**274,721**		**274,188**	**274,721**	**–**	**533**	**–**

	30 September 2011			(Continued)		Fair value based on:		
in EUR thousand	Carrying amount	Of which Within the scope of IFRS 7	Categories of measurement in accordance with IAS 39	Cost	Fair value	Quoted market value (level 1)	Other market prices (level 2)	Non-observable market prices (level 3)
Available-for-sale financial assets	745	745	AfS	50	694	694	–	–
Loans and receivables	304,616	304,616	LaR	304,616	304,616	–	–	–
Held for trading (at fair value through profit or loss)	-198	-198	HfT	–	-198	–	198	–
Financial liabilities measured at amortised cost	274,188	274,188	AmC	274,188	274,188	–	–	–
Not applicable	–	–	n/a	–	–	–	–	–

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. It is not possible for investments in associates to be carried at fair value because their future cash flows cannot be reliably determined and no information is available on recent transactions for similar investments. 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.

No reclassifications between fair value hierarchy levels were required in the past financial year.

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

in EUR thousand	Carrying amount	30 September 2012 Outflow of resources in the next reporting	Outflow of resources in the next-but-one	Later outflow of resources
Revolving credit facility, gross	–	–	–	–
Loans and borrowings from related parties	42	8	8	25
Finance lease liabilities	105	80	33	-
Other financial liabilities	15,910	15,407	235	267
Outflow of resources from loans and borrowings	**16,056**	**15,496**	**277**	**292**
Trade payables	48,857	48,857	–	–
Derivatives not in designated hedging relationships	176	176	–	–
Derivatives in designated hedging relationships	–	–	–	–
Other financial liabilies	50,130	38,476	178	7,260
Trade payables and other financial liabilities	**99,163**	**99,163**	**178**	**7,260**
Outflow of resources from financial liabilities within the scope of IFRS 7	**115,219**	**114,659**	**455**	**14,519**

in EUR thousand	Carrying amount	30 September 2011 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	125,000	19,101	3,609	118,421
Loans and borrowings from related parties	42	42	–	–
Finance lease liabilities	–	–	–	–
Other financial liabilities	4,685	3,990	271	423
Outflow of resources from loans and borrowings	**129,726**	**23,133**	**3,881**	**118,845**
Trade payables	93,021	93,021	–	–
Derivatives not in designated hedging relationships	533	442	–	90
Derivatives in designated hedging relationships	–	–	–	–
Other financial liabilies	53,787	38,806	359	13,274
Trade payables and other financial liabilities	**147,341**	**132,269**	**359**	**13,365**
Outflow of resources from financial liabilities within the scope of IFRS 7	**277,067**	**155,402**	**4,239**	**132,209**

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		Available-for-sale financial assets		Held for trading (at fair value through profit or loss)		Financial liabilities measured at amortised cost	
in EUR thousand	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
Interest income	1,838	1,972	58	61	–	–	–	–
Interest cost	–	–	–	–	–	–	-6,550	-6,638
Dividends	–	–	–	–	–	–	–	–
Currency translation gains	6,493	7,448	–	–	–	–	2,713	1,168
Expenses arising from currency translation								
Exchange difference	-4,885	-7,308	–	–	–	–	-4,282	-3,670
Impairments	–	–	–	–	–	–	–	–
Impairment reversals	2,227	3,270	–	–	–	–	–	–
Fair value gains and losses	–	–	–	–	–	–	–	–
Disposal gains and losses	–	–	–	–	–	–	–	–
Net gains or losses	**5,672**	**5,383**	**–**	**61**	**–**	**–**	**-8,120**	**-9,140**

Interest income on impaired financial assets came to EUR 0,000 in the financial year (2010/2011: EUR 0,000).

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 or 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

Demag Cranes 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. 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.

The table below shows the notional amounts and fair values of derivative financial instruments held at the balance sheet date.

	30 September 2012		30 September 2011	
in EUR thousand	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**
Assets				
Currency contracts	18,460	484	19,033	335
Interest rate contracts	–	–	–	–
Shareholders’ equity and liabilities				
Currency contracts	12,661	-176	18,001	-533
Interest rate contracts	–	–	–	–
Total	**31,121**	**308**	**37,034**	**-198**

Positive fair values of derivative financial instruments are included in the Statement of financial position in other financial assets, and negative fair values in other financial liabilities.

Financial risk management

Demag Cranes 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 Demag Cranes 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

Demag Cranes maintains global business relationships and 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. The accounting treatment of hedges and the impact of valuation of derivative financial instruments are described in Note 5.

Credit risk

Demag Cranes 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 0,000 (2011: EUR 0,000).

Demag Cranes gives supplier credit in the normal course of business. The Company therefore 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 credit risk based on collection experience and other information. Demag Cranes 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 4,600,000 was held in security at 30 September 2012 (2011: EUR 13,262,000). This mostly consisted of retentions of title.

Interest rate risk

Since May 2012, Demag Cranes has come under Terex Corporation’s cash pooling arrangements. Funds are both borrowed and invested through the cash pooling arrangements. Short-term variable interest rates are applied in each instance on the basis of LIBOR plus an arm’s length margin. Demag Cranes is exposed to interest rate risk in the amount of drawings under the cash pooling arrangements.

Sensitivity analysis

The types of market risk to which Demag Cranes is exposed are currency risk and interest rate risk. The Company has prepared a sensitivity analysis for each of these two types of risk showing how profit or loss for the financial year and equity at the balance sheet date would have been affected by changes in the relevant risk variable. The Company assumes for these purposes that the risk situation 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 Demag Cranes AG has significant exchange rate exposure are the USA (USD), the UK (GBP), South Africa (ZAR), the Czech Republic (CZK) and China (CNY). A 10% (2011: 10%) appreciation or depreciation of the euro relative to these foreign currencies at the balance sheet date would have resulted in a EUR 595,000 decrease (2010/2011: EUR 1,443,000 decrease) or a EUR 368,000 increase (2010/2011: EUR 1,409,000 increase) in net income after tax.

	30 September 2012		30 September 2011	
in EUR thousand	**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	409	-665	-624	595
EUR : GBP	170	-142	334	-339
EUR : ZAR	102	-102	-180	180
EUR : CZK	-609	609	-651	651
EUR : CNY	-668	668	-322	322
Total	**-595**	**368**	**-1,443**	**1,409**

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 5,000 (2010/2011: EUR 973,000) or increased it by EUR 5,000 (2010/2011: EUR 943,000).

35. Capital management

Capital management focuses on the active management of net working capital and liquidity.

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

	30 September	
in EUR thousand	**2012**	2011
Inventories	188,027	225,802
Advance payments made	4,072	5,684
Trade receivables	147,861	194,205
Trade payables	-48,857	-93,021
Advance payments received	-86,945	-80,730
Net working capital	**204,159**	**251,939**

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 the basis for evaluation and targeted control of financing structure and return on capital employed:

	30 September	
in EUR thousand	**2012**	2011
Non-current loans and borrowings	**794**	**125,959**
Revolving credit facility, gross	–	125,000
Other non-current loans and borrowings	794	959
Other financial liabilities	**–**	**–**
Derivative financial instruments	–	–
Current loans and borrowings	**15,262**	**3,767**
Revolving credit facility, gross	–	–
Other current loans and borrowings	15,262	3,767
Liabilities in connection with assets held for sale	**35,333**	**–**
Cash and cash equivalents	**-55,947**	**-107,606**
Other current financial assets	**-3537**	**-369**
Derivative financial instruments	–	–
Other	-3537	-369
Receivables from affiliated companies and other equity investments	-247	-218
Loans	-3,289	-151
Net debt	**-8,094**	**21,752**

36. Contractual commitments

Contractual commitments at 30 September 2012:

	30 September	
in EUR thousand	**2012**	2011
Operating lease commitments	**42,172**	**45,106**
Of which		
less than 1 year	14,161	14,242
1 year to 5 years	24,716	25,702
More than 5 years	3,295	5,162
Purchase commitments	**80,525**	**87,367**
Intangible assets	396	295
Of which		
less than 1 year	396	295
1 year to 5 years	–	–
More than 5 years	–	–
Property, plant and equipment	4,090	5,303
Of which		
less than 1 year	4,057	5,222
1 year to 5 years	33	81
More than 5 years	–	–
Inventories	69,940	75,358
Of which		
less than 1 year	68,162	74,749
1 year to 5 years	1779	609
More than 5 years	–	–
Other assets	6,099	6,411
Of which		
less than 1 year	5,765	6,387
1 year to 5 years	334	25
More than 5 years	–	–
Total	**122,698**	**132,473**

Lease payments under operating leases are recognised as expense on a straight-line basis over the lease term. Expenses under operating leases amounted to EUR 22,050,000 in financial year 2011/2012 (2010/2011: EUR 21,131,000).

37. Contingent liabilities and other obligations

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

	30 September	
	2012	2011
in EUR thousand	**Maximum potential future obligation**	Maximum potential future obligation
Credit guarantees		–
Notes	117	12
Guarantees consisting of contingent liabilities relating to buy-back arrangements	42,688	44,125
Other		–
Total	**42,805**	**44,138**

Credit guarantees are guarantees given by Demag Cranes in favour of third parties' creditors (guarantees to banks).

Contingent liabilities relating to notes represent the face value of notes issued that were not due or had not yet been honoured by the balance sheet date and which one or more Group companies are liable to honour as endorsers.

The 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 seven 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 acquire 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 42,688,000 at 30 September 2012 (30 September 2011: EUR 44,125,000).

38. Related parties

Transactions with related parties

Demag Cranes AG and the subsidiaries included in the Consolidated 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 subsidiaries, joint ventures and investments, their subsidiaries, non-consolidated subsidiaries of Demag Cranes AG, Terex Corporation, Westport, USA and all Terex affiliates, plus employees in key positions within the Group together with their families, and employees in key positions within Terex Corporation together with 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 transactions with related parties as at 30 September 2012.

Related parties	Relations	Transactions
MHE-Demag (S) Pte. Ltd., Singapore and subsidiaries	Joint venture	Supplier relationships
Donati Ltd., Liverpool, UK	Non-consolidated subsidiary	Financial receivables Supplier relationships
TBA International Holding B.V., Delft, Netherlands	Subsidiary TBA B.V., Delft	Loans
Terex Corporation, Westport, Connecticut, USA and subsidiaries	Interest and control	Financial receivables Supplier relationships Management charges Loans

The table below shows balances at the balance sheet date on transactions with the related parties mentioned and the expenses and revenue incurred in the reporting period.

	30 September			
in EUR thousand	**2012**	Of which interest	2011	Of which interest
Receivables	**17,835**	**80**	**5,952**	**5**
Trade receivables from Demag Cranes & Components Corp., Cleveland	4,906	–	–	–
Trade receivables from Crane America Services, Corp. , Dayton	1,261	–	–	–
Trade receivables from other Terex group companies	72	–	54	–
Trade receivables from MHE-Demag (S) Pte. Ltd.	7,441	–	5,569	–
Trade receivables from Donati Ltd.	–	–	111	–
Receivables from loans granted to Terex group companies	3,192	71	–	–
Advance payments made to Terex group companies	716	–	–	–
Advance payments made to MHE-Demag (S) Pte. Ltd.	–	–	–	–
Other financial assets received from Donati Ltd.	247	9	218	5
Liabilities	**5,573**	**976**	**370**	**–**
Trade payables to Demag Cranes & Components Corp., Cleveland	92	–	20	–
Trade payables to Crane America Services, Corp., Dayton	189	–	20	–
Trade payables to other Terex group companies	15	–	20	–
Trade payables to MHE-Demag (S) Pte. Ltd.	69	–	292	–
Trade payables to AQZ	12	–	16	–
Trade payables to Gottwald TBA Romania	31	–	–	–
Current liabilities payable to Terex group companies	5,163	976	–	–
Advance payments received from MHE-Demag (S) Pte. Ltd.	1	–	42	–

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Revenue	**36,979**	**23,296**
Demag Cranes & Components Corp., Cleveland, (since June 30, 2012)	6,521	220
Crane America Services, Corp., Dayton (since June 30, 2012)	1,382	220
other Terex group companies	698	220
MHE-Demag (S) Pte. Ltd.	26,500	21,815
Donati Ltd.	1,879	1,262

Through the sale of the US entities to Terex USA, LLC a Delaware limited liability company, Demag Cranes generated revenue totalling EUR 102,433,000, which resulted in a profit of EUR 57,205,000. In financial year 2011/2012, expenses of EUR 5,654,000 for intra-group transfer to Terex Corporation, Westport, USA were recognised.

Compensation of the Management Board and members of the Supervisory Board

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 combined Management Report.

Management Board

Members of the Management Board were paid fixed and variable compensation in financial year 2011/2012. The variable compensation depends on the attainment of targets for operating EBIT and operating net income after tax. Members of the Management Board also participated 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. As in the previous year, the Company has not granted any advances or credits to members of the Management Board.

Total compensation

The table below shows the compensation for active members of the Management Board.

	1 October to 30 September	
in EUR thousand	**2011/2012**	2010/2011
Fixed compensation	1.399	1.350
Variable compensation	616	2.795
Other	415	154
Total	**2.430**	**4.299**

The total compensation paid to active members of the Management Board was EUR 2,430,000 (2010/2011: EUR 4,299,000). This consisted of EUR 1,399,000 (2010/2011: EUR 1,350,000) in fixed compensation, EUR 616,000 (2010/2011: EUR 2,795,000) in variable compensation and EUR 415,000 (2010/2011: EUR 154,000) in other compensation.

Old-age and surviving dependants' pensions

Expenses and provisions for old-age and surviving dependants' pensions were recognised as follows for members of the Management Board:

in EUR thousand	Expense		Provision	
	2011/2012	2010/2011	**30 September 2012**	30 September 2011
Aloysius Rauen	138	168	622	324
Rainer Beaujean	3	23	157	78
Thomas Hagen	5	35	214	123
Total	**146**	**227**	**993**	**525**

Pension provisions for former members of the Management Board amounted to EUR 217,000 as at 30 September 2012 (2011: EUR 133,000).

Matching Stock Program (MSP)

Members of the Management Board also received share-based payment under the Matching Stock Program (MSP). The Matching Stock Program expired 23 on June 2012. EUR 99,000 was recognised as expense in financial year 2011/2012 (2010/2011: EUR 655,000).

Supervisory Board

In accordance with the Articles of Association, members of the Supervisory Board received fixed compensation totalling EUR 348,000 for financial year 2011/2012 (2010/2011: EUR 400,000) for their activities on the Supervisory Board of Demag Cranes AG and on the supervisory boards of other Group companies. A further EUR 181,000 (2010/2011: EUR 191,000) was paid in attendance fees. There is no variable compensation for members of the Supervisory Board. As in the previous year, the Company has not granted any advances or credits to members of the Supervisory Board.

In addition, the employee representatives on the Supervisory Board who are employees of the Demag Cranes Group received salaries under their employment contracts. The amounts of these salaries represented appropriate compensation for the employees' functions and tasks within the Group.

39. Personnel expenses and number of employees

The Group had an average of 5,995 employees in financial year 2011/2012 (2010/2011: 5,953), comprising 2,891 blue-collar and 3,104 white-collar employees (2010/2011: 2,993 and 2,960). The number of employees at 30 September 2012 was 5,712 (2011: 6,115). Personnel expenses amounted to EUR 380,177,000 in financial year 2011/2012 (2010/2011: EUR 375,611,000).

40. 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**).

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

The following subsidiaries made use of the exemption from disclosure and preparation of a management report 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
- Kranservice Rheinberg GmbH, Rheinberg, Germany

42. Auditors' fees

Fees for services rendered by the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf (previous year: Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft) were recognised as expenses in financial year 2011/2012 as follows: EUR 612,000 for the audit (2010/2011: EUR 771,000), EUR 0,000 for audit-related services (2010/2011: EUR 0,000) and EUR 0,000 for other services (2010/2011: EUR 40,000).

43. Events after the balance sheet date

The Management Board, after obtaining approval from the Supervisory Board, decided to sell the companies Demag Cranes & Components S.A.S, Châlons en Champagne; DCC France HoldCo SA, Châlons en Champagne; Demag Cranes & Components S.A.U., Madrid; Demag Cranes & Components S.p.A., Agrate Brianza; Donati Sollevamenti S.r.l., Varese; and Demag Cranes & Components Pty. Ltd., Smithfield to their corresponding in country Terex entities during the short financial year 2012.

44. Subsidiaries, joint ventures and investments as at 30 September 2012

Subsidiaries

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
DCC001	Kranservice Rheinberg GmbH, Rheinberg	DE	DCC GmbH, Wetter	100.0	100.0	–	7,900	After profit transfer
DCC002	Demag Cranes & Components Pty. Ltd., Smithfield	AU	DCC GmbH, Wetter	100.0	100.0	2,965	12,519	
DCC003	Demag Cranes & Components GmbH, Wetter (referred to in the following as "DCC GmbH")	DE	DCC HoldCo 5 (fünf) GmbH, Wetter	100.0	100.0	–	308,700	After profit transfer
DCC004	Demag Cranes & Components A/S, Copenhagen	DK	DCC GmbH, Wetter	100.0	100.0	23	2,703	
DCC005	Demag Cranes & Components spol. s.r.o., Slany	CZ	DCC GmbH, Wetter	100.0	100.0	516	6,206	
DCC006	Demag Cranes & Components AG, Dietlikon	CH	DCC GmbH, Wetter	100.0	100.0	1,406	4,329	
DCC007	Demag Cranes & Components (Pty.) Ltd., Johannesburg	ZA	DCC GmbH, Wetter	100.0	100.0	813	11,817	
DCC008	Demag Cranes & Components Ltda., Cotia	BR	DCC GmbH, Wetter	99.9999	99.9999	6,435	27,722	
DCC009	Demag Cranes & Components (India) Private Ltd., Pune	IN	DCC GmbH, Wetter	100.0	100.0	-546	-1,576	
DCC011	Demag Cranes & Components Verwaltungs 2 (zwei) GmbH, Wetter	DE	DCC GmbH, Wetter	100.0	100.0	24	695	

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
DCC013	OOO Demag Cranes & Components Russland, Moscow	RUS	DCC GmbH, Wetter	99.0	100.0	56	815	
			DCC Verwaltungs GmbH, Wetter	1.0				
DCC014	Donati (Shanghai) Trading Co. Ltd., Shanghai	CN	Donati Sollevamenti S.r.l., Varese	100.0	100.0	-30	465	
DCC015	Demag Cranes & Components Unipessoal Lda., Lisbon	PT	DCC GmbH, Wetter	100.0	100.0	7	770	
DCC017	Demag Cranes & Components Trading (Shanghai) Co. Ltd.	CN	DCC GmbH, Wetter	100.0	100.0	1,593	8,308	
DCC018	Demag Cranes & Components Trading (Shanghai) Co. Ltd., Pudong	CN	DCC GmbH, Wetter	100.0	100.0	795	4,888	
DCC019	Demag Cranes & Components S.A.S., Châlons en Champagne	FR	DCC France HoldCo SA, Châlons en Champagne	100.0	100.0	1,048	2,623	
DCC022	Demag Cranes & Components (Middle East) FZE, Dubai	UAE	Demag Cranes & Components Holdings Ltd., Dubai	100.0	100.0	1,343	8,564	
DCC023	Demag Cranes & Components S.p.A., Agrate Brianza	IT	DCC GmbH, Wetter	100.0	100.0	-356	15,036	

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
DCC024	Donati Sollevamenti S.r.l., Varese	IT	Demag Cranes & Components S.p.A., Agrate Brianza	90.0	100.0	-103	2,668	
			DCC GmbH, Wetter	10.0				
DCC031	Demag Cranes & Components GmbH, Salzburg	AT	DCC GmbH, Wetter	100.0	100.0	1,043	7,147	
DCC032	Demag Cranes & Components Guarantee Ltd., Banbury	GB	DCC GmbH, Wetter	100.0	100.0	0	97	
DCC033	Demag Cranes & Components Ltd., Banbury	GB	Demag Cranes & Components Holdings Ltd., Banbury	100.0	100.0	552	12,580	
DCC035	Demag Cranes & Components Sp. z o.o., Warsaw	PL	DCC GmbH, Wetter	100.0	100.0	162	3,841	
DCC036	Demag Cranes & Components Holdings Ltd., Dubai	UAE	DCC GmbH, Wetter	100.0	100.0	28	3,015	
DCH002	DCC HoldCo 4 (vier) GmbH, Wetter	DE	Demag Cranes AG, Düsseldorf	100.0	100.0	–	108,039	After profit transfer
DCH003	DCC HoldCo 5 (fünf) GmbH, Wetter	DE	DCC HoldCo 4 (vier) GmbH, Wetter	100.0	100.0	–	203,247	After profit transfer
DCH005	Demag Cranes & Components Verwaltungs GmbH, Wetter	DE	DCC GmbH, Wetter	100.0	100.0	-1	22	
DCH007	DCC France HoldCo SA, Châlons en Champagne	FR	DCC HoldCo 5 (fünf) GmbH, Wetter	99.9994	99.9994	1,317	17,129	
DCH008	Demag Cranes & Components S.A.U., Madrid	ES	DCC GmbH, Wetter	100.0	100.0	-449	2,532	

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
			DCC GmbH, Wetter	74.0	100.0	–	4,408	
DCH009	Demag Cranes & Components Holdings Ltd., Banbury	GB	Demag Cranes & Components Guarantee Ltd., Banbury	26.0				
GOC001	Gottwald Port Technology GmbH, Düsseldorf	DE	Gottwald HoldCo 3 (drei) GmbH, Düsseldorf	100.0	100.0	–	55,448	After profit transfer
GOC003	Gottwald Port Technology Verwaltungs GmbH, Düsseldorf	DE	Gottwald Port Technology GmbH, Düsseldorf	100.0	100.0	2	25	
GOC005	TBA B.V., Delft	NL	Gottwald Port Technology GmbH, Düsseldorf	69.8	69.8	869	4,472	
GOC007	Gottwald Port Technology Netherlands B.V., Delft	NL	Gottwald Port Technology GmbH, Düsseldorf	100.0	100.0	153	630	
GOC009	DBIS (Software and Automation) Ltd., Doncaster	GB	TBA B.V., Delft	12.0	76.0	32	1,493	
			D.B. Holdings Ltd., Doncaster	64.0				
GOC010	D.B. Holdings Ltd., Doncaster	GB	TBA B.V., Delft	100.0	100.0	0	292	
GOH001	Gottwald HoldCo 3 (drei) GmbH, Düsseldorf	DE	Demag Cranes AG, Düsseldorf	100.0	100.0	–	14,401	After profit transfer
DCC039	Demag Weihua (Liaoning), Material Handling Machinery Co. Ltd., Kaiyuan	CN	DCC GmbH, Wetter	51.0	51.0	–	–	Newly founded: not yet included in the consolidated group

Joint ventures

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
DCC010	MHE-Demag (S) Pte. Ltd., Singapore	SG	DCC GmbH, Wetter	50.0	50.0	3,919	23,664	Accounted for using the equity method: figures as at 31 August 2012

Subsidiaries, joint ventures and investments

Company and location or registered office		Country code	Interest and control held by	Shareholding (%)	% of control	Net income in EUR thousand	Equity in EUR thousand	Remarks
DCC026	Donati Ltd., Liverpool	GB	Donati Sollevamenti S.r.l., Varese	100.0	100.0	133	310	
GOC004	AQZ Ausbildungs- und Qualifizierungszentrum GmbH, Düsseldorf	DE	Gottwald Port Technology GmbH, Düsseldorf	30.0	30.0	n/a	n/a	The company, having filed for bankruptcy, is in liquidation
GOC006	TBA Romania S.r.l., Satu Mare	RO	TBA B.V., Delft	100.0	100.0	47	106	
	Arabian Cranes and Services - Qatar LLC, Qatar	Q	DCC GmbH, Wetter	49.0	49.0	–	–	Newly founded: not yet included in the consolidated group

45. Mandates

Supervisory Board

Dr Michael W. Ernestus, New York, New York, USA

Chairman of the Supervisory Board
G.C. Andersen Partner, LLC, New York, New York, USA (Partner)

Josef Berger*, Düsseldorf, Germany

Deputy Chairman of the Supervisory Board
Demag Cranes & Components GmbH, Wetter, Germany (Chairman of the Works Council)

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Axel J. Arendt, Grünwald, Germany

(1 October 2011 – 5 December 2012 and from 16 May 2012)
Axel Arendt Management Consulting GbR, Grünwald, Germany
(Managing Director, executive consultant)

Membership of other supervisory boards:

Tognum AG, Friedrichshafen, Germany

Membership of other supervisory bodies:

Bilfinger Berger Industrial Services GmbH, Munich, Germany (Member of the Advisory Board)
Tital GmbH, Bestwig, Germany (Member of the Advisory Board)
Aerotech Peissenberg GmbH, Peissenberg, Germany (Member of the Advisory Board)

Kevin A. Barr, Wilton, Connecticut, USA

Terex Corporation, Westport, Connecticut, USA (Senior Vice President Human Resources)

Gerd-Uwe Boguslawski*, Northeim, Germany

Membership of other supervisory boards:

German Metalworkers Union (IG Metall) in southern Lower Saxony / Harz, Northeim, Germany
(Former first authorised representative)
Demag Cranes & Components GmbH, Wetter, Germany
Sartorius AG, Göttingen, Germany

Giuseppe Di Lisa*, Duisburg, Germany

(since 1 May 2012)
Demag Cranes AG, Düsseldorf, Germany (Senior Vice President Gottwald Port Technology GmbH)

Harry Hansen*, Monheim am Rhein, Germany

Gottwald Port Technology GmbH, Düsseldorf, Germany (Chairman of the Works Council)

Membership of other supervisory boards:

Gottwald Port Technology GmbH, Düsseldorf, Germany

Brian J. Henry, Fairfield, Connecticut, USA

Terex Corporation, Westport, Connecticut, USA (Senior Vice President Finance & Business Development)

Dr Michael Leue, Hamburg, Germany

Bryan Cave LLP, Hamburg, Germany (Partner)

Membership of other supervisory boards:

initions innovative IT solutions AG, Hamburg, Germany (Chairman of the Supervisory Board)
w2ha AG, Hamburg, Germany (Chairman of the Supervisory Board)
trautmann, heumann, jochum und kemper ag (Chairman of the Supervisory Board)

Reinhard Möller*, Uslar, Germany

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

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Hubert Rosenthal*, Herdecke, Germany

German Metalworkers Union (IG Metall), Hagen administration office, Hagen, Germany (First authorised representative)

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany
Guß Holding GmbH, Osnabrück, Germany
Hoesch Hohenlimburg GmbH, Hagen-Hohenlimburg, Germany
Hoesch Schwerter Profile GmbH, Schwerte, Germany
Thyssen Krupp Bilstein Suspension GmbH, Ennepetal, Germany
Thyssen Krupp Federn und Stabilisatoren GmbH, Hagen-Hohenlimburg, Germany

Fred Schumacher, Filderstadt, Germany

(15 December 2011 – 16 March 2012 and 29 March 2012 – 15 May 2012)
German public auditor and accountant, Filderstadt, Germany (self-employed management consultant)

Oren G. Shaffer, Naples, Florida, USA

Shaffer and Associates, Denver, Colorado, USA,
(independent management consultant and Partner)

Membership of other supervisory bodies:

Intermec, Inc., Everett, Washington, USA (Member of the Board of Directors)
Terex Corporation, Westport, Connecticut, USA (Member of the Board of Directors)
XPO Logistics, Inc., Buchanan, Michigan, USA (Member of the Board of Directors)
Belgacom SA, Brussels, Belgium (Member of the Conseil d'administration)

Horst Thelen*, Koblenz, Germany
(until 30 April 2012)
Demag Cranes AG, Düsseldorf, Germany (Head of Investor Relations)

* Employee representative

Management Board

Aloysius Rauen, Munich, Germany

Chief Executive Officer

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

(since 1 November 2011, Chairman since 23 November 2011)

Gottwald Port Technology GmbH, Düsseldorf, Germany

(since 1 November 2011, Chairman since 25 November 2011)

Membership of other supervisory bodies:

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

Axel J. Arendt, Grünwald, Germany

Member of the Management Board and CFO (5 December 2011 – 15 May 2012)

Membership of other supervisory boards:

Tognum AG, Friedrichshafen, Germany

Membership of other supervisory bodies:

Bilfinger Berger Industrial Services GmbH, Munich, Germany (Member of the Advisory Board)

Tital GmbH, Bestwig, Germany (Member of the Advisory Board)

Aerotech Peissenberg GmbH, Peissenberg, Germany (Member of the Advisory Board)

Rainer Beaujean, Meerbusch, Germany

Member of the Management Board and CFO (until 30 November 2011)

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany (until 30 November 2011)

Gottwald Port Technology GmbH, Düsseldorf, Germany (until 30 November 2011)

Membership of other supervisory bodies:

CIC GmbH & Co. KG, Dortmund, Germany

Lawrence J. Lockwood, Sammamish, Washington, USA

Member of the Management Board and CFO (from 16 May 2012)

Düsseldorf, 28 November 2012

Aloysius Rauen

Lawrence Lockwood

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 Combined 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 material opportunities and risks associated with the expected development of the Group.

Düsseldorf, 28 November 2012

Aloysius Rauen

Lawrence Lockwood

Auditors’ report

We have audited the consolidated financial statements prepared by Demag Cranes AG, Düsseldorf, comprising the statement of comprehensive income, the statement of financial position, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Demag Cranes AG, Düsseldorf, for the business year from 1 October 2011 to 30 September 2012. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 28 November 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki	ppa. Richard Hindmarsh
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Financial calendar 2013

You will find the Finacial Calender for 2013 on our website at www.demagcranes-ag.com Section Investor Relations

Notice:
A short fiscal year will be set for the period from 1 October 2012 to 31 December 2012. Beginning from 1 January 2013 the company's fiscal year corresponds to the calendar year.

Publisher's note

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Design and Realisation:
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All figures are rounded to the nearest thousand euros unless otherwise stated. The amount shown for each individual item and total is the figure with the smallest rounding difference. Reported totals may therefore differ slightly from the sum of the individual reported amounts.

Please note that, in the case of a legal dispute, only the official German version is legally binding. The English version is provided for information purposes only.

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