DEMAG CRANES AG

Annual Report for the Short Financial Year from 1 October 2012 until 31 December 2012

We Can Handle It.

Table of Contents

CEO Letter to the Shareholders	**2**
Report of the Supervisory Board	**3**
Products at a glance	**6**
Management report	**8**
Business and environment	10
Business performance of the Demag Cranes Group and its segments in financial year 2011/2012	29
Business performance of the Group and its segments	32
Demag Cranes Group financial review	35
Demag Cranes AG financial review	40
Development of non-financial success factors	43
Risk report	45
Report on post-balance sheet date events	52
Forecast report	53
Consolidated Financial Statements	**56**
Statement of comprehensive income	59
Statement of financial position	60
Statement of changes in equity	62
Statement of cash flow	63
Notes to the Consolidated Financial Statements	64
Notes to the Statement of comprehensive income	87
Notes to the Statement of financial position	90
Other disclosures	114
Responsibility statement	144
Auditors' report	145
Publisher's note	147

CEO Letter to the Shareholders

Dear Shareholders,

This report for the short financial year 2012 marks a further step in the integration of Demag Cranes into the Terex Group. Bringing our financial year into line with that of Terex has resulted in a once-only short financial year, from 1 October 2012 to 31 December 2012.

The economic environment in autumn and winter was dominated by the European debt crisis, low willingness to invest and fierce price competition in the markets. This made itself felt in the Material Handling segment, which brings together our crane and component manufacturing operations with our services activities.

While the Terex Port Solutions segment saw relatively stable demand despite weakening growth impetus, revenue was nonetheless slightly down due to accustomed variation in the project business. For more on that topic, please turn to page 29 onwards in this report.

As you may have read in the press, I am going to step down as CEO in the course of this year. It was my aim to facilitate and advance as effectively as possible the integration of Demag Cranes into the Terex Group for the successful development of the Company and the business as well as in the best interests of the workforce. Demag Cranes has a firm place at Terex as the Material Handling & Port Solutions segment and, from the outset, is the second-biggest segment with a one-fifth share of Terex sales. The Demag brand has a future as a “family brand” in the Terex Group. In Port Solutions segment, we manage not only our own port activities under the Terex® Gottwald brand, but also the port activities that were previously already part of the Terex Group. Demag Cranes is thus in place for a lasting future within the Terex Group.

I would like to thank all team members of Terex Material Handling & Port Solutions for their ongoing support and great dedication. I could not have done my job without them.

Yours sincerely,

Aloysius Rauen
CEO

Report of the Supervisory Board

During the course of the short financial year 1 October 2012 to 31 December 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 briefed the Supervisory Board meetings on the work being carried out by the individual committees.

The Supervisory Board met once in the short financial year 1 October 2012 to 31 December 2012, on 29 November 2012.

There were no conflicts of interest involving members of the Management or Supervisory Boards in the short financial year 1 October 2012 to 31 December 2012. Further information can be found in the Corporate Governance Report.

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, 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 sole meeting of the General Committee in the short financial year 1 October 2012 to 31 December 2012 took place on 28 November 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 financial report with the Management Board prior to its publication and deals, in particular, with overseeing 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 sole meeting of the Audit Committee in the short financial year 1 October 2012 to 31 December 2012 took place on 28 November 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 did not meet in the short financial year 1 October 2012 to 31 December 2012.

There was no reason in the short financial year 1 October 2012 to 31 December 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 29 August 2012, the extraordinary General Meeting resolved to appoint PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors of the Financial Statements and Consolidated Financial Statements for the short financial year 1 October 2012 to 31 December 2012. The Supervisory Board accordingly engaged PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditors for the financial year 1 October 2012 to 31 December 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 for the short financial year 1 October 2012 to 31 December 2012 focused on the following: Presentation and deferral of revenue, notably 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); accounting for defined-benefit obligations; reporting on opportunities and risks in the Group management report.

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 short financial year from 1 October 2012 to 31 December 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

25 March 2013 and the Supervisory Board meeting of 26 March 2013, 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 provided audit-related services amounting to EUR 81,000 and other services amounting to EUR 0 in the short financial year 1 October to 31 December 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 approved the Financial Statements and Consolidated Financial Statements for the short financial year 1 October 2012 to 31 December 2012 in accordance with the Audit Committee's recommendation and adopted them.

Corporate Governance

In the short financial year 1 October 2012 to 31 December2012, 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.

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 in the short financial year 1 October 2012 to 31 December 2012.

Düsseldorf, 26 March 2013

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 short financial year

From 1 October 2012 to 31 December 2012

Table of contents

Business and environment ... 10

Group structure and business activities ... 10
Organisation and locations ... 14
Management structure ... 15
Group management ... 15
Statement on corporate governance under Section 289a of the German Commercial Code ... 15
Corporate governance report ... 15
Remuneration report ... 15
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 ... 20
General economic environment ... 27
Effects of the economic environment on business performance ... 28

Business performance of the Demag Cranes Group and its segments in the short financial year from 1 October 2012 to 31 December 2012 ... 29

Takeover by Terex and integration into the Terex Group ... 29
Demag Cranes AG shares ... 30

Business performance of the Group and its segments ... 32

Demag Cranes Group financial review ... 35

Demag Cranes Group earnings ... 35
Demag Cranes Group cash flows ... 37
Demag Cranes Group financial position ... 39

Demag Cranes AG financial review ... 40

Demag Cranes AG earnings ... 40
Demag Cranes AG cash flows and balance sheet ... 41

Development of non-financial success factors ... 43

Employees ... 43
Procurement and purchasing ... 43
Research and development ... 44
Environment and occupational safety ... 44

Risk report ... 45

Risk management system ... 45
Opportunity management ... 45
Significant individual risks ... 45
Assessment of the risk situation and change in the risk position since financial year 2011/2012 ... 49
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 ... 50

Report on post-balance sheet date events ... 52

Forecast report ... 53

Introduction ... 53
Business outlook for the Demag Cranes Group ... 54

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 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, however, not be included in the Consolidated 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)

Demag Cranes AG has its registered office in Düsseldorf and is the parent company of the Demag Cranes Group. As at 31 December 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 31 December 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 31 December 2012, the business activities of the Demag Cranes Group were divided into two segments: Material Handling & Port Solutions. This segmentation is also the basis of Group management and supervision.

Demag Cranes – built on two pillars

Demag Cranes Material Handling & Port Solutions	
Material Handling (Industrial Cranes & Services)	**Port Solutions** (Port Technology)
• Share of revenue: 73.7% • Installed base: > 600,000	• Share of revenue: 26.3% • Around 1,500 MHC sold

Short Financial Year key figures

Order intake: 223.0 Mio. EUR Revenue: 227.1 Mio. EUR Oper. EBIT: 4.1 Mio. EUR

Material Handling products and markets

Product portfolio

New business:
- 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

Services:
- Crane inspections and safety checks, maintenance and repairs
- Spare parts
- Upgrades and refurbishment
- Under-the-hook-services

End markets

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

Services:
- Crane operators worldwide (Demag cranes and Non-Demag cranes)

Market position

New business:
- Excellent positioning in technologically advanced and high quality product segments

Services:
- Market leader regarding installed base of more than 660,000 cranes and hoists
- Service network with more than 220 service centers

Competitors

New business:
- Konecranes Plc.
- Columbus McKinnon Corporation
- ABUS
- Kito Corporation

Services:
- In-house service departments of customers
- Local service providers
- Other crane manufacturers
- Industrial service providers

Port Solutions 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 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

Organisation and locations

In the ***Material Handling*** segment, crane girders are produced and cranes are assembled at 20 plants in high-volume markets 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 four plants that manufacture cranes and components located in São Paulo (Brazil), Chakan (India), Slaný (Czech Republic) and Shanghai (China). Seven of the 20 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 smaller markets, 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 Material Handling 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 company, Demag Weihua (Liaoning) Material Handling Machinery Co. Ltd., is included as a subsidiary in the Consolidated Financial Statements of Demag Cranes AG and will be responsible for the development and production of components and parts for cranes and hoists in the mid-market 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.

Production as well as the technical areas of the ***Port Solutions*** 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 Solutions 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.

Management structure

The Management Board, as the executive body, holds responsibility for the segments. 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

As at 31 December 2012, 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.

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 ends on 30 April 2017. Lawrence Lockwood’s contract as a member of the Management Board ends on 31 December 2013. The components of Lawrence Lockwood’s 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 Management Board 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. 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

The members of the Management Board are entitled to performance-related compensation for the short financial year from 1 October 2012 to 31 December 2012 in the form of a bonus. The bonus consists of a target bonus and an additional bonus.

The maximum target bonus for the three-month reporting period is EUR 200,000 for the CEO, Mr Rauen, and USD 34,000 for the CFO, Mr Lockwood. The maximum additional bonus for the three-month reporting period is EUR 110,000 for Mr Rauen and USD 23,800 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 attained by Mr Rauen amounted to EUR 0 for the three-month reporting period; the additional bonus amounted to EUR 0.

The target bonus attained by Mr Lockwood amounted to EUR 0 for the three-month reporting period; the additional bonus amounted to EUR 0. 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.

Terex Corporation also paid Mr Rauen a voluntary bonus of EUR 200,000 and Mr Lockwood a voluntary bonus of USD 17,112 with the approval of the Supervisory Board of Demag Cranes AG. As with the additional bonuses promised to (and attained by) the other executives of Demag Cranes, the voluntary bonuses for the Management Board members are honouring the special achievements in an economic climate that was becoming increasingly difficult over the 15 months prior to 31 December 2012, and the successful integration of Demag Cranes into the Terex Group after conclusion of the domination & profit and loss transfer agreement.

Management Board compensation for the short financial year from 1 October 2012 to 31 December 2012

In total, members of the Management Board received compensation of EUR 656,000 in the short financial year from 1 October 2012 to 31 December 2012, including non-cash compensation.

The table below provides an individual breakdown of the compensation received:

	Fixed compensation	Variable compensation		Other	**Total compensation Short FY 2012**	Total compensation FY 2011/2012
in EUR thousand		Payment due short-term	Deferred, conditional payment			
Aloysius Rauen	138	200	0	4	342	1,095
Axel Arendt	0	0	0	0	0	586
Lawrence Lockwood	137	33	0	144	314	611
Rainer Beaujean	0	0	0	0	0	138
Total	**275**	**233**	**0**	**148**	**656**	**2,430**

Pensions and surviving dependants' pensions

An expense of EUR 46,000 for pensions was recognised in accordance with IFRS for Mr Aloysius Rauen in the short financial year 2012 (2011/2012: EUR 138,000). The provision came to EUR 705,000 at 31 December 2012 (30 September 2012: EUR 622,000).

The Consolidated Statement of Financial Position as at 31 December 2012 additionally included EUR 662,000 in pension provisions in accordance with IFRS for former members of the Management Board (30 September 2012: EUR 588,000).

An expense of EUR 23,000 for pensions was recognised in accordance with the German Commercial Code for Mr Aloysius Rauen in the short financial year 2012 (2011/2012: EUR 112,000). The provision came to EUR 459,000 at 31 December 2012 (30 September 2012: EUR 430,000).

The Consolidated Statement of Financial Position as at 31 December 2012 additionally included EUR 329,000 in pension provisions in accordance with the German Commercial Code for former members of the Management Board (30 September 2012: EUR 324,000).

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 amounted to EUR 0 in the period under review.

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 during the three-month reporting period and the prior financial year breaks down as follows:

	Demag Cranes AG		Supervisory Board compensation from subsidiaries		**Total compensation Short FY 2012**	Total compensation FY 2011/2012
in EUR	Fixed compensation	Attendance fee	Fixed compensation	Attendance fee		
Axel Arendt	6,301.37	1,500.00	–	–	7,801.37	19,972.60
Josef Berger*	9,178.08	3,000.00	2,268.49	500.00	14,946.58	77,000.00
Gerd-Uwe Boguslawski*	6,301.37	1,500.00	1,512.33	500.00	9,813.70	44,500.00
Giuseppe Di Lisa	6,301.37	1,500.00	–	–	7,801.37	14,979.45
Dr. Michael W. Ernestus	15,753.42	3,000.00	–	–	18,753.42	86,500.00
Harry Hansen*	6,301.37	1,500.00	1,512.33	500.00	9,813.70	47,000.00
Dr. Michael Leue	6,301.37	1,500.00	–	–	7,801.37	40,000.00
Reinhard Möller*	7,835.62	1,500.00	1,512.33	500.00	11,347.95	47,500.00
Hubert Rosenthal*	7,561.64	3,000.00	1,512.33	500.00	12,573.97	58,500.00
Oren G. Shaffer	7,876.71	3,000.00	–	–	10,876.71	49,250.00
Supervisory Board members who stepped down in financial year 2011/2012	–	–	–	–	–	43,746.57
Total	**79,712.32**	**21,000.00**	**8,317.81**	**2,500.00**	**111,530.14**	**528,948.62**

* 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)

Supervisory Board members Kevin A. Barr and Brian J. Henry waived their Supervisory Board compensation for the reporting period.

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

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.

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 have been traded in the Entry Standard segment of the Open Market on Frankfurt Stock Exchange since 8 March 2013.

Subscribed capital; rights and obligations attaching to shares

Demag Cranes AG's subscribed capital (share capital) amounts to EUR 21,172,993 as at 31 December 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

Terex Deutschland 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% voting rights threshold on 18 December 2012 and amounted to 81.92% (17,345,848 voting rights) on that day. The voting rights attributable to Terex Deutschland GmbH are actually held by Terex Industrial Holding AG and TIHAG Funding GmbH, companies that are controlled by Terex Deutschland GmbH. 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. Wolverton (Luxembourg) S.à.r.l., Luxembourg, Luxembourg 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 12.71% (2,690,317 voting rights) on that day. Elliot International Capital Advisors Inc., New York, USA, Elliot International, L.P., George Town, Cayman Islands, Elliot International Limited, George Town, Cayman Islands, Maidenhead LLC, New York, USA, 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.

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.

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 the short financial year from 1 October 2012 to 31 December 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

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.

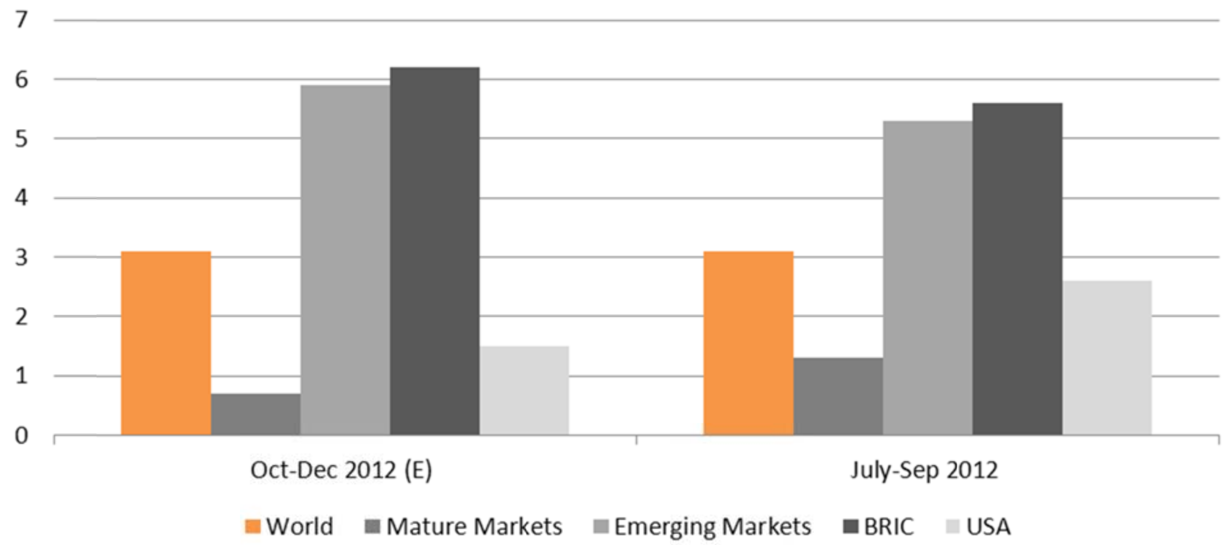
General economic environment[1]

World economic trends

According to expert estimates, growth of global gross domestic product (GDP) continued to stagnate during the short financial year of Demag Cranes AG (fourth quarter of calendar year 2012). The growth that did occur was driven, as in the past, by the emerging markets. While the BRIC countries again registered a positive growth trend, growth rates in the emerging markets remained on the whole at the level of the prior quarter. By contrast, the mature markets continued to suffer from a poor economic climate. Economic growth in the USA deteriorated further, most likely due to the uncertainty surrounding the fiscal cliff debate, i.e. pending tax increases and budget reductions at the end of 2012.

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, February 2013

The economic uncertainty in connection with the European debt crisis also affected the products of the ***Material Handling*** segment in the 2012 short financial year (1 October 2012 to 31 December 2012). Uncertainty regarding global economic forecasts continued to push down investment spending and cause consumption to fall. Sectoral conditions in new crane business broadly tracked the market trend in mechanical engineering, with growth rates for order intake falling year on year

---

[1] Sources: Oxford Economics, February 2013; Commerzbank, Economic Research, Konjunktur und Finanzmärkte, December 2012; VDMA Konjunkturbullet in December 2012; Bundesministerium für Wirtschaft und Technologie, Schlaglichter der Wirtschaftspolitik, January 2013

despite the raising of business expectations towards the end of the year. The market was also affected by sustained price competition, mainly driven by surplus capacity, the large number of competitors and the financial crisis mentioned above. The services market was also subject to lower investment activity due to the economy. At the same time, the decline in industrial capacity utilisation in nearly all markets resulted in a weaker spare parts business.

In the market in the ***Port Solutions*** segment, growth rates softened slightly towards the end of 2012 for container handling at ports and sea transport volumes. Customers in the Port Solutions segment once again stepped up investing activity in response to the continuing slight rise in transhipment volumes. This fuelled sustained good demand for versatile cargo handling equipment. Customers continue to show interest in cost-saving or environmentally friendly cargo handling solutions, but demand is subject to pronounced price competition.

Effects of the economic environment on business performance

Segmental business performance was significantly affected by the overall economic uncertainties described above.

In the ***Material Handling*** segment, demand for our products in the short financial year from 1 October 2012 to 31 December 2012 was naturally down on financial year 2011/2012 due to the shorter reporting period. The order intake and revenue nonetheless also decreased relative to the corresponding prior-year period (first quarter of financial year 2011/2012). This partly reflected ongoing uncertainty in the general economic environment and ongoing price competition. Partly, however, the lower order intake and revenue also related to one-off items (divestments). For further details, please see ‘Business performance of the Group and its segments’.

In the ***Port Solutions*** segment, demand for our products increased despite the slackening growth momentum in container handling at ports and sea transport volumes. We generated a 5.9% stronger order intake in the short financial year from 1 October 2012 to 31 December 2012 than in the corresponding prior-year period (first quarter of financial year 2011/2012). The current situation in the financial markets continues to be difficult and has added complexity in entering into contracts for both customers and suppliers. Revenue, however, was slightly down on the equivalent period of the previous year (first quarter of 2011/2012). This mainly relates to the accustomed variation in the project business. The decrease in Mobile Harbour Cranes was partly offset by initial revenue from major projects in the systems business.

Business performance of the Demag Cranes Group and its segments in the short financial year from 1 October 2012 to 31 December 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, and the effective date of the domination & profit and loss transfer agreement in April 2012, efforts are underway to integrate Demag Cranes into the Terex Group so that the potential created by the business combination can be quickly realised. Since the takeover, the business of Demag Cranes has been conducted under the umbrella of the fifth Terex segment Material Handling & Port Solutions. Both Material Handling & Port Solutions are key in further advancing the diversification of the Terex portfolio as a whole. 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 has brought its capital market reporting into line with this new structure and has reported on the Material Handling & Port Solutions segments since the end of the short financial year. This segmentation also forms 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.

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 short financial year 2012 at EUR 49.54 on 1 October 2012 and closed at EUR 53.50 on 28 December 2012.

Key share data	Financial year	**Short FY 2012**	2011/2012	2010/2011
Number of shares	in millions	21.17	21.17	21.17
Year-end closing price (Closing prices on 31 Dec 2012, 30 Sep 2012, 30 Sep 2011)	EUR	53.50	49.57	58.34*
Market capitalisation (on 31 Dec 2012, 30 Sept 2012, 30 Sep 2011)	in EUR million	1132.8	1049.5	1235.2*
Share price: annual high	EUR	53.70	60.30	59.10*
Share price: annual low	EUR	49.53	47.20	28.73*
Earnings per share	EUR	2.71	4.00	0.31
Operating earnings per share	EUR	0.06	2.80	2.21
Dividend per share	EUR	0.83	3.33	0.04

*As per XETRA

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

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

Ownership structure

With regard to individuals and institutions holding more than 3% of Demag Cranes AG shares, our ownership structure was as follows at the editorial deadline on 22 March 2013:

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
Terex Deutschland GmbH	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
Of which	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	
Of which	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	
Of which	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

Note

Due to the fact that the financial year of Demag Cranes AG has been adapted to the calendar year, the figures for the short financial year from 1 October 2012 to 31 December 2012 and the changes in income and expenses are only comparable with the previous 12-month financial year to a limited extent. For that reason, we have compared the income and expenses for the short financial year with the figures published for the first quarter of the 2011/2012 financial year (1 October 2012– 31 December 2012).

The following companies were sold to Terex on 14 December 2012: 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. These companies are not therefore included in the financial statement figures as at 31 December 2012. Their income and expenditure is included in profit or loss from 1 October 2012 until 14 December 2012. Divestment of the two US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA took place as of 29 June 2012. The financial statement figures as at 31 December 2012 and 30 September 2012 are without these two companies. Their income and expenditure is not included in profit or loss for the short financial year. Their income and expenditure is included pro rata until their deconsolidation in profit or loss for 2011/2012.

Order intake/order book

The Demag Cranes Group generated an order intake of EUR 223.0 million in the short financial year from 1 October 2012 to 31 December 2012 (financial year 2011/2012: EUR 1,326.6 million). The order intake in the corresponding prior-year period (first quarter of financial year 2011/2012) was EUR 290.4 million.

The segments contributed to the order intake as follows:

	Short FY	FY	Q1	
	2012	2011/2012	2011/2012	Δ Q1
in EUR million				
Material Handling	160.2	881.9	231.0	-30.7%
Port Solutions	62.9	444.7	59.4	5.9%
Group order intake	**223.0**	**1,326.6**	**290.4**	**-23.2%**

The Group order book stood at EUR 535.7 million at 31 December 2012, compared with EUR 545.7 million at 30 September 2012.

	31 December	30 September		31 December
	2012	2012	Δ	2011
in EUR million				
Material Handling	247.7	259.8	-4.7%	290.9
Port Solutions	288.0	285.9	0.7%	99.1
Group order book	**535.7**	**545.7**	**-1.8%**	**390.0**

The order intake in the ***Material Handling*** segment, at EUR 160.2 million, was down on the corresponding prior-year period (first quarter of financial year 2011/2012: EUR 231.0 million), primarily as a result of divestment of Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA, both of which came under the Material Handling segment. Also, we generated fewer orders notably for standard and process cranes as well as for refurbishment services.

The ***Port Solutions*** segment recorded a positive trend in the order intake in the short financial year 2012. Compared with the corresponding prior-year period (first quarter of financial year 2011/2012), incoming orders increased by 5.9% from EUR 59.4 million to EUR 62.9 million. This positive trend was driven by a follow-up order from a large-scale project and the accustomed variation in the project business.

Revenue

Group revenue came to EUR 227.1 million in the short financial year 2012. The segments contributed to revenue as follows:

	Short FY	FY	Q1	
	2012	2011/2012	2011/2012	Δ Q1
in EUR million				
Material Handling	167.3	858.5	203.4	-17.7%
Port Technology	59.8	264.8	66.5	-10.1%
Group revenue	**227.1**	**1,123.3**	**269.9**	**-15.8%**

Revenue generated in the ***Material Handling*** segment, at EUR 167.3 million, was 17.7% down on the corresponding prior-year period (first quarter of financial year 2011/2012: EUR 203.4 million). The decrease in revenue mainly relates to the divestment of Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA, both of which came under the Material Handling segment and were sold to Terex in financial year 2011/2012.

Revenue in the ***Port Solutions*** segment was likewise down on the corresponding prior-year period (first quarter of financial year 2011/2012). This was the result of a reduced order book in mobile harbour cranes at the beginning of the quarter and the accustomed variation in the project business.

Revenue is distributed among the regions as follows:

	Short FY	FY	Q1	Short FY	FY	Q1
				in % of revenue		
	2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012
in EUR million						
Germany	50.7	226.7	50.6	22.3	20.2	18.7
Rest of Europe	79.2	319.3	64.3	34.9	28.4	23.8
North America	9.9	128.5	42.0	4.4	11.4	15.6
Mature markets	**139.8**	**674.5**	**156.9**	**61.6**	**60.0**	**58.1**
BRIC countries	34.0	191.2	55.9	15.0	17.0	20.7
Central and South America	3.8	30.3	6.2	1.7	2.7	2.3
Asia/Pacific	42.8	160.3	43.7	18.8	14.3	16.2
Other	**6.7**	**67.0**	**7.2**	**3.0**	**6.0**	**2.7**
Emerging markets	**87.3**	**448.8**	**113.0**	**38.4**	**40.0**	**41.9**
Group revenue	**227.1**	**1,123.3**	**269.9**	**100.0**	**100.0**	**100.0**

Demag Cranes Group financial review

Demag Cranes Group earnings

Earnings before interest and tax (EBIT) was EUR 59.9 million in the short financial year from 1 October 2012 to 31 December 2012, compared with EUR 130.3 million in financial year 2011/2012. The comparative figure for the first quarter of financial year 2011/2012 was EUR 13.1 million.

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 as well as 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 4.1 million in the short financial year 2012, compared with EUR 89.2 million in financial year 2011/2012. Operating EBIT in the first quarter of financial year 2011/2012 was EUR 14.1 million.

	Short FY	FY	Q1	
	2012	2011/2012	2011/2012	Δ Q1
in EUR million				
Group EBIT	**59.9**	**130.3**	**13.1**	**323.9%**
Operating adjustments	**-55.7**	**-41.0**	**1.0**	
Of which				
Purchase accounting depreciation and amortisation	0.3	1.2	0.3	
Integration costs	0.0	0.6	0.1	
Restructuring costs	4.2	3.8	–	
Refinancing expenses	0.0	0.0	0.0	
Management services charged by Terex	3.4	5.7	–	
Costs incurred in connection with the take over by Terex Industrial Holding AG	0.0	1.1	0.5	
Earnings generated by the sale of entities	-66.7	-57.2	–	
Other	3.0	3.8	0.2	
Group operating EBIT	**4.1**	**89.2**	**14.1**	**-70.8%**
Of which				
Material Handling & Port Solution	0.8	81.3	14.0	-94.1%
in % of revenue	0.5	9.5	6.8	
Port Solutions	2.6	13.4	2.1	23.3%
in % of revenue	4.3	5.0	3.2	
Central holding company/Demag Cranes AG	0.7	-5.4	-2.1	

The following table shows the development of operating EBITDA:

	Short FY 2012	FY	Q1	
	2011/2012	2011/2012	2011/2012	Δ Q1
in EUR million				
Group operating EBIT	**4.1**	**89.2**	**14.1**	**-70.8%**
Operating depreciation and amortisation	5.1	20.4	5.1	0.1%
Group operating EBITDA	**9.2**	**109.6**	**19.2**	**-51.9%**

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.

	Short FY		FY		Q1	
	2012		2011/2012		2011/2012	
in EUR million	**Reported**	Operativ	Reported	Operativ	Reported	Operativ
Cost of sales	-175.1	-164.9	-806.4	-803.2	-197.7	-197.8
in % of revenue	77.1	72.6	71.8	71.5	73.3	73.3
Selling, general and administrative expenses	-59.0	-53.8	-231.5	-218.9	-56.4	-55.3
in % of revenue	26.0	23.7	20.6	19.5	20.9	20.5
Of which						
Selling expenses	-40.1	-39.1	-158.6	-157.1	-38.6	-38.7
in % of revenue	17.7	17.2	14.1	14.0	14.3	14.3
General and administrative expenses	-15.5	-14.7	-67.2	-61.8	-17.7	-16.7
in % of revenue	6.8	6.5	6.0	5.5	6.6	6.2
Research and development expenses	-4.9	-4.8	-18.3	-18.2	-3.9	-3.9
in % of revenue	2.1	2.1	1.6	1.6	1.5	1.4
Personnel expenses	-97.0	-86.0	-380.2	-374.1	-91.6	-91.6
in % of revenue	42.7	37.8	33.8	33.3	33.9	34.0

The Demag Cranes Group generated earnings before tax (EBT) of EUR 57.7 million in the short financial year 2012 (financial year 2011/2012: EUR 117.0 million; first quarter of financial year 2011/2012: EUR 10.1 million).

Operating income after tax came to EUR 1.4 million in the short financial year 2012, compared with EUR 59.3 million in financial year 2011/2012. Operating income after tax in the first quarter of financial year 2011/2012 was EUR 8.1 million.

Operating earnings per share (operating EPS) amounted to EUR 0.06, compared with EUR 2.80 in financial year 2011/2012 and EUR 0.38 in the first quarter of financial year 2011/2012.

Dividend

Under Section 2 of the domination and profit and loss transfer agreement with Terex Germany & Co. KG, Demag Cranes AG has undertaken to transfer its total profit to Terex Germany. In return, Terex Germany has undertaken in 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. The guaranteed dividend for the short financial year 2012 is therefore EUR 0.83 gross or EUR 0.76 net.

Demag Cranes Group cash flows

Free cash flow before financing – the balance of cash flow from operating activities and cash flow from investing activities – was EUR 67.8 million in the reporting period. The figure changed as follows:

	Short FY	FY	Q1	
	2012	2011/2012	2011/2012	Δ Q1
in EUR million				
Cash flow from operating activities	-1.4	40.7	-12.5	n/a
Cash flow from investing activities	69.3	74.4	-4.8	n/a
Free cash flow before financing	**67.8**	**115.1**	**-17.3**	**n/a**
Restructuring payments	0.0	0.5	0.2	n/a
Free cash flow before financing and restructuring payments	**67.8**	**115.6**	**-17.1**	**n/a**

Compared with the corresponding prior-year period (the first quarter of financial year 2011/2012), cash flow from operating activities increased by EUR 11.1 million in the period under review. This mainly relates to the decrease in net working capital.

Cash flow from investing activities went up from minus EUR 4.8 million in the first quarter of financial year 2011/2012 to EUR 69.3 million in the short financial year 2012. This is mainly accounted for by the sale of 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, for a selling price of EUR 83.7 million.

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

	Short FY	FY	Q1	
	2012	2011/2012	2011/2012	Δ
in EUR million				
Material Handling	6.8	14.8	2.1	223.5%
Port Solutions	1.1	4.3	0.7	52.2%
Central holding company/Demag Cranes AG	0.2	3.2	2.1	-89.4%
Capital expenditure	**8.1**	**22.3**	**5.0**	**63.1%**

Group financing

in EUR million	**31 Dec 2012**	30 Sept 2012	30 June 2012	31 March 2012	31 Dec 2011
Non-current loans and borrowings	0.7	0.8	0.8	135.9	135.9
Current loans and borrowings	86.8	8.8	60.3	8.7	3,6
Cash and cash equivalents	-54.1	-55.9	-52.6	-94.2	-102.9
Other current financial assets	-171.6	-15.7	-13.0	-0.3	-0.3
Net debt in connection with available-for-sale assets	0.0	35.3	–	–	–
Net debt	**-138.3**	**-26.8**	**-4.5**	**50.0**	**36.2**

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

The net cash position increased from EUR 26.8 million at the 30 September 2012 balance sheet date to EUR 138.3 million at 31 December 2012. This mainly reflected the cash inflow from the sale of 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, as well as the receipt of an advance payment for a large-scale project in the Port Solutions segment.

Fine-tuning the Group's financing is the responsibility of the Group treasury. The primary objective in this is to guarantee the Company's continuing 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, downpayment, 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 business.

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 subsidiaries to be deployed cost-effectively in the Group.

Financial risks are explained in the Risk report 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	**31 Dec 2012**	30 Sept 2012	30 June 2012	31 March 2012	31 Dec 2011
Inventories	188.0	188.0	214.8	229.4	228.9
Advance payments made	6.1	4.1	4.9	3.6	4.7
Trade receivables	149.3	147.9	168.7	184.8	182.7
Trade payables	-44.6	-48.9	-56.8	-65.5	-66.7
Advance payments received	-150.9	-86.9	-78.4	-94.4	-95.4
Net working capital	**147.8**	**204.2**	**253.2**	**257.9**	**254.2**

Net working capital – inventories, advance payments made and trade receivables less trade payables and advance payments received – declined from EUR 204.2 million at 30 September 2012 to EUR 147.8 million at 31 December 2012. This was due to the increase in advance payments received from EUR 86.9 million to EUR 150.9 million, mostly relating to an advance payment on a large-scale project in the Port Solutions segment.

	31 December 2012	30 September 2012
in EUR million		
Total assets	884.2	802.5
Equity	258.8	276.1
Gearing in %	-53.4%	-9.7%

The Demag Cranes Group had total assets of EUR 884.2 million at 31 December 2012, an increase of EUR 81.7 million on 30 September 2012. The main factor in the increase is the above-mentioned advance payment on a large-scale project in the Port Solutions segment.

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 Solutions 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 the 2011/2012 Annual Report). The maximum potential obligation amounted to EUR 43.2 million at 31 December 2012, compared with EUR 42.7 million at 30 September 2012.

Gearing – the ratio of net debt to shareholders' equity – changed in the reporting period from minus 9.7% at 30 September 2012 to minus 53.4% at 31 December 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, Communication, IT, Strategic Purchasing, Human Resources, Corporate Strategy, Corporate Communication & Marketing and Language Services.

Demag Cranes AG earnings

	Short FY	FY	Q1
in EUR million	**2012**	2011/2012	2011/2012
Net income from participating interests			
Income under profit transfer agreements	59.6	40.2	4.9
Loss transfer	-1.6	0.0	-0.6
Net interest income	1.2	2.1	0.4
Other expenses and income/revenue			
Other operating income/revenue	14.2	50.5	12.8
General and administrative expenses/cost of sales/other operating expenses	-13.8	-59.4	-15.9
Profit/(loss) from ordinary activities	**59.6**	**33.4**	**1.6**
Extraordinary income/expenses	0.0	-2.0	0.0
Income tax	0.6	-13.2	-0.2
Net income for the financial year	**60.2**	**18.2**	**1.4**

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 58.0 million in the short financial year from 1 October 2012 to 31 December 2012 (2011/2012: EUR 40.2 million). Net income from participating interests improved by EUR 17.8 million year on year. It should be noted that the sale of associated companies generated income totalling EUR 63.9 million at Demag Cranes & Components GmbH and DCC HoldCo 5 (fünf) GmbH. In the previous year, this included one-time income totalling EUR 22.6 million from the sale of participating interests and 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 -0.4 million in the 2012 short financial year (2011/2012: EUR 8.9 million). The decline in general and administrative expenses/cost of sales is mainly the result of a fall in personnel and consulting costs.

Extraordinary income/expenses in the previous year include EUR 2.0 million in expenses for staff restructuring measures in connection with the reorganisation and integration of Demag Cranes into the Terex Group.

The EUR 60.2 million in net income before profit transfer for the short financial year from 1 October 2012 to 31 December 2012 was transferred to Terex Germany GmbH & Co. KG on the basis of the profit & loss transfer agreement becoming effective on 18 April 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	**31 December 2012**	30 September 2012
Intangible assets	3.5	3.8
Property, plant and equipment	4.4	4.6
Investments in affiliated companies	215.9	215.9
Receivables from affiliated companies	169.7	247.4
Cash and cash equivalents	0.0	4.0
Other assets	4.0	4.2
Assets	**397.5**	**479.9**

Liabilities and shareholders' equity

in EUR million	**31 December 2012**	30 September 2012
Shareholders' equity	283.2	283.2
Provisions	29.5	33.7
Liabilities owed to affiliated companies	82.0	161.5
Other liabilities	2.8	1.5
Liabilities and shareholders' equity	**397.5**	**479.9**

The balance sheet reflects the holding company function of Demag Cranes AG. In this capacity, the Company manages and administers its Group member companies and associated companies and controls Group financing. This shows through in the size of its shareholdings in affiliates as well as in receivables from and liabilities to Group member companies. Total assets declined by EUR 82.4 million to EUR 397.5 million. This decline resulted mainly from the decrease in receivables from and liabilities to affiliated companies due primarily to mutual settlement of existing claims in cash.

Investments and receivables from affiliated companies accounted for 97.0% of total assets (30 September 2012: 96.5%).

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 71.3% at the balance sheet date (30 September 2012: 59.0%). Of the Company's total financing, 20.6% was secured through affiliated companies (30 September 2012: 33.7%) as well as 8.1% through provisions and other liabilities (30 September 2012: 7.3%).

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

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 31 December 2012, the Group had 5,108 employees, 594 fewer than at 30 September 2012. This relates to the sale of 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. Adjusted for this one-off effect, the number of employees remained broadly constant over the reporting period.

Employee-related key figures	Short FY	FY	Q1
	2012	2011/2012	2011/2012
Operating personnel expenses in EUR million	86.0	374.1	91.6
Operating personnel expenses/revenue	37.8%	33.3%	34.0%
Operating personnel expenses/employee in EUR thousand*	16	62	15
Revenue/employee in EUR thousand*	42	187	44

Number of employees by segment**	31 Dec 2012	30 Sept 2012	30 June 2012	31 March 2012	31 Dec 2011
Material Handling	4,113	4,703	4,722	5,311	5,250
Port Solutions	733	746	738	735	712
Demag Cranes AG employees	262	263	266	266	267
Of which in Group headquarters	189	191	194	196	199
Demag Cranes Group total	**5,108**	**5,712**	**5,726**	**6,312**	**6,229**

*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 segments. 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.

Procurement and purchasing

In the past short financial year, delivery times for key components remained similar to those in the comparison period in financial year 2011/2012. 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.

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, before capitalised development expenses, amounted to EUR 5.5 million in the 2012 short financial year, compared with EUR 20.8 million in the previous financial year and EUR 4.5 million in the corresponding prior-year period (first quarter of financial year 2011/2012). EUR 0.6 million (financial year 2011/2012: EUR 2.5 million; first quarter of financial year 2011/2012: EUR 0.5 million) of this amount was capitalised. In line with development work carried out, development expenses were also capitalised in the Material Handling segment in the year under review (EUR 0.2 million). Total R&D expenses broken down by segment were as follows:

• EUR 1.3 million (23.5% of total R&D expenses) (financial year 2011/2012: EUR 4.6 million, 22.4%; first quarter of financial year 2011/2012: EUR 1.0 million, 22.4%) was attributable to the ***Port Solutions*** segment;

• EUR 4.2 million (76.5% of total R&D expenses) (financial year 2011/2012: EUR 16.2 million, 77.6%; first quarter of financial year 2011/2012: EUR 3.5 million, 77.6%) was attributable to the ***Material Handling*** segment;

R&D in the ***Material Handling*** 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 Solutions*** 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. 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.

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 the short financial year from 1 October 2012 to 31 December 2012. Under the cash pooling agreements entered into with Terex Germany GmbH & Co. KG, the Group had EUR 150.0 million undrawn on a credit facility at the balance sheet date (financial year 2011/2012: EUR 150.0 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 30.5 million in undrawn guarantee facilities at the balance sheet date (financial year 2011/2012: EUR 29.3 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 short financial year from 1 October 2012 to 31 December 2012, economic growth slowed further as a result of the debt crisis in the euro zone.

The ***Material Handling*** 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. Demand for the Material Handling segment is heavily reliant on the economic cycle and is therefore subject to fluctuations.

The ***Port Solutions*** segment is dependent on worldwide cargo volumes and growth in container handling. Furthermore, revenue from automated products and services in this segment are mainly determined by major project business, which by its nature is subject to certain fluctuations.

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 financial year 2011/2012

As in the short financial year from 1 October 2012 to 31 December 2012, 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 the short financial year from 1 October 2012 to 31 December 2012, the risk position did not significantly change compared with financial year 2011/2012. 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

On 14 January 2013, the Supervisory Board of Demag Cranes AG appointed Stoyan (Steve) Filipov as a member of the Management Board to act as Chief Operating Officer (COO). He simultaneously assumes the office of President of the Terex Material Handling & Port Solutions segments in the Terex Group. As soon as the process of integrating Demag Cranes into the Terex Group is further along, Aloysius Rauen will resign his post as CEO of Demag Cranes AG in the course of the current year and Stoyan Filipov will take over as CEO of Demag Cranes. Since 14 January 2013 the heads of the Material Handling and Terex Port Solutions segments report to Stoyan Filipov.

Forecast report

Introduction[3]

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.

Growth momentum of the global economy is expected to remain subdued in 2013. Some positive indications are emerging, however. In the USA, economic growth is expected to rebound in 2013 after a slight contraction in the fourth quarter of 2012. In China, growth appears to be stabilising at a sustainable level. The euro zone will see divergent economic trends, with the sovereign debt crises in the peripheral countries representing the greatest challenge for economic policymakers again in 2013. In its forecast from November 2012, the Organisation for Economic Co-operation and Development (OECD) said it expects the euro zone to remain in a slight recession overall in 2013 as well.

In the ***Material Handling*** segment, business with new cranes 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 new business with industrial cranes in the shape of lower capital expenditure by our customers. In light of this, we estimate the growth opportunities for 2013 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, growth prospects in the Material Handling segment 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 already showed signs during the 2011/2012 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 continue to

[3] Bundesministerium für Wirtschaft und Technologie, Schlaglichter der Wirtschaftspolitik, January 2013; Commerzbank, Economic Research, Konjunktur und Finanzmärkte, December 2012

expect growth with the services offered in the Material Handling segment. In general, our worldwide customers show an ongoing trend towards outsourcing and switching to professional maintenance services. Moreover, our customer base in emerging markets is expanding. We see additional growth potential here notably due to increasing security requirements. At the same time, the performance of the Services business remains dependent on industrial capacity utilisation, which has been adversely affected by uncertainty in connection with the debt crisis, particularly in mature markets. However, based on our strategy of taking on increasing functional responsibility and offering a broader selection of services, there is additional potential for increases in these markets too, including for non-Demag cranes and load handling attachments.

Under the given conditions, market growth in the ***Port Solutions*** 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), which has now been ordered by terminal operators in Rotterdam, remains a prime example of this. 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 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 stagnation in demand in markets that have been affected by the crisis for some time. While we generally expect slight growth in the Services business, 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 Solutions segment in the next 12-24 months, of which our Mobile Harbour Cranes constitute the basic business. Marketing of the newly designed compact harbour crane could provide additional impetus. Furthermore, revenue recognised from the two major projects in the Netherlands will have a significant impact on segment revenue. We expect the price pressure and fierce competition to persist in the Port Solutions segment as well.

For the next 12 months we see revenue 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, (see Annual Report 2011/2012 section "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. 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 Material Handling segment 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 Solutions 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 complimentary 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, 25 March 2013

Aloysius Rauen Lawrence Lockwood Stoyan Filipov

Consolidated Financial Statements

for the short financial year

1 October 2012 to 31 December 2012

Table of contents

Statement of comprehensive income 59

Statement of financial position 60

Statement of changes in equity 62

Statement of cash flow 63

Notes to the Consolidated Financial Statements 64

1. General information 64
2. Basis of preparation 64
3. New and revised standards and interpretations 65
4. Accounting policies 68
5. Accounting estimates and judgements 82
6. Consolidated Group 84

Notes to the statement of comprehensive income 86

7. Revenue 86
8. Selling, general and administrative expenses 86
9. Research and development expenses 86
10. Other operating income and other operating expenses 87
11. Income from investments accounted for using the equity method 87
12. Interest and similar income and interest and similar expenses 87
13. Income tax 87
14. Earnings per share 88

Notes to the statement of financial position 89

15. Goodwill and other intangible assets 89
16. Property, plant and equipment 93
17. Investment property 96
18. Investments accounted for using the equity method 97
19. Other investments 97
20. Trade receivables and other financial assets 98
21. Other non-financial assets 100
22. Inventories 100
23. Cash and cash equivalents 101
24. Non-current assets held for sale and associated liabilities 101
25. Shareholders' equity 102
26. Provisions for pensions and similar obligations 104
27. Other provisions 108
28. Loans and borrowings 109
29. Trade payables and other financial liabilities 110
30. Other non-financial liabilities 110
31. Deferred tax 111

Other disclosures 113

32. Statement of cash flow 113
33. Segment reporting 114
34. Additional disclosures on financial instruments 117
35. Capital management 126
36. Contractual commitments 127
37. Contingent liabilities and other obligations 128
38. Related parties 129
39. Personnel expenses and number of employees 131
40. Corporate governance code 131

41. Exemption under Section 264 (3) of the German Commercial Code 131
42. Auditors' fees 132
43. Events after the balance sheet date 132
44. Subsidiaries, joint ventures and investments as at 31 December 2012 133
45. Mandates 138

Responsibility statement 143

Auditors' report 144

Statement of comprehensive income

1 October to 31 December

in EUR thousand	Note	**Short FY 2012**	2011/2012
Revenue	7	227,140	1,123,267
Cost of sales		-175,134	-806,360
Gross profit		**52,006**	**316,906**
Selling, general and administrative expenses	8	-59,021	-231,502
Research and development expenses	9	-4,863	-18,325
Other operating income	10	74,331	71,207
Other operating expenses	10	-3,614	-11,949
Income from investments accounted for using the equity method	11	1,030	3,919
Earnings before interest and tax (EBIT)		**59,869**	**130,256**
Interest and similar income	12	782	3,158
Interest and similar expenses	12	-2,949	-16,449
Earnings before tax (EBT)		**57,703**	**116,966**
Income tax	13	-134	-32,185
Net income after tax		**57,569**	**84,781**
Of which			
attributable to the shareholders of Demag Cranes AG		57,396	84,506
attributable to non-controlling interest		173	275
Differences arising from currency translation	25	-4,767	7,410
Changes in the fair value of available-for-sale financial instruments	25	-4	29
Deferred tax	25	1	-7
Net income recognised in equity that can be reported in the Statement of Income		**-4,770**	**7,432**
Actuarial gains/losses	25	-9,909	-42,488
Deferred tax	25	-6	-2,502
Net income recognised in equity that cannot be reported in the Statement of Income		**-9,916**	**-44,991**
Net income recognised directly in equity after tax		**-14,686**	**-37,559**
Total recognised income and expense after tax		**42,883**	**47,222**
Of which			
attributable to the shareholders of Demag Cranes AG		42,734	46,890
attributable to non-controlling interest		149	333
Earnings per share (in EUR)	**14**	**2.71**	**4.00**

Statement of financial position

Assets

in EUR thousand	Note	**31 December 2012**	30 September 2012
Goodwill	15	95,071	95,093
Other intangible assets	15	43,130	43,294
Property, plant and equipment	16	115,980	113,678
Investment property	17	178	179
Investments accounted for using the equity method	18	25,177	25,041
Other investments	19	730	733
Trade receivables	20	533	656
Other financial assets	20	1,603	1,689
Other non-financial assets	21	8	–
Deferred tax assets	31	12,807	10,960
Non-current assets		**295,216**	**291,323**
Inventories	22	187,999	188,027
Advance payments made		6,060	4,072
Trade receivables	20	148,745	147,206
Other financial assets	20	173,000	16,742
Tax receivables		2,950	2,745
Other non-financial assets	21	16,152	18,163
Cash and cash equivalents	23	54,122	55,947
Subtotal of non-current assets		**589,029**	**432,901**
Available-for-sale assets	24	–	78,275
Current assets		**589,029**	**511,176**
Assets		**884,245**	**802,499**

Shareholders' equity and liabilities

in EUR thousand	Note	**31 December 2012**	30 September 2012
Subscribed capital	25	21,173	21,173
Additional paid-in capital	25	188,943	188,943
Other reserves	25	46,913	64,353
Equity attributable to shareholders of Demag Cranes AG	**25**	**257,029**	**274,469**
Equity attributable to non-controlling interest	25	1,805	1,657
Equity	**25**	**258,834**	**276,126**
Provisions for pensions and similar obligations	26	200,630	183,691
Other provisions	27	2,600	2,681
Loans and borrowings	28	699	794
Other financial liabilities	29	8,191	7,945
Other non-financial liabilities	30	8,812	10,084
Deferred tax liabilities	31	2,169	2,114
Non-current liabilities		**223,101**	**207,308**
Advance payments received		150,881	86,945
Other provisions	27	23,639	22,897
Loans and borrowings	28	86,755	8,780
Trade payables	29	44,643	48,857
Other financial liabilities	29	36,910	42,362
Tax liabilities		20,571	23,842
Other non-financial liabilities	30	38,912	50,050
Subtotal of non-current liabilities		**402,309**	**283,732**
Available-for-sale liabilities	24	–	35,333
Current liabilities		**402,309**	**319,065**
Shareholders' equity and liabilities		**884,245**	**802,499**

Statement of changes in equity

	Subscribed capital	Additional paid-in capital	Other reserves				Equity attributable to shareholders of Demag Cranes AG	Equity attributable to non-controlling interest	Equity
			Retained earnings		Accumulated other comprehensive income				
in EUR thousand			Actuarial gains/losses	Other reserves	Available-for-sale financial assets	Differences arising from currency translation			
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 after tax	**–**	**–**	**-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**
Balance at 1 October 2012	**21,173**	**188,943**	**-52,925**	**106,150**	**-16**	**11,145**	**274,469**	**1,657**	**276,126**
Dividends paid	–	–	–	–	–	–	–	–	–
Profit transfer to Terex	–	–	–	-60,175	–	–	-60,175	–	-60,175
Share-based payment	–	–	–	–	–	–	–	–	–
Transactions with shareholders	**–**	**–**	**–**	**-60,175**	**–**	**–**	**-60,175**	**–**	**-60,175**
Total recognised income and expense after tax	**–**	**–**	**-9,909**	**57,396**	**-3**	**-4,750**	**42,734**	**149**	**42,883**
Balance at 31 December 2012	**21,173**	**188,943**	**-62,834**	**103,371**	**-19**	**6,395**	**257,029**	**1,805**	**258,834**

Further information is provided in Note 25.

Statement of cash flow

1 October to 31 December

in EUR thousand	**Short FY 2012**	2011/2012
Net income after tax	**57.569**	**84.781**
Income tax	134	32.185
Interest and similar expenses, net	2.166	13.290
Depreciation, amortisation and impairments	5.247	21.567
EBITDA	**65.117**	**151.823**
Change in inventories	-3.920	14.671
Change in trade receivables	-5.304	-10.462
Change in trade payables	11.964	-22.635
Change in advance payments made/received, net	62.510	14.554
Gain/loss on disposal of non-current assets	-67.546	-57.231
Income from investments accounted for using the equity method	-1.030	-3.919
Dividends received from investments accounted for using the equity method	610	4.209
Change in other financial/non-financial assets/liabilities	-62.152	-26.093
Cash flow from operating activities before interest and tax	**248**	**64.916**
Interest received	592	2.394
Interest paid	-1.357	-7.753
Income tax paid	-933	-18.844
Cash flow from operating activities	**-1.449**	**40.714**
Purchase of businesses	–	–
Purchase of intangible assets and property plant and equipment	-8.091	-22.272
Proceeds from the sale of businesses	77.247	96.501
Proceeds from the sale of intangible assets and property plant and equipment	128	166
Cash flow from investing activities	**69.284**	**74.395**
Free cash flow before financing (FCF)	*67.835*	*115.109*
Payments/proceeds from loans and borrowings*	-55.816	-162.213
Payment of profit and loss transfer to Terex Germany GmbH & Co. KG for the prior year	-18.198	–
Share-based payments	–	-2.194
Dividends paid to minority shareholders	–	-62
Dividends paid to Demag Cranes AG shareholders	–	-847
Cash flow from financing activities	**-74.015**	**-165.316**
Effect of foreign exchange rate changes on free cash flow	-1.025	2.976
Net increase/decrease in cash and cash equivalents	**-7.204**	**-47.231**
Cash and cash equivalents as at 1 October	55.947	107.606
Effects of foreign exchange rate changes on cash and cash equivalents	-1.122	1.470
Effects of assets held for sale on cash and cash equivalents	6.501	-5.897
Cash and cash equivalents as at 31 December/30 September	**54.122**	**55.947**
Of which restricted	1.041	1.082
Free cash flow before financing, interest and tax payments	70.124	139.311

* Of which repayment of EUR 0 in short financial year 2012 for the revolving credit facility (2011/2012: EUR 122,654,000)
* this includes EUR 60,175,000 (2011/2012: EUR 18,198,000) for the current financial year in allocation from financial liabilities

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 stock corporation. 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 Material Handling and Port Solutions. 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 25 March 2013. The Consolidated Financial Statements are to be released for publication in their present form at the Supervisory Board Meeting on 26 March 2013.

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.

At the Annual General Meeting on 27 August 2012, it was decided to change the financial year to the 31 December reporting date. This resulted in a short financial year from 1 October 2012 to 31 December 2012.

The three-month short financial year means that there is only restricted comparability with the twelve-month prior year, most notably with regard to the statement of comprehensive income.

2. Basis of preparation

The Consolidated Financial Statements of Demag Cranes AG for the short financial year 1 October 2012 to 31 December 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 the short financial year 2012

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

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

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

There is no material impact on the Group's financial position and financial performance.

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 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 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.

- 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 1 January 2013. 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, 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 1 January 2014. 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.

- IFRS 13 Fair Value Measurement

In May 2011 the IASB published the new IFRS 13 (Fair Value Measurement). The standard must be applied prospectively for annual periods beginning on or after 1 January 2013. The impact the changes will have on the presentation of its financial position and results of operations is currently being evaluated. 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.

- 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 1 January 2013 (IFRS 7 amendments) or 1 January 2014 (IAS 32 amendments). The impact the changes will have on the presentation of its financial position and results of operations is currently being evaluated.

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.

- Annual Improvements Process

In May 2012 the IASB published the fourth "Annual Improvements to IFRSs" under its annual improvements project. The amendments define more precisely the recognition, measurement and reporting of transactions, standardise terminologies and are mainly to be regarded as editorial corrections to existing standards. The amendments come into effect for annual periods beginning on or after 1 January 2013. They have not yet been endorsed by the European Union.

- Amendment for Application of the Consolidation Standards (IFRS 10, 11 and 12)

The amendments on "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance" to IFRS 10, 11 and 12 issued by IASB in June 2012 are designed to clarify and provide transition relief for these standards and are mandatory for annual periods beginning on or after 1 January 2014. They have not yet been endorsed by the European Union.

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 31 December 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 31 December 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 31 December 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):

Country	ISO code	**EUR exchange rate prevailing on the balance sheet date**		**Average EUR exchange rate for the period**	
		31 December 2012	30 September 2012	**1 Oct. 2012 - 31 Dec. 2012**	1 Oct. 2011 - 31 Dec. 2012
USA	USD	1.31850	1.29220	1.29659	1.30388
UK	GBP	0.81550	0.79820	0.80727	0.82777
South Africa	ZAR	11.18880	10.67640	11.27637	10.48915
Czech Republic	CZK	25.12100	25.15500	25.16494	25.17533
China	CNY	8.27400	8.11500	8.09757	8.27420
Switzerland	CHF	1.20730	1.20950	1.20794	1.21214
Brazil	BRL	2.71860	2.61360	2.66475	2.43299
India	INR	72.91300	68.32900	70.09371	67.99017

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 short 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 two 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 short 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 short 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 short 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 short 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.

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 608,000 in development expenses were capitalised in the short financial year (2011/2012: EUR 2,695,000). Impairment testing of capitalised development expenses did not result in recognition of any impairment losses in the short financial year 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 200,630,000 at the balance sheet date (30 September 2012: EUR 183,691,000). 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 5,637,000 at 31 December 2012 (30 September 2012: EUR 4,235,000). 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 25,153,000 at the balance sheet date (30 September 2012: EUR 37,237,000). Partial retirement obligations came to EUR 7,453,000 (30 September 2012: EUR 8,364,000). Further information is provided in Note 30.

- 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 31 December 2012, the net carrying amount of deferred tax assets recognised for tax loss carryforwards amounted to EUR 4,515,000 (30 September 2012: EUR 3,253,000). 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 31 December 2012 incorporate the Financial Statements of Demag Cranes AG and 32 (2011/2012: 37) domestic and foreign subsidiaries.

On 14 December 2012, a number of foreign subsidiaries were sold to companies in the Terex Group. The transactions involved were as follows:

Demag Cranes & Components S.p.A., Italy, as well as its subsidiaries Donati Sollevamenti S.r.l., Italy and Donati Ltd. UK, UK (the latter was held only as an investment in the Demag Cranes Group and was not included in the consolidation) were sold to Terex Italia S.r.l., Italy.

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

DCC France Holdco S.A., France and its subsidiary Demag Cranes & Components S.A.S., France were sold to Terex Cranes SAS, France.

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

The selling price was EUR 83,748,000. The EUR 62,357,000 deconsolidation gain is included in other operating income in the statement of comprehensive income. The sale of the companies affected financial statement items as follows:

in EUR thousand	
Goodwill	7,674
Property, plant and equipment	1,870
Other non-current assets	7,285
Inventories	13,291
Trade receivables	36,431
Other current assets	13,531
Assets	80,083
Non-current liabilities	-3,151
Current liabilities	-57,333
Liabilities	-60,484
Net assets	19,599
Differences arising from currency translation	2,550
Sales price	83,748
Proceeds from disposal of assets	66,698

The assets and liabilities of the companies sold were reported in the Consolidated Financial Statements at 30 September 2012 as non-current assets held for sale and liabilities associated with non-current assets held for sale.

The Demag Cranes Consolidated Financial Statements at 30 September 2012 show the deconsolidation of the two US companies Demag Cranes & Components US, Cleveland, USA and Crane America Services, Dayton, USA. The sale of these two companies resulted in a profit of EUR 57,205,000 which is included in the statement of comprehensive income for the financial year from 1 October 2011 to 30 September 2012.

Notes to the statement of comprehensive income

7. Revenue

in EUR thousand	**Short FY 2012**	2011/2012
Segment Material Handling	167,339	858,463
Segment Port Solutions	59,801	264,804
Total	**227,140**	**1,123,267**

Revenue from the sale of goods to the value EUR 105,886,000 (2011/2012: EUR 523,979,000) and revenue from the sale of services to the value of EUR 61,452,000 (2011/2012: 334,484,000) was achieved in the Material Handling segment. Revenue in the Port Solutions segment refers exclusively to the sale of goods.

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

in EUR thousand	**Short FY 2012**	2011/2012
Selling expenses	-40,137	-158,646
General administrative expenses	-18,884	-72,856
Total	**-59,021**	**-231,502**

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

in EUR thousand	**Short FY 2012**	2011/2012
Incurred research and development expenses	-4,998	-19,110
Amortisation	-477	-1,710
Impairments	–	–
Capitalised development expenses	612	2,495
Total	**-4,863**	**-18,325**

The incurred research and development expenses sub-item contains all expenses for research and development activities. 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

in EUR thousand	**Short FY 2012**	2011/2012
Foreign exchange gains	1,438	9,927
Gains on disposal of AU, FR, IT and ES entities / previous year US entities	66,698	57,205
Gains on disposal of assets	25	198
Income from reversal of other provisions	20	114
Other	6,150	3,763
Other operating income	**74,331**	**71,207**
Foreign exchange losses	-2,898	-11,066
Losses on disposal of assets	-19	-147
Other	-696	-736
Other operating expenses	**-3,614**	**-11,949**

11. Income from investments accounted for using the equity method

The EUR 1,030,000 (2011/2012: EUR 3,919,000) 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

in EUR thousand	**Short FY 2012**	2011/2012
Interest on current accounts and term deposits	324	1,725
Measurement of interest rate swaps at fair value	–	–
Expected return on plan assets	190	764
Other	268	670
interest and similar income	**782**	**3,158**
Interest on senior credit facility	–	-4,121
Interest expenses on pension provisions	-1,562	-7,147
Interest expenses on non-current liabilities	-75	-536
Amortisation of debt issuance costs	–	-1,962
Other	-1,312	-2,682
interest and similar expenses	**-2,949**	**-16,449**

13. Income tax

The 30.55% (2011/2012: 30.55%) income tax rate for domestic companies consists of corporation tax at 15.0% (2011/2012: 15.0%) plus the supplementary 5.5% solidarity surcharge (2011/2012: 5.5%) and German trade tax at an average of 14.72% (2011/2012: 14.72%).

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

Income tax is made up as follows:

in EUR thousand	**Short FY 2012**	2011/2012
Current income tax		
Germany	595	-13,293
Other countries	1,741	-16,624
Subtotal	**2,336**	**-29,918**
Deferred tax		
Germany	-	-1,498
Other countries	-2,470	-769
Subtotal	**-2,470**	**-2,267**
Total	**-134**	**-32,185**

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:

in EUR thousand	**Short FY 2012**	2011/2012
Earnings before tax (EBT)	57,703	116,966
Group tax rate (%)	30.55	30.55
Expected income tax expenses	**-17,628**	**-35,733**
Differences due to foreign tax rates	367	-810
Effects of losses carried forward/valuation allowances	-601	-8,265
Tax-free income	17,721	16,963
Non-deductible expenses	-724	-1,408
Effects of changes in income tax rates	–	1,209
Income tax of prior years	1,183	-9,579
Permanent differences	133	1,860
Effects from the profit transfer agreements	942	2,095
Other	-1,527	1,484
Reported income tax	**-134**	**-32,185**
Effective tax rate (%)	0.2	27.5

As a result of applying the legal form approach to the tax group, the Consolidated Financial Statements only include tax effects legally attributable to Demag Cranes AG and its subsidiaries as tax subject in relation to the tax authorities.

14. Earnings per share

	Short FY 2012	2010/2011
Net income attributable to shareholders of Demag Cranes AG (in EUR thousand)	57,396	84,506
Weighted average number of shares outstanding	21,172,993	21,172,993
Earnings per share (in EUR)	**2.71**	**4.00**

There is no dilutive effect as no potential shares were in circulation in the short financial year 2012 or in the comparative period, financial year 2011/2012. 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 of sales								
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	–
Reclassification as 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**
Balance at 1 October 2012	**95,093**	**27,761**	**15,139**	**3,117**	**25,085**	**31,298**	**1,306**	**198,798**
Change in the scope of the Consolidated Financial Statements	–	–	–	–	–	–	–	–
Additions from acquisitions	–	–	–	–	–	382	3	385
Additions from internal development	–	–	–	608	–	–	–	608
Disposals	–	–	–	–	–	-470	–	-470
Reclassifications	–	–	–	–	–	–	–	–
Reclassification as assets under construction	–	–	–	–	–	–	–	–
Reclassification as assets held for sale	–	–	–	–	–	–	–	–
Exchange difference	-22	–	–	–	–	-120	-15	-157
Balance at 31 December 2012	**95,071**	**27,761**	**15,139**	**3,725**	**25,085**	**31,090**	**1,295**	**199,164**

				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 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	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	147	9	156
Reclassifications	–	–	–	–	–	-64	64	–
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**	**-60,410**
Balance at 1 October 2012	**–**	**0**	**-15,080**	**0**	**-18,780**	**-25,544**	**-1,007**	**-60,410**
Change in the scope of the Consolidated Financial Statements	–	–	–	–	–	–	–	–
Amortisation	–	–	-3	–	-355	-718	-44	-1,120
Impairments	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	470	–	470
Reclassifications	–	–	–	–	–	–	–	–
Reclassification as assets held for sale	–	–	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	86	8	96
Balance at 31 December 2012	**–**	**0**	**-15,083**	**0**	**-19,135**	**-25,705**	**-1,042**	**-60,963**
Carrying amount								
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**
Balance at 1 October 2012	95,093	27,761	59	3,117	6,305	5,754	300	138,387
Balance at 31 December 2012	**95,071**	**27,761**	**56**	**3,725**	**5,951**	**5,385**	**253**	**138,201**

Goodwill

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

in EUR thousand	**31 December 2012**	30 September 2012
Segment Material Handling	87,034	87,056
Segment Port Solutions	8,037	8,037
Total	**95,071**	**95,093**

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 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 2.1% to 3.2% (2011/2012: 2.0% to 4.1%) is 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, 10.2% in the Material Handling segment (2011/2012: 9.3%) and 10.2% in the Port Solutions segment (2011/2012: 9.3%). Demag Cranes estimates costs to sell at 2% (2011/2012: 2%) of the estimated fair value of the relevant cash-generating unit.

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

Other intangible assets

The EUR 43,130,000 other intangible assets item in the statement of financial position (30 September 2012: EUR 43,294,000) comprises trademarks, patents, capitalised development costs for development in progress and completed development, software, and sundry other intangible assets.

Development expenses totalling EUR 608,000 were capitalised in the short financial year 2012 (2011/2012: EUR 2,695,000). This was accounted for by the Port Solutions and Material Handling segments. No borrowing costs were recognised for qualifying assets in the period under review (2011/2012: borrowing costs of EUR 200,000). The underlying capitalisation rate determined on a quarterly basis averaged 3.74% in financial year 2011/2012.

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

As in financial year 2011/2012, there were no impairment reversals in the short financial year 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 planning horizon – at a post-tax discount rate of 10.2% in the Material Handling segment (30 September 2012: 9.3%) and 10.2% in the Port Solutions segment (30 September 2012: 9.3%). The imputed licence fee is estimated by Demag Cranes at 0.5% (30 September 2012: 0.5%) of budgeted revenue using the trademark. The carrying amounts of trademark assets in each segment are as follows:

in EUR thousand	**31 December 2012**	30 September 2012
Segment Material Handling	17,514	17,514
Segment Port Solutions	9,747	9,747
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 (30 September 2012: 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:

in EUR thousand	**Short FY 2012**	Of which impairments	2011/2012	Of which impairments
Cost of sales	-135	–	-568	–
Research and development expenses	-415	–	-1,464	–
Selling, general and administrative expenses	-570	–	-2,439	–
Total	**-1,120**	–	**-4,471**	–

16. Property, plant and equipment

	Land	Buildings and leasehold improvements	Plant and machinery	Other plant and machinery	Advance payments and assets under construction	Advance payments and assets under construction	**Total**
in EUR thousand							
Cost of sales							
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
Reclassifications	–	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**
Balance at 1 October 2012	**23,994**	**72,423**	**115,485**	**39,501**	**4,904**	**158**	**256,465**
Additions	–	158	1,559	946	4,435	–	7,097
Disposals	–	–	-675	-1,123	-6	–	-1,804
Reclassifications	–	64	1,551	500	-2,115	–	-0
Exchange difference	-2	-135	-584	-252	-35	-0	-1,008
Balance at 31 December 2012	**23,992**	**72,510**	**117,336**	**39,571**	**7,182**	**158**	**260,750**

	Land	Buildings and leasehold improvements	Plant and machinery	Other plant and machinery	Advance payments and assets under construction	Advance payments and assets under construction	**Total**
in EUR thousand							
Depreciation, amortisation and impairments							
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**
Balance at 1 October 2011	**-1,032**	**-38,319**	**-75,623**	**-27,690**	**-98**	**-26**	**-142,787**
Amortisation	–	-885	-2,147	-1,038	–	-9	-4,079
Impairments	–	–	-49	–	–	–	-49
Disposals	–	6	594	1,082	–	–	1,682
Reclassification	–	–	36	-36	–	–	0
Exchange difference	–	66	254	140	2	–	463
Balance at 31 December 2012	**-1,032**	**-39,131**	**-76,934**	**-27,542**	**-96**	**-35**	**-144,770**
Carrying amount							
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**
Balance at 1 October 2012	22,962	34,104	39,862	11,812	4,806	133	113,678
Balance at 31 December 2012	**22,960**	**33,379**	**40,402**	**12,029**	**7,087**	**123**	**115,980**

An impairment was recognised on a machine in the amount of EUR 49,000 in the short financial year 2012 (2011/2012: EUR 0,000). There were no impairment reversals on property, plant and equipment in the short financial year 2012 or in the financial year 2011/2012.

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

in EUR thousand	**Short FY 2012**	Of which impairments	2011/2012	Of which impairments
Cost of sales	-3,349	-49	-13,976	–
Research and development expenses	-62	–	-246	–
Selling, general and administrative expenses	-717	–	-2,874	–
Total	**-4,128**	**-49**	**-17,095**	**–**

Prepayments and assets under construction

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

in EUR thousand	**31 December 2012**	30 September 2012
Turning machine	843	758
Tauch-Impregnating system	608	–
Vertical turning system	518	518
Light-Construction hall	448	–
Hall-Refurbishment	411	–
Machining centre	400	–
Electric-Hall	241	–
CNC machinery	231	–
Vehicles for heavy load	201	–
Tooling equipment	198	127
Painting booth	158	465
Tension testing machine	152	–
Supply line for distribution-centre	150	–
Test facility	106	–
Refurbishment of staff canteen	106	–
Bed milling machine	–	231
Boiler	–	139
Brake winder	–	101
Cranes	–	100
Other	2,318	2,366
Total	**7,087**	**4,806**

17. Investment property

	Land	Land	**Total**
in EUR thousand			
Cost of sales			
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**
Balance at 1 October 2012	**178**	**8**	**186**
Transfer to/from property, plant and equipment	–	–	–
Disposals	–	–	–
Exchange difference	-1	0	-2
Balance at 31 December 2012	**177**	**7**	**184**
Depreciation, amortisation and impairments			
Balance at 1 October 2011	**–**	**-6**	**-6**
Amortisation	–	0	0
Impairments	–	–	–
Disposals	–	–	–
Exchange difference	–	0	0
Balance at 30 September 2012	**–**	**-6**	**-6**
Balance at 1 October 2012	**–**	**-6**	**-6**
Amortisation	–	0	–
Impairments	–	–	–
Disposals	–	–	–
Exchange difference	–	0	–
Balance at 31 December 2012	**–**	**-6**	**-6**
Carrying amount			
Balance at 1 October 2011	178	1	179
Balance at 30 September 2012	**178**	**1**	**179**
Balance at 1 October 2012	178	1	179
Balance at 31 December 2012	**177**	**1**	**178**

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 the short financial year 2012 is EUR 1,030,000 (2011/2012: EUR 3,919,000). Revenue in the short financial year 2012 includes EUR 7,763,000 (2011/2012: EUR 26,500,000) 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:

in EUR thousand	**31 December 2012**	30 September 2012
Revenue[1]	16,992	67,184
Other operating income[1]	51	447
Expenses[1]	16,440	62,482
Tax[1]	318	1,230
Operating net income after tax[1]	1,030	3,919
Non-current assets	8,051	7,631
Current assets	50,515	48,515
Non-current liabilities	895	766
Current liabilities	33,424	31,716
Equity	24,247	23,664

19. Other investments

	Investment in associates	Long-term securities	**Total**
in EUR thousand			
Cost			
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**
Balance at 1 October 2012	**10**	**723**	**733**
Additions	–	–	–
Change in fair value	–	-4	-4
Disposals	–	–	–
Balance at 31 December 2012	**10**	**720**	**730**

20. Trade receivables and other financial assets

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Trade receivables	125,719	960	126,679	144,048	1,083	145,131
Trade receivables associates and joint ventures	21,228	–	21,228	6,239	–	6,239
Derivative financial instruments	767	–	767	484	–	484
Receivables from employees	628	–	628	502	–	502
Contract work trade receivables/payables	8,713	–	8,713	3,500	–	3,500
Other	171,606	1,603	173,209	15,757	1,689	17,446
Gross	**328,661**	**2,563**	**331,224**	**170,529**	**2,772**	**173,301**
Impairments	-6,915	-427	-7,343	-6,581	-427	-7,009
Net	**321,745**	**2,136**	**323,881**	**163,948**	**2,345**	**166,293**

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 short financial year.

Derivative financial instruments mainly consist of derivatives with positive fair values of EUR 767,000 (30 September 2012: EUR 484,000) that are not used for hedging purposes.

Trade receivables past due at 31 December 2012 before impairment losses recognised on a collective basis:

in EUR thousand	**31 December 2012**	30 September 2012
Gross carrying amount	156,620	154,870
Individual impairments	-6,387	-6,599
Trade receivables	**150,232**	**148,271**
Of which at the balance sheet date neither impaired		
nor past due	97,027	95,580
up to 30 days past due	13,993	15,389
31 to 60 days past due	6,843	4,738
61 to 90 days past due	4,135	3,379
91 to 180 days past due	6,192	3,049
181 to 360 days past due	2,350	3,205
over 360 days past due	645	594

Impairment losses totalling EUR 6,387,000 (30 September 2012: EUR 6,599,000) were individually recognised on trade receivables with a gross carrying amount of EUR 25,434,000 (30 September 2012: EUR 28,935,000).

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:

	Short FY 2012		2011/2012	
in EUR thousand	**Total**	Of which specific allowances	Total	Of which specific allowances
Balance at 1 October	**-7,009**	**-6,599**	**-10,876**	**-9,904**
Additions	-1,642	-1,033	-4,003	-3,865
Reversals	1,141	1,118	3,944	3,778
Drawings	49	49	1,150	1,150
Exchange difference	118	78	-228	-206
Sale/reclassification	-	-	3,005	2,449
Balance at 31 December/30 September	**-7,342**	**-6,387**	**-7,009**	**-6,599**

Impairment losses totalling EUR 6,387,000 (30 September 2012: EUR 6,599,000) were individually recognised on trade receivables and other financial assets with a gross carrying amount of EUR 331,224,000 (30 September 2012: EUR 173,301,000). 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 954,000 (30 September 2012: EUR 410,000). 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:

in EUR thousand	**31 December 2012**	30 September 2012
Construction costs incurred	5,284	2,846
plus recognised profits	3,429	654
Progress billings	–	–
Total	**8,713**	**3,500**

Revenue from construction contracts came to EUR 5,213,000 in the short financial year 2012 (2011/2012: EUR 3,500,000), comprising EUR 5,213,000 in the Port Solutions segment (2011/2012: EUR 3,500,000 in the Port Solutions segment). There were no retentions at the balance sheet date.

21. Other non-financial assets

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Other tax receivables	7,287	–	7,287	7,339	–	7,339
Advance payments	2,622	–	2,622	3,334	–	3,334
Deferred charges	2,967	–	2,967	4,111	–	4,111
Other	3,485	8	3,493	3,587	1,073	4,660
Gross	**16,361**	**8**	**16,369**	**18,372**	**1,073**	**19,445**
Impairments	-209		-209	-209	-1,073	-1,282
Net	**16,152**	**8**	**16,160**	**18,163**	**0**	**18,163**

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

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

	Short FY 2012		2011/2012	
in EUR thousand	**Total**	Of which individual impairments	Total	Of which individual impairments
Balance at 1 October	**-1,282**	**-1,282**	**-1,092**	**-1,092**
Additions	–	–	-193	-193
Reversals	1,073	1,073	3	3
Exchange differences	–	–	1	1
Balance at 31 December/30 September	**-209**	**-209**	**-1,282**	**-1,282**

22. Inventories

in EUR thousand	**31 December 2012**	**30 September 2012**
Materials and supplies	41,596	42,443
Work in progress	141,892	141,365
Finished goods and products held for resale	4,511	4,219
Total	**187,999**	**188,027**

A total of EUR 107,103,000 (2011/2012: EUR 549,218,000) in inventories were recognised as expense (material expenses) in the reporting period. This is net of EUR 841,000 in income from reversal of write-downs (2011/2012: EUR 2,161,000 income from reversal of write-downs). The gross value of written-down inventories is EUR 50,450,000 (30 September 2012: EUR 47,842,000).

23. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2012 were made up as follows:

in EUR thousand	31 December 2012	30 September 2012
Cash on hand	77	57
Current accounts (bank)	35,914	31,870
Fixed-term deposits	18,074	23,878
Other	57	141
Total	**54,122**	**55,947**

The cash and cash equivalents items in the statement of financial position and the statement of cash flow are identical. EUR 1,041,000 (30 September 2012: EUR 1,082,000) 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

Non-current assets held for sale and liabilities associated with non-current assets held for sale in the prior year relate to the following companies:

- Demag Cranes & Components S.p.A., Italy as well as its subsidiary Donati Sollevamenti S.r.l., Italy Demag Cranes & Components S.A.U., Spain
- DCC France Holdco S.A., France and its subsidiary Demag Cranes & Components S.A.S., France
- Demag Cranes & Components S.A.U., Spain
- Demag Cranes & Components Pty. Ltd., Australia

The companies were sold to the corresponding in-country Terex entities on 14 December 2012 and deconsolidated.

Please see Note 6 for the effects of the deconsolidation on financial statement items.

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 (authorised 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 31 December 2012 balance sheet date.

Additional paid-in capital

The change in additional paid-in capital during the short financial year 2011/2012 relates to the share option scheme (Matching Stock Program).

Retained earnings

Retained earnings consist of net income for the short 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: 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.

Exchange rate effects to the amount of EUR 2,550,000 due to the deconsolidation of Demag Cranes & Components Pty. Ltd., Australia were deducted in short financial year 2012.

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 short 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	**Short FY 2012**	2011/2012
Changes in the fair value of available-for-sale financial instruments	**-19**	**-16**
Changes affecting profit or loss	–	–
Changes not affecting profit or loss	-4	29
Deferred tax	1	-7
Actuarial gains/losses	**-62,845**	**-52,929**
Changes not affecting profit or loss	-9,909	-42,488
Deferred tax	-6	-2,502
Differences arising from currency translation	**6,387**	**11,137**
Changes affecting profit or loss		–
Changes not affecting profit or loss	-4,750	7,345
Of which from investments accounted for using the equity method	-284	1,853
Net income recognised directly in equity at 31 December/30 September	**-56,477**	**-41,809**

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 60,175,000 for the short financial year 2012 (2011/2012: EUR 18,198,000) 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). The payment for the short financial year 2012 is EUR 0.83 per share (EUR 0.76 net per share).

26. Provisions for pensions and similar obligations

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

in EUR thousand	**31 December 2012**	30 September 2012
Defined benefit obligation	184,211	174,551
Deferred compensation	9,417	9,137
Similar obligations	7,002	3
Total	**200,630**	**183,691**

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 the short financial year:

	Short FY 2012			2011/2012		
in EUR thousand	Germany	Other countries	**Total**	Germany	Other countries	Total
Defined benefit obligation as at 1 October	**171,805**	**23,241**	**195,046**	**131,326**	**21,776**	**153,102**
Current service cost	552	133	685	1,467	514	1,981
Interest cost	1,366	123	1,490	6,268	499	6,767
Exchange differences	–	42	42	–	192	192
Contributions by plan participants	–	103	103	–	426	426
Actuarial gains/losses	9,389	564	9,953	41,435	-305	41,129
Benefits paid	-1,940	-286	-2,225	-7,727	139	-7,587
Other defined	-41	-452	-493	-964	–	-964
benefit obligations as at 1 October/30 September	**181,132**	**23,469**	**204,601**	**171,805**	**23,241**	**195,046**
Of which						
funded	–	20,390	20,390	–	20,496	20,496
unfunded	181,132	3,078	184,211	171,805	2,745	174,551

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 3.15% to 2.8%.

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:

in EUR thousand	31 December 2012	30 September 2012	2011	2010	2009
Defined benefit obligation	204,601	195,046	153,102	167,175	140,242
Fair value of plan assets	-20,390	-20,496	-18,467	-19,209	-16,600
Amount not recognised as asset	–	–	–	–	–
Advance payments	–	–	–	–	–
Provision for defined benefit obligation	**184,211**	**174,551**	**134,634**	**147,966**	**123,642**

The fair value of plan assets changed as follows:

in EUR thousand	**Short FY 2012**	2011/2012
Fair value of plan assets at 1 October	**20,496**	**18,467**
Expected return on plan assets	190	764
Contributions by the employer	104	470
Contributions by plan participants	103	426
Pension benefits	-286	139
Actuarial gains (+)/losses (-)	-254	64
Exchange difference	37	164
Reversals	-	-
Fair value of plan assets at 31 December / 30 September	**20,390**	**20,496**
Fair value of plan assets	-64	828

Only plans outside Germany are funded.

Plan assets are made up as follows:

in %	**31 December 2012**	30 September 2012
Equity instruments	24	28
Debt instruments	43	50
Property	19	14
Other short-term investments	14	9
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:

	1 October to 31 December 2012			1 October to 30 September 2011/2012		
in EUR thousand	Germany	Other countries	**Total**	Germany	Other countries	Total
Current service cost	552	133	685	1,467	514	1,981
Interest cost	1,366	123	1,490	6,268	499	6,767
Expected return on plan assets	–	-190	-190	–	-764	-764
Other	–	-452	-452	–	–	0
Net	**1,918**	**-386**	**1,533**	**7,736**	**249**	**7,985**
Included in						
Cost of sales	320	-218	102	842	345	1,187
Selling, general and administrative expenses	232	-101	131	625	169	794
research and development expenses	0	–	0	0	–	0
interest and similar income	–	-190	-190	–	-764	-764
interest and similar expenses	1,366	123	1,490	6,268	499	6,767

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:

	Short FY 2012		2011/2012	
in %	**Germany**	**Other countries**	Germany	Other countries
Discount rate	2.8	1.8	3.15	2.00
Expected salary increase	2.5	1.0	2.5	1.25
Expected increases in pensions	2.0	-	2.0	-
Expected return on plan assets	-	3.5	-	3.75

Experience adjustments are as follows:

		30 September			
in %	**31 December 2012**	2012	2011	2010	2009
Defined benefit obligation	-0.9	0.1	-0.8	0.7	-0.2
Plan assets	-1.2	-0.3	-2.6	1.7	-7.9

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 9,417,000 in deferred compensation was recognised as liabilities in the short financial year 2012 (2011/2012: EUR 9,137,000).

Similar obligations

Due to the clarification of a statutory regulation in Brazil, an obligation to the amount of EUR 6,999,000 was recognised for the first time as a provision for benefits following the termination of respective employment contracts.

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 4,775,000 was recognised as an expense in the short financial year 2012 (2011/2012: EUR 16,120,000). This included EUR 3,859,000 (2011/2012: EUR 14,758,000) in contributions to the state pension scheme in Germany.

27. Other provisions

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Restructuring	5,637	–	5,637	4,235	–	4,235
Warranties and customer complaints	14,764	2,600	17,365	15,544	2,681	18,225
Legal and litigation	2,016	–	2,016	2,203	–	2,203
Other	1,221	–	1,221	915	–	915
Total	**23,639**	**2,600**	**26,239**	**22,897**	**2,681**	**25,578**

in EUR thousand	Restructuring	Warranties and customer complaints	Legal and litigation	Other	**Total**
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**
Balance at 1 October 2012	**4,235**	**18,225**	**2,203**	**915**	**25,578**
Additional provisions made	1,509	503	3	516	2,531
Amounts used	-107	-319	-118	-191	-735
Unused amounts reversed	–	-972	–	–	-972
Exchange difference	–	-72	-71	–	-143
Other changes	–	–	–	-19	-19
Balance at 31 December 2012	**5,637**	**17,365**	**2,017**	**1,221**	**26,239**

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 31 December 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:

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	Total
Finance lease liabilities	–	87	87	–	105	105
Loans and borrowings from related parties	–	33	33	–	42	42
Other current liabilities	86,755	-	86,755	8,780	-	8,780
Other loans and borrowings	–	579	579	–	648	648
Total	**86,755**	**699**	**87,454**	**8,780**	**794**	**9,574**

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

Other current liabilities mainly consists of short-term liabilities from the cash pooling arrangement with Terex Corporation to the amount of EUR 78,275,000 and from intra-group transfers to Terex to the amount of EUR 4,116,000.

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

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.

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.

EUR 78,257,000 was borrowed under the cash pooling arrangements as at 31 December 2012. This mainly relates to Demag Cranes AG in the amount of EUR 74,668,000. At the same time, there were receivables to the amount of EUR 168,376,000 under the cash pooling arrangements as at 31 December 2012. This mainly relates to DCC GmbH in the amount of EUR 145,177,000 and Gottwald Port Technology GmbH in the amount of EUR 17,478,000.

Demag Cranes additionally has guarantee facilities with various banks and two insurers (EUR 97,599,000 maximum) and via ancillary facilities with Terex Germany GmbH & Co. KG (EUR 33,100,000 maximum). As at 31 December 2012, drawings on the guarantee facilities with banks total EUR 81,047,000 (30 September 2012: EUR 84,096,000) and drawings on the ancillary facilities with Terex Germany GmbH & Co. KG total EUR 19,166,000 (30 September 2012: EUR 18,563,000).

29. Trade payables and other financial liabilities

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	**Total**
Trade payables	44,643	–	44,643	48,857	–	48,857
Accrued liabilities	24,116	–	24,116	25,938	–	25,938
Derivative financial instruments	36	–	36	176	–	176
Severance benefits		2,377	2,377	–	2,262	2,262
Other selling-related liabilities	120	5,814	5,934	128	5,683	5,810
Other	12,638	–	12,638	16,120	–	16,120
Total	**81,552**	**8,191**	**89,743**	**91,218**	**7,945**	**99,163**

30. Other non-financial liabilities

	31 December 2012			30 September 2012		
in EUR thousand	Current	Non-current	**Total**	Current	Non-current	**Total**
Long-year service	–	1,353	1,353	–	1,709	1,709
Partial retirement	–	7,453	7,453	–	8,364	8,364
Other personnel liabilities	25,153	–	25,153	37,237	–	37,237
Value added tax	4,181	–	4,181	4,842	–	4,842
Social security, payroll tax and church tax	6,879	–	6,879	4,180	–	4,180
Other	2,698	6	2,704	3,791	11	3,802
Total	**38,912**	**8,812**	**47,723**	**50,050**	**10,084**	**60,134**

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:

	31 December 2012		30 September 2012	
in EUR thousand	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Intangible assets	13	218	16	21
Property, plant and equipment	569	904	651	830
Inventories	2,949	30	3,525	154
Other assets	556	256	883	418
Tax loss carryforwards	5,982	–	4,492	–
Provisions and liabilities	4,018	560	1,731	530
Other	187	201	902	161
Other tax before impairment and netting	**14,275**	**2,169**	**12,199**	**2,114**
Impairments	-1,468	–	-1,239	–
Netting	–	–	–	–
Total	**12,807**	**2,169**	**10,960**	**2,114**

Deferred tax recognised directly in equity:

in EUR thousand	**31 December 2012**	30 September 2012
Actuarial gains/losses	878	886
Other equity items	4	3
Total	**882**	**889**

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 4,753,000 (2011/2012: EUR 7,752,000) 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:

in EUR thousand	**31 December 2012**	**30 September 2012**
Germany		
Corporation tax	6	2
Trade tax	6	2
Other countries	21,502	16,451

Tax losses can be carried forward indefinitely in Germany. Of the foreign loss carryforwards, EUR 11,779,000 (2011/2012: EUR 9,632,000) expire in the next five years and EUR 9,723,000 (2011/2012:

EUR 6,819,000) 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 18,846,000 (2011/2012: EUR 15,693,000). Write-downs of EUR 1,000 were recognised on trade tax loss carryforwards (2011/2012: 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:

in EUR thousand	**31 December 2012**	**30 September 2012**
Up to 1 year	2,606	2,277
1 to 2 years	192	–
2 to 3 years	–	–
3 to 4 years	144	–
4 to 5 years	60	131
More than 5 years	2,980	2,084
Total	**5,982**	**4,492**

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 short financial year. 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 the EUR 77,247,000 proceeds on the sale of six subsidiaries with effect from 14 December 2012. The selling price of the companies was EUR 83,748,000. This is after deduction of EUR 6,501,000 in cash and cash equivalents.

Cash flow from investing activities in financial year 2011/2012 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.

As at 31 December 2012, EUR 78,257,000 was borrowed under the cash pooling arrangements with Terex begun in May 2012. The balance of loans, borrowings and financial receivables decreased by EUR 74,015,000 (2011/2012: decrease of EUR 162,213,000). 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.

No dividends were paid out to the shareholders of Demag Cranes AG in the short financial year 2012 (2011/2012: dividends of EUR 847,000).

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 two reportable segments based on type of product and service (30 September 2012: three reportable segments): Material Handling and Port Solutions. The Demag Cranes Group has had a new management structure since 1 October 2012. The former **Industrial Cranes** and **Services** segments were amalgamated into the **Material Handling** segment.

The **Material Handling** segment integrates the development, production, sale, assembly and delivery of Industrial Cranes, including components and material handling solutions, the inspection, maintenance, repair and refurbishment of used cranes, and the sale of spare parts. Activities of the **Port Solutions** segment (formerly 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 Unallocated item relates to holding company costs.

The figures for the previous year were correspondingly adapted to the two new **Material Handling** and **Port Solutions** segments.

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.

	Revenue		Gross profit		Operating depreciation, amortisation and impairments	
in EUR thousand	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012
Material Handling	167,339	858,463	37,102	262,897	3,318	13,511
Port Solutions	59,801	264,804	14,904	54,010	1,108	4,514
Reportable segments	**227,140**	**1,123,267**	**52,006**	**316,906**	**4,425**	**18,025**
Unallocated	–	–	–	–	682	2,686
Demag Cranes Group	**227,140**	**1,123,267**	**52,006**	**316,906**	**5,107**	**20,711**

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

Operating adjustments in the short financial year 2012 relate to the EUR 62,357,000 gain on the sale of the six country-specific subsidiaries. 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 3,439,000 (financial year 2011/2012: EUR 3,761,000) in restructuring costs and the EUR 4,197,000 (financial year 2011/2012: EUR 5,654,000) intra-group transfer to Terex.

Material non-cash expenses other than depreciation, amortisation and impairments in the financial year amounted to EUR 0,000 (2011/2012: EUR 0,000). Restructuring costs in the short financial year came to EUR 6,000 (2011/2012: EUR 488,000).

Reconciliation to IFRS-based Group EBIT:

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

	Operating earnings before interest tax		Reconciliation		Earnings before interest and tax (EBIT)	
in EUR thousand	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012
Material Handling	831	81,268	56,670	47,138	57,501	128,406
Port Solutions	2,588	13,369	-496	-1,215	2,093	12,155
Reportable segments	**3,419**	**94,637**	**56,174**	**45,924**	**59,594**	**140,561**
Unallocated	703	-5,425	-428	-4,880	276	-10,305
Demag Cranes Group	**4,123**	**89,212**	**55,747**	**41,044**	**59,869**	**130,256**

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

in EUR thousand	**Short FY 2012**	2011/2012
Earnings before interest and tax (EBIT)	59,869	130,256
Interest and similar income	782	3,158
Interest and similar expenses	-2,949	-16,449
Earnings before tax	**57,703**	**116,966**

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	
in EUR thousand	**31 December 2012**	30 September 2012	**31 December 2012**	30 September 2012	**Short FY 2012**	2011/2012
Material Handling	447,141	498,212	301,956	326,937	6,772	14,752
Port Solutions	168,279	174,094	159,589	102,652	1,090	4,283
Reportable segments	**615,420**	**672,306**	**461,545**	**429,590**	**7,862**	**19,035**
Unallocated	268,825	130,193	163,865	96,784	229	3,236
Demag Cranes Group	**884,245**	**802,499**	**625,411**	**526,373**	**8,091**	**22,272**

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	
in EUR thousand	**Short FY 2012**	2011/2012	**31 December 2012**	30 September 2012
Germany	50,690	226,748	206,372	203,947
Rest of Europe	81,300	328,457	36,779	36,320
North and South America	26,838	237,140	25,646	25,283
Other regions	68,312	330,922	15,564	16,714
Total	**227,140**	**1,123,267**	**284,361**	**282,263**

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

34. Additional disclosures on financial instruments

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

	31 December 2012					Fair value based on:		
in EUR thousand	Carrying amount	Of which within the scope of IFRS 7	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	**54,122**	**54,122**	**LaR**	**54,122**	**54,122**	**–**	**–**	**–**
Trade receivables	**149,278**	**149,278**	**LaR**	**149,278**	**149,278**	**–**	**–**	**–**
Other financial assets	**174,604**	**174,604**		**173,837**	**174,604**	**720**	**767**	**–**
Derivatives not in designated hedging relationships	767	767	HfT	–	767	–	767	–
Derivatives in designated hedging relationships	–	–	–	–	–	–	–	–
Other financial assets	173,837	173,837	LaR	173,837	173,837	–	–	–
Other investments	**730**	**730**	**–**	**10**	**720**	**720**	**–**	**–**
Investment in associates	10	10	AfS	10	–	–	–	–
Non-current assets	720	720	AfS	–	720	720	–	–
Other financial assets	**378,733**	**378,733**		**377,247**	**378,723**	**720**	**767**	**–**
Loans and borrowings	**87,454**	**87,454**		**87,454**	**87,454**	**–**	**–**	**–**
Loans and borrowings from related parties	33	33	AmC	33	33	–	–	–
Finance leases	87	87	AmC	87	87	–	–	–
Other financial liabilities	87,334	87,334	AmC	87,334	87,334	–	–	–
Trade payables	**44,643**	**44,643**	**AmC**	**44,643**	**44,643**	**–**	**–**	**–**
Other financial liabilities	**45,101**	**45,101**		**45,065**	**45,101**	**–**	**36**	**–**
Derivatives not in designated hedging relationships	36	36	HfT	–	36	–	36	–
Other financial liabilities	45,065	45,065	AmC	45,065	45,065	–	–	–
Total financial liabilities	**177,197**	**177,197**		**177,161**	**177,161**	**–**	**36**	**–**

		31 December 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	(Continued) Cost	Fair value	Quoted market value (level 1)	Other market prices (level 2)	Non-observable market prices (level 3)
Available-for-sale financial assets	730	730	AfS	10	720	720	–	–
Loans and receivables	377,237	377,237	LaR	377,237	377,237	–	–	–
Held for trading at fair value through profit or loss	730	730	HfT	–	730	–	730	–
Financial liabilities measured at amortised cost	177,160	177,160	AmC	177,160	–	–	–	
Not applicable	–	–	–	–	–	–	–	–

	30 September 2012					Fair value based on:		
in EUR thousand	Carrying amount	Of which within the scope of IFRS	Categories of measurement in accordance with IAS	(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**	**–**	**–**
Investment in associates	10	10	AfS	10	–	–	–	–
Non-current assets	723	723	AfS	–	723	723	–	–
Other 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 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 liabilities	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					Fair value based on:		
	Carrying amount	Of which within the scope of IFRS	Categories of measurement in accordance with	(Continued) Cost	Fair value	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	209,558	209,558	LaR	209,558	209,558	–	–	–
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	–	–	–	–	–	–	–	–

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 short 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:

		31 December 2012		
in EUR thousand	Carrying amount	Outflow of resources into the next reporting	Outflow of resources into the next-but-one	Outflow of resources at a later date
Loans and borrowings from related parties	33	8	8	16
Finance lease liabilities	87	68	20	–
Other financial liabilities	87,334	86,900	230	204
Outflow of resources from loans and borrowings	**87,454**	**86,976**	**258**	**220**
Trade payables	44,643	44,643	–	–
Derivatives not in designated hedging relationships	36	36	–	–
Other financial liabilities	45,065	36,047	171	6,609
Trade payables and other financial liabilities	**89,743**	**89,743**	**171**	**6,609**
Outflow of resources from loans and borrowings within the scope of IFRS 7	**177,197**	**176,719**	**429**	**13,217**

		30 September 2012		
in EUR thousand	Carrying amount	Outflow of resources into the next reporting period	Outflow of resources into the next-but-one reporting period	Outflow of resources at a later date
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	–	–
Other financial liabilities	50,130	38,476	178	7,260
Trade payables and other financial liabilities	**99,163**	**99,163**	**178**	**7,260**
Outflow of resources from loans and borrowings within the scope of IFRS 7	**115,219**	**114,659**	**455**	**14,519**

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:

	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	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012	**Short FY 2012**	2011/2012
Interest income	366	1,838	23	58	–	–	–	–
Interest cost	–	–	–	–	–	–	-331	-6,550
Dividends	–	–	–	–	–	–	–	–
Income arising from currency translation	1,105	6,493	–	–	–	–	196	2,713
Expenses arising from currency translation	-650	-4,885		–	–	–	-2,029	-4,282
Impairments	–	–	–	–	–	–	–	–
Unused amounts reversed Impairments	575	2,227	–	–	–	–	–	–
Fair value gains and losses	–	–	–	–	–	–	–	–
Disposal gains and losses	–	–	–	–	–	–	–	–
Net gains or losses	**1,396**	**5,672**	**23**	**58**	**–**	**–**	**-2,165**	**-8,120**

Interest income on impaired financial assets came to EUR 0,000 in the short financial year (2011/2012: 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.

	31 December 2012		30 September 2012	
in EUR thousand	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**
Assets:				
Currency contracts	18,300	767	18,460	484
Interest rate contracts	–	–	–	–
Shareholders’ equity and liabilities:				
Currency contracts	820	-36	12,661	-176
Interest rate contracts	–	–	–	–
Total	**19,121**	**731**	**31,121**	**308**

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 4.

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 (2011/2012: 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 21,477,000 was held in security at 31 December 2012 (30 September 2012: EUR 19,189,000). 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 short 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% (30 September 2012: 10%) appreciation or depreciation of the euro relative to these foreign currencies at the balance sheet date would have resulted in a EUR 12,000 decrease (2011/2012: EUR 595,000 decrease) or a EUR 35,000 decrease (2011/2012: EUR 368,000 increase) in net income after tax.

	31 December 2012		30 September 2012	
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	-176	098	409	-665
EUR : GBP	418	-388	170	-142
EUR : ZAR	165	-165	102	-102
EUR : CZK	-694	694	-609	609
EUR : CNY	275	-275	-668	668
Total	**-12**	**-35**	**-595**	**368**

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 (2011/2012: EUR 5,000) or increased it by EUR 5,000 (2011/2012: EUR 5,000).

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:

in EUR thousand	**31 December 2012**	30 September 2012
Inventories	187,999	188,027
Advance payments made	6,060	4,072
Trade receivables	149,278	147,861
Trade payables	-44,643	-48,857
Advance payments received	-150,881	-86,945
Net working capital	**147,814**	**204,159**

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:

in EUR thousand	**31 December 2012**	30 September 2012
Non-current loans and borrowings	**699**	794
Revolving credit facility, gross	–	–
Other non-current loans and borrowings	699	794
Other financial liabilities	**–**	**–**
Derivative financial instruments	–	–
Current loans and borrowings	**86,755**	**8,780**
Revolving credit facility, gross	–	–
Other current financial assets	86,755	8,780
Available-for-sale liabilities	**–**	**35,333**
Cash and cash equivalents	**-54,122**	-55,947
Other current financial assets	**-171,590**	-15,734
Derivative financial instruments	–	–
Other	-171,590	-15,734
Receivables from affiliated companies and other equity investments	-168,376	-12,445
Loans	-3,214	-3,289
Net debt	**-138,257**	**-26,773**

36. Contractual commitments

Contractual commitments at 31 December 2012:

in EUR thousand	**31 December 2012**	30 September 2012
Operating lease commitments	**33,237**	**42,172**
Of which		
less than 1 year	9,699	14,161
1 year to 5 years	21,537	24,716
more than 5 years	2,001	3,295
Purchase commitments	**81,060**	**80,525**
Intangible assets	235	396
Of which		
less than 1 year	235	396
1 year to 5 years	–	–
more than 5 years	–	–
Property, plant and equipment	3,309	4,090
Of which		
less than 1 year	3,277	4,057
1 year to 5 years	32	33
more than 5 years	–	–
Inventories	71,189	69,940
Of which		
less than 1 year	64,485	68,162
1 year to 5 years	6,704	1779
more than 5 years	–	–
Other assets	6,327	6,099
Of which		
less than 1 year	5,981	5,765
1 year to 5 years	346	334
more than 5 years	–	–
Total	**114,296**	**122,698**

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 5,381,000 in the short financial year 2012 (2011/2012: EUR 22,050,000).

37. Contingent liabilities and other obligations

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

in EUR thousand	**31 December 2012** **Maximum potential future obligation**	30 September 2012 Maximum potential future obligation
Credit guarantees	3,000	–
Notes	–	117
Guarantees consisting of contingent liabilities relating to buy-back arrangements	43,206	42,688
Other	190	–
Total	**46,396**	**42,805**

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 43,206,000 at 31 December 2012 (30 September 2012: EUR 42,688,000).

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 31 December 2012.

MHE-Demag (S) Pte. Ltd., Singapore and subsidiaries	joint venture	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.

in EUR thousand	**31 December 2012**	Of which interest	30 September 2012	Of which interest
Receivables	**202,230**	**78**	**17,835**	**80**
Trade receivables from Terex group companies	21,228	–	6,239	–
Trade receivables from MHE-Demag (S) Pte. Ltd.	7,769	–	7,441	–
Receivables from loans granted to Terex group companies	3,129	75	3,192	71
Advance payments made to Terex group companies	1,728	–	716	–
Advance payments made to MHE-Demag (S) Pte. Ltd.	–	–	–	–
Other financial assets received from Terex group companies	168,131	–	–	–
Other financial assets received from Donati Ltd.	245	3	247	9
Liabilities	**84,531**	**782**	**5,573**	**976**
Financial liabilities payable to Terex group companies	78,257	–	–	–
Trade payables to Terex group companies	636	–	297	–
Trade payables to MHE-Demag (S) Pte. Ltd.	55	–	69	–
Trade payables to AQZ	12	–	12	–
Trade payables to Gottwald TBA Romania	–	–	31	–
Current liabilities payable to Terex group companies	5,473	782	5,163	976
Liabilities from advance payments received payable to Terex group companies	97	–	–	–
Liabilities from advance payments received payable to MHE-Demag (S) Pte. Ltd.	–	–	1	–

in EUR thousand	Short FY 2012	2011/2012
Revenue	**14,551**	**36,979**
Demag Cranes & Components Corp., Cleveland (as at 30 June 2012)	6,199	6,521
Cranes America Services, Corp., Dayton (as at 30 June 2012)	44	1,382
Other entities of the Terex group	129	698
MHE-Demag (S) Pte. Ltd.	7,763	26,500
Donati Ltd.	416	1,879

The sale of 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 on 14 December 2012 to the corresponding in-country Terex entities generated proceeds of EUR 83,748,000, which resulted in a profit of EUR 62,357,000.

Through the sale of the US entities to Terex USA, LLC, a Delaware limited liability company, on 29 June 2012, Demag Cranes generated revenue in financial year 2011/2012 totalling EUR 102,433,000, which resulted in a profit of EUR 57,205,000. Expenses of EUR 3,439,000 were recognised in the short financial year 2012 (financial year 2011/2012: EUR 5,654,000) for intra-group transfers to Terex Corporation, Westport, USA.

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 the short financial year 2012. The variable compensation depends on the attainment of targets for operating EBIT and operating net income after tax. 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.

in EUR thousand	Short FY 2012	2011/2012
Fixed compensation	275	1,399
Variable compensation	233	616
Other	148	415
Total	**656**	**2,430**

The total compensation paid to active members of the Management Board was EUR 656,000 (2011/2012: EUR 2,430,000). This consisted of EUR 275,000 (2011/2012: EUR 1,399,000) in fixed compensation, EUR 233,000 (2011/2012: EUR 616,000) in variable compensation and EUR 148,000 (2011/2012: EUR 415,000) in other compensation.

Old-age and surviving dependants’ pensions

A pension expense of EUR 46,000 was recognised for Mr. Aloysius Rauen in the short financial year 2012 (2011/2012: EUR 138,000). The provision amounted to EUR 705,000 at 31 December 2012 (30 September 2012: EUR 622,000).

Pension provisions for former members of the Management Board amounted to EUR 662,000 as at 31 December 2012 (30 September 2012: EUR 588,000).

Supervisory Board

In accordance with the Articles of Association, members of the Supervisory Board received fixed compensation totalling EUR 88,000 for the short financial year 2012 (2011/2012: EUR 348,000) for their activities on the Supervisory Board of Demag Cranes AG and on the supervisory boards of other Group companies. A further EUR 24,000 (2011/2012: EUR 181,000) 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 5,410 employees in the short financial year 2012 (2011/2012: 5,995), comprising 2,541 blue-collar and 2,869 white-collar employees (2011/2012: 2,891 and 3,104, respectively). The number of employees at 31 December 2012 was 5,108 (30 September 2012: 5,712). Personnel expenses amounted to EUR 89,848,000 in the short financial year 2012 (2011/2012: EUR 380,177,000).

40. Corporate governance code

Since 8 March 2013 Demag Cranes AG is listed in the Entry Standard (Regulated Unofficial Market on Frankfurter Wertpapierbörse) and therefore no longer “listed” according to Section 3 of the Stock Corporations Act (AktG). For this reason Demag Cranes AG is no longer obliged to publish a compliance statement in accordance with Section 161 of the German Stock Corporations Act.

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 were recognised as expenses in the short financial year 2012 as follows: EUR 444,000 for the audit (2011/2012: EUR 612,000), of which EUR 68,000 for the audit of the previous year's financial statement, EUR 81,000 for audit-related services (2011/2012: EUR 0,000) and EUR 0,000 for other services (2011/2012: EUR 0,000).

43. Events after the balance sheet date

On 14 January 2013, the Supervisory Board of Demag Cranes AG nominated Stoyan (Steve) Filipov to the Management Board, in the position of Chief Operating Officer (COO). At the same time, he became President of the Terex Material Handling & Port Solutions business segment of Terex Corporation. Aloysius Rauen will resign as Chief Executive Officer of Demag Cranes AG in the course of this year when the integration of Demag Cranes into Terex Corporation has progressed further. Stoyan Filipov will then assume the title of CEO, Demag Cranes AG. Beginning with 14 January 2012, the heads of the Material Handling and Terex Port Solutions segments will report to Stoyan Filipov.

44. Subsidiaries, joint ventures and investments as at 31 December 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
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	-235	2,466	
DCC005	Demag Cranes & Components spol. s.r.o., Slany	CZ	DCC GmbH, Wetter	100.0	100.0	168	6,359	
DCC006	Demag Cranes & Components AG, Dietlikon	CH	DCC GmbH, Wetter	100.0	100.0	74	4,411	
DCC007	Demag Cranes & Components (Pty.) Ltd., Johannesburg	ZA	DCC GmbH, Wetter	100.0	100.0	-719	10,551	
DCC008	Demag Cranes & Components Ltda., Cotia	BR	DCC GmbH, Wetter	99.9999	99.9999	334	18,831	
DCC009	Demag Cranes & Components (India) Private Ltd., Pune	IN	DCC GmbH, Wetter	100.0	100.0	-4,633	-6,093	
DCC011	Verwaltungs 2 (zwei) GmbH, Wetter	DE	DCC GmbH, Wetter	100.0	100.0	6	701	

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
	OOO Demag Cranes &		DCC GmbH, Wetter	99.0	100.0	-105	686	
DCC013	Components Russland, Moscow	RUS	DCC Verwaltungs GmbH, Wetter	1.0				
DCC014	Donati (Shanghai) Trading Co. Ltd., Shanghai	CN	Demag Cranes & Components Trading	100.0	100.0	4	461	
DCC015	Demag Cranes & Components Unipessoal Lda., Lisbon	PT	DCC GmbH, Wetter	100.0	100.0	-95	675	
DCC017	Demag Cranes & Components Trading (Shanghai) Co. Ltd.	CN	DCC GmbH, Wetter	100.0	100.0	71	6,596	
DCC018	Demag Cranes & Components Trading (Shanghai) Co. Ltd., Pudong	CN	DCC GmbH, Wetter	100.0	100.0	-95	4,625	
DCC022	Demag Cranes & Components (Middle East) FZE, Dubai	UAE	Demag Cranes & Components Holdings Ltd., Dubai	100.0	100.0	183	8,574	
DCC031	Demag Cranes & Components GmbH, Salzburg	AT	DCC GmbH, Wetter	100.0	100.0	57	7,204	

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
DCC032	Demag Cranes & Components Guarantee Ltd., Banbury	GB	DCC GmbH, Wetter	100.0	100.0	–	95	
DCC033	Demag Cranes & Components Ltd., Banbury	GB	Demag Cranes & Components Holdings Ltd., Banbury	100.0	100.0	239	12,640	
DCC035	Sp. z o.o., Warsaw	PL	DCC GmbH, Wetter	100.0	100.0	-70	3,791	
DCC036	Demag Cranes & Components Holdings Ltd., Dubai	UAE	DCC GmbH, Wetter	100.0	100.0	4	2,959	
DCC039	Demag Weihua (Liaoning), Material Handling Machinery Co. Ltd., Kaiyuan	CN	DCC GmbH, Wetter	51.0	51.0	–	6,232	
	Arabian Cranes and Services - Qatar LLC, Katar	Q	DCC GmbH, Wetter	49.0	49.0	-78	-35	
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	0	22	

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	–	4,314	
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	0	25	
GOC005	TBA B.V., Delft	NL	Technology GmbH,	69.8	69.8	479	4,951	
GOC007	Netherlands B.V., Spijkenisse	NL	Technology GmbH,	100.0	100.0	10	640	
GOC009	DBIS (Software and Automation) Ltd., Doncaster	GB	TBA B.V., Delft	76.0	76.0	306	1,008	
GOH001	Gottwald HoldCo 3 (drei) GmbH, Düsseldorf	DE	Demag Cranes AG, Düsseldorf	100.0	100.0	–	14,401	After profit transfer

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	1,030	24,247	Accounted for using the equity method: figures as at 30. November 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
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	-3	105	

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 (until 29 November 2012)

Demag Cranes & Components GmbH, Wetter (Chairman of the Works Council)

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Reinhard Möller*, Uslar, Germany

Deputy Chairman of the Supervisory Board (from 30 November 2012)

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

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Axel J. Arendt, Grünwald, Germany

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

Former first authorized representative of the German Metalworkers Union (IG Metall) in southern Lower Saxony/Harz, Northeim, Germany

Membership of other supervisory boards:

Demag Cranes & Components GmbH, Wetter, Germany

Sartorius AG, Göttingen, Germany

Giuseppe Di Lisa*, Duisburg, Germany

Demag Cranes AG, Düsseldorf, Germany (Senior Vice President Gottwald Port Technology GmbH)

Harry Hansen*, Monheim am Rhein, Germany

Gottwald Port Technology GmbH, Düsseldorf (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 bodies:

initions innovative IT solutions AG, Hamburg, Germany (Chairman of the Supervisory Board)

w2ha AG, Hamburg, Germany (Chariman of the Supervisory Board)

trautmann, heumann, jochum und kemper ag (Chairman of the Supervisory Board)

Hubert Rosenthal*, Herdecke, Germany

German Metalworkers Union (IG Metall), Hagen administration office, Hagen, Germany (First authorized 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 Federn und Stabilisatoren GmbH, Hagen-Hohenlimburg, Germany

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)

* Employee representative

Management Board

Aloysius Rauen, Munich, Germany

Member of the Management Board and CEO

Membership of other supervisory boards:

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

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

Membership of other supervisory bodies:

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

Demag Weihua (Liaoning) Material Handling Machinery Co., Ltd., Kaiyuan, China (Chairman)

Cotesa GmbH, Mittweida, Germany (Member of the Advisory Board)

Stoyan (Steve) Filipov, Mamaroneck, New York, USA (since 14 January 2013)

Member of the Management Board and COO of Demag Cranes AG, Düsseldorf, Germany, and President Material Handling and Port Solutions, Terex Corporation, Westport, USA

Lawrence J. Lockwood, Peachtree Corners, Georgia, USA

Member of the Management Board and CFO

Düsseldorf, 25 March 2013

Aloysius Rauen Lawrence Lockwood Stoyan Filipov

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, 25 March 2013

Aloysius Rauen Lawrence Lockwood Stoyan Filipov

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 short financial year from 1 October 2012 to 31 December 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, 25 March 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Financial Calendar 2013

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

Publisher's note

Publisher:
Demag Cranes AG
Forststrasse 16
40597 Düsseldorf
Germany

Postfach 18 03 43
40570 Düsseldorf
Phone +49 (0) 211 7102-1202
Fax +49 (0) 211 7102-51202
www.demagcranes-ag.com

Design and Realisation:
Demag Cranes AG

Photo Credits:
Demag Cranes AG

Print:
Multiprinter e. K., Niehler Straße 89, 50733 Köln, Germany

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

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

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

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

Demag Cranes AG
Forststrasse 16
40597 Düsseldorf
Germany
Phone +49 (0) 211 7102-1202
Fax +49 (0) 211 7102-51202
www.demagcranes-ag.com