

BAUER Aktiengesellschaft Interim Report to March 31, 2007



General Economic Climate for the BAUER Group

General economic climate faced by the BAUER Group

The last week of April saw the world's largest construction industry trade fair, bauma, take place in Munich. Covering an area of more than 500,000 square metres, and with a vast array of high-tech exhibits, the scale of the show opened up whole new dimensions. The outcome for all the exhibitors was success beyond their expectations. The major problem for producers in recent months has been procuring material and parts to make the equipment needed.

The bauma trade fair impressively demonstrated that the global construction market is currently more dynamic than ever before. Most research organizations forecast that the global economy will again achieve growth of over 4.5 % in 2007. In order to attain those kinds of levels, the construction market needs to grow much more strongly. Only if that happens, will the buildings and infrastructure essential to ongoing economic development be provided to the extent required. This also means that the construction equipment market will have to grow much more strongly, so that the construction companies have the resources they need to carry out the additional work coming their way.

In the specialist foundation engineering sector we are also profiting from the fact that our market is growing even more strongly than the general construction sector, owing to the increasing need to build in ever-tighter city centre locations. Consequently, the market for specialist foundation engineering equipment is growing more strongly than that for other types of construction equipment.

Although economic growth in the USA has slowed somewhat, and house-building investment continues to decline owing to the trend in interest rates, the country's construction industry remains robust. The trend in terms of infrastructure projects, especially, is very healthy. However, the US government's spending policy continues to give cause for concern.

In the Far East, the upward economic trends in the various regions have stabilized, so that the picture in the construction sector is healthy. In the Middle East the construction boom is being sustained. The rise in oil prices is enabling the countries of the region to realise their ambitious plans for the development of their infrastructure and for the growth of their markets and tourism sectors. We believe that this boom will be sustained for some time to come, even though energy prices may fall slightly from time to time.

The rising new economic powers of India, China and Russia continue to grow very dynamically, resulting in extraordinary growth of the construction sector in those markets too. Russia, in particular, has a major opportunity to drive its own economy based on its enormous oil and gas resources.

The economic trend among the member states of the European Union is improving, and this is having a marked influence on the construction industry.

Generally weaker economic trends are persisting in Africa and South America. There are nevertheless many interesting opportunities in that region too, and some countries – such as Angola – are showing highly dynamic economic growth.

The situation in Lebanon has stabilized greatly in recent months, enabling our local unit to complete the construction projects it had previously begun. Interestingly, a number of new projects will shortly be starting there too. We will take our opportunities on this market prudently as they arise.

The construction industry recession in Germany, which lasted for more than eleven years, came to an end last year. Despite this, there was another slight decline in employment levels, with around 7,000 jobs lost. It is to be expected that employment levels in the construction sector will rise again in 2007. We expect to see a healthy rise in orders received again this year. Overall, we expect to see a healthy German construction sector over the coming years. Since direct labour costs in Germany have not increased in the last five years, the German economy has regained competitiveness relative to many other countries, enabling companies to increase their revenues and improve their profitability. They now need to expand their capacities in order to meet the rising demand. Increased tax revenues mean the government is now also in a better position to make improvements to the infrastructure. As a result, following its eleven years of recession the construction industry can look forward to a much brighter future.

Experience shows that the phase coming out of a recession is always very difficult. Material prices rise faster than the price chargeable for construction and related services. This often means that profits first drop as the upturn kicks in, before eventually achieving a lasting recovery. We expect prices to improve in the second and third quarters, even on larger projects, enabling improved earnings to be generated in Germany.

In 2007 our German business will perform only slightly better than last year. The market for smaller projects has already recovered well. Prices on large-scale projects remain at very poor levels, so we are being extremely cautious in taking on new work. We do, however, expect to finally return to profitability in our German construction business. Although business in Germany now accounts for only around a fifth of our total Group sales, we are pleased to see some dynamism returning to our home market.

Overall, we are seeing our markets develop in a healthy manner. The construction equipment sector as a whole also saw substantial growth in sales. Against that background, and based on outstanding selling performance, almost all the divisions of the BAUER Group have very healthy levels of orders in hand. In the equipment sales segment in particular, we are not finding it easy to satisfy our customers' needs promptly.

Development of the BAUER AG share

The Bauer share has maintained its highly positive growth in the current year. From the start of the year up to March 31, 2007, our share price rose by 44 %.

April 30, 2007 marked a special milestone for our company. On that day the company's market capitalization for the first time briefly surpassed the one billion euro level. As a result, BAUER AG had attained a value which represented a key commitment threshold for many investors.

Business trend

In the first three months of 2007 the BAUER Group has been able to build further on its successes of last year. Revenues and earnings were up substantially in almost every segment. Orders in hand increased by less than revenues because of our extremely cautious approach to taking on new work in Germany. A positive factor is that the upward trend has been maintained by purely organic means, with no mergers or acquisitions. Consequently, the rises are steady and can be sustained into the future.

At the end of April we came to a definitive agreement with the proprietor of German Water and Energy GmbH (GWE), Max Nelke, to purchase the entire shares of all subsidiaries of the GWE Group. GWE operates mainly in the development, manufacture and sale of high-quality products for water exploration, exploitation, transportation and distribution. The focus of the GWE Group's activities is in the field of well engineering products, including screens and casings, as well as in pumping and drilling. Additionally, GWE Group company pumpenboese makes high-quality products in plastics for the exploitation of geothermal energy. At its five locations, with a workforce of some 300 people, the companies of the GWE Group generate sales of over EUR 50 million.

In the next year we will be merging the GWE companies with our existing environmental and mining businesses to form a new segment named Resources. In view of our aim to offer all products, services and equipment related to soil and ground-water within the Group, we see the new segment as a major opportunity to grow our business without abandoning our core competencies. Another advantage in our view is that the new segment will need to apply the same techniques as the existing segments, though subject to its own entirely independent business cycle. This will reduce our Group's dependence on the business cycles of specific sectors.

in EUR '000	03/2006	03/2007	Change	12/2006
Total Group revenues	212,319	263,114	23.92 %	979,850
Orders received	275,815	259,956	-5.75 %	1,056,090
Orders in hand	399,614	419,200	4.90 %	422,358
EBITDA	14,774	23,507	59.11 %	123,191
EBIT	3,462	11,918	244.25 %	72,985
Earnings per share in EUR	-0.03	0.20	N/A	2.17
Profit	-272	3,555	N/A	35,206
Capital investment in property, plant and equipment	9,947	9,412	-5.38 %	61,069
Capital investment in financial assets	1,362	0	-100.00 %	3,304
Employees	5,353	5,830	8.91 %	5,541

Substantial growth in revenues and orders in hand

Total Group revenues have increased by 23.9 % against the comparative previous year period. Growth in the Equipment segment of over 45 % once again outperformed the other areas of the business. Specialist foundation engineering operations in the international construction sector declined slightly, though this did not impact on the overall position. Some major projects outside of Germany could not be started on schedule in the first quarter, though the shortfall in revenues will be recovered over the coming months. In Germany, construction

Development of the Group's divisions (including non-consolidated subsidiaries and joint ventures) in EUR million

	March 2006 Revenues in EUR million	March 2007 Revenues in EUR million	Percentage Share March 2007	Percentage Change over prev. year	Orders in hand	
Construction	BAUER Spezialtiefbau GmbH (BST)					
	BST Germany	22.7	29.4	11.2 %	29.6 %	●
	Subsidiaries, Germany	11.9	13.6	5.2 %	14.8 %	●
	BST international	32.9	35.8	13.6 %	8.8 %	+
	Subsidiaries, international	51.5	46.7	17.7 %	-9.4 %	+
	less intra-Group revenues and IFRS adjustments	-12.4	-11.8	-4.5 %		
	BST Group total	106.6	113.6	43.2 %	6.6 %	+
	SPESA Spezialbau und Sanierung GmbH	1.4	2.4	0.9 %	77.1 %	●
	SCHACHTBAU NORDHAUSEN GmbH (SBN)					
	incl. SBN construction subsidiaries	12.6	15.9	6.1 %	26.1 %	+
less intra-Group revenues and IFRS adjustments	-0.6	-0.9	-0.3 %			
Construction total	119.9	131.0	49.8 %	9.3 %	+	
Equipment	SBN - construction equipment	12.6	10.6	4.0 %	-15.8 %	++
	SBN Group total (construction & equipment)	25.2	26.5	10.1 %	5.2 %	+
	BAUER Maschinen GmbH (BMA)	91.5	124.9	47.5 %	36.5 %	++
	Equipment subsidiaries (specifically of BMA)	34.7	50.3	19.1 %	45.0 %	++
	BMA Group total	126.2	175.2	66.6 %	38.8 %	++
	less intra-Group revenues and IFRS adjustments	-40.4	-42.4	-16.1 %		
Equipment total	98.3	143.3	54.5 %	45.8 %	++	
Other	BAUER Aktiengesellschaft (BAG)	4.1	4.8	1.8 %	14.9 %	
	Other subsidiaries (specifically of BAG)	0.1	0.1	0.1 %	131.7 %	
	Total other/services	4.2	4.9	1.9 %	16.6 %	
less intra-Group revenues and IFRS adjustments	-10.1	-16.1	-6.1 %			
Group TOTAL (incl. non-cons. subsidiaries/joint ventures)	212.3	263.1	100.0 %	23.9 %	+	
of which: Germany	59.4	87.4	33.2 %	47.1 %		
International	152.9	175.7	66.8 %	14.9 %		

Notes on the table:

- List also includes non-consolidated holdings
- Valuation of orders in hand relative to budgeted sales:
 - weak; - slightly weak; ● adequate; + well adequate; ++ very well adequate;
- Percentages and totals are calculated on the basis of unrounded starting values
- Breakdown Germany/international acc. to country in which accounting figures were allocated. For reasons of complexity the figures are not absolutely precise.

revenues over the winter months increased owing to the unusually good weather conditions. In the coming months our revenues will be somewhat reduced, as we are currently holding back on entering into large-scale projects because of the still unsatisfactory price levels. Overall, orders in hand have continued to develop positively, totalling EUR 419.2 million at the end of the first quarter. This is an outstanding basis for sustaining the positive development of our business.

In our equipment sales business, the very healthy levels of orders in hand at the end of 2006 meant we had an excellent start to the first quarter. Revenues in the Equipment segment increased by 45.8 % against the previous year. Construction segment revenues increased by only 9.3 %. Weaker international revenues were balanced by very healthy German revenues based on the good weather conditions.

First quarter earnings well up on previous year

Profit after tax rose against the previous year by EUR 3.8 million to EUR 3.6 million. This result again stems from the good performance of our equipment manufacturing business. The major increase in sales was achieved with no accompanying changes in fixed costs.

By contrast, business in the construction segments was only slightly up on previous year levels. Earnings in Germany were up on last year while international business was somewhat weaker, the German business having profited from the good weather conditions.

First quarter earnings before interest and taxes (EBIT) in the German construction sector were negative, as in previous years. This is entirely normal in terms of the annual business cycle, especially in Germany. The loss was, however, cut to EUR 0.9 million.

Overall, the trend in earnings of the BAUER Group is on a healthy track.

Number of employees increased by much less than revenues

The number of employees increased by 8.9 % over the previous year. This increase is substantially below the increase in Group revenues. Essential capacities to attain the necessary production were in part recruited from the short-term labour market. We are currently building up our core workforce, in order to achieve a good balance between permanent employees and temporary staff.

Trends in our Business Segments

Construction segment

Construction segment key figures

in EUR '000	03/2006	03/2007	Change	12/2006
Total Group revenues	119,940	131,041	9.3 %	575,540
Orders received	138,459	114,106	-17.6 %	581,272
Orders in hand	279,330	259,608	-7.1 %	276,543
EBIT	-2,602	-858	N/A	13,105
Employees	3,902	4,013	2.8 %	4,160

The Construction segment increased its revenues by 9.3 % in the first quarter. The extraordinarily mild winter weather meant that the revenues of the German construction business were much higher than in the previous year. By contrast, the international business of BAUER Spezialtiefbau GmbH was rather sluggish in the first quarter. Revenues of the international subsidiaries fell year-on-year. The completion of the major Péribonka dam project in Canada alone resulted in a reduction in revenues of EUR 7 million relative to last year. This development does not represent a reversal of trends. The first months were marked by a number of slow-starting new projects. In view of the healthy levels of orders in hand and the large number of interesting project opportunities in prospect, we expect the shortfall in revenues to be recovered easily over the coming months.

Revenues up around EUR 7 million against the previous year brought us a very good start to the year in the United Arab Emirates and Qatar. SPESA Spezialbau und Sanierung GmbH significantly increased its revenues on the back of the good weather conditions. SCHACHTBAU NORDHAUSEN GmbH, too, profited from the good weather in its German construction operations. The environmental technology businesses performed at roughly the same levels as the previous year.

The operating profit of the Construction segment improved by EUR 1.7 million against the previous year, in part due to a tax break.

Overall orders received by the Construction segment fell. This mainly related to the large projects business in Germany. Since price levels in that sector remain unsatisfactory, we have been very cautious in accepting new orders, so as not to take on projects at the start of a recovery period which might hold us back in future. The minor risk of a certain shortfall in capacity utilization poses no problem to the Group. Capacities can, however, be employed elsewhere at any time. The level of orders in hand overall provides a sound basis for us to achieve our targets in 2007 in this segment.

We are generally satisfied with the start to 2007 made by the Construction segment. In our international business, especially, we have many prospects which lead us to expect that full-year performance will be in line with our planning. On the German market, the price situation is improving only slowly. The second quarter will be somewhat weaker than last year in Germany, because the high levels of construction activity at the start of the year mean investors are not in a position to establish the necessary preconditions for rapid completion of ongoing projects. This problem will be resolved in the summer. We expect the German construction business to achieve a positive overall result, including interest and taxes.

Equipment segment

Equipment segment key figures

in EUR '000	03/2006	03/2007	Change	12/2006
Total Group revenues	98,310	143,312	45.8 %	463,370
Orders received	143,287	157,089	9.6 %	533,878
Orders in hand	120,284	159,592	32.7 %	145,815
EBIT	6,780	15,722	131.9 %	60,699
Employees	1,285	1,630	26.9 %	1,381

The Equipment segment enjoyed a very good start to 2007. Revenues increased by 45.8 % and operating profit improved by EUR 8.9 million.

There are a number of key reasons for this performance: trends in the international construction business are bringing a major surge in demand for specialist foundation engineering equipment. Our extensive state-of-the-art equipment range is ideally suited to meeting the technical needs of our customers in all respects. However, the high levels of demand meant that we were not able to deliver the equipment ordered before the 2006 year-end. This was very different to the situation in the previous years: usually customers wanted their equipment delivered before the year-end for tax reasons, so the early months of the new year were often sluggish for us. This time that was not possible, so the year began without the usual downturn.

We regard it as a positive factor that demand is developing in a similarly pleasing way in all our international markets. We are also seeing great demand in particular for our new products in the fields of well drilling, geothermal drilling and exploration drilling technology.

At the bauma show in Munich we presented a large number of new machines as a demonstration of our great innovative strength. For the first time we presented a foundation crane featuring a new winch synchronization system, developed specially for working in soil on foundation engineering projects. The new base carrier for our trench cutters, with a completely newly designed hose handling system, also attracted great interest from our customers. In the standard market segment, a wealth of new types of rotary drilling rigs, anchor drilling rigs and geothermal drilling rigs were on show. At the bauma trade fair we for the first time presented diesel-powered hammers and hydraulic hammers from our PILECO Inc. and FAMBO Sweden AB subsidiaries. We have never before experienced such interest at the show as this year. We were very pleased with the number of orders taken.

Orders in hand in the first quarter are 32.7 % up on the previous year. Demand remains very strong. Growth is being hampered to a degree by the lack of component availability. We are currently expanding our capacities significantly at all our plants. Overall, we are confident that our Equipment segment will again achieve substantial growth this year.

Other segment and Eliminations/Consolidations segment

In the Other segment, EBIT fell by EUR 0.3 million; in the Eliminations/Consolidations segment it fell by EUR 2.0 million. These changes are based on prepayments and deferrals in the first quarter.

Notes to the balance sheet and to the income statement

The net assets shown on the consolidated balance sheet increased by 12.9 % against the year-end.

Owing to the start of construction operations in the specialist foundation engineering sector and the buying patterns of equipment customers, financing requirements in our business increased very significantly in the first quarter. In the Equipment segment this effect is exacerbated by production for the trade fair season at the start of the year. This financing requirement can be reduced again towards the end of the year, aided by the increase in payments from customers. This year's increase in net assets is in line with our experience over many years, and is of a similar magnitude to last year. The major increases on the Assets side of the balance sheet relate to inventories and receivables. On the Equity and Liabilities side there are increased financial liabilities.

The income statement is similar to that in the previous year. The greatly increased sales can be processed with proportionately lower increases in cost of depreciation and personnel costs. The change in financial income results from interest rate hedging transactions. Overall, a substantial profit before tax was achieved. The improvement cannot be extrapolated to the full year however.

A striking feature of the income statement is the substantial 56 % increase in the tax ratio relative to the last financial year. This figure results from the differing profit returns of the various segments as of the start of the year. The healthy profit of the Equipment segment entails a normal tax burden, while the customary seasonal losses in some areas of the Construction segment at the start of the year do not produce the corresponding tax relief. This effect will be smoothed out over the course of the year.

Other particulars, summary and outlook for the full year

In 2007 we are planning to make major investments in our German plants. The new extension to our head office building in Schrobenhausen is well under way. The carcass is almost complete. We will be spending some EUR 10 million on this construction project in 2007, and a further EUR 4 million or so in 2008. We will be investing around EUR 20 million this year on expanding our equipment manufacturing capacity at the head office location in Schrobenhausen and at our subsidiary SCHACHTBAU NORDHAUSEN GmbH in Nordhausen. All the construction projects were begun in recent months. The investments will ensure that we are able to realise our targeted growth plans. Total capital investments will therefore be well above those of previous years. To cover our medium-term needs, we are currently seeking a production site in the USA.

The companies of the BAUER Group have made very good progress in the early months of 2007. A large number of innovations are driving the business forward. The bauma exhibition demonstrated that our equipment continues to set standards on the market. Customers from all over the world attended as our guests, and ordered large numbers of machines. The acquisition of the GWE Group companies marks the establishment of a new segment offering great prospects for the future. Our Group is developing in a highly dynamic way, on sound foundations. Fundamental chances were laid out in specific chapters in this report. There are no further fundamental risks with regard to the risks reported in the Annual Report 2006.

Overall, we expect total Group revenues to increase by more than 20 %, to around EUR 1.2 billion, in 2007. This forecast includes the revenues of the GWE Group. We expect profit after tax to rise to a minimum of EUR 45 million (Previous year EUR 35.2 million).

Schrobenhausen, May 15, 2007

Interim Financial Statements of the BAUER Group

Income statement of the BAUER Group

in EUR '000

	01.01. - 31.03.2006	01.01. - 31.03.2007
1. Sales revenues	166,411	203,742
2. Changes in inventories	27,923	41,936
3. Other income	7,868	6,879
	202,202	252,557
4. Cost of materials	117,347	144,059
5. Staff costs	40,939	45,108
6. Depreciation and amortization	11,312	11,589
7. Other operating expenses	29,142	39,883
OPERATING RESULT	3,462	11,918
8. Financial income	1,634	762
9. Financial expenses	5,096	5,047
10. Share of the profit or loss of associates accounted for using the equity method	259	465
PROFIT BEFORE TAX	259	8,098
11. Income tax expense	531	4,543
PROFIT	-272	3,555
Profit attributable to minority interests	134	117
Profit attributable to equity holders of BAUER AG	-406	3,438
	01.01. - 31.03.2006	01.01. - 31.03.2007
Basic earnings per share in EUR	-0.03	0.20
Diluted earnings per share in EUR	-0.03	0.20
Average number of shares in circulation (basic)	14,784,000	17,131,000
Average number of shares in circulation (diluted)	14,784,000	17,131,000

Balance sheet of the BAUER Group

Assets in EUR '000

	31.12.2006	31.03.2007
A. NON-CURRENT ASSETS		
I. Intangible assets	11,346	11,084
II. Property, plant and equipment and investment property	184,855	185,405
III. Investments accounted for using the equity method	6,013	6,474
IV. Participations	3,539	3,533
V. Deferred tax assets	15,232	14,768
VI. Other non-current assets	10,236	10,010
VII. Other non-current financial assets	512	877
	231,733	232,151
B. CURRENT ASSETS		
I. Inventories	156,356	196,534
II. Receivables and other assets	237,106	270,070
III. Effective income tax refund claims	1,379	1,240
IV. Cash and cash equivalents	17,143	26,756
	411,984	494,600
	643,717	726,751

Equity and liabilities in EUR '000

	31.12.2006	31.03.2007
A. SHAREHOLDERS' EQUITY		
I. Group shares	214,213	217,320
II. Minority interests	8,368	8,391
	222,581	225,711
B. NON-CURRENT LIABILITIES		
I. Defined benefit plans	35,203	35,916
II. Financial liabilities	134,784	140,724
III. Other liabilities	2,522	3,001
IV. Deferred tax liabilities	11,159	10,172
	183,668	189,813
C. CURRENT LIABILITIES		
I. Financial liabilities	72,038	122,875
II. Other liabilities	138,230	155,190
III. Effective income tax obligations	13,874	18,589
IV. Provisions	13,326	14,573
	237,468	311,227
	643,717	726,751

Cash flow statement of the BAUER Group

in EUR '000

	01.01. - 31.03.2006	01.01. - 31.03.2007
Cash flows from operating activities	-53,802	-34,722
Cash flows from investing activities	-10,354	-7,498
Cash flows from financing activities	69,544	51,833
Net increase in cash and cash equivalents	5,388	9,613
Cash and cash equivalents at beginning of reporting period	14,521	17,143
Cash and cash equivalents at end of reporting period	19,909	26,756
Change in cash and cash equivalents	5,388	9,613

Statement of changes in equity of the BAUER Group

	Subscribed capital	Capital reserve	Other revenue reserves and net earnings available for distribution				Minority interests	Total
			Revenue reserves	Currency translation	Reconciling item, IFRS	Own shares		
As at 01.01.2006	63,000	10,470	60,794	-762	10,387	-1,914	6,486	148,461
Consolidated profit	0	0	-406	0	0	0	134	-272
Dividend payments	0	0	0	0	0	0	0	0
Consolidation measures	0	0	0	0	0	0	-938	-938
Exchange rate movements	0	0	84	-502	0	0	-184	-602
As at 31.03.2006	63,000	10,470	60,472	-1,264	10,387	-1,914	5,498	146,649
As at 31.12.2006	73,001	38,404	96,475	-4,054	10,387	0	8,368	222,581
Consolidated profit	0	0	3,438	0	0	0	117	3,555
Dividend payments	0	0	0	0	0	0	0	0
Consolidation measures	0	0	0	0	0	0	0	0
Exchange rate movements	0	0	0	-331	0	0	-94	-425
As at 31.03.2007	73,001	38,404	99,913	-4,385	10,387	0	8,391	225,711

Segment reporting of the BAUER Group, 1st quarter

in EUR '000

	Construction		Equipment		Other	
	2006	2007	2006	2007	2006	2007
Total revenues (Group)	119,940	131,041	98,310	143,312	4,199	4,896
INCOME						
External sales	98,438	111,280	67,936	92,424	37	38
Inter-segment sales	2,778	5,096	7,821	10,492	3,855	4,709
Changes in inventories	1,246	4,773	24,842	37,163	0	0
Other income	1,763	2,157	6,280	3,204	215	90
Consolidated revenues	104,225	123,306	106,879	143,283	4,107	4,837
RESULT						
Segment result (operating result) / EBIT	-2,602	-858	6,780	15,722	422	162
Share in results of associated companies	259	117	0	348	0	0
Financial expenses and income, income tax expense						
Profit						

in EUR '000

	Eliminations/Consolidations		Consolidated	
	2006	2007	2006	2007
Total revenues (Group)	-10,130	-16,135	212,319	263,114
INCOME				
External sales			166,411	203,742
Inter-segment sales	-14,454	-20,297	0	0
Changes in inventories	1,835	0	27,923	41,936
Other income	-390	1,428	7,868	6,879
Consolidated revenues	-13,009	-18,869	202,202	252,557
RESULT				
Segment result (operating result) / EBIT	-1,138	-3,108	3,462	11,918
Share in results of associated companies	0	0	259	465
Financial expenses and income, income tax expense			-3,993	-8,828
Profit			-272	3,555

Notes

Accounting principles

BAUER Aktiengesellschaft prepares its interim financial statements in accordance with the International Financial Reporting Standards (IFRS). The Interim Report to March 31, 2007 was prepared on the basis of IAS 34, "Interim Financial Reporting".

The same accounting and valuation methods as for the consolidated financial statements to December 31, 2006 are applied in the Interim Report to March 31, 2007. A detailed description of those methods is presented in the 2006 Annual Report.

The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2007 had no effects on the interim financial statements.

Scope of consolidation

In addition to BAUER Aktiengesellschaft, the consolidated Group companies comprise all major domestic and foreign enterprises in which BAUER Aktiengesellschaft holds a direct or indirect interest enabling it to govern the said companies' financial and business policies in such a way that the members of the Group draw benefit from the activities of the said companies (subsidiaries).

The following changes have occurred to the scope of consolidation since December 31, 2006:

The previously fully consolidated BAUER America Latina S.A., Peru, was de-consolidated effective March 31, 2007.

BAUER Corporate Services Private Ltd, India, was consolidated for the first time effective March 31, 2007.

Notes on segment reporting

The segmentation of the BAUER Group is in accordance with IAS 14. It is founded on the internal organizational and reporting structures of the Group. The same accounting and valuation methods as for the 2006 consolidated financial statements are applied.

The core business of the **Construction** segment is specialist foundation engineering. Complete excavation pits and foundation works, often in difficult subgrade conditions, are carried out for major infrastructure projects. In order to offer customers a full range of services, the companies of the BAUER Group additionally offer other construction services, often involving a major specialist foundation engineering element. Examples of this include bridges, environmental engineering and remediation projects. The Construction segment is founded on the close interlinking of all construction activities, including those handled by the Projects departments.

In the **Equipment** segment, machinery for all specialist foundation engineering processes is developed and manufactured for worldwide distribution. The equipment can be employed to produce large-diameter and small-diameter bores for piles, diaphragm walls, anchors, injections and wells. Equipment for ramming and soil improvement is also manufactured. The range is supplemented by a wide selection of add-on units and ancillary equipment, covering all the processes involved in specialist foundation engineering. New markets are being developed in this segment in the geothermal, offshore and mining sectors.

The **Other** segment comprises the central services for the Group's business units (accounting, human resources, IT etc.), specifically those of BAUER Aktiengesellschaft.

Events after March 31, 2007

No events subject to mandatory reporting in accordance with IAS 10 occurred after March 31, 2007.

Future-related statements

This Interim Report contains future-related statements. Future-related statements are any statements which do not relate to historical facts and events, such as forecasts of future financial earning power and indications of plans and expectations with regard to the development of the business of the BAUER Group and relating to the general economic climate or other factors to which the BAUER Group is subject. The use of words such as "believe", "expect", "predict", "forecast", "intend", "plan", "estimate", "aim", "likely", "assume" and similar formulations indicates that the statements in question are future-related. Future-related statements are subject to risks and many uncertainties which may mean that actual developments, earnings or levels of performance differ widely from those explicitly or implicitly assumed in the future-related statements.

Readers are advised that, in view of the said risks and uncertainties, no inappropriately high degree of confidence should be placed in the likelihood of such statements proving to be accurate in the future. BAUER Aktiengesellschaft does not intend to and assumes no obligation to publish updates of such future-related statements in order to incorporate events or circumstances beyond the date of publication of this Interim Report.

Dates

2007

Publication of 2006 annual financial statements	April 25, 2007
Annual Press Conference	April 25, 2007
Analysts' Conference	April 25, 2007
Annual General Meeting	June 28, 2007
Interim Report to March 31, 2007	May 15, 2007
Interim Report to June 30, 2007	August 14, 2007
Interim Report to September 30, 2007	November 14, 2007

You will find more information on the BAUER Group on the Internet at www.bauer.de.

Published by

BAUER Aktiengesellschaft
Wittelsbacherstrasse 5
86529 Schrobenhausen, Germany
Office of the Management Board:
Telephone: +49 8252 97-1215
Fax: +49 8252 97-2900
e-mail: BAG@bauer.de

Registered place of business:
86529 Schrobenhausen, Germany
Registered at the District Court of
Ingolstadt under HRB 101375



® Registered trademark
of Deutsche Börse AG