

Interim Report to March 31, 2008



Group Key Figures – 1st Quarter 2008

| IFRS in EUR million | 03/2007 | 03/2008 | Change | 12/2007 |
|---|---------|---------|---------|---------|
| Total Group revenues | 263.1 | 339.7 | 29.1 % | 1,208.1 |
| of which Germany | 87.4 | 74.6 | -14.6 % | 331.6 |
| International | 175.7 | 265.1 | 50.9 % | 876.5 |
| International in percent | 66.8 | 78.0 | n/a | 72.6 |
| of which Construction | 121.2 | 150.0 | 23.8 % | 531.8 |
| Equipment | 141.1 | 181.0 | 28.3 % | 643.1 |
| Resources | 12.6 | 22.7 | 80.2 % | 112.0 |
| Other/Eliminations/Consolidations | -11.8 | -14.0 | n/a | -78.8 |
| Consolidated revenues | 252.6 | 328.2 | 29.9 % | 1,159.4 |
| Sales revenues | 203.7 | 261.4 | 28.3 % | 1,033.0 |
| Orders in hand | 419.2 | 743.4 | 77.3 % | 618.0 |
| EBITDA | 23.5 | 38.3 | 63.0 % | 185.4 |
| EBITDA margin in percent (of sales revenues) | 11.5 | 14.7 | n/a | 17.9 |
| EBIT | 11.9 | 25.4 | 113.4 % | 131.8 |
| EBIT margin in percent (of sales revenues) | 5.8 | 9.7 | n/a | 12.8 |
| Net profit or loss | 3.6 | 12.4 | 244.4 % | 74.4 |
| Capital investment in property, plant and equipment | 9.4 | 17.8 | 89.4 % | 96.4 |
| Shareholders' equity | 225.7 | 289.8 | 28.4 % | 279.1 |
| Equity ratio in percent | 31.1 | 32.2 | n/a | 34.1 |
| Net assets | 726.8 | 899.3 | 23.7 % | 818.0 |
| Earnings per share | 0.20 | 0.70 | 250.0 % | 4.23 |
| Return on equity after tax in percent | n/a | n/a | n/a | 26.6 |
| Employees | 5,830 | 7,681 | 31.7 % | 6,983 |
| of which Germany | 2,872 | 3,558 | 23.9 % | 3,324 |
| International | 2,958 | 4,123 | 39.4 % | 3,659 |

At variance with the consolidated revenues presented in the Group income statement, the total Group revenues presented here include portions of revenues from associated companies as well as revenues of non-consolidated subsidiaries and joint ventures.

Course of Business and Background Conditions

Course of business and general economic climate

At the end of April we held our traditional invitation events for customers at our home base in Schrobenhausen. Bauer Spezialtiefbau and Bauer Resources hosted the so-called "Schrobenhausener Tage", while Bauer Maschinen held its in-house exhibition, as it routinely does in the years in which Bauma Munich, the world's largest construction machinery trade fair, is not being held.

The presentations organized by Bauer Spezialtiefbau and Bauer Resources attracted 500 visitors. The mood at the events was excellent. All those attending reaffirmed our own view that economic conditions are stable and healthy growth is to be expected.

The approximately 2,000 visitors to the in-house machinery exhibition, drawn from almost 50 countries across every continent, had the opportunity to view our range of equipment, including many new developments. The event provided further evidence of the sustained strong demand from all of the world's regions.

The prevailing mood is often a good indicator of the way trends are heading. By contrast, some business analysts and journalists are tending to muddy the wider public perception of future prospects.

Everyone is talking about the sub-prime crisis emanating from the USA. There is no doubt that unacceptable practices on the part of some banking executives have shaken the financial world. But the errors made are now largely out in the open, and it seems that the damage – currently put at around 800 billion dollars, or over 500 billion euros – is at least quantifiable. It is an enormous amount of money – but is it something capable of throwing the global economy into disarray? We don't believe so. It is perhaps useful to compare the amounts mentioned against the total cost of German reunification, which was without doubt three times higher. And Germany – a single country with a population of 80 million people – has coped with that burden in recent years without being dragged down by it. So we can be sure that the large number of countries, with their vast population numbers, affected by the sub-prime crisis will be able to come through it.

We will, of course, see rather lower growth rates over the coming years. But growth will in our view still be quite adequate to maintain a generally healthy economic climate, and the construction industry will be able to sustain its upward trend.

While the USA teeters on the brink of recession, all other countries will merely suffer a slowdown in growth. In fast-growing economies such as Russia, the Ukraine, India, the Arab region and most countries in the Far East, the effects of the financial crisis will be only minor. The vast oil and gas revenues of some of the regions mentioned will make any losses from financial transactions easier to bear. Moreover, the impetus behind many emerging and fast-growing economies is so strong that such outside influences will barely slow them at all.

The greatest problem facing markets at present is a psychological one. However, it is to be expected that all the bad news will shortly have been fully disclosed, and no further horror stories will emerge.

All in all, this means that the global economy is still clearly on an upward trend. Recent years have seen growth rates of around 4.5 percent. Over the coming years they will be somewhat lower, at around 3.5 percent. And to sustain that overall momentum, the construction market needs to grow proportionately much more strongly. Only then will the right conditions be in place to build the infrastructure and develop the commercial and industrial projects essential to economic growth. The construction machinery market will grow even more strongly, because that is the only way the construction companies will be able to keep their capacities up with the rising demand.

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 also growing more strongly than that for general construction machinery.

Countries enjoying the benefits of high oil and gas revenues, especially the Arab countries and Russia, will continue to use those vast resources to advance themselves industrially and in terms of financial prosperity, as well as enhance their standing as tourist destinations. All of this will likewise entail substantial construction volumes.

The construction boom in Dubai continues apace. And other countries in the region – such as Abu Dhabi, Saudi Arabia, Qatar and Bahrain – have also recently begun developing their infrastructure and investing in new building projects. Major new projects are opening up the prospect of further substantial increases in construction demand.

In the Far East, the upward trend is being sustained. Construction volumes are increasing in all countries in the region. Even in Hong Kong, where the market had slowed markedly in recent times, a number of major infrastructure projects are being planned.

In the USA, housing construction has come to a virtual stop. By contrast, the market for infrastructure projects, power stations and other industrial and commercial construction has not been affected by the financial crisis. There is even an expectation that those markets will profit from it, because the US government is attempting to stabilize the economy by investing in infrastructure projects. The order books of our businesses in the USA are filled to very healthy levels.

The market in Canada is lively.

Many countries in South and Central America are also developing positively.

In Africa, there is generally little economic momentum, but some individual markets are seeing healthy growth. Some countries – such as Angola, as well as South Africa – are showing promising economic trends. In the mining industry especially, major exploration work is being carried out in many countries in response to the worldwide demand for raw materials.

The European economy is generally stable. The value of the euro is causing some concern, but the economy is robust enough to deal with the situation without major loss.

In Germany, the trend in the construction market has at last been turned around following 12 years of recession. Last year's figures were generally encouraging, and we are very confident that the trend will be sustained. Germany currently has lower construction volumes relative to its population size and GDP than almost any other of the original member states of the European Union. Now that the long recession has come to an end, historical comparisons indicate to us that the upward trend is highly unlikely to be reversed again soon. We therefore expect to see healthy market conditions for a number of years to come.

Overall, we can report that our markets are developing 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 segments of the BAUER Group have very healthy levels of orders in hand. In the Equipment segment in particular, we are not finding it easy to satisfy our customers' needs promptly.

Development of the BAUER AG share

Our company's share was unable to escape the turbulence on financial markets during the first quarter. It fell to lows of around EUR 36 during January, before recovering to around EUR 45 by the end of February. It came under renewed pressure in the final month of the reporting period, and closed on March 31, 2008 at EUR 41.65 – down 14.1 percent since the start of the year.

At the end of April our share price was EUR 51.60.

Business trend

The member companies of the BAUER Group performed very well in the first quarter of 2008. Revenues and earnings were up substantially in almost every segment. Net profit of EUR 12.4 million is around three and a half times that of the previous-year comparative period. Total Group revenues rose by just under 30 percent to EUR 339.7 million.

This trend maintains the strong performance of the previous year. Once again – like last year – the extremely healthy levels of orders in hand of all the Group's segments meant that there was no slowdown in business such as normally occurs in the early months of the year. The increasing proportion of construction business outside of Germany means that it is less and less subject to the vagaries of winter weather. This enabled the Construction segment also to return an operating profit. The Equipment segment was not able to ship all the equipment ordered to its customers by the end of 2007, so its sales during the first quarter were likewise very healthy. The first quarter for the new Resources segment was not yet satisfactory. However, we do expect that we will be able to achieve our targets in that segment as in the others.

Development of the Group's divisions (including minority interests)

| in EUR million | | March 2007 Revenues in EUR million | March 2008 Revenues in EUR million | Percentage Share March 2008 | Percentage Change against previous year | Orders in hand |
|---|---|--|--|-----------------------------------|---|-------------------|
| Construction | BAUER Spezialtiefbau GmbH (BST) | | | | | |
| | BST Germany | 29.3 | 21.7 | 6.4 % | -25.9 % | ● |
| | Subsidiaries, Germany | 3.5 | 4.4 | 1.3 % | 25.7 % | ● |
| | BST international | 35.8 | 61.9 | 18.2 % | 72.9 % | ++ |
| | Subsidiaries, international | 46.0 | 68.4 | 20.1 % | 48.7 % | ++ |
| | less intra-Group revenues and IFRS adjustments | -9.8 | -21.0 | -6.2 % | | |
| | BST Group total | 104.8 | 135.4 | 39.8 % | 29.2 % | + |
| | SPESA Spezialbau und Sanierung GmbH | 2.4 | 2.7 | 0.8 % | 12.5 % | ● |
| | SCHACHTBAU NORDHAUSEN GMBH (SBN) incl. SBN construction subsidiaries | 14.9 | 12.4 | 3.7 % | -16.8 % | + |
| | less intra-Group revenues and IFRS adjustments | -0.9 | -0.5 | -0.2 % | | |
| Construction total | 121.2 | 150.0 | 44.1 % | 23.8 % | + | |
| Equipment | SBN - construction equipment | 10.6 | 14.6 | 4.3 % | 37.7 % | + |
| | SBN Group total (construction & equipment) | 25.5 | 27.0 | 7.9 % | 5.9 % | + |
| | BAUER Maschinen GmbH (BMA) | 124.9 | 151.3 | 44.5 % | 21.1 % | + |
| | Equipment subsidiaries (specifically of BMA) | 47.3 | 75.6 | 22.3 % | 59.8 % | + |
| | BMA Group total | 172.2 | 226.9 | 66.8 % | 31.8 % | + |
| | less intra-Group revenues and IFRS adjustments | -41.7 | -60.5 | -17.8 % | | |
| Equipment total | 141.1 | 181.0 | 53.3 % | 28.3 % | + | |
| Resources | BAUER Resources GmbH (BRE) | 0.1 | 0.6 | 0.2 % | 500.0 % | |
| | Resources subsidiaries (specifically of BRE) | 14.9 | 25.3 | 7.4 % | 69.8 % | ● |
| | less intra-Group revenues and IFRS adjustments | -2.4 | -3.2 | -0.9 % | | |
| | Resources total | 12.6 | 22.7 | 6.7 % | 80.2 % | ● |
| Other | BAUER Aktiengesellschaft (BAG) | 4.8 | 5.6 | 1.7 % | 16.7 % | |
| | Other subsidiaries (specifically of BAG) | 0.1 | 0.1 | 0.0 % | 0.0 % | |
| | Total Other/services | 4.9 | 5.7 | 1.7 % | 16.3 % | |
| | less intra-Group revenues and IFRS adjustments | -16.7 | -19.7 | -5.8 % | | |
| Group TOTAL (including minority interests) | 263.1 | 339.7 | 100.0 % | 29.1 % | + | |
| of which: Germany | 87.4 | 74.6 | 22.0 % | -14.6 % | | |
| International | 175.7 | 265.1 | 78.0 % | 50.9 % | | |

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
- Breakdown Germany/international according to country in which accounting figures were allocated.

Earnings, Financial and Net Asset Position

Earnings

Revenues shown in the consolidated income statement increased by 29.9 percent to EUR 328.2 million. The substantial increase in other income to EUR 18.7 million results primarily from self-manufactured machinery for Group companies. BAUER Spezialtiefbau GmbH is currently also investing in new construction equipment in order to keep pace with the healthy market growth.

All segments contributed to the growth in consolidated revenues – the Construction segment at 21.4 percent and the Equipment segment at 27.5 percent. The increase in revenues in the Resources segment relates to the fact that the GWE Group was not acquired until the second quarter of last year.

The "Cost of materials", "Staff costs", "Depreciation and amortization" and "Other operating expenses" items in the income statement all increased at a lower rate than revenues. Financial expenses increased in line with the rise in borrowing entailed by the growth in business volumes. Owing to the reform of tax law in Germany and the lower level of special taxation effects, the income tax expense is lower than last year.

Profit after tax increased by EUR 8.8 million against the previous year to EUR 12.4 million.

Financial position

The usual seasonal increase in net assets – particularly in inventories and receivables – has led to a corresponding increase in financial and other liabilities. Developments are in line with our planning.

Net asset position

The net assets shown on the balance sheet increased by 9.9 percent against the 2007 year-end figure. They rose by 23.7 percent against the comparative first quarter of the previous year. We regard this increase – which is much lower than the increase in revenues – as highly positive.

In our business, based on the buying and payment practices of customers the balance sheet net assets always increase significantly within the year and then fall away again by a similar amount by the year-end, as customers make more payments. This year's increase in net assets – in addition to the major increase in our capital investments – is in keeping with our many years' experience. It is even somewhat less than would normally be expected. The major increases on the Assets side of the balance sheet against our 2007 annual financial statements relate to inventories and receivables. Both items relate to the development of business operations at the beginning of a year. On the Equity and Liabilities side, increased financial and other liabilities have been incurred – mainly in the form of trade payables.

Trends in our Business Segments

Construction segment

Construction segment key figures

| in EUR '000 | 03/2007 | 03/2008 | Change | 12/2007 |
|----------------------------------|---------|---------|---------|---------|
| Total Group revenues | 121,189 | 150,006 | 23.8 % | 531,790 |
| of which external sales revenues | 104,677 | 130,317 | 24.5 % | 433,405 |
| Orders received | 113,900 | 250,196 | 119.7 % | 656,424 |
| Orders in hand | 253,191 | 485,304 | 91.7 % | 385,114 |
| EBIT | -207 | 3,288 | n/a | 24,847 |
| Employees | 3,809 | 4,792 | 25.8 % | 4,316 |

The Construction segment increased its revenues by 23.8 percent in the first quarter. However, revenues from specialist foundation engineering operations in Germany fell by 25.9 percent during the period. The reason for this fall lies in the extremely strong performance in the first quarter of last year, when unusually mild weather in Germany led to above-average revenues being generated. Moreover, we had very few major projects in progress in Germany, having recently taken a very cautious approach to acquiring such business. An additional factor is that some of our German workforce is currently engaged in a major project in the Netherlands.

Revenues in all other regions of the world increased substantially. The further increase in orders in hand indicates to us that this positive trend is being sustained.

We are currently seeing very healthy demand for specialist foundation engineering services from virtually every country in the world. This is especially true of the Arab countries, but also with regard to infrastructure projects in the USA, Canada and Europe. Orders in hand in the Construction segment increased by 91.7 percent against the first quarter of the previous year. A pleasing aspect of this is that the orders are spread very evenly across the various regions of the world and include a large number of major projects. We are working on some particularly large-scale projects in Canada (a sealing wall for an open-cast oil mine), Egypt (stations for the new Cairo underground rail network), Turkey (an excavation pit for a hotel), the USA (power station foundations), the Netherlands (power station foundations), Australia (dam remediation), Vietnam (an excavation pit for a large residential complex) and Abu Dhabi (numerous large excavation pits).

SPESA Spezialbau und Sanierung GmbH is developing in line with our planning. SCHACHTBAU NORDHAUSEN GmbH also has very healthy order books in its construction division, so we expect it to have a good year.

Overall, we are satisfied with the development of the Construction segment to date. A healthy first-quarter EBIT of EUR 3.3 million instils us with confidence that we will comfortably meet our earnings targets for the full year.

Equipment segment

Equipment segment key figures

| in EUR '000 | 03/2007 | 03/2008 | Change | 12/2007 |
|----------------------------------|---------|---------|--------|---------|
| Total Group revenues | 141,142 | 180,976 | 28.2 % | 643,115 |
| of which external sales revenues | 91,498 | 113,456 | 24.0 % | 509,733 |
| Orders received | 143,110 | 195,716 | 36.8 % | 710,119 |
| Orders in hand | 145,346 | 225,122 | 54.9 % | 210,382 |
| EBIT | 15,658 | 23,691 | 51.3 % | 105,894 |
| Employees | 1,568 | 2,059 | 31.3 % | 1,872 |

The Equipment segment has made a very good start to the year, with a 28.2 percent rise in revenues. High demand from all over the world is continuing to fill our order books. Orders in hand at the end of the first quarter were 54.9 percent up against the comparative previous-year figure.

Our in-house exhibition at the end of April attracted some 2,000 interested customers from all over the world to our home base in Schrobenuhausen. The equipment on show – with a total value of some EUR 30 million – was greeted with enthusiasm by all visitors. The new MC 64 crane for specialist foundation engineering applications, featuring two synchronized 25-tonne hoisting devices, was particularly well-received by the industry specialists attending the exhibition. The BG rotary drilling rig series was extended to include a small-size piling unit – the BG 12. Many small items of equipment were also on show at the exhibition.

Investment projects aimed at expanding machinery manufacturing capacities are going well to plan. Operations will be moving into the new halls at the Aresing plant next month. The foundation stones for the new welding shops in Edelshausen were laid in mid-April. We will be able to move into the newly built units towards the end of the year. The second phase of building work to extend the Nordhausen site is currently underway, and in the USA we have acquired a site in Conroe, near Houston. We hope to receive planning permission in the autumn to start building the first phase of it.

Overall, we believe markets for specialist foundation engineering equipment remain on an upward trend. There is, however, no doubt that this boom will come to an end in a few years. We are preparing for that time by developing new deep-level drilling products (for the oil and gas and geothermal energy sectors) as well as products for other fields related to specialist foundation engineering.

The EBIT of the Equipment segment increased in the first quarter by 51.3 percent to EUR 23.7 million. This trend enables us to forecast with certainty that we will comfortably meet our targets for 2008. The extraordinarily strong growth in earnings in the first quarter is in part attributable to the backlog of orders which could not be shipped at the end of last year and which therefore delivered a major boost to business in the early part of this year.

Resources segment

Resources segment key figures

| in EUR '000 | 03/2007 | 03/2008 | Change | 12/2007 |
|----------------------------------|---------|---------|---------|---------|
| Total Group revenues | 12,625 | 22,728 | 80.0 % | 111,950 |
| of which external sales revenues | 7,529 | 17,590 | 133.6 % | 89,612 |
| Orders received | 14,788 | 33,189 | 124.4 % | 115,990 |
| Orders in hand | 20,663 | 33,001 | 59.7 % | 22,540 |
| EBIT | -584 | -1,276 | 118.5 % | 253 |
| Employees | 270 | 623 | 130.7 % | 608 |

Our Resources segment is now in its first full year of business. Revenues have increased by a very substantial 80 percent – especially because of the acquisition of the GWE Group in the second quarter of last year. We are not yet satisfied with the development of earnings as shown in the first quarter of 2008. The negative EBIT of EUR -1.3 million results from specific seasonal factors. Since the Resources segment still generates most of its revenues in Germany, seasonal fluctuations are inevitable. The Materials division, for example, is selling fewer well engineering components in the early months of the year. The Environment division's sales are also lower in the early months of the year than in subsequent quarters. This means first-quarter results are poor.

Since orders in hand in this segment have been developing well, however, we are confident of achieving our plan targets.

Other disclosures

There are no events of note to report.

Sustainability

Human resources

The number of employees increased by 31.8 percent against the comparative quarter in the previous year. This increase is slightly more than the growth in total Group revenues. Overall, the workforce increased by 1,851 people relative to the comparative previous-year quarter and by 698 since the year-end. The increase since the year-end relates mainly to major projects being carried out in Egypt, Vietnam and the United Arab Emirates. Additional capacities to attain the necessary machinery production were in part recruited from the short-term labour market. We are generally building up our core workforce at present, in order to maintain a good balance between permanent employees and temporary staff.

Follow-up Report

Opportunities and risks

Major opportunities are set out in the individual sections of this Interim Report.

There has been no change in material risks since the Annual Report to December 31, 2007. Consequently, we refer back to the 2007 Group management report.

Material transactions with related parties

In the period under review no material transactions were undertaken with related parties.

Outlook for the full year

The companies of the BAUER Group have made very good progress in the first three months of 2008. The extraordinarily high increase in orders received in all segments of the Group will provide a healthy take-up of capacities through to the year-end. We have not yet felt any ill effects from the sub-prime crisis in our business. International construction markets will continue their upward trend, and our Construction and Equipment segments will profit particularly from that trend in meeting the especially high demand in the specialist foundation engineering field. We are preparing for the expected slowdown on construction markets in a few years' time by developing our new Resources segment, operating in a field which will grow strongly over the coming years.

We expect total Group revenues in 2008 to increase by over 16 percent, to a good EUR 1.4 billion (previous year: EUR 1.2 billion). We expect profit after tax to rise by an even greater rate, to a good EUR 90 million (previous year: EUR 74.4 million).

Schrobenhausen, May 15, 2008

Interim Financial Statements of the BAUER Group

Income statement of the BAUER Group

| in EUR '000 | 01.01. - 31.03.2007 | 01.01. - 31.03.2008 |
|---|----------------------------|----------------------------|
| 1. Sales revenues | 203,742 | 261,419 |
| 2. Changes in inventories | 41,936 | 48,071 |
| 3. Other income | 6,879 | 18,730 |
| | 252,557 | 328,220 |
| 4. Cost of materials | 144,059 | 182,125 |
| 5. Staff costs | 45,108 | 56,597 |
| 6. Depreciation and amortization | 11,589 | 12,846 |
| 7. Other operating expenses | 39,883 | 51,244 |
| OPERATING RESULT | 11,918 | 25,408 |
| 8. Financial income | 762 | 565 |
| 9. Financial expenses | 5,047 | 6,287 |
| 10. Share of the profit or loss of associates accounted for using the equity method | 465 | 441 |
| PROFIT BEFORE TAX | 8,098 | 20,127 |
| 11. Income tax expense | 4,543 | 7,697 |
| NET PROFIT OR LOSS | 3,555 | 12,430 |
| Profit attributable to minority interests | 117 | 501 |
| Profit attributable to equity holders of BAUER AG | 3,438 | 11,929 |
| | | |
| | 01.01. - 31.03.2007 | 01.01. - 31.03.2008 |
| Basic earnings per share in EUR | 0.20 | 0.70 |
| Diluted earnings per share in EUR | 0.20 | 0.70 |
| Average number of shares in circulation (basic) | 17,131,000 | 17,131,000 |
| Average number of shares in circulation (diluted) | 17,131,000 | 17,131,000 |

Balance sheet of the BAUER Group

| ASSETS in EUR '000 | 31.12.2007 | 31.03.2008 |
|---|-------------------|-------------------|
| A. NON-CURRENT ASSETS | | |
| I. Intangible assets | 14,198 | 14,122 |
| II. Property, plant and equipment and investment property | 245,815 | 246,771 |
| III. Investments accounted for using the equity method | 7,465 | 7,446 |
| IV. Participations | 4,099 | 4,099 |
| V. Deferred tax assets | 13,118 | 13,188 |
| VI. Other non-current assets | 6,387 | 7,030 |
| VII. Other non-current financial assets | 1,271 | 570 |
| | 292,353 | 293,226 |
| B. CURRENT ASSETS | | |
| I. Inventories | 218,978 | 261,341 |
| II. Receivables and other assets | 268,760 | 304,853 |
| III. Effective income tax refund claims | 4,798 | 5,180 |
| IV. Cash and cash equivalents | 33,082 | 34,714 |
| | 525,618 | 606,088 |
| | 817,971 | 899,314 |
| EQUITY AND LIABILITIES in EUR '000 | 31.12.2007 | 31.03.2008 |
| A. SHAREHOLDERS' EQUITY | | |
| I. Group shares | 268,464 | 278,823 |
| II. Minority interests | 10,666 | 10,988 |
| | 279,130 | 289,811 |
| B. NON-CURRENT LIABILITIES | | |
| I. Defined benefit plans | 39,862 | 40,400 |
| II. Financial liabilities | 215,511 | 222,713 |
| III. Other liabilities | 3,965 | 3,962 |
| IV. Deferred tax liabilities | 15,707 | 15,910 |
| | 275,045 | 282,985 |
| C. CURRENT LIABILITIES | | |
| I. Financial liabilities | 68,355 | 86,400 |
| II. Other liabilities | 168,786 | 212,228 |
| III. Effective income tax obligations | 10,761 | 11,813 |
| IV. Provisions | 15,894 | 16,077 |
| | 263,796 | 326,518 |
| | 817,971 | 899,314 |

Cash flow statement of the BAUER Group

| in EUR '000 | 01.01. - 31.03.2007 | 01.01. - 31.03.2008 |
|--|---------------------|---------------------|
| Cash flows from operating activities | -34,722 | -9,114 |
| Cash flows from investing activities | -7,498 | -13,719 |
| Cash flows from financing activities | 51,833 | 24,465 |
| Net increase in cash and cash equivalents | 9,613 | 1,632 |
| Cash and cash equivalents at beginning of reporting period | 17,143 | 33,082 |
| Cash and cash equivalents at end of reporting period | 26,756 | 34,714 |
| Change in cash and cash equivalents | 9,613 | 1,632 |

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 | Foreign currency translation | Reconciling item, IFRS | Hedging transactions reserve | Own shares | | |
| As at 31.12.2006 | 73,001 | 38,404 | 96,475 | -4,054 | 10,387 | 0 | 0 | 8,368 | 222,581 |
| Consolidated profit | 0 | 0 | 3,438 | 0 | 0 | 0 | 0 | 117 | 3,555 |
| Dividend payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consolidation measures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange rate movements | 0 | 0 | 0 | -331 | 0 | 0 | 0 | -94 | -425 |
| As at 31.03.2007 | 73,001 | 38,404 | 99,913 | -4,385 | 10,387 | 0 | 0 | 8,391 | 225,711 |
| As at 31.12.2007 | 73,001 | 38,404 | 154,060 | -7,463 | 10,387 | 75 | 0 | 10,666 | 279,130 |
| Consolidated profit | 0 | 0 | 11,929 | 0 | 0 | 0 | 0 | 501 | 12,430 |
| Dividend payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consolidation measures | 0 | 0 | 0 | 0 | 0 | 1,562 | 0 | 0 | 1,562 |
| Exchange rate movements | 0 | 0 | 0 | -3,132 | 0 | 0 | 0 | -179 | -3,311 |
| As at 31.03.2008 | 73,001 | 38,404 | 165,989 | -10,595 | 10,387 | 1,637 | 0 | 10,988 | 289,811 |

Segment reporting of the BAUER Group, 1st quarter

| in EUR '000 | Construction | | Equipment | | Resources | | Other | |
|---|----------------|----------------|----------------|----------------|---------------|---------------|--------------|--------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| Total revenues (Group) | 121,189 | 150,006 | 141,142 | 180,976 | 12,625 | 22,728 | 4,838 | 5,660 |
| INCOME | | | | | | | | |
| External sales | 104,677 | 130,317 | 91,498 | 113,456 | 7,529 | 17,590 | 38 | 56 |
| Inter-segment sales | 5,870 | 5,295 | 9,722 | 11,755 | 690 | 421 | 4,680 | 5,577 |
| Changes in inventories | 3,422 | 1,493 | 37,172 | 45,213 | 1,342 | 1,365 | 0 | 0 |
| Other income | 1,639 | 3,263 | 3,202 | 10,147 | 520 | 1,288 | 90 | 0 |
| Consolidated revenues | 115,608 | 140,368 | 141,594 | 180,571 | 10,081 | 20,664 | 4,808 | 5,633 |
| RESULT | | | | | | | | |
| Segment result (operating result) / EBIT | -207 | 3,288 | 15,658 | 23,691 | -584 | -1,276 | 159 | 208 |
| Share in results of associated companies | 18 | 108 | 0 | 0 | 447 | 333 | 0 | 0 |
| Financial expenses and income, income tax expense | | | | | | | | |
| Net profit or loss | | | | | | | | |

| in EUR '000 | Eliminations/Consolidations | | Consolidated | |
|---|-----------------------------|----------------|----------------|----------------|
| | 2007 | 2008 | 2007 | 2008 |
| Total revenues (Group) | -16,680 | -19,672 | 263,114 | 339,698 |
| INCOME | | | | |
| External sales | | | 203,742 | 261,419 |
| Inter-segment sales | -20,962 | -23,048 | 0 | 0 |
| Changes in inventories | 0 | 0 | 41,936 | 48,071 |
| Other income | 1,428 | 4,032 | 6,879 | 18,730 |
| Consolidated revenues | -19,534 | -19,016 | 252,557 | 328,220 |
| RESULT | | | | |
| Segment result (operating result) / EBIT | -3,108 | -503 | 11,918 | 25,408 |
| Share in results of associated companies | 0 | 0 | 465 | 441 |
| Financial expenses and income, income tax expense | | | -8,828 | -13,419 |
| Net profit or loss | | | 3,555 | 12,430 |

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, 2008 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, 2007 are applied in the Interim Report to March 31, 2008. A detailed description of those methods is presented in the 2007 Annual Report.

The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2008 had no effects on the interim financial statements.

Audit

These consolidated interim financial statements and management report have not been audited in accordance with section 317 of the German Commercial Code (HGB), nor have they been subjected to any review by an auditor.

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).

No changes have occurred to the scope of consolidation since December 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 2007 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.

The **Resources segment** brings together all the Group units providing products and services relating to the remediation and exploitation of natural resources essential to human life. The units operate in the field of environmental technology, in soil and groundwater remediation, in exploration drilling and mining of raw materials and drilling of wells and geothermal energy sources, and in the manufacture and sale of materials for the engineering of bore holes, specifically for wells and geothermal energy sources.

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, 2008

No events subject to mandatory reporting in accordance with IAS 10 occurred after March 31, 2008.

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

2008

| | |
|---|-------------------|
| Annual Press Conference | April 22, 2008 |
| Analysts' Conference | April 22, 2008 |
| Interim Report to March 31, 2008 | May 15, 2008 |
| Annual General Meeting | June 26, 2008 |
| Half-Year Interim Report to June 30, 2008 | August 14, 2008 |
| Interim Report to September 30, 2008 | November 14, 2008 |

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

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