Half-Year Interim Report 2009

January 1 to June 30, 2009

GROUP KEY FIGURES – 1ST HALF 2009

IFRS in EUR million		06/2008	06/2009	Change	12/2008
Total Group revenues		719.5	681.0	-5.4 %	1,527.2
of which	Germany	165.2	181.2	9.7 %	379.5
	International	554.3	499.8	-9.8 %	1,147.7
	International in %	77.0	73.4	n/a	75.2
of which	Construction	337.6	279.4	-17.2 %	700.9
	Equipment	365.7	372.3	1.8 %	780.1
	Resources	52.9	71.2	34.5 %	135.1
	Other/Eliminations/Consolidations	-36.7	-41.9	n/a	-88.9
Consolidated revenues		686.9	652.2	-5.0 %	1,455.3
Sales revenues		594.7	534.0	-10.2 %	1,290.8
Orders received		909.9	532.8	-41.4 %	1,580.7
Orders in hand		808.4	523.4	-35.3 %	671.6
EBITDA		89.1	76.4	-14.2 %	228.4
EBITDA margin in % (of sales revenues)		15.0	14.3	n/a	17.7
EBIT		63.4	44.9	-29.2 %	167.5
EBIT margin in % (of sales revenues)		10.7	8.4	n/a	13.0
Net profit or loss		37.2	21.1	-43.3 %	107.5
Capital investment in property, plant and equipment		47.0	58.6	24.7 %	140.6
Shareholders' equity		297.2	378.6	27.4 %	372.6
Equity ratio in %		30.5	30.3	n/a	35.8
Net assets		975.9	1,251.0	28.2 %	1,041.5
Earnings per share		2.09	1.19	-43.1 %	6.09
Return on equity after tax in %		n/a	n/a	n/a	38.5
Employees (on average over the year)		7,989	8,497	6.4 %	8,674
of which	Germany	3,629	4,036	11.2 %	3,781
	International	4,360	4,461	2.3 %	4,893

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

Many financial journalists, stock market analysts and banking industry specialists have in recent months increasingly been expressing the opinion that there is light at the end of the tunnel with regard to the current economic crisis. Our view, however, is that the somewhat more positive news emerging over the past weeks merely indicates a minor, and temporary, upturn and that the slight improvement in orders received in some sectors simply reflects just how disastrous things were last year.

A crisis such as the one we are experiencing at present is in many ways like a human illness, bringing a series of ups and downs before a full recovery is finally achieved. We have so far had two distinct downward phases marked by the subprime crisis and the financial market crisis. The consequences of these crises were a marked drop in demand in a wide range of sectors, resulting in massive falls in sales revenues for many companies. We are now confronted by a new crisis with regard to the supply of financing for the real economy. Dramatic falls in sales are leading to declines in output and production, which in turn are resulting in massive drops in earnings, and indeed losses for some businesses. Such declines then have a major impact on credit ratings, resulting in loss of essential credit lines. The next wave of the crisis will not be triggered by a 'credit crunch', but by the banks, in applying due diligence to their credit risk analyses, withdrawing finance to businesses because of falling ratings.

For those working in the real economy this is a bitter pill to swallow, and will bring with it increasing discontent and conflict. We must remember that the banks first caused a major crisis and then massively increased their charges for credit (profit and risk premiums have increased by as much as tenfold in recent weeks relative to the situation before the crisis). And now – entirely disregarding the actual reasons for the crisis – they are punishing the manufacturing industry for the crisis, which they themselves brought about, by withdrawing credit.

The result of these developments, which might be avoided only by concerted political will, is likely to be a substantial drop in the capacities of the affected companies. This will lead to a supply shortfall, which will then trigger the already widely expected inflation. The businesses in the real economy will be impacted by the crisis in the same way as the banks; those who survive will profit massively. Many will be able to realize their stated aim of emerging stronger than ever from the crisis, but many others will simply disappear from the market.

While we in the BAUER Group are convinced that it is vital to counter this trend by all political means, we are equally certain that our business is one of the strongest on the market, and consequently we will be able to withstand the crisis and so also be in a position to profit from the subsequent upturn. Until this upturn comes, however, we will have to face some difficult years.

Trends on international markets are currently varying greatly. Looking first at the construction sector, we expect the construction market in Germany to decline by between 10 and around 15 percent overall in the next three years. In view of the large number of major projects in the pipeline, and in particular the fact that we have just acquired a substantial contract for tunnel works on the Munich Central Ring Road, we believe that we will be able to hold our position on the German market.

The trends in Eastern Europe are quite different. Construction markets have collapsed in almost every country in the region. Only companies working on long-running projects are now seeing a positive trend. We are currently running our branch offices in the region down to a minimum in order to withstand this difficult period. There are a number of large-scale project opportunities in the pipeline in Russia, so the situation there may well improve for us by the acquisition of one major contract.

Trends in the Middle East are marked by a massive market decline in Dubai and by relatively stable markets in the oil-rich and gas-rich states of Abu Dhabi, Saudi Arabia and Qatar. Trends in the other countries in the region are also comparatively stable. For the companies of the BAUER Group's Construction segment this means that sales will fall substantially overall, though they will generally remain at a sustainable level.

Construction markets in the Far East are pleasingly stable. As the region has only in recent years begun recovering somewhat from the most severe economic crisis in its history around ten years ago, the present crisis will not be able to drag down construction activity levels very far. In Hong Kong, the next few years are even expected to see a substantial increase in construction intensity, as the province's government has initiated a whole series of infrastructure projects to counteract the crisis following years of inactivity in the sector. This will bring about a substantial improvement in the construction sector throughout the region.

In the USA, the construction market is one of the major sectors in which the Obama administration's economic stimulus packages are intended to show visible effects. The reluctance to invest in construction projects in recent years means that demand is now substantial – especially with regard to bridges, power stations and oil and gas plants. Large numbers of dam remediation projects are also due. In Canada, we have been awarded a contract to carry out major foundation works for a bridge in Montreal, meaning that capacities on this market too will be well utilized.

The Western European construction market is highly dependent on the economic stimulus packages being implemented by the individual countries. Markets in the region are generally in decline.

In the global construction business there are some more positive trends alongside the regional changes already mentioned. One pleasing aspect is the considerable number of major specialist foundation engineering projects currently being tendered for, across all regions worldwide. One of the largest projects, for example, is the remediation of a dam in Iraq requiring extensive specialist foundation engineering works. When such projects will actually be implemented is less easy to judge than in previous years because of the crisis. If they are in fact implemented, they may well deliver a rapid boost to the major players in the specialist foundation engineering sector.

The markets in which the companies of our Resources segment operate are developing pleasingly. The mining sector suffered most severely of all at the start of the crisis, but in recent months it has made a discernible recovery. As commodity prices have risen again, the mining companies have begun to launch new projects vital to future growth. Consequently, a number of interesting projects may well open up new opportunities for us over the coming months. In the environmental sector markets are likewise stable, and our crews are being kept busy drilling for water and minerals. Sales of well engineering materials are likewise unaffected by the crisis, so we also expect to see growth in this sector.

The toughest market conditions we are currently encountering are in our Equipment segment. When construction activity is generally in decline, demand for related machinery falls even more dramatically. For our business that means massive falls in markets for standard equipment – that is, small and medium-sized machinery used by construction companies in their standard operations. By contrast, sales of large-scale machinery bought by construction companies for specific large projects have been relatively unaffected by the crisis. Since the many economic stimulus packages being implemented internationally are currently resulting in quite a lot of large projects being initiated, we are seeing greater stability in this market segment than in the market for smaller units. Our particular strength on the market for large-scale machinery is proving highly beneficial. In 2009 and 2010 we, like others on the market, will see our sales fall by over 30 percent overall relative to the record year 2008. As we plan to begin marketing our new deep-level drilling rigs towards the end of this year, expectations may well rise in line with the relevant sales.

Two years ago the BAUER Group established its new Resources segment. The idea underlying this strategy was to balance out expected declines in the construction and equipment markets. It was our view at the time that in 2010 or 2011 there was very likely to be a global market crisis triggered by problems in the environmental field, in the supply of raw materials and in the energy sector. What we had not expected was that the crisis would in fact occur two years earlier due to turmoil on financial markets. As a result, our Resources segment is not yet as well developed as we had originally planned. Nevertheless, the present crisis is showing very clearly that our strategy is generally the right one. The Resources segment is in a position to achieve strong growth despite the global market problems, and our Construction segment is relatively stable by virtue of its international structure. Consequently, we have a substantial counterbalance to the severe market declines in the Equipment segment. Our long-term strategy is capable of proving its worth even in the face of a crisis of such unexpected scale.

In summary, it can be said that the global economy and future prospects for economic growth have again deteriorated significantly in recent months. Just six months ago, hardly anyone would have thought it possible for an economy such as Germany's to decline by 6 percent into recession. Today we know that a downturn of such magnitude is inevitable. Sadly, we will also be faced with further economic decline in 2010. We will manage our business in line with this trend.

DEVELOPMENT OF THE BAUER AG SHARE

In the first half of the year the BAUER share followed the generally highly volatile market trend. From a high of EUR 31.66 at the start of the year, the stock fell to lows around EUR 20 at the end of January and again during March. In the first two months of the second quarter, mirroring the recovery in the DAX and MDAX indices, the BAUER share rose steadily to its year high to date of EUR 34.45 in mid-June. From then on the share price fell to EUR 25.44 by June 30. At the end of July the closing price was EUR 25.30.

BUSINESS TREND

In the first half of 2009 the performance of the companies of the BAUER Group was already markedly down against the previous year due to the global crisis. Total Group revenues fell by 5.4 percent. The net profit of EUR 21.1 million is 43.3 percent down against the corresponding previous-year period. After having achieved very strong improvement in all performance indicators last year, a downturn proved unavoidable in 2009.

The 17.2 percent fall in total Group revenues in the Construction segment should be seen in the context of the 36.8 percent growth achieved in the previous year by virtue of the many large projects undertaken. This year's decrease is in part attributable to the crisis, but it is also normal for the construction sector to be subject to major fluctuations in terms of large-scale projects. We regard our Construction segment as a source of stability in the crisis. Another pleasing aspect is that operating profit has been maintained around the previous year's level.

The Resources segment has already achieved substantial growth in the first half of the year. Its operating profit is also up against the previous year. The markets in this segment – in which we apply specialist foundation engineering techniques to the environmental, mining, energy and drilling material fields – have shown that even in more difficult times they are able to buck the trend by achieving growth, thus proving our strategy correct.

The area of our business proving most susceptible to the global crisis is the Equipment segment. Since this segment sells only capital goods for manufacturing companies, markets are seeing massive falls in order levels. While the segment's parent company was still performing relatively healthily during the first half of the year based on a very high level of orders in hand, many subsidiaries were already being impacted so severely by the crisis that their profits dropped very markedly. Though overall revenues were maintained at the previous year's levels, segment earnings were already 35.2 percent down on the previous year. This negative trend will intensify even further in the Equipment segment over the coming months, as a result of which the BAUER Group will see a very significant fall in revenues for the full year and consequently of course an even more significant fall in earnings. The full-year forecast therefore has to be adjusted accordingly.

BREAKDOWN OF TOTAL GROUP REVENUES BY SEGMENT

	in EUR million	June 2008 Revenues in EUR million	June 2009 Revenues in EUR million	Percentage Share June 2009	Percentage Change against previous year	Orders in hand
Construction	BAUER Spezialtiefbau GmbH (BST)					
	BST, Germany	49.3	50.2	7.4 %	1.8 %	●
	Subsidiaries, Germany	11.0	6.2	0.9 %	-43.6 %	●
	BST, international	125.7	51.4	7.5 %	-59.1 %	●
	Subsidiaries, international	158.7	194.4	28.5 %	22.5 %	●
	less intra-Group revenues and IFRS adjustments	-46.6	-60.4	-8.9 %		
	BST Group total	**298.1**	**241.8**	**35.5 %**	**-18.9 %**	●
	SPESA Spezialbau und Sanierung GmbH	7.4	5.6	0.8 %	-24.3 %	●
	SCHACHTBAU NORDHAUSEN GmbH (SBN) incl. SBN construction subsidiaries	33.4	39.0	5.7 %	16.8 %	●
	less intra-Group revenues and IFRS adjustments	-1.3	-7.0	-1.0 %		
	Construction total	**337.6**	**279.4**	**41.0 %**	**-17.2 %**	●
Equipment	SBN – construction equipment	28.6	30.4	4.5 %	6.3 %	--
	SBN Group total (construction & equipment)	**62.0**	**69.4**	**10.2 %**	**11.9 %**	-
	BAUER Maschinen GmbH (BMA)	302.9	309.1	45.4 %	2.0 %	--
	Equipment subsidiaries (specifically of BMA)	164.2	142.8	21.0 %	-13.0 %	--
	BMA Group total	**467.1**	**451.9**	**66.4 %**	**-3.3 %**	--
	less intra-Group revenues and IFRS adjustments	-130.0	-110.0	-16.2 %		
	Equipment total	**365.7**	**372.3**	**54.7 %**	**1.8 %**	--
Resources	BAUER Resources GmbH (BRE)	1.7	2.2	0.3 %	29.4 %	
	Resources subsidiaries (specifically of BRE)	58.9	79.5	11.7 %	35.0 %	++
	less intra-Group revenues and IFRS adjustments	-7.7	-10.5	-1.5 %		
	Resources total	**52.9**	**71.2**	**10.5 %**	**34.5 %**	++
Other	BAUER Aktiengesellschaft (BAG)	11.5	13.3	2.0 %	15.7 %	
	Other subsidiaries (specifically of BAG)	0.1	0.6	0.1 %	500.0 %	
	less intra-Group revenues and IFRS adjustments	0.0	0.0			
	Total Other/services	**11.6**	**13.9**	**2.0 %**	**19.8 %**	
	less intra-Group revenues and IFRS adjustments	-48.3	-55.8	-8.2 %		
	Group TOTAL (including minority interests)	**719.5**	**681.0**	**100.0 %**	**-5.4 %**	-
	of which: Germany	165.2	181.2	26.6 %	9.7 %	
	International	554.3	499.8	73.4 %	-9.8 %	

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. For reasons of complexity the figures are not absolutely precise.

Earnings, Financial and Net Asset Position

The balance sheet and income statement of our Group for the first half of the year show very clear signs of the impact of the crisis on its member companies.

It is normal in the specialist foundation engineering and related equipment business that the financing needs of the companies concerned increase substantially in the early months and decrease again accordingly towards the end of the year. This effect is attributable firstly to the payment practices of our customers, but also stems from the seasonal nature of the business and the necessity to boost production at the start of the year in order to make deliveries in the summer when sales rise. This year, these established factors were exacerbated by the increasing impact on our business of the economic crisis, resulting in a very substantial increase in working capital. The following sets out some of the effects triggered by the crisis.

During the past boom years in our equipment business, components used in our products were subject to delivery lead times of as long as 18 months. Yet the finished units were scheduled for shipping to customers within about six months. This meant pre-ordering significant quantities of such components, entailing corresponding risk. The crisis has meant that the finished machines are no longer being sold as expected and planned new builds have been reduced. Some machines were produced with no firmly allocated customers, so as to avoid overloading the parts stores. This meant that components continued to flow in from our suppliers but the finished units were no longer being sold off as planned. As a consequence, the parts inventory and finished goods items on the balance sheet increased very significantly.

This trend was further exacerbated by the fact that cancellations were received on orders from some countries at very short notice prior to scheduled delivery – cancellations which we were forced to accept because payment security was no longer guaranteed even in respect of good contracts. These cancelled units then also resulted in an increase in inventories.

The rise in some balance sheet items is further magnified by an underlying effect: namely the extraordinarily healthy situation prior to the crisis. As our equipment manufacturing companies were not always able to meet the delivery time requests of our customers during the boom period of recent years, machines were almost literally being towed out of the factory yards as they were finished. The consequence was an unusually low inventory level, which meant that our business needed a relatively small amount of working capital. This positive situation is of course immediately eliminated as soon as normal business conditions prevail. For these reasons, the very low net assets shown on the balance sheet of our Equipment segment in boom periods cannot be maintained in normal times, let alone in more difficult times.

Even by the end of last year we were aware that this would entail a very substantial increase in the net assets shown on the balance sheet of the BAUER Group in the first half of this year. We do, however, also expect that this effect will decrease over the coming months. As per the end of June, the old orders have been completed and production is back to a normal rhythm between production planning and component purchasing. Though the increase in the corresponding balance sheet items can no longer be fully cancelled out by the year-end, we will be in a position to normalize the ratios to our revenues once again within the year.

Another effect, originating specifically from the construction sector, has led to an additional increase in receivables in recent months. Almost all customers attempt to pay somewhat later when times are tough. The total amount of this delayed payment is substantial, and has to be financed on the balance sheet.

There has been another development in respect of the fixed assets which has led to an extension of the balance sheet in the first half-year. In past years we made considerable investments in new production plant in order to adjust our capacities to increased business volumes.

A major portion of this investment was completed in the first half of this year, resulting in a disproportionately high increase in fixed assets. In the second half of the year, and next year, this will decline again due to significant reductions in our capital investment programme.

All in all, we must accept that the crisis is having a markedly negative impact on the development of many items on our balance sheet, and that due to the time-lag between decision and effect it was not immediately possible to establish new ratios relative to the current course of business. Although this is displeasing, it entails little in the way of major risk or other problems for the company. The machines and components held in stock are all standard production items, and over the coming months they will be sold off in the normal course of business or utilized in production. Our currently high production capacities will place a strain on our profitability over the coming months, but they are also essential for the successful realization of our future strategies, such as our entry into deep-level drilling technology.

We believe that all our decisions pertaining to the future development of the business, including under the present conditions and taking into account likely future trends, will be proved correct. We will, however, be forced to deal with the temporarily negative effects on the balance sheet and income statement through 2009 and 2010.

EARNINGS

Revenues shown in the consolidated income statement for the half-year period decreased by 5 percent to EUR 652.2 million. The EUR 21.8 million increase in other income results primarily from self-manufactured machinery for Group companies and from into-stock production in the machinery business. BAUER Spezialtiefbau GmbH, with its subsidiaries, also continued to invest strongly in new construction machinery in the first half-year in order to execute its orders in hand.

Trends in the "Cost of materials", "Staff costs", "Depreciation and amortization" and "Other operating expenses" items in the income statement varied widely owing to the economic crisis. Cost of materials decreased by 9.7 percent – more than the rate of decline in revenues – due to falling material prices and reduced outsourcing. By contrast, staff costs increased by 11.4 percent against the revenue trend. This negative trend is balanced out by the fact that production is now much more extensively covered by in-house personnel. Nevertheless, the higher fixed costs combined with lower revenues are indicated here too, resulting in falls in earnings. Depreciation and amortization likewise increased by a substantial 22.5 percent, as expected in view of the high level of capital investment in the previous year. Other operating expenses, which increased by 2.6 percent against declining revenues, also reflect the negative effects of current trends. The increased debt burden is an effect of the substantial rise in finance requirements. The income tax rate of 35.6 percent is somewhat higher than in the previous year. Profit after tax decreased by EUR 16.1 million against the previous year to EUR 21.1 million.

FINANCIAL POSITION

The international rating agency Standard & Poor's modified our long-term rating from BB+ (outlook positive) to BB+ (outlook stable) in the second quarter of 2009. This adjustment was to be expected in view of the financial market crisis, since it is virtually impossible for any company to improve its rating at present. The affirmation of our rating provides us with ongoing assured access to financial markets, and may also yield further advantages in future with regard to the interest rate terms we are able to obtain.

Our company's Annual General Meeting passed a resolution to pay a dividend of EUR 1.00 per share. As in the previous year, the necessary funds were disbursed at the end of June 2009.

Cash flow was markedly negative in the first half of 2009, for the reasons described. In line with our planning, we will not be in a position to reverse this trend in the course of this year, though we will return to distinctly positive cash flow over the coming years, so that in the medium term the situation will normalize once again.

Borrowings had to be increased significantly as a result of the extensive capital investments and the increase in working capital requirement. There are no other special points of note with regard to the financial position. Developments are in line with our planning at the start of the year, in which we took account of the expected impact of the global crisis.

NET ASSET POSITION

The net assets shown on the balance sheet increased by 20.1 percent against the 2008 year-end figure. They rose by 28.2 percent against the first half of the previous year. This increase well above the trend in revenues stems from the turmoil caused by the effects of the crisis, which are detailed in a separate section of this report.

The main increases on the Assets side relative to our 2008 end-of-year financial statements in terms of non-current assets are in intangible assets and in property, plant and equipment. The intangible assets were increased by an amount of EUR 4.2 million due to the consolidation of a shareholding acquired in the SITE GROUP for Services and Well Drilling Ltd. Co. in Jordan through to final completion of the purchase price allocation. The increase in property, plant and equipment stems from the investment programme implemented over recent years. With regard to current assets, inventories and receivables increased very substantially for the reasons already described. The 24 percent rise in cash and cash equivalents also contributed to the extension of the balance sheet.

On the Equity and Liabilities side, financial liabilities and other liabilities increased significantly as a result.

The opposing "Net earnings" and "Dividend payment" items meant that shareholders' equity was barely changed. Of the EUR 7.2 million increase in minority interests, an amount of EUR 5.9 million results from the acquisition of the SITE GROUP for Services and Well Drilling Ltd. Co. in Jordan. The existing shareholders have retained 40 percent of the shares in this company.

Trends in our Business Segments

CONSTRUCTION SEGMENT

CONSTRUCTION SEGMENT KEY FIGURES

in EUR '000	06/2008	06/2009	Change	12/2008
Total Group revenues	337,581	279,358	-17.2 %	700,890
of which external sales revenues	286,358	225,070	-21.4 %	584,339
Orders received	436,396	295,029	-32.4 %	670,777
Orders in hand	483,929	370,674	-23.4 %	355,003
EBIT	12,846	12,931	0.7 %	46,328
Employees	4,909	4,792	-2.4 %	5,308

Revenues in the Construction segment fell in the first half of the year by 17.2 percent to EUR 279.4 million, though revenues in the German specialist foundation engineering business were held steady at EUR 50.2 million. In all other areas, especially outside of Germany, revenues fell correspondingly. The restructuring of the business in the United Arab Emirates last year, involving the creation of an independent subsidiary company, resulted in a substantial decrease in the international revenues of BAUER Spezialtiefbau GmbH and a corresponding increase in those of its international subsidiaries.

The decline in international business is attributable to two key factors. Last year we had an unusually high number of large projects. This contributed to a very significant increase in international business. With fewer comparable projects this year, revenues have declined. The second factor is the ongoing economic crisis which on some markets, particularly in Eastern Europe, is leading to massive drops in revenues. The downturn in business in Dubai is also fuelling this trend.

Orders in hand in the Construction segment fell by 23.4 percent against the first half of the previous year to EUR 370.7 million. This trend was also influenced by two factors: a decline in larger projects – a normal occurrence following a year with very many such projects – and downturns on many markets due to the economic crisis. A pleasing aspect is that orders in hand in this segment have again been very steady over recent months. In fact, orders in hand even rose by EUR 21.6 million against the first quarter's figure.

Market trends in the construction sector were described in the "Course of Business and Background Conditions" section above. A pleasing aspect is that at present very large projects are again being put out to tender in many markets. We are making great efforts to win contracts in order to maintain the positive development of our Construction segment.

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

Overall, our Construction segment is successfully withstanding the crisis. In the first half of the year EBIT was maintained at the previous year's level. However, full-year EBIT in the Construction segment will, as in other segments, be down against the previous year because we need to compensate for losses on the very tough markets of Eastern Europe. We will therefore not be able to fully meet our earnings targets for this segment.

EQUIPMENT SEGMENT

EQUIPMENT SEGMENT KEY FIGURES

in EUR '000	06/2008	06/2009	Change	12/2008
Total Group revenues	365,651	372,298	1.8 %	780,100
of which external sales revenues	263,880	243,550	-7.7 %	601,230
Orders received	450,130	216,694	-51.9 %	806,389
Orders in hand	294,861	81,063	-72.5 %	236,667
EBIT	51,058	33,089	-35.2 %	118,301
Employees	2,241	2,698	20.4 %	2,493

Total Group revenues in the Equipment segment in the first half of the year increased slightly against the previous year, by 1.8 percent to EUR 372.3 million. However, external sales revenues were already 7.7 percent down against the previous year. The difference is attributable to the increase in inventories of finished goods. This development – still pleasing in view of the ongoing crisis – was founded on the very healthy levels of orders in hand at the start of the year. Since most of the ordered machines were shipped, the sales performance was still relatively stable. EBIT in this segment of only EUR 33.1 million was 35.2 percent down against the previous year's figure. This was a consequence of the higher costs and the reduced fixed cost coverage, as increased inventories make no contribution to covering the fixed costs.

The trend in sales and revenues will not be sustained in the second half of the year. As orders in hand have dropped by 72.5 percent, we must expect to see substantially lower sales. Orders in hand at the half-year mark totalled only EUR 81.1 million which, taking into account ongoing short-term orders, corresponds to a coverage of as little as around one and a half months. This fall in orders in hand was to be expected as markets normalized. We have repeatedly reported on the matter. In earlier times our orders in hand in the equipment business were only ever around one and a half months. Specialist foundation engineering equipment customers usually buy only once they have a relevant order themselves, so very few machines are pre-allocated over the long term. Long delivery lead times occur only in extreme boom phases. For this reason, the low level of orders in hand is not in itself a negative development. It becomes problematic when insufficient ongoing orders flow. Whether this will be the case, however, cannot yet be accurately judged. The decline in orders in hand only stopped a few weeks ago, and therefore empirical evidence as to the level of ongoing business is still quite sparse.

Consequently, our judgement is founded primarily on our many conversations with customers. We are moderately optimistic in this respect. On many markets there is significant demand for specialist equipment for special construction projects. By contrast, the market for standard equipment is very weak. Overall, we expect to see our sales fall by more than 30 percent against previous-year levels over the coming quarters.

Sales of our deep-level drilling rigs beginning in a few months may deliver a certain improvement. These newly developed machines are now in the final testing phase, so marketing will begin shortly.

Of all our business segments, the Equipment segment is generally facing the most difficulty as a result of the crisis. We are deploying major efforts to cut costs on a massive scale. Temporary staff have already been cut back, and short-time working has been initiated at almost all plants. We will also be addressing the other cost blocks in order to make savings. Nevertheless, a massive fall in earnings is unavoidable.

The programme of capital investment in our plant facilities has been largely completed over recent months. Production has started at all our new facilities – latterly in Houston, Texas. The expansion of existing facilities has entailed significant increases in costs. On the other hand, the new facilities enable us to produce much more cost-effectively, so helping to make savings even in times of market crisis. Moreover, the additional capacities allow us to drive forward new products very rapidly – an aspect on which we are focusing all our efforts.

We have reduced the investment plan for our Equipment segment over the coming years to virtually zero. This means that we will be quickly in a position to re-adjust costs to current production levels.

RESOURCES SEGMENT

RESOURCES SEGMENT KEY FIGURES

in EUR '000	06/2008	06/2009	Change	12/2008
Total Group revenues	52,900	71,163	34.5 %	135,070
of which external sales revenues	44,314	65,148	47.0 %	105,148
Orders received	60,009	62,945	4.9 %	192,455
Orders in hand	29,649	71,707	141.9 %	79,925
EBIT	-550	637	n/a	4,016
Employees	627	764	21.9 %	656

Our Resources segment demonstrated in the first half of 2009 that our strategies for this area of our business were correctly judged. Total Group revenues increased by 34.5 percent to EUR 71.2 million. Earnings, too, were up on the previous year's level. As the materials business, in particular, is subject to seasonal fluctuations, EBIT in the Resources segment is lower in the first half-year than in the second.

All the divisions within the segment are currently performing healthily. In the Environment division, business is going well in almost all areas. In Oman, our large-scale PPP project – involving the construction and operation of a very large purification plant for process water from oil drilling – has made a good start. We expect this to deliver successful performance over many years. In the Mining division, engaged in exploratory and production drilling and the extraction of minerals, orders in hand are healthy and there are a large number of interesting projects. The integration of the newly acquired SITE GROUP for Services and Well Drilling Ltd. Co. in Jordan has begun well, and we expect some highly promising orders from this region. In the Materials division – specifically well drilling materials – business is likewise going well. For the water supply network in Ghana we were awarded a major contract to provide solar-powered well pumps which will be largely completed by the end of this year.

Although the Resources segment is not yet of the necessary size to compensate for market declines in the other segments, the forecast substantial growth in sales and improvement in earnings signifies a highly positive development for our Group.

PERSONNEL

The number of employees increased by 6.4 percent against the comparative half-year in the previous year; against the year-end the number decreased by 2.1 percent. This trend is not in line with the development of Group revenues. The reason for this is essentially that our cutbacks in production reduced the numbers of temporary agency staff rather than our own workforce. Another reason lies in the increase in the workforce due to acquisitions of companies this year and last year.

In terms of our strategy for dealing with the ongoing economic crisis, it is very important to us to find the correct approach with regard to our employees. We have made enormous efforts over many years to build up a highly qualified workforce all across our business. We do not wish to jeopardize this success because of the crisis. Consequently, we plan to utilize the short-time working provisions currently applying in Germany as widely as possible in order to safeguard our employees' jobs and preserve the high level of workforce qualification for the future of the company. We are convinced that by the end of next year there will be a recovery on our traditional markets and that we will succeed in selling sufficient new products into new markets to enable us to utilize the full workforce capacity once again.

In the international construction business we will be adjusting workforce levels on a number of markets – a relatively uncomplicated matter in the countries concerned.

FOLLOW-UP REPORT

In order to safeguard the long-term financing of our business, at the end of July we issued further promissory notes to a total value of EUR 60 million. We also acquired long-term finance for our investments in production facilities. As a result, the financing of our Group companies for the next year is already almost fully secured. These measures will be reflected on the next quarter's balance sheet by a significant shift away from current to non-current liabilities.

No other matters of special note which we would expect to have a material influence on the net asset, financial and earnings position of the BAUER Group occurred after June 30, 2009.

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, 2008. Consequently, we refer back to the 2008 Group management report.

OUTLOOK FOR THE FULL YEAR

The companies of the BAUER Group maintained relatively healthy performance in wide-ranging areas through the first half of 2009. Nevertheless, the economic crisis has already had a marked impact on revenues and earnings as well as on the balance sheet.

Levels of orders in hand in the various segments have developed differently. In the Construction segment, there is still a good chance of relatively positive growth. In the Resources segment, the levels of orders in hand indicate a substantial increase in revenues which will in turn deliver higher earnings. By contrast, levels of orders in hand in the Equipment segment have fallen so low that the segment is currently "living from hand to mouth". Consequently, sales in the second half of the year will be very significantly below the previous year's level. Second-half earnings after interest in the Equipment segment will be only marginally positive.

Overall, in view of the significant deterioration in market conditions for our business, we must make a substantial downward adjustment to the forecasts made in the 2008 Annual Report and in the first quarter report for 2009. The sales and earnings forecasts for the BAUER Group for the 2009 financial year are subject to a much greater degree of uncertainty than in previous years. The main reason for this is the difficulty in predicting the further course of the global financial and economic crisis. The Management Board of BAUER AG nevertheless feels obliged to set out its forecasts. Based on current estimates, we forecast that the total revenues of the BAUER Group for 2009 will be around EUR 1.3 billion. Profit after tax will fall to around one-third of the previous-year figure (EUR 107 million).

We regret that, owing to market trends over recent months, we have been unable to attain the much higher forecasts previously made.

All the employees of BAUER AG are aware of the difficult position which the company faces and of the risks to further development. This provides us with an ideal foundation to steer our business safely through the present crisis, based on concerted effort and a shared sense of responsibility.

Interim Financial Statements of the BAUER Group

INCOME STATEMENT OF THE BAUER GROUP

in EUR '000	01.04. - 30.06.2008	01.04. - 30.06.2009	01.01. - 30.06.2008	01.01. - 30.06.2009
1. Sales revenues	333,240	263,460	594,659	534,018
2. Changes in inventories	10,017	-8,811	58,088	62,344
3. Other income	15,393	35,115	34,123	55,886
CONSOLIDATED REVENUES	**358,650**	**289,764**	**686,870**	**652,248**
4. Cost of materials	206,397	147,334	388,522	350,851
5. Staff costs	60,914	67,207	117,511	130,900
6. Depreciation and amortization	12,881	16,493	25,727	31,524
7. Other operating expenses	40,512	37,150	91,757	94,110
OPERATING RESULT	**37,946**	**21,580**	**63,353**	**44,863**
8. Financial income	1,384	314	1,949	627
9. Financial expenses	5,084	6,820	11,371	13,843
10. Share of the profit or loss of associates accounted for using the equity method	404	731	845	1,069
PROFIT BEFORE TAX	**34,650**	**15,805**	**54,776**	**32,716**
11. Income tax expense	9,853	5,744	17,550	11,635
NET PROFIT OR LOSS	**24,797**	**10,061**	**37,226**	**21,081**
Profit attributable to minority interests	982	395	1,484	732
Profit attributable to equity holders of BAUER AG	23,815	9,666	35,742	20,349

	01.04. - 30.06.2008	01.04. - 30.06.2009	01.01. - 30.06.2008	01.01. - 30.06.2009
Basic earnings per share in EUR	1.39	0.56	2.09	1.19
Diluted earnings per share in EUR	1.39	0.56	2.09	1.19
Average number of shares in circulation (basic)	17,131,000	17,131,000	17,131,000	17,131,000
Average number of shares in circulation (diluted)	17,131,000	17,131,000	17,131,000	17,131,000

BALANCE SHEET OF THE BAUER GROUP

ASSETS in EUR '000	**31.12.2008**	**30.06.2009**
A. NON-CURRENT ASSETS		
I. Intangible assets	17,815	22,636
II. Property, plant and equipment and investment property	334,636	378,261
III. Investments accounted for using the equity method	9,111	8,797
IV. Participations	3,599	3,599
V. Deferred tax assets	16,517	17,249
VI. Other non-current assets	6,454	6,632
VII. Other non-current financial assets	148	84
	388,280	**437,258**
B. CURRENT ASSETS		
I. Inventories	324,819	402,610
II. Receivables and other assets	284,457	357,407
III. Effective income tax refund claims	7,119	7,999
IV. Cash and cash equivalents	36,868	45,705
	653,263	**813,721**
	1,041,543	**1,250,979**

EQUITY AND LIABILITIES in EUR '000	**31.12.2008**	**30.06.2009**
A. SHAREHOLDERS' EQUITY		
I. Group shares	357,895	356,635
II. Minority interests	14,742	21,975
	372,637	**378,610**
B. NON-CURRENT LIABILITIES		
I. Defined benefit plans	42,421	43,523
II. Financial liabilities	235,880	270,927
III. Other liabilities	3,077	3,354
IV. Deferred tax liabilities	17,988	18,155
	299,366	**335,959**
C. CURRENT LIABILITIES		
I. Financial liabilities	106,356	245,058
II. Other liabilities	232,691	261,424
III. Effective income tax obligations	10,227	8,320
IV. Provisions	20,266	21,608
	369,540	**536,410**
	1,041,543	**1,250,979**

CASH FLOW STATEMENT OF THE BAUER GROUP

in EUR '000	01.01. - 30.06.2008	01.01. - 30.06.2009
Cash flows from operating activities	19,830	-68,350
Cash flows from investing activities	-42,439	-60,627
Cash flows from financing activities	30,288	137,814
Net increase in cash and cash equivalents	**7,679**	**8,837**
Cash and cash equivalents at beginning of reporting period	33,082	36,868
Cash and cash equivalents at end of reporting period	40,761	45,705
Change in cash and cash equivalents	**7,679**	**8,837**

LISTING OF RECORDED INCOME AND EXPENSES

in EUR '000	01.04. - 30.06.2008	01.04. - 30.06.09	01.01 - 30.06.2008	01.01.- 30.06.2009
Net profit or loss	**24,797**	**10,061**	**37,226**	**21,081**
Cash-flow hedges				
Changes to fair value not affecting profit and loss recorded directly in shareholders' equity	-873	360	1,432	-2,175
Included in the income statement	0	0	-75	0
Differences from currency translation	313	-3,941	-2,998	-2,188
Deferred tax items set off directly against shareholders' equity	253	-104	-415	631
Income and expenses recorded directly in shareholders' equity	**-307**	**-3,685**	**-2,056**	**-3,732**
Total profit	**24,490**	**6,376**	**35,170**	**17,349**
Attributable to BAUER AG shareholders	23,773	6,429	34,131	16,354
Attributable to minority interests	717	-53	1,039	995

DEVELOPMENT OF SHAREHOLDERS' EQUITY OF THE BAUER GROUP

			Other revenue reserves and net earnings available for distribution						
	Subscribed capital	Capital reserve	Revenue reserves	Currency translation reserve	Reconciling item, IFRS	Hedging transactions reserve	Own shares	Minority interests	Total
As at 31.12.2007	73,001	38,404	154,060	-7,463	10,387	75	0	10,666	**279,130**
Total profit	0	0	35,742	-2,553	0	942	0	1,039	**35,170**
Dividend payments	0	0	-17,131	0	0	0	0	0	**-17,131**
Other changes	0	0	0	0	0	0	0	0	**0**
As at 30.06.2008	**73,001**	**38,404**	**172,671**	**-10,016**	**10,387**	**1,017**	**0**	**11,705**	**297,169**
As at 31.12.2008	73,001	38,404	241,058	-4,955	10,387	0	0	14,742	**372,637**
Changes in scope of consolidation	0	0	-144	0	0	0	0	6,238	**6,094**
Total profit	0	0	20,349	-2,451	0	-1,544	0	995	**17,349**
Dividend payments	0	0	-17,470	0	0	0	0	0	**-17,470**
Other changes	0	0	0	0	0	0	0	0	**0**
As at 30.06.2009	**73,001**	**38,404**	**243,793**	**-7,406**	**10,387**	**-1,544**	**0**	**21,975**	**378,610**

SEGMENT REPORTING OF THE BAUER GROUP

in EUR '000	Construction		Equipment		Resources		Other	
	2008	2009	2008	2009	2008	2009	2008	2009
Total revenues (Group)	**337,581**	**279,358**	**365,651**	**372,298**	**52,900**	**71,163**	**11,619**	**13,986**
INCOME External sales	286,358	225,070	263,880	243,550	44,314	65,148	107	250
Inter-segment sales	9,730	12,244	27,507	33,280	942	1,402	11,430	13,179
Changes in inventories	2,440	4,726	54,224	56,696	1,424	824	0	0
Other income	5,331	7,364	18,901	34,110	1,795	1,934	29	459
Consolidated revenues	**303,859**	**249,404**	**364,512**	**367,636**	**48,475**	**69,308**	**11,566**	**13,888**
RESULT **Segment result (operating result) / EBIT**	**12,846**	**12,931**	**51,058**	**33,089**	**-550**	**637**	**203**	**178**
Share in results of associated companies	392	1,093	0	10	453	-34	0	0
Financial expenses and income, income tax expense								
Net profit or loss								

in EUR '000	Eliminations/Consolidations		Consolidated	
	2008	2009	2008	2009
Total revenues (Group)	**-48,252**	**-55,808**	**719,499**	**680,997**
INCOME External sales			594,659	534,018
Inter-segment sales	-49,609	-60,105	0	0
Changes in inventories	0	98	58,088	62,344
Other income	8,067	12,019	34,123	55,886
Consolidated revenues	**-41,542**	**-47,988**	**686,870**	**652,248**
RESULT **Segment result (operating result) / EBIT**	**-204**	**-1,972**	**63,353**	**44,863**
Share in results of associated companies	0	0	845	1,069
Financial expenses and income, income tax expense			-26,972	-24,851
Net profit or loss			**37,226**	**21,081**

Notes

ACCOUNTING PRINCIPLES

BAUER Aktiengesellschaft prepares its interim financial statements in accordance with the International Financial Reporting Standards (IFRS). The Half-Year Interim Report to June 30, 2009 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, 2008 are applied in the Interim Report to June 30, 2009. A detailed description of those methods is presented in the 2008 Annual Report. The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2009 had no significant effects on the net asset, financial and earnings position of the Group.

AUDITING

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 those enterprises in which BAUER Aktiengesellschaft holds a direct or indirect interest enabling it to govern the said companies' financial and operating policies in such a way that the members of the Group draw benefit from the activities of the said companies (subsidiaries). The consolidation begins from the time the possibility of control exists; it ends when such control no longer exists.

The following companies were consolidated for the first time in the first half of the year:
Equipment segment: BAUER Equipment UK Ltd., Thirsk, Great Britain
Resources segment: BAUER Emirates Environment Technologies and Services LLC, Abu Dhabi, United Arab Emirates; BAUER Nimr LLC, Al Mina, Sultanate of Oman; BAUER Resources GmbH / Jordan Ltd. Co., Amman, Jordan; BAUER Resources Australia Pty. Ltd., Sydney, Australia
Other segment: BAUER Training Center GmbH, Schrobenhausen, Germany

Acquisitions in the Resources segment:
With effect from January 1, 2009, 60 percent of the shares in GF-Tec GmbH, Büttelborn, Germany were acquired at an acquisition cost of EUR 452 thousand.

At the acquisition date the acquisition of GF-Tec GmbH had the following effects on the financial position:

in EUR '000	Fair values 01.01.2009	Carrying amounts 01.01.2009
Effects at time of acquisition		
Non-current assets	329	44
Current assets	139	139
(of which cash and cash equivalents)	(1)	(1)
Non-current liabilities	110	27
Current liabilities	129	129

The acquisition generated goodwill totalling EUR 223 thousand. The allocated portions of the purchase price for the intangible assets arising from the acquisition relate to not yet capitalized patents and to customer relationships which are subjected to straight-line depreciation according to the economic life of the asset.

On May 16, 2009, 60 percent of the shares in the SITE GROUP for Services and Well Drilling Ltd. Co., Amman, Jordan, were acquired. The provisional purchase price of the acquired business was USD 17,500 thousand. This purchase price was paid in cash and cash equivalents, and will increase after two years in an amount of USD 500 thousand. At the time this Half-Year Interim Report was published, the final purchase price – and thus the cost of the acquisition – had not yet been determined. Furthermore, the necessary data collation in order to identify and value the assets, liabilities and contingent liabilities was not yet complete. Consequently, the first-time inclusion of the acquisition in the half-year accounts in accordance with IFRS 3.62 could only be provisionally established. The presentation specified by IFRS 3.67f and 3.70 has thus not been implemented.

The present Half-Year Interim Report includes goodwill in an amount of EUR 4,169 thousand resulting from the acquisition.

Departures from the scope of consolidation in the first half of the year:
Other segment: BAUER Mietsystem GmbH, Schrobenhausen, Germany (ceased trading)

NOTES ON SEGMENT REPORTING

The internal organizational and management structure and the internal system of reporting to the Management Board and Supervisory Board dictate the segmentation employed by the BAUER Group. Accordingly, the BAUER Group comprises the following business units: Construction, Equipment, Resources and Other.

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 extraction 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. BAUER Umwelt GmbH, Schrobenhausen, is already assigned to this segment. However, at the balance sheet date the shares were held by BAUER Spezialtiefbau GmbH.

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

EVENTS AFTER JUNE 30, 2009

No findings subject to mandatory reporting in accordance with IAS 10 occurred after June 30, 2009.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

The relationships between fully consolidated Group companies and related companies and persons relate mainly to associated and joint-venture companies. Transactions with the said companies are transacted at standard market terms. In the period under review no material transactions were undertaken with related parties.

ASSURANCE BY THE LEGAL REPRESENTATIVES

We hereby assure that, to the best of our knowledge, the condensed interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings of the company in accordance with the accounting principles applicable to interim reporting, and that the interim Group management report depicts the course of business, including the earnings and overall situation of the Group, in such a way that a true and fair view is conveyed and the material opportunities and risks of the foreseeable development of the Group over the remaining course of the financial year are set out.

Schrobenhausen, August 14, 2009

The Management Board

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 2009

April 21, 2009	Publication of 2008 Annual Report Annual Press Conference Analysts' Conference
May 15, 2009	Interim Report to March 31, 2009
June 25, 2009	Annual General Meeting
August 14, 2009	Half-Year Interim Report to June 30, 2009
November 13, 2009	Interim Report to September 30, 2009

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

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BAUER Aktiengesellschaft
BAUER-Strasse 1
86529 Schrobenhausen
Germany

Office of the Management Board:
Phone: +49 8252 97-1215
Fax: +49 8252 97-2900
Email: BAG@bauer.de

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

DEUTSCHE BÖRSE PRIME STANDARD

MDAX