

BAUER Aktiengesellschaft Interim Report to September 30, 2006



General Economic Climate for the BAUER Group

BAUER AG listed on the stock market

We gave details of our stock market listing in our recent first-half report. As the listing took place on July 4 of this year, the financial effects are seen for the first time in the third quarter report and the statement of changes in Group equity contained in it. The capital of the BAUER Group has increased by EUR 45.1 million.

The development of our company's share price since listing has been highly positive. At the quarter's end the share was trading around 25 % above the issue price.

General economic climate faced by the BAUER Group

The global economy continues to develop in a positive manner. In the construction sector, and in the related equipment business, this trend is producing above-average growth. Although economic growth in the USA has slowed somewhat, and house-building investment continues to decline owing to the trend in interest rates, the country's construction industry remains robust. However, the US government's spending policy continues to give cause for concern. In the Far East, the upward economic trends in the various regions have been maintained, so that the general picture in the construction sector is healthy. In the Middle East the construction boom continues apace. The rise in energy prices is enabling the countries of the region to realise their highly ambitious plans for the development of their infrastructure and for the growth of their markets and tourism sectors. We believe that this boom will be sustained for some time to come, even though energy prices may recently have fallen somewhat. The rising new economic powers of India, China and Russia continue to grow dynamically, resulting in extraordinary growth of the construction sector in those markets too. Russia, in particular, has a major opportunity to drive its own economy based on its enormous oil and gas resources. The economic trend among the member states of the European Union is improving, and this is having a marked influence on the construction industry. Weak economic trends are persisting only in Africa and South America. Nevertheless, there are many interesting opportunities in those regions too.

Another positive factor is that the global demand for construction is generating above-average demand for specialist foundation engineering services, and especially for related equipment. The ever-increasing infrastructure projects and building works, in ever-tighter city centre locations, are also necessitating ever more complex specialist foundation engineering solutions, and this is providing a major boost to our market segment.

The situation in Lebanon has stabilized greatly for us in recent weeks, enabling our local unit to complete the construction projects it had begun. We have nonetheless decided that we will be substantially reducing our presence in Lebanon. The released capacities can be utilized in other markets which are currently very healthy, such as Turkey. Overall, we are able to keep the losses from this region to a very low level.

The Lebanon crisis once again demonstrated the advantage of our international network strategy. The loss of earnings from one country can only have a minor impact on overall performance. The Group's structure means that capacities can be quickly reassigned to other markets which are more successful at present.

The construction industry recession in Germany, which lasted for more than eleven years, came to an end last year. Though around 15,000 more jobs will again be lost in the industry in 2006, it is to be expected that no further decline in employment levels will occur in 2007. We expect to see a healthy rise in orders received within the year. The figures up to August 2006 clearly reveal this trend, with a strong rise in demand. In Western Germany orders received are up by 8.4 %, and in Eastern Germany by 4.3 %. There has also been a slight upturn in sales. Our own impressions of market conditions also reaffirm the trend. We are especially pleased with the over 10 % growth

in commercial construction orders received. Germany has overcome its investment slump. The fall in direct labour costs relative to other countries and the healthy profits being made by German industry have re-ignited the willingness of companies to invest in Germany. Studies by leading economic research bodies also affirm that Germany is once again an attractive investment target. Moreover, the major backlog of investment in construction built up over recent years needs to be cleared. This is true of all areas of the construction industry: housing, commercial and public sector. We expect construction demand to rise steadily over the coming years. This will also have a further positive effect on the construction equipment market.

Nevertheless, the still unreasonably low pricing levels will mean that 2006 will still not yet be a good year for our domestic business. We do, however, expect to be able to utilize the opportunities offered by this recovering market in 2007. Although the German construction sector now accounts for only around a fifth of our total Group sales, we are pleased to see some dynamism returning to our home market.

Overall, we 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, all the divisions of the BAUER Group have very healthy levels of orders in hand. In the equipment sales segment in particular, we are finding it not entirely easy to satisfy our customers' needs promptly.

Business trend

In the first nine months of 2006 the BAUER Group has been able to build further on its successes of last year. Orders received, revenues and earnings were up substantially in almost every segment. A positive factor is that the upward trend has been maintained by purely organic means, with no mergers or acquisitions.

in EUR '000	09/2005	09/2006	Change	12/2005
Total Group revenues	610,429	730,514	19.7 %	824,330
Orders received	681,553	817,065	19.9 %	899,147
Orders in hand	332,425	422,669	27.1 %	336,118 ¹⁾
EBITDA	61,777	78,418	26.9 %	94,832
EBIT	28,787	42,468	47.5 %	47,479
Earnings per share in EUR	0.58	1.07	84.4 %	1.10 ²⁾
Profit	9,615	16,910	75.9 %	19,505
Capital investment in property, plant and equipment	27,906	33,087	18.6 %	51,131
Capital investment in financial assets	0	1,362		625
Employees	5,149	5,523	7.3 %	5,155

¹⁾ In the Annual Report to December 31, 2005 the orders in hand quoted are those at February 2006, amounting to EUR 386,844 thousand.

²⁾ Adjusted in line with share split.

Substantial growth in revenues and orders in hand

Total Group revenues have increased by 19.7 % against the comparative previous year period. The main contributors are our equipment business and the revenues from our international specialist foundation engineering operations. In Germany, construction revenues have held steady around the previous year's level. Orders in hand have increased by 27.1 %, outpacing the growth in total Group revenues and totalling EUR 422.7 million at the end of the third quarter. This is an outstanding basis for sustaining the positive development of our business.

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

	Jan.-Sept. 2005 Revenues in EUR mill.	Jan.-Sept. 2006 Revenues in EUR mill.	Share Jan.-Sept. 2006	Change against previous year	Orders in hand	
Construction	BAUER Spezialtiefbau GmbH (BST)					
	BST Germany	80.2	78.3	10.7 %	-2.4 %	●
	Subsidiaries, Germany	41.4	39.4	5.4 %	-4.9 %	●
	BST international	116.8	109.2	14.9 %	-6.5 %	+
	Subsidiaries, international	119.9	175.6	24.0 %	46.4 %	+
	less intra-Group revenues and IFRS adjustments	-31.6	-51.5	-7.1 %		
	BST Group total	326.8	350.9	48.0 %	7.4 %	+
	SPESA Spezialbau und Sanierung GmbH	12.0	10.7	1.5 %	-10.4 %	●
	SCHACHTBAU NORDHAUSEN GmbH (SBN)					
	incl. SBN construction subsidiaries	46.8	52.5	7.2 %	12.3 %	+
less intra-Group revenues and IFRS adjustments	-9.0	-8.1	-1.1 %			
Construction total	376.6	406.0	55.6 %	7.8 %	+	
Equipment	SBN - construction equipment	25.4	30.3	4.1 %	19.3 %	++
	SBN Group total (construction & equipment)	72.2	82.8	11.3 %	14.7 %	++
	BAUER Maschinen GmbH (BMA)	217.9	312.4	42.8 %	43.4 %	++
	Equipment subsidiaries (specifically of BMA)	73.2	133.6	18.3 %	82.5 %	++
	BMA Group total	291.1	446.0	61.1 %	53.2 %	++
	less intra-Group revenues and IFRS adjustments	-72.7	-138.6	-19.0 %		
Equipment total	243.8	337.7	46.2 %	38.5 %	++	
Other	BAUER Aktiengesellschaft (BAG)	14.6	19.8	2.7 %	35.9 %	
	Other subsidiaries (specifically of BAG)	0.2	0.2	0.0 %	-0.6 %	
	Total other/services	14.7	20.0	2.7 %	35.4 %	
less intra-Group revenues and IFRS adjustments	-24.8	-33.2	-4.5 %			
Group TOTAL (incl. non-cons. subsidiaries/joint ventures)	610.4	730.5	100.0 %	19.7 %	+	
of which: Germany	200.3	203.8	27.9 %	1.8 %		
International	410.1	526.7	72.1 %	28.4 %		

Notes on the table:

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

Revenues from our international specialist foundation engineering operations in the first nine months of the year were excellent. The subsidiaries of our specialist foundation engineering company BAUER Spezialtiefbau GmbH increased their revenues in this segment by 46.4 %. Equipment sales also reported pleasing growth in the first nine months, increasing revenues by 38.5 %. The subsidiaries of our construction equipment company BAUER Maschinen GmbH achieved an 82.5 % increase in the period. Alongside the substantial increase in sales by all subsidiaries, this growth is primarily down to the first-time consolidation of PILECO Inc. in the USA, which we acquired in the autumn of last year, and to particularly high levels of sales by the Canadian subsidiaries.

All other segments performed roughly in line with budget, with revenues close to previous year levels.

9-months earnings up on last year

Profit after tax increased by 75.9 % against the previous year to EUR 16.9 million. This outstanding success is the result of extraordinary growth in our equipment business. The major increase in sales was achieved with no accompanying changes in fixed costs.

By contrast, business in the construction segments remained roughly around previous year levels. In Germany, earnings were even slightly down on last year. This is a normal effect in an economic cycle which is returning to an upward trend. Orders acquired during the difficult period have to be processed at the rising costs resulting from the economic upturn. This will only impact on us for a short time, though, because our specialist foundation engineering contracts run for relatively short terms.

Nevertheless, as a result of this effect, earnings before interest and taxes (EBIT) in the construction segment in Germany for the first nine months show a loss, and are slightly down on the previous year.

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

Number of employees increased by much less than revenues

The number of employees increased by 7.3 % over the previous year. This increase is substantially below the increase in Group revenues. Consequently, essential capacities to attain the necessary production were in part recruited from the short-term labour market. Overall, the below-average increase in workforce levels further increased the flexibility of our production facilities, enabling us to respond even more effectively to fluctuations in sales of our products.

Trends in our Business Segments

Construction segment

Construction segment key figures

in EUR '000	09/2005	09/2006	Change	12/2005
Total Group revenues	376,622	406,047	7.8 %	521,250
Orders received	427,232	445,875	4.4 %	572,210
Orders in hand	260,461	300,639	15.4 %	260,811
EBIT	11,469	9,810	-14.5 %	17,080
Employees	3,867	4,004	3.5 %	3,798

The construction segment increased its revenues by 7.8 % in the first nine months of the year. The trend at our international subsidiaries in particular was very healthy, delivering a 46.4 % increase in revenues. Especially strong growth was achieved by our subsidiaries in North America: Coastal Caisson Corp. in the USA and the Péribonka dam project management company in Canada. In the Middle and Far East, too, business was very satisfactory. In particular, our branch operation in the United Arab Emirates again made a sound contribution to Group revenues. Our subsidiaries in Eastern Europe also enjoyed very healthy business.

In recent months, our growth prospects have been strengthened further by the award of contracts for the digging of a turnkey excavation pit in the United Arab Emirates, foundations for a dry dock in the Philippines and trench cutting works for a desalination plant in Australia. The Péribonka dam project in Canada will be completed shortly. Our customer is very pleased with the outstanding engineering we have delivered. In Australia, the complex diaphragm walling for a bypass in Queensland was completed successfully using our low-headroom cutter.

Our specialist foundation engineering business in Germany was not quite able to maintain the previous year's revenue levels. Unfortunately, the still weak pricing levels resulting from the construction industry crisis meant that earnings were not satisfactory. The revenues of SPESA Spezialbau und Sanierung GmbH fell slightly, in line with budget. By contrast, SCHACHTBAU NORDHAUSEN GmbH has achieved a healthy increase in construction revenues in the year to date. The revenues of the specialist environmental companies declined relative to the comparative previous year period, though the fall will be largely recovered by the end of the year.

Overall, the weak performance in Germany means that we can only be partially satisfied with the year to date in this segment. However, the levels of orders in hand provide a sound basis for us to drive forward our international business and to turn around our domestic business to deliver much better performance in the coming year.

Equipment segment

Equipment segment key figures

in EUR '000	09/2005	09/2006	Change	12/2005
Total Group revenues	243,845	337,734	38.5 %	335,680
Orders received	264,359	384,457	45.4 %	359,537
Orders in hand	71,964	122,030	69.6 %	75,307
EBIT	17,589	33,994	93.3 %	30,886
Employees	1,120	1,352	20.7 %	1,193

The equipment segment had an outstanding first nine months of 2006. The high levels of orders in hand at the start of the year meant that the customary decline in sales in the early months of the year did not occur, thus enabling outstanding sales performance to be achieved even at that stage. Equipment sales activity remained highly successful in all regions of the world in the first nine months of the year, so levels of orders in hand have been further increased in virtually every area of this business.

Our in-house exhibition at the end of April and beginning of May was again an outstanding success, and generated some excellent orders over the subsequent months. The many innovations launched onto the market this year (new geothermal drilling rig, truck-mounted rotary drilling rig, new anchor drilling rig, and many more) are attracting high levels of interest from our customers. Our basic innovation in the form of the QuattroCutter - a unit for producing deep-level diaphragm walls using the mixed-in-place method - was tested highly successfully down to a depth of more than 50 metres on our factory site. It is currently starting its first deployment on a building site in Japan.

To respond to the increased demand for our equipment even more effectively, we have begun - and in part already completed - projects to extend our main plant in Schrobhausen and to construct factory buildings on a newly purchased site for PRAKLA Bohrtechnik GmbH in Peine. Near Moscow, we have established two small-scale plants for the production of steel components for our machinery and drilling tools in conjunction with our partner company Mostostrojiindustrija. Production has started in recent weeks. At MAT Mischanlagentechnik GmbH in Immenstadt, we have purchased an adjoining site and begun to extend the factory complex.

Of the substantial increase in the workforce, some 80 new employees resulted from the acquisition of PILECO Inc. in the USA and from newly acquired holdings in South Africa and Namibia for the operation of drilling rigs for mining companies. There were also substantial increases in workforce at our main plant in Schrobhausen and at our plants in China. Nevertheless, the number of employees in the equipment segment likewise increased by much less than the growth in revenues.

Overall, we again expect to have an outstanding year in our equipment business in 2006, with very substantial growth. The almost 70 % increase in the level of orders in hand even now provides us with a sound basis going forward into next year.

Other segment and Eliminations/Consolidations segment

In the Other segment, EBIT increased by EUR 4.2 million; in the Eliminations/Consolidations segment EBIT fell by EUR 5.3 million. These changes resulted mainly from the higher disbursements of the subsidiaries to the parent company BAUER Aktiengesellschaft this year than last. The disbursements are subject to debt consolidation, and are eliminated again in the Eliminations/Consolidations segment.

Other particulars, summary and outlook for the full year

In the third quarter, the tax audit for the German member companies of the Group for the years 1999 to 2003 was completed. This resulted in no effects beyond those normally arising from tax audits. Adequate allowance for the expected back-payments of tax is made on the balance sheet and in the income statement. This has resulted in a slight increase in the tax ratio in the third quarter.

The capital of BAUER Spezialtiefbau GmbH was increased by an amount of EUR 14 million for the most part from BAUER Aktiengesellschaft funds, as a result of which the BAUER Spezialtiefbau specialist foundation engineering group is soundly funded for the fulfilment of its future plans.

We plan to make substantial investments in our German plants and in our head office administration block in 2007. At the company headquarters in Schrobenhausen, we have begun the new extension to our main administration block, which will tie up some EUR 10 million of funds in 2007. A further approximately EUR 3 million will be spent on this project in 2008. Some EUR 18 million will be invested in the coming year to extend factory buildings in order to increase capacities at our headquarters in Schrobenhausen and at our Schachtbau Nordhausen subsidiary in Nordhausen. These investments will ensure that we are able to realise our targeted growth plans. Total capital investments will therefore be well above those of previous years.

The companies of the BAUER Group have made very good progress in the first nine months of 2006. A large number of innovations are driving the business forward. In our equipment sales business we have made further progress on our new markets in offshore rigs, in mining development and in the geothermal sector. The international construction segment has for the first time begun working in Vietnam, and is engaged in some very interesting large-scale projects in Australia. A wide range of new organizational approaches are continuously improving our operational strength.

Overall, we expect total Group revenues to increase by around 15 % in 2006 relative to the previous year. We expect profit after tax to increase by around 40 %.

Schrobenhausen, November 21, 2006

Interim Financial Statements of the BAUER Group

Income statement of the BAUER Group

in EUR '000	01.07. - 30.09.2005	01.07. - 30.09.2006	01.01. - 30.09.2005	01.01. - 30.09.2006
1. Sales revenue	218,387	234,977	531,874	610,334
2. Changes in inventories	1,628	14,962	28,413	53,305
3. Other income	12,846	5,429	24,568	21,950
	232,861	255,368	584,855	685,589
4. Cost of materials	130,333	138,023	336,216	381,514
5. Staff costs	42,944	45,799	123,038	130,781
6. Depreciation and amortization	11,199	12,190	32,990	35,950
7. Other operating expenses	29,367	35,345	63,824	94,876
OPERATING RESULT	19,018	24,011	28,787	42,468
8. Financial result	-4,256	-5,229	-14,504	-13,777
9. Share of the profit or loss of associates accounted for using the equity method	-36	293	602	931
PROFIT BEFORE TAX	14,726	19,075	14,885	29,622
10. Income tax expense	5,610	8,079	5,270	12,712
PROFIT	9,116	10,996	9,615	16,910
Profit attributable to minority interests	280	108	718	563
Profit attributable to equity holders of BAUER AG	8,836	10,888	8,897	16,347
	01.07. - 30.09.2005	01.07. - 30.09.2006	01.01. - 30.09.2005	01.01. - 30.09.2006
Basic earnings per share in EUR	0.52	0.64	0.58	1.07
Diluted earnings per share in EUR	0.52	0.64	0.58	1.07
Average number of shares in circulation in financial year (undiluted)*	17,131,000	17,131,000	15,266,893	15,266,893
Average number of shares in circulation in financial year (diluted)*	17,131,000	17,131,000	15,266,893	15,266,893

* The previous year is calculated with the number of shares of the current year for comparison purposes.

Balance sheet of the BAUER Group

Assets in EUR '000

	31.12.2005	30.09.2006
A. NON-CURRENT ASSETS		
I. Intangible assets	10,526	10,857
II. Property, plant and equipment and investment property	169,336	170,618
III. Non-current financial assets	4,471	5,899
IV. Deferred tax assets	14,535	16,036
V. Other non-current assets	10,448	10,920
VI. Other non-current financial assets	229	298
	209,545	214,628
B. CURRENT ASSETS		
I. Inventories	132,069	170,934
II. Receivables and other assets	206,772	287,034
III. Effective income tax refund claims	1,127	2,117
IV. Cash and cash equivalents	14,521	22,899
V. Prepayments and deferred charges	4,776	6,742
	359,265	489,726
	568,810	704,354

Equity and liabilities in EUR '000

	31.12.2005	30.09.2006
A. SHAREHOLDERS' EQUITY		
I. Group shares	141,975	199,657
II. Minority interests	6,486	6,342
	148,461	205,999
B. NON-CURRENT LIABILITIES		
I. Defined benefit plans	33,314	34,721
II. Financial liabilities	142,688	144,379
III. Other liabilities	2,211	2,557
IV. Deferred tax liabilities	10,071	10,481
	188,284	192,138
C. CURRENT LIABILITIES		
I. Financial liabilities	82,122	122,355
II. Other liabilities	133,337	160,377
III. Effective income tax obligations	6,378	10,670
IV. Provisions	10,228	12,815
	232,065	306,217
	568,810	704,354

Cash flow statement of the BAUER Group

in EUR '000

	01.01. - 30.09.2005	01.01. - 30.09.2006
Cash flows from operating activities	-30,633	-36,536
Cash flows from investing activities	-19,451	-23,963
Cash flows from financing activities	54,482	68,877
Net increase in cash and cash equivalents	4,398	8,378
Cash and cash equivalents at beginning of reporting period	10,614	14,521
Cash and cash equivalents at end of reporting period	15,012	22,899
Change in cash and cash equivalents	4,398	8,378

Statement of changes in equity of the BAUER Group

	Subscribed capital	Capital reserve	Other revenue reserves and net earnings available for distribution				Minority interests	Total
			Revenue reserves	Currency translation	Reconciling item, IFRS	Treasury stock		
As at 31.12.2004	63,000	10,470	44,399	-4,942	10,387	-1,914	7,005	128,405
Consolidated profit	0	0	8,897	0	0	0	718	9,615
Dividend payments	0	0	-1,878	0	0	0	0	-1,878
Consolidation measures	0	0	0	0	0	0	-1,104	-1,104
Exchange rate movements	0	0	0	3,123	0	0	387	3,510
As at 30.09.2005	63,000	10,470	51,418	-1,819	10,387	-1,914	7,006	138,548
As at 31.12.2005	63,000	10,470	60,794	-762	10,387	-1,914	6,486	148,461
Consolidated profit	0	0	16,347	0	0	0	563	16,910
Dividend payments	0	0	-2,532	0	0	0	0	-2,532
Issue of new ordinary shares	10,001	29,311	5,609	0	0	1,914	0	46,835
IPO transaction costs, after tax	0	-1,377	-319	0	0	0	0	-1,696
Consolidation measures	0	0	0	0	0	0	-231	-231
Exchange rate movements	0	0	84	-1,356	0	0	-476	-1,748
As at 30.09.2006	73,001	38,404	79,983	-2,118	10,387	0	6,342	205,999

Segment reporting of the BAUER Group

in EUR '000

	Construction		Equipment		Other	
	2005	2006	2005	2006	2005	2006
Total revenues (Group)	376,622	406,047	243,845	337,734	14,740	19,964
INCOME						
External sales	342,590	338,041	188,274	271,050	1,010	1,243
Inter-segment sales	6,220	12,003	26,026	29,532	12,110	12,654
Changes in inventories	1,586	8,009	28,740	45,296	0	0
Other income	9,600	9,360	6,170	5,321	1,607	5,440
Consolidated revenues	359,996	367,413	249,210	351,199	14,727	19,337
RESULT						
Segment result (operating result) / EBIT	11,469	9,810	17,589	33,994	2,078	6,315
Share in results of associated companies	602	931	0	0	0	0
Interest expense and income, income tax expense, depreciation of financial assets						
Profit						

in EUR '000

	Eliminations/Consolidations		Consolidated	
	2005	2006	2005	2006
Total revenues (Group)	-24,778	-33,231	610,429	730,514
INCOME				
External sales			531,874	610,334
Inter-segment sales	-44,356	-54,189	0	0
Changes in inventories	-1,913	0	28,413	53,305
Other income	7,191	1,829	24,568	21,950
Consolidated revenues	-39,078	-52,360	584,855	685,589
RESULT				
Segment result (operating result) / EBIT	-2,349	-7,651	28,787	42,468
Share in results of associated companies	0	0	602	931
Interest expense and income, income tax expense, depreciation of financial assets			-19,774	-26,489
Profit			9,615	16,910

Notes

Accounting principles

BAUER Aktiengesellschaft prepares its interim financial statements in accordance with the International Financial Reporting Standards (IFRS). The Interim Report to September 30, 2006 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, 2005 are applied in the Interim Report to September 30, 2006. A detailed description of those methods is presented in the 2005 Annual Report.

The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2006 had no effects on the interim financial statements.

Scope of consolidation

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

The following changes have occurred to the scope of consolidation since December 31, 2005:

The previously fully consolidated BAUER Handelsgesellschaft mbH was de-consolidated effective March 31, 2006.

Effective June 30, 2006, BAUER Equipment Gulf FZE and BAUER Equipment of Canada Ltd. were consolidated for the first time.

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 2005 consolidated financial statements are applied.

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

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

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

Dividend payment

In the second quarter a dividend of EUR 0.17 per share was paid out on the previous year's earnings. The amount paid out totalled EUR 2,464 thousand. In addition to the payment by BAUER EGYPT S.A.E. totalling EUR 15 thousand, BAUER Spezialtiefbau GmbH, BAUER Maschinen GmbH and SCHACHTBAU NORDHAUSEN GmbH paid out a total of EUR 53 thousand.

Treasury stock

At June 30, 2006, subsidiaries of BAUER Aktiengesellschaft held 449,160 shares of treasury stock in the parent company. The shares were sold in the course of the stock market listing in July 2006.

Events after the accounting reference date September 30, 2006

No events subject to mandatory reporting in accordance with IAS 10 occurred after September 30, 2006.

Future-related statements

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

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

Dates

2007

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

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

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