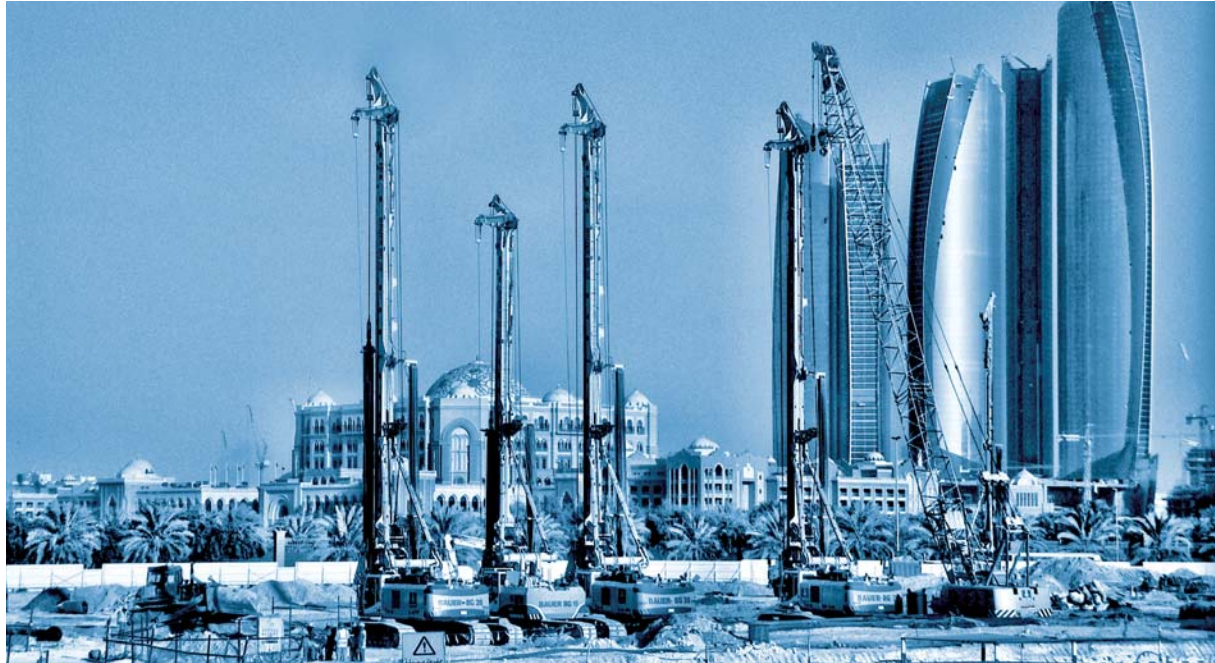


Interim Report

to September 30, 2011



GROUP KEY FIGURES, JANUARY – SEPTEMBER 2011

IFRS in EUR million	09/2010	09/2011	Change	12/2010
Total Group revenues	962.6	1,008.9	4.8 %	1,304.0
of which Germany	250.0	263.6	5.4 %	339.1
International	712.6	745.3	4.6 %	964.9
International in %	74.0	73.9	n/a	74.0
of which Construction	469.3	415.7	-11.4 %	615.4
Equipment	412.3	487.1	18.1 %	581.7
Resources	124.6	162.7	30.6 %	177.7
Other/Consolidation	-43.6	-56.6	n/a	-70.8
Consolidated revenues	928.9	978.3	5.3 %	1,255.6
Sales revenues	844.4	874.9	3.6 %	1,131.7
Orders received	1,042.1	1,134.0	8.8 %	1,410.0
Orders in hand	588.5	740.0	25.8 %	614.9
EBITDA	110.2	112.5	2.1 %	165.5
EBITDA margin in % (of sales revenues)	13.0	12.9	n/a	14.6
EBIT	55.8	51.5	-7.7 %	88.4
EBIT margin in % (of sales revenues)	6.6	5.9	n/a	7.8
Net profit or loss	21.0	14.2	-32.6 %	39.8
Capital investment in property, plant and equipment	46.9	61.9	32.0 %	90.7
Shareholders' equity	419.2	443.3	5.8 %	443.9
Equity ratio in %	30.5	29.5	n/a	33.2
Net assets	1,373.3	1,502.6	9.4 %	1,337.7
Earnings per share	1.01	0.70	-30.7 %	2.04
Return on equity after tax in %	n/a	n/a	n/a	9.9
Employees (on average over the year)	8,962	9,603	7.2 %	9,094
of which Germany	4,010	4,039	0.7 %	4,036
International	4,952	5,564	12.4 %	5,058

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.

Percentages are calculated on the basis of unrounded starting values (EUR thousand).

Course of Business and Background Conditions

COURSE OF BUSINESS AND GENERAL ECONOMIC CLIMATE

The resurgent crisis and the renewed turbulence in the global economy have unfortunately had a more negative impact over the past three months than we could have imagined even as recently as August of this year. In our last quarterly report we did indicate the risk of a further dip in economic trends – and even that assessment was regarded by many as being excessively pessimistic. Sadly, we have been proved right, and the overall situation we now face is in fact even tougher than we had warned.

In consequence, we are not satisfied with the course of business to date in 2011. Too many disturbances stemming from the global political situation, and also too many random disturbances to our operations caused by construction project delays and problems in project execution, have impacted negatively on our earnings, as a result of which we will not fully attain our goals. By contrast, the trend in orders indicates chances of significantly better performance over the coming year. We are pleased to note, as in previous reports, that our businesses are well placed, and provided with the necessary sound foundations, to cope with the prevailing climate. We are well equipped to maintain our economic health and stability even in the likely tough times ahead.

Whereas just a few months ago all the economic research organizations were competing to outdo each other in the optimism of their forecasts for strong ongoing growth, with some even talking of the dawning of a golden decade for the German economy, the mood in recent times has swung around dramatically. They are now competing to outdo each other in negative forecasts, and the threat of economic decline is being greatly exaggerated. That is also true in relation to stock market trends.

Consequently, it appears barely believable that many good, sound companies have market capitalizations equating to only around half of their shareholders' equity. The valuation methods being applied almost entirely fail to consider the substantive value of a business, while the predominant weight is assigned to forecast results, linked to multipliers. The stock markets, like other economic analysts, need to rethink their attitudes, and return to a more balanced approach.

What are the major drivers of the ongoing crisis, in Europe specifically?

- The sovereign debt crisis in some European countries, and the continued failure of the European Union to act quickly and find a solution to calm financial markets.
- Uncertainty among policy-makers and the public at large, as well as in the financial sector, due to contradictory advice on how to deal with the problems from a wide variety of different organizations. Too many high-ranking figures feeling the need to express all kinds of views in public, leading to greater uncertainty.
- The economic positions of many major banks, exposed to the risk of default on European sovereign debt.
- The prospect that financial problems will once again impact on the real economy, in turn leading to weak growth.

Another major problem is the situation in the USA. Great efforts have been needed to prevent a "double-dip" recession driving the economy back to its knees. There is great disagreement between the Administration and the opposition as to the policies needed to overcome the crisis in future. Unfortunately, it appears likely that economic instability will remain the norm for some time to come.

Another source of uncertainty is China's new role in the international financial system. The renminbi is gradually evolving into a global reserve currency, though without so far having been exposed to free market forces. China has become a financier of the major western economies, yet the possible effects and risks of this development for the western nations concerned remain uncertain.

Adding to the difficulties being faced by the western world, the first half of 2011 saw new sources of crisis emerge as popular uprisings erupted in a number of countries across North Africa and the Middle East. It is of course a positive development that the people in those countries are seeking to safeguard a better future and to establish more democratic systems, but the instability in the region is posing additional risks for the global economy. Ultimately, the whole world is dependent on stability in the North Africa and Middle East region. An entirely positive turnaround is not to be expected in the short term. The events in North Africa and the Middle East will have a destabilizing effect on global development for many years to come.

On top of all these problems came the natural disaster in Japan at the start of the year, followed by the nuclear accident in Fukushima. This triggered widespread demands for a more rapid commitment to the use of renewable energy sources in many countries.

This event led to major changes in the German political landscape, with a shift in power between the parties, culminating in the decision to switch energy policy away from nuclear power altogether over the next 10 years. This will entail massive expansion of the use of renewable energy sources and of the power distribution infrastructure. It will also demand major efforts to upgrade building stock in order to cut energy consumption. For the construction industry and related sectors, this new policy direction will entail a major new economic stimulus programme.

Construction machinery manufacturers in the western industrialized nations have for some years now been confronting an emerging major new competitor. Many companies in China are investing heavily with a view to attaining a dominant position on the construction machinery market in the future. The enormous boom in their home market is enabling those companies to generate substantial revenues in the shadows of the global economy and protected by the Chinese government. They are already of a size to compete strongly with established western businesses in many segments of the construction machinery market, and are generating sales levels to match. And they are now beginning to establish new manufacturing facilities in Europe and the USA, aimed at combining the benefits of local production in future selling markets with low-cost component sourcing from China. The established market players in the West will have to develop sound strategies to combat the tougher competition they will face in future.

All businesses will be faced with the major challenge of having to adapt to these changes and turbulent developments. The BAUER Group is affected by them too. For a number of years now, we have adopted a strategic approach which will enable us to confront the extensive changes expected and to benefit from the opportunities they will offer. One particular factor in this is the Group's international spread throughout its various business segments, which means it is able to utilize opportunities resulting from market growth in many different regions of the world more effectively. New products and services in all segments are additionally opening up means of countering any risks which occur. It is quite normal, however, that these developments take time, and cannot always achieve success immediately.

Germany remains a strong driver of global economic growth. Latest estimates forecast growth of just under 3 percent for Germany in 2011. This is based largely on the major success of the country's car-makers, particularly in selling to overseas markets. That success is also having a positive effect on the component supply sector. Trends in the construction industry, too, are generally healthy. The main factor driving its growth is the housing sector, because in times when fear of inflation is high and interest rates are low people increasingly seek to invest in this area. The commercial construction sector is profiting from backlogged demand stemming from the previous crisis. Only the public-sector construction market is showing major signs of weakness, after having lost the effect of economic stimulus programmes. As our business largely involves major projects, we are only able to benefit from the positive trends to a limited extent.

For 2012, forecasters are already downgrading their predictions of economic growth in Germany to much weaker levels of around 1 percent. On the other hand, the construction industry is likely to maintain its growth rates, so in the medium term we see it as being one of the stronger economic sectors. All policy-makers have recognized the great need to invest in neglected infrastructure, which will also increase demand.

Construction industry trends internationally differ greatly, although it is fundamentally true that there is an enormous backlog in demand for construction on virtually every market worldwide. Over recent decades, the established industrial nations have failed substantially to keep up with the essential maintenance and modernization required to ensure sustained development. There is also a considerable backlog in demand among the world's emerging "new" economies, such as India, China and Russia, due to the long-term neglect of infrastructure.

The economic strength needed to meet demand for new construction with actual projects varies widely across the world. The wealthier countries, which earn highly from sales of oil and gas, have major advantages in this respect. This is particularly true of countries in the Middle East and Russia. In China and India, highly dynamic economic growth will ensure continued healthy activity in the construction sector over the coming years. In western countries, tight budget constraints everywhere are causing problems in financing construction projects.

Construction machinery markets do of course follow the trends on general construction markets, with a certain delay. Following the major collapse in demand for specialist foundation engineering equipment in early 2009, order books have recovered slightly over the last two and a half years. It is likely that this slow recovery will be sustained in future, though sales will continue to be focused primarily on larger specialist machinery.

Ongoing trends in the Resources segment remain positive, as expected. Demand for products and services used in the exploration and extraction of raw materials and natural resources, especially water, and the necessity for ever more complex measures to remediate environmental damage will continue to offer us new opportunities for interesting projects over the coming years.

It should also be noted that a wide range of interesting large-scale projects are currently in the pipeline in all areas of our business across the world. We have just recently been awarded the USD 106 million contract to remediate the Center Hill Dam in Tennessee, USA. Such major projects provide the business with even greater stability in these turbulent times.

OVERVIEW OF INTERNATIONAL MARKETS FOR THE BAUER GROUP

Trends on international markets continue to vary greatly. Across the global construction sector, conditions observed on individual markets are as follows:

The construction market in Germany will see only small growth over the next two years. Declines in demand due to the ending of government-funded economic stimulus programmes will be offset quite well by an increase in demand in the commercial and residential sectors. As our business, by its nature, is awarded few contracts for housing construction, the sector offers us little in the way of large-scale projects. Consequently, our construction business in Germany is faced by a slight decline in market conditions. We are confident, however, that we will be able to maintain our current levels on domestic markets overall.

Markets in Eastern Europe largely collapsed as a result of the economic crisis. There have recently been signs of a slight upturn, though at a very low level. There are large numbers of new construction projects currently in planning in Russia especially, as this country with its enormous raw material deposits is able to drive recovery more rapidly than other countries in the region. In some areas the construction market is very active – such as in Sochi, where preparations are

underway for the 2014 Winter Olympics, and also in the region around St. Petersburg. The forecast for Eastern Europe overall is a generally positive trend.

Market trends in the oil- and gas-rich states of the Middle East such as Abu Dhabi, Saudi Arabia and Qatar remain consistent. The rise in oil and gas prices is providing those countries with the resources to drive forward their development plans with renewed vigour. Trends in the other countries in the region are also comparatively stable. By contrast, the market in Dubai is still in a state of collapse. For our Construction segment this means that sales will fall substantially overall relative to the boom years, though they will generally remain at a sustainable level. Our revenues will fall in 2011, because we acquired an above-average number of orders last year. In Qatar, projects relating to the 2022 football World Cup are currently still at the planning stage.

Construction markets in the Far East remain pleasingly stable, as the region was little impacted by the crisis. In Hong Kong, the coming years will in fact see a marked rise in construction intensity. A number of major infrastructure projects have recently been launched here. We have also been able to acquire some major new contracts which will keep our order books at healthy levels over the coming months. In Malaysia, too, we have again acquired some major new contracts. In China, the sustained strong economic growth is generating extensive construction activity. There is great activity on the country's construction machinery market especially, though it is subject to increasing volatility. The market is served largely by local manufacturers, however, who have seen very strong growth over recent years. We will have to monitor these developments very attentively, and focus our efforts on ensuring that we do not lose market share to Chinese companies in other countries. Growth in India, too, remains highly dynamic. Overall, we are seeing further improvement in the construction sector throughout the region.

It is in the USA that there is the highest level of backlogged demand in many infrastructure areas, arising from a lack of adequate investment over recent decades. That is why the Administration is making concerted efforts to remedy the situation in the construction sector – including as part of its policies to boost economic growth in general. Overall, we regard the situation as stable, and offering good opportunities for further growth in both our Construction and Equipment segments. Works on remediation of the dam on Lake Okeechobee and the newly acquired dam project in Tennessee will provide our subsidiary with healthy order books extending well into 2013. We also have some sound orders and good prospects in Canada, following our success on a bridge foundations project in Montreal. Project opportunities in Central America have been growing for some time. In Panama, our capacities are being well utilized on the production of a large excavation pit for the underground rail network.

We predict that growth on construction markets in Western Europe will be very modest over the coming years. Many countries have had to impose strict budget constraints which will hamper the further development of their infrastructure. There are nevertheless a number of specific opportunities for us around the region, including in Switzerland. In the UK, we are working on major construction projects for the London Underground.

In Africa, too, it will be worthwhile continuing actively to pursue new business, even though the economic weakness of the countries concerned means the business generated will not make a major contribution to our total Group revenues overall. We are very active in Angola, among other countries. Our activities in the Resources segment, especially, offer promising opportunities in a number of countries.

In our global construction business, alongside the regional changes already cited there are some particularly strong opportunities arising from tenders for large-scale specialist projects. One of the largest projects up for tender is the remediation of a dam in Iraq requiring extensive specialist foundation engineering works to a value in the billion euro range, for which our company was able to sign a letter of understanding in early November (see Follow-up Report).

After having very successfully demonstrated our expertise in installing a pile for a tidal turbine off the coast of northern Scotland in late July, we have now begun actively selling both the relevant construction engineering services as well as the new machine technology. We believe this will grow into an attractive new field of business in view of the recent shifts in energy policy.

In the Equipment segment, we are gearing up to generate our targeted growth over the coming years primarily through new products. New deep drilling rigs and medium-depth rigs for the extraction of oil, gas and water, as well as new developments for foundations in the offshore sector, will enable us to achieve healthy growth. After having delivered our first TBA 300 large-size deep drilling rig to Venezuela, we recently demonstrated the second model, featuring a 440 tonne pulling force, on our works site near Schrobenhausen. It attracted great interest from industry experts.

Our Resources segment has established a very sound foundation to generate healthy revenues over the coming year, in Oman and Jordan especially. In Jordan, projects are in hand to construct a large number of wells supplying water to the city of Amman and for a phosphate works, while in Oman we will be expanding the water treatment plant serving the local oil industry. This will enable us to successfully maintain our planned growth in this segment.

In summary, it can be stated that global markets remain in a period of major change and uncertainty. Positive trends are more or less balanced by negative changes and by turbulence resulting from political uncertainty. By skilful strategic management, we will nevertheless be in a position once again to achieve consistent growth.

DEVELOPMENT OF THE BAUER AG SHARE

During the early weeks of 2011 the Bauer share price developed positively, reaching its high for the year of EUR 38.49 in early February. The share price subsequently held relatively stable, tracking the performance of the DAX and SDAX indices through to around the end of April. Up until mid-year the indices generally held steady, with a few fluctuations, whereas the Bauer share weakened, and by July 29th was priced at EUR 28.05. When international stock markets came under severe pressure in early August, Bauer's share price fell to an extent even greater than the general downturn. In early October the Bauer share recorded its low for the year to date of EUR 16.11 – a valuation which, as had been the case for some time in fact, did not even reflect the company's equity value. During October the share price recovered to above EUR 20. Following the ad-hoc publication of the adjusted earnings forecast it fell severely, closing on October 31st at EUR 16.70. After the signing of a letter of understanding for the Mosul Dam project in Iraq was announced, the share recouped a large proportion of these losses on November 3rd, finishing the day on EUR 20.50.

BUSINESS TREND

In the first three quarters of 2011 the total revenues of the BAUER Group increased by 4.8 percent relative to the same period last year, to EUR 1,008.9 million.

The business enjoyed a much better start to 2011 than had been the case in 2010, when the first quarter had still been impacted severely by the effects of the crisis, especially in the Equipment segment. Unfortunately this trend was not sustained through the subsequent quarters, which overall delivered no further improvement on last year's performance. There were many different reasons for this. In the Construction segment, a number of major projects were delayed by several months, as a result of which revenues were well down against planned levels. Disturbances to construction operations also suppressed earnings. In addition, the losses in revenue and therefore also in profit in the crisis regions of the Middle East – especially in Egypt and Libya – impacted negatively on business performance as a whole. In the Equipment segment, sales were relatively steady at the new lower level, but we cannot be satisfied with this situation. As our planning – dating from the end of 2010 – had been based on a forecast of higher levels, we overproduced equipment in the second quarter.

We have to frame our production planning at an early stage because of the need to schedule component procurement. In the Resources segment, slow progress on the well drilling project to supply the city of Amman led to inadequate earnings performance.

Fortunately, the disturbances encountered will have little impact beyond this year. We can therefore continue to predict positive growth for the future. Orders in hand totalling EUR 740.0 million are almost back to the levels seen during the peak times four years ago. Based on those factors, and on the likelihood of acquiring further new projects, we can expect to see a further increase in revenues in future, despite the still difficult economic conditions.

The Construction segment achieved total Group revenues of EUR 415.7 million in the first nine months of the year, down 11.4 percent against the previous year comparative. The Equipment segment had a pleasing first three quarters, with total Group revenues up 18.1 percent to EUR 487.1 million. However, its trend in orders in hand and inventories was unsatisfactory. The Resources segment improved its revenues by a very substantial 30.6 percent to EUR 162.7 million.

The net profit of the Group for the period was fairly substantially down against the previous year comparative at EUR 14.2 million. The profit attributable to BAUER AG shareholders, totalling EUR 12.1 million, was down by a lesser extent, because the earnings of subsidiaries – particularly in Egypt – fell very significantly. The biggest contribution to earnings was again made by the Equipment segment. The earnings of the Construction segment were well down against the planned level due to a number of difficult international projects and because of weak domestic business.

Overall, the year to date has followed a seasonal trend which was always quite normal in non-boom times in our Group's business: The year begins with a loss-making quarter, and the planned full-year earnings are then generated through quarters two to four.

The ongoing substantial fluctuations in exchange rates are having a marked effect on our finances. For example, the shareholders' equity stated on our half-year interim balance sheet was down EUR 12.7 million against the end of last year because of exchange rate factors. At the end of the third quarter, however, shareholders' equity decreased by just EUR 3.0 million owing to fluctuations in exchange rates, meaning that it has recovered by EUR 9.7 million against the half-year figure. The fluctuations in exchange rates also influence virtually every other item on the balance sheet. Around 60 percent of the EUR 55.9 million increase in net assets in the third quarter stems from changes in exchange rates.

Group orders in hand increased against the same period last year by 25.8 percent, representing a very healthy recovery from the crisis in previous years. The main drivers of the increase were the Construction segment's Center Hill Dam project in Tennessee, USA and the Resources segment's major project in Oman. Orders in hand in the Equipment segment are just 8.2 percent above last year. We had expected more of an increase over recent months. The situation highlights the still marked reluctance of companies to invest in the segment in which we operate.

It is clear that we will not be able to regain the levels of the boom years based on an improvement in markets alone. We do, however, believe that we will achieve our planned growth over the coming years thanks to our extensive range of new products. Overall, all three segments have much higher levels of orders in hand than during the crisis. This provides us with a sound foundation for attaining our goals in the period ahead.

BREAKDOWN OF TOTAL GROUP REVENUES BY SEGMENT

in EUR million		Sept. 2010 Revenues	Sept. 2011 Revenues	Share Sept. 2011	Change against pre- vious year	Orders in hand
Construction	BAUER Spezialtiefbau GmbH (BST)					
	BST, Germany	84.2	73.5	7.3 %	-12.7 %	–
	Subsidiaries, Germany	9.2	10.0	1.0 %	8.7 %	●
	BST, international	47.5	64.6	6.4 %	36.0 %	+
	Subsidiaries, international	323.0	279.7	27.7 %	-13.4 %	+
	BST Group total	463.9	427.8	42.4 %	-7.8 %	●
	SCHACHTBAU NORDHAUSEN GmbH incl. segment subsidiaries (SBN)	41.3	30.3	3.0 %	-26.6 %	●
	SPESA Spezialbau und Sanierung GmbH	12.8	11.9	1.2 %	-7.0 %	●
	less intra-Group revenues and IFRS adjustments	-48.7	-54.3	-5.4 %		
	Construction total	469.3	415.7	41.2 %	-11.4 %	●
Equipment	BAUER Maschinen GmbH (BMA)	265.0	311.9	30.9 %	17.7 %	–
	Equipment subsidiaries	245.2	298.6	29.6 %	21.8 %	●
	BMA Group total	510.2	610.5	60.5 %	19.7 %	–
	SBN	38.5	55.6	5.5 %	44.4 %	–
	less intra-Group revenues and IFRS adjustments	-136.4	-179.0	-17.7 %		
Equipment total	412.3	487.1	48.3 %	18.1 %	–	
Resources	BAUER Resources GmbH (BRE)	5.6	4.5	0.4 %	-19.6 %	
	Resources subsidiaries	121.0	159.3	15.8 %	31.7 %	++
	BRE Group total	126.6	163.8	16.2 %	29.4 %	++
	SBN	11.4	19.1	1.9 %	67.5 %	++
	less intra-Group revenues and IFRS adjustments	-13.3	-20.2	-2.0 %		
Resources total	124.6	162.7	16.1 %	30.6 %	++	
Other	BAUER Aktiengesellschaft (BAG)	21.1	21.3	2.1 %	0.9 %	
	Other subsidiaries	1.4	1.6	0.2 %	14.3 %	
	less intra-Group revenues and IFRS adjustments	0.0	0.0	0.0 %		
	Total Other/services	22.5	22.9	2.3 %	1.8 %	
less intra-Group revenues and IFRS adjustments	-66.1	-79.5	-7.9 %			
Group total (including minority interests)	962.6	1,008.9	100.0 %	4.8 %	+	
of which: Germany	250.0	263.6	26.1 %	5.4 %		
International	712.6	745.3	73.9 %	4.6 %		

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 according to country in which accounting figures were allocated. For reasons of complexity the figures are not absolutely precise.

Trends in our Business Segments

CONSTRUCTION SEGMENT

CONSTRUCTION SEGMENT KEY FIGURES

in EUR '000	09/2010	09/2011	Change	12/2010
Total Group revenues	469,259	415,729	-11.4 %	615,403
Sales revenues	410,973	360,130	-12.4 %	505,758
Orders received	481,373	485,245	0.8 %	671,684
Orders in hand	326,212	423,756	29.9 %	354,240
EBIT	22,489	9,384	-58.3 %	28,798
Net profit or loss	6,668	-3,135	n/a	9,995
Employees (on average over the year)	5,089	5,167	1.5 %	5,055

The revenues of the Construction segment totalling EUR 415.7 million were 11.4 percent below the previous year comparative level. Consequently, the first nine months of this year were not in line with our expectations. This reduced revenue level, which is below our planned target, is attributable to a large number of negative factors. The reasons lay in the unrest in a number of Arab countries, which resulted in significant loss of revenue, as well as delayed starts and operational problems on some major projects in other countries. Unfortunately, such turbulence and disturbance is often part and parcel of the construction business, as external influences due to opposition and delays in planning procedures are unavoidable. Any accumulation of such incidents has a correspondingly negative impact on earnings. The very healthy levels of orders in hand make us confident that we will be able to recover the situation to some further extent in the final quarter. Year-end revenues will nevertheless be around 10 percent below the previous year's level.

EBIT (earnings before interest and taxes) fell from EUR 22.5 million in the same period last year to EUR 9.4 million. The previous year's net profit for the period of EUR 6.7 million was turned into a net loss of EUR 3.1 million. The deterioration in earnings resulted from the inadequate level of revenues, from operational problems on construction projects, and from falling price levels on some projects due to the financial market crisis of recent years.

The sales volumes of our Construction segment over the last two years have developed pleasingly, despite the still ongoing crisis. Major contracts were acquired in virtually all regions around the world, which meant that we had healthy levels of orders in hand right from the start of 2011. At the end of September they totalled EUR 423.8 million (previous year: EUR 326.2 million). Major contributors to this were: the USA, especially the Lake Okeechobee, Florida and Center Hill Dam, Tennessee projects; Panama and the UK, including extensive excavations for underground rail networks; Hong Kong and Malaysia, including specialist foundation engineering works for major infrastructure projects; and also Switzerland. In the United Arab Emirates and Qatar orders in hand are currently not at satisfactory levels. We nevertheless expect a number of new opportunities to arise in this region – especially in Qatar, where the award of the 2022 football World Cup will trigger high construction project volumes.

Within Germany, levels of orders in hand are well down against the previous year. Though the construction market in Germany is currently in a very healthy state generally, its growth is restricted to sectors such as housing and commercial property, which offer few opportunities to deploy our construction services. However, this situation is in line with our expectations. We forecast that the German construction market for larger-scale projects will remain weak this year and next. Our planning has been adjusted accordingly.

Overall, full-year revenues and earnings will be down against the previous year comparative and against the planned levels. One problematic factor in this is that the unrest in some Arab countries where we traditionally generate strong revenues is

lasting longer than we had expected. On the other hand, the developments in the region will also bring benefits for us, as we will be ready with a local presence when markets recover and so will be in a position to take the opportunities which arise.

The other German construction companies in the Group have also seen a decline in order levels. We are seeing a significant increase in opportunities in the mining sector for SCHACHTBAU NORDHAUSEN GmbH. This has led us to make substantial cuts to the Civil Engineering division, which has been generating unsatisfactory earnings for years. In April, the company's Resources segment acquired a very large order to install and fit out operations rooms for a landfill site in a former mine. This will enable it to balance out the weaker performance of its Construction segment. SPESA Spezialbau und Sanierung GmbH is developing in line with our planning, with reduced orders in hand.

In addition to our global networked activities, we are also running a large number of major projects in many countries around the world. Large-scale specialist foundation engineering projects are by their nature quite small in number, and occur in isolated instances and haphazardly around the world. They therefore demand great flexibility in terms of acquisition and in their subsequent execution. We are confident that we will acquire sufficient large-scale projects to sustain the positive development of our construction business from these activities as from other sources.

An appraisal of ongoing market trends in the construction sector was presented in the "Overview of international markets" section above.

EQUIPMENT SEGMENT

EQUIPMENT SEGMENT KEY FIGURES

in EUR '000	09/2010	09/2011	Change	12/2010
Total Group revenues	412,280	487,106	18.1 %	581,682
Sales revenues	320,932	361,572	12.7 %	469,252
Orders received	433,264	484,008	11.7 %	607,577
Orders in hand	126,442	136,865	8.2 %	139,963
EBIT	27,927	34,792	24.6 %	48,283
Net profit or loss	9,165	12,741	39.0 %	20,900
Employees (on average over the year)	2,691	2,884	7.2 %	2,775

Total Group revenues in the Equipment segment in the first nine months of this year rose against the previous year by 18.1 percent to EUR 487.1 million. In contrast, sales revenues increased by just 12.7 percent. The figures in fact paint a somewhat overly optimistic picture. As performance last year – especially in the first quarter – was still very weak due to the impact of the crisis, the reported percentage changes indicate a more positive trend than is actually the case. We have not yet been able to regain the levels of the boom year 2008 in terms of revenues or sales, though we have already beaten our 2009 performance by some margin. The proportionately lower increase in sales relative to revenues also indicates that our forecast for the full year was too optimistic, as a result of which many machines produced were placed into stock. In China, third-quarter equipment deliveries were delayed by government action. Railway accidents had impeded construction work, on rail projects especially, which led to delays in take-up of our equipment by customers. This is currently im-

pacting severely on our local Chinese competitors. We expect the situation to be only temporary in terms of its impact on us.

With regard to our specialist machinery, we are confronted with the fundamental problem that the components needed for production have to be scheduled with a lead time of around one year. Given the highly unstable economic climate at present, it is not possible adequately to assess future market trends from this viewpoint. However, without advance planning the machinery cannot be produced, because it would not be possible to procure the many and varied, highly complex components required at short notice. Moreover, delivery lead times have increased markedly thanks to the boom in other sectors. This year we ultimately established that our production was somewhat too high compared to market levels. This is also reflected by the rise in working capital shown on the balance sheet. We are currently cutting back production in order to smooth the effect as far as possible through to the year-end. This situation poses no risk to the business, as our products are not subject to the dictates of fashion, so the slight overproduction can be sold off at any time. Unfortunately, managing such volatility in times of economic instability always entails substantial changes to working capital.

All in all, it can nevertheless be stated that our Equipment segment has achieved turnaround, and business is now slowly picking up. However, it is not expected to undergo the kind of growth spurt being seen in the automotive industry. EBIT increased by EUR 6.9 million against the previous year comparative to EUR 34.8 million. The net profit improved from EUR 9.2 million in the previous year to EUR 12.7 million in the period under review.

The Equipment segment suffered the most among all of the Group's business units from the economic crisis over the last two years. It is only in recent times that the segment has seen a steady resurgence in new opportunities. Sales of the smaller equipment items were hit much more severely than those of the larger machinery. As there are lots of major projects worldwide for which our customers need highly specialized machinery, this particular market in specialist equipment is stable. The subsidiaries in the Equipment segment, marketing their specialist machinery, were impacted by the crisis much earlier than their parent company BAUER Maschinen GmbH. Now they are also seeing a more rapid improvement on their markets.

Looking at the markets for our machinery, the Far East is undergoing strong growth. Our plants in China are working at relatively high capacity in order to meet local demand as well as demand from neighbouring countries. Sales in Russia are stable. In all other regions markets remain relatively weak.

Total orders in hand in the Equipment segment rose slightly against the previous year's level, by 8.2 percent to EUR 136.9 million. No further increase has been achieved this year since the recovery seen last year. The virtually unchanged figure also reflects the specific fact that the delivery of the first deep drilling rig has resulted in a corresponding decrease in orders in hand. In view of this, the trend in standard products was positive. As we do not expect to see a significant rise in our unit sales due to market conditions, we can only achieve the planned growth in our business of 5 to 12 percent per year based on new equipment products. In recent years we have invested very intensively in the development of such equipment, particularly deep drilling rigs, cranes and underwater drilling rigs. We are therefore confident that we will be well capable of achieving our targeted growth by those means.

In July, off the north coast of Scotland, we achieved a breakthrough with an entirely newly developed rig used to sink the foundations for tidal turbines. Even though the markets for this technology will not grow rapidly, we do expect to acquire more projects in future. We generally see interesting new opportunities in the offshore sector.

Except for the plants in China, our facilities are currently not yet working to full capacity. Looking back, however, we are very pleased that we took the decision to increase our capacities substantially in recent years. It is only this foundation which will enable us to achieve our growth targets over the coming years.

With regard to deep drilling rigs, we have not made quite such rapid progress as we had originally planned. The first rig was delivered to its customer in the summer. Despite the delay, we are convinced that it was the right decision for us to enter this new market. All our efforts are targeted at achieving sustained success with these new products very soon. In Schrobenhausen in October, we presented the second large-size deep drilling rig model, designed for drilling depths of more than 5,000 metres. It attracted great interest from the visiting industry experts. This was another key step in our progress.

All in all, our Equipment segment will only just meet its planned full-year revenue targets. Earnings will improve over last year.

RESOURCES SEGMENT

RESOURCES SEGMENT KEY FIGURES

in EUR '000	09/2010	09/2011	Change	12/2010
Total Group revenues	124,621	162,735	30.6 %	177,744
Sales revenues	112,281	152,891	36.2 %	156,398
Orders received	171,056	221,424	29.4 %	201,557
Orders in hand	135,826	179,422	32.1 %	120,733
EBIT	4,931	8,223	66.8 %	8,075
Net profit or loss	1,857	2,598	39.9 %	5,298
Employees (on average over the year)	938	1,303	38.9 %	1,019

Our Resources segment increased its revenues by 30.6 percent to EUR 162.7 million in the first three quarters of 2011. Segment EBIT of EUR 8.2 million was EUR 3.3 million up on the previous year comparative. Net profit for the period rose to EUR 2.6 million.

The Resources segment is thus making very positive progress. The healthy – and in some cases very healthy – levels of orders in hand were successfully processed in virtually every division. The strategy adopted in recent years of focusing on the development of this new field of operations has thus proved to be the right one. We are very pleased with the results from our large-scale water treatment plant in Oman. The well-building project in Jordan, which had been subject to delays, was brought back on track. We are nevertheless still not yet satisfied with its performance.

The segment has excellent levels of orders in hand totalling EUR 179.4 million – well up on the previous year's figure of EUR 135.8 million. In March it acquired a further contract to expand the water treatment plant serving the oil industry in Oman. The expansion of the plant will be completed by around the end of 2012, involving a contract value of over EUR 40 million. We have then been contracted to operate it for a period of 20 years. A further pleasing aspect is that the second phase of construction is being financed in full by our customer. The orders in hand in Jordan also provide us with a very sound basis for utilization of our capacities.

The Resources segment also sells well engineering materials. That business has also grown strongly again, and is generating better sales than during the crisis period.

Following on from our pleasing successes in Oman, we are more and more often receiving enquiries from customers looking to profit from our environmental technology know-how. Major project opportunities are opening up particularly in oil-producing countries.

We see the best opportunities for growth over the coming years as being in the Resources segment, and we will comfortably meet our revenue targets for 2011. Earnings will not be fully in line with our expectations because of the problems on the project in Jordan. We believe the segment is on a healthy track in terms of its future development.

Earnings, Financial and Net Asset Position

As in the annual financial statements, our Group's balance sheet and earnings statement continue to show significant changes brought about by the effects of the recent economic crisis. The net assets have increased substantially relative to the boom years of the past. There are a number of reasons for this which are linked not only to the crisis:

- Our business is becoming ever more asset-intensive. The projects being executed by our construction companies worldwide are becoming larger and more complex. This also requires larger and more expensive machinery. Consequently, old plant has to be replaced by higher-grade machinery, and so our fixed assets are rising steadily relative to business volumes. This trend is in fact positive in terms of income, as the competition for complex projects tends to be less.
- Our inventories of finished goods and work in progress are much higher than before the crisis, and they will remain largely at that level. We have thus returned to a situation as it was prior to the boom period. During the boom, our customers needed their equipment delivered as soon as possible. So machines could not be held for any length of time either in production or in stock. They were more or less "grabbed" as soon as they rolled off the assembly line. Today the situation has normalized again, resulting in higher inventory levels. This situation also has many advantages over that prevailing during the boom period, as business operations can be managed in a much more organized – and so more efficient – manner. Slightly higher financing cost is balanced out by fewer mistakes, and so greater customer satisfaction. The major volatility on individual markets, including in China, is repeatedly generating unavoidable spikes in inventory levels. We are making major efforts to find solutions which will enable us to reduce these fluctuations to some extent.
- In the construction sector, the somewhat weaker market conditions mean that customers can extend payment terms. Payment practices have also deteriorated somewhat due to the crisis. This leads to higher costs for up-front financing of ongoing site operations.

Moreover, 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 only decrease again 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 results in a significant in-year rise in working capital. The same factors will have an opposite effect at the year-end. Some overproduction resulted in an additional increase in inventories. This was due to an overly optimistic forecast of market trends for the full year 2011. We are correcting that effect by cutting back production. Overall, these effects led to a (mostly temporary) rise of around EUR 162 million in current assets – representing an increase of around 20 per cent compared to the 2010 year-end.

In the first nine months of 2011, net assets rose by 12.3 percent against the 2010 year-end. This was greater than the rate of rise in consolidated revenues, which grew by 5.3 percent. As the economy recovers, our preferred target would have been for net assets to rise at a rate less than the increase in consolidated revenues. Net assets have increased by 9.4 percent relative to the previous year comparative half-year figure.

EARNINGS

The consolidated revenues shown in the Group's earnings statement increased by 5.3 percent against the previous year comparative period to EUR 978.3 million. The "Changes in inventories" item increased substantially to EUR 59.3 million, due to the build-up of inventories. Key factors in this in the third quarter were the delayed deliveries in China due to the delays on major construction projects there. The "Other capitalized goods and services for own account" item, which mainly relates to the equipment required for our own in-house construction operations, increased slightly to EUR 16.4 million. Sales revenues in themselves totalled EUR 874.9 million, 3.6 percent up on the previous year.

Trends in the "Cost of materials", "Staff costs", "Depreciation and amortization" and "Other operating expenses" items in the income statement continued to vary somewhat due to the effects seen as the crisis ended. Cost of materials rose by 6.7 percent, which was slightly more than the rate of rise in consolidated revenues, while staff costs rose by a somewhat lesser 4.6 percent. In the crisis two years ago the situation had been exactly reversed. The reason is that more outsourcing is now being undertaken again, with the associated impact on material cost.

Depreciation of fixed assets increased only slightly, by 2.6 percent – much less than the rate of rise in revenues. This already reflects the positive effect of fixed costs falling proportionately as revenues rise. Write-downs of inventories due to use increased by a substantial 79.1 percent thanks to the increase in rental business and as rental equipment capacities were better utilized. The "Other operating expenses" increased at a slightly lesser rate than the revenues. Financial income was impacted markedly by the forfeiting and financing of the deep drilling rig for our customer in Venezuela. The purchase price, which is insured by credit insurer Euler Hermes, also includes a long-term financing package. The interest income on this transaction was recognized in full by means of a forfeiting transaction. It is balanced essentially by interest expenditure through the charges for Euler Hermes and the forfeiting. This was the source of the major differences between financial expenses and income. Analyzing the difference between the financial income and expenses relative to the previous year, an increase of EUR 1.1 million results. This reflects the higher financing requirements of the Group.

The income tax expense is still too high at 39.5 percent. The reason for this lies in the large number of Group companies included in the consolidated financial statements with positive and with negative results. We expect that the full-year income tax rate will ultimately be similar to that of last year, at just over 30 percent.

The net profit for the period fell against the previous year comparative to EUR 14.2 million (previous year: EUR 21.0 million).

FINANCIAL POSITION

Our financial position has fallen below our planned target due to the increased stocks of finished goods and work in progress, as a result of which we had to take out more loans. We will have reversed this effect in part by the year-end. Security of financing has been further strengthened at attractive interest rates based on new long-term funding – specifically by means of promissory notes.

Our promissory notes alone are covered by covenants linked to predetermined financial variables. These are a ratio of net debt to EBITDA below 4 and of EBITDA to net interest coverage above 2.8, and an equity ratio above 25 percent. The ratios are analyzed solely on the basis of end-of-year figures. Our financial planning procedures ensure adherence to the covenants.

NET ASSET POSITION

The net assets shown on the balance sheet rose by 12.3 percent against the 2010 year-end figure. Except for the excessive into-stock production, an increase is normal in our business within the year, for the reasons already outlined. By the year-end it will be revised back down to around the level of the growth in revenues and the no longer reduced increase in inventories.

Net assets have increased by EUR 55.9 million against the figure stated on the half-year interim balance sheet. Approximately 60 percent of this rise is the result of exchange rate fluctuations. This is a neutral effect. It affects the shareholders' equity in equal measure. The remaining increase arises from the higher levels of up-front financing for construction projects and from the increase in inventories.

Fixed assets are just EUR 2.3 million above those stated in last year's annual financial statements. This is the result of restrained investment and of a slightly lower recognition figure due to the exchange rate fluctuations. The inventories (particularly the "Finished goods and work in progress and merchandise" item) and the receivables reflect the annual recurring seasonal effect and the aforementioned increase in into-stock production. Owing to the general economic recovery, we have unfortunately not been able to reduce the "Raw materials and supplies" item as originally planned. The machinery component supply markets have come under pressure again due to the successes in other machinery sectors, so that planning lead times have had to be extended instead of being shortened. Owing to the now slightly lower end-product sales, increases in inventories are also to be recorded here. In the Construction segment, too, dispositions for large-scale projects increased material inventories. The slow starts to some of those projects boosted the effect. The EUR 3.9 million rise in cash and cash equivalents also increased the balance sheet net assets total.

On the Equity and Liabilities side, shareholders' equity has decreased slightly, by EUR 0.6 million. This change mainly comprises the profit from the first nine months, the negative exchange rate effect (EUR 3.0 million) and the dividend payment totalling EUR 10.3 million. At the half-year mark the exchange rate effect was EUR -12.7 million. The reduction of this effect was a major factor in the improvement in shareholders' equity. The usual seasonal additional financing requirement, and also the finance needed to build up inventories, was mainly covered by borrowings, with long-term finance being reduced slightly and short-term finance correspondingly increased. This effect was countered – and continues to be countered – by new promissory note issues.

HUMAN RESOURCES

The number of employees slightly increased further relative to the previous year, though the increase occurred almost entirely in relation to construction projects and production facilities in countries where very low pay levels are the norm. The trend in employee numbers is within the scope of our planning. Overall, on average over the year, we currently employ 9,603 people worldwide.

FOLLOW-UP REPORT

BAUER AG cancelled its Standard & Poor's rating at its own request with effect from October 24, 2011. Its final rating was reaffirmed as "BB+ outlook stable". Our decision was based on the fact that there are almost no other companies of our size in Germany which maintain such a rating. Consequently, no reasonable, informative comparison against other ratings is possible.

On November 3rd, 2011, an affiliated company of BAUER AG in the Construction segment signed a letter of understanding with the Ministry of Water Resources of Iraq. This document announces that the BAUER Group will be awarded the contract for the Mosul Dam remediation project, subject to the agreement of further contractual details. The contract could be finalized within the next few months. The project has a total contract value equivalent to 1.9 billion and a scheduled execution period of around six years.

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 September 30, 2011.

OPPORTUNITIES AND RISKS

Major opportunities and risks are set out in the individual sections of this Interim Report. There has been no material change in risks since the Annual Report to December 31, 2010. Consequently, we refer back to the Group management report for financial 2010.

OUTLOOK FOR THE FULL YEAR

It is apparent that uncertainty stemming from the world's problems as set out here will persist. Whereas the last two years were marked essentially by the course of the economic crisis and its impact on the construction sector, the trend in 2011 to date was affected by many more factors. The financial market crisis has also returned. It is to be hoped, however, that the decisions taken by the Eurozone countries at the end of October will calm the overall situation. Nevertheless, financial markets and the real economy will continue to be subject to a very high degree of volatility.

The BAUER Group felt the impact of the unrest in the Middle East from the early part of the year onwards. Based on those events, we significantly cut back our 2011 forecast for Egypt, though we continue to predict that we will make a profit there. We are also still being affected by further political unrest in Syria and Libya. The flooding in Thailand is also currently affecting us, though our business there is of such a small scale that this will have no impact on our overall development.

Looking at these developments, it becomes clear how important it was for the BAUER Group to have broadened its scope of operations throughout the world in recent years. With a presence in some 70 countries worldwide, disturbances due to political unrest and other problems in a few countries may be a worry, but they are something which the business as a whole is able to withstand.

In our planning for 2011 we had allowed for a degree of turbulence in view of the generally troubled times, so we believed that our forecast at the start of the year was somewhat conservative. The disturbances which actually occurred were so numerous, however, that we are unable to keep to our original forecast. Nor, in view of the ongoing uncertainty, are we able to uphold our mid-year appraisal. Our current forecasts for the full year 2011 are as follows:

- Total Group revenues of around EUR 1.35 billion.
- Profit after tax of just over EUR 30 million, equating to EBIT of around EUR 80 million.

Even though we have been severely impacted by numerous delays this year, and we will be forced to post lower full-year earnings, our high levels of orders in hand provide us with a sound basis for the year ahead. We believe that we have a good chance of achieving our targeted annual growth in total Group revenues of between 5 and 10 percent in 2012 and in the subsequent years. This does not include the opportunities arising from the Mosul Dam project.

As in previous years, we must again advise that – contrary to earlier years – the forecast sales and earnings of the BAUER Group are subject to a much greater degree of uncertainty. The main reasons for this are the global events set out in this report.

Everyone has now realized: the crisis is not over. It is the strategy of the company, and the efforts and commitment of its employees, which will determine whether success can be achieved in spite of the tough times we face. We have driven forward the development of many new products and services in the various segments of our business over past years. Not all of those developments were successful as quickly as we had initially hoped. We can, however, assert today that we have been able to generate enough opportunities to enable us to grow even when markets are fluctuating severely.

Our initial planning for the coming years shows that clearly. The relative reduction in fixed costs based on higher capacity utilization thanks to our new products will be a key factor in improving our earnings too.

All our employees will be committing their utmost efforts, and lots of new ideas, in order to shape the future so that our Group can attain the goals which it has set itself.

Interim Financial Statements of the BAUER Group

INCOME STATEMENT OF THE BAUER GROUP

in EUR '000	01.07. - 30.09.2010	01.07. - 30.09.2011	01.01. - 30.09.2010	01.01. - 30.09.2011
1. Sales revenues	315,378	324,815	844,442	874,869
2. Changes in inventories	23,221	12,574	34,507	59,291
3. Other capitalized goods and services for own account	3,231	4,404	12,106	16,376
4. Other income	12,425	10,381	37,891	27,721
CONSOLIDATED REVENUES	354,255	352,174	928,946	978,257
5. Cost of materials	-187,367	-186,326	-462,915	-493,725
6. Staff costs	-72,502	-76,427	-212,543	-222,274
7. Depreciation and amortization				
a) Depreciation of fixed assets	-16,162	-16,076	-47,521	-48,743
b) Write-downs of inventories due to use	-1,531	-4,867	-6,829	-12,230
8. Other operating expenses	-48,110	-45,270	-143,310	-149,776
OPERATING RESULT	28,583	23,208	55,828	51,509
9. Financial income	317	6,993	1,063	9,479
10. Financial expenses	-9,258	-17,338	-26,618	-35,992
11. Share of the profit or loss of associated companies accounted for using the equity method	389	-691	1,227	-1,564
PROFIT BEFORE TAX	20,031	12,172	31,500	23,432
12. Income tax expense	-5,060	-3,563	-10,478	-9,260
NET PROFIT OR LOSS	14,971	8,609	21,022	14,172
of which attributable to shareholders of BAUER AG	13,785	7,694	17,218	12,063
of which attributable to minority interests	1,186	915	3,804	2,109

in EUR / share	01.07. - 30.09.2010	01.07. - 30.09.2011	01.01. - 30.09.2010	01.01. - 30.09.2011
Basic earnings per share	0.80	0.45	1.01	0.70
Diluted earnings per share	0.80	0.45	1.01	0.70
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

STATEMENT OF COMPREHENSIVE INCOME OF THE BAUER GROUP

in EUR '000	01.07. - 30.09.2010	01.07. - 30.09.2011	01.01. - 30.09.2010	01.01. - 30.09.2011
Net profit or loss	14,971	8,609	21,022	14,172
Cash flow hedges				
Changes to fair value not affecting profit and loss recorded directly in shareholders' equity	181	-1,402	-1,461	-697
Included in the income statement	0	0	0	0
Differences from currency translation	-16,345	10,449	7,950	-3,569
Deferred tax items set off directly against shareholders' equity	-96	394	380	216
Income and expenses recorded directly in shareholders' equity	-16,260	9,441	6,869	-4,050
Total profit	-1,289	18,050	27,891	10,122
of which attributable to shareholders of BAUER AG	-999	16,422	24,103	8,589
of which attributable to minority interests	-290	1,628	3,788	1,533

BALANCE SHEET OF THE BAUER GROUP

ASSETS in EUR '000	31.12.2010	30.09.2011
A. NON-CURRENT ASSETS		
I. Intangible assets	23,261	24,132
II. Property, plant and equipment and investment property	441,737	444,988
III. Investments accounted for using the equity method	10,792	7,473
IV. Participations	3,628	3,627
V. Deferred tax assets	19,448	21,272
VI. Receivables from concession arrangements	45,874	45,421
VII. Other non-current assets	8,756	8,855
VIII. Other non-current financial assets	108	165
	553,604	555,933
B. CURRENT ASSETS		
I. Inventories	420,417	500,936
II. Receivables and other assets	329,109	410,278
III. Effective income tax refund claims	7,006	3,913
IV. Cash and cash equivalents	27,613	31,515
	784,145	946,642
	1,337,749	1,502,575
EQUITY AND LIABILITIES in EUR '000	31.12.2010	30.09.2011
A. SHAREHOLDERS' EQUITY		
I. Group shares	412,618	410,887
II. Minority interests	31,248	32,427
	443,866	443,314
B. NON-CURRENT LIABILITIES		
I. Defined benefit plans	47,380	49,247
II. Financial liabilities	374,620	340,401
III. Other liabilities	8,580	10,359
IV. Deferred tax liabilities	17,294	18,058
	447,874	418,065
C. CURRENT LIABILITIES		
I. Financial liabilities	172,704	358,433
II. Other liabilities	239,123	253,852
III. Effective income tax obligations	14,508	7,976
IV. Provisions	19,674	20,935
	446,009	641,196
	1,337,749	1,502,575

CASH FLOW STATEMENT OF THE BAUER GROUP

in EUR '000	01.01. - 30.09.2010	01.01. - 30.09.2011
Cash flows from operating activities *	-27,901	-58,793
Cash flows from investing activities	-35,131	-50,977
Cash flows from financing activities	63,488	115,423
Changes in liquid funds affecting payments	456	5,653
Influence of exchange rate movements on cash	2,160	-1,751
Total change in liquid funds	2,616	3,902
Cash and cash equivalents at beginning of reporting period	37,053	27,613
Cash and cash equivalents at end of reporting period	39,669	31,515
Change in cash and cash equivalents	2,616	3,902

* Previous year figure adjusted

STATEMENT OF CHANGES IN EQUITY OF THE BAUER GROUP

in EUR '000	Other revenue reserves and net earnings available for distribution								Total
	Subscribed capital	Capital reserve	Revenue reserves	Currency translation reserve	Reconciling item, IFRS	Hedging transactions reserve	Own shares	Minority interests	
As at 01.01.2010	73,001	38,404	262,330	-7,080	10,387	-2,340	0	27,182	401,884
Changes in scope of consolidation	0	0	0	0	0	0	0	0	0
Total profit	0	0	17,218	7,966	0	-1,081	0	3,788	27,891
Dividend payments	0	0	-10,279	0	0	0	0	-299	-10,578
Other changes	0	0	-33	0	0	0	0	0	-33
As at 30.09.2010	73,001	38,404	269,236	886	10,387	-3,421	0	30,671	419,164
As at 01.01.2011	73,001	38,404	285,520	6,367	10,387	-1,061	0	31,248	443,866
Changes in scope of consolidation	0	0	-61	0	0	0	0	0	-61
Total profit	0	0	12,063	-2,993	0	-481	0	1,533	10,122
Dividend payments	0	0	-10,279	0	0	0	0	-354	-10,633
Other changes	0	0	20	0	0	0	0	0	20
As at 30.09.2011	73,001	38,404	287,263	3,374	10,387	-1,542	0	32,427	443,314

SEGMENT REPORTING OF THE BAUER GROUP

in EUR '000	Construction		Equipment		Resources		Other	
	2010	2011	2010	2011	2010	2011	2010	2011
01.01. - 30.09.								
Total revenues (Group)	469,259	415,729	412,280	487,106	124,621	162,735	22,512	22,888
Sales revenues with third parties	410,973	360,130	320,932	361,572	112,281	152,891	256	276
Sales revenues between business segments	11,129	13,629	31,524	42,671	2,909	1,542	20,108	21,126
Changes in inventories **	3,401	769	33,533	56,831	-2,427	1,691	0	0
Other capitalized goods and services for own account	260	649	1,502	3,632	318	676	30	0
Other income *	22,888	15,736	12,565	10,987	2,945	3,051	1,542	923
CONSOLIDATED REVENUES	448,651	390,913	400,056	475,693	116,026	159,851	21,936	22,325
Depreciation of fixed assets	-30,304	-28,468	-10,698	-11,865	-5,111	-6,123	-2,274	-2,472
Write-downs of inventories due to use	0	0	-6,829	-12,230	0	0	0	0
OPERATING RESULT	22,489	9,384	27,927	34,792	4,931	8,223	195	434
Financial income	1,365	1,293	645	7,476	700	2,428	4,505	4,200
Financial expenses	-13,258	-13,174	-15,264	-22,026	-4,058	-6,288	-2,247	-2,309
Share of the profit or loss of associated companies accounted for using the equity method	904	-688	29	9	294	-885	0	0
Income tax expense	-4,832	50	-4,172	-7,510	-10	-880	-880	-789
NET PROFIT OR LOSS	6,668	-3,135	9,165	12,741	1,857	2,598	1,573	1,536
	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011
SEGMENT ASSETS	436,833	488,123	690,195	781,262	217,075	253,813	12,288	10,011

in EUR '000	Consolidation		Group	
	2010	2011	2010	2011
01.01. - 30.09.				
Total revenues (Group)	-66,057	-79,517	962,615	1,008,941
Sales revenues with third parties			844,442	874,869
Sales revenues between business segments	-65,670	-78,968	0	0
Changes in inventories **	0	0	34,507	59,291
Other capitalized goods and services for own account	9,996	11,419	12,106	16,376
Other income *	-2,049	-2,976	37,891	27,721
CONSOLIDATED REVENUES	-57,723	-70,525	928,946	978,257
Depreciation of fixed assets	866	185	-47,521	-48,743
Write-downs of inventories due to use	0	0	-6,829	-12,230
OPERATING RESULT	286	-1,324	55,828	51,509
Financial income	-6,152	-5,918	1,063	9,479
Financial expenses	8,209	7,805	-26,618	-35,992
Share of the profit or loss of associated companies accounted for using the equity method	0	0	1,227	-1,564
Income tax expense	-584	-131	-10,478	-9,260
NET PROFIT OR LOSS	1,759	432	21,022	14,172
	31.12.2010	30.09.2011	31.12.2010	30.09.2011
SEGMENT ASSETS	-18,642	-30,634	1,337,749	1,502,575

* Previous year figures adjusted; this is due to a system-related change in the presentation of consolidation effects.

** Directly attributable changes in inventories are reported in the Equipment and Resources segments. The previous year has been adjusted accordingly.

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, 2011 was prepared on the basis of IAS 34, "Interim Financial Reporting". The same accounting and valuation methods as for the consolidated financial statements for the 2010 financial year are applied in the Interim Report to September 30, 2011. A detailed description of those methods is presented in the 2010 Annual Report. The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2011 had no significant effects on the net asset, financial and earnings position of the Group.

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

The scope of consolidation includes BAUER Aktiengesellschaft and all major subsidiaries. Subsidiaries are all companies over which the parent has control in terms of financial and corporate policy. This is routinely accompanied by a voting share of over 50 percent. When assessing whether control is exerted, the existence and effect of potential voting rights currently exercisable or convertible are considered.

In a small number of cases, companies are fully consolidated into the financial statements of BAUER AG even though that company holds less than 50 percent of their voting rights. This is the result of state restrictions which stipulate that foreign investors may not hold more than 50 percent of the voting rights in domestic companies. In such cases BAUER AG makes use of so-called agency constructions, whereby more than 50 percent of the voting rights are commercially held in the company concerned, thus allowing for full consolidation.

Subsidiaries are included in the consolidated financial statements (fully consolidated) from the point at which control is transferred to the Group. They are de-consolidated at the point when control ends. Companies of which BAUER Aktiengesellschaft is able, directly or indirectly, to exercise a significant influence on the said companies' financial and operating policy decisions (associated companies) are consolidated according to the equity method.

With effect from January 1, 2011 the previously unconsolidated KLEMM INC., Conroe, USA, was merged with BAUER Pileco, Inc., Conroe, USA. No further changes have occurred to the scope of consolidation since December 31, 2010.

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.

The BAUER Group comprises the Construction, Equipment and Resources segments.

Construction

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, remediation and building renovation projects. In order to portray development trends, the Construction segment sales are additionally broken down into the subdivisions of "Specialist Foundation Engineering, Germany" and "Specialist Foundation Engineering, International" in the management report. The Construction segment is founded on the close interlinking of all construction activities.

Equipment

In the Equipment segment, machinery for all specialist foundation engineering processes and for deep drilling is developed and manufactured for worldwide distribution. The specialist foundation engineering equipment can be employed to produce large-diameter and small-diameter bores for piles, diaphragm walls, anchors, injections and wells. The deep drilling equipment can be employed to drill for geothermal energy, oil and gas down to a depth of 5,000 metres. 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.

Resources

The Resources segment brings together all the Group companies providing products and services relating to the remediation and extraction of natural resources essential to human life. They include environmental technology companies involved in the treatment of soil and groundwater as well as companies involved in exploratory drilling and mining of raw materials and drilling of wells and geothermal energy sources. This segment also includes companies which manufacture and sell materials for the engineering of bore holes, specifically for wells and geothermal energy sources.

The **Other** segment comprises the central services (accounting, human resources, IT etc.) provided by BAUER AG to the Group companies as well as other units not assignable to the separately listed segments, providing services such as in-house and external education and training and centralized research and development.

The intersegmental consolidation effects are grouped under **Consolidation**. This includes offsetting of intra-Group sales between the segments as well as income and expenses and interim results. The intersegmental consolidation effects are adjusted within the respective segments.

EVENTS AFTER SEPTEMBER 30, 2011

No findings subject to mandatory reporting in accordance with IAS 10 occurred after September 30, 2011.

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.

CONTINGENT LIABILITIES

Contingent liabilities arising from guarantees to third parties exist in an amount of EUR 4,418 thousand (December 31, 2010: EUR 267 thousand). In addition, we are subject to joint and several liability in respect of all joint ventures in which we participate.

Schrobenhausen, November 14, 2011

The Management Board

Prof. Dipl.-Kfm. Thomas Bauer
Chairman of the Management Board

Dipl.-Betriebswirt (FH) Hartmut Beutler

Dipl.-Ing. Heinz Kaltenecker

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 2011

April 15, 2011	Publication of 2010 Annual Report Annual Press Conference Analysts' Conference
May 13, 2011	Interim Report to March 31, 2011
June 30, 2011	Annual General Meeting
August 12, 2011	Half-Year Interim Report to June 30, 2011
November 14, 2011	Interim Report to September 30, 2011

DATES 2012

April 13, 2012	Publication of 2011 Annual Report Annual Press Conference Analysts' Conference
May 15, 2012	Interim Report to March 31, 2012
June 28, 2012	Annual General Meeting
August 14, 2012	Half-Year Interim Report to June 30, 2012
November 14, 2012	Interim Report to September 30, 2012

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

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