Interim Report to September 30, 2008

Group Key Figures – January to September 2008

IFRS in EUR million		09/2007	09/2008	Change	12/2007
Total Group revenues		891.2	1,111.8	24.7 %	1,208.1
of which	Germany	275.7	264.6	-4.0 %	331.6
	International	615.5	847.2	37.6 %	876.5
	International in percent	69.1	76.2	n/a	72.6
of which	Construction	403.3	520.1	29.0 %	531.8
	Equipment	453.7	569.5	25.5 %	643.1
	Resources	87.4	87.2	-0.2 %	112.0
	Other/Eliminations/Consolidations	-53.2	-65.0	n/a	-78.8
Consolidated revenues		843.5	1,073.6	27.3 %	1,159.4
Sales revenues		759.4	930.2	22.5 %	1,033.0
Orders received		975.5	1,251.4	28.3 %	1,403.8
Orders in hand		506.6	757.7	49.6 %	618.0
EBITDA		115.7	149.3	29.0 %	185.4
EBITDA margin in percent (of sales revenues)		15.2	16.0	n/a	17.9
EBIT		78.1	108.4	38.7 %	131.8
EBIT margin in percent (of sales revenues)		10.3	11.7	n/a	12.8
Net profit or loss		38.9	67.8	74.0 %	74.4
Capital investment in property, plant and equipment		52.2	81.7	56.6 %	96.4
Shareholders' equity		249.8	330.6	32.3 %	279.1
Equity ratio in percent		29.1	31.7	8.9 %	34.1
Net assets		857.2	1,044.3	21.8 %	818.0
Earnings per share in EUR		2.21	3.81	72.4 %	4.23
Return on equity after tax in percent		n/a	n/a	n/a	34.9
Employees		6,627	8,103	22.3 %	6,983
of which	Germany	3,164	3,668	15.9 %	3,324
	International	3,463	4,435	28.1 %	3,659

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

Course of Business and Background Conditions

Course of business and general economic climate

Late September and early October were grim times for the global economy. The subprime crisis in itself would not have been sufficient to cause global turmoil, but the collapse of one of the world's leading investment banks, Lehman Brothers, certainly was. This was an event that shook confidence in the concept of the market economy and the banking sector so fundamentally that consequences in terms of global economic development are now inevitable. Despite the concerted joint efforts of governments in Europe and America to prop up the banking system and stabilize the economy, the impact of the financial market crisis will doubtless be severe both for business and for the general public.

The measures taken have unfortunately also publicly highlighted questions as to the fundamental viability of the system. It will be a major task to convince the general public that recent events do not call into question the concept of the market economy as a whole, and that it is still the best economic system. On the other hand, we have learned that major success in a market economy causes the people and institutions involved to soften their critical faculties over time, resulting in a failure to identify substantive risks and even encouraging change which ultimately intensifies those risks. Arrogance is the greatest danger to which a market economy can be exposed, and once again it has been demonstrated that – just as in other areas of business – the system cannot function if the basic principles of responsibility and ethics are not maintained.

The BAUER Group is once again reporting on the best quarter in its history. Revenues and earnings are well up on the previous year. Levels of orders in hand are also excellent.

Nevertheless, we are aware that global developments will affect our business like every other. The question is just how much of a negative impact these developments will have on the progress being made by the BAUER Group.

In view of all the economic changes we are currently undergoing, and considering that the full effects of those changes are not yet foreseeable, this is a question which even our management cannot answer with any great certainty. We have carried out extensive simulations to determine the parameters within which the BAUER Group can operate and so identify and implement the measures needed to keep the various Bauer companies on track based on analysis of a range of different scenarios.

The results of those simulations were encouraging. The market position and internal strength of the BAUER Group has been built up so successfully over the past decades that, even if some of its markets were to undergo substantial change, we expect that the business as a whole would remain on an upward trend. A variety of scenarios might affect revenues and earnings to a different extent. Despite those uncertainties, we expect the BAUER Group to maintain its healthy business trend.

In all times – but especially in times of crisis – it is the best prepared and organized businesses that have the best chances of prospering. We believe that the BAUER Group is outstandingly well prepared to deal with any changes on its various markets:

- The global structure of the Group is sound. Bauer is permanently represented in some 60 countries around the world. This enables us to utilize opportunities in countries which are in fact profiting from the current situation, such as by virtue of their abundance of raw materials. We are therefore able to balance out any declines suffered in countries badly affected by the financial market crisis.
- The construction market in Germany has dwindled so far in the last 12 years that a further decline is barely conceivable – even under the present conditions. The government will not cut public spending, as this would speed the economic slowdown. We therefore expect to maintain stable business performance in Germany, as is also underpinned by the current very healthy state of our order books.
- We do not expect to see any impairment of global market trends in the infrastructure sector. In most countries there is major demand to update infrastructure. Overcautious saving would merely exacerbate the problems faced. Since BAUER companies specialize in infrastructure projects, we believe there is limited downside potential in terms of business growth.

- We have long been expecting the general construction market and the construction equipment market to decline at some point in the foreseeable future. Consequently, we have long been preparing to deal with this scenario. Our new Resources segment is operating in areas – such as environmental technology, energy, water and raw materials – which are likely to become even more important as a result of the present crisis. In our equipment manufacturing business, we have in recent years developed many new products which will open up new selling opportunities to us. In the coming year, for example, we will be launching newly developed deep-level drilling rigs for use in geothermal energy recovery and in oil and gas exploration and extraction.

These examples illustrate how the BAUER Group has developed many strategic options for securing business in the construction sector, even if times are more difficult. We will pursue new market opportunities with vigour, so as to continue to prosper in future even under much more difficult conditions.

The Group's current business trend remains positive. The very healthy levels of orders in hand in all areas instil us with confidence that we will comfortably meet our forecast targets for the full year. We are also well set for a positive start to next year.
We must nevertheless emphasize repeatedly that the rapid growth of recent years cannot simply be replicated in the future. Our return on sales has reached a level that under normal circumstances cannot be increased yet further. In our equipment manufacturing operations we expect to see earnings fall over the next few years. However, we do fundamentally expect to be able to counterbalance this development through improved earnings for the other segments.

The current situation in the construction sector in individual regions of the world will now be described in brief.
No special forecasts will be made with regard to any market impact resulting from the financial crisis which is not yet directly discernible.
The construction boom is continuing in the Middle East. As well as Dubai, other countries in the region such as Abu Dhabi, Saudi Arabia, Qatar and Bahrain are now also making efforts to develop their infrastructure and invest substantially in new building projects. The very sound financial position of the countries in question means that prospects for sustained positive demand in the construction sector are good.
The upward trend is also essentially being sustained in the Far East. Construction volumes are increasing in all countries in the region. Even in Hong Kong, where the market had slowed markedly in recent times, a number of major infrastructure projects are being planned.
In the USA, housing construction has come to a virtual stop. On the other hand, the market for infrastructure projects, power stations, and to date also for other industrial and commercial construction has not been affected by the financial crisis. There is even an expectation that this market will profit from it, because the US government is attempting to stabilize the economy by investing in infrastructure projects. The order books of our businesses in the USA are filled to healthy levels. The market in Canada is lively. Many countries in South and Central America are also developing positively.
African countries generally exhibit little economic momentum, but some individual markets are seeing healthy growth. Some countries – such as Angola, as well as South Africa – are showing promising economic trends. In the mining industry especially, major exploration work is being carried out in an effort to increase the extraction of raw materials.
Trends in Europe remain generally stable, except for the house-building sector.
In Germany, the trend in the construction market is moderately positive, after 12 years of recession. The figures for last year and the first half of this year were generally encouraging, and we are confident that the trend will be sustained. Compared with the other original member states of the European Union, the volume of construction work in Germany is very low. Now that the long recession has come to an end, historical comparisons indicate to us that the upward trend is highly unlikely to be reversed again soon to any significant extent. We therefore expect to see reasonable market conditions for a number of years to come. Developments in material prices are giving us more cause for concern. As a result of mushrooming costs, public-sector budgets are now no longer able to maintain the volume of construction work at the previous year's level.

Overall, we can report that our markets are still developing positively. In the construction machinery sector, our specialist foundation engineering segment is stable and healthy levels of orders in hand provide us with a good basis for the near future. On the other hand, a substantial fall in demand for equipment in mass construction business – such as building construction – has been reported over recent months. We need to keep a close eye on this performance indicator in terms of our own business too. Almost all the segments of the BAUER Group have been able to maintain their orders in hand at high levels in recent months. In the Equipment segment, it remains very difficult to meet the delivery times that customers want. The minor falls in levels of orders in hand in some areas would not even be worthy of mention in normal times, as our longstanding experience tells us that such fluctuations are purely random. In the current situation, however, they may also indicate a certain weakening due to the crisis.

Development of the BAUER AG share

After a volatile but at least positive first half of the year, during which the BAUER share climbed from an opening price of EUR 36 to an all-time high of EUR 70.12, early September saw the share dragged into the turmoil of the global financial crisis, resulting in a massive fall. On the first trading day in September the share price had been holding up at EUR 57.51. By September 30 it had fallen to EUR 35.50 – down more than 38 percent in just one month. Not even the pleasing inclusion of the share in the selection index MDAX on September 22 was able to halt this downward trend. However, analysis of the share's performance over a longer period of time reveals a rather brighter picture in relative terms. In the last 12 months the MDAX dropped by 32.6 percent; the Bauer share fell 24.8 percent. By the end of October the share price had recovered to EUR 27.96, having reached its year low of EUR 25.05 on October 10.

Business trend

The member companies of the BAUER Group performed very well over the first three quarters of 2008. Revenues and earnings were up substantially in almost every segment. The net profit of EUR 67.8 million is around 74 percent up on the corresponding prior-year period. Total Group revenues rose by just under 25 percent to EUR 1,112 million.

Revenues were well up specifically in the Construction segment, on the back of an excellent level of orders in hand, and earnings therefore also improved. Good progress was also made by the Equipment segment. Once again – as was already the case last year – the extremely healthy levels of orders in hand of all the Group's segments at the end of 2007 meant that there was no slowdown in business such as usually occurs in the early months of the year. The increasing proportion of construction business outside of Germany means that it is less and less subject to the vagaries of winter weather, and so is becoming less cyclical. The Equipment segment was not able to ship all the equipment ordered to its customers by the end of 2007, so its sales during the first quarter were likewise very healthy. The performance of the new Resources segment over the first nine months of this year was not yet satisfactory. Moreover, our new structure still needs time for its operations to acquire the momentum we believe they are capable of. However, we do expect to achieve our targets for 2008 in this segment, as in the others.

Breakdown of total Group revenues by segment

	in EUR million	Sept. 2007 Revenues in EUR million	Sept. 2008 Revenues in EUR million	Percentage Share Sept. 2008	Percentage Change against previous year	Orders in hand
Construction	BAUER Spezialtiefbau GmbH (BST)					
	BST Germany	85.5	78.7	7.1 %	-7.9 %	+
	Subsidiaries, Germany	9.0	15.8	1.4 %	75.7 %	●
	BST international	119.4	151.3	13.6 %	26.7 %	++
	Subsidiaries, international	165.6	285.5	25.7 %	72.4 %	++
	less intra-Group revenues and IFRS adjustments	-35.4	-75.7	-6.8 %		
	BST Group total	**344.1**	**455.6**	**41.0 %**	**32.4 %**	+
	SPESA Spezialbau und Sanierung GmbH	9.9	12.7	1.1 %	28.0 %	●
	SCHACHTBAU NORDHAUSEN GmbH (SBN) incl. SBN construction subsidiaries	52.3	53.8	4.8 %	2.8 %	+
	less intra-Group revenues and IFRS adjustments	-3.0	-2.0	-0.2 %		
	Construction total	**403.3**	**520.1**	**46.8 %**	**29.0 %**	+
Equipment	SBN - construction equipment	32.8	44.3	4.0 %	35.2 %	+
	SBN Group total (construction & equipment)	**85.1**	**98.1**	**8.8 %**	**15.3 %**	+
	BAUER Maschinen GmbH (BMA)	361.2	464.4	41.8 %	28.5 %	+
	Equipment subsidiaries (specifically of BMA)	229.9	278.5	25.0 %	21.1 %	+
	BMA Group total	**591.1**	**742.9**	**66.8 %**	**25.7 %**	+
	less intra-Group revenues and IFRS adjustments	-170.2	-217.7	-19.6 %		
	Equipment total	**453.7**	**569.5**	**51.2 %**	**25.5 %**	+
Resources	BAUER Resources GmbH (BRE)	0.5	2.8	0.3 %	450.9 %	
	Resources subsidiaries (specifically of BRE)	98.3	96.5	8.7 %	-1.9 %	●
	less intra-Group revenues and IFRS adjustments	-11.4	-12.1	-1.1 %		
	Resources total	**87.4**	**87.2**	**7.8 %**	**-0.2 %**	●
Other	BAUER Aktiengesellschaft (BAG)	14.8	17.3	1.6 %	17.1 %	
	Other subsidiaries (specifically of BAG)	0.3	0.2	0.0 %	-38.2 %	
	Total Other/services	**15.1**	**17.5**	**1.6 %**	**15.9 %**	
	less intra-Group revenues and IFRS adjustments	-68.3	-82.5	-7.4 %		
	Group TOTAL (including minority interests)	**891.2**	**1,111.8**	**100.0 %**	**24.7 %**	+
	of which: Germany	275.7	264.6	23.8 %	-4.0 %	
	International	615.5	847.2	76.2 %	37.6 %	

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
- Breakdown Germany/international according to country in which accounting figures were allocated.
  For reasons of complexity the figures are not absolutely precise.

Earnings, Financial and Net Asset Position

Earnings

Revenues shown in the consolidated income statement increased by 27.3 percent to EUR 1,073.6 million. The substantial increase in other income to EUR 69.9 million results primarily from self-manufactured machinery and plant for Group companies. BAUER Spezialtiefbau GmbH is currently also investing substantially in new construction equipment in order to keep pace with the healthy market growth.

The two large segments contributed towards the growth in consolidated revenues – the Construction segment achieving 29 percent and the Equipment segment 25.5 percent. Consolidated revenues for the Resources segment dipped slightly by 0.2 percent.

While the cost of materials grew disproportionately sharply, all other cost items in the consolidated income statement – staff costs, depreciation and amortization and other operating expenses – increased at a much lower rate than revenues. The rise in the cost of materials is attributable on the one hand to the general rise in costs and on the other hand to random shifts due to higher materials components in our construction operations. Financial expenses increased slightly, in line with the rise in borrowing entailed by the growth in business volumes, though much less sharply than revenue growth. Income tax expense remained at the previous year's level, though it will rise slightly by the year-end, as a result of the corporation tax reform in Germany as well as marginal non-recurring tax effects.

Profit after tax increased by EUR 28.9 million against the previous year to EUR 67.8 million.

Financial position

The international rating agency Standard & Poor's upgraded our long-term rating to BB+ (outlook positive) in the second quarter of 2008 and reaffirmed this upgrade in October. This rating provides us with even better access to financial markets, and will also yield further advantages in future with regard to the interest rate terms we are able to obtain.

Our company's Annual General Meeting passed a resolution to pay a dividend of EUR 1.00 per share. The necessary funds were disbursed at the end of June 2008. In the previous year, disbursement had taken place in the third quarter.

In contrast to last year, the third quarter of this year again generated a positive cash flow from operating activities, despite the strong growth achieved. Yet despite the high level of capital investment, borrowings were up only slightly relative to the first-half period of 2008. There are no other special points of note with regard to the financial position. Developments are in line with our planning.

Net asset position

The net assets shown on the balance sheet increased by 27.7 percent against the 2007 year-end figure. They rose by 21.8 percent against the comparative first nine months of the previous year. We regard this increase – which is much lower than the increase in revenues – as positive.

In our business, based on the buying and payment practices of customers, the balance sheet net assets always increase significantly within the year and then fall away again by a similar amount by the year-end, as customers make more payments. This year's increase in net assets – in addition to the major increase in our capital investments – is in keeping with our many years' experience. It is actually somewhat less than would normally be expected. The major increases on the Assets side of the balance sheet against our 2007 annual financial statements relate to property, plant and equipment, resulting from our capital investment programme, as well as to inventories and receivables. The two latter items increased in line with the development of business operations during the first nine months. The disproportionately high rise in inventories is furthermore attributable to bottlenecks in the delivery capability of suppliers. As the delivery capability of our suppliers is currently improving markedly, we will be in a position to reduce our inventories levels over the coming year.

On the Equity and Liabilities side there were increased financial and other liabilities – including specifically trade payables. In order to enhance long-term financing stability, non-current financial liabilities were increased by EUR 27.9 million – primarily by taking out mortgages to fund our new investments.

Other liabilities rose mainly as a result of a sharp increase in project-specific provisions of EUR 15.4 million, as well as increases in many single items classified under "Other current liabilities". This is a consequence of the significant increase in our international large-scale construction project work.

In contrast to the previous year, the dividend amounting to EUR 17.1 million was distributed to our shareholders during the first half of this year. The equity ratio improved from the previous year September comparative of 29.1 percent to 31.7 percent at the end of September in the current year. In view of the substantial growth in business and the above-average scale of capital investment, this rise demonstrates the sound overall progress being made by the Group.

Trends in our Business Segments

Construction segment

Construction segment key figures

in EUR '000	09/2007	09/2008	Change	12/2007
Total Group revenues	403,298	520,071	29.0 %	531,790
of which external sales revenues	335,252	445,399	32.9 %	433,405
Orders received	427,493	580,368	35.8 %	656,424
Orders in hand	284,675	445,411	56.5 %	385,114
EBIT	12,411	29,334	136.4 %	24,847
Employees	4,158	4,976	19.7 %	4,316

The Construction segment increased its revenues by 29 percent in the first nine months of the year. However, revenues from specialist foundation engineering operations in Germany fell by 7.9 percent during the period. The explanation for this downturn is that the figures for the first quarter of the previous year had been particularly good thanks to the exceptionally mild weather. Furthermore, we had very few major projects on our books in the first nine months of 2008 as we were very cautious in acquiring large-scale projects in the previous year due to reasons of price. Much of our domestic capacity was deployed at our large-scale power station construction site in the Netherlands. Revenues from projects in Germany will pick up significantly in future, as a number of large-scale projects are now underway once again.
Revenues in all other regions of the world increased very substantially. The considerable increase in orders in hand relative to the comparative prior-year period means that revenues will attain similarly high levels in the months to come.
We are continuing to see healthy demand for specialist foundation engineering services from virtually every country in the world. This is especially true of the Arab countries, but also with regard to infrastructure projects in the USA, Canada and Europe. Orders in hand in the Construction segment increased by 56.5 percent against the end of September last year. Another pleasing aspect is that the orders are spread very evenly across the various regions of the world and include a large number of major projects. We are working on some particularly large-scale projects in Canada (a cut-off wall for an open-cast oil mine), Egypt (stations for the new Cairo underground rail network), Turkey (an excavation pit for a hotel), the USA (power station foundations and sealing work for the Hoover Dike, which surrounds the largest artificial lake in Florida), the Netherlands (power station foundations), Australia (dam remediation), Vietnam (excavation pits for a group of residential complexes) and Abu Dhabi (large excavation pits). Various major projects also provide us with a very good level of orders in hand in the UK and Malaysia.
SPESA Spezialbau und Sanierung GmbH is developing in line with our planning. SCHACHTBAU NORDHAUSEN GmbH likewise has very healthy order books in the construction sector, so we expect it to have a good year. Prospects for next year are already looking very satisfactory.
All in all, we are satisfied with the progress of the Construction segment and its EBIT of EUR 29.3 million (136.4 percent above the previous year's figure).

Equipment segment

Equipment segment key figures

in EUR '000	09/2007	09/2008	Change	12/2007
Total Group revenues	453,748	569,434	25.5 %	643,115
of which external sales revenues	354,482	414,807	17.0 %	509,733
Orders received	509,893	635,371	24.6 %	710,119
Orders in hand	199,523	276,319	38.5 %	210,382
EBIT	67,815	79,576	17.3 %	105,894
Employees	1,675	2,310	37.9 %	1,872

With a 25.5 percent rise in revenues in the period under review, the Equipment segment is again on course to break its record in the full year 2008. We have in recent weeks for the first time noticed a slight reluctance to invest resulting from the financial market crisis. However, with orders in hand still up 38.5 percent on the prior-year period, we remain confident about future development. Somewhat lower levels of orders in hand will also enable us once again to provide our customers with more prompt service, which will in turn deliver added benefits in terms of our customer relations.

Foreseeing a slight downturn in demand for specialist foundation engineering equipment, we have this year developed a large number of new machines, some of which are targeted at entirely new markets. In the first half of next year we will be launching two deep-level drilling rigs for the geothermal energy and oil and gas sectors. We are confident that the new machines will largely compensate for any dips on our established markets.

All investment projects aimed at expanding equipment manufacturing capacities are progressing according to plan. All new halls have been commissioned into operation at the Aresing plant. The new halls in Edelshausen are currently being fitted out, so we will be moving into them on schedule by the year-end. The Nordhausen welding halls are finished. The shell of the warehouse and logistics centre is almost built. Work on the new plant at Conroe in the USA has begun, enabling production to start in mid-2009. The boom on the machinery market in recent years has meant that our capacities have been more than stretched. On completion of this extension work, we will be able to return to normal production operations. We expect the improvement in productivity to balance out the cost of the extended facility. The new production resources will also help improve quality and enhance logistics processes. Even if our revenues in equipment manufacturing are reduced, the extension of our facilities will improve the cost situation in the Equipment segment.

EBIT for the Equipment segment increased in the first nine months by 17.3 percent to EUR 79.6 million. This trend enables us to forecast with certainty that we will comfortably meet our targets for 2008.

Resources segment

Resources segment key figures

in EUR '000	09/2007	09/2008	Change	12/2007
Total Group revenues	87,396	87,195	-0.2 %	111,950
of which external sales revenues	69,557	69,896	0.5 %	89,612
Orders received	91,306	100,623	10.2 %	115,990
Orders in hand	22,410	35,968	60.5 %	22,540
EBIT	1,251	1,216	-2.8 %	253
Employees	611	603	-1.3 %	608

Our Resources segment is making good progress in its first year. Revenues are only around the previous year's level, as a number of large-scale projects did not come to fruition during the first half of the year. Substantially larger numbers of orders have been received in recent months compared to the same period last year. Major contracts have been acquired in all areas, as a result of which orders in hand at the end of September totalling EUR 36 million were 60 percent up on last year. Intensive work is currently being done to utilize more opportunities to acquire new orders.

In South Africa and Namibia, we have acquired all of the shares in the two open-cast mine exploration drilling companies in which we previously held an interest. Future prospects are bright. In Canada, we are working on new methods of mining uranium using the jet grouting process. The GWE Group has acquired a contract to supply large volumes of well engineering materials to Jordan. Our ground remediation business in Germany has acquired a number of interesting projects.

The new acquisitions FORALITH Holding AG in Switzerland and Esau & Hueber GmbH in Germany have already been well integrated into the Group. They will be consolidated for the first time in the next annual financial statements.

Overall, we expect revenues comfortably to surpass those of last year.

EBIT of EUR 1.2 million is at the previous year's level. As the Resources segment is part of our long-term strategy and our efforts are currently being concentrated on establishing an efficient structure, this modest development is in line with our overall plans.

Other disclosures

In our half-yearly report we announced that the BAUER Spezialtiefbau GmbH branch operations in Abu Dhabi and Dubai would be demerged during the third quarter. The demerger has not yet been possible for legal reasons, and is now expected to take place during the final quarter. The demerger of the business to create an independent company entails no significant change for the Group as a whole.

There are no further events of note to report.

Sustainability

Human resources

The number of employees increased by 22.3 percent against the comparative period in the previous year. This increase is much lower than the growth in total Group revenues. Overall, the workforce increased by 1,476 people relative to the figure at the end of September in the previous year and by 1,120 since the previous year-end. In the Construction segment, the increase since the year-end relates mainly to major projects and new activities in the USA, Panama, Egypt, Vietnam and the United Arab Emirates. In the Equipment segment, in addition to general personnel increases to handle heavier workload, new members of staff have been recruited specifically in China and at SCHACHTBAU NORDHAUSEN GmbH. Additional capacities to attain the necessary production output in the Equipment segment were in part recruited from the short-term labour market.

Follow-up Report

Opportunities and risks

Major opportunities are set out in the individual sections of this Interim Report.
The current global financial market crisis also entails new risks for our business. These risks relate specifically to the chances of acquiring adequate volumes of new orders and of maintaining prices at a viable level. The scale of these risks is not entirely foreseeable at present, as current business has so far been little affected by the financial market crisis. We have undertaken simulations to estimate the potential effects of the crisis on our financial performance. These simulations reveal the highly robust quality of our Group in withstanding changed conditions. Depending on the negative assumptions made, a fall in profits is to be expected, and may be significant. No risk to the continued existence of the company is discernible. Thanks to our global organization and our very healthy competitive position we expect to be able to deal comparatively well with the upcoming crisis. There have been no further changes in material risks since the Annual Report to December 31, 2007. Consequently, we refer back to the 2007 Group management report.

Material transactions with related parties

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

Outlook for the full year

The companies of the BAUER Group made excellent progress in the first nine months of 2008. The very good levels of orders in hand in all segments of the Group will ensure a healthy utilization of capacities through to the year-end. We have to date only felt minor effects of the financial market crisis on our business. We do however expect, like all other businesses, to be confronted with the impact of the crisis over the coming months, and we forecast that it will have a negative effect on our business trend in 2009. We are nevertheless confident that the effects will not be major.
We still expect total Group revenues in 2008 to increase by around 20 percent, to over EUR 1.4 billion (previous year: EUR 1.2 billion). We expect profit after tax to rise by an even greater rate, to more than EUR 100 million (previous year: EUR 74.4 million).

Interim Financial Statements of the BAUER Group

Income statement of the BAUER Group

in EUR '000	01.07. - 30.09.2007	01.07. - 30.09.2008	01.01. - 30.09.2007	01.01. - 30.09.2008
1. Sales revenues	281,628	335,538	759,439	930,197
2. Changes in inventories	14,753	15,418	54,740	73,506
3. Other income	12,905	35,770	29,358	69,893
	309,286	**386,726**	**843,537**	**1,073,596**
4. Cost of materials	165,864	214,940	455,797	603,462
5. Staff costs	54,188	62,959	153,278	180,470
6. Depreciation and amortization	13,874	15,163	37,594	40,890
7. Other operating expenses	39,390	48,644	118,750	140,401
OPERATING RESULT	**35,970**	**45,020**	**78,118**	**108,373**
8. Financial income	-381	-343	1,979	1,606
9. Financial expenses	6,030	6,227	16,844	17,598
10. Share of the profit or loss of associates accounted for using the equity method	632	641	1,781	1,486
PROFIT BEFORE TAX	**30,191**	**39,091**	**65,034**	**93,867**
11. Income tax expense	9,892	8,559	26,099	26,109
NET PROFIT OR LOSS	**20,299**	**30,532**	**38,935**	**67,758**
Profit attributable to minority interests	531	947	1,137	2,431
Profit attributable to equity holders of BAUER AG	19,768	29,585	37,798	65,327

	01.07. - 30.09.2007	01.07. - 30.09.2008	01.01. - 30.09.2007	01.01. - 30.09.2008
Basic earnings per share in EUR	1.15	1.73	2.21	3.81
Diluted earnings per share in EUR	1.15	1.73	2.21	3.81
Average number of shares in circulation (basic)	17,131,000	17,131,000	17,131,000	17,131,000
Average number of shares in circulation (diluted)	17,131,000	17,131,000	17,131,000	17,131,000

Balance sheet of the BAUER Group

ASSETS in EUR '000	31.12.2007	30.09.2008
A. NON-CURRENT ASSETS		
I. Intangible assets	14,198	14,210
II. Property, plant and equipment and investment property	245,815	292,846
III. Investments accounted for using the equity method	7,465	7,804
IV. Participations	4,099	4,170
V. Deferred tax assets	13,118	14,427
VI. Other non-current assets	6,387	7,776
VII. Other non-current financial assets	1,271	1,198
	292,353	**342,431**
B. CURRENT ASSETS		
I. Inventories	218,978	317,891
II. Receivables and other assets	268,760	339,727
III. Effective income tax refund claims	4,798	3,681
IV. Cash and cash equivalents	33,082	40,592
	525,618	**701,891**
	817,971	**1,044,322**

EQUITY AND LIABILITIES in EUR '000	31.12.2007	30.09.2008
A. SHAREHOLDERS' EQUITY		
I. Group shares	268,464	317,665
II. Minority interests	10,666	12,929
	279,130	**330,594**
B. NON-CURRENT LIABILITIES		
I. Defined benefit plans	39,862	41,529
II. Financial liabilities	215,511	243,428
III. Other liabilities	3,965	4,170
IV. Deferred tax liabilities	15,707	15,308
	275,045	**304,435**
C. CURRENT LIABILITIES		
I. Financial liabilities	68,355	114,288
II. Other liabilities	168,786	269,832
III. Effective income tax obligations	10,761	6,408
IV. Provisions	15,894	18,765
	263,796	**409,293**
	817,971	**1,044,322**

Cash flow statement of the BAUER Group

in EUR '000	30.09.2007	30.09.2008
Cash flows from operating activities	-844	46,223
Cash flows from investing activities	-56,354	-75,078
Cash flows from financing activities	74,487	36,365
Net increase in cash and cash equivalents	**17,289**	**7,510**
Cash and cash equivalents at beginning of reporting period	17,143	33,082
Cash and cash equivalents at end of reporting period	34,432	40,592
Change in cash and cash equivalents	**17,289**	**7,510**

Statement of changes in equity of the BAUER Group

	Subscribed capital	Capital reserve	Other revenue reserves and net earnings available for distribution					Minority interests	Total
			Revenue reserves	Foreign currency translation	Reconciling item, IFRS	Hedging transactions reserve	Own shares		
As at 31.12.2006	73,001	38,404	96,475	-4,054	10,387	0	0	8,368	**222,581**
Consolidated profit	0	0	37,798	0	0	0	0	1,137	**38,935**
Dividend payments	0	0	-8,565	0	0	0	0	0	**-8,565**
Consolidation measures	0	0	-641	0	0	0	0	-558	**-1,199**
Exchange rate movements	0	0	-2	-1,885	0	0	0	-51	**-1,938**
As at 30.09.2007	**73,001**	**38,404**	**125,065**	**-5,939**	**10,387**	**0**	**0**	**8,896**	**249,814**
As at 31.12.2007	73,001	38,404	154,060	-7,463	10,387	75	0	10,666	**279,130**
Consolidated profit	0	0	65,327	0	0	0	0	2,431	**67,758**
Dividend payments	0	0	-17,131	0	0	0	0	0	**-17,131**
Consolidation measures	0	0	-104	-130	0	246	0	-81	**-69**
Exchange rate movements	0	0	0	993	0	0	0	-87	**906**
As at 30.09.2008	**73,001**	**38,404**	**202,152**	**-6,600**	**10,387**	**321**	**0**	**12,929**	**330,594**

Segment reporting of the BAUER Group

in EUR '000	Construction		Equipment		Resources		Other	
	2007	2008	2007	2008	2007	2008	2007	2008
Total revenues (Group)	**403,298**	**520,071**	**453,748**	**569,434**	**87,396**	**87,195**	**15,091**	**17,494**
INCOME External sales	335,252	445,399	354,482	414,807	69,557	69,896	148	95
Inter-segment sales	16,643	11,254	31,053	45,502	3,617	2,854	14,647	17,283
Changes in inventories	4,912	4,535	47,897	66,117	1,931	2,854	0	0
Other income	8,925	10,216	13,434	30,320	3,015	3,241	207	9
Consolidated revenues	**365,732**	**471,404**	**446,866**	**556,746**	**78,120**	**78,845**	**15,002**	**17,387**
RESULT **Segment result (operating result) / EBIT**	**12,411**	**29,334**	**67,815**	**79,576**	**1,251**	**1,216**	**735**	**-29**
Share in results of associated companies	407	831	0	0	1,374	655	0	0
Financial expenses and income, income tax expense								
Net profit or loss								

in EUR '000	Eliminations		Consolidated	
	2007	2008	2007	2008
Total revenues (Group)	**-68,301**	**-82,419**	**891,232**	**1,111,775**
INCOME External sales			759,439	930,197
Inter-segment sales	-65,960	-76,893	0	0
Changes in inventories	0	0	54,740	73,506
Other income	3,777	26,107	29,358	69,893
Consolidated revenues	**-62,183**	**-50,786**	**843,537**	**1,073,596**
RESULT **Segment result (operating result) / EBIT**	**-4,094**	**-1,724**	**78,118**	**108,373**
Share in results of associated companies	0	0	1,781	1,486
Financial expenses and income, income tax expense			-40,964	-42,101
Net profit or loss			**38,935**	**67,758**

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, 2008 was prepared on the basis of IAS 34, "Interim Financial Reporting".
The same accounting and valuation methods as for the consolidated financial statements to December 31, 2007 are applied in the Interim Report to September 30, 2008. A detailed description of those methods is presented in the 2007 Annual Report.
The Standards and Interpretations bindingly applicable for the first time with effect from January 1, 2008 had no effects on the interim financial statements.

Audit

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

Scope of consolidation

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

The following changes have occurred to the scope of consolidation since the Half-Year Interim Report:
In the **Construction segment**, BAUER International Qatar LLC, BAUER Foundations Canada Inc. and BAUER Vietnam Ltd. have been fully consolidated for the first time. BAUER FUNDACIONES CHILE LTDA. and BAUER EQUIPOS ARGENTINA SA have been deconsolidated with effect from September 30. The shares in BAUER Hongkong Limited have been transferred from BAUER Services Singapore Pte Ltd to BAUER Spezialtiefbau GmbH.
In the **Resources segment**, 85 percent of the shares in FORALITH Holding AG were acquired on July 2, 2008 for a purchase price of CHF 3,655 thousand. In addition, 75.5 percent of the shares in Esau & Hueber GmbH were acquired on August 4, 2008 for a purchase price of EUR 1,680 thousand. The purchase prices were paid in cash.
The purchase prices will be allocated finally by the end of the financial year.

At the acquisition date the acquisition of FORALITH Holding AG had the following effects on the financial position (prior to allocation of the purchase price):

in EUR '000	02.07.2008
Effects at time of acquisition	
Non-current assets	387
Current assets	1,153
(of which cash and cash equivalents)	(100)
Non-current liabilities	82
Current liabilities	723

At the acquisition date the acquisition of Esau & Hueber GmbH had the following effects on the financial position (prior to allocation of the purchase price):

in EUR '000	04.08.2008
Effects at time of acquisition	
Non-current assets	637
Current assets	5,949
(of which cash and cash equivalents)	(350)
Non-current liabilities	544
Current liabilities	4,998

On July 24, 2008, BAUER und MOURIK Umwelttechnik GmbH, Nordhausen, was merged with BAUER Umwelt GmbH. The merger had no effect on the earnings, net assets and financial position of the BAUER Group.

Notes on segment reporting

The segmentation of the BAUER Group is in accordance with IAS 14. It is founded on the internal organizational and reporting structures of the Group. The same accounting and valuation methods as for the 2007 consolidated financial statements are applied.

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

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

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

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

Events after September 30, 2008

No findings subject to mandatory reporting in accordance with IAS 10 were made after September 30, 2008.

Schrobenhausen, November 14, 2008
The Management Board

Future-related statements

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

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

Dates

2009

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

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

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BAUER Aktiengesellschaft
Wittelsbacherstrasse 5
86529 Schrobenhausen, Germany

Office of the Management Board:
Telephone: +49 8252 97-1215
Fax: +49 8252 97-2900
e-mail: BAG@bauer.de

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