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# Income Statement

For the period from January 1 through December 31

in € K	Notes	Jan. 1–Dec. 31, 2007 <sup>1</sup>	Jan. 1–Dec. 31, 2006
Revenue	(1)	742,062	619,277
Cost of sales		- 459,530	- 363,544
<b>Gross profit</b>		<b>282,532</b>	<b>255,733</b>
Sales and service expenses		- 140,090	- 123,919
Research and development expenses		- 20,810	- 16,090
General administrative expenses		- 48,289	- 45,333
Other income	(2)	8,421	9,705
Other expenses	(4)	- 2,859	- 3,434
<b>Profit before interest and tax (EBIT)</b>		<b>78,905</b>	<b>76,662</b>
Financial result	(5)	- 660	- 509
<b>Profit before tax (EBT)</b>		<b>78,245</b>	<b>76,153</b>
Taxes on income	(6)	- 24,142	- 27,605
<b>Profit for the period before minority interests</b>		<b>54,103</b>	<b>48,548</b>
<b>Minority interests</b>		<b>23</b>	<b>0</b>
<b>Profit for the period</b>		<b>54,126</b>	<b>48,548</b>
<b>Earnings per share in euros (diluted and undiluted)</b>	(7)	<b>1.10</b>	<b>1.19</b>

<sup>1</sup> With PPA = Purchase price allocation. Purchase price allocation describes the process where purchase costs resulting from acquisitions are allocated to individually acquired assets, liabilities and contingent liabilities, which are measured at fair value. Further information on pages 178–179.

# Balance Sheet

Balance at December 31

in € K	Notes	Dec. 31, 2007	Dec. 31, 2006
<b>Assets</b>			
Property, plant and equipment	(8)	221,869	147,526
Investment property	(9)	2,105	38
Goodwill	(10)	325,676	36,837
Intangible assets	(10)	100,220	32,147
Other investments	(11)	1,649	0
Deferred taxes	(6)	10,994	6,885
Other non-current assets	(11)	34,523	5,797
<b>Total non-current assets</b>		<b>697,036</b>	<b>229,230</b>
Inventories	(12)	175,130	100,168
Trade receivables	(13)	159,477	98,534
Marketable securities	(14)	88,656	141
Current tax receivables		3,492	2,977
Other current assets	(15)	13,903	7,522
Cash and cash equivalents	(16)	76,816	36,441
<b>Total current assets</b>		<b>517,474</b>	<b>245,783</b>
<b>Total assets</b>		<b>1,214,510</b>	<b>475,013</b>

in € K	Notes	Dec. 31, 2007	Dec. 31, 2006
<b>Equity and liabilities</b>			
Subscribed capital	(17)	70,140	43,500
Other reserves	(17)	586,186	51,305
Treasury shares	(17)	0	- 36,691
Retained earnings	(17)	254,113	224,260
<b>Equity before minority interests</b>		<b>910,439</b>	<b>282,374</b>
<b>Minority interests</b>		<b>2,280</b>	<b>0</b>
<b>Total equity</b>		<b>912,719</b>	<b>282,374</b>
Long-term borrowings	(20)	44,219	60,802
Deferred taxes	(6)	33,724	16,482
Long-term provisions	(18)(19)	29,200	12,821
<b>Total non-current liabilities</b>		<b>107,143</b>	<b>90,105</b>
Trade payables	(21)	63,084	40,073
Short-term borrowings from banks	(20)	72,103	13,342
Current portion of long-term borrowings	(20)	6,073	7,566
Short-term provisions	(19)	9,324	8,797
Current tax payable		1,366	1,207
Other current liabilities	(22)	42,698	31,549
<b>Total current liabilities</b>		<b>194,648</b>	<b>102,534</b>
<b>Total liabilities</b>		<b>1,214,510</b>	<b>475,013</b>

# Cash Flow Statement

For the period from January 1 through December 31

in € K	Jan. 1–Dec. 31, 2007	Jan. 1–Dec. 31, 2006
EBT	78,245	76,153
Depreciation and amortization	38,083	23,561
Other major non-cash income	- 1,640	0
Foreign exchange result	- 8,139	- 7,883
Gains/losses from sale of intangible assets and property, plant and equipment	48	- 1,335
Book losses from the disposal of rental equipment	3,423	1,384
Gains/losses from sale of investments and marketable securities	- 93	313
Investment income	- 6,995	- 2,903
Interest expense	7,655	3,412
Changes in inventories	- 14,879	1,135
Changes in trade receivables and other assets	4,798	- 15,039
Changes in provisions	- 503	- 3,679
Changes in trade payables and other liabilities	- 3,196	6,981
Interest paid	- 7,854	- 3,212
Income tax paid	- 33,973	- 29,789
<b>Cash flow from operating activities</b>	<b>54,980</b>	<b>49,099</b>
Purchase of property, plant and equipment	- 81,571	- 31,425
Purchase of intangible assets	- 2,469	- 435
Proceeds from the sale of property, plant and equipment and intangible assets	895	3,425
Purchase of marketable securities	- 122,078	0
Proceeds received on the sale of marketable securities	46,987	0
Change in consolidation structure	10,572	- 15,112
Interest received	5,910	1,908
<b>Cash flow from investing activities</b>	<b>- 141,754</b>	<b>- 41,639</b>
Issue of new shares	165,000	0
Purchase of treasury shares	0	- 25,691
Costs of procuring capital	- 5,582	0
Dividends	- 24,273	- 15,621
Proceeds from long-term borrowings	12,183	61,965
Repayment of long-term borrowings	- 50,606	- 43,245
Payment of finance lease liabilities	- 306	- 396
<b>Cash flow from financing activities</b>	<b>96,416</b>	<b>- 22,988</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>9,642</b>	<b>- 15,528</b>
Effect of exchange rates on cash and cash equivalents	1,106	- 1,806
<b>Change in cash and cash equivalents</b>	<b>10,748</b>	<b>- 17,334</b>
<b>Cash and cash equivalents at beginning of period<sup>1</sup></b>	<b>28,044</b>	<b>45,378</b>
<b>Cash and cash equivalents at end of period<sup>1</sup></b>	<b>38,792</b>	<b>28,044</b>

<sup>1</sup> Borrowings from banks from the Group's cash pool accounts are netted.

# Statement of Changes in Equity

Balance at December 31

in € K	Sub-scribed capital	Capital reserves	Exchange differences	Other neutral changes	Retained earnings	Treasury shares	Equity before minority interests	Minority interests	Total equity
<b>Balance at December 31, 2005</b>	<b>43,500</b>	<b>72,319</b>	<b>- 8,073</b>	<b>191</b>	<b>192,924</b>	<b>- 11,000</b>	<b>289,861</b>	<b>0</b>	<b>289,861</b>
Exchange differences	0	0	- 14,263	0	0	0	- 14,263	0	- 14,263
Other neutral changes	0	0	0	310	0	0	310	0	310
Subtotal							- 13,953	0	- 13,953
Profit for the period	0	0	0	0	48,548	0	48,548	0	48,548
Total profit for the period							34,595	0	34,595
Dividends	0	0	0	0	- 15,621	0	- 15,621	0	- 15,621
Purchase of treasury shares	0	0	0	0	0	- 25,691	- 25,691	0	- 25,691
Change in consolidation structure	0	11	810	0	- 1,591	0	- 770	0	- 770
<b>Balance at December 31, 2006</b>	<b>43,500</b>	<b>72,330</b>	<b>- 21,526</b>	<b>501</b>	<b>224,260</b>	<b>- 36,691</b>	<b>282,374</b>	<b>0</b>	<b>282,374</b>
Exchange differences	0	0	- 11,319	0	0	0	- 11,319	0	- 11,319
Other neutral changes	0	0	0	80	0	0	80	0	80
Subtotal							- 11,239	0	- 11,239
Profit for the period	0	0	0	0	54,126	0	54,126	- 23	54,103
Total profit for the period							42,887	- 23	42,864
Dividends	0	0	0	0	- 24,273	0	- 24,273	0	- 24,273
Issue of new shares (IPO)	7,500	157,500	0	0	0	0	165,000	0	165,000
Contribution of Neuson Kramer	19,140	394,202	0	0	0	36,691	450,033	2,303	452,336
Costs of procuring capital	0	- 5,582	0	0	0	0	- 5,582	0	- 5,582
<b>Balance at December 31, 2007</b>	<b>70,140</b>	<b>618,450</b>	<b>- 32,845</b>	<b>581</b>	<b>254,113</b>	<b>0</b>	<b>910,439</b>	<b>2,280</b>	<b>912,719</b>

# Segmentation

For the period from January 1 through December 31

## Primary segmentation (geographical segments)

in € K	Europe	Americas	Asia	Consolidation	Group
<b>2007</b>					
<b>Segment revenue</b>					
Total external sales	694,179	282,535	42,861		
Less intrasegment sales	- 142,771	- 32,756	- 1,838		
	551,408	249,779	41,023		
Intersegment sales	- 30,750	- 53,724	- 15,674		
<b>Total</b>	<b>520,658</b>	<b>196,055</b>	<b>25,349</b>	<b>0</b>	<b>742,062</b>
<b>Segment result (EBIT)</b>					
From continuing business segments	50,884	25,761	3,105		
From discontinued business segments	0	0	0		
<b>Total</b>	<b>50,884</b>	<b>25,761</b>	<b>3,105</b>	<b>- 845</b>	<b>78,905</b>
<b>Other information</b>					
Investments	471,045	10,333	2,989	0	484,367
Depreciation and amortization	32,686	4,833	562	0	38,081
Non-cash expenses	2,979	1,697	322	0	4,998
<b>Balance sheet</b>					
Segment assets	862,144	126,602	20,934	- 13,034	996,646
Segment liabilities	108,848	22,234	3,030	- 628	133,484

in € K	Europe	Americas	Asia	Consolidation	Group
<b>2006</b>					
<b>Segment revenue</b>					
Total external sales	539,456	283,455	38,349		
Less intrasegment sales	- 117,160	- 27,419	- 2,775		
	422,296	256,036	35,574		
Intersegment sales	- 31,233	- 51,069	- 12,327		
<b>Total</b>	<b>391,063</b>	<b>204,967</b>	<b>23,247</b>	<b>0</b>	<b>619,277</b>
<b>Segment result (EBIT)</b>					
From continuing business segments	43,955	31,731	1,669		
From discontinued business segments	0	0	0		
<b>Total</b>	<b>43,955</b>	<b>31,731</b>	<b>1,669</b>	<b>- 693</b>	<b>76,662</b>
<b>Other information</b>					
Investments	38,137	17,941	1,380	0	57,458
Depreciation and amortization	17,931	5,102	528	0	23,561
Non-cash expenses	5,162	1,900	219	0	7,281
<b>Balance sheet</b>					
Segment assets	296,560	119,683	21,193	- 14,664	422,772
Segment liabilities	63,686	23,620	2,115	- 26	89,395

### Secondary segmentation (business segments)

in € K	2007	2006
<b>Segment revenue from external customers</b>		
Light Equipment	408,170	391,417
Compact Equipment	179,480	88,220
Services	159,657	144,655
	747,307	624,292
Less cash discounts	- 5,245	- 5,015
<b>Total</b>	<b>742,062</b>	<b>619,277</b>

# Notes to the Consolidated Financial Statements

## General information on accounting standards

Wacker Construction Equipment AG has its headquarters in Munich, Germany, at Preussenstrasse 41, and is registered in the local German Commercial Register in Munich (“Handelsregister München”) under Section B, No. 144236.

Trading in Wacker Construction Equipment AG shares commenced on May 2007 in the Prime Standard segment of the German stock exchange on the Regulated Market. Wacker Construction Equipment AG has been listed in the SDAX since September 2007.

The financial statements for fiscal 2007 (which include previous year figures) were prepared in accordance with the International Accounting Standards (IAS) as approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS) as interpreted by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, and the additional requirements of the German Commercial Code (HGB) set forth in Section 315a Paragraph 1. All valid and binding standards for fiscal 2007 have been applied and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

IFRS 7 (Financial Instruments: Disclosures) was issued in January 2006 by the IASB and is mandatory for reporting periods starting on or after January 1, 2007. These new disclosure requirements for financial instruments are applied to the consolidated financial statements for 2007 and the comparative period 2006.

IFRIC 11 (Group and Treasury Share Transactions) is mandatory for fiscal years starting on or after March 1, 2007. The Group has applied this new regulation voluntarily in the 2007 consolidated financial statements. This did not result in any changes to the consolidated financial statements.

IFRS 8 (Operating Segments) was issued on November 30, 2006, by the IASB and adopted by the EU on November 21, 2007, and will be mandatory for fiscal years starting on or after January 1, 2009. IFRS 8 regulates financial and descriptive reporting of information relating to segments required to disclose

information on their operations. In these Consolidated Financial Statements, the Group reports its segments in accordance with IAS 14. These are structured geographically according to the headquarters of each affiliate. This approach reflects the company’s management structures and represents the risk and profit structure of its operations worldwide. Application of IFRS 8 (which the Group will commence after January 1, 2009) would not result in any fundamental changes in segment structure based on affiliate headquarters, but would result in additional explanations and notes.

The Consolidated Financial Statements of the Group comprise the consolidated income statement, the consolidated balance sheet, the notes to the Consolidated Financial Statements, the consolidated cash flow statement, as well as the consolidated statement of changes in equity. In addition, a Group Management Report was prepared in accordance with Section 315a of the German Commercial Code.

The Consolidated Financial Statements have been prepared in euros. The figures are presented in thousand euros (EUR K), rounded to the nearest thousand, unless otherwise stated.

The consolidated income statement was prepared in the “cost-of-sales” format.

## Line of business

Founded in 1848, today Wacker Construction Equipment AG is a leading global manufacturer of high-quality light construction equipment (weighing up to approximately 3 tons) and compact construction equipment (weighing up to approximately 14 tons). The Wacker Group provides a comprehensive one-stop offering, extending from development and production through sales and rentals to repairs and service. The entire product portfolio comprises over 300 product groups. Following the merger with NEUSON KRAMER Baumaschinen AG and its affiliates in 2007, the new consolidated Group will start offering its products and services under the new main brand “Wacker Neuson” in 2008. The company will also continue to market some compact equipment under the “WEIDEMANN” and “KramerAllrad” brands in the future. Furthermore, the company CLAAS Global Sales GmbH, which has an indirect 5.1 percent stake in Kramer-Werke GmbH, distributes telescopic loaders developed and manufactured by Kramer in the agricultural industry under the brand “CLAAS”. This is due to a supply contract concluded with Kramer-Werke GmbH.

### Closing date

The closing date for all companies included in the Consolidated Financial Statements is December 31 of the respective year. The current accounting period is January 1, 2007 through December 31, 2007.

### Consolidation structure

In addition to the parent company, Wacker Construction Equipment AG, the Consolidated Financial Statements of the Wacker Group include the following companies. For each of these companies Wacker Construction Equipment AG holds 100 percent of the voting rights, either directly or by proxy:

Company Name	City	Country	Region
NEUSON KRAMER Baumaschinen AG	Leonding	Austria	Europe
Drillfix AG	Brugg	Switzerland	Europe
Nippon Wacker Co., Ltd.	Tokyo	Japan	Asia
OOO Wacker Constructions Equipment GUS	Moscow	Russia	Europe
P. Wacker Danmark A/S	Karlsunde	Denmark	Europe
Wacker Australia PTY. Limited	Melbourne	Australia	Asia
Wacker Corporation	Menomonee Falls	USA	Americas
Wacker Machinery (HK) Limited	Hongkong	China	Asia
Wacker stavební stroje, spol. s.r.o.	Prague	Czech Republic	Europe
Wacker Maquinas (Chile) Limitada	Santiago	Chile	Americas
Wacker Canada Ltd.	Mississauga	Canada	Americas
Wacker Iberica Construction Equipment S.A.	Madrid	Spain	Europe
Wacker-Koneet Finland Oy	Kerava	Finland	Europe
Wacker France S.A.	Paris	France	Europe
Wacker (Great Britain) Limited	London	Great Britain	Europe
Wacker-Baumaschinen GmbH	Vienna	Austria	Europe
Wacker Máquinas Ltda.	Jundiaí, SP	Brazil	Americas
Wacker Macchinari Italia S.r.l.	Bologna	Italy	Europe
Wacker Maquinaria, S.A. de C.V.	Mexico City	Mexico	Americas
Wacker Machinery Philippines, Inc.	Manila	Philippines	Asia
Wacker Benelux B.V.	Amersfoort	The Netherlands	Europe
Wacker Maskiner Norge AS	Oslo	Norway	Europe
Wacker Machinery (N.Z.) Limited	Auckland	New Zealand	Asia
Wacker Maszynny Budowlane Sp. z o.o.	Warsaw	Poland	Europe
Wacker South Africa (Proprietary) Limited	Johannesburg	South Africa	Europe
Wacker Byggmaskiner AB	Malmö	Sweden	Europe
Wacker Baumaschinen AG	Zurich	Switzerland	Europe
Wacker Machinery (Thailand) Company Limited	Bangkok	Thailand	Asia
Wacker Makinalari Limited Şirketi	Istanbul	Turkey	Europe
Wacker Építgépek Hungária Kft.	Budapest	Hungary	Europe
Wacker Ireland Limited	Dublin	Ireland	Europe
Weidemann GmbH	Diemelsee-Flechtdorf	Germany	Europe

NEUSON KRAMER Baumaschinen AG results from October 1, 2007 through December 31, 2007 are included in the consolidated earnings statement. The consolidation structure of NEUSON KRAMER Baumaschinen AG, parent company of the Neuson Kramer subgroup (Europe region), comprises the following companies (level of indirect or direct interest shown):

- NEUSON KRAMER Baumaschinen AG (parent company)
- NEUSON Baumaschinen GmbH (100 percent)
- NEUSON Finance GmbH (100 percent)
- NEUSON KRAMER Finance Immorent GmbH (98 percent)
- Stambach Baumaschinen GesmbH (100 percent)
- Neuson Ltd. (100 percent)
- Kramer-Werke GmbH (95 percent)
- STG Stahl- und Maschinenbautechnik Gutmadingen GmbH (95 percent)
- PADEM Grundstücks-Vermietungsgesellschaft mbH & Co Objekt Gutmadingen KG (90 percent)

The following companies are not included in the consolidation structure:

- Kramer Allrad of North of America Inc. (95 percent)
- Kramer Allrad France S.A.R.L. (95 percent)
- Haus + Wohnen Immobilien GmbH (95 percent)
- Kramer Wohnungsbau GmbH (95 percent)
- Prose d.o.o. (100 percent)
- NK Administration s.r.l. (100 percent)
- NK Administration Ltd. (100 percent)

Furthermore, the Consolidated Financial Statements include EQUIPRO Inc., Germantown, USA, which is a wholly-owned subsidiary of the Wacker Corporation founded on March 27, 2003. Likewise, Wacker Machinery Trading (Shenzhen) Ltd. Co., Shenzhen, China, was included as a wholly owned subsidiary of Wacker Machinery (H.K.) Limited, Hong Kong, China. Ground Heaters, Inc., Spring Lake, Michigan, USA, a wholly owned subsidiary of the Wacker Corporation was also included.

### Consolidation principles

The Consolidated Financial Statements are based on the annual financial statements of the companies included, which were prepared in accordance with IFRS.

The annual financial statements of the consolidated domestic and foreign companies were prepared according to the uniform accounting and valuation methods of Wacker Construction Equipment AG.

Equity is consolidated according to the acquisition method. For the first consolidation of subsidiaries acquired after January 1, 2003, all identifiable assets, liabilities and contingent liabilities of the acquired companies are recognized at fair values.

After reevaluation of all hidden assets and liabilities of companies acquired after January 1, 2003, any credit balances remaining are capitalized as goodwill resulting from the equity consolidation and are subjected to an annual impairment test. Any debit differences are booked in accordance with IFRS 3 to unappropriated retained earnings so they have no impact on the financial result.

Intercompany receivables and payables as well as purchases and sales between consolidated Group companies are eliminated. Group inventories and fixed assets are adjusted to reflect intercompany profits.

Consolidation transactions affecting income are subject to deferred tax. Deferred tax assets and deferred tax liabilities are set off against each other, provided that the term of payment and the creditors are the same.

### Exchange differences

The annual financial statements of the foreign subsidiaries have been translated into euros according to the concept of the functional currency. The functional currency is taken to refer to the relevant national currency. Thus, assets and liabilities are translated at the spot rates of exchange effective at the balance sheet date, whereas the items of the income statement are translated at the average annual rates of exchange.

Exchange differences arising from the application of different exchange rates for balance sheet and income statement are recorded directly as a separate item of equity so they have no impact on the financial result.

1 euro equals		2007	2006	2007	2006
		Annual Average Rates		Rates at Closing Date	
Australia	AUD	1.6361	1.6679	1.6775	1.6681
Brazil	BRL	2.6604	2.7455	2.6205	2.8138
Canada	CAD	1.4651	1.4259	1.4440	1.5294
Chile	CLP	719.4833	670.7750	732.4000	704.4000
Czech Republic	CZK	27.6900	28.2317	26.5750	27.4350
Denmark	DKK	7.4511	7.4591	7.4581	7.4558
Great Britain	GBP	0.6873	0.6819	0.7346	0.6714
Hong Kong	HKD	10.7562	9.8114	11.4760	10.2484
Hungary	HUF	251.3558	264.1650	252.3250	251.6750
Japan	JPY	162.0433	146.7517	165.0000	156.6500
Mexico	MXN	15.0650	13.7850	16.0700	14.3200
New Zealand	NZD	1.8621	1.9434	1.9003	1.8740
Norway	NOK	8.0027	8.0461	7.9650	8.2400
Philippines	USD	1.3790	1.2631	1.4716	1.3181
Poland	PLN	3.7834	3.9074	3.5928	3.8413
Russia	RUB	34.8396	33.9833	35.9950	34.2400
South Africa	ZAR	9.6862	8.6303	10.0300	9.2150
Sweden	SEK	9.2628	9.2523	9.4350	9.0430
Switzerland	CHF	1.6461	1.5768	1.6557	1.6080
Thailand	THB	44.3608	47.5250	43.8250	46.7650
Turkey	TRY	1.7826	1.8171	1.7135	1.8775
USA	USD	1.3790	1.2631	1.4716	1.3181

Concerning exchange differences without effects on profits, please refer to the statement of changes in equity.

### Accounting and valuation methods

#### Realization of profits

For contracts for the sales of goods, profits are realized when the goods have been delivered (passing of risk), whereas profits arising from the provision of services are realized on completion of the contracted work. Operating expenses are recognized when the service has been rendered, or at the date the costs are incurred. Interest income is accrued based on the outstanding principal of the loan and the applicable interest rates. The borrowing costs are recognized in the period in which they are incurred according to the benchmark method.

### Property, plant, and equipment

In accordance with IAS 16, tangible assets are valued at acquisition costs less scheduled straight-line depreciation. For a limited number of existing items, the declining balance method for depreciation was employed.

The individual tangible asset groups are depreciated over the following useful lives, applying the straight-line depreciation method:

in years	Useful life
Land and buildings	5 – 66
Machinery and equipment	2 – 12
Office and other equipment	3 – 15

### Investment property

Land and buildings held for the purpose of generating rental revenue are disclosed at net book value, whereby the respective useful life employed for depreciation (straight-line, according to pro rata temporis) corresponds to fixed assets in use.

### Goodwill/acquisitions

Acquisitions are reported according to the acquisition method. Consequently, income of the acquired company is included in the Consolidated Financial Statements of the Group starting from the date of acquisition. For foreign companies that are acquired or founded, related acquisition costs are converted to euros at the spot rate effective at the date of purchase.

The disclosed goodwill undergoes an impairment value test at the end of the accounting period in order to verify the value of the amount reported on the balance sheet. In accordance with IFRS 3, the goodwill is not subject to scheduled straight-line amortization.

### Intangible assets

Other intangible assets are capitalized at acquisition cost and amortized on a straight-line basis assuming a projected useful life of three years for software or the individual lifetimes of the respective patents, licenses, technologies and order volumes. Intangible assets having an unlimited useful life are not subject to amortization but are tested for impairment at least once a year.

Financing costs are not capitalized.

### Leasing

#### When the Group is the lessee

Leasing transactions regarding tangible assets in which companies of the Wacker Group as a lessee bear all material risks and rewards from the use of the leased object are treated as finance leases according to IAS 17. In such cases, the lessee recognizes the leased object as an asset in the balance sheet and the payment obligation of future lease installments is disclosed as a liability item. Treatment as a finance lease leads to a depreciation expense on the income statement, dependent upon the useful life of the leased object, and the related interest expense.

All other leasing contracts are classified as operating leases. In such cases, the leasing installments or the rental payments are shown as an expense in the income statement.

#### When the Group is the lessor

Leasing contracts are classified as finance leases if the lease agreement transfers all material risks and rewards associated with the leased object to the lessee. All other leasing contracts are classified as operating leases. Amounts to be paid by lessees resulting from finance leases are entered as receivables in the amount of the net investment value ensuing from the leasing contract. Income from finance lease contracts is distributed across accounting periods in such a way that that regular periodic interest is recognized on the outstanding net investment value resulting from leasing contracts. Rental income from operating lease contracts is distributed and reflected in the balance sheet on a straight-line basis over the duration of the relevant leasing contract. Initial direct costs attributable to the negotiation and conclusion of a leasing contract are to be allocated to the book value of the leased asset and distributed on a straight-line basis over the duration of the leasing contract.

### Inventories

Inventories of work in process and finished products, as well as raw materials and supplies, are valued at their acquisition and manufacturing costs respectively, in accordance with IAS 2. As far as the acquisition and manufacturing costs of inventories are above fair value, they will be written down to net realizable value at the balance sheet date. The net realizable value is the estimated sales price under normal business conditions, less the estimated manufacturing and sales costs. To the extent that the net realizable value of formerly written-down inventories has increased, corresponding write-ups will be made.

In determining acquisition costs, incidental acquisition costs are added, and rebates to purchase prices are deducted.

Manufacturing costs include all expenses which are allocable directly or indirectly to the manufacturing process. Borrowing costs are not included in manufacturing costs.

Acquisition and manufacturing costs for inventories were, for the main part, determined assuming that those assets which were acquired first will also be consumed first (FIFO method). The moving average cost procedure is also used to simplify the valuation procedure.

Production orders are not included.

## Financial instruments and hedging transactions

### Derivative financial instruments

The Wacker Group utilizes financial instruments such as foreign exchange forward contracts and options as well as interest rate swaps exclusively for hedging purposes and for the minimization of risks. Financial instruments without a corresponding underlying transaction are not carried out.

Derivative financial instruments are capitalized initially at acquisition cost when the contract is entered into. Subsequently, they are valued at fair value as of the closing date.

Derivative financial instruments are utilized to hedge against interest rate risks and raw material price risks. The goal of hedging activities is to reduce risks arising from variable interest rate borrowing and fluctuating raw material prices. Their maturities are termed to match the terms of the corresponding underlying transactions, and range from several days to several years.

The fair value of derivative financial instruments is the price at which one party would assume the rights and/or obligations from another party. The fair values are based on market information available at the balance sheet date applying valuation methods customary in the market as follows:

- Interest rate contracts are valued by discounting the expected cash flow over the remaining maturity, whereby current interest rate curves are taken as the basis
- Contracts for hedging risks against price fluctuation in natural gas prices are valued based on current forward natural gas contracts

Recognition of gains and losses from derivative financial instruments is subject to the requirements for hedge accounting asset forth in IAS 39. To this end, upon initiation of such a transaction, both the hedging instrument and the underlying transaction are compared and the goals for risk management and the underlying strategy are documented. The Group verifies initially and continually whether or not the derivatives in a hedging relationship will effectively compensate for the changes in cash flow of the underlying transactions.

The financial instruments employed by the Wacker Group are treated as cash flow hedges in the balance sheet where changes in fair value are recorded directly in equity.

### Non-derivative financial instruments

Non-derivative financial instruments as disclosed on the assets side of the balance sheet comprise investments, marketable securities, loans and receivables. These items are valued either at amortized costs or at fair value (marketable securities). Assets are recognized in the balance sheet for the first time when a company of Wacker Construction Equipment AG becomes a party to a contract. Assets are derecognized upon transfer of ownership or expiration of contractual rights to cash flows.

The carrying amounts of assets valued at amortized cost are verified if there are any indications that the book value exceeds the useful value or the net realizable value (impairment test). Should the book value exceed the net realizable value, the asset is written down.

Investments and loans are recognized at acquisition cost, less, if necessary, amortization. If the reason for amortization no longer holds true, write-ups are made. Long-term loans on which no interest or below-market interest rates are charged are discounted at the interest rate applicable for risk-free securities.

Trade receivables and other receivables are recognized at their nominal values less allowance for doubtful accounts based on the probable default risk. Long-term receivables are discounted at standard interest rates.

Credit balances with financial institutions are recognized at their nominal values. Liabilities are valued at their nominal values or at their higher repayment amounts effective at the closing date. Long-term liabilities for which either no interest payments or below-market interest payments are to be made and the amounts of which fall due after more than one year are discounted as of the balance sheet date. Financial liabilities are recognized in the balance sheet for the first time when a company of Wacker Construction Equipment AG becomes a party to a contract. Financial liabilities are derecognized when paid.

Financial instruments are contracts which include a payment claim. In accordance with the regulations of IAS 32, they comprise non-derivative financial instruments such as trade receivables and trade payables, or other receivables and payables resulting from financing transactions. They also include derivative financial instruments which are employed to hedge against currency risks, interest risks or price fluctuations.

Financial assets are recognized as of the day of performance.

### Research and development

Research costs are expensed in the consolidated income statement in the period in which they are incurred. Development costs are capitalized provided that the total development costs fulfill IAS 38.57 requirements. These capitalized development costs are amortized over a period of four to five years. Amortization is taken using the straight-line method.

### Marketable securities

Marketable securities are recognized at fair value through profit or loss if they are held for trading or designated at fair value through profit or loss. Marketable securities are classified under the category “held for trading” if they were primarily obtained for the purpose of sale in the short term. When first recognized, marketable securities are designated at fair value through profit or loss if they are part of group of financial assets that are managed under a documented risk management or investment strategy and if their performance is evaluated based on their current fair value, and information about this portfolio’s performance is distributed internally.

### Trade receivables and assets

Both trade receivables and other assets are principally valued at amortized costs. They are, as a rule, valued at nominal value prior to allowances for uncollectible accounts, and are classified in the category “loans and receivables”, provided they are financial instruments. Allowances are recognized for the full amount for those receivables and other current assets for which there is a high probability of default. Furthermore, general credit, interest and cash discount risks are recognized.

### Cash and cash equivalents

Cash and cash equivalents belong to the category “loans and receivables” and are recognized at current value, which for liquid funds in euro is equivalent to the nominal value.

### Pensions and similar obligations

Provisions for pensions and similar obligations from defined benefit plans are recognized following the Projected Unit Credit Method, taking into consideration future adjustments in remuneration payments and in pensions in compliance with the regulations as set forth in IAS 19.

Pension obligations in Germany are calculated using the demographic tables for 2005 G developed by Prof. Klaus Heubeck.

Pension obligations abroad are calculated using accounting principles and parameters specific to the corresponding country.

Provisions for pensions as disclosed in the balance sheet are from the value of the actual pension obligations less the fair value of plan assets as of the balance sheet date. Actuarial gains and losses are recognized according to the 10 percent corridor rule.

Service cost for vested rights to future pension payments results from the changes in the present value of the obligation.

The interest portion of the increase in pension provisions is, for the main part, disclosed under financial results.

Payments under defined contribution plans are recognized directly as an expense.

### Other provisions

Other provisions are recognized in accordance with IAS 37 when a present legal or constructive obligation as a result of a past event exists, when it is probable that an outflow of resources with economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Other provisions are made for all recognizable obligations. Valuation and recognition are based on the best estimate of the amounts involved.

Other provisions are set up for all recognizable risks as well as for all contingent liabilities in the amount of the probable occurrence. Long-term provisions, for the main part, accumulate interest at a rate of 4.5 percent or 5.5 percent per annum.

### Financial liabilities

Financial liabilities are recognized at amortized cost by applying the effective interest method and are disclosed under financial liabilities recognized at amortized cost.

### Deferred tax

With respect to temporary differences between valuations for tax purposes and balance sheet purposes, for consolidation transactions affecting income as well as for tax loss carry-forwards, deferred tax assets and liabilities are recognized.

Deferred tax assets concerning tax loss carry-forwards have been recognized only to the extent to which reductions are likely to arise. There was no deferred tax recognized for loss carry-forwards in the current year.

Deferred tax is calculated at the tax rate valid or approved at the balance sheet date of the company likely to be affected by the deferral.

### Material discretionary decisions, estimates, and assumptions

In preparing the financial statements, management is required to make discretionary decisions, estimates and assumptions for the amounts recognized under receivables, liabilities and provisions, and the reporting of contingent liabilities as well as reported income and expenses. The actual results can deviate from this.

### Explanatory comments on the income statement

#### 1 Sales

With respect to the presentation and composition of sales by geographic regions and by business segments, please refer to the segment report.

#### 2 Other income

in € K	2007	2006
Foreign exchange gains	2,727	4,600
Proceeds from sale of property, plant and equipment	403	1,858
Insurance reimbursements	370	160
Recovery of receivables written off	75	89
Rental income on investment property	103	16
Other income	4,743	2,982
<b>Total</b>	<b>8,421</b>	<b>9,705</b>

Income from previous years generated by Wacker affiliate Weidemann GmbH and amounting to EUR K 1,721 is included in other income for the current fiscal year. This amount originates from the settlement of a legal dispute with the company's previous owner. Other income also includes, for the most part, income from subsidies in a German program for part-time work for employees getting close to the retirement age and onwards billing.

#### 3 Personnel expenses

The expenses for pensions include the expense for pension benefits without the interest portion of the additions to provisions for pensions which is recognized under financial results.

Personnel expenses are composed as follows:

in € K	2007	2006
Wages and salaries	130,869	120,711
Social security contributions	23,414	17,582
Other personnel costs	9,138	8,013
Expenses for pensions	4,351	2,232
<b>Total</b>	<b>167,772</b>	<b>148,538</b>

The item wages and salaries includes redundancy payments to the following extent:

in € K	2007	2006
Redundancy payments	935	340

The average number of employees is as follows:

	2007	2006
Management	44	39
Administration	294	234
Sales	818	700
Service	630	534
Logistics	270	190
Production and technology	1,435	984
Other	162	111
<b>Total</b>	<b>3,653</b>	<b>2,792</b>

#### 4 Other operating expenses

in € K	2007	2006
Losses on the disposal of property, plant and equipment	371	522
Realized exchange losses	2,268	2,592
Other expenses	220	320
<b>Total</b>	<b>2,859</b>	<b>3,434</b>

#### 5 Financial result

in € K	2007	2006
Interest and similar income	5,618	1,889
Unrealized gains and losses	505	0
Income on disposals of financial assets	1,368	1,014
Interest and similar expenses	- 8,151	- 3,412
<b>Total</b>	<b>- 660</b>	<b>- 509</b>

Interest expenses include expenses for interest resulting from finance lease contracts in the amount of EUR K 72 (2006: EUR K 24). Interest income from finance leases in the amount of EUR K 640 (2006: EUR K 0) is included in interest and similar income.

Profit/loss arising from changes in the fair value of derivative financial instruments as part of cash flow hedging was recognized under equity during fiscal year with no effect on income.

#### 6 Taxes on income

The expense for taxes on income is composed of as follows:

in € K	2007	2006
Current tax expense	29,073	29,095
Deferred tax expense	- 4,931	- 1,490
<b>Total</b>	<b>24,142</b>	<b>27,605</b>

Reconciliation of calculated tax to actual tax expense:

in € K	2007	2006
EBT	78,245	76,153
Tax at the applicable tax rate 38.29%	29,960	29,159
Change in tax rate (Germany)	- 4,660	0
Variance in tax rates	- 388	- 3,150
Tax effects of non-deductible expenses and tax-exempt income	1,063	707
Other	- 1,833	889
<b>Total</b>	<b>24,142</b>	<b>27,605</b>

The calculated taxes on income result by applying the Group's unified tax rate of 38.29 percent to profit before tax (EBT).

The tax rate for the parent company is based on a tax rate of 16.19 percent for trade tax on income (rate of assessment: 386.36 percent), a 25 percent corporate income tax rate and a solidarity surcharge amounting to 5.5 percent. It is calculated by taking into account the deductibility of trade tax on income for the assessment concerning corporate income tax.

The future tax rate was used for deferred taxes due to the German corporate tax reform. This resulted in a reevaluation of deferred tax. In the case of the parent company, including the Neuson Kramer subgroup, this resulted in income totaling EUR 4.7 million in fiscal 2007. In the future, we expect a corporate income tax rate of 15 percent and a solidarity surcharge of 5.5 percent. Trade tax on income will no longer be deductible for the assessment concerning corporate income tax. Trade tax will be set at a uniform 3.5 percent. We therefore expect a Group-wide tax rate of 29.46 percent for fiscal 2008.

Deferred taxes from derivative financial instruments and marketable securities held for the purpose of sale in the amount of EUR K 240 (2006: EUR K 309) were recognized directly in equity.

Deferred tax assets and liabilities are allocated to the following balance sheet items:

in € K	2007	2006
<b>Deferred tax assets</b>		
Provisions for pensions	1,063	154
Property, plant and equipment	1,827	847
Loss carry-forwards	265	145
Inventories	6,580	5,062
Other	809	344
Liabilities	359	237
Receivables	91	96
<b>Total</b>	<b>10,994</b>	<b>6,885</b>
<b>Deferred tax liabilities</b>		
Other intangible assets	- 24,797	- 11,831
Property, plant and equipment	- 7,762	- 4,489
Inventories	- 2,446	- 1,706
Provisions for pensions	1,144	1,056
Other	137	488
<b>Total</b>	<b>- 33,724</b>	<b>- 16,482</b>

Actual income tax receivables as of the balance sheet date were balanced at EUR K 2,126 (2006: EUR K 1,770).

Deferred tax recognized in the consolidated balance sheet arises from the deferred tax as booked by the individual companies. Deferred tax assets and liabilities were netted at the level of the individual company as appropriate. This netting is accounted for in the above table by the positive amounts under the heading deferred tax liabilities.

In 2006, a deferred tax claim in the amount of EUR K 581 was written down, as it has become unlikely that the claim will be realized. The tax losses not yet utilized for which no deferred tax claim was recognized in the balance sheet amount to EUR K 12,571 (2006: EUR K 12,708).

With respect to deferred tax assets, EUR K 241 (2005: EUR K 182) are allocable to individual companies which incurred losses in the current or prior reporting period. The reason for the capitalization lies in the improved earnings situation in the years following.

## 7 Earnings per share

	2007	2006
Profit for the period attributable to shareholders in € K	54,126	48,548
Weighted average number of shares outstanding during current period in thousand shares	49,249	40,830
<b>Undiluted earnings per share in €</b>	<b>1.10</b>	<b>1.19</b>
<b>Diluted earnings per share in €</b>	<b>1.10</b>	<b>1.19</b>

According to IAS 33, the earnings per share are the result of the division of earnings for the current period attributable to the shareholders of Wacker Construction Equipment AG by the weighted average number of shares outstanding.

## Explanatory comments on the balance sheet

### 8 Property, plant and equipment

in € K	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account	Total
<b>Acquisition costs</b>					
Balance at January 1, 2007	116,380	147,476	52,844	9,453	326,153
Currency translation differences	- 2,474	- 3,770	- 1,128	- 84	- 7,456
Additions from change in consolidation structure	25,521	541	3,181	4,812	34,055
Additions	4,820	31,982	6,182	31,040	74,024
Retirements	- 116	- 25,314	- 7,011	- 140	- 32,581
Transfers	8,078	4,819	886	- 13,792	- 9
<b>Balance at December 31, 2007</b>	<b>152,209</b>	<b>155,734</b>	<b>54,954</b>	<b>31,289</b>	<b>394,186</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2007	46,506	90,520	41,601	0	178,627
Currency translation differences	- 861	- 2,802	- 889	0	- 4,552
Additions	3,167	18,865	4,498	0	26,530
Retirements	- 100	- 21,588	- 6,600	0	- 28,288
Transfers	0	0	0	0	0
<b>Balance at December 31, 2007</b>	<b>48,712</b>	<b>84,995</b>	<b>38,610</b>	<b>0</b>	<b>172,317</b>
<b>Book value on December 31, 2006</b>	<b>69,874</b>	<b>56,956</b>	<b>11,243</b>	<b>9,453</b>	<b>147,526</b>
<b>Book value on December 31, 2007</b>	<b>103,497</b>	<b>70,739</b>	<b>16,344</b>	<b>31,289</b>	<b>221,869</b>

in € K	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account	Total
<b>Acquisition costs</b>					
Balance at January 1, 2006	117,527	135,418	57,515	3,075	313,535
Currency translation differences	- 3,228	- 4,129	- 1,563	- 1	- 8,921
Additions from change in consolidation structure	46	719	90	0	855
Additions	1,922	26,472	4,870	8,273	41,537
Retirements	- 1,993	- 12,792	- 8,124	- 33	- 22,942
Transfers	2,105	1,788	56	- 1,861	2,088
<b>Balance at December 31, 2006</b>	<b>116,380</b>	<b>147,476</b>	<b>52,844</b>	<b>9,453</b>	<b>326,153</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2006	44,097	89,961	46,894	0	180,952
Currency translation differences	- 866	- 3,026	- 1,216	0	- 5,108
Additions	3,253	14,844	3,646	0	21,743
Retirements	- 617	- 11,259	- 7,723	0	- 19,599
Transfers	639	0	0	0	639
<b>Balance at December 31, 2006</b>	<b>46,506</b>	<b>90,520</b>	<b>41,601</b>	<b>0</b>	<b>178,627</b>
<b>Book value on December 31, 2005</b>	<b>73,430</b>	<b>45,457</b>	<b>10,621</b>	<b>3,075</b>	<b>132,583</b>
<b>Book value on December 31, 2006</b>	<b>69,874</b>	<b>56,956</b>	<b>11,243</b>	<b>9,453</b>	<b>147,526</b>

Amounts recognized for land and buildings as well as office and other equipment include the book values of finance leasing contracts.

**9 Investment properties**

The table below shows the development of the investment properties during the years 2006 through 2007:

in € K	2007	2006
<b>Acquisition costs</b>		
Balance at January 1	38	2,138
Currency translation differences	- 3	0
Additions from change in consolidation structure	2,112	0
Additions	0	0
Retirements	0	0
Transfers	0	- 2,100
<b>Balance at December 31</b>	<b>2,147</b>	<b>38</b>
<b>Accumulated depreciation</b>		
Balance at January 1	0	629
Additions	42	10
Retirements	0	0
Transfers	0	- 639
<b>Balance at December 31</b>	<b>42</b>	<b>0</b>
<b>Book value on January 1</b>	<b>38</b>	<b>1,509</b>
<b>Book value on December 31</b>	<b>2,105</b>	<b>38</b>

In April 2006, Wacker South Africa (Prop.) Ltd. rented an undeveloped tract of its land in Florida, South Africa, to a third party. A five-year contract with an option to extend was concluded. An additional tract of developed land in Gutmadingen is now also disclosed as investment property as a result of the 2007 merger with the Neuson Kramer Group. This land is rented to a third party.

The property in South Africa is currently valued at EUR K 48. This amount was calculated based on official market prices. The current value of the developed property in Gutmadingen corresponds to the book value. This was calculated on the basis of the income accruing through continued tenancy. This investment property has a useful life of 17 years and is amortized using the straight-line method.

The profit derived from investment property is shown in the table below:

in € K	2007	2006
Rental income	103	23
Depreciation and amortization	- 42	- 10
Other expenses	- 134	- 5
<b>Total</b>	<b>- 73</b>	<b>8</b>

**10 Intangible assets****a) Goodwill**

On October 1, 2007, Wacker Construction Equipment AG merged with the Neuson Kramer Group. Please refer to section 17) "Equity" of these notes for further information on the legal aspects of the merger and the number of shares issued. In total, 100 percent of the shares were purchased. The acquisition costs are determined by valuing each tranche of shares issued or transferred at the Xetra closing price on the date the capital increase by means of contributions in kind was entered in the Register of Companies. The fair value of the equity instruments issued amounted to EUR K 450,831.

The acquisition costs at December 31, 2007 were EUR K 451,665, including EUR K 834 incidental expenses. The breakdown of acquisition costs for the acquired net assets and goodwill is shown in the following table:

in € K	Book value after acquisition
Acquisition costs without assumption of liabilities	450,831
Incidental expenses	834
Purchase price	451,665
Fair value of acquired net assets	- 158,296
Net assets attributable to minority interests	612
<b>Goodwill</b>	<b>293,981</b>

The purchase price is allocated to the acquired assets and liabilities as at the date of acquisition as follows:

in € K	Book value prior to acquisition	Adjustment amount	Book value after acquisition
Property, plant and equipment	28,351	5,704	34,055
Investment property	2,112	0	2,112
Goodwill	3,139	290,842	293,981
Intangible assets – brand	0	42,838	42,838
Intangible assets – order volume	0	9,333	9,333
Intangible assets – technology	0	18,963	18,963
Intangible assets – other	4,244	0	4,244
Financial assets	1,570	- 94	1,476
Other non-current assets	21,887	0	21,887
Deferred taxes	3,307	0	3,307
Inventories	55,288	4,795	60,083
Other current assets (excluding liquid funds)	78,948	0	78,948
Marketable securities	11,866	0	11,866
Liquid funds	7,093	0	7,093
Financial liabilities	- 46,562	1,252	- 45,310
Deferred taxes	- 3,257	- 21,859	- 25,116
Provisions	- 18,735	- 576	- 19,311
Other liabilities	- 46,481	0	- 46,481
Minority interests	- 1,691	- 612	- 2,303
<b>Purchase price</b>	<b>101,079</b>	<b>350,586</b>	<b>451,665</b>
Assumed financial liabilities			38,217
<b>Net of funds from acquisition</b>			<b>489,882</b>

Goodwill includes the current value estimated in respect of expected synergies resulting from the acquisition of the company and its know-how. The information is not itemized in accordance with IAS 38 due to lack of control and separability.

The income statement for the merged companies was affected during the period under review by writing down or realizing hidden assets and liabilities as follows:

in € K	Hidden assets and liabilities Oct. 01, 2007	Of which the following are recognized in the income statement to Dec. 31, 2007
Property, plant and equipment	5,704	- 87
Goodwill	290,842	0
Intangible assets	71,134	- 8,814
Financial assets	- 94	0
Inventories	4,795	- 2,591
Financial liabilities	1,252	- 77
Deferred taxes	- 21,859	3,480
Provisions	- 576	0
Minority interests	- 612	0
	<b>350,586</b>	<b>- 8,089</b>

As of December 31, 2007, the expected useful lives and residual book values of acquired other intangible assets from the merger are as follows:

	Book value on Oct. 01, 2007 in € K	Book value on Dec. 31, 2007 in € K	Useful life
Order volume	9,333	1,309	< 1 year
Brand	42,838	42,838	indefinite
Technology	18,963	18,173	5.75 years
	71,134	62,320	

Wacker Construction Equipment AG does not own the “Neuson” logo. This is owned by the PIN Private Trust (PIN Privatstiftung), which is part of the group founded by Chairman of the Supervisory Board Johann Neunteufel. With certain exceptions, however, the company has an exclusive, irrevocable and unlimited license to use this brand in conjunction with the name “Wacker”.

Since the date of acquisition, the NEUSON KRAMER Group generated profit after minority interests in the amount of EUR K 7,695 and sales to the value of EUR K 84,548.

Had the merger been completed at the beginning of the reporting year (or period under review), consolidated sales of the merged companies would have amounted to EUR K 979,534, and the consolidated profits of the merged companies would have amounted to EUR K 75,039.

The goodwill results from the acquisition of Weidemann GmbH in fiscal 2005 and Ground Heaters, Inc. in fiscal 2006 as well as the goodwill resulting from the merger with the Neuson Kramer Group in 2007. Goodwill developed as follows:

in € K	Goodwill
Balance at January 1, 2007	36,837
Foreign currency fluctuations	- 830
Subsequent purchase price adjustments resulting from the acquisition of Weidemann GmbH	- 4,312
Goodwill from the Neuson Kramer merger	293,981
<b>Goodwill at December 31, 2007</b>	<b>325,676</b>

The retrospective purchase price adjustment resulting from the acquisition of Weidemann GmbH was caused by a legal dispute between the company’s previous owners over the payment of remaining liabilities. The dispute was settled in 2007. According to the purchase agreement, the remaining liabilities were to be paid by Weidemann GmbH in the form of a reduction in purchase price.

In accordance with the regulations as set forth in IFRS 3, goodwill was not amortized. The goodwill as included in the Weidemann GmbH balance sheet which had already been amortized to EUR 1 was accounted for as initially recognized. The goodwill originally included in the balance sheet of the subgroup in the Neuson Kramer Group was incorporated in the goodwill realized for the Neuson Kramer Group as part of the initial consolidation process.

## b) Other intangible assets

in € K	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Payments on account	Total
<b>Acquisition costs</b>					
Balance at January 1, 2007	12,221	30,689	0	177	43,087
Currency translation differences	- 588	- 530	0	- 17	- 1,135
Additions from acquisitions	786	71,134	3,458	0	75,378
Additions	4,233	0	425	160	4,818
Retirements	- 193	0	0	- 24	- 217
Transfers	109	0	0	- 100	9
<b>Balance at December 31, 2007</b>	<b>16,568</b>	<b>101,293</b>	<b>3,883</b>	<b>196</b>	<b>121,940</b>
<b>Accumulated amortization</b>					
Balance at January 1, 2007	9,852	1,088	0	0	10,940
Currency translation differences	- 504	- 83	0	0	- 587
Additions	1,281	9,889	339	0	11,509
Retirements	- 142	0	0	0	- 142
Transfers	0	0	0	0	0
<b>Balance at December 31, 2007</b>	<b>10,487</b>	<b>10,894</b>	<b>339</b>	<b>0</b>	<b>21,720</b>
<b>Book value on December 31, 2006</b>	<b>2,369</b>	<b>29,601</b>	<b>0</b>	<b>177</b>	<b>32,147</b>
<b>Book value on December 31, 2007</b>	<b>6,081</b>	<b>90,399</b>	<b>3,544</b>	<b>196</b>	<b>100,220</b>

in € K	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Payments on account	Total
<b>Acquisition costs</b>					
Balance at January 1, 2006	12,235	25,012	0	226	37,473
Currency translation differences	- 634	- 431	0	- 21	- 1,086
Additions from acquisitions	47	6,108	0	0	6,155
Additions	813	0	0	55	868
Retirements	- 290	0	0	- 44	- 334
Transfers	50	0	0	- 39	11
<b>Balance at December 31, 2006</b>	<b>12,221</b>	<b>30,689</b>	<b>0</b>	<b>177</b>	<b>43,087</b>
<b>Accumulated amortization</b>					
Balance at January 1, 2006	9,670	199	0	0	9,869
Currency translation differences	- 511	- 21	0	0	- 532
Additions	898	910	0	0	1,808
Retirements	- 205	0	0	0	- 205
Transfers	0	0	0	0	0
<b>Balance at December 31, 2006</b>	<b>9,852</b>	<b>1,088</b>	<b>0</b>	<b>0</b>	<b>10,940</b>
<b>Book value on December 31, 2005</b>	<b>2,565</b>	<b>24,813</b>	<b>0</b>	<b>226</b>	<b>27,604</b>
<b>Book value on December 31, 2006</b>	<b>2,369</b>	<b>29,601</b>	<b>0</b>	<b>177</b>	<b>32,147</b>

Other intangible assets have useful lives ranging from three to twenty years. They are amortized on a scheduled straight-line basis over the respective useful lives.

Furthermore, other intangible assets have a value of EUR K 22,000 for the brand name resulting from the acquisition of Weidemann GmbH in 2005. Due to the strong market position of the Weidemann company, the brand name and trademark are considered to have an indefinite useful life.

Following the merger with the Neuson Kramer Group, EUR K 42,838 was recognized for the brand name. This is also considered to have an indefinite useful life due to the company's strong market position. In addition to the brand, intangible assets amounting to EUR K 9,333 from open orders and EUR K 18,963 from technology accrued to the Group.

Intangible assets created internally refer to capitalized development costs.

#### Depreciation and amortization

Depreciation and amortization amounts are included in the pertinent positions reported on the income statement: cost of sales, sales and service expenses, research & development expenses as well as general administrative expenses.

#### c) Impairment of goodwill and other intangible assets with indefinite useful lives

The goodwill and indefinite-lived Weidemann and Neuson brands obtained through the acquisition of Weidemann and the merger with Neuson were allocated for impairment testing to the following cash-generating units within the Americas or European segments, which are obliged to disclose reporting information:

- Wacker Corporation (subgroup/USA)
- Weidemann GmbH (Germany)
- NEUSON KRAMER Baumaschinen AG (subgroup/Austria)

The pro-rata book values break down as follows:

in € K	2007	2006
<b>Weidemann GmbH</b>		
Book value of goodwill	24,592	28,904
Book value of the indefinite-lived brand	22,000	22,000
<b>Wacker Corporation</b>		
Book value of goodwill	7,103	7,933
<b>NEUSON KRAMER Baumaschinen AG</b>		
Book value of goodwill	293,981	–
Book value of the indefinite-lived brand	42,838	–
<b>Total</b>		
Book value of goodwill	325,676	36,837
Book value of the indefinite-lived brand	64,838	22,000

The value of goodwill and the indefinite-lived brand is verified during the annual impairment test. For this purpose, the book value is compared with the useful value. The useful value is determined using the discounted cash flow method. Value is impaired if the useful value is lower than the book value. Impairment losses did not need to be written down in fiscal 2007.

The calculation of useful value is based on assumptions, which in turn are dependent on the following uncertain estimates:

- Free cash flow,
- Discount rates,
- Price increases for raw materials and supplies,
- Market shares in the reporting period,
- Underlying growth rates for cash-flow predictions outside of the budget period.

**Free cash flow** – Free cash flow is determined using the values that the affiliates budget for the next three fiscal years. During the first three years, it is increased based on expected efficiency gains; a constant free cash flow is projected for the following two years in line with the third year in the budget.

**Discount rates** – Discount rates reflect management’s assessment of the risks associated with cash-generating units. Includes a risk-free and risk-weighted rate. Discounting using the weighted average cost of capital (WACC) was applied at a rate of 12.67 percent (NEUSON KRAMER Baumaschinen AG/subgroup), 12.8 percent (Weidemann GmbH) and 15.42 percent (Wacker Corporation) before tax.

**Price increases of raw materials** – Past price fluctuations are used as indicators for estimating future price developments.

**Estimating market shares** – These estimates are important as – similar to growth projections – they reflect management’s assessment of how the position of a cash-generating unit may change in comparison to its competitors during the budget period. Management expects the Group’s market share to remain unchanged during the budget period.

**Projecting growth rates** – Management and affiliates estimate growth rates based on local market dynamics. Growth rates are determined for the first three budget years based on market conditions; the following two budget years are based on the third budget year. A constant growth rate of 1 percent (or 2.5 percent for Weidemann GmbH) is estimated after this budget period.

Sensitivity of estimates:

Management is of the opinion that changes to the basic assumptions on which the useful value of the cash-generating unit is calculated that could be reasonably expected to occur would not result in the unit’s book value significantly exceeding its realizable value.

#### 11 Other investments and other non-current assets

An affiliate of Wacker Construction Equipment AG, (Wacker France S.A.), held a participating interest of EUR 75.00 (book value) in 2006 and 2007. The NEUSON KRAMER Baumaschinen AG subgroup has interests in the amount of EUR K 1,649 (book value). The companies in question are not consolidated. For further details, please see the information on the consolidation structure in the general information on accounting standards.

Other non-current assets are composed of the following components:

in € K	Dec. 31, 2007	Dec. 31, 2006
Loans	83	81
Investment securities	1,656	754
Interest rate swap	832	839
Non-current trade receivables	28,293	1,497
Other non-current assets	3,659	2,626
<b>Total</b>	<b>34,523</b>	<b>5,797</b>

The long-term trade receivables mainly result from hire-purchase agreements and finance leases.

#### 12 Inventories

Inventories are composed of the following components:

in € K	Dec. 31, 2007	Dec. 31, 2006
Raw materials and supplies	49,937	21,175
Work in progress	11,212	5,515
Finished goods	113,981	73,478
<b>Total</b>	<b>175,130</b>	<b>100,168</b>

An expense of EUR K 435,274 (2006: EUR K 345,155) was recorded as acquisition and manufacturing costs for inventories.

Of the reported inventories, EUR K 11,114 (2006: EUR K 6,573) are recognized at net realizable value. Write-downs of inventories recognized as an expense amount to EUR K 1,863 in the reporting period (2006: EUR K 1,127).

Write-ups of inventories recognized as an expense amount to EUR K 0 in the reporting period (2006: EUR K 0).

Similar to 2006, no inventories were pledged as collateral for liabilities during the period under review.

**13 Trade receivables**

Trade receivables have the following components:

in € K	Dec. 31, 2007	Dec. 31, 2006
Trade receivables at nominal value	164,467	102,566
Less allowance for doubtful accounts	- 4,990	- 4,032
<b>Total</b>	<b>159,477</b>	<b>98,534</b>

As of December 31, 2007, trade receivables (at nominal value) were broken down as follows:

in € K	2007	2006
Trade receivables	164,467	102,566
Nominal value of trade receivables written down or not due	122,562	81,393
Overdue at nominal value but not written down < 30 days	22,502	11,990
Overdue at nominal value but not written down 30–90 days	13,211	5,477
Overdue at nominal value but not written down > 90 days	6,192	3,707

Allowance for doubtful accounts developed as follows:

in € K	2007
Balance at January 1, 2007	4,032
Additions	1,873
Additions from changes in consolidation structure	672
Amortization/depreciation	- 996
Reversals	- 587
Discounts	- 4
<b>Balance at December 31, 2007</b>	<b>4,990</b>

Trade receivables are derived from trading with a large number of companies from different industries and regions. Regular credit checks verify the financial stability of receivables. Allowances for doubtful accounts are made where necessary.

In addition, interest-bearing trade receivables in the amount of EUR K 2,076 exist vis-à-vis four affiliates at closing date. Interest rates ranging from 2.9 percent to 11.5 percent were applied.

The current value is a reasonable approximation of the book value since all receivables are due within less than one year.

**14 Marketable securities**

Marketable securities comprise bearer shares in funds, promissory notes and bonds. The Group holds marketable securities totaling EUR K 88,656 (2006: EUR K 141).

EUR K 77,272 (bearer shares in funds and promissory notes) are attributable to Wacker Construction Equipment AG. Together, these were defined as an investment portfolio. The investment portfolio is managed in line with a documented investment strategy and valued at the fair market value. The valuation is performed according to IAS 39 in the category “financial assets at fair value through profit or loss”. In the period under review, a total of EUR K 2,406 was recognized as profit on the balance sheet.

EUR K 54 (2006: EUR 141) are allocable to the Austrian affiliate Wacker Baumaschinen GmbH in the form of a bond. Complying with IAS 39, it is classified in the category “available for sale” and valued at market price. Due to this evaluation, EUR K - 3 (2006: EUR K - 3) is to be recognized directly in equity. This results in a value of EUR K - 2 (2006: EUR - 2) after deduction of deferred tax.

The marketable securities from the NEUSON KRAMER Baumaschinen AG subgroup are bearer shares in funds amounting to EUR K 11,330. As these shares are acquired for the purpose of generating a profit from short-term fluctuations in price, they are recorded at fair value in the category “held for trading” (see notes table 26). Since the merger, a loss of EUR K 543 has been realized for these shares.

At the closing date, no significant concentration of default risks existed in relation to loans and receivables designated at fair value through profit or loss. The book value shown above represents the Group’s maximum default risk for these kinds of loans and receivables.

**15 Other current assets**

in € K	Dec. 31, 2007	Dec. 31, 2006
Value-added tax	4,092	1,516
Advance payments	4,594	4,222
Travel advances	193	137
Receivables from associated companies	955	23
Receivables from finance leases	1,734	0
Other	2,335	1,624
<b>Total</b>	<b>13,903</b>	<b>7,522</b>

Receivables from associated companies include receivables from non-consolidated interests (see general information on accounting standards/consolidation structure) and receivables from shareholders.

The asset values of the pension liability insurance were offset against provisions. The fair value is a reasonable approximation of the book value since all items have a maturity of less than one year.

**16 Cash and cash equivalents**

in € K	Dec. 31, 2007	Dec. 31, 2006
Cash on hand	207	181
Bank balances	74,008	35,206
Cash deposits	2,601	1,054
<b>Total</b>	<b>76,816</b>	<b>36,441</b>

Cash on hand and bank balances in foreign currencies are converted at the spot rates. Differences in valuation between acquisition cost and current value were posted under other investment income or under investment expense.

Interest accrued at variable rates on the daily cash bank balances. Depending on the company's liquidity requirements, short-term, term accounts running for periods ranging from one day to three months were set up. The term money yielded interest at the prevailing rates.

**17 Equity**

Equity amounting to EUR K 70,140 is divided into 70,140,000 individual shares valued at EUR 1.00 each, and was fully paid-in at the closing date of the Consolidated Financial Statements.

	Dec. 31, 2007	Dec. 31, 2006
Number of shares issued	70,140,000	43,500,000
Less treasury shares	0	- 4,350,000
Shares outstanding	70,140,000	39,150,000

On May 15, 2007, trading in Wacker Construction Equipment AG shares commenced on the Prime Standard segment of the Frankfurt Stock Exchange. A total of 18,398,985 shares were placed during the IPO. 7,500,000 of these shares were from a capital increase, 8,499,117 were from the holdings of Wacker Beteiligungs GmbH & Co. KG and a family shareholder, and 2,399,868 shares were from a greenshoe option held by Wacker Beteiligungs GmbH & Co. KG. The increase in capital resulted in net proceeds of approximately EUR 153 million for the company. Following the IPO, the company's share capital amounted to EUR 51 million. The company retained 8.5 percent of treasury shares.

On September 23, 2007, Wacker Construction Equipment AG, NEUSON KRAMER Baumaschinen AG (Austria) and the main shareholders of NEUSON KRAMER Baumaschinen AG (accounting for a total holding of 89.63%), signed an agreement to merge both companies. The other shareholders of NEUSON KRAMER Baumaschinen AG, who held the remaining 10.37 percent of the stock, undertook to transfer their shares to Wacker Construction Equipment AG upon receipt of confirmation that information requested from the fiscal authorities will be provided.

NEUSON KRAMER Baumaschinen AG main shareholders transferred their shares to Wacker Construction Equipment AG in exchange for 16,702,912 new shares in Wacker Construction Equipment AG from a capital increase by means of contributions in kind and 4,349,961 treasury shares in Wacker Construction Equipment AG. On September 23, 2007, the Wacker Construction Equipment AG Executive Board resolved to increase the capital, duly exercising the power vested in it to do so at the AGM on April 13, 2007. The Supervisory Board also ratified the resolution on the same day.

On entry of the capital increase of October 2, 2007 in the Register of Companies, Wacker Construction Equipment AG thus officially acquired an 80.08 percent shareholding in NEUSON KRAMER Baumaschinen AG in exchange for 2,106,773 treasury shares and 16,702,912 new shares. The issue of 16,702,912 new shares raised Wacker Construction Equipment AG's share capital from 51,000,000 euros to 67,702,912 euros.

On October 31, 2007, the remaining 2,243,188 treasury shares in Wacker Construction Equipment AG were transferred to a former main shareholder of NEUSON KRAMER Baumaschinen AG in exchange for 9.55 percent stake in NEUSON KRAMER Baumaschinen AG. Once this transfer was complete, Wacker Construction Equipment AG held 89.63 percent of NEUSON KRAMER Baumaschinen AG.

Once the main shareholders had signed the agreement, the other shareholders of NEUSON KRAMER Baumaschinen AG, who held the remaining 10.37 percent of the stock, also signed the merger agreement on October 18, 2007 and undertook to transfer their shares to Wacker Construction Equipment AG. The outstanding shares in NEUSON KRAMER Baumaschinen AG, which did not yet belong to Wacker Construction Equipment AG, were transferred to Wacker Construction Equipment AG by the remaining shareholders in exchange for 2,437,088 new shares from a further capital increase by means of contributions in kind. The capital increase by means of contributions in kind was approved by the Executive Board on October 18, 2007, and ratified by the Supervisory Board. The increase was entered in the Register of Companies on October 25, 2007. The further capital increase by means of contributions in kind lead to a EUR 2,437,088 rise in Wacker Construction Equipment AG share capital, bringing the figure of EUR 67,702,912 to EUR 70,140,000.

The following shareholders held a direct interest exceeding 5 percent of the stock in Wacker Construction Equipment AG in 2007 or 2006:

	2007		2006	
	in %	in € K	in %	in € K
Wacker-Werke GmbH & Co. KG	29.1	20,391	10.1	4,394
Wacker Beteiligungs GmbH & Co. KG	4.1	2,845	27.0	11,745
Neuson Ecotec GmbH	29.0	20,349	–	–
Wacker Familiengesellschaft mbH & Co. KG	5.3	3,710	8.5	3,710
Interwac Holding AG	–	–	20.1	8,744
Interwac GmbH	–	–	21.3	9,253
<b>Total</b>	<b>67.5</b>	<b>47,295</b>	<b>87.0</b>	<b>37,846</b>

In addition to share capital, the components of equity are as follows:

in € K	Dec. 31, 2007	Dec. 31, 2006
Capital reserves	618,450	72,330
Other neutral changes	581	501
Exchange rate differences	- 32,845	- 21,526
<b>Total</b>	<b>586,186</b>	<b>51,305</b>

The capital reserves primarily result from share premiums in connection with the IPO and the merger with NEUSON KRAMER Baumaschinen AG.

A resolution passed at the AGM of April 13, 2007 vested the Executive Board with the right – subject to the consent of the Supervisory Board – to increase the share capital of the company on or before April 12, 2012 by a total of up to EUR 1,000,000 in whole or in part, on one or more occasions, by issuing new registered shares against contributions in cash (authorized capital I).

The statutory subscription rights of the shareholders shall be excluded:

- if employees of the company and affiliates of the company and the Executive Boards of affiliates (where these are not simultaneously members of the Executive Board of the company) are offered shares at a price which is 15% below the issue price
- with respect to fractional amounts
- if the issue price of the new shares is not significantly below the stock market price of the company's shares and the number of shares issued under exclusion of subscription rights does not exceed 10 percent of the share capital

A further resolution was also passed at the AGM on April 13, 2007, vesting the Executive Board with the right – subject to the consent of the Supervisory Board – to increase the share capital of the company on or before April 12, 2012 by a total of up to EUR 24,500,000 in whole or in part, on one or more occasions, by issuing new registered shares against contributions in kind (authorized capital II). The authorized capital II option was partially utilized to conclude the merger with NEUSON KRAMER Baumaschinen AG. As a result, the Supervisory Board amended the corresponding entry under Article 3, Paragraph 4 of the Articles of Association, following resolutions passed on September 23, 2007 and October 18, 2007 to the effect that authorized capital II now amounts to EUR 5,360,000.

The authorized capital as previously worded was annulled.

The statutory subscription rights of shareholders are excluded if companies, interests or company divisions are to be contributed in exchange for shares in the company.

Restrictions regarding voting rights or the transfer of shares:

■ **Information regarding on the syndicate agreement**

There is a syndicate agreement between some shareholders and companies in of the Wacker family and Neuson family shareholders and Neuson Ecotec GmbH. This agreement will expire on April 30, 2022.companies and shareholders of Neuson. Prior to each AGM of Wacker Construction Equipment AG, the syndicate members decide how to jointly exercise voting and petition rights in the AGM with an 80-percent majority of the votes cast. If an 80-percent majority is not achieved, all syndicate members must vote to reject the proposal, provided it meeting. Each syndicate member undertakes to exercise their voting and petition rights in the AGM of Wacker Construction Equipment AG in line with the syndicate's decisions, or to have these rights exercised in this manner. If the syndicate does not concernreach a decision, with regard to a resolution on the allocation of annual profits, the adoption of the annual financial statements by the AGM, approval of Executive and Supervisory Board members' actions, the appointment of the auditor, upholding minority interests and compulsory changes to the Articles of Incorporation as a result of changes to legislation or jurisdiction. Syndicate, the syndicate members have the right to freely exercise their voting rights in the cases mentioned above. In all other cases, the syndicate members must vote to reject the proposal. The Neuson shareholders appoint two members of the Supervisory Board, and the Wacker shareholders appoint two members of the Supervisory Board.

Shares can be transferred without restriction to spouses, registered partners, syndicate members' children, children adopted when they were minors by syndicate members, siblings, foundations set up by syndicate members in which exclusively persons with the above qualifications and controlling members of the Executive Board are the beneficiaries, charitable foundations, companies in which exclusively persons with the above qualifications are direct or indirect shareholders. If shares are transferred to any such persons, they must join the syndicate. If shares are transferred to third parties, either for a fee or free of charge, the other syndicate members have the right to acquire these shares. If the shares are to be sold to third parties off the stock exchange, all of the other syndicate members have a preferential purchase right. If it is intended to transfer the shares with the result that more than 50 percent of voting

rights in Wacker Construction Equipment AG are transferred to third parties that do not form part of the group of people to whom transfers can be freely made, the remaining syndicate members have the right to also sell their shares. If a syndicate member is excluded from the syndicate for good reason, the other syndicate members have a right to acquire the shares or a preferential purchase right. This also applies if a syndicate member ceases to qualify as a syndicate member.

■ **Information on the partnership agreement of Wacker Familiengesellschaft mbH & Co. KG**

Part of the Wacker family shareholders hold part of their shares via Wacker Familiengesellschaft mbH & Co. KG, which in turn also holds shares via Wacker-Werke GmbH & Co. KG. Economic ownership of the shares is attributed to the Wacker family shareholders.

The syndicate agreement has precedence over the regulations of the partnership agreement as long as Wacker Familiengesellschaft mbH & Co. KG is party to the above syndicate agreement. A partners' meeting is held prior to every AGM of Wacker Construction Equipment AG. In this meeting, the Wacker family shareholders define how they will vote and exercise their petitioning rights. However, votes in the AGM are to be cast in line with the syndicate's decisions. Two of the Wacker family shareholders have the right to propose one member of the Supervisory Board each to the shareholders, this member is then to be elected by the remainder.

Only the acquisition and preferential purchase rights in the syndicate agreement apply for family members who are party to the syndicate agreement. In the case of a sale by a family member who is not a syndicate member, acquisition and preferential purchase rights apply for sales to third parties who do not have comparable qualifications to those persons to whom shares can be freely transferred according to the syndicate agreement mentioned above. If a family shareholder exits the company as a result of a termination, the remaining syndicate members have a preferential purchase right to buy the shares for a period of two years from the date this shareholder exits the company. In addition, the partners' meeting can resolve that the exiting family shareholder does not receive compensation in cash but in the form of the shares to which they are financially entitled. After a period of five years has expired after the shares are admitted to trading on a German stock exchange or after midnight on December 31, 2013 – the earlier of these two dates applies – each exiting family member can demand to receive their compensation in the shares to which they are financially entitled.

#### ■ Syndicate agreement between Lehner and Neuson shareholders

The Lehner shareholders have issued a Neuson shareholder with an irrevocable power of attorney with regard to the shares they acquired prior to the merger and during the merger of Wacker Construction Equipment AG and NEUSON KRAMER Baumaschinen AG. The Neuson shareholder is independently responsible for exercising these voting rights. He is not subject to any instructions, and will always exercise these in the same way as for the shares that he himself holds. These shares are thus subject to the restrictions of the aforementioned syndicate agreement.

The Neuson shareholder has a preferential purchase right to buy these shares in the event of a transfer to entities other than the Neuson shareholder or to Lehner shareholders.

#### ■ Shares that are subject to lock-up as a result of initial admission to stock market trading

The company has made an undertaking to the IPO's global coordinators that it will not either directly or indirectly sell treasury shares without their written permission for a twelve-month period after its shares are initially listed (May 15, 2007), nor will it offer these shares, transfer them or otherwise dispose of them, however the sale of treasury shares in connection with the merger with Neuson Kramer was expressly excluded from this undertaking.

The selling shareholders during the IPO and Wacker Familiengesellschaft mbH & Co. KG, Wacker-Werke GmbH & Co. KG and the members of the Executive Board Dr. Georg Sick, Richard Mayer and Werner Schwind have made an undertaking to the IPO's global coordinators not to sell, pledge or offer any of the other shares of the company they hold, either directly or indirectly, without their prior written permission for a period of twelve months after their initial listing (May 15, 2007).

The Chairman of the Supervisory Board, Johann Neunteufel, and PIN Privatstiftung Private Trust and Neuson Industries GmbH which belong to his group, have made a corresponding undertaking to the global coordinators for a twelve-month period after initial listing. This undertaking also includes the shares of the company acquired by Neuson Ecotec as part of the merger between Wacker Construction Equipment AG and the Neuson Kramer group.

Development of treasury shares:

in € K	Dec. 31, 2007	Dec. 31, 2006
<b>Treasury shares</b>		
Balance at January 1	- 36,691	- 11,000
Purchase of treasury shares	0	- 25,691
Sale of treasury shares	36,691	0
<b>Balance at December 31</b>	<b>0</b>	<b>- 36,691</b>

Retained earnings developed as follows:

in € K	Dec. 31, 2007	Dec. 31, 2006
Balance at January 1	224,260	192,924
Dividend for the respective fiscal year	- 24,273	- 15,621
Profit for the period	54,126	48,548
Change in consolidation structure	0	- 1,591
<b>Balance at at December 31</b>	<b>254,113</b>	<b>224,260</b>

Dividends paid in 2007 amount to EUR K 24,273 (EUR 0.62 per share) (previous year: EUR K 15,621, EUR 0.38 per share).

#### 18 Provisions for pensions and similiar obligations

Composition:

in € K	2007	2006
Provisions for pension obligations	21,888	8,665
Provisions for other obligations to employees	1,774	896
<b>Total</b>	<b>23,662</b>	<b>9,561</b>

Within Wacker Construction Equipment AG there are different types of retirement benefit schemes worldwide for old age and surviving dependants' pensions. Most of the schemes provide for the payment of fixed lump-sum amounts. The others are defined retirement plans with a pension paid from retirement until death. The amounts to be paid are based on the respective employee's level (both with respect to salary as well as hierarchy) as well as her/his years of service to the company.

The parent company Wacker Construction Equipment AG has entered into a legally binding obligation to provide post-employment benefits to those employees who entered company service before 1985 according to the benefits scheme last amended on January 15, 1987. In accordance with the benefits scheme, the companies provide a lump-sum payment to eligible employees after completing employment with the company:

- upon reaching the age of 65
- upon the receipt of early retirement benefits from the national pension scheme
- upon the occurrence of a permanent occupational disability after having attained the age of 60
- after the death of the employee to the surviving spouse.

Furthermore, pension commitments due to enter into effect as of retirement age also exist vis-à-vis Executive Board members as well as former executive and shareholders.

For the remaining domestic and foreign companies, the schemes partly provide for a lump-sum payment which is based on the salary at retirement age multiplied by a factor based on years of service with the company and partly for pension payments from retirement until death based on the employee's earnings to those who fulfill the time-of-service requirements, which differ from country to country.

Foreign subsidiaries also have defined contribution plans. In such cases, the company makes contributions to an insurance scheme either because of legal requirements or contracted agreements. There is no further obligation for the company beyond these payments. The periodic contributions are recognized as an expense under profit before interest and tax (EBIT) in the respective year.

Provisions for the defined benefit plans are calculated using the Projected Unit Credit Method. Valuation is based on the legal, economic and tax factors in the respective countries. The expected service cost and accrued interest as well as anticipated returns from the pension assets are taken into account when calculating the costs of pensions for performance-oriented pension schemes. Actuarial gains and losses are recognized according to the 10 percent corridor method.

The actuarial valuation of the present values of pension obligations as of the balance sheet date is based on the following parameters and assumptions. These parameters are also applied in calculating the pension expenditures for the following year. Consequently the expense calculations are based on the following premises:

	in	2007	2006
<b>Benefit plans for parent company</b>			
Discount rate	%	5.50	4.25
Future pension increases expected	%	1.75	1.55
Expected return on plan assets	%	4.00	4.00
Retirement age	years	60	60
<b>Other benefit plans<sup>1</sup></b>			
Discount rate	%	5.47	5.09
Future pension increases expected	%	2.30	3.27
Expected return on plan assets	%	3.01	3.01
Retirement age	years	64	61

<sup>1</sup> Weighted average of the individual benefit schemes

Pension obligations are distributed across schemes that are not financed through funds as well as schemes that are entirely or partially financed through funds as follows:

in € K	2007	2006
Provisions for pension plans, not funded	19,061	2,878
Provisions for pension plans, fully or partly funded	8,545	11,259
<b>Total</b>	<b>27,606</b>	<b>14,137</b>

The changes in the present value of pension obligations and of pension funds are as follows:

in € K	2007	2006
<b>Balance at January 1</b>	<b>14,137</b>	<b>15,333</b>
Change in consolidation structure	16,489	0
Current service costs	852	544
Interest expense	716	560
Actuarial gains/losses	- 1,784	- 107
Changes in exchange rates	- 189	- 208
Paid benefits	- 709	- 457
Curtailements and settlements	- 1,906	- 1,528
<b>Balance at December 31</b>	<b>27,606</b>	<b>14,137</b>

in € K	2007	2006
<b>Changes in fair value of plan assets</b>		
<b>Balance at January 1</b>	<b>2,698</b>	<b>3,307</b>
Expected return on plan assets	119	93
Actuarial gains/losses	122	- 246
Changes in exchange rate	- 26	- 8
Employer's contributions	601	645
Curtailements and settlements	- 18	- 1,072
Paid benefits	0	- 21
<b>Balance at December 31</b>	<b>3,496</b>	<b>2,698</b>

in € K	2007	2006
Obligation net of plan assets	24,110	11,439
Actuarial gains/losses not yet recognized	- 585	- 2,039
Plan surplus	137	161
<b>Provisions for pensions at December 31</b>	<b>23,662</b>	<b>9,561</b>

The losses above and beyond the 10 percent corridor are amortized over the average remaining years until retirement, some 17 years in Germany's case. Amortization in 2006 and 2007 is part of total pension expense.

Plan assets primarily comprise pension liability insurance where future payments are pledged in favor of the entitled recipient.

Pension expenses are as follows:

in € K	2007	2006
Current service costs	852	544
Interest expense	716	560
Expected return on plan assets	- 119	- 93
Actuarial gains/losses	96	49
Result of curtailments and settlements	118	- 455
<b>Pension expense from defined benefit plans</b>	<b>1,663</b>	<b>605</b>
<b>Pension expense from defined contribution plans</b>	<b>789</b>	<b>598</b>
<b>Total pension expense</b>	<b>2,452</b>	<b>1,203</b>

Interest expense ensuing from pension obligations is recognized in the financial result. The remaining pension expense is part of personnel costs shown in the appropriate functional line of the income statement.

The valuation date for the current value of fund assets and the present value of obligations is December 31 for each year. The base value for the calculation of unaccrued interest concerning pension obligations is the present value of obligations as of January 1. The base value for the anticipated return on fund assets is the current value as of January 1; transfers during the year are accounted for on a pro rata basis.

The contributions expected to be made to German fund assets in 2008 amount to EUR 0.6 million.

The following overview shows the projected pension pay-outs for the coming five years:

in € K	
Due in 2008	1,231
Due in 2009	1,390
Due in 2010	1,450
Due in 2011	1,513
Due in 2012	2,084

The following actual returns were recorded for fiscal years 2007 and 2006:

in € K	2007	2006
Actual return on plan assets	224	- 156

Only the Wacker Corporation plan requires the payment of healthcare contributions. The following table shows the effects of a one percentage point increase or reduction in healthcare costs:

	2007		2006	
	Additions	Reversals	Additions	Reversals
Effect on service cost and interest expense	23	- 19	21	- 25
Effect on the present value of pension obligations	30	- 25	87	- 64

The following information applies to the period 2003 through 2007:

in € K	2007	2006	2005	2004	2003
Present value of performance-oriented obligations	27,606	14,137	15,333	12,909	8,548
Fair value of the plan assets	3,496	2,698	3,307	2,614	1,189
Plan surplus/deficit	24,110	11,439	12,026	10,295	7,359
Experience adjustments					
Of which: plan liabilities	80	24	13	- 7	13
Of which: plan assets	110	- 184	0	0	0

## 19 Other provisions

The provisions are as follows:

in € K	Balance Jan 1, 2007	Changes in consolidation structure Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2007
<b>Provisions</b>						
Warranties	3,524	1,604	2,452	2,620	22	5,274
Obligations towards employees	5,871	444	2,553	1,842	80	5,524
Professional fees	486	- 1	441	668	44	668
Litigation costs	288	87	25	161	3	508
Other provisions	1,888	246	742	1,562	66	2,888
<b>Total</b>	<b>12,057</b>	<b>2,380</b>	<b>6,213</b>	<b>6,853</b>	<b>215</b>	<b>14,862</b>

The due dates of the above provisions are distributed as follows.

in € K	Current (< 1 year)	Non-current (> 1 year)	Balance Dec. 31, 2007
<b>Provisions</b>			
Warranties	3,896	1,378	5,274
Obligations towards employees	3,301	2,223	5,524
Professional fees	668	0	668
Litigation costs	212	296	508
Other provisions	1,620	1,268	2,888
<b>Total</b>	<b>9,697</b>	<b>5,165</b>	<b>14,862</b>

The increase in discount amounts for long-term provisions from December 31, 2006 through December 31, 2007 amounts to EUR K 34 for obligations towards employees based on the respectively valid assessment basis.

Obligations towards employees includes provisions for employees nearing pension age who are working part-time and for whom claims for reimbursement against the German tax office amount to EUR K 230 in 2007 and EUR K 74 in 2006.

## 20 Financial liabilities

Financial liabilities comprise the following amounts:

in € K	Dec. 31, 2007	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	101,824	77,731	24,093	0
Bonds	18,826	0	18,826	0
Liabilities from finance leases	821	163	338	320
Other non-current liabilities	924	282	642	0
<b>Total</b>	<b>122,395</b>	<b>78,176</b>	<b>43,899</b>	<b>320</b>

in € K	Dec. 31, 2006	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	75,462	18,255	54,007	3,200
Liabilities for finance leases	1,055	205	550	300
Other non-current liabilities	5,193	2,448	2,745	0
<b>Total</b>	<b>81,710</b>	<b>20,908</b>	<b>57,302</b>	<b>3,500</b>

At Wacker Construction Equipment AG, borrowings from banks are loans with variable interest rates that are continuously adapted to reflect market interest rates. Borrowings from banks that run for less than a year mainly comprise accounts for the Group cash pool that are due on a daily basis amounting to EUR K 38,024 (2006: EUR K 8,397) as well as EUR K 30,326 in current accounts held by the Neuson Kramer subgroup that are also due on a daily basis. One portion is a loan contract with a major German bank amounting to EUR K 50,000 (at the closing

date: EUR K 24,000) maturing on June 30, 2012, and originally entered into to finance the acquisition of Weidemann GmbH. The principal of the loan is to be paid off through semi-annual installments of EUR K 2.700, on which sum interest payments are due with, optionally, 1-, 3-, 6- or 12-month Euribor plus an additional margin of 0.65 percent. With respect to the borrower's share of the business in Weidemann GmbH, there is an obligation not to execute power of disposal (sale) and to refrain from making any binding declarations. Furthermore, Wacker Construction Equipment AG is bound by contract to use the proceeds received from the sale of assets outside of ordinary business operations which exceed the threshold value of EUR K 10,000 per annum to make a special redemption payment. Furthermore, the loan contract contains a clause under which Wacker Construction Equipment AG is bound to pledge their shares held in Weidemann GmbH to the bank as security should circumstances arise or become public that would justify the issuing of a higher risk assessment by the bank.

Wacker Corporation also has two current account lines at two American banks. These amount to a total of USD K 90,000 on which sum interest payments are due with 1-month US Libor plus 0.625 percent or 1 percent. In 2006 these lines were drawn on to the amount of USD K 564 (EUR K 431). In fiscal 2007 (status as of December 31, 2007) the lines were not utilized.

Furthermore, borrowings from banks include loans in Brazilian Reals with fixed interest rates that range from 11 percent (2006: 13 percent) to 14 percent (2006: 15 percent). The value at closing date was EUR K 3,649 (2006: EUR K 2,437).

NEUSON Finance GmbH has a line of credit up to the value of EUR 40 million at an Austrian bank.

A further Austrian bank has granted NEUSON Finance GmbH and Kramer-Werke GmbH current account lines of up to approximately EUR 18 million and EUR 2 million. The EUR 18 million credit line can be terminated within a period of three month's notice and runs until March 31, 2008.

NEUSON Finance GmbH has a line of credit of up to EUR 5 million at a third Austrian bank.

NEUSON Baumaschinen GmbH has an export incentive credit line in the amount of EUR 10 million (KRR credit line) at an Austrian bank. This credit is used exclusively to finance receivables from export trade. If the contract is not terminated by March 31 of the year in question, it is automatically renewed for a further twelve months. Amounts accruing to the bank under this loan agreement are secured by a global debt assignment provision and a bill of surety granted by Österreichische Kontrollbank AG.

## Bonds

NEUSON Finance GmbH has issued two bonds amounting to a total nominal value of EUR 20 million (book value EUR 18,826). These are secured by a guarantee from NEUSON KRAMER Baumaschinen AG and listed on the multilateral trading platform Third Market of the Vienna Stock Exchange (Multilateral Trading System (MTF)).

## Bond

One bond has been arranged by an Austrian bank. It has a total nominal value of EUR 10 million and an original term of five years. The maturity date of this bond is September 8, 2010. The effective annual gross interest rate amounts to 3.41 percent. NEUSON Finance GmbH can terminate bonds forming part of the loan in whole (but not in part) by serving notice to that effect 14 days before the end of the month if unexpected tax regulations come into force or the application of existing tax regulations changes and the new fiscal situation would result in a considerable cost burden for NEUSON Finance GmbH. Bondholders may only terminate bonds forming part of the loan and demand repayment of the nominal value for good cause and subject to compliance with specific conditions (e.g., if NEUSON Finance GmbH or NEUSON KRAMER Baumaschinen AG default on payment or become insolvent).

## Bundled bond

The bundled bond issued by NEUSON Finance GmbH together with other issuers has a total nominal value of EUR 30 million, of which EUR 10 million is allocable to NEUSON Finance GmbH. The maturity date of this bond is September 30, 2012. The effective annual gross interest rate amounts to 3.76 percent. Bondholders may recall their bonds as part of loans in the event of certain breaches of contract (if the issuer or guarantor defaults on payment or becomes insolvent, for example). Furthermore, bondholders may terminate their bonds if the ownership structure or sphere of influence of NEUSON Finance GmbH or NEUSON KRAMER Baumaschinen AG significantly changes and this change has a negative impact on NEUSON Finance GmbH's ability to meet its liabilities. The change may also be a gradual process and may also apply to a major affiliate (for example through the sale of a majority shareholding).

The book values of borrowings from banks with variable and fixed interest rates were reported in the following currencies (equivalent in euros):

in € K	2007	2006
Euro	76,301	66,482
US-\$	12,215	484
CHF	3,967	0
BRL	3,649	2,437
JPY	2,152	1,023
HKD	1,431	3,449
AUD	532	379
Other	1,577	1,208
<b>Total</b>	<b>101,824</b>	<b>75,462</b>

The fair values of financial liabilities are reasonable approximations of the book values.

#### 21 Trade payables

As of December 31, 2007, trade payables (at book value) were broken down as follows:

in € K	2007	2006
Book value due < 30 days	42,685	33,720
Book value due 30–90 days	16,160	3,169
Book value due > 90 days	4,235	3,184
<b>Total</b>	<b>63,084</b>	<b>40,073</b>

Interest does not accrue on trade payables.

#### 22 Other current liabilities

in € K	Dec. 31, 2007	Dec. 31, 2006
Advance payments received	887	153
Other accruals (total)	9,285	8,602
Deferred taxes	10,823	3,846
Value added tax	4,278	2,680
Personnel (wages/salaries, vacation, etc.)	13,653	10,140
Other	3,772	6,128
<b>Total</b>	<b>42,698</b>	<b>31,549</b>

The other accruals/deferrals in 2007 consist mainly of costs for preparing the annual financial statements and the IPO prospectus. Outstanding invoices as well as insurance policies, rebates and sales commissions are also included under other accruals/deferrals. Customers' credit balances are also included under this item.

The fair values of the short-term borrowings are reasonable approximations of the book values.

#### 23 Derivative financial instruments

The nominal amounts and market values of the derivative financial instruments as of December 31, 2007 and 2006 are recognized as follows:

in € K	2007		2006	
	Nominal Value	Market Value	Nominal Value	Market Value
<b>Assets</b>				
Currency hedges	0	0	0	0
Interest hedges	24,000	832	32,900	841
Commodity hedges	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>24,000</b>	<b>832</b>	<b>32,900</b>	<b>841</b>
<b>Liabilities</b>				
Currency hedges	0	0	0	0
Interest hedges	0	0	0	0
Commodity hedges	24	8	102	29
Other	0	0	0	0
<b>Total</b>	<b>24</b>	<b>8</b>	<b>102</b>	<b>29</b>

The offsetting values from the underlying transactions are not included in determining the market value of the derivative financial instruments. Thus, they do not represent the value that the companies would achieve from both the underlying transaction and hedging contract. The book values of derivatives correspond to the market values and there is no (material) exposure to credit risks, since all derivative contracts were entered into with banks that have a top credit rating.

The market values and associated deferred tax developed as follows during the fiscal year:

in € K	Market values	Deferred taxes	Carried under equity
<b>Assets</b>			
Balance at January 1, 2007	841	- 323	518
+/- not reflected in income	- 317	179	- 138
+/- reflected in income	308	- 101	207
<b>Balance at December 31, 2007</b>	<b>832</b>	<b>- 245</b>	<b>587</b>
<b>Equity and liabilities</b>			
Balance at January 1, 2007	29	- 13	16
+/- not reflected in income	- 21	10	- 11
+/- reflected in income	0	0	0
<b>Balance at December 31, 2007</b>	<b>8</b>	<b>- 3</b>	<b>5</b>

The maturities of derivative financial instruments are as follows:

in € K	Up to 1 year	1 to 5 years	Over 5 years
	Nominal Value		
<b>Assets</b>			
Currency hedges	0	0	0
Interest hedges	5,400	18,600	0
Commodity hedges	0	0	0
Other	0	0	0
<b>Total</b>	<b>5,400</b>	<b>18,600</b>	<b>0</b>
<b>Liabilities</b>			
Currency hedges	0	0	0
Interest hedges	0	0	0
Commodity hedges	24	0	0
Other	0	0	0
<b>Total</b>	<b>24</b>	<b>0</b>	<b>0</b>

## Other information

### 24 Contingent liabilities

Contingent liabilities, on the one hand, represent possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. On the other hand, contingent liabilities are present obligations for which payment is not probable or the amount of the obligation cannot be determined with sufficient reliability.

The Group has undersigned the following guarantees:

in € K	Dec. 31, 2007	Dec. 31, 2006
Guarantees	337	397

In addition to the above-mentioned contingent liabilities, the Group undersigns various financial guarantees (sureties). It is highly unlikely, however, that these will be exercised. Therefore no value was booked.

The Group is liable for the following financial guarantees:

in € K	Dec. 31, 2007	Dec. 31, 2006
<b>Financial guarantees</b>		
Book value	0	0
Nominal value	3,952	2,845

The financial guarantees mainly comprise an agreement between the affiliate Wacker Corporation and a bank. The agreement was concluded to enable the Wacker Corporation to provide customers with financing options. The bank charges the affiliate for these transactions. The charges are calculated based on the purchase agreement (0.5 percent – 1.0 percent). In the event of default, the affiliate is obliged to settle the outstanding receivables plus interest. Interest rates range between 11 percent and 14 percent.

### 25 Other financial liabilities

#### a) Obligations for equipment rental and service

The terms of the obligations for rental equipment and service contracts are as follows:

in € K	Dec. 31, 2007
Obligations due within 1 year	8,661
Obligations due in 1 to 5 years	15,110
Obligations due in more than 5 years	4,263
<b>Total</b>	<b>28,034</b>

#### b) Lease obligations

##### Finance lease obligations

Finance leasing contracts mainly concern the purchase of office and other equipment and real estate.

The following table lists the net book values of the relevant assets at the closing date.

in € K	Dec. 31, 2007	Dec. 31, 2006
Office and other equipment	109	264
Buildings	887	909
<b>Total</b>	<b>996</b>	<b>1,173</b>

Lease contracts for vehicles contain, for the most part, a purchase option at the end of the basic term of the lease which is also to be exercised. The annual interest rates used in the contracts vary depending on the market and the date the contract was signed, ranging between 5 percent and 10.32 percent.

The finance lease contract concerns the purchase of a self-occupied administration building by the Hungarian subsidiary which will terminate in 2015.

Future minimum lease payments discounted to present value are presented in the following table:

in € K	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	171	360	339	870
Less discount	- 8	- 22	- 19	- 49
<b>Present value</b>	<b>163</b>	<b>338</b>	<b>320</b>	<b>821</b>

To the extent that the company is the lessor and has sold machines by way of finance lease, the receivable is capitalized to the amount of the net investment value ensuing from the leasing contract. The sales proceeds are recognized in accordance with IAS 17.

The present values at closing date are as follows:

in € K	Up to 1 year	1 to 5 years	Over 5 years	Total
Outstanding min. lease payments	1,115	16,896	0	18,011
+ Non-guaranteed residual value (nominal)	726	3,460	0	4,186
<b>= Gross investment</b>	<b>1,841</b>	<b>20,356</b>	<b>0</b>	<b>22,197</b>
- Unrealized investment income	- 107	- 4,728	0	- 4,835
<b>= Net investment (present value)</b>	<b>1,734</b>	<b>15,628</b>	<b>0</b>	<b>17,362</b>
- Present value of non-guaranteed residual values	- 726	- 3,460	0	- 4,186
<b>= Present value of minimum lease payments</b>	<b>1,008</b>	<b>12,168</b>	<b>0</b>	<b>13,176</b>

### Operating leases

Insofar as a Wacker Group entity acts as a lessee, the lease payments are recognized as an expense over the term of the lease on a straight-line basis.

This essentially refers to leased vehicles, computer hardware and other office equipment.

Outstanding commitments for future minimum lease payments under operating leases that cannot be terminated can be seen in the following table:

in € K	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	6,999	13,001	421	20,421

In 2007 a total of EUR K 5,423 (2006 EUR K 4,367) for operating lease agreements was expensed.

### c) Obligations resulting from investment decisions

It should also be noted that financial obligations ensuing from construction and investment projects amounting to EUR K 4,244 (2006: 15,476) also exist.



in € K	2006 Fair value	2006 Book value	Initial dis- closure	Held for trading	Held for sale	Hedges	Loans and re- ceivables	Held to maturity	Leases and others (book value)	Non- financial assets (book value)
IAS 39 classification (book value)										
			Measured at fair value through profit or loss			Measured at fair value with changes recog- nized in equity		At residual book value		
<b>Assets</b>										
Other non-current assets	5,797	5,797	0	0	0	839	3,985	0	0	973
Trade receivables	98,534	98,534	0	0	0	0	98,534	0	0	0
Marketable securities	141	141	0	0	141	0	0	0	0	0
Other current assets	7,522	7,522	0	0	0	0	2,679	0	0	4,843
Cash and cash equivalents	36,441	36,441	0	0	0	0	36,260	0	181	0

in € K	2006 Fair value	2006 Book value	Initial dis- closure	Held for trading	At resid- ual book value	Hedges	Leases and others (book value)	Non- financial assets (book value)
IAS 39 classification (book value)								
					Measured at fair value through profit or loss	Measured at fair value with changes recognized in equity		
<b>Liabilities</b>								
Non-current borrowings		60,802	60,802	0	0	59,952	0	850
Trade payables		40,073	40,073	0	0	40,073	0	0
Current borrowings from banks		13,342	13,342	0	0	13,342	0	0
Current portion of non-current borrowings		7,566	7,566	0	0	7,362	0	204
Other current liabilities		31,549	31,549	0	0	5,105	0	26,444

Investments in equity instruments amounting to EUR K 1,649 that do not have a quoted market price in an active market are included in other investments. These equity instruments were valued at acquisition cost as the current value cannot be reliably determined.

The following net profits were recognized as income:

in € K	2007	2006
Net profit from financial liabilities reflected in income (booked out)	1,935	583

In the year under review, this primarily concerned proceeds from a compromise reached with a former shareholder of the affiliate Weidemann GmbH in order to settle a legal dispute over the remaining purchase price.

#### 27 Events after the balance sheet date

An affiliate will be founded in India in the near future. It is not expected that this new company will have a significant impact on the Group's assets, profit and finances in 2008.

Affiliate Wacker Australia Pty. Ltd. purchased a tract of land in New South Wales (NSW). The agreement was signed on January 10, 2008. The purchase price is around EUR 1 million.

In the first six months of 2008, Austrian affiliate Wacker Baumaschinen GmbH is planning to conclude an asset deal with Stambach Baumaschinen GmbH, a former subsidiary of NEUSON Baumaschinen GmbH. This internal Group transaction will not have a significant impact on the Group's assets, profit and finances.

No other noteworthy events occurred after the balance sheet date.

#### 28 Segmentation

##### Primary segmentation (geographical segments)

For information regarding geographical segmentation please refer to the section on consolidation structure (see the general information on accounting standards).

The internal organization structure and management structure as well as the internal reports to the Executive Board and the Supervisory Board form the basis for determining the primary segment format of Wacker Construction Equipment AG. In this respect Wacker Construction Equipment AG is divided geographically into regional markets (Europe, Americas and Asia).

The transactions between segments are valued according to the transfer prices used within the Group which are derived from market prices.

##### Secondary segmentation (business segments)

The secondary segment format is separated into the business segments light equipment, compact equipment and services.

The light equipment business segment covers the manufacture and sale of light equipment weighing up to approximately three metric tons in the following four business fields: concrete technology, soil and asphalt compaction, demolition and utility.

The compact equipment business segment covers the manufacture and sale of compact equipment weighing up to approximately fourteen metric tons.

The business segment services houses the company's activities in the business fields after-market (repair and maintenance) and rental.

Intercompany transactions between the individual companies of Wacker Construction Equipment AG are based on prices that also apply to third-party transactions.

Assets cannot be meaningfully allocated to individual business segments, thus segment assets and capital expenditures are not reported.

## 29 Cash flow statement

The cash flow statement was prepared in accordance with IAS 7. The cash flow statement reports cash flows resulting from operating activities, from investing activities as well as from financing activities. Separate lines in the 2007 cash flow statement reflecting changes in the consolidation structure is the result of the initial consolidations of the Neuson Kramer subgroup and partial subsequent reimbursement of the purchase price paid to the former Weidemann. Insofar as changes in liquid funds are due to foreign exchange rate fluctuations, these are reported separately. The determination of cash flow from operating activities was derived using the indirect method.

Current liquid funds comprise cash and cash equivalents that are as reported on the balance sheet. Current borrowings from banks in the Group cash pool were offset against cash and cash equivalents.

in € K	Dec. 31, 2007	Dec. 31, 2006
Cash on hand	207	181
Bank balances	74,008	35,206
Cash deposits	2,601	1,054
Liabilities from Group cash pool	- 38,024	- 8,397
<b>Total</b>	<b>38,792</b>	<b>28,044</b>

Non-cash operating expenses and income as well as the gain or loss on the sale of property, plant and equipment have been eliminated in the cash flow from operating activities.

Cash flow from investing activities comprises the cash outlay for the purchase of property, plant and equipment and intangible assets, cash outflow generated by the merger with Neuson Kramer, as well as interest received.

Cash flow from financing activities is made up of payments received from and paid to shareholders as well as borrowing and the repayment of debt.

## 30 Risk management

### Capital management

The main aim of the Group's capital management policy is to maintain a high equity ratio to support business activities.

The Group controls and modifies its capital structure in line with changing economic dynamics. The goal of the capital management policy is to secure the company's business and investment activities in the long term. To maintain or adapt capital structure, the Group can change dividend payments to shareholders or issue new shares. As of December 31, 2007 and December 31, 2006, no changes were made to objectives, guidelines or procedures. The Group monitors its capital using the net financial debt resulting from current net financial liabilities and non-current financial liabilities.

in € K	Dec. 31, 2007	Dec. 31, 2006
Liquid assets	76,816	36,441
Current financial receivables	88,656	141
Current liabilities (without provisions)	185,324	93,737
thereof current financial liabilities	78,176	20,907
Current financial liabilities	72,103	13,342
Current portion of non-current financial liabilities	6,073	7,565
Non-current financial liabilities (without provisions)	44,219	60,802
Equity		
Share capital	70,140	43,500
Capital reserves	618,450	72,330
Other reserves	- 28,818	- 57,716
Retained earnings	196,541	175,712
Earnings	54,126	48,548
Total equity	910,439	282,374
<b>Total capitalization</b>	<b>1,032,834</b>	<b>364,083</b>

in € K	Dec. 31, 2007	Dec. 31, 2006
Current net financial liabilities	- 87,296	- 15,675
Current liabilities	78,176	20,907
less liquid assets	- 76,816	- 36,441
less current financial receivables	- 88,656	- 141
Net financial debt	- 43,077	45,127
Current net financial liabilities	- 87,296	- 15,675
plus non-current financial liabilities	44,219	60,802

Liquid assets cover cash and cash equivalents. Current marketable securities are disclosed under current financial receivables. Financial liabilities includes not only borrowings from banks and bonds but also liabilities from finance leases and other non-current liabilities. Equity refers to the entire equity amount attributable to shareholders in the parent company. With the exception of minimum capital requirements stipulated under German stock legislation, equity is not subject to any external minimum capital requirements. The company complies with the minimum capital requirements stipulated under German stock legislation.

#### Financial risk factors

Due to the global scope of its operations, the Group is exposed to various risks, i.e. foreign currency risks, credit risks, liquidity risks and interest rate risks. The comprehensive risk management policy of the Group is focused on the unpredictability of developments in financial markets and aims at minimizing any potential negative impact on the Group's financial position. It is a general policy of the company to reduce these risks by systematic financial management. The Group employs derivative financial instruments in a targeted way to hedge against certain risks.

Risk management is carried out by the Group finance department in accordance with the rules and guidelines approved by the Executive Board. The Group finance department identifies, evaluates and hedges against financial risks in close co-operation with the operating units of the Group. The Executive Board sets guidelines for risk management as well as policies for certain areas such as dealing with foreign currency risks, interest rate risks and credit risks, the use of derivative and other financial instruments and the use of liquidity surpluses.

#### Currency risks

Currency risks arise from expected future transactions, assets and liabilities reported in the balance sheet, as well as net investments in a currency that diverges from the functional currency (euro). Exchange risks are naturally hedged by offsetting receivables against payables in a given currency.

Two of the Group's major manufacturing affiliates prepare their balance sheets in US dollar. From the Group's perspective, the US dollar is therefore a foreign currency that represents a significant potential currency risk for financial instruments. If the USD/EUR exchange rate increased or decreased by 5 percent, changes in the financial assets and liabilities reported in the balance sheet in US dollars would have the following impact on profit before tax and equity:

in € K	2007	2006
USD currency trends	+ 5.00/- 5.00%	+ 5.00/- 5.00%
Impact on profit before tax (EBIT)	- 428/473	- 1,268/1,402
Impact on equity	- 428/473	- 1,268/1,402

The Group is also subject to currency risks from individual transactions resulting from purchases and sales executed by a member company in a currency other than the functional currency.

#### Credit risks

The Group is not exposed to any material credit risks (address default risks). Contracts for derivative financial transactions are concluded only with financial institutions with a high quality credit rating in order to keep the risk of default by the contracting party as low as possible. The book value of financial assets recognized in the Consolidated Financial Statements less impairment represents the maximum default risk. For further information on the book value of the financial assets, please refer to section 26, "Additional information on financial instruments".

#### Interest rate risks

Interest rate risks are caused by market fluctuations in interest rates. On the one hand, they impact the amount of interest payments for which Wacker Construction Equipment AG is liable. On the other hand, they influence the market value of financial instruments.

The Group hedges its cash flow against interest rate risks arising from borrowing with variable interest rates primarily by means of interest rate swaps (payer swaps), which, taking the prevailing economic climate into consideration, convert the variable interest rate positions into positions with fixed interest rates.

The following tables show how sensitive the Group's profit before tax is to even conservative changes in interest rates based on the impact this would have on variable interest rate loans and bank balances as well as marketable securities. The effects on Group profit before tax also reflect the impact on equity.

in € K	Balance at Dec. 31, 2007	Interest 2007	Impact on profit before tax (increase of 20%)	Impact on profit before tax (decrease of 20%)
<b>Financial assets with variable interest rates</b>				
Bank balances cash pool	55,063	3.5%	110	- 110
Marketable securities	88,656	4.47%	177	- 177
<b>Financial liabilities with variable interest rates</b>				
Borrowings from banks	38,024	3.5%	- 76	76
Other variable borrowings from banks	30,326	4.4%	- 61	61
<b>Total</b>			<b>150</b>	<b>- 150</b>

in € K	Balance at Dec. 31, 2007	Interest 2007	Impact on profit before tax (increase of 20%)	Impact on profit before tax (decrease of 20%)
<b>Financial assets with variable interest rates</b>				
Bank balances cash pool	26,743	3.5%	53	- 53
<b>Financial liabilities with variable interest rates</b>				
Borrowings from banks	8,383	3.5%	- 17	17
			<b>36</b>	<b>- 36</b>

Two bonds (EUR K 18,826) with fixed interest rates also exist in addition to the variable financial assets and liabilities listed above. These bonds are disclosed in detail under section 20) Financial liabilities. As the interest rates for these bonds are fixed, there is no risk from interest rate fluctuations.

A loan was also taken out to finance the acquisition of Weidemann GmbH (EUR K 24,000). This is disclosed in detail under section 20) Financial liabilities. The interest payments from the loan are hedged with an interest rate swap at an interest rate of 2.98 percent (see section 23) Derivative financial instruments).

#### Liquidity risks

Liquidity risks involve the availability of funds needed to meet payment obligations on time. The supply of liquid funds at Wacker Construction Equipment AG is assured at all times by the lines of credit not currently used by the company. Liquidity is managed by the Group's treasury department via a Group-wide cash pool system.

#### 31 Acquisitions and disposals

The following merger took place in fiscal 2007:

The merger with NEUSON KRAMER Baumaschinen AG, headquartered in Leonding, Austria, was completed on October 1. The company and its subsidiaries are engaged in the development, manufacture and sale of compact construction equipment. The merger has enhanced the product portfolio of the new Group, enabling it to position itself as a manufacturer of light and compact equipment. Refer to the section on equity in these notes for detailed information on the legal aspects of the merger.

### 32 Overview of equity investments in non-consolidated companies

NEUSON KRAMER Baumaschinen AG directly or indirectly has shareholdings in the following companies that were not included in the consolidation structure:

Company name	City	Country	Direct	Indirect	Equity	Profit for period
	Seat		Participating interest		in € K	in € K
NK Administration Ltd.	Gwent, Tredegar	United Kingdom	100%	100%	under closure	under closure
NK Administration s.r.l	Paris	France	100%	100%	under closure	under closure
Kramer Allrad of North America Inc.	Bridgeville, Pennsylvania	USA	100%	95%	under closure	under closure
Kramer Allrad France S.A.R.L	Sainte Genevieve des Bos	France	100%	95%	under closure	under closure
Haus + Wohnen Immobilien GmbH	Überlingen	Germany	100%	95%	1,558	- 306
Kramer Wohnungsbau GmbH	Überlingen	Germany	100%	95%	45	106
Prose d.o.o. <sup>1</sup>	Kragujewac	Serbia	100%	100%		

<sup>1</sup> Only formed in 2008

### 33 Corporate bodies

#### Executive Board

The Executive Board of Wacker Construction Equipment AG comprises the following five members:

#### Dr. Georg Sick

CEO and President, previously responsible for development, production, procurement, legal matters and human resources; since October 18, 2007, responsible for corporate communications, Group auditing, quality management, legal matters and human resources

#### Martin Lehner

Deputy CEO, responsible for the Compact Equipment business segment (since October 18, 2007)

#### Günther Binder

Responsible for finance, controlling and IT (since October 18, 2007)

#### Richard Mayer

Previously responsible for finance, controlling and IT; since October 18, 2007, responsible for the Light Equipment business segment

#### Werner Schwind

Responsible for sales, marketing, service and rental

Total remuneration for the management body in the period under review amounted to EUR K 3,505 (2006: EUR K 2,404). At the AGM on May 15, 2006, a resolution was passed to refrain from itemizing this information in accordance with section 285, clause 1, no. 9a clauses 5 to 9 in conjunction with section 314, paragraph 2, clause 2 of the German Commercial Code, in conjunction with section 315a, section 1 of the German Commercial Code.

The following members of the company's Executive Board have additional Supervisory Board positions or seats for comparable supervisory committees in Germany and abroad:

#### Richard Mayer

Member of the Advisory Board of the EQUA association in Herrsching, Germany

#### Günther Binder

Member of the Supervisory Board of Volksbank Linz-Mühlviertel, Austria

With the exception of the members stated above, no other members of the Executive Board have administrative or advisory functions or mandates for comparable supervisory committees in Germany or abroad outside of the Wacker Group.

### Supervisory Board

The following members are appointed to the Supervisory Board of Wacker Construction Equipment AG:

#### Johann Neunteufel

Engineer, member and head of management board of numerous companies, Chairman of the Supervisory Board (since October 18, 2007)

#### Dr. Ulrich Wacker

Lawyer, Chairman of the EQUA association, Deputy Chairman of the Wacker Construction Equipment AG Supervisory Board (since October 18, 2007; previously CEO)

#### Kurt Helletzgruber

Merchant, member and head of management board of numerous companies (since October 18, 2007)

#### Dr. Eberhard Kollmar

Attorney-at-law, Rothe, Senninger & Kollmar (until October 18, 2007; Deputy Chairman of the Wacker Construction Equipment AG Supervisory Board)

#### Elvis Schwarzmaier

Voted Employee Representative on February 14, 2007, Chairman of the Reichertshofen Works Council and Chairman of the Central Works Council

#### Herbert Santl

Voted Employee Representative on February 14, 2007, Chairman of the Munich Works Council

#### Dr. Matthias Bruse

Lawyer, P+P Pöllath+Partners, Attorneys-at-law and Tax Advisors (from April 13, 2007 until October 18, 2007)

#### Dietrich-Walrab von Buttlar

Lawyer, Schmid, von Buttlar + Partner Rechtsanwälte (from April 13, 2007 until October 18, 2007)

With effect from October 18, 2007, Mr. Johann Neunteufel was appointed Chairman of the Supervisory Board following Dr. Ulrich Wacker's resignation of the chairmanship.

Also with effect from October 18, 2007, Dr. Ulrich Wacker was appointed Deputy Chairman of the Supervisory Board, following Dr. Eberhard Kollmar's resignation of this seat.

Mr. Kurt Helletzgruber was appointed member of the Supervisory Board with effect from October 18, 2007. Dr. Matthias Bruse and Mr. Dietrich-Walrab von Buttlar resigned from their positions on the Supervisory Board with effect from October 18, 2007.

All members of the Supervisory Board will hold their positions until closure of the AGM on June 3, 2008, which will approve the actions of the Supervisory Board for the fiscal year 2007.

The total remuneration for the Supervisory Board for fiscal year 2007 amounted to EUR K 409 (2006: EUR K 383).

The following members of the company's Supervisory Board have additional supervisory board positions or seats for comparable supervisory committees in Germany and abroad:

#### Johann Neunteufel

Member of the Supervisory Board for:

- Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Austria
- Oberösterreichische Technologie- und Marketinggesellschaft m.b.H., Austria

#### Dr. Ulrich Wacker

Member of the Supervisory Board of Wacker Beteiligungs GmbH & Co. KG, Germany

#### Dr. Eberhard Kollmar

Member of the Supervisory Board of Wacker Beteiligungs GmbH & Co. KG, Germany

#### Kurt Helletzgruber

Deputy Chairman of the Supervisory Board of ProRegio Mittelstandsfinanzierungs AG, Austria

#### Remuneration for former board members

The total remuneration for former members of the management body in the period under review amounted to EUR K 280.

### 34 Related party disclosures

Within the scope of its business operations, Wacker Construction Equipment AG provides goods and services to affiliated companies or persons. Vice-versa, these persons and companies provide goods or services to Wacker Construction Equipment AG within the scope of their business operations. In addition to such customary trade relations, management services are also provided and paid for. All these transactions are carried out in conformity with market conditions.

The controlling interest is held by Wacker Familiengesellschaft mbH & Co. KG, Munich.

#### Trade relations with Wacker-Werke GmbH & Co. KG

Wacker Werke GmbH & Co. KG procures goods from Wacker Construction Equipment AG with a mark-up of ten percent on Wacker Construction Equipment AG manufacturing costs. This is within the range of conditions also agreed with third parties. In fiscal 2007, the amount of EUR K 935 (net before value-added tax) (previous year: EUR K 701) was invoiced to Wacker-Werke GmbH & Co. KG.

In addition to this, Wacker-Werke GmbH & Co. KG provided consultation services regarding the sale of concrete technology facilities in Germany and abroad. The legal work was handled by affiliates of Wacker Construction Equipment AG and by Wacker Construction Equipment AG itself. The commission which Wacker-Werke GmbH & Co. KG received for these services amounted to EUR K 757 (net before value-added tax) (previous year: EUR K 576).

In the period under review, Wacker-Werke GmbH & Co. KG received commissions for repair work performed by Wacker Construction Equipment AG on equipment delivered by Wacker-Werke GmbH & Co. KG to the amount of EUR K 21 (net before value-added-tax) (previous year: EUR K 23).

Wacker-Werke GmbH & Co. KG also provided other services for Wacker Construction Equipment AG in the amount of EUR K 108 (net before value-added tax) (previous year EUR K 41). The services involved were mainly in the areas of advertising, equipment deliveries and cost transfers. At the end of 2007, Wacker Construction Equipment AG acquired Wacker-Werke GmbH & Co. KG's exclusive customer group "sand, gravel and stone factories" in order to integrate this group into its sales network. Wacker Construction Equipment AG paid EUR K 98 for this transfer.

#### Further contracts with Wacker-Werke GmbH & Co. KG

In addition to the trade relations previously described, Wacker Construction Equipment AG provides services in areas such as sales, logistics, repairs, IT and human resources to Wacker-Werke GmbH & Co. KG in line with the cooperation agreement dated October 1, 2002. The agreement conditions reflect generally accepted market conditions. In fiscal 2007, EUR K 38 (net before value-added tax) (previous year: EUR K 43) was invoiced.

#### Administrative services

Wacker Construction Equipment AG provides administrative services to all associated companies. These include bookkeeping services and the preparation of annual financial statements. Such services are billed at hourly rates of EUR 50 (previous year: EUR 50), as is customary in the market. In fiscal 2007, EUR K 1 (net before value-added tax) (previous year: EUR K 19) was invoiced.

#### Clearing accounts

Wacker Construction Equipment AG maintains clearing accounts for all associated companies for the settlement of short-term expenses. Due to their short-term nature, the clearing accounts do not yield interest.

#### Trade relations between companies of the NEUSON KRAMER Baumaschinen AG subgroup

Trade relations exist between companies in the NEUSON KRAMER Baumaschinen AG subgroup and the group controlled by Johann Neunteufel. These relations are handled according to conditions customary in the market. NEUSON KRAMER Baumaschinen AG subgroup sales generated through trade with Neuson Hydraulik Gesellschaft m.b.H., Neuson Ölfeldschieber Gesellschaft m.b.H. and Neuson Ecotec GmbH and Friedrich Reiter GmbH amounted to EUR K 63 in the fourth quarter of 2007. Sales for the aforementioned companies resulting from trade with the Neuson Kramer subgroup totaled EUR K 24 in the fourth quarter of 2007.

The balances of non-consolidated companies in the Neuson Kramer subgroup are as follows:

in € K (non-consolidated)	Dec. 31, 2007 Receivables/ liabilities	Trade trans- actions in 2007
Prose d.o.o.	702	108
Haus und Wohnen Immobilien GmbH	122	318
Kramer Wohnungsbau GmbH	- 31	1
<b>Total</b>	<b>793</b>	<b>427</b>

#### License to use the "Neuson" brand

The PIN Private Trust (PIN Privatstiftung), controlled by Johann Neunteufel, owns the "Neuson" brand. Wacker Construction Equipment AG is entitled to use this brand free of charge in conjunction with the name "Wacker".

### Rental agreement

EUROREAL Immobilien GmbH rents land in Austria to companies within the NEUSON KRAMER Baumaschinen AG subgroup. The land is rented in line with conditions customary in the market. The rent in the fourth quarter of 2007 was EUR K 227.

EUROREAL Immobilien GmbH also granted an option for renting a neighboring tract of land. An annual consideration of EUR K 105 was agreed for this option. This amount is already contained in the aforementioned rental payments.

### Other business relations

The transfer agreement dated March 14, 2007 resulted in NEUSON Baumaschinen GmbH transferring 100 percent of its shares in Neuson Ecotec GmbH in exchange for EUR 2.7 million to the PIN Private Trust (PIN Privatstiftung) founded by Johann Neunteufel under Austrian law. Johann Neunteufel is the main beneficiary of this trust.

Under the terms of the transfer agreements from June 24, 2004, May 20, 2005, and March 17, 2006, the PIN Private Trust transferred shares in Neuson Baumaschinen GmbH to NEUSON KRAMER Baumaschinen AG in exchange for a total EUR 23.1 million. These shares corresponded to a 5-percent interest respectively (and therefore a total of 15 percent).

NEUSON Baumaschinen GmbH provides bookkeeping services to members of the group controlled by Johann Neunteufel at conditions customary in the market. This resulted in EUR K 4 in the fourth quarter of 2007.

### Further information

At December 31, 2007, receivables from shareholders totaled EUR K 124 (2006: EUR K 21). These receivables originate from trade transactions in fiscal 2007 in the amount of EUR K 103 (2006: EUR K 3).

The Curt Wacker foundation provides voluntary support and pension benefits for employees of Wacker Construction Equipment AG. As of December 31, 2007, receivables vis-à-vis the Curt Wacker foundation amounted to EUR K 60. Provision is made for obligations vis-à-vis the Curt Wacker foundation. As of December 31, 2007, the provision amounts to EUR K 209 (2006: EUR K 209).

The members of the management body and the Supervisory Board of Wacker Construction Equipment AG represent the uppermost level of company management and supervision and are responsible for the planning, management and supervision of the activities of Wacker Construction Equipment AG. The total remuneration for the management body of Wacker Construc-

tion Equipment AG in the period under review amounted to EUR K 3,505 (previous year: EUR K 2,404). The total remuneration accruing to the Supervisory Board of Wacker Construction Equipment AG in the period under review amounted to EUR K 409 (previous year: EUR K 383).

Retirement commitments were agreed upon for members of the Executive Board. The value of pension obligations at the end of the accounting period totaled EUR K 8,311 (2006: EUR K 7,289). The allocation amounted to EUR K 1,644 (previous year: EUR K 961).

Due to labor law agreements, former CEO Dr. Ulrich Wacker will be paid an interim allowance until he attains retirement age. Wacker Construction Equipment AG created a provision in the amount of EUR K 513 (previous year: EUR K 761) on December 31, 2007 for this purpose. In fiscal 2007, EUR K 280 (previous year: EUR K 376) was paid to Dr. Ulrich Wacker. A pension agreement was concluded for former CEO of NEUSON KRAMER Baumaschinen AG, Mr. Johann Neunteufel. The value of pension obligations at the end of the accounting period totaled EUR K 65.

### 35 Auditor's fee

The auditor's fee is disclosed as an expense in fiscal 2007 and is broken down as follows:

in € K	
Auditing services	286
Other approval and assessment services	600
Tax consultation services	55
Other services	55

### 36 Declaration regarding the Corporate Governance Codex

The Executive and Supervisory Boards have issued a declaration stating which recommendations of the "Commission of the German Corporate Governance Code" have been and will be adopted. The declaration is permanently available to shareholders.

### 37 Release for publication

The Consolidated Financial Statements for Wacker Construction Equipment AG for the year ending December 31, 2007 have been released for publication on March 31, 2008 by resolution of the Executive Board.

**Responsibility statement by the management  
(statement in accordance with section 37y of the  
German Securities Trading Act (WpHG) in con-  
junction with section 37v, paragraph 2, number 3  
of WpHG; section 315, paragraph 1, clause 6  
of the German Commercial Code (HGB))**

To the best of our knowledge, we confirm that this Group Management Report outlining business developments along with financial results and the Group's position gives a true and fair view of the Company's situation, further that it suitably presents and assesses the opportunities and risks of the Group's future development and describes the assumptions on which these assessments and projections are made.

Munich, March 31, 2008

The Executive Board

Dr. Ing. Georg Sick  
(CEO and President)

Martin Lehner  
(Deputy CEO)

Richard Mayer

Günther C. Binder

Werner Schwind

# Unqualified Auditors' Opinion

We have audited the Consolidated Financial Statements prepared by Wacker Construction Equipment AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the Consolidated Financial Statements, together with the Group Management Report for the reporting period from January 1 through December 31, 2007.

The preparation of the Consolidated Financial Statements and the Group Management Report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Group Management Report based on our audit.

We have conducted our audit of the Consolidated Financial Statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Management Report are examined primarily on a test basis within the framework of the audit. The audit

includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as the evaluation of the overall presentation of the Consolidated Financial Statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion and based on the findings of our audit, the Consolidated Financial Statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the Consolidated Financial Statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 31, 2008

Röf's WP Partner AG  
Wirtschaftsprüfungsgesellschaft

Reinke  
Wirtschaftsprüfer  
(Public Auditor)

Dr. Wenk  
Wirtschaftsprüfer  
(Public Auditor)