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Income Statement

For the period from January 1 through December 31

in € K	Notes	Jan. 1 - Dec. 31, 2008	Jan. 1 - Dec. 31, 2007[1]
Revenue	(1)	870,331	742,062
Cost of sales		- 576,885	- 459,530
Gross profit		**293,446**	**282,532**
Sales and service expenses		- 156,486	- 140,090
Research and development expenses		- 25,056	- 20,810
General administrative expenses		- 53,487	- 48,289
Other income	(2)	11,023	8,421
Other expenses	(4)	- 11,451	- 2,859
Profit before interest and tax (EBIT)		**57,989**	**78,905**
Financial result	(5)	- 2,308	- 660
Profit before tax (EBT)		**55,681**	**78,245**
Taxes on income	(6)	- 17,576	- 24,142
Profit for the period before minority interests		**38,105**	**54,103**
Minority interests		**- 716**	**23**
Profit for the period		**37,389**	**54,126**
Earnings per share (in euros) (diluted and undiluted)	(7)	**0.53**	**1.10**

[1] Incl. Q4 Neuson Kramer subgroup

Balance Sheet

Balance at December 31

in € K	Notes	Dec. 31, 2008	Dec. 31, 2007[1]
Assets			
Property, plant and equipment	(8)	272,934	221,869
Investment property	(9)	2,708	2,105
Goodwill	(10)	326,059	325,676
Intangible assets	(10)	98,438	100,220
Other investments	(11)	3,420	1,649
Deferred taxes	(6)	13,450	10,994
Other long-term assets	(11)	32,999	34,523
Total long-term assets		**750,008**	**697,036**
Inventories	(12)	217,030	175,130
Trade receivables	(13)	119,188	161,211
Marketable securities	(14)	1,894	88,656
Current tax receivables		10,402	3,492
Other current assets	(15)	14,489	12,169
Cash and cash equivalents	(16)	65,600	76,816
Total current assets		**428,603**	**517,474**
Total assets		**1,178,611**	**1,214,510**

[1] Incl. Q4 Neuson Kramer subgroup

in € K	Notes	Dec. 31, 2008	Dec. 31, 2007[1]
Equity and liabilities			
Subscribed capital	(17)	70,140	70,140
Other reserves	(17)	582,516	586,186
Retained earnings	(17)	256,432	254,113
Equity before minority interests		**909,088**	**910,439**
Minority interests		**2,731**	**2,280**
Total equity		**911,819**	**912,719**
Long-term borrowings	(20)	38,845	44,219
Deferred taxes	(6)	31,989	33,724
Long-term provisions	(18)(19)	29,288	29,200
Total non-current liabilities		**100,122**	**107,143**
Trade payables	(21)	32,290	63,084
Short-term borrowings from banks	(20)	81,742	72,103
Current portion of long-term borrowings	(20)	5,876	6,073
Short-term provisions	(19)	11,112	9,324
Current tax payable		466	1,366
Other liabilities	(22)	35,184	42,698
Total current liabilities		**166,670**	**194,648**
Total liabilities		**1,178,611**	**1,214,510**

Cash Flow Statement

For the period from January 1 through December 31

in € K	Jan. 1 - Dec. 31, 2008	Jan. 1 - Dec. 31, 2007[2]
EBT	55,681	78,245
Depreciation and amortization	42,954	38,083
Other major non-cash income	0	- 1,640
Foreign exchange result	- 3,852	- 8,139
Gains/losses from sale of intangible assets and property, plant and equipment	- 29	48
Book value from the disposal of rental equipment	3,044	3,423
Gains/losses from derivatives (cash flow hedging)	452	- 93
Financial result	2,308	660
Changes in inventories	- 41,900	- 14,879
Changes in trade receivables and other assets	41,771	4,798
Changes in provisions	1,876	- 503
Changes in trade payables and other liabilities	- 33,475	- 3,196
Interest paid	- 8,136	- 7,854
Income tax paid	- 29,561	- 33,973
Cash flow from operating activities	**31,133**	**54,980**
Purchase of property, plant and equipment	- 93,134	- 81,571
Purchase of intangible assets	- 8,654	- 2,469
Proceeds from the sale of property, plant and equipment and intangible assets	1,440	895
Purchase of marketable securities	0	- 122,078
Proceeds received on the sale of marketable securities	85,674	46,987
Change in consolidation structure	- 1,771	10,572
Interest received	6,976	5,910
Cash flow from investing activities	**- 9,469**	**- 141,754**
Issue of new shares	0	165,000
Costs of procuring capital	- 69	- 5,582
Dividends	- 35,335	- 24,273
Proceeds/income from short-term borrowings	19,119	12,183
Repayment of long-term borrowings	- 5,400	- 50,606
Payment of finance lease liabilities	- 173	- 306
Cash flow from financing activities	**- 21,858**	**96,416**
Increase/decrease in cash and cash equivalents	**- 194**	**9,642**
Effect of exchange rates on cash and cash equivalents	- 1,259	1,106
Change in cash and cash equivalents	**- 1,453**	**10,748**
Cash and cash equivalents at beginning of period[1]	**38,792**	**28,044**
Cash and cash equivalents at end of period[1]	**37,339**	**38,792**

[1] Borrowings from banks from the group's cash pool accounts are netted.
[2] Incl. Q4 Neuson Kramer subgroup

Statement of Changes in Equity

Balance at December 31

in € K	Sub-scribed capital	Capital reserves	Exchange differ-ences	Other neutral changes	Retained earnings	Treasury shares	Equity before minority interests	Minority interests	Total equity
Balance at December 31, 2006	**43,500**	**72,330**	**- 21,526**	**501**	**224,260**	**- 36,691**	**282,374**	**0**	**282,374**
Exchange differences	0	0	- 11,319	0	0	0	- 11,319	0	- 11,319
Other neutral changes	0	0	0	80	0	0	80		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
Balance at December 31, 2007[1]	**70,140**	**618,450**	**- 32,845**	**581**	**254,113**	**0**	**910,439**	**2,280**	**912,719**
Exchange differences	0	0	- 4,069	0	0	0	- 4,069	0	- 4,069
Other neutral changes	0	0	0	452	0	0	452		452
Subtotal							- 3,617	0	- 3,617
Profit for the period	0	0	0	0	37,389	0	37,389	716	38,105
Total profit for the period							33,772	716	34,488
Dividends	0	0	0	0	- 35,070	0	- 35,070	- 265	- 35,335
Costs of procuring capital	0	- 53	0	0	0	0	- 53	0	- 53
Balance at December 31, 2008	**70,140**	**618,397**	**- 36,914**	**1,033**	**256,432**	**0**	**909,088**	**2,731**	**911,819**

[1] Incl. Q4 Neuson Kramer subgroup

Segmentation

For the period from January 1 through December 31

Primary segmentation (geographical segments)

in € K	Europe	Americas	Asia	Consolidation	Group
2008					
Segment revenue					
Total external sales	928,489	246,175	38,610		
Less intrasegment sales	- 207,716	- 35,799	- 1,881		
	720,773	210,376	36,729		
Intersegment sales	- 44,620	- 43,440	- 9,487	0	
Total	**676,153**	**166,936**	**27,242**		**870,331**
Segment result (EBIT)					
From continuing business segments	45,774	11,599	1,393		
From discontinued business segments	0	0	0		
Total	**45,774**	**11,599**	**1,393**	**- 777**	**57,989**
Other information					
Investments	88,025	7,080	1,840	0	96,945
Depreciation and amortization	37,979	4,351	624	0	42,954
Non-cash expenses	5,489	2,096	54	0	7,639
Balance sheet					
Segment assets	908,956	142,340	22,710	- 24,227	1,049,779
Segment liabilities	81,760	22,607	3,744	- 4,687	103,424

in € K	Europe	Americas	Asia	Consolidation	Group
2007					
Segment revenue					
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		
Total	**520,658**	**196,055**	**25,349**	**0**	**742,062**
Segment result (EBIT)					
From continuing business segments	50,884	25,761	3,105		
From discontinued business segments	0	0	0		
Total	**50,884**	**25,761**	**3,105**	**- 845**	**78,905**
Other information					
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
Balance sheet					
Segment assets	862,144	126,602	20,934	- 13,034	996,646
Segment liabilities	108,848	22,234	3,030	- 628	133,484

Secondary segmentation (business segments)

in € K	2008	2007[1]
Segment revenue from external customers		
Light equipment	331,352	408,170
Compact equipment	355,979	179,480
Services	188,507	159,657
	875,838	747,307
Less cash discounts	- 5,507	- 5,245
Total	**870,331**	**742,062**

[1] Incl. Q4 Neuson Kramer subgroup

Notes to the Consolidated Financial Statements

General information on accounting standards

Wacker Neuson SE (formerly: Wacker Construction Equipment AG) has its headquarters in Munich, Germany, at Preussenstrasse 41, and is registered in the local German Register of Companies in Munich ("Handelsregister München") under Section B, No. 177839 (formerly: No. 144236).

Trading in the company's shares commenced on May 2007 in the Prime Standard segment of the German stock exchange on the regulated market. The company has been listed in the SDAX since September 2007.

The financial statements for fiscal 2008 (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 (1). All valid and binding standards for fiscal 2008 have been applied and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

For the following statements, the Group primarily applies IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction). This has no effect on the assets, liabilities, financial position and profit and loss of the Group.

IFRS 8 (Operating Segments) was issued on November 30, 2006, by the IASB and adopted by the European Union (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 use for fiscal years starting on or 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.

On October 15, 2008, the EU endorsed amendments to IAS 39 und IFRS 7. This allows companies to reclassify certain financial instruments as of July 1, 2008. The early, elective application of these amendments did not have an affect on the Consolidated Financial Statements of the Group.

IAS 23 (Borrowing Costs) was endorsed by the EU on October 10, 2008. This standard supersedes the revised IAS 23 dating from 1993 and must be applied to fiscal years beginning on or after January 1, 2009. The Group has not applied the revisions in IAS 23 to the current consolidated financial statements. It is not expected that the application of IAS 23 will have a material effect on the assets, liabilities, financial position and profit and loss of the Group.

The following amendments were endorsed by the EU on December 16, 2008: amendments to IFRS 2 (Share-Based Payments) must be applied to financial statements covering fiscal years beginning on or after January 1, 2009; and IFRIC 13 (Customer Loyalty Programs) must be applied to financial statements covering fiscal years beginning on or after July 1 2008. The Group has chosen to apply these new elective regulations to its consolidated financial statements for 2008. This did not result in any changes to the consolidated financial statements.

IAS 1 (Presentation of Financial Statements, as revised in 2007) was endorsed by the EU on December 17, 2008. This standard supersedes the previous version of IAS 1 and must be applied to fiscal years beginning on or after January 1, 2009. The Group has not applied the revisions in IAS 1 to the current consolidated financial statements. Application would result in changes to the presentation of the consolidated financial statements but would not, however, fundamentally alter the presentation of assets, liabilities, financial position and profit and loss of the Group.

The EU endorsed further amendments to IAS 1 (Presentation of Financial Statements) and IAS 32 (Financial Instruments: Presentation) in January 2009: These amendments concern companies which have issued puttable financial instruments or financial instruments which give rise to a claim to company assets on liquidation and must be applied to fiscal years beginning on or after January 1, 2009. The Group has not applied the new regulations to the current consolidated financial statements. Application would not have had any impact on the consolidated financial statements.

Amendments to IFRS 1 (First Time Adoption of International Financial Reporting Standards) and to IAS 27 (Consolidated and Separate Financial Statements) were also endorsed by the EU in January 2009. These concern the recognition of costs of an investment in an affiliate or jointly controlled company. The amendments must be applied to fiscal years beginning on or after January 1, 2009. The Group has not applied the new regulations to the current consolidated financial statements. Application would not have had any impact on the consolidated financial statements.

The following amendments to standards or interpretations have not yet been adopted by the EU and are unlikely to result in substantial changes to future consolidated financial statements:

- Amendment to IFRS 3 (Business Combinations) mainly affecting the introduction of an accounting policy choice to measure non-controlling interests (full goodwill method); this amendment must be applied to fiscal years beginning on or after July 1, 2009;
- Amendment to IAS 39 (Financial Instruments: Recognition and Measurement) to facilitate the recognition of a hedging relationship when hedging against exposures arising from financial instruments; this amendment must be applied to fiscal years beginning on or after July 1, 2009;
- IFRIC 12 (Definition of Service Concession Arrangements) addresses arrangements whereby a government or other public sector body contracts with a private operator to provide a public service (roads, hospitals, utilities, etc.). IFRS requires that this interpretation is applied to fiscal years beginning as of January 1, 2008 but it has not yet been legally endorsed by the EU and may not be applied to the current financial statements;
- IFRIC 15 (Agreements for the Construction of Real Estate) standardizes accounting practice for the recognition of revenue by real estate developers for sales of real estate units; this amendment must be applied to fiscal years beginning on or after January 1, 2009;
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) clarifies issues arising from IAS 21 (Foreign Exchange Rates) and IAS 39 (Financial Instruments: Recognition and Measurement) and must be applied to fiscal years beginning on or after October 1, 2008;
- IFRIC 17 (Distributions of Non-Cash Assets to Owners) addresses the distribution of dividends to company owners in non-financial form and must be applied to fiscal years beginning on or after July 1, 2009;
- IFRIC 18 (Transfers of Assets from Customers) is particularly relevant to utilities and must be applied to fiscal years beginning on or after July 1, 2009.

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 HGB.

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

With its roots dating back to 1848, the company is now 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). Wacker Neuson 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 the former Neuson Kramer Baumaschinen AG (now Wacker Neuson Beteiligungs GmbH) and its affiliates in 2007, the new consolidated Wacker Neuson Group started 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 "Kramer Allrad" brands in the future. Furthermore, the company CLAAS Global Sales GmbH, which now 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" based on distribution agreement 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, 2008 through December 31, 2008.

Consolidation structure

In addition to the parent company, Wacker Neuson SE (formerly: Wacker Construction Equipment AG), the Consolidated Financial Statements include the following entities in which the company has the following direct or indirect shareholdings:

Company Name	City	Country	Direct	Indirect	Segment
Drillfix AG	Volketswil (near Zurich)	Switzerland	100%		Europe
Nippon Wacker Co., Ltd.	Tokyo	Japan	100%		Asia
Wacker Neuson Equipment Private Ltd.	Bangalore	India	100%		Asia
Wacker Machinery Limited	Dublin	Ireland	100%		Europe
Wacker Neuson Beteiligungs GmbH	Leonding (near Linz)	Austria	100%		Europe
Wacker Neuson Linz GmbH	Leonding (near Linz)	Austria	100%		Europe
Wacker Neuson Rhymney Ltd.	Tredegar	Great Britain	100%		Europe
Kramer-Werke GmbH	Pfullendorf	Germany	95%		Europe
PADEM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gutmadingen KG	Düsseldorf	Germany	95%	90%	Europe
STG Stahl- und Maschinenbautechnik Gutmadingen GmbH	Geisingen	Germany	100%	95%	Europe
Wacker Neuson Finance Immorent GmbH	Leonding (near Linz)	Austria	98%		Europe
Wacker Neuson AB	Södra Sandby (near Malmö)	Sweden	100%		Europe
Wacker Neuson AG	Volketswil (near Zurich)	Switzerland	100%		Europe
Wacker Neuson AS	Hagan (near Oslo)	Norway	100%		Europe
Wacker Neuson A/S	Karlslunde	Denmark	100%		Europe
Wacker Neuson B.V.	Amersfoort	Netherlands	100%		Europe
Wacker Neuson Corporation	Menomonee Falls (near Milwaukee)	USA	100%		Americas
EQUIPRO Inc.	Germantown (near Milwaukee)	USA	100%		Americas
Wacker Neuson GmbH	Moscow	Russia	100%		Europe
Wacker Neuson GmbH	Vienna	Austria	100%		Europe
Wacker Neuson Kft.	Törökbálint (near Budapest)	Hungary	100%		Europe
Wacker Neuson Limited	Hong Kong	China	100%		Asia
Wacker Neuson Machinery Trading (Shenzhen) Ltd. Co.	Shenzhen	China	100%		Asia
Wacker Neuson Limited	Samutprakarn (near Bangkok)	Thailand	100%		Asia
Wacker Neuson Ltda.	Huechuraba (near Santiago)	Chile	100%		Americas
Wacker Neuson Ltd.	Mississauga (near Toronto)	Canada	100%		Americas
Wacker Neuson Ltd.	Waltham Cross (near London)	Great Britain	100%		Europe
Wacker Neuson Limited	Auckland	New Zealand	100%		Asia

Company Name	City	Country	Direct	Indirect	Segment
Wacker Neuson Makina Limited Şirketi	Küçükbakkalköy (near Istanbul)	Turkey	100%		Europe
Wacker Neuson Manila, Inc.	Dasmariñas (near Manila)	Philippines	100%		Asia
Wacker Neuson Máquinas Ltda.	Jundiaí (near São Paulo)	Brazil	100%		Americas
Wacker Neuson Oy	Kerava (near Helsinki)	Finland	100%		Europe
Wacker Neuson Pty Ltd	Springvale (near Melbourne)	Australia	100%		Asien
Wacker Neuson (Pty) Ltd	Florida (near Johannesburg)	South Africa	100%		Europe
Wacker Neuson S.A.	Torrejón de Ardoz (near Madrid)	Spain	100%		Europe
Wacker Neuson S.A. de C.V.	Mexiko City	Mexico	100%		Americas
Wacker Neuson S.A.S.	Brie-Comte-Robert (near Paris)	France	100%		Europe
Wacker Neuson Sp. z o.o.	Jawczyce (near Warsaw)	Poland	100%		Europe
Wacker Neuson srl con socio unico	San Giorgio di Piano (near Bologna)	Italy	100%		Europe
Wacker Neuson s.r.o.	Prag	Czech Republic	100%		Europe
Weidemann GmbH	Diemelsee-Flechtdorf	Germany	100%		Europe

The following companies are not included in the consolidation structure:

Company Name	Country	Direct	Indirect
Wacker Neuson Kragujevac d.o.o.	Serbia	100%	
Wacker Neuson Lapovo d.o.o.	Serbia	100%	
NK Administration Limited	Great Britain	100%	
Kramer-Allrad of North America Inc.	USA	100%	95%
Kramer-Allrad France S.A.R.L	France	100%	95%
Wacker Neuson Immobilien GmbH	Germany	100%	95%
Wacker Neuson Wohnungsbau GmbH	Germany	100%	95%

Originally a wholly owned subsidiary of the Wacker Neuson Corporation, Ground Heaters, Inc., in Spring Lake, Michigan (USA) was liquidated on December 8, 2008. All business operations have been transferred to the original parent company Wacker Neuson Corporation.

The following legal changes were made or approved vis-à-vis the company structure in fiscal 2008:

With effect as of March 1, 2008, the affiliate Wacker Neuson GmbH in Vienna purchased the entire business operations of Stambach Baumaschinen GesmbH, also a consolidated company of the Wacker Neuson Group. The asset deal between Wacker Neuson GmbH as the purchaser and Stambach Baumaschinen GesmbH as the seller does not classify as a business combination under IFRS 3, as both companies are under the common control of Wacker Neuson SE (formerly: Wacker Construction Equipment AG).

On June 30, 2008, Stambach Baumaschinen GesmbH was incorporated into Neuson Baumaschinen GmbH. The name and legal form of Neuson Baumaschinen GmbH has in the meantime been changed to Wacker Neuson Linz GmbH.

The company established a new affiliate in India in the first quarter of 2008. During the course of 2008, this affiliate did not have any significant impact on the assets, liabilities, financial position and profit and loss of the Group.

At the end of second quarter, the legal form and name of Neuson Kramer Baumaschinen AG were changed to Wacker Neuson Beteiligungs GmbH. This took place as part of the integration of the Neuson Kramer subgroup.

Furthermore, another affiliate was established in Serbia (Wacker Neuson Lapovo d.o.o) during the second quarter. This involved an outlay of EUR 1.5 million. During the course of 2008, this affiliate did not have any significant impact on the assets, liabilities, financial position and profit and loss of the Group. It will supply the Group with structural steel components.

The merger of Neuson Finance GmbH in Linz with Wacker Neuson Linz GmbH was executed on October 31, 2008.

During the AGM on June 3, 2008 in Munich, shareholders approved the proposal to change the company's legal form to an SE (Societas Europaea) and its name to Wacker Neuson SE. The majority of affiliates have renamed to Wacker Neuson as a result of this change.

The following restructuring alignments were also approved: liquidation of the dormant company Wacker Machinery Ltd. in Ireland; plus a merger between French-based NK Administration S.r.l., which has been in liquidation since 2005, and Wacker Neuson SAS in France.

On November 6, 2008, the Executive and Supervisory Boards resolved to close the production plant in Tredegar (Wales, Great Britain), thus dissolving the Group member Wacker Neuson Rhymney Ltd. Production of Wacker Neuson four-wheel dumpers is to be transferred to the Austrian plant in Linz.

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 applied by the company.

Equity was 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.

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 affiliates 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, with the exception of the Philippines (US dollar). 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		2008	2007	2008	2007
		Annual average rates		Rates at balance sheet date	
Australia	AUD	1.7492	1.6361	2.0257	1.6775
Brazil	BRL	2.6881	2.6604	3.2843	2.6205
Chile	CLP	777.9500	719.4833	900.4000	732.4000
Denmark	DKK	7.4556	7.4511	7.4518	7.4581
UK	GBP	0.8038	0.6873	0.9600	0.7346
Hong Kong	HKD	11.4731	10.7562	10.8323	11.4760
India	INR	64.3776	–	68.4300	–
Japan	JPY	151.4825	162.0433	126.4000	165.0000
Canada	CAD	1.5655	1.4651	1.7160	1.4440
Mexico	MXN	16.4258	15.0650	19.3500	16.0700
New Zealand	NZD	2.0929	1.8621	2.4177	1.9003
Norway	NOK	8.2841	8.0027	9.7900	7.9650
Philippines	USD	1.4741	1.3790	1.3977	1.4716
Poland	PLN	3.5383	3.7834	4.1823	3.5928
Russia	RUB	36.8383	34.8396	42.2650	35.9950
Sweden	SEK	9.6855	9.2628	10.9150	9.4350
Switzerland	CHF	1.5786	1.6461	1.4860	1.6557
South Africa	ZAR	12.1115	9.6862	13.1698	10.0300
Thailand	THB	49.0758	44.3608	48.8550	43.8250
Czech Republic	CZK	24.9833	27.6900	26.5850	26.5750
Turkey	TRY	1.9196	1.7826	2.1520	1.7135
Hungary	HUF	250.9683	251.3558	264.5050	252.3250
USA	USD	1.4741	1.3790	1.3977	1.4716

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 – 10
Office and other equipment	3 – 20

Financing costs are not capitalized.

Investment properties
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/IAS 36, 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.

Leases

When the Group is the lessee
Leasing transactions regarding tangible assets in which the Group as the lessee bears 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

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.

Derivative financial instruments

The Wacker Neuson Group utilizes financial instruments such as foreign exchange forward contracts 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 utilized to hedge against interest rate risks and exchange rate risks. The goal of hedging activities is to reduce risks arising from variable interest rate borrowing and future transactions in foreign currencies. Their maturities are termed to match the terms of the corresponding underlying transactions, and range from several months to several years.

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.

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:

- Forward exchange contracts are evaluated by applying the market rates of transactions monitored.
- 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.

Recognition of gains and losses from derivative financial instruments is subject to the requirements for hedge accounting as set 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. Derivative financial instruments that do not satisfy hedge accounting requirements are allocated to the assets or liabilities held for trading and designated at fair value through profit or loss when first recognized and in subsequent fiscal years. Profits and losses realized through fair value fluctuations are immediately recognized.

The forward exchange contracts and interest rate swaps employed by the Group are treated as cash flow hedges in the balance sheet where changes in fair value are recorded directly in equity. The other forward exchange contracts do not satisfy formal hedge accounting requirements and are recognized in the balance sheet as being held for trading.

Non-derivative financial instruments

Non-derivative financial instruments as disclosed on the assets side of the balance sheet comprise investments, marketable securities 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 Group company becomes a party to a contract. Financial assets are recognized as of the day of performance. 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.

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 Group company becomes a party to a contract. Financial liabilities are derecognized when paid.

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 written down over a period of six years for assets capitalized in 2008. Development costs capitalized in previous years are written down 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 a 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.

Government subsidies

Government subsidies are only recognized if there is reasonable assurance that the funding will be approved and that the company fulfils the relevant criteria. Expense-related subsidies are recognized by reducing the book value of the asset. The subsidy is then recognized as income through a reduced write-down value over the duration of the depreciable asset's useful life.

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 calculated 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 taxes

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 carryforwards 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, it has been necessary to make estimates and assumptions which may influence the amounts and disclosure of assets and liabilities recognized on the balance sheet, income and expenses as well as contingent liabilities. The estimates are based on past experience and other assumptions deemed to be suitable under the given circumstances. The actual values can deviate from these estimates. The estimates and assumptions are regularly verified and modified where necessary.

The following significant estimates and related assumptions, together with the uncertainties associated with the accounting and valuation methods applied are crucial in understanding the underlying risks of the financial report and the impact these estimates, assumptions and uncertainties could have on the Consolidated Financial Statements.

Goodwill

An assessment is carried out each year by the Group to determine whether the value of goodwill has been impaired. Additional assessments are performed if there are grounds to consider impairment has taken place. To this end, the recoverable amount of the cash-generating unit must be estimated. This corresponds to the higher of fair value less cost to sell and value in use. Determining fair value less cost to sell involves making adjustments and estimates regarding the forecast and discounting of future cash flows. Although management is of the opinion that the assumptions underlying calculation of the recoverable amount are suitable, unforeseeable changes could result in impairment, which may negatively impact the assets, liabilities, financial position and profit and loss of the Group. The book value of goodwill amounted to EUR K 326,059 at the closing date. Refer to the section on intangible assets in these notes for detailed information on the calculation of value impairments.

Useful lives of tangible assets and other intangible assets

At the end of each fiscal year, the Group assesses the estimated useful lives of tangible assets and other intangible assets. Estimations did not need to be reviewed in 2008.

Value of tangible assets and other intangible assets

At each closing date, the Group must determine whether there are any grounds to assume that the book value of a tangible asset or an item under other intangible assets has been impaired. In this case, the recoverable amount of the asset in question is estimated. The recoverable amount corresponds to the higher of fair value less cost to sell and value in use. Value in use is determined based on the discounted future cash flows of the relevant asset. Estimating discounted future cash flows involves making key assumptions, in particular regarding future sales prices and volumes, costs and discount rates. Although management is of the opinion that the assessment of relevant expected useful lives, of the general economic climate and market trends within the industries in which the Group operates, and of discounted future cash flows are suitable, a change to current assumptions or to current circumstances may render it necessary to review this analysis. This could result in additional value impairments or write-ups in the future should the trends identified by management turn around or if the assumptions and estimates turn out to be incorrect.

Taxes on income and earnings

At each closing date, the Group determines whether the probability of future tax benefits is sufficient to justify deferred tax assets. To this end, management must assess the tax benefits resulting from existing tax strategies and income to be taxed in the future, as well as take further positive and negative factors into consideration. The recognized deferred tax assets may be lower if the estimates regarding taxable income and the tax benefits realizable through available tax strategies are lowered, or should changes to current tax legislation restrict the timeframe or feasibility of future tax benefits. Refer to the section on taxes on income in these notes for more detailed information.

Employee benefits

Pensions and similar obligations are calculated in accordance with actuarial valuations. These valuations are based on a number of factors including statistical values in order to anticipate future events. These factors include actuarial assumptions such as the discount rate, expected return on plan asset, expected salary increases and mortality rates. These actuarial assumptions can deviate considerably from the actual obligations as a result of changed market and economic conditions, resulting in a change in the associated future outlay.

Legal risks

Certain Group companies are involved in legal disputes. The outcome of these disputes could have a substantial impact on the assets, liabilities, financial position and profit or loss of the Group. Company management regularly analyses the current information available about these cases and recognizes provisions to cover probable obligations. Assessments are performed by internal and external lawyers. When reaching a decision on the need to recognize provisions, company management takes sufficient account of the probability of an unfavorable outcome and takes due care to estimate the amount of the obligation sufficiently reliably.

Explanatory comments on the income statement

1 Revenue

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	2008	2007
Foreign exchange gains	7,168	2,727
Proceeds from sale of property, plant and equipment	601	403
Insurance reimbursements	215	370
Recovery of receivables written off	71	75
Rental income on investment Property	557	103
Other income	2,411	4,743
Total	**11,023**	**8,421**

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	2008	2007
Wages and salaries	150,812	130,869
Social security contributions	30,761	23,414
Other personnel costs	7,595	9,138
Expenses for pensions	2,293	4,351
Total	**191,461**	**167,772**

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

in € K	2008	2007
Redundancy payments	1,091	935

The average number of employees is as follows:

in € K	2008	2007
Management	44	44
Administration	293	294
Sales	820	818
Service	650	630
Logistics	282	270
Production and technology	1,395	1,435
Other	177	162
Total	**3,661**	**3,653**

4 Other operating expenses

in € K	2008	2007
Losses on the disposal of property, plant and equipment	578	371
Realized exchange losses	8,243	2,268
Other expenses	2,630	220
Total	**11,451**	**2,859**

Expenses from the reevaluation of a tract of land at Wacker Neuson Rhymney Ltd. amounting to EUR K 1,662 were realized for the current fiscal year. Following the decision to close the production plant in Tradegar, surveyors were commissioned to perform a property assessment. The findings resulted in a re-evaluation. The company is assigned to the Europe segment.

5 Financial result

in € K	2008	2007
Interest and similar income	7,213	5,618
Unrealized gains and losses	- 1,956	505
Income on disposals of financial assets	650	1,368
Interest and similar expenses	- 8,215	- 8,151
Total	**- 2,308**	**- 660**

Interest expenses include expenses for interest resulting from finance lease contracts in the amount of EUR K 69 (previous year: EUR K 72). Interest income from finance leases in the amount of EUR K 1,424 (previous year: EUR K 640) 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 the fiscal year with no effect on income.

6 Taxes on income

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

in € K	2008	2007
Current tax expense	22,169	29,073
Deferred tax expense	- 4,593	- 4,931
Total	**17,576**	**24,142**

Reconciliation of calculated tax to actual tax expense:

in € K	2008	2007
EBT	55,681	78,245
Tax at the applicable tax rate : 29.46% (previous year: 38.29%)	16,403	29,960
Change in tax rate (Germany)	0	- 4,660
Variance in tax rates	- 905	- 388
Tax effects of non-deductible expenses and tax-exempt income	870	1,063
Other	1,208	- 1,833
Total	**17,576**	**24,142**

The calculated taxes on income result by applying the Group's unified tax rate of 29.46 percent (previous year: 38.29 percent) to profit before tax (EBT).

We have based our tax assessment for the current year on a corporate income tax rate of 15 percent and a solidarity surcharge of 5.5 percent. Trade tax on income is no longer deductible for the assessment concerning corporate income tax and trade tax. Trade tax is set at a uniform 3.5 percent.

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

Actual netted income tax receivables on the closing date amounted to EUR K 9,936 (previous year: EUR K 2,126).

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

in € K	2008	2007
Deferred tax assets		
Provisions for pensions	343	1,063
Property, plant and equipment	4,722	1,827
Loss carry-forwards	511	265
Inventories	6,890	6,580
Other	480	809
Liabilities	297	359
Receivables	207	91
Total	**13,450**	**10,994**
Deferred tax liabilities		
Other intangible assets	- 23,690	- 24,797
Property, plant and equipment	- 8,311	- 7,762
Inventories	- 1,315	- 2,446
Provisions for pensions	920	1,144
Other	407	137
Total	**- 31,989**	**- 33,724**

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.

The tax losses that were not utilized and for which no deferred tax entitlement was recognized in the balance sheet amount to EUR K 15,135 (previous year: EUR K 12,571).

With respect to deferred tax assets, EUR K 311 (previous year: EUR K 241) 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.

Deferred taxes from derivative financial instruments and marketable securities held for the purpose of trading (applies to previous year) in the amount of EUR K 477 (previous year: EUR K 240) were recognized directly in equity.

7 Earnings per share

	2008	2007
Earnings of the current period attributable to shareholders in € K	37,389	54,126
Weighted average number of shares outstanding during current period in thousand shares	70,140	49,249
Undiluted earnings per share in €	**0.53**	**1.10**
Diluted earnings per share in €	**0.53**	**1.10**

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 the company 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/ Assets under construction	Total
Acquisition costs					
Balance at January 1, 2008	152,209	155,734	54,954	31,289	394,186
Currency translation differences	- 1,132	2,531	- 797	435	1,037
Additions	16,276	42,600	10,044	21,720	90,640
Retirements	- 2,212	- 15,210	- 4,004	- 27	- 21,453
Transfers	31,022	2,680	811	- 39,604	- 5,091
Balance at December 31, 2008	**196,163**	**188,335**	**61,008**	**13,813**	**459,319**
Accumulated depreciation					
Balance at January 1, 2008	48,712	84,995	38,610	0	172,317
Currency translation differences	- 421	1,626	- 649	0	556
Additions	6,380	22,406	5,720	0	34,506
Retirements	- 1,739	- 11,741	- 3,393	0	- 16,873
Transfers	- 3,902	- 158	- 61	0	- 4,121
Balance at December 31, 2008	**49,030**	**97,128**	**40,227**	**0**	**186,385**
Balance at December 31, 2007	**103,497**	**70,739**	**16,344**	**31,289**	**221,869**
Balance at December 31, 2008	**147,133**	**91,207**	**20,781**	**13,813**	**272,934**

in € K	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account/ Assets under construction	Total
Acquisition costs					
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
Balance at December 31, 2007	**152,209**	**155,734**	**54,954**	**31,289**	**394,186**
Accumulated depreciation					
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
Balance at December 31, 2007	**48,712**	**84,995**	**38,610**	**0**	**172,317**
Balance at December 31, 2006	**69,874**	**56,956**	**11,243**	**9,453**	**147,526**
Balance at December 31, 2007	**103,497**	**70,739**	**16,344**	**31,289**	**221,869**

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

An affiliate received EUR K 539 in the form of an economic development grant in conjunction with the acquisition of a tract of land. On receipt of the payment, the grant was offset against the purchase price of the tangible asset.

9 Investment properties

The table below shows the development of the investment properties during the years 2007 and 2008:

in € K	2008	2007
Acquisition costs		
Balance at January 1	2,147	38
Currency translation differences	- 8	- 3
Additions from change in consolidation structure	0	2,112
Additions	0	0
Retirements	0	0
Transfers	4,902	0
Balance at December 31	**7,041**	**2,147**
Accumulated depreciation		
Balance at January 1	42	0
Additions	170	42
Retirements	0	0
Transfers	4,121	0
Balance at December 31	**4,333**	**42**
Book value on January 1	**2,105**	**38**
Book value on December 31	**2,708**	**2,105**

In April 2006, Wacker Neuson (Pty) 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. Kramer-Werke GmbH has pulled out of its previous location in Überlingen to move to its new plant in Pfullendorf. The old premises was put up for rent as of January 1, 2009.

The property in South Africa is currently valued at EUR K 273. This amount was calculated based on official market prices. The fair value of the land in Gutmadingen was assessed by an independent surveyor on September 30, 2007 using the German income approach. The site is valued at EUR 2.1 million. The building has a useful life of 17 years and is amortized using the straight-line method. The fair value of the land in Überlingen was assessed by an independent surveyor on September 30, 2007, using the German comparative approach (for the value of the land) and the German income approach. The total fair value amounts to EUR K 13,195. The building has a useful life of 50 years and is amortized using the straight-line method.

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

in € K	2008	2007
Rental income	557	103
Depreciation and amortization	- 170	- 42
Other expenses	- 3	- 134
Total	**384**	**- 73**

10 Intangible assets

a) Goodwill

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

in € K	Book value after acquisition
As at Jan. 1, 2008	325,676
Net assets due to minority interests	7
Foreign currency fluctuations	376
Goodwill as at Dec. 31, 2008	**326,059**

In accordance with the regulations as set forth in IFRS 3/IAS 36, goodwill was not subject to scheduled amortization. The goodwill recognized on the Weidemann GmbH balance sheet, which was already fully amortized, was transferred. The goodwill originally recognized in the balance sheet of the subgroup of the Neuson Kramer Group was incorporated in the goodwill disclosed by 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
Acquisition costs					
Balance at January 1, 2008	16,568	101,293	3,883	196	121,940
Currency translation differences	221	239	2	9	471
Additions from acquisitions	0	0	0	0	0
Additions	2,620	0	1,075	2,602	6,297
Retirements	- 714	0	0	- 2	- 716
Transfers	240	0	136	- 187	189
Balance at December 31, 2008	**18,935**	**101,532**	**5,096**	**2,618**	**128,181**
Accumulated amortization					
Balance at January 1, 2008	10,487	10,894	339	0	21,720
Currency translation differences	208	70	0	0	278
Additions	1,639	5,351	1,288	0	8,278
Retirements	- 533	0	0	0	- 533
Transfers	0	0	0	0	0
Balance at December 31, 2008	**11,801**	**16,315**	**1,627**	**0**	**29,743**
Book value on December 31, 2007	**6,081**	**90,399**	**3,544**	**196**	**100,220**
Book value on December 31, 2008	**7,134**	**85,217**	**3,469**	**2,618**	**98,438**

in € K	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Payments on account	Total
Acquisition costs					
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
Balance at December 31, 2007	**16,568**	**101,293**	**3,883**	**196**	**121,940**
Accumulated amortization					
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
Balance at December 31, 2007	**10,487**	**10,894**	**339**	**0**	**21,720**
Book value on December 31, 2006	**2,369**	**29,601**	**0**	**177**	**32,147**
Book value on December 31, 2007	**6,081**	**90,399**	**3,544**	**196**	**100,220**

The down-payments effected relate primarily to development costs for projects not yet completed at the closing date.

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 “Weidemann” resulting from the acquisition of Weidemann GmbH in 2005. Due to the strong market position of Weidemann GmbH, 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. Wacker Neuson SE (formerly: 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 Hans Neunteufel. Subject to certain assumptions, however, the company has an exclusive, irrevocable and unlimited license to use this brand in conjunction with the name “Wacker”. In addition to the brand, technology in the amount of EUR K 16,995 is also disclosed as a significant intangible asset.

The expected useful lives and residual book values of other intangible assets are as follows:

in € K	Book value on Dec. 31, 2008 in € K	Book value on Dec. 31, 2007 in € K	Useful life
Order volume	–	1,309	–
Brand	64,838	64,838	indefinite
Technology	16,995	20,648	≤ 5 years
Customer base	3,384	3,604	9 years
Total	**85,217**	**90,399**	

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 Neuson Corporation (subgroup/USA)
- Weidemann GmbH (Germany)
- Wacker Neuson Beteiligungs GmbH (formerly: Neuson Kramer Baumaschinen AG) (subgroup/Austria)

The pro-rata book values break down as follows:

in € K	2008	2007
Weidemann GmbH		
Book value of goodwill	24,592	24,592
Book value of the indefinite-lived brand	22,000	22,000
Wacker Neuson Corporation		
Book value of goodwill	7,479	7,103
Book value of the indefinite-lived brand	–	–
Wacker Neuson Beteiligungs GmbH		
Book value of goodwill	293,988	293,981
Book value of the indefinite-lived brand	42,838	42,838
Total		
Book value of goodwill	**326,059**	**325,676**
Book value of the indefinite-lived brand	**64,838**	**64,838**

The value of goodwill and indefinite-lived brands is verified during the annual impairment test. For this purpose, the book value is compared with the fair value less cost to sell (value in use previous year). The fair value less cost to sell is determined using the discounted cash flow method. Value is impaired if fair value less cost to sell is lower than the book value. Impairment losses did not need to be written down in fiscal 2008.

The calculation of fair value less cost to sell 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
- Underlying growth rates for cash-flow predictions outside of the budget period

Free cash flow – Free cash flow is determined using a detailed planning phase from 2009 to 2018. Growth rates are determined for the first three budget years (up to 2011) based on market conditions. Adjustments were made based on distribution plans. When performing the goodwill impairment test, it is assumed that the entire distributable cash flow is paid out each fiscal year. Distributable cash flow refers to free cash flow after interest payments, tax shields and increases and reductions in borrowing capital. Care is taken to ensure that the cash flow distribution does not reduce the share capital. After 2011, management anticipates results and growth rates that more strongly align with past values. In other words, management does not yet expect the company to achieve the balanced position as assumed in the perpetual annuity assessment by the year 2012. The detailed planning phase from 2012 to 2018 was therefore derived from past company figures. This was based on assumed sales growth of 3.75 percent per annum from 2012 to 2018.

Discount rates – Discount rates reflect management's assessment of the risks associated with cash-generating units. It includes a risk-free and risk-weighted rate. The weighted average cost of capital (WACC) after tax at a uniform rate of 8.10 percent was applied. Last year, WACC before tax was applied on the basis of the value in use. The tax rate in the previous year was 12.67 percent for Wacker Neuson Beteiligungs GmbH, 12.8 percent for Weidemann GmbH and 15.42 percent for Wacker Neuson Corporation.

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

Projecting growth rates – Management and affiliates estimate growth rates based on local market dynamics. No growth rate has been projected for perpetual annuity. However, inflation has been projected at 2 percent.

11 Other investments and other non-current assets

In total, participating interests in the amount of EUR K 3,420 (book value) are held. 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, 2008	Dec. 31, 2007
Loans	139	83
Investment securities	2,870	1,656
Interest rate swap	0	832
Long-term trade receivables	25,780	28,293
Other long-term assets	4,210	3,659
Total	**32,999**	**34,523**

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, 2008	Dec. 31, 2007
Raw materials and supplies	49,525	49,937
Work in progress	8,430	11,212
Finished goods	159,075	113,981
Total	**217,030**	**175,130**

An expense of EUR K 551,492 (previous year: EUR K 435,274) was recorded as acquisition and manufacturing costs for inventories.

Of the reported inventories, EUR K 35,265 (previous year: EUR K 11,114) are recognized at net realizable value. Write-downs of inventories recognized as an expense amount to EUR K 6,336 in the reporting period (previous year: EUR K 1,863).

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

Similar to 2007, 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, 2008	Dec. 31, 2007
Trade receivables at nominal value	125,820	166,201
Less allowance for doubtful accounts	- 6,632	- 4,990
Total	**119,188**	**161,211**

As of December 31, 2008, trade receivables (at nominal value) were broken down as follows:

in € K	Dec. 31, 2008	Dec. 31, 2007
Trade receivables	125,820	166,201
Nominal value of trade receivables written down or not due	116,201	124,296
Overdue at nominal value but not written down < 30 days	3,978	22,502
Overdue at nominal value but not written down 30–90 days	3,420	13,211
Overdue at nominal value but not written down > 90 days	2,221	6,192

Allowance for doubtful accounts developed as follows:

in € K	2008
Balance at January 1, 2008	4,990
Exchange rate differences	- 140
Additions	3,189
Amortization/depreciation	- 847
Reversals	- 565
Discounts	5
Balance at December 31, 2008	**6,632**

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.

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

In fiscal 2007, receivables from finance leases in the amount of EUR K 1,734 were disclosed under other current assets. These receivables stemmed directly from an affiliate's original transaction and are disclosed under trade receivables for fiscal 2008. The previous year's value has been adjusted accordingly.

14 Marketable securities

Marketable securities comprise bearer shares in funds, promissory notes and bonds. In fiscal 2008, the Group holds marketable securities totaling EUR K 1,894 (previous year: EUR K 88,656).

In the period under review, all marketable securities are attributable to Wacker Neuson Linz GmbH in the form of a security floater in the amount of EUR K 1,894 (previous year: EUR K 11,330). As these shares are acquired with the expectation that they will be quickly resold, they are recognized at fair value in the category "held for trading" in accordance with IAS 39. The book value shown represents the Group's maximum default risk.

The bearer shares in funds and promissory notes in the amount of EUR K 77,272 that were attributable to the company in fiscal 2007, jointly defined as an investment portfolio and recognized "at fair value through profit or loss" in accordance with IAS 39, were sold in the period under review.

In fiscal 2007, bonds in the amount of EUR K 54 were attributable to the Austrian affiliate Wacker Neuson GmbH, Vienna. Classified as "available for sale" in accordance with IAS 39 and valued at market price, these bonds were also sold in the period under review.

Refer to section 26 outlining additional information on financial instruments in these notes for information regarding net profits and losses from these financial instruments.

15 Other current assets

in € K	Dec. 31, 2008	Dec. 31, 2007
Value-added tax	2,919	4,092
Advance payments	3,981	4,594
Travel advances	156	193
Derivatives	2,150	0
Receivables from associated companies	2,140	955
Receivables from employees	595	0
Other	2,548	2,335
Total	**14,489**	**12,169**

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.

Receivables from finance leases in the amount of EUR K 1,734 were disclosed in fiscal 2007. These receivables accrue to an affiliate directly from an original transaction and were reclassified as trade receivables in the period under review (refer to the section on trade receivables in these notes).

16 Cash and cash equivalents

in € K	Dec. 31, 2008	Dec. 31, 2007
Petty cash	179	207
Bank balances	61,855	74,008
Cash deposits	3,566	2,601
Total	**65,600**	**76,816**

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 no-par-value nominal shares, each representing EUR 1.00 of the share capital, and was fully paid-in at the closing date of the Consolidated Financial Statements.

The company did not hold any treasury shares on the closing date.

The following shareholders held a direct interest exceeding 5 percent of the company stock in 2008 or 2007:

	2008		2007	
	in %	in € K	in %	in € K
Wacker-Werke GmbH & Co. KG	29.1	20,391	29.1	20,391
Neuson Ecotec GmbH	29.0	20,349	29.0	20,349
Wacker Familiengesellschaft mbH & Co. KG	5.3	3,710	5.3	3,710
VGC Invest GmbH	5.1	3,546	–	–
Total	**68.5**	**47,996**	**63.4**	**44,450**

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

in € K	Dec. 31, 2008	Dec. 31, 2007
Capital reserves	618,397	618,450
Other neutral assets	1,033	581
Exchange rate differences	- 36,914	- 32,845
Total	**582,516**	**586,186**

The capital reserves primarily result from share premiums in connection with the IPO and the merger with Wacker Neuson Beteiligungs GmbH (formerly Neuson Kramer Baumaschinen AG).

At the AGM of April 13, 2007 the Executive Board was vested 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).

Shareholders' statutory subscription rights are excluded:

- If employees of the company and its affiliates and executive bodies of affiliates (to the extent that these are not simultaneously members of the company's Executive Board) are offered shares at an issue price that is 15 percent lower than the issue price;
- with respect to fractional amounts;
- if the issue price of the new shares is not significantly below the company's market price and the new shares issued to the exclusion of subscription rights do not exceed a total of 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 Wacker Neuson Beteiligungs GmbH (formerly Neuson Kramer Baumaschinen AG). As a result, the Supervisory Board amended the corresponding entry under Article 3, Paragraph 4 of the Articles of Incorporation, 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 in the wording valid until April 13, 2007 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 on the pool agreement

There is a pool agreement between some shareholders and companies of the Wacker family on the one hand and companies shareholders of Neuson on the other. Prior to each AGM of the company, the pool members decide how to exercise voting and petition rights in the meeting. Each pool member undertakes to exercise their voting and petition rights in the AGM in line with the pool's decisions, or to have these rights exercised in this manner. If the pool does not reach a decision with regard to a resolution on the allocation of annual profits, adoption of the annual financial statements by the AGM, approval of Executive and Supervisory Board members' actions, appointment of the auditor, upholding minority interests and compulsory changes to the Articles of Incorporation as a result of changes to legislation or jurisdiction, the pool members have the right to freely exercise their voting rights. In all other cases, the pool members must vote to reject the proposal. The Neuson shareholders appoint two members to the Supervisory Board, and the Wacker shareholders appoint two further members to the Supervisory Board.

Shares can be transferred without restriction to spouses, registered partners, pool members' children, children adopted when they were minors by pool members, siblings, foundations set up by pool members that are either charitable foundations or in which the beneficiaries and the controlling members of the management board satisfy the aforementioned criteria, and companies where the direct or indirect shareholders also satisfy the aforementioned criteria. If shares are transferred to any such persons, they must join the pool agreement. If shares are transferred to third parties, either for a fee or free of charge, the other pool 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 pool members have a preferential purchase right. If a pool member intends to transfer shares in such a way that more than 50 percent of voting rights in the company would be held by third parties who do not satisfy the criteria defining those individuals to whom transfers can be freely made, the remaining pool members have the right to also sell their shares. If a pool member is excluded from the pool for good reason, the other pool members have a right to acquire the shares or a preferential purchase right. This also applies if a pool member ceases to qualify as a pool 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 pool agreement has precedence over the regulations of the partnership agreement as long as Wacker Familiengesellschaft mbH & Co. KG is party to the above pool agreement. A partners' meeting is held prior to every company AGM. 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 pool'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 pool agreement apply to family members who are party to the pool agreement. In the case of a sale by a family member who is not a pool member, acquisition and preferential purchase rights apply if shares are sold to third parties who do not fulfill the criteria defining those individuals to whom shares can be freely transferred set forth in the abovementioned pool agreement. If a family shareholder exits the company as a result of a termination, the remaining pool 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 May 14, 2012, each exiting family member can demand to receive their compensation in the form of the shares to which they are financially entitled.

Pool agreement between Lehner and Neuson shareholders

The Lehner shareholders have issued a Neuson shareholder with power of attorney with regard to the shares they acquired prior to the merger and during the merger between the company and Wacker Neuson Beteiligungs GmbH (formerly Neuson Kramer Baumaschinen AG). The Neuson shareholder is independently responsible for exercising these voting rights, is not bound by any instructions, and will always exercise them in the same way as for the shares that he himself holds. These shares are thus subject to the restrictions of the aforementioned pool 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 part of the Executive Board members receive as part of their remuneration

Three of the members of the Executive Board have received shares in the company as part of their remuneration. The company has an unrestricted, preferential purchase or acquisition right over some of these shares in the event that they are transferred.

Development of treasury shares:

in € K	Dec. 31, 2008	Dec. 31, 2007
Treasury shares		
Balance at January 1	0	- 36,691
Purchase of treasury shares	0	0
Sale of treasury shares	0	36,691
Balance at December 31	**0**	**0**

Retained earnings developed as follows:

in € K	Dec. 31, 2008	Dec. 31, 2007
Balance at January 1	254,113	224,260
Dividend for the respective fiscal year	- 35,070	- 24,273
Profit for the period	37,389	54,126
Balance at at December 31	**256,432**	**254,113**

Dividends paid in 2008 amounted to EUR K 35,070 (EUR 0.50 per share) (previous year: EUR K 24,273, EUR 0.62 per share).

18 Provisions for pensions and similar obligations

Composition:

in € K	Dec. 31, 2008	Dec. 31, 2007
Provisions for pension obligations	22,138	21,888
Provisions for other obligations to employees	2,048	1,774
Total	**24,186**	**23,662**

Within the company 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** 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, 1985. In accordance with the benefits scheme, the companies provide a lumpsum 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 and
- 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 affiliates also have defined contribution plans. In such cases, the respective 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	2008	2007
Benefit plans for parent company			
Discount rate	%	6.50	5.50
Future pension increases expected	%	2.00	1.75
Expected return on plan assets	%	4.00	4.00
Retirement age	years	60	60
Other benefit plans[1]			
Discount rate	%	6.43	5.47
Future pension increases expected	%	3.08	2.30
Expected return on plan assets	%	3.01	3.01
Retirement age	years	61	64

[1] 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	2008	2007
Provisions for pension plans, not funded	17,554	19,061
Provisions for pension plans, fully or partly funded	8,397	8,545
Total	**25,951**	**27,606**

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

in € K	2008	2007
Balance at January 1	27,606	14,137
Changes in consolidation structure	0	16,489
Current service costs	1,193	852
Interest expense	1,457	716
Actuarial gains/losses	- 2,915	- 1,784
Changes in exchange rates	211	- 189
Paid benefits	- 1,592	- 709
Curtailments and settlements	- 9	- 1,906
Present value of obligations at December 31	**25,951**	**27,606**

in € K	2008	2007
Changes in fair value of plan assets		
Balance at January 1	3,496	2,698
Expected return on plan assets	148	119
Actuarial gains/losses	- 81	122
Changes in exchange rate	- 9	- 26
Employer’s contributions	608	601
Curtailments and settlements	- 24	- 18
Plan assets at December 31	**4,138**	**3,496**

in € K	2008	2007
Obligation net of plan assets	21,813	24,110
Actuarial gains/losses not yet recognized	2,244	- 585
Plan surplus	129	137
Accruals for pensions at December 31	**24,186**	**23,662**

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 2007 and 2008 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	2008	2007
Current service costs	1,193	852
Interest expense	1,457	716
Expected return on plan assets	- 147	- 119
Actuarial gains/losses	12	96
Result of curtailments and settlements	- 28	118
Pension expense from defined benefit plans	**2,487**	**1,663**
Pension expense from defined contribution plans	**570**	**789**
Total pension expense	**3,057**	**2,452**

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 2009 amount to EUR 0.6 million.

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

in € K	
Due in 2009	1,532
Due in 2010	1,582
Due in 2011	1,645
Due in 2012	1,789
Due in 2013	1,852

The following actual return on plan assets was recognized for the 2007 and 2008 fiscal years:

in € K	2008	2007
Actual return on plan assets	61	224

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

	2008		2007	
in € K	Additions	Reversals	Additions	Reversals
Effect on service cost and interest expense	16	- 13	23	- 19
Effect on the present value of pension obligations	39	- 33	30	- 25

The following information applies to the period 2004 through 2008:

in € K	2008	2007	2006	2005	2004
Present value of performance-oriented obligations	25,951	27,606	14,137	15,333	12,909
Fair value of the plan assets	4,138	3,496	2,698	3,307	2,614
Plan surplus/deficit	21,813	24,110	11,439	12,026	10,295
Experience adjustments					
Of which: plan liabilities	129	80	24	13	- 7
Of which: plan assets	83	110	- 184	0	0

19 Other provisions

The provisions are as follows:

in € K	Balance Jan. 1, 2008	Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2008
Provisions						
Warranties	5,274	- 143	1,327	3,482	372	6,914
Obligations towards employees	5,524	- 57	2,389	3,056	185	5,949
Professional fees	668	- 6	682	420	39	361
Litigation costs	508	7	12	101	215	389
Other provisions	2,888	- 19	1,659	1,752	361	2,601
Total	**14,862**	**- 218**	**6,069**	**8,811**	**1,172**	**16,214**

in € K	Balance Jan. 1, 2007	Changes in consolidation structure/ Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2007
Provisions						
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
Total	**12,057**	**2,380**	**6,213**	**6,853**	**215**	**14,862**

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

in € K	Short-term (< 1 year)	Long-term (> 1 year)	Balance Dec. 31, 2008
Provisions			
Warranties	5,538	1,376	6,914
Obligations towards employees	2,621	3,328	5,949
Professional fees	361	0	361
Litigation costs	166	223	389
Other provisions	2,426	175	2,601
Total	**11,112**	**5,102**	**16,214**

in € K	Short-term (< 1 year)	Long-term (> 1 year)	Balance Dec. 31, 2007
Provisions			
Warranties	3,896	1,378	5,274
Obligations towards employees	2,928	2,596	5,524
Professional fees	668	0	668
Litigation costs	212	296	508
Other provisions	1,620	1,268	2,888
Total	**9,324**	**5,538**	**14,862**

The increase in discount amounts for long-term provisions from December 31, 2007 through December 31, 2008 amounts to EUR K 10 (2007: 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 186 in 2008 and EUR K 230 in 2007.

20 Financial liabilities

Financial liabilities comprise the amounts recognized under the balance sheet items non-current liabilities (EUR K 38,845); short-term borrowings from banks (EUR K 81,742); and current portion of long-term borrowings (EUR K 5,876):

in € K	Dec. 31, 2008	Up to 1 year	1 to 5 years	Over 5 years
Loans	105,967	87,385	14,698	3,884
Bonds	19,138	0	19,138	0
Liabilities from finance leases	717	142	375	200
Other long-term liabilities	641	91	550	0
Total	**126,463**	**87,618**	**34,761**	**4,084**

in € K	Dec. 31, 2007	Up to 1 year	1 to 5 years	Over 5 years
Loans	101,824	77,731	24,093	0
Bonds	18,826	0	18,826	0
Liabilities from finance leases	821	163	338	320
Other long-term liabilities	924	282	642	0
Total	**122,395**	**78,176**	**43,899**	**320**

Borrowings from banks

Borrowings from banks mainly comprise the following items:

- Group cash pool: EUR K 28,261 (previous year: EUR K 38,024) with variable interest rates that are continuously adjusted to reflect market interest rates.
- GBP loan: EUR K 10,000 (previous year: EUR K 0), interest rate 4.15 percent, due in less than 1 year, credit line EUR K 15,000.
- Current account lines in USD: EUR K 17,306 (previous year: EUR K 0), interest rate 1-month US Libor plus 1.5 percent, due in less than 1 year, credit line USD K 80,000.
- Loans in Brazilian reals: EUR K 3,128 (previous year: EUR K 3,649), interest rate 20.5 – 21.8 percent, due in less than 1 year.

- Export incentive credit line (KRR credit line): EUR K 10,000 (previous year: EUR K 10,000), interest rate 5.2 percent, extended automatically every year unless terminated on March 31. This credit is used exclusively to finance receivables from export trade. Amounts accruing to the bank under this loan agreement are secured by a global debt assignment provision and a bill of surety.
- A loan contract to finance the purchase of Weidemann GmbH: EUR K 18,600 (previous year: EUR K 24,000), principal repayments twice yearly at EUR K 2,700, interest rate optional 1-, 3-, 6- or 12-month Euribor plus 0.65 percent, expiring June 30, 2012. The loan contract contains a clause under which the company 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.
- Long-term loan: EUR K 5,257, fixed interest rate 6 percent, due in less than 1 year.

The company also has the following credit lines at two German banks that have not been drawn: EUR 10 million, on which sum interest payments are due with Euribor plus 0.5 percent (opened in 2008), as well as EUR 20 million, on which sum interest payments are due with 3-month Euribor plus 0.5 percent. During the first half of every year, another bank extends an additional credit line of EUR 50 million.

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

in € K	2008	2007
Euro	67,681	76,301
US-$	19,303	12,215
CHF	0	3,967
PLN	4,327	0
JPY	82	2,152
GBP	10,000	0
AUD	0	532
HKD	0	1,431
BRL	3,128	3,649
Diverse	1,446	1,577
Total	**105,967**	**101,824**

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

Bonds

Wacker Neuson Linz GmbH (legal successor to Neuson Finance GmbH) has issued two bonds amounting to a total nominal value of EUR 20 million (book value: EUR K 19,138). These are 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.

Bundled bond

The bundled bond issued by Wacker Neuson Linz GmbH together with other issuers has a total nominal value of EUR 30 million, of which EUR 10 million is allocable to Wacker Neuson Linz GmbH. The maturity date of this bond is September 30, 2012. The effective annual gross interest rate amounts to 3.76 percent.

21 Trade payables

As of December 31, 2008, trade payables (at book value) were broken down as follows:

in € K	2008	2007
Trade payables	32,290	63,084
Book value due < 30 days	24,254	42,689
Book value due 30–90 days	6,970	16,160
Book value due > 90 days	1,066	4,235

Interest does not accrue on trade payables.

22 Other current liabilities

in € K	2008	2007
Advance payments received	761	887
Other accruals	8,216	9,285
Deferred taxes	4,450	10,823
Value added tax	2,949	4,278
Personnel (wages/salaries, vacation, etc.)	11,459	13,653
Other	7,349	3,772
Total	**35,184**	**42,698**

The other accruals/deferrals in 2008 consist mainly of costs for preparing the annual financial statements, outstanding invoices, rebates and sales commissions, return obligations, warranty deposits and interest liabilities. 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

Derivative financial instruments treated according to the hedge accounting criteria

The nominal amounts and market values of derivative financial instruments that satisfy hedge accounting criteria are recognized as follows as per December 31, 2008 and 2007:

	2008		2007	
in € K	Nominal Value	Market Value	Nominal Value	Market Value
Assets				
Currency hedges	10,023	1,573	0	0
Interest hedges	0	0	24,000	832
Commodity hedges	0	0	0	0
Total	**10,023**	**1,573**	**24,000**	**832**
Liabilities				
Currency hedges	0	0	0	0
Interest hedges	18,600	62	0	0
Commodity hedges	0	0	24	8
Total	**18,600**	**62**	**24**	**8**

The market values recognized in equity without effects on profits and associated deferred tax developed as follows during the fiscal year:

in € K	Market values	Deferred taxes	Carried under equity
Assets			
Balance at Jan. 1, 2008	832	- 245	587
+/- not reflected in income	1,165	- 384	781
+/- reflected in income	- 424	134	- 290
Balance at Dec. 31, 2008	**1,573**	**- 495**	**1,078**
Equity and liabilities			
Balance at Jan. 1, 2007	8	- 3	5
+/- not reflected in income	62	- 18	44
+/- reflected in income	- 8	3	- 5
Balance at Dec. 31, 2008	**62**	**- 18**	**44**

The maturities of derivative financial instruments are as follows:

in € K	Up to 1 year	1 to 5 years	Over 5 years
		Nominal Value	
Assets			
Currency hedges	10,023	0	0
Interest hedges	0	0	0
Commodity hedges	0	0	0
Total	**10,023**	**0**	**0**
Liabilities			
Currency hedges	0	0	0
Interest hedges	5,400	13,200	0
Commodity hedges	0	0	0
Total	**5,400**	**13,200**	**0**

Derivative financial instruments not treated according to the hedge accounting criteria

The derivatives concluded to hedge future foreign-exchange transactions (underlying transaction) as outlined in the following do not satisfy formal hedge accounting criteria and are therefore classified as “held for trading” and recognized at fair value through profit or loss. They developed as follows during the fiscal year:

	2008		2007	
in € K	Nominal Value	Market Value	Nominal Value	Market Value
Assets				
Currency hedges	8,752	577	0	0
Total	**8,752**	**577**	**0**	**0**
Liabilities				
Currency hedges	11,729	121	0	0
Total	**11,729**	**121**	**0**	**0**

The maturities of derivative financial instruments without hedge accounting are as follows:

in € K	Up to 1 year	1 to 5 years	Over 5 years
		Nominal Value	
Assets			
Currency hedges	8,752	0	0
Total	**8,752**	**0**	**0**
Liabilities			
Currency hedges	11,729		
Total	**11,729**	**0**	**0**

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.

Refer to the section on additional information on financial instruments in these notes for information regarding net profits and losses from these financial instruments.

Other information

24 Contingent liabilities

Contingent liabilities, on the one hand, represent possible obligations that may be incurred depending on the outcome of a future event or events which are of an uncertain nature and not wholly within the control of the company. On the other hand, contingent liabilities represent 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, 2008	Dec. 31, 2007
Guarantees	910	337

Furthermore, the company is liable to the amount of EUR K 4,091 (previous year: EUR K 4,091) in connection with a contract with the city of Munich to develop a property.

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, 2008	Dec. 31, 2007
Financial guarantees		
Book value	0	0
Nominal value	3,030	3,952

The financial guarantees include an agreement between the affiliate Wacker Neuson Maquinas Ltda. (Brazil) 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 to 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. At the balance sheet date, the value of receivables financed by the bank amounted to EUR K 2,760 (previous year: EUR K 3,649).

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, 2008
Obligations due within 1 year	10,834
Obligations due in 1 to 5 years	18,800
Obligations due in more than 5 years	7,557
Total	**37,191**

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, 2008	Dec. 31, 2007
Office and other equipment	112	109
Buildings	828	887
Total	**940**	**996**

Lease contracts for office and other equipment 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 finance lease contract concerns the purchase of a self-occupied administration building by the Hungarian affiliate which will terminate in 2015.

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

in € K 2008	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	148	398	213	759
Less Discount	- 6	- 23	- 13	- 42
Present value	**142**	**375**	**200**	**717**

Discount rate	3.23 – 5.95%

in € K 2007	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
Present value	**163**	**338**	**320**	**821**

Discount rate	5.00 – 10.32%

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 2008	Up to 1 year	1 to 5 years	Over 5 years	Total
Outstanding min. lease-payments	413	12,579	0	12,992
+ non-guaranteed residual value (nominal)	668	2,644	0	3,312
= Gross investment	**1,081**	**15,223**	**0**	**16,304**
- Unrealized investment income	- 14	- 1,631	0	- 1,645
= Net investment (present value)	**1,067**	**13,592**	**0**	**14,659**
- Present value of non-guaranteed residual values	- 668	- 2,644	0	- 3,312
= Present value of minimum lease payments	**399**	**10,948**	**0**	**11,347**

in € K 2007	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
= Gross investment	**1,841**	**20,356**	**0**	**22,197**
- Unrealized investment income	- 107	- 4,728	0	- 4,835
= Net investment (present value)	**1,734**	**15,628**	**0**	**17,362**
- Present value of non-guaranteed residual values	- 726	- 3,460	0	- 4,186
= Present value of minimum lease payments	**1,008**	**12,168**	**0**	**13,176**

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)	5,149	8,750	6,660	20,559

In 2008, a total of EUR K 7,535 (previous year: EUR K 5,423) for operating lease agreements was expensed.

c) Obligations resulting from investment decisions/ takeback obligations

In addition, it should be noted that financial obligations ensuing from construction and investment projects amounting to EUR K 17,072 (previous year: 4,244) and from takeback obligations amounting to EUR K 1,670 also exist.

26 Additional information on financial instruments

The book and fair values of financial assets and liabilities are presented in the following table. It also shows how the individual items are categorized.

in € K	2008 Fair value	2008 Book value	Initial disclosure	Held for trading	Held for sale	Hedges	Loans and receivables	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 recognized in equity		At residual book value			
Assets										
Other investments	3,420	3,420	0	0	3,420	0	0	0	0	0
Other non-current assets	32,999	32,999	0	0	0	0	16,919	0	13,592	2,488
Trade receivables	119,188	119,188	0	0	0	0	118,121	0	1,067	0
Marketable securities	1,894	1,894	0	1,894	0	0	0	0	0	0
Other current assets	14,489	14,489	0	577	0	1,573	4,688	0	0	7,651
Cash and cash equivalents	65,600	65,600	0	0	0	0	65,421	0	179	0

in € K	2008 Fair value	2008 Book value	Initial disclosure	Held for trading	At residual 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		
Liabilities								
Long-term borrowings	38,845	38,845	0	0	38,270	0	575	0
Trade payables	32,290	32,290	0	0	32,290	0	0	0
Short-term borrowings from banks	81,742	81,742	0	0	81,742	0	0	0
Current portion of long-tem borrowings	5,876	5,876	0	0	5,734	0	142	0
Other short-term liabilities	35,184	35,184	0	121	4,761	62	0	30,240

in € K	2007 Fair value	2007 Book value	Initial disclosure	Held for trading	Held for sale	Hedges	Loans and receivables	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 recognized in equity		At residual book value			
Assets										
Other investments	1,649	1,649	0	0	1,649	0	0	0	0	0
Other non-current assets	34,523	34,523	0	0	0	832	17,219	0	15,628	844
Trade receivables	161,211	161,211	0	0	0	0	159,477	0	1,734	0
Marketable securities	88,656	88,656	77,272	11,330	54	0	0	0	0	0
Other current assets	12,169	12,169	0	0	0	0	3,310	0	0	8,859
Cash and cash equivalents	76,816	76,816	0	0	0	0	76,609	0	207	0

in € K	2007 Fair value	2007 Book value	Initial disclosure	Held for trading	At residual 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		
Liabilities								
Long-term borrowings	44,219	44,219	0	0	43,561	0	658	0
Trade payables	63,084	63,084	0	0	63,084	0	0	0
Short-term borrowings from banks	72,103	72,103	0	0	72,103	0	0	0
Current portion of long-tem borrowings	6,073	6,073	0	0	5,910	0	163	0
Other short-term liabilities	42,698	42,698	0	0	1,758	8	0	40,932

Investments in equity instruments amounting to EUR K 3,420 (previous year: 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 table shows the net profits and losses from financial instruments based on valuation categories. It does not include the effects on income of finance leases or of derivatives that qualify for hedge accounting as these are not allocated to any valuation categories set down in IAS 39. Similarly, interest and dividends have not been recognized on the net profits and losses from financial instruments.

in € K	2008	2007
Loans and receivables	- 2,956	- 286
Financial instruments measured at fair value through profit or loss – first-time approach	868	2,406
Financial instruments held for trading	- 1,938	- 543
Financial liabilities measured at amortized cost	0	1,935

Net gain/loss from the category “loans and receivables” results from allowances for doubtful accounts on trade receivables.

The gains and losses from adjustments to the fair value of derivatives that do not meet hedge accounting requirements are included in the category of assets held for trading. Gains and losses from marketable securities categorized as assets held for trading are also disclosed here.

In fiscal 2007, the category “financial liabilities measured at amortized cost” primarily concerned an amount from an agreement reached with a former shareholder of the affiliate Weidemann GmbH in order to settle a legal dispute over the remaining purchase price.

Financial instruments in the form of foreign currency receivables and payables are valued at the relevant spot rates applicable on the balance sheet dates. For 2008, this resulted in proceeds to the value of EUR K 1,179 (previous year: EUR K 160), which is disclosed under cost of sales. Refer to the sections on other income and other expenses for information on exchange rate fluctuations and adjustments to monetary holdings.

27 Events since reporting date

On February 11, 2009, the Supervisory Board of Wacker Neuson SE appointed the former members of the Executive Board to the Executive Board of Wacker Neuson SE as part of the move to change Wacker Construction Equipment AG to an SE (Societas Europaea). Wacker Neuson SE was entered in the German Register of Companies under Section B of the Munich Magistrates Court (HRB 177839) on February 18, 2009.

The affiliate Wacker Neuson Rhymney Ltd. in the UK is due to close during the course of 2009. As a result, production of four-wheel dumpers will be transferred from the Tredegar plant to Wacker Neuson Linz GmbH, based at Leonding in Austria. The two factory premises of Wacker Neuson Rhymney Ltd. are located in Rhymney and Tredegar and are to be sold or rented over the coming months.

The Austrian affiliate Wacker Neuson Linz GmbH has concluded an option agreement for the purchase of a site. The agreed purchase price is EUR K 9,166. Purchase of the site was closed on March 12, 2009.

The Japanese affiliate Nippon Wacker Co. is to be sold or closed in fiscal 2009.

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 the company. In this respect the companies are divided geographically into regional markets (Europe, Americas and Asia).

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

Secondary segmentation (business segments)

The secondary segment 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 Group companies 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. 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	2008	2007
Cash on hand	179	207
Bank balances	61,855	74,008
Cash deposits	3,566	2,601
Liabilities from group cash pool	- 28,261	- 38,024
Total	**37,339**	**38,792**

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 intangible assets and property, plant and equipment as well as interest received.

The item outlining changes to the consolidation structure refers exclusively in fiscal 2008 to capital contributions to an affiliate not consolidated for reasons of substantiality (see section 32 with overview of equity investments in non-consolidated companies).

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, 2008 and December 31, 2007, 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, 2008	Dec. 31, 2007
Liquid assets	65,600	76,816
Short-term financial receivables	1,894	88,656
Short-term liabilities (without provisions)	155,558	185,324
thereof short-tem financial liabilities	87,618	78,176
Short-term financial liabilities	81,742	72,103
Current portion of long-term financial liabilities	5,876	6,073
Long-term financial liabilities (without provisions)	38,845	44,219
Equity		
Share capital	70,140	70,140
Share premium	618,397	618,450
Other reserves	- 35,881	- 32,264
Retained earnings	219,043	199,987
Earnings	37,389	54,126
Total equity	909,088	910,439
Total capitalization	**1,035,551**	**1,032,834**

in € K	Dec. 31, 2008	Dec. 31, 2007
Short-term net financial liabilities	20,124	- 87,296
Short-term liabilities	87,618	78,176
less liquid assets	- 65,600	- 76,816
less short-term financial receivables	- 1,894	- 88,656
Net financial debt	58,969	- 43,077
Short-term net financial liabilities	20,124	- 87,296
plus long-term financial liabilities	38,845	44,219

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 outlining for example how to deal with foreign currency risks, interest rate risks and credit risks, how to use derivative and other financial instruments and how to use 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:

	2008	2007
USD currency trends in %	+ 5.00/- 5.00	+ 5.00/- 5.00
Impact on profit before tax (EBIT) in € K	195/- 215	- 428/473
Impact on equity in € K	195/- 215	- 428/473

The parent company undersigned a foreign-current loan to the value of EUR K 10,000 (corresponding to GBP K 9,600). If the GBP/EUR exchange rate increased or decreased by 5 percent, this would have the following impact on profit before tax and equity:

	2008	2007
GBP currency trends in %	+ 5.00/- 5.00	+ 5.00/- 5.00
Impact on profit before tax (EBIT) in € K	476/- 526	0/0
Impact on equity in € K	476/- 526	0/0

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 instruments and 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 the section "additional information on financial instruments" in these notes.

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 the company 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, 2008	Interest 2008	Impact on profit before tax (increase of 20%)	Impact on profit before tax (decrease of 20%)
Financial assets with variable interest rates				
Bank balances cash pool	29,221	1.50%	58	- 58
Marketable securities	1,894	5.39%	4	- 4
Financial liabilities with variable interest rates				
Borrowings from banks	28,261	1.50%	- 57	57
Other variable borrowings from banks	53,481	5.22%	- 107	107
Total			**- 102**	**102**

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%)
Financial assets with variable interest rates				
Bank balances cash pool	55,063	3.50%	110	- 110
Marketable securities	88,656	4.47%	177	- 177
Financial liabilities with variable interest rates				
Borrowings from banks	38,024	3.50%	- 76	76
Other variable borrowings from banks	30,326	4.40%	- 61	61
Total			**150**	**- 150**

Two bonds to the value of EUR K 19,138 (previous year: 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 the financial liabilities section (20) in these notes. 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 to the value of EUR K 18,600 (previous year: EUR K 24,000). This is disclosed in detail under the financial liabilities section in these notes. The interest payments from the loan are hedged with an interest rate swap at an interest rate of 2.98 percent. Refer to the derivative financial instruments section (23) in these notes for further information.

Liquidity risk

Liquidity risks involve the availability of funds needed to meet payment obligations on time. The company is assured a supply of liquid funds 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. Refer to the financial liabilities section (20) in these notes for further information on existing credit lines.

31 Acquisitions and disposals

No acquisitions or disposals were made in fiscal 2008.

32 Overview of equity investments in non-consolidated companies

Wacker Neuson Beteiligungs GmbH directly or indirectly has shareholdings in the following companies that were not included in the consolidation structure:

Company Name	Country	Particpating interest direct	Particpating interest indirect	Equity in € K	Profit for period in € K
Wacker Neuson Kragujevac d.o.o.	Serbia	100%		- 1,156	- 1,309
Wacker Neuson Lapovo d.o.o.	Serbia	100%		1,317	4
NK Administration Ltd.	UK	100%		under closure	under closure
Kramer-Allrad of North America Inc.	USA	100%	95%	under closure	under closure
Kramer-Allrad France S.A.R.L	France	100%	95%	under closure	under closure
Wacker Neuson Immobilien GmbH	Germany	100%	95%	1,558	0
Wacker Neuson Wohnungsbau GmbH	Germany	100%	95%	45	0

The negative equity of Wacker Neuson Kragujevac d.o.o. was recognized through an appropriate reduction in receivables vis-à-vis the company in the consolidated earnings.

33 Executive bodies

Executive Board

The company's Executive Board comprises the following five members

- Dr.-Ing. Georg Sick, CEO, responsible for corporate communication, Group auditing, quality management, legal matters and human resources
- Martin Lehner, Deputy CEO, responsible for the compact equipment business segment
- Günther Binder, responsible for finance, controlling and IT
- Richard Mayer, responsible for the light equipment business segment
- Werner Schwind, responsible for sales, marketing, service and rental

Total remuneration for the Executive Board in the period under review amounted to EUR K 3,619 (previous year: EUR K 3,505). At the AGM on May 15, 2006, a resolution was passed to refrain from itemizing this information in accordance with Section 285 (1), no. 9a clauses 5 to 9 in conjunction with Section 314 (2), clause 2 HGB, in conjunction with Section 315a, (1) HGB.

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, executive or supervisory functions or mandates for comparable supervisory committees in Germany or abroad outside of the Wacker Neuson Group.

Supervisory Board

The following members are appointed to the Supervisory Board of Wacker Construction Equipment AG as on the closing date:

- Hans Neunteufel, Chairman of the PIN Private Trust (PIN Privatstiftung), in Linz, Austria, Chairman of the Supervisory Board
- Dr. Ulrich Wacker, Chairman of the EQUA Association (EQUA-Stiftung), Herrsching, Germany, Deputy Chairman of the Supervisory Board
- Kurt Helletzgruber, Chairman of the ASTOR Private Foundation (ASTOR Privatstiftung), in Linz, Austria
- Dr. Eberhard Kollmar, attorney-at-law, Rothe, Senninger & Kollmar, Munich, Germany
- Elvis Schwarzmair, Chairman of the Reichertshofen Works Council and Chairman of the Central Works Council, Chairman of the Group Works Council
- Herbert Santl, Chairman of the Munich Works Council

In accordance with the resolutions regarding the company's transition to a European company (SE) that were approved at the AGM on June 3, 2008, all Supervisory Board members' positions shall be terminated when the transition to Wacker Neuson SE becomes effective. The transition became effective on February 18, 2009.

The members of the first Wacker Neuson SE Supervisory Board are appointed by the AGM. On June 3, 2008, the AGM already appointed the company's former shareholder representatives as shareholder representatives in the first Supervisory Board of the SE, in other words, Mr. Hans Neunteufel, Dr. Ulrich Wacker, Dr. Eberhard Kollmar and Mr. Kurt Helletzgruber. The employee representatives for the Wacker Neuson SE Supervisory Board shall be appointed in due consideration of the employee participation guidelines. Based on the agreement outlining employee participation, which has been entered into in accordance with the law on the involvement of employees (SE-Beteiligungsgesetz), Mr. Herbert Santl and Mr. Elvis Schwarzmair were already appointed to the Supervisory Board as employee representatives on January 14, 2009. The Supervisory Board of Wacker Neuson SE is thus the same as that of Wacker Construction Equipment AG.

The total remuneration for the Supervisory Board for fiscal year 2008 amounted to EUR K 307 (previous year: EUR K 409).

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

- Hans Neunteufel
  Member of the Supervisory Board of Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Austria, (as of April 22, 2008: Chairman of the Supervisory Board)
  Member of the Supervisory Board of the Oberösterreichische Technologie- und Marketinggesellschaft m.b.H. (technological organization in the state of Upper Austria),
- Dr. Ulrich Wacker
  Member of the Advisory Board of Wacker Beteiligungs GmbH & Co. KG i. L., Germany
- Dr. Eberhard Kollmar
  Member of the Advisory Board of Wacker Beteiligungs GmbH & Co. KG i. L., Germany
- Kurt Helletzgruber
  Deputy Chairman of the Supervisory Board of HTI AG (formerly ProRegio Mittelstandsfinanzierungs AG), Austria

Remuneration for former board members

Total remuneration for former members of the Executive Board in the period under review amounted to EUR K 231 (previous year: EUR K 280).

34 Related party disclosures

In the case of the Group, IAS 24 defines a related party necessitating disclosures as shareholders, entities over which shareholders have control or significant influence (sister companies), non-consolidated companies, members of the Executive Board, members of the Supervisory Board and the pension fund.

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

Key trade relations with related parties were as follows during the period under review:

in € K	Short-term receivables Dec. 31, 2008	Short-term payables Dec. 31, 2008	Expenses for business transactions 2008	Income for business transactions 2008
Relations with shareholders	135	0	687	915
Relations with sister companies	92	447	8,034	452
Relations with non-consolidated companies	2,005	193	1,174	1,051
Pension fund	0	213	0	0
Total	**2,232**	**853**	**9,895**	**2,418**

in € K	Short-term receivables Dec. 31, 2007	Short-term payables Dec. 31, 2007	Expenses for business transactions 2007	Income for business transactions 2007
Relations with shareholders	124	0	886	974
Relations with sister companies	1,448	137	905	76
Relations with non-consolidated companies	824	31	326	118
Pension fund	60	219	0	0
Total	**2,456**	**387**	**2,117**	**1,168**

Relations with shareholders resulted mainly from goods and services traded with a shareholder. The goods and services delivered to the shareholder were valued at EUR K 907 (previous year: EUR K 973). These were counterbalanced with goods and services received by the shareholder to the value of EUR K 687 (previous year: EUR K 886). The goods and services were traded under the terms customary in the market, as agreed with third parties.

Relations with sister companies and entities over which shareholders have control or significant influence resulted from deliveries, IT service deliveries, and rental arrangements between affiliates and entities over which shareholders have control or significant influence.

Relations with non-consolidated companies resulted from goods and services traded between affiliates and Neuson Kramer subgroup companies that were not consolidated but where a shareholding exists (see general information on accounting standards /consolidation structure). Receivables in fiscal 2008 were adjusted by EUR K 1,174.

Relations with the pension fund during the period under review refers exclusively to a provision for voluntary support and pension benefits for employees of the parent company.

Total remuneration for the Executive Board in the period under review amounted to EUR K 3,619 (previous year: EUR K 3,505). Total remuneration for the Supervisory Board for the same period amounted to EUR K 307 (previous year: EUR K 409). At the closing date, short-term payables to the Executive Board in the amount of EUR K 624 were outstanding (previous year: EUR K 1,224).

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 8,837 (previous year: EUR K 8,311). The allocation amounted to EUR K 702 (previous year: 1,644).

Pension agreements were also concluded for two former Executive Board members as a result of agreements to that effect. The value of these pension obligations at the end of the accounting period totaled EUR K 5,527 (previous year: EUR K 5,712). In fiscal 2008, EUR K 469 (previous year: EUR K 345) was paid to former Executive Board members.

35 Auditor's fee

The auditor's fee is disclosed as an expense in fiscal 2008 and is broken down as follows:

in € K	2008	2007
Auditing services	363	286
Other approval and assessment services	361	600
Tax consultation services	205	55
Other services	70	55

36 Declaration regarding the German 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 Neuson SE (formerly: Wacker Construction Equipment AG) for the year ending December 31, 2008 have been released for publication on March 23, 2009 by resolution of the Executive Board.

Responsibility Statement ("Bilanzeid") (Statement in accordance with section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code))

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group."

Munich, March 23, 2009

Wacker Neuson SE, Munich, Germany
(Wacker Construction Equipment AG until February 18, 2009)

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, the statement of changes in equity, the 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, 2008.

The preparation of the consolidated interim financial statements and the group management report in accordance with those 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 condensed 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 so that misstatements materially affecting the presentation of the net assets, financial position an 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 those 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 23, 2009

Rölfs WP Partner AG
Wirtschaftsprüfungsgesellschaft

Reinke	Jagosch
Wirtschaftsprüfer	Wirtschaftsprüfer
(Public Auditor)	(Public Auditor)