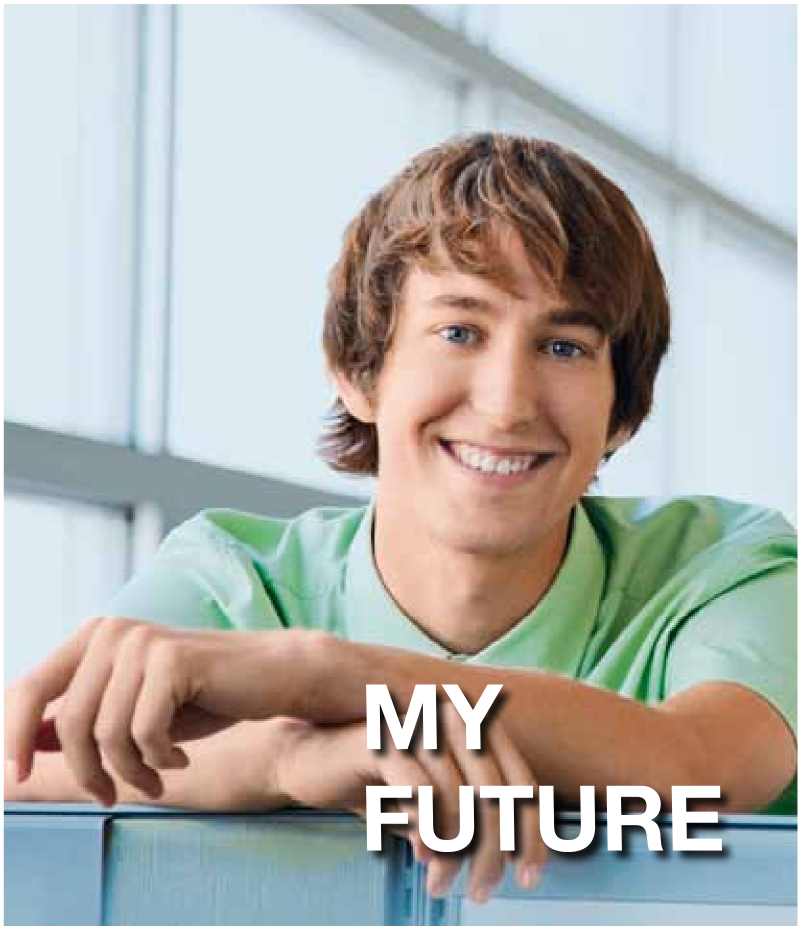
Annual Report
2012



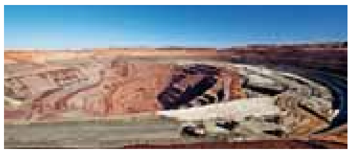
MY FUTURE OUR BUSINESS

Turning Vision into Value.

HOCHTIEF

Contents

Cover page:
Building bridges, breaking ground: This picture symbolizes a part of our vision. Over 470 meters in length, the Arthur Ravenel Bridge joins the two banks of the Cooper River in Charleston, South Carolina. The cable-stayed bridge, one of the longest on the North American continent, was built by our subsidiary Flatiron.



Our Company at a Glanc

140 YEARS HOCHTIEF

In 1873, the Helfmann brothers founded a small construction business—hoping that it would be a long-term success. In 2013, HOCHTIEF will be celebrating its 140th anniversary. A number of remarkable projects around the globe testify to the company's creativity. Across two centuries, HOCHTIEF has shaped living spaces, built spectacular landmarks, and delivered technically superlative solutions. We moved the temples of Abu Simbel in Egypt, linked Europe and Asia by building a bridge across the Bosporus, played a role in shaping the Frankfurt skyline, crossed the vast expanses of Australia by road and rail, and helped to construct the Gotthard tunnel in Switzerland.

Today, HOCHTIEF is a publicly traded, world-leading construction group managing operations worldwide from its corporate headquarters in Essen, Germany. HOCHTIEF has been able to weather difficult times precisely because the company has stayed focused on its compentencies of development, construction, and operation, while at the same time embracing change. HOCHTIEF has always been flexible and adaptive. We find solutions to the challenges of our time and shape the infrastructure for modern societies. In doing so, HOCHTIEF always feels bound by tradition. Even when faced with considerable challenges, there are things that the company is never prepared to sacrifice, above all our amassed expertise. Tradition can be splendidly modern.

If your cell phone supports QR codes, scan the code to view further information on HOCHTIEF's history on our website.

HOCHTIEF Americas Division

The HOCHTIEF Americas division coordinates the activities of HOCHTIEF's companies in the USA and Canada.

Through our subsidiary Turner, we are the number one general builder in the USA. Turner has long been the leading player in the key market segments for education and healthcare properties. The same goes for sustainable "green" building, where the company ranks among the pioneers and trendsetters in the USA.

The services provided by civil engineering company Flatiron complement our portfolio in North America. The company numbers among the top ten providers in US transportation infrastructure construction and has operations in both the USA and Canada, giving us a presence in North America as a transportation infrastructure provider as well. Through Flatiron, we have also gained a foothold in the growing market for US infrastructure projects on a public-private partnership basis.

The acquisition of E.E. Cruz and Company in 2010 enabled HOCHTIEF to enhance its position in the market for civil engineering infrastructure projects in the New York metropolitan area.

Effective January 1, 2012, our subsidiary Turner purchased a majority stake in Clark Builders, Canada, paving the way for us to benefit even more fully from the positive trend in the Canadian construction market.

***For further information on the HOCHTIEF divisions, please see www.hochtief.com.**

ce in 2012

HOCHTIEF Aktiengesellschaft Corporate Headquarters (management holding company)*

HOCHTIEF Asia Pacific Division

The HOCHTIEF Asia Pacific division combines the Group's activities in the Australia-Pacific region. HOCHTIEF holds the leading position in the Australian market through our majority stake in the Leighton Group. Leighton focuses mainly on construction, contract mining, operation and maintenance as well as services in the resources segment. Leighton also has a strong presence in infrastructure construction, real estate development, and services.

The Leighton Group's main operational units are Leighton Contractors, Thiess, John Holland, and Leighton Properties in Australia, Leighton Asia in Hong Kong and Southeast Asia, and the Habtoor Leighton Group in the United Arab Emirates. Through these units, Leighton is able to cover the entire construction value chain.

As a leading operator and manager in contract mining, Leighton succeeds in significantly expanding its portfolio of contracts year after year. The Group also ranks among the leading players in the infrastructure sector, more specifically in road construction, for example, as well as in the water and energy sector. Its excellent reputation in its home market of Australia is helping Leighton to gradually establish itself in selected Asian countries as well as the Gulf region.

HOCHTIEF Europe Division

The HOCHTIEF Europe division oversees the Group's business in Europe and selected growth regions around the world. Under the leadership of HOCHTIEF Solutions AG, the HOCHTIEF Europe division designs, develops, builds, operates, and manages infrastructure projects, real estate, and facilities.

Capabilities include building construction together with civil and structural engineering, real estate development, logistics services as well as property and asset management. The division also provides construction-related services in facility and energy management, and develops and undertakes concessions and operation projects on a public-private partnership basis.

HOCHTIEF Solutions focuses on lucrative growth markets where it provides one-stop solutions, such as in transportation and energy infrastructure projects. HOCHTIEF Solutions has already established a leading position in constructing offshore wind farms.

A market and innovation leader in many regions, HOCHTIEF Solutions offers a well-rounded portfolio for infrastructure projects, real estate, and facilities. The combination of outstanding expertise in design, development, construction, and services generates attractive synergies and creates added value for the company and its clients.

140 YEARS HOCHTIEF

HOCHTIEF is one of the leading global construction groups and can look back on a 140-year history. We focus our competencies of development, construction, and operation on infrastructure projects, real estate and facilities as well as the contract mining business.

The global HOCHTIEF network puts us on the map in all the world's major markets. We operate on a sustainable basis and embrace responsibility. Our company's expert staff create value for clients, shareholders, and HOCHTIEF alike.

We stand out in the market with our innovative, unique solutions. We attach great importance to a partnership-based approach in all our dealings with stakeholders. In-house know-how transfer as well as the close-knit crosslinking of our companies generate synergies and unlock potential for the Group. That way, we grow our company's profitability and ensure sustainable growth.

The photo spreads in this Annual Report show examples of the tailor-made solutions HOCHTIEF creates in response to the societal challenges of our time.

Turning Vision into Value.

Energy infrastructure

OUR POWER

Many people expect to have energy available at the touch of a button. To make sure it stays that way, HOCHTIEF is pursuing the expansion of sustainable energy infrastructure, such as the Lillgrund wind farm in the Baltic Sea.

Dear Shareholders and Friends of HOCHTIEF,

Marcelino Fernández Verdes, Chairman of the Executive Board

I am very pleased as the new Chairman of the Executive Board to present to you the HOCHTIEF Annual Report 2012. I represent this Company with great pride. The HOCHTIEF construction group is 140 years old this year and looks back on an eventful and successful history. The Company has laid milestones the world over. Landmark structures testify to HOCHTIEF's internationally acclaimed construction expertise.

HOCHTIEF is poised to sustain this success story into the future. This anniversary year, of all years, is therefore above all a time for us to look resolutely forward. Our Company still holds great potential. Enhancing value on a lasting basis and offering attractive dividends is in the interests of all HOCHTIEF shareholders. To be more efficient and profitable, we must pursue our efforts to change the Group strategically and structurally as well as to adjust our course. Three measures are planned to this end: Sharpening our strategic focus, optimizing financial firepower, and improving risk management. We are therefore screening our business segments on counts such as return on capital, return on sales, and growth opportunities. In this connection, we see the greatest potential in the mainstream construction sector. We therefore aim to focus our international activities more closely on HOCHTIEF's core competency of infrastructure construction projects. At the same time, we plan to scale back the European services business comprising construction-related services.

This change process fosters our long-term goal of positioning HOCHTIEF among the world's largest infrastructure providers. We will focus here on delivering projects in the transportation, energy, social and urban infrastructure and contract mining segments. HOCHTIEF's innovative prowess and technical expertise mark a genuine competitive advantage when it comes to delivering complex infrastructure projects. It is my firm conviction that the change will make for performance continuity and secure the Group's future. Of course, HOCHTIEF will remain a German listed company headquartered in Essen.

2012 was another challenging year for the HOCHTIEF Group. However, the problem projects that incurred substantial losses and triggered considerable earnings impacts in past periods have now been completed. Airport Link in Brisbane and the Victorian Desalination Plant in Melbourne have been handed over to the clients. We also took a decisive step forward with the Elbe Philharmonic Hall project in Hamburg. In December, the City of Hamburg and HOCHTIEF drew up a proposal for a compromise solution to resume construction. This is to be drafted into binding contracts by the end of February 2013 so that the project can be brought to completion. The negotiated final fixed price of EUR 575 million includes fully completing construction of the Elbe Philharmonic Hall.

We radically overhauled and further improved our risk management system in the year under review—and this process is still ongoing. One emerging focus area targets project selection criteria. The aim is to reliably ensure that we solely tackle projects of the right size and type. Our goal is to have no loss-making projects at all in the future and so to regain sustained profitability growth.

HOCHTIEF's overall performance was solid in the year under review. We attained new record levels in our order backlog and work done. The order backlog reached a total figure of EUR 49.79 billion. Group work done came to EUR 29.69 billion by the year-end, marking a 15.1% increase on the prior year. Group new orders amounted to a total of EUR 31.49 billion, up 24.1%* on the 2011 figure. Profit before taxes totaled EUR 546.4 million. We thus did substantially better than our pretax result in the prior year. We plan to continue significantly improving on these figures going forward and attain higher profitability.

The foundations are already in place: The market regards us as reliable, proven partners—the financial market likewise. The first bond issue in HOCHTIEF's corporate history, for a principal amount of EUR 500 million, sparked such strong demand that it was eight times oversubscribed at some EUR 4 billion. The transaction gave us a new access channel to the capital market with an extended pool of investors. The issue proceeds are to repay existing borrowings and fund expansion in growth operating segments. Also during the year under review, Leighton negotiated a syndicated performance bond facility for close to EUR 1.1 billion in total and priced a ten-year bond issue for some EUR 400 million. Both instruments were well oversubscribed on issue day, underscoring the Leighton Group's strong credit standing.

We held our strong position in our core markets in 2012 and improved our position in infrastructure with new contracts. The HOCHTIEF Americas division recorded a high intake of new orders with attractive projects in both building construction and civil engineering, although the division still fell short of expectations in what is notably for civil engineering a harsh market climate. However, our US subsidiaries are well placed to benefit once the North American economy picks up again.

The HOCHTIEF Asia Pacific division significantly improved operationally, with stable earnings through the reporting year. In 2012, Leighton underwent a year of realignment, applying major structural and strategic changes so that it can once again benefit from higher margins and stronger sales growth in the future. In the process of focusing on its core business, Leighton sold Thiess Waste Management Services in July 2012 and is also working to sell its Nextgen Networks, Metronode, and Infoplex telecommunications businesses. Leighton was once again very successful in the contract mining business with many new large-scale contracts.

*Calculation of percentage based on EUR millions.

In the HOCHTIEF Europe division, the impact of the Elbe Philharmonic Hall project made itself clearly felt in 2012 with the need to make financial provisioning, but earnings were positively influenced by factors such as the sale of the stake in the Vespucio Norte Express toll expressway in Chile. Incorporating the concessions activities into the division produced results through a further increase in internal integration. Overall, however, the need for adjustments and course corrections is especially plain to see in this division, given the earnings situation and work done figures.

The sale of our airport activities goes on presenting difficulties because of the financial market situation and the economic problems in Greece. There is, however, no change in our plan to sell.

For fiscal 2013, we expect profit before taxes and consolidated net profit to be 10 to 20% above the prior-year level. This does not include non-operative items such as restructuring charges and effects from disposals.

Consummate engineering expertise and vast technical know-how in infrastructure projects coupled with extensive process and management experience—these are HOCHTIEF's strengths. I attach particular importance to fostering our corporate culture, which is shaped by team spirit and diversity. Indeed, it is our people who keep the Company moving forward with their dedicated hard work. On behalf of the Executive Board, my thanks go to the workforce for their true commitment.

I am confident that HOCHTIEF will continue to enjoy international success as a globally operating infrastructure group. In the interests of the Company and its workforce and in the interests of all shareholders, I will do everything in my power to achieve this. My job is to increase HOCHTIEF's value and invest revenue in strengthening the balance sheet and growth of the core business.

I look forward to leading HOCHTIEF into a new decade of its corporate history—with results we can be proud of.

Essen, February 27, 2013

Marcelino Fernández Verdes

Report of the Supervisory Board

Dear Shareholders,

Thomas Eichelmann, Chairman of the Supervisory Board

Throughout fiscal year 2012, the Supervisory Board performed the tasks required of it by law, under the Company's Articles of Association, and under the Supervisory Board's Code of Procedure. The Supervisory Board continuously oversaw and regularly advised the Executive Board in its management of the Company and was involved in all decisions of fundamental importance. The Executive Board provided information as required, with regular, timely, and comprehensive written and verbal reporting to the Supervisory Board on key aspects of the performance of the business and significant transactions. The Supervisory Board also received full information on the current earnings situation, including the risk position and risk management.

The Supervisory Board held four ordinary and two extraordinary meetings in fiscal 2012. With one exception due to illness, all members of the Supervisory Board have attended at least half of the meetings during their term in office. The Supervisory Board made its decisions on the basis of detailed reports and proposed resolutions submitted by the Executive Board. The Executive Board also reported outside of meetings on particularly significant or urgent projects and transactions. The Supervisory Board adopted resolutions as required by law and the Articles of Association. Resolutions were adopted where necessary by written procedure or in committee meetings. The Chairman of the Supervisory Board was in constant contact with the Chairman of the Executive Board. This allowed events of exceptional importance for the position and development of the HOCHTIEF Group to be addressed immediately.

Shareholder and employee representatives met separately on a regular basis ahead of Supervisory Board meetings to discuss agenda items for the meetings. When necessary, the Supervisory Board met without the Executive Board.

Focuses of consultation. At the financial statements meeting on February 28, 2012, the Supervisory Board primarily concerned itself with the annual and consolidated financial statements as of December 31, 2011. This is reported on in greater detail below. The Supervisory Board gave its consent to the Executive Board for the unappropriated net profit for fiscal 2011 to be carried forward. In the context of the report on the business situation, the Supervisory Board devoted special attention to the Group's earnings performance in 2011. Another focus of discussion was the situation at Leighton Holdings Limited, where problems with two infrastructure projects and the development of business at associate Habtoor Leighton Group caused earnings to deteriorate. The size of receivables under legacy contracts at Al Habtoor Leighton was also discussed in this connection. Other points of discussion were the impacts on earnings and risks from the Greek toll road projects, the progress of negotiations for the sale of the airports business, and potential risks from the stakes held by HOCHTIEF Solutions AG in Budapest Airport and the Elbe Philharmonic Hall project. The Supervisory Board adopted the agenda for the Company's General Shareholders' Meeting on May 3, 2012 and the required annual Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG). Finally, the Supervisory Board consulted on an issue of non-rated bonds.

At its extraordinary meeting of March 28, 2012, the Supervisory Board first devoted itself to Executive Board matters. The necessary resolutions were passed on variable compensation for fiscal years 2011 and 2012. The Supervisory Board also adopted resolutions on modifications to Executive Board contracts. Marcelino Fernández Verdes was appointed a member of the Executive Board effective April 15, 2012. In connection with Mr. Fernández Verdes's simultaneous departure from the Supervisory Board, the Supervisory Board made the resolutions necessary for refilling the committee posts he vacated. Finally, the Executive Board informed the Supervisory Board in detail about the current situation at Leighton Holdings Limited.

At the Supervisory Board meeting preceding the General Shareholders' Meeting on May 3, 2012, the Executive Board reported in depth on the current situation of the Group. Losses on the Airport Link and Victorian Desalination Plant projects led to a fall in earnings at the HOCHTIEF Asia Pacific division in the first quarter of 2012. A deterioration in the liquidity situation was also registered in the HOCHTIEF Asia Pacific division. A further key development in the first quarter was the successful placement of a non-rated bond issue by HOCHTIEF Aktiengesellschaft. The report on the first quarter of 2012 was discussed (prior to publication) by the Supervisory Board together with the Executive Board.

A further meeting of the Supervisory Board was held on September 6, 2012. This meeting was initially taken up with the detailed report of the Executive Board on the business situation. The Executive Board reported in this connection on the current situation concerning HOCHTIEF Solutions AG's Elbe Philharmonic Hall project, the efforts to sell HOCHTIEF AirPort GmbH and the airports business, and once again the financial situation of subsidiaries Leighton Holdings Limited and Flatiron Holding Inc. In this context, the current status regarding the improvement of risk management at Leighton Holdings Limited was discussed. The Supervisory Board also addressed current and planned divestment projects and adopted the resolutions necessary to refill committee posts vacated on the departure from the Supervisory Board of Dr. h.c. Eggert Voscherau. Finally, the Supervisory Board addressed the amended recommendations contained in the German Corporate Governance Code and discussed the options available for implementing the new rules.

At the Supervisory Board meeting on November 20, 2012, the Supervisory Board first consulted in depth regarding the changes on the Executive Board and the Supervisory Board comprising the departure of Dr. Frank Stieler from the Executive Board and that of Manfred Wennemer from the Supervisory Board. The Supervisory Board passed the necessary resolutions, which are reported on in the following. The Supervisory Board also resolved in this connection to rescind Dr. Stieler's contract by mutual agreement and to sign a termination agreement with him for the purpose. In accordance with Section 32 of the Codetermination Act (MitbestG), the Supervisory Board authorized the Executive Board to use the votes held by HOCHTIEF Aktiengesellschaft at a general meeting of HOCHTIEF Solutions AG to elect Mr. Fernández Verdes to the Supervisory Board of HOCHTIEF Solutions AG. Finally, the Supervisory Board adopted the resolutions necessary to refill committee posts vacated on the departure from the Supervisory Board of Mr. Wennemer. The Supervisory Board went on to deal with questions relating to the compensation entitlements of former Executive Board members. The Supervisory Board adopted the necessary resolutions in this regard. Topics covered by the Executive Board in its detailed report on the business situation included current developments at Leighton Holdings Limited and the planned sale of the airports business. The Executive Board also reported on the sales of the shareholdings in the two companies Vespucio Norte Express and Thiess Waste Management Services and the proceeds realized. The Executive Board reported once more about HOCHTIEF Solutions AG's Elbe Philharmonic Hall project and about the negotiations on the project with the City of Hamburg. In connection with the report on the Group's corporate planning required to be submitted by the Executive Board, and with a view to the staffing decisions made at the meeting, the Supervisory Board considered it necessary to review the corporate planning. After consulting with the Executive Board, the Supervisory Board therefore decided to continue its discussion of the corporate planning at a meeting early in 2013 based on a revision to the planning to be submitted in the meantime by the Executive Board. The Executive Board is to present to the Supervisory Board a strategy concept for the Group as a whole and its divisions. Lastly, the Supervisory Board revisited the amended recommendations contained in the German Corporate Governance Code and took the resolutions needed to implement them. This is detailed in full in the Corporate Governance Report*.

At its extraordinary meeting on December 20, 2012, the Supervisory Board once more discussed questions relating to the compensation entitlements of former Executive Board members and adopted the necessary resolutions.

As in previous years, the Supervisory Board kept abreast of claims and variation orders, the ongoing improvements in the compliance structure, and audit activity.

The implementation of requirements under the German Corporate Governance Code and the development of corporate governance standards were continuously monitored by the Supervisory Board. In accordance with Section 3.10 of the Code, the Executive Board reports jointly with and on behalf of the Supervisory Board on this subject. That report is published together with the Declaration on Corporate Governance on the Company's website** and in the Annual Report.

The Supervisory Board has six regular **committees** whose members are listed in the Boards section. The committees prepare Supervisory Board resolutions and the agenda topics to be addressed in plenary meetings. In some cases, they also exercise decision-making powers transferred to them by the Supervisory Board. The committee chairpersons regularly informed the Supervisory Board about the subject matter and outcomes of committee meetings.

The **Executive Committee** met nine times in fiscal 2012. The Executive Committee prepared the Supervisory Board's meetings, including its decisions on transactions requiring approval. In addition, the Executive Committee was regularly briefed by the Executive Board about significant transactions.

The **Audit Committee** met on three occasions in fiscal 2012. It looked in detail at the quarterly reports and the annual Financial Statements and prepared to issue the audit engagement, including the focal points of the audit and the fee agreement. It devoted special attention to Group risk management and the internal control system in relation to the financial reporting process. The committee also dealt with compliance issues as well as Internal Auditing's audit findings and audit planning. The wide range of other topics on committee meeting agendas included reports on key projects in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions.

The **Human Resources Committee** met three times. It dealt with decisions on Executive Board succession and prepared the Supervisory Board's personnel-related decisions. It also devoted attention to the amount of Executive Board compensation and to modifications to Executive Board contracts.

The **Nomination Committee** held two meetings at which it discussed the replacement for a departing member of the Supervisory Board.

The **Strategy Committee** devoted attention at its one meeting to the corporate strategy and the Group's onward development from a strategic viewpoint.

Once again, there was no need to convene a meeting of the **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) in fiscal year 2012.

*For further information, please see page 93.

**For further information, please see www.hochtief.com.

Under the recommendations of the German Corporate Governance Code and related provisions in the Supervisory Board's Code of Procedure, members of the Supervisory Board must disclose any potential **conflicts of interest**. No such disclosures were made in the year under review.

Annual financial statements 2012. The annual Financial Statements prepared for HOCHTIEF Aktiengesellschaft by the Executive Board in accordance with the German Commercial Code (HGB), the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), and the combined HOCHTIEF Aktiengesellschaft and Group Management Report for fiscal year 2012, together with the bookkeeping system, were audited by and received an unqualified auditors' report from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, the auditors appointed by the General Shareholders' Meeting on May 3, 2012 and instructed by the Supervisory Board to perform the audit of the annual Financial Statements and Consolidated Financial Statements. The auditors also determined that the Executive Board had established a suitable early warning system for risk. The above-mentioned statements, the Annual Report, the proposal on the use of net profit, and the auditors' reports were sent to all members of the Supervisory Board in good time prior to the meeting of the Audit Committee on February 26, 2013 and the Supervisory Board's financial statements meeting on February 27, 2013. The Executive Board also provided verbal explanations at those meetings.

At the same meetings, the auditors responsible reported on the main findings of the audit and were available to provide further information. The Audit Committee scrutinized these statements and reports prior to the Supervisory Board's meeting and recommended that the Supervisory Board approve the annual Financial Statements, the Consolidated Financial Statements, and the combined Management Report. The Supervisory Board thoroughly examined the annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report, and the proposal on the use of net profit, and concluded on completion of its examination that there were no objections to be raised.

Following its own appraisal and taking account of the Audit Committee's report, the Supervisory Board approved the results of the auditors' audit of the annual Financial Statements and Consolidated Financial Statements. The Supervisory Board has approved and thus adopted the annual Financial Statements and approved the Consolidated Financial Statements. It concurs with the proposal on the use of net profit submitted by the Executive Board.

The report on relationships with affiliated companies prepared by the Executive Board in accordance with Section 312 of the Stock Corporations Act (AktG) was audited by the auditors. This report and the auditors' report were sent to all members of the Supervisory Board in good time ahead of the financial statements meeting on February 27, 2013. The auditors who signed the audit report took part in the Supervisory Board's discussions on these documents and reported on the main findings of the audit. The Supervisory Board examined the report on relationships with affiliated companies and found it to be in order.

The auditors issued the auditors' report required by Section 313 (3) AktG as follows:

"On completion of our audit and assessment in accordance with professional standards, we confirm that the factual statements in the report are correct."

The Supervisory Board received for inspection and approved the auditors' audit findings. On completion of its examination, the Supervisory Board does not raise any objections to the declaration issued by the Executive Board at the end of the report regarding relationships with affiliated companies.

Changes on the Executive Board and Supervisory Board. On February 28, 2012, the Supervisory Board appointed Supervisory Board member Pedro López Jiménez as deputy to an Executive Board member with immediate effect for the period until March 2, 2012 in accordance with Section 105 (2) of the German Stock Corporations Act (AktG). Mr. López Jiménez did not take part in the adoption of the resolution.

The Supervisory Board appointed Marcelino Fernández Verdes a member of the Executive Board effective April 15, 2012. In connection with this appointment, Mr. Fernández Verdes stepped down from the Supervisory Board of the Company effective midnight on April 14, 2012. By decision of April 23, 2012, Essen Local Court appointed Dr. rer. pol. h.c. Francisco Javier Garcia Sanz to succeed Mr. Fernández Verdes as member of the Supervisory Board.

Dr. h.c. Eggert Voscherau stepped down from his office as member of the Supervisory Board with effect from June 30, 2012. By decision of Essen Local Court on July 27, 2012, Christine Wolff was appointed as member of the Supervisory Board in his place.

The Supervisory Board approved Dr. Frank Stieler's termination by mutual agreement as member of the Executive Board and Chairman of the Executive Board effective November 20, 2012. On the same occasion, the Supervisory Board appointed Mr. Fernández Verdes as Chairman of the Executive Board effective November 21, 2012.

Manfred Wennemer stepped down from his office as Chairman and member of the Supervisory Board with effect from December 31, 2012. The Supervisory Board elected Thomas Eichelmann Chairman of the Supervisory Board effective January 1, 2013.

Christine Wolff stepped down from her office as member of the Supervisory Board with effect from January 31, 2013.

In connection with his appointment to the Executive Board of HOCHTIEF Solutions AG, Nikolaus Graf von Matuschka stepped down from his office as member of the Supervisory Board of HOCHTIEF Aktiengesellschaft on February 19, 2013.

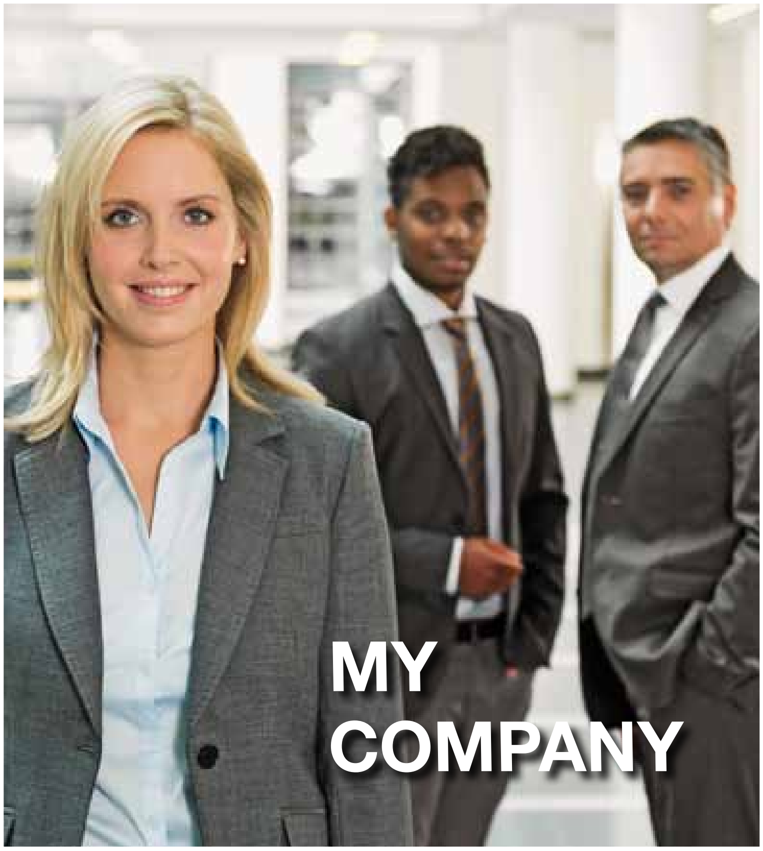
The Supervisory Board thanks the departing members of the Supervisory Board for their dedicated and constructive work as well as their commitment to the well-being of the Company.

The Supervisory Board expresses its thanks and appreciation to the Executive Board, the Group company management teams, and all employees for their work in 2012.

Essen, February 27, 2013

On behalf of the Supervisory Board

Thomas Eichelmann
Chairman



The HOCHTIEF Aktiengesellschaft Executive Board: Marcelino Fernández Verdes (Chairman of the Executive Board) and Peter Sassenfeld.

Executive Board

Marcelino Fernández Verdes (57)
has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft and the company's Chief Operating Officer (COO) since April 2012. In addition to leading the HOCHTIEF Americas division, the construction engineer was responsible for bid and contract strategy as well as risk management at HOCHTIEF. On November 21, 2012, he took over as Chairman of the Executive Board (CEO). As such, he is also in charge of the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions. He is additionally responsible for the Human Resources, Corporate Development, Corporate Communications departments as well as for corporate governance/compliance.

Peter Sassenfeld (46)
joined the HOCHTIEF Aktiengesellschaft Executive Board in November 2011. The Chief Financial Officer (CFO), who holds a degree in business administration, is responsible for the Controlling, Finance/Investor Relations, Accounting, Tax, and Insurance Management departments and is Labor Director He is also responsible for HOCHTIEF AirPort and HOCHTIEF Insurance Broking and Risk Management Solutions.

Dr. jur. Frank Stieler (54), not pictured,
joined the Executive Board of HOCHTIEF Aktiengesellschaft in March 2009. In May 2011, he took over as Chairman of the Executive Board. His term of office ended on November 20, 2012.

Boards

* Supervisory Board member representing employees

a) Membership in other supervisory boards prescribed by law (as of December 31, 2012)

b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2012)

Reporting date for memberships: December 31, 2012, or date of departure if membership ended during the course of the year

Supervisory Board

Thomas Eichelmann

Munich, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft (from January 1, 2013), Chief Executive Officer of ATON GmbH, Hallbergmoos

a) ATON Engineering AG (Chairman)
EDAG GmbH & Co. KGaA
FFT GmbH & Co. KGaA
HAEMA AG
Rücker AG (Chairman)
V-Bank AG
Wüstenrot & Württembergische AG

b) ATON US, Inc.
OrthoScan, Inc.
J.S. Redpath Holdings, Inc.

Ulrich Best*

Cologne, Deputy Chairman, Chairman of the Group Works Council and Deputy Chairman of the Central Works Council, HOCHTIEF Solutions AG

Abdulla Abdulaziz Turki Al-Subaie

Doha, Managing Director of Qatar Railways, Group CEO Barwa Real Estate Group

b) Barwa International (Chairman)
Barwa New Cairo (Chairman)
Barwa Real Estate
Qatar Construction & Engineering Company
Qatari Diar
Qatar Rail

Ángel García Altozano

Madrid, Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) ACS Servicios y Concesiones, S.L.
ACS Servicios, Comunicaciones y Energía, S.L.
Dragados, S.A.
Iridium Concesiones de Infraestructuras, S.A.
Urbaser, S.A.
Xfera Móviles, S.A. (Chairman)

Gregor Asshoff*

Frankfurt am Main, attorney-at-law and head of the Policy and Fundamental Issues department, Federal Executive Committee of the Construction, Agricultural and Environmental Employees' Union

a) HOCHTIEF Solutions AG
Zusatzversorgungskasse des Gerüstbaugewerbes VVaG

José Luis del Valle Pérez

Madrid, Board Member, Director and General Secretary of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) ACS Servicios y Concesiones, S.L.
ACS Servicios, Comunicaciones y Energía, S.L.
Clece, S.A. (Chairman)
Cobra Gestión de Infraestructuras, S.A.
Dragados, S.A.

Marcelino Fernández Verdes

Madrid, CEO of the Construction, Concessions and Environment and Logistics Areas of ACS Group (Member of the Supervisory Board until April 14, 2012)

b) ACS Servicios y Concesiones, S.L. (Chairman and CEO)
Dragados, S.A. (Chairman and CEO)
Clece, S.A.
Iridium Concesiones de Infraestructuras, S.A.
Urbaser, S.A.

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz

Braunschweig, Member of the Board of Management of Volkswagen Aktiengesellschaft, Wolfsburg (from April 23, 2012)

a) AUDI AG, Ingolstadt
Dr. Ing. h. c. F. Porsche Aktiengesellschaft, Stuttgart

b) CAIXAHOLDING, S.A., Barcelona
FAW-Volkswagen Automotive Company, Ltd., Changchun
Porsche Holding Stuttgart GmbH, Stuttgart
Scania AB, Södertälje
Scania CV AB, Södertälje
SEAT, S.A., Martorell
Shanghai-Volkswagen Automotive Company Ltd., Shanghai
VfL Wolfsburg-Fußball GmbH, Wolfsburg
Volkswagen (China) Investment Company Ltd., Beijing
Volkswagen Group of America, Inc., Herndon/Virginia

Johannes Howorka*

Königs Wusterhausen, Member of the Works Council, HOCHTIEF Solutions AG, Facility Management, Works Council Northeast

Pedro López Jiménez

Madrid, Member of the Board and of the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., Madrid (appointed deputy to an Executive Board member for the period February 28, 2012 to March 2, 2012 in accordance with Section 105 (2) of the German Stock Corporations Act (AktG))

b) ACS Servicios y Concesiones, S.L. (President-in-Office)
ACS Servicios, Comunicaciones y Energía, S.L.
Dragados, S.A. (President-in-Office)

Nikolaus Graf von Matuschka*

Aldenhoven/Jüchen, Spokesman of the Segment Management Service Solutions, HOCHTIEF Solutions AG (until February 19, 2013)

Siegfried Müller*

Duisburg, Chairman of the Works Council Corporate Headquarters, HOCHTIEF Aktiengesellschaft

Gerrit Pennings*

Kirchheim, Works Council Chairman, HOCHTIEF Solutions AG, Facility Management, South Region

Dr. h. c. Eggert Voscherau

Wachenheim, Chairman of the Supervisory Board of BASF SE, former Deputy Chairman of the Board of Executive Directors of BASF Aktiengesellschaft and BASF SE, Ludwigshafen (until June 30, 2012)

a) BASF SE, Ludwigshafen (Chairman)
ZEW, Zentrum für Europäische Wirtschaftsforschung, Mannheim

Olaf Wendler*
Sülzetal, Head of Human Resources Coordination Shell Construction/Industrial Construction, HOCHTIEF Solutions AG

Manfred Wennemer
Bensheim, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft (until December 31, 2012), former Chairman of the Executive Board of Continental Aktiengesellschaft, Hanover

a) Allianz Deutschland AG
Knorr-Bremse AG
b) Leighton Holdings Limited (Alternate Member)
NV BEKAERT SA
Springer Science + Business Media SA (Chairman)

Klaus Wiesehügel*
Königswinter, National Chairman of the Construction, Agricultural and Environmental Employees' Union, Frankfurt am Main

a) Zusatzversorgungskasse des Baugewerbes AG (Chairman)
b) Landwirtschaftliche Rentenbank

Christine Wolff
Hamburg, management consultant, former Senior Vice President and Managing Director Europe & Middle East, URS Corporation (July 27, 2012 to January 31, 2013)

Supervisory Board Committees

Nomination Committee
Thomas Eichelmann (Chairman from January 1, 2013)
Manfred Wennemer (Chairman until December 31, 2012)
José Luis del Valle Pérez (April 15, 2012 to September 5, 2012)
Marcelino Fernández Verdes (until April 14, 2012)
Pedro López Jiménez (from September 6, 2012)
Dr. h. c. Eggert Voscherau (until June 30, 2012)
Christine Wolff (September 6, 2012 to January 31, 2013)

Human Resources Committee
Thomas Eichelmann (Chairman from January 1, 2013)
Manfred Wennemer (Chairman until December 31, 2012)
José Luis del Valle Pérez (April 15, 2012 to September 5, 2012)
Pedro López Jiménez (from September 6, 2012)
Dr. h. c. Eggert Voscherau (until June 30, 2012)
Olaf Wendler
Klaus Wiesehügel
Christine Wolff (September 6, 2012 to January 31, 2013)

Executive Committee
Thomas Eichelmann (Chairman from January 1, 2013)
Manfred Wennemer (Chairman until December 31, 2012)
Ángel García Altozano
Gregor Asshoff
Marcelino Fernández Verdes (until April 14, 2012)
Pedro López Jiménez (from April 15, 2012)
Olaf Wendler
Klaus Wiesehügel

Audit Committee
Ángel García Altozano (Chairman)
Ulrich Best (Deputy Chairman)
Gregor Asshoff
José Luis del Valle Pérez
Thomas Eichelmann
Gerrit Pennings

Strategy Committee
Thomas Eichelmann (Chairman from January 1, 2013)
Manfred Wennemer (Chairman until December 31, 2012)
Ulrich Best (Deputy Chairman)
Ángel García Altozano
Marcelino Fernández Verdes (until April 14, 2012)
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (from April 23, 2012)
Johannes Howorka
Pedro López Jiménez
Siegfried Müller
Gerrit Pennings
Olaf Wendler

Mediation Committee pursuant to Sec. 27 (3) of the Codetermination Act (MitbestG)

Thomas Eichelmann (Chairman from January 1, 2013)
Manfred Wennemer (Chairman until December 31, 2012)
Ulrich Best (Deputy Chairman)
Johannes Howorka
Dr. h. c. Eggert Voscherau (until June 30, 2012)
Christine Wolff (September 6, 2012 to January 31, 2013)

Executive Board

Marcelino Fernández Verdes

Düsseldorf, Member and Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen (Member from April 15, 2012, Chairman from November 21, 2012)

a) HOCHTIEF Solutions AG (Chairman)
b) Flatiron Holding, Inc.
Leighton Holdings Limited
The Turner Corporation
Thiess Pty. Ltd.

Pedro López Jiménez

Madrid (appointed deputy to an Executive Board member for the period February 28, 2012 to March 2, 2012 in accordance with Section 105 (2) of the German Stock Corporations Act (AktG))

b) ACS Servicios y Concesiones, S.L. (President-in-Office)
ACS Servicios, Comunicaciones y Energía, S.L.
Dragados, S.A. (President-in-Office)

Peter Sassenfeld

Duisburg, Member of the Executive Board and Labor Director of HOCHTIEF Aktiengesellschaft, Essen

b) Flatiron Holding, Inc.
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
Leighton Holdings Limited
The Turner Corporation

Dr. Frank Stieler

Eppstein, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen (until November 20, 2012)

a) HOCHTIEF Solutions AG (Chairman) (until November 20, 2012)
b) HOCHTIEF AUSTRALIA HOLDINGS Ltd. (until November 20, 2012)
Leighton Holdings Limited (until November 20, 2012)

Representative Director

Attorney-at-law Hartmut Paulsen, Düsseldorf
(until September 30, 2012)

Group Executive Committee

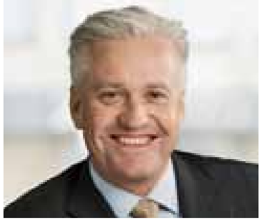
2011 saw the formation of the Group Executive Committee. This comprises the Executive Board of HOCHTIEF Aktiengesellschaft and the chief executive officers of the Group's main subsidiaries. The Committee is tasked with coordinating international activities, establishing joint initiatives and programs, and discussing general matters of relevance to the Group. This creates a common basis for the Group's further development, which is reflected in the strategic planning. At the same time, communications and the exchange of expertise are improved and synergies leveraged. The Group Executive Committee meets at monthly intervals.

Marcelino Fernández Verdes
Chairman of the Executive Board (CEO) of HOCHTIEF Aktiengesellschaft, Essen

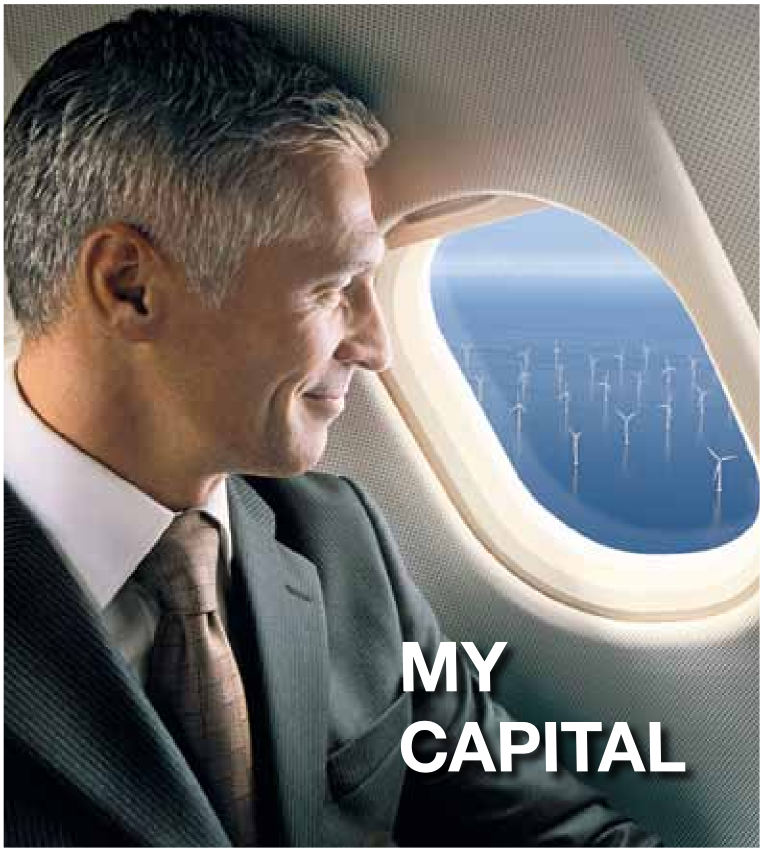
Peter Sassenfeld
Member of the Executive Board (CFO) of HOCHTIEF Aktiengesellschaft, Essen

Peter Davoren
President and Chief Executive Officer Turner Construction Company, New York

John DiCiurcio
Chief Executive Officer of Flatiron Construction Corp., Delaware



Hamish Tyrwhitt
Chief Executive Officer of Leighton Holdings Limited, Sydney



Investors look for valuable, reliable financial investments, especially in economically difficult times. They find such investments at HOCHTIEF: The Group operates in viable business areas and lays the foundations for sustainable growth—for example, in building offshore wind farms. Our jack-up vessel “Innovation” makes a significant contribution in this regard. There are attractive investment opportunities for you in this field.

HOCHTIEF on the capital market

Stock market

Following falls in prices globally in 2011, the stock markets recovered in the reporting year. Nevertheless, the markets continued to be beset by uncertainty. The stock markets in 2012 were shaped by developments in the overall economy and monetary policies in the euro zone and other significant economic regions.

In the first quarter of 2012, monetary policies of the European Central Bank, falling bond yields in Italy and Spain, robust US economic data, and the forecast by the US Federal Reserve that benchmark interest rates are likely to remain low until the end of 2014 led to strong price rises on the stock markets. This positive news eclipsed negative factors such as rising oil prices, credit agencies' downgradings of many euro states, and the lowering of growth forecasts for China.

The second quarter of 2012 was marked by sharp price corrections. The stock markets were negatively impacted as much by developments in Greece and Spain as by the disappointing economic data in the euro zone. In addition, growth rates declined in the USA and China. However, monetary policies in both countries provided some support.

The third quarter of the reporting year saw a return to a positive trend. Falling benchmark interest rates in the euro zone and China as well as the European Central Bank's plans to buy up government bonds again had a positive impact on the stock markets. The still weak economic data in the euro zone, the USA, and China as well as disappointing company reports proved to be only a temporary burden.

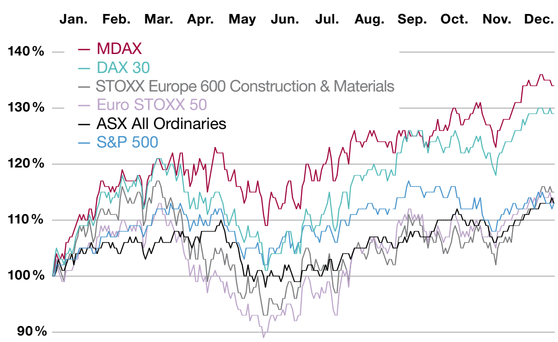
The upward trend held through the fourth quarter of 2012. The expansionary monetary policy set by the Federal Reserve, robust US economic data, a recovery in leading indicators in Germany and China as well as an ongoing easing of the euro debt crisis following a new rescue package for Greece made for buoyant stock prices on European exchanges. The looming fiscal cliff in the USA and weak quarterly figures from US firms, however, prompted some consolidation between times.

Germany's DAX index remained above its close at the end of December 2011 throughout 2012, reaching an annual high of 7,672 points in December. The DAX closed 2012 at 7,612 points, 29% higher than its close at the end of December 2011 (5,898 points). HOCHTIEF is listed in the MDAX, which is thus an important benchmark for our company. The MDAX grew by 34% in 2012.

There was a similar picture in the USA, where the US S&P 500, however, increased less than the German share indices, by 13% on total.

The pan-European markets and Australian share indices also performed positively. The Euro STOXX 50 climbed by 14% and the Australian ASX All Ordinaries by 13%. The STOXX Europe 600 Construction & Materials Index, which reflects the share price performance of the biggest companies in the European construction industry, rose 15% above its close at the end of 2011. The construction sector's performance was therefore similar to that of the European market as a whole.

Indexed performance of international stock indexes in 2012



HOCHTIEF stock: Historical performance

Key figures

		2012	2011
Number of shares	million	77.0	77.0
Market capitalization	EUR million	3,382.6*	3,441.9*
High	EUR	55.36	76.55
Low	EUR	35.14	37.64
Close	EUR	43.93	44.70
Shares traded (average per day on Xetra)		189,826	330,323
Dividend per share	EUR	1.00**	0
Total dividends	EUR million	77	0
Earning per share	EUR	2.15	(2.18)

*as of year-end **proposed dividend per share

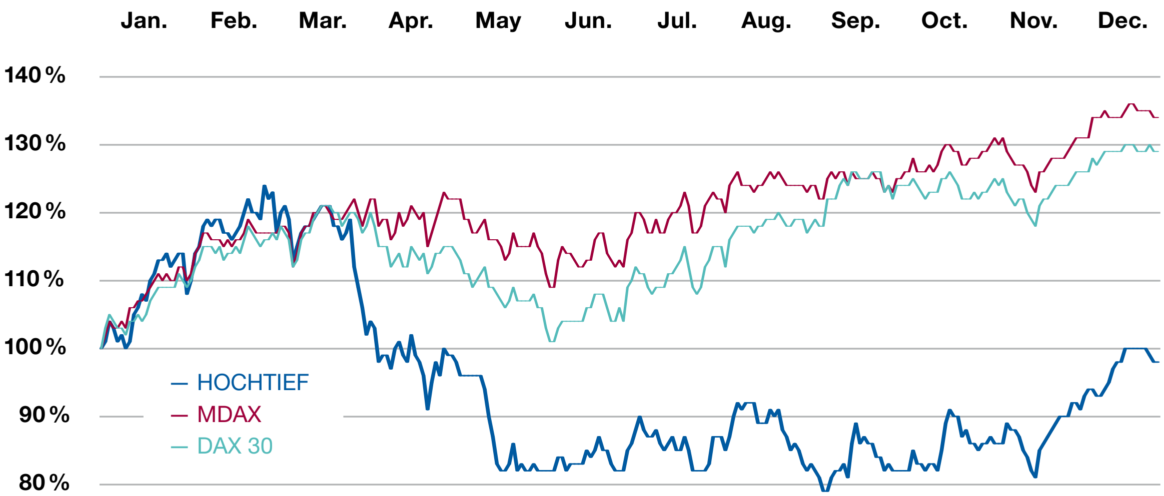
Key data on HOCHTIEF stock

ISIN	DE 0006070006
Stock symbol	HOT
Ticker symbol	Reuters: HOTG.DE, Bloomberg: HOT GY
Trading segment at Frankfurt	Prime Standard

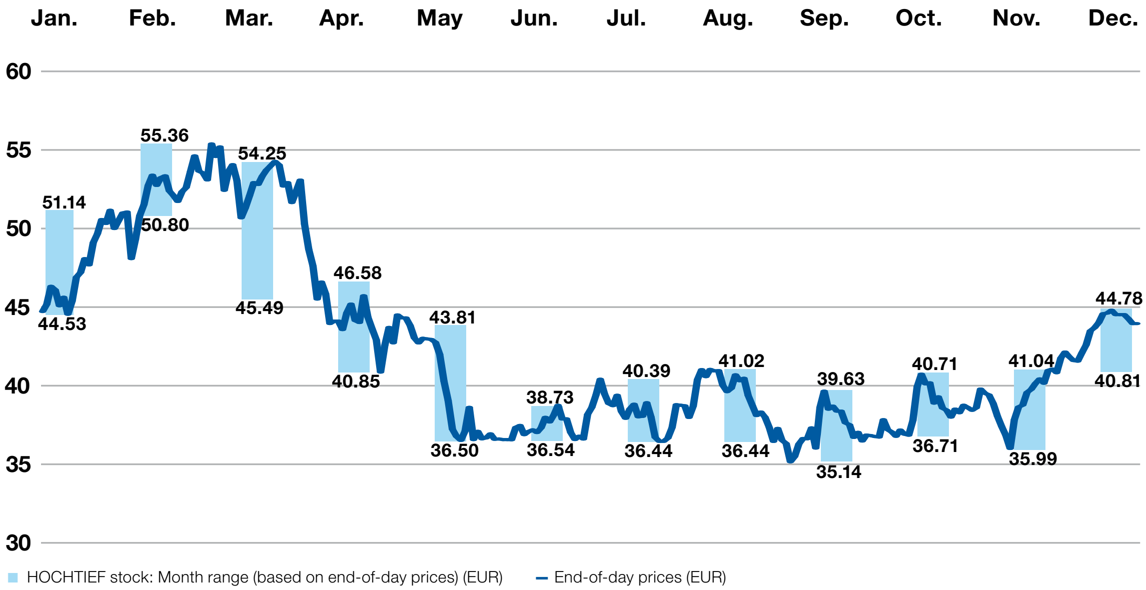
The price of HOCHTIEF stock fell by EUR 0.77 (2%) over the course of 2012, closing the year at EUR 43.93. The stock began the year on an upward trend, reaching an annual high of EUR 55.36 in February 2012, up 24% compared with the closing price at the end of 2011. It recorded its annual low of EUR 35.14 in September.

In the first few months of 2012, HOCHTIEF stock initially benefited from the positive trend on the stock markets and the prospects of a return to the very strong earnings level of 2010. The profit warning by our Australian subsidiary Leighton at the end of March 2012 led to a reduction of HOCHTIEF's earnings forecast and caused a sharp downward trend in HOCHTIEF stock. Toward the end of the year, the price of HOCHTIEF stock largely developed in line with the trend on the relevant stock markets. The picture was similar with Leighton stock, which is listed on the Australian Securities Exchange in Sydney. Following the profit warning just mentioned, the stock price initially performed significantly worse. As the year progressed, however, it came back more in step with the Australian market. The stock price man-

Indexed performance of HOCHTIEF stock in 2012



Absolute performance and trading volumes of HOCHTIEF stock in 2012



aged to recover somewhat as a result. Leighton stock ended the year with a closing price of AUD 17.88. This represents a net change of around minus 6% over the whole of the 2012 fiscal year.

HOCHTIEF is a global company. We generate more than 90% of our sales in international markets, focusing on energy infrastructure, transportation infrastructure, and urban infrastructure as well as contract mining. In light of the current variation in the economic performance of the different markets, our investors welcome the fact that we retain an extensive international reach while concentrating on robust markets. Our integrated range of services continues to give us access to excellent growth opportunities in these markets. Our Group's forward order book of more than 20 months and continued high level of new orders confirm our strategy.

HOCHTIEF is listed in the Prime Standard segment on the Frankfurt Stock Exchange and therefore a constituent member of the MDAX index, in which it ranked 28 with a weighting of 1.40% (2011: 18th, with a weighting of 1.90%).

Weighting of HOCHTIEF stock (December 31, 2012)

	Weighting	Rank	Stock in index
MDAX	1.40	28	50
STOXX Europe 600	0.02	n/a	600
STOXX Europe 600 Construction & Materials	0.98	n/a	21
Dow Jones Sustainability World Enlarged	0.01	568	591
Dow Jones Sustainability Europe	0.04	159	166
MSCI World	0.01	1,520	1,609

HOCHTIEF listed in sustainability indexes

HOCHTIEF's eligibility for inclusion in the respected Dow Jones Sustainability Indexes was reaffirmed in the reporting year. We are still the only German construction company listed in the Europe Index. In addition, our shares are listed in the World Enlarged Index. HOCHTIEF is also the only construction industry company listed in the Carbon Disclosure Leadership Index for the DACH region (Germany, Austria, Switzerland). The Carbon Disclosure Project represents more than 600 international investors managing funds of more than USD 78 trillion. HOCHTIEF is also listed in the Advanced Sustainability Performance Index (ASPI), in the Ethibel Sustainability Index Excellence Europe, and in the MSCI ESG Index.*

*More information on the different indexes can be found in our sustainability report on page 52.

This is a reward from the financial market for our commitment to sustainability in line with standards of good economic, ecological, and social conduct. HOCHTIEF stock thus appeals to investors who structure their portfolios in compliance with strict sustainability criteria or make this an important consideration.

Analyst recommendations

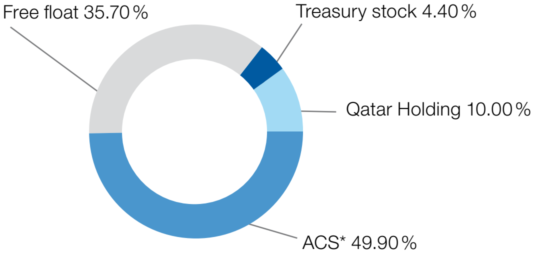
At the end of 2012, the company was covered by 20 analysts** (2011: 18). 13 analysts rated HOCHTIEF stock at "buy" (2011: nine) as of the year-end, and seven at "hold" (2011: eight). None of the analysts placed HOCHTIEF at "sell" (2011: one). Thus the majority of analysts remain upbeat about HOCHTIEF's performance over the medium and long term.

**Analyst reports by Deutsche Bank were disregarded, as this bank was engaged as an adviser to HOCHTIEF at the end of 2012 and therefore no recommendations for HOCHTIEF stock were issued by the analysts. Analysts who ceased to rate HOCHTIEF stock at the end of 2012—for example, because the analysts responsible changed (Baader Bank, Bank of America Merrill Lynch, Citi)—were similarly disregarded.

As of the same date, analysts covering us had set our target share price on average at EUR 47.79, and thus 9% higher than the closing price as of December 31, 2012.

Ownership structure

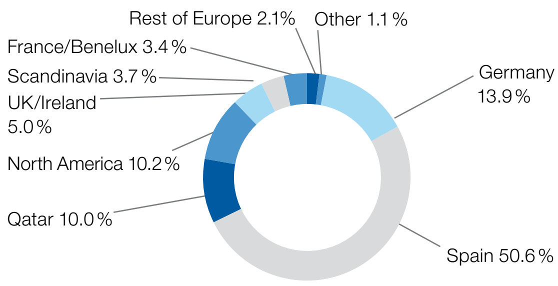
Ownership structure (as of December 2012)



*ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., Madrid

At the end of the reporting year, there were 76,999,999 issued shares. Of these shares, 49.90% were held by ACS Actividades de Construcción y Servicios, S.A., 10.00% were held by Qatar Holding, and 4.40% were held by HOCHTIEF Aktiengesellschaft as treasury stock. Free float HOCHTIEF stock, according to the definition of Deutsche Börse AG, amounted to 35.70% as of December 31, 2012. This definition includes all shares except those held by ACS, Qatar Holding, and by HOCHTIEF as treasury stock.

Regional distribution (as of December 2012)



In terms of regions, investors in Spain accounted for over 50% of shares, primarily due to the Spanish major shareholder. Shareholders in Germany held some 14% of capital stock, including HOCHTIEF Aktiengesellschaft's treasury stock. 10% is attributable to Qatar due to the second major shareholder, 10% to investors in North America, and the remaining 16% primarily to other European investors.

Dividends

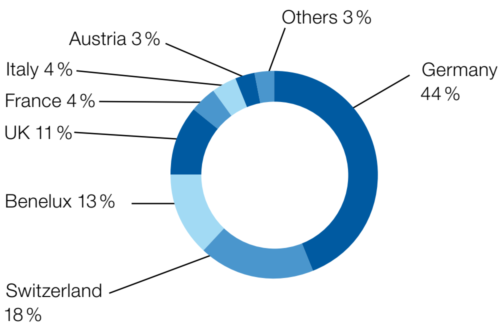
HOCHTIEF aims to let shareholders participate adequately in the success of our business. The Executive Board and the Supervisory Board of HOCHTIEF Aktiengesellschaft are proposing to distribute a dividend for fiscal 2012 of EUR 1.00 per share (no dividend distributed in 2011).

Successful issue of first corporate bond

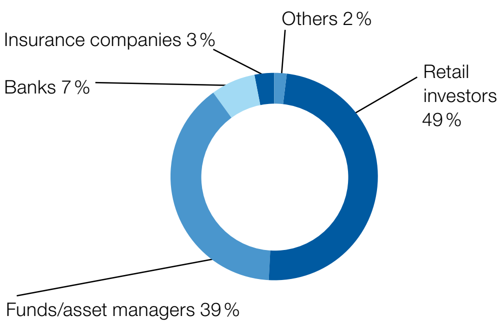
We continued the process of fine-tuning our Group funding structure in the first quarter of 2012, placing our funding on an even broader basis with the first corporate bond issue in the company's history. The bond issue, which has a five-year term to maturity until March 2017, has a nominal value of EUR 500 million and a coupon of 5.5% per annum. Strong demand from national and international investors ensured that, at around EUR 4 billion, the bond was oversubscribed eight-fold and opened up new groups of investors to us—especially private investors, fund companies, and pension insurance companies—in more than 15 countries. This once again underscores the confidence the capital markets place in our Group. We are using the proceeds to replace existing financing and further expand our position in attractive growth markets.

Structure of the bond issue

Structure of the bond issue by region (at time of issue in March 2012)



Structure of the bond issue by investor (at time of issue in March 2012)



Investor relations

Continuity, openness, and transparency—that is what investor relations stands for at HOCHTIEF. Comprehensive and timely communication with the capital market forms the core of our work with the aim of continuing to increase trust in the quality of HOCHTIEF's management and facilitating a fair assessment of the company's situation.

We therefore place great emphasis on intensive contact with institutional and private investors. In the course of 2012, we presented HOCHTIEF's strategy at 19 roadshows as well as 23 investor and analyst conferences. The Executive Board also used two conference calls for timely reporting on key current developments of our company.

Our participation in numerous capital market conferences gave us excellent access to interested investors as well as the opportunity to provide the capital market with detailed information on individual segments and activities of our Group and to explain them in more detail. In addition, specialist conferences devoted to specific areas (such as real estate or infrastructure) gave us the opportunity to selectively address specialized groups of investors and inform them about our activities and our strategy. We also took the opportunity to attend a conference for small shareholders and thus continue our in-depth dialog with this particular investor group.

On our website, we publish all annual and interim reports, the latest analyst forecasts, and all the presentations used.

To contact HOCHTIEF Investor Relations or see the events planned in the financial calendar, please visit www.hochtief.com/investor-relations

Transportation infrastructure

Mobility is part of our quality of life, and a driver of economic growth. HOCHTIEF builds transportation infrastructure worldwide, such as a section of the A4 highway in Thuringia.

Combined Company and Group Management Report
Business Activities and Group Structure

Group structure 2012

Corporate Headquarters (operative management holding company)

Divisions

HOCHTIEF Americas

Turner (USA)

Flatiron (USA)

HOCHTIEF Asia Pacific

Leighton Group (Australia)

HOCHTIEF Europe

HOCHTIEF Solutions (Germany)

Business activities of the HOCHTIEF Group*

HOCHTIEF is an international construction group that draws on many years' experience in transportation, energy, social and urban infrastructure as well as contract mining projects. Our competencies include development, construction, and operation. Our end-to-end approach yields results on public-private partnership** projects in particular. We generate supplementary added value with internal knowledge transfer and close collaboration between divisions. We additionally work with highly qualified business partners, whom we select using transparent criteria such as fulfilment of our standards.

HOCHTIEF is a long-term, dependable partner to clients. We are known for great flexibility, innovation, and outstanding quality. Most of our projects are unique assignments for which we develop and implement custom solutions. Sustainability is an integral part of our corporate strategy.

The HOCHTIEF Group is on the map in all the world's major construction markets including large parts of Europe, the Americas, Australia as well as the Asia Pacific and Gulf regions. We are the most international company in the industry. This fact is once again reaffirmed in 2012 by statistics from the Engineering News-Record trade journal. We generate more than 90% of our sales outside of Germany. This global footprint enables us to make up for regional market fluctuations.

Group structure in 2012

Since January 1, 2012, HOCHTIEF has delivered its services worldwide through three divisions: HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. This structure reflects the operating focus of our business as well as the Group's presence in key national and international regions and markets. The former HOCHTIEF Concessions division has been integrated into the other divisions and is no longer reported on separately. In this connection, HOCHTIEF Concessions AG was amalgamated into HOCHTIEF Aktiengesellschaft on August 31, 2012 with retroactive effect as of January 1, 2012. The public-private partnership activities from the former HOCHTIEF Concessions divi-

*For further information on the divisions' business activities, please see pages 3 and 4 as well as pages 102 to 117.

**See glossary on page 224.

sion were transferred to HOCHTIEF Solutions AG and hence assigned to the HOCHTIEF Europe division in the period under review. An additional operational unit, HOCHTIEF AirPort GmbH, is assigned directly to Corporate Headquarters/Consolidation until the disposal of the airports business*.

HOCHTIEF AirPort GmbH is one of the leading private industrial airport investors in the world. The company takes part in privatizations, takes on concessions, and provides consulting services. HOCHTIEF AirPort is established worldwide as a recognized, independent consultant. Its services include operating concepts, traffic forecasts, business plans, and master plans. In its consulting work, the company also draws on the practical experience gained from its own airport holdings.

The primary focus of HOCHTIEF's operative management holding company is on corporate management and control. The control level, comprising the Executive Board and Group corporate departments, is responsible for the strategic, organizational, and operational development of the HOCHTIEF Group. The corporate departments include Governance/Compliance, Auditing/Organization, Legal, Human Resources, Corporate Development, Communications, Controlling, Finance/Investor Relations, Accounting as well as Tax and Insurance.

HOCHTIEF Insurance Broking and Risk Management Solutions

This HOCHTIEF subsidiary comes directly under the holding company and ensures that the necessary insurance cover is in place throughout all phases of our projects across the Group. This goes for infrastructure projects, real estate, and facilities before, during, and after construction. This target group is offered insurance services, as are clients, owners, and end users wishing to be insured against risks such as fire and interruptions to business after construction work has finished.

The HOCHTIEF Insurance Broking and Risk Management Solutions portfolio is rounded out by reinsurance services. Provided through Builders' Reinsurance S.A. in Luxembourg, a subsidiary rated A- (Excellent) by A.M. Best Rating, this primarily includes reinsurance for construction work, subcontractor default, and liability risks, which is used notably by our HOCHTIEF Americas division.

The cost-effective offering tailored to the project in question not only enables HOCHTIEF to reduce its own insurance expenditures. By insuring third parties' risks, we also tap additional sales and earnings potential.

*For further information, please see page 152.

HOCHTIEF around the world:
A selection of the many companies in our divisions shows HOCHTIEF's global presence with the Group structure from 2012.

HOCHTIEF Americas

Turner (USA, Canada)

Flatiron (USA, Canada)

E.E. Cruz (USA)

Clark Builders (Canada)

HOCHTIEF Asia Pacific

Leighton Holdings (Australia)

Leighton Contractors (Australia, Botswana, New Zealand)

Thiess (Australia, India, Indonesia)

John Holland Group (Australia)

Leighton Properties (Australia)

Leighton Asia (Cambodia, Hong Kong, India, Indonesia, Laos, Macau, Malaysia, Mongolia, Philippines, Singapore, Taiwan, Thailand, Vietnam)

Habtoor Leighton Group (Oman, Qatar, Saudi Arabia, United Arab Emirates)

HOCHTIEF Europe

HOCHTIEF Solutions
(Abu Dhabi, Austria, Bahrain, Bulgaria, Chile, Czech Republic, Denmark, Germany, Greece, Hungary, India, Ireland, Luxembourg, Peru, Poland, Qatar, Romania, Russia, Serbia, South Africa, Sweden, Switzerland, Turkey, UK)

HOCHTIEF ViCon (Germany, Qatar)

Streif Baulogistik (Austria, Germany, Poland, Qatar, Russia, Ukraine)

HOCHTIEF Property Management (Germany)

aurelis Real Estate (Germany)

HOCHTIEF Energy Management (Germany)

HOCHTIEF PPP Solutions
(Canada, Chile, Germany, Greece, India, Ireland, UK, USA)

The companies featured here by way of example illustrate HOCHTIEF's national and international lineup. Some activities are carried out through branches, offices or separate companies. For more on the corporate divisions, turn to fold-out pages 3 and 4 and the segment reporting on pages 102–117. Alongside HOCHTIEF Aktiengesellschaft, the consolidated financial statements take in 480 fully consolidated companies and 262 equity-accounted companies. This organizational presentation goes together with legal information given in the list of subsidiaries, associates and other companies on pages 220 and 221.

For the address and contact information of our subsidiaries and associates as well as their branches and offices, please see our website www.hochtief.com.

Markets and Operating Environment

All details provided in this section are based on the market data and forecasts available on February 12, 2013.

Global economic environment and trends

In the course of fiscal year 2012, the global economy showed growth of 3.2%. Compared with 2011, growth slowed by 0.7% but was still clearly positive. The different growth rate in 2012 was due primarily to two factors: Firstly, the uncertainty on the financial markets continued to increase, and secondly, the economy was held in check by the euro zone's spreading debt crisis. In 2013, the IMF expects global economic growth to reach 3.5%—an improvement of 0.3% compared with 2012.

The economic trend varies considerably both from country to country and from region to region. The strongest impetus continues to come from emerging and developing markets, while the industrialized nations are producing lower growth rates. In 2012, the developed industrialized nations expanded by 1.3%. For 2013, the experts at the International Monetary Fund (IMF) anticipate a higher growth rate of 1.9%. Growth rates in emerging and developing markets stood at 5.1% in 2012 and are expected to reach 5.5% in 2013. These figures underline the much stronger growth in the emerging and developing markets compared with the developed industrialized nations.

Source: International Monetary Fund, World Economic Outlook Update (as of: January 2013)

General economic environment and trends in HOCHTIEF regions

In the US, economic growth recovered compared with the prior-year period to stand at 2.3% in 2012. In 2013, the IMF experts anticipate further economic growth of 2%.* There is nevertheless some concern in the USA over the extent to which the positive economic trend will continue and US debt will fall.

*For further information, please see page 102.

The Canadian economy showed a growth rate of 2% in 2012, which was lower compared with prior years due to impacts from the financial crisis. A growth rate of 1.8% is forecast for 2013. The experts of Reed Construction Data predicted a more favorable outlook for the Canadian economy, anticipating steady growth of between 2.4 and 2.5% over the next two years.

Overall real economic growth (in %) in regions served by HOCHTIEF

	2012	2013E
Asia excl. Japan	6.7	7.2
Australia	3.3	3.0
Austria	0.9	1.1
Bahrain	2.0	2.8
Canada	2.0	1.8
China	7.8	8.2
Czech Republic	-1.0	0.8
Germany	0.9	0.6
Hungary	-1.0	0.8
India	4.5	5.9
Indonesia	6.0	6.3
Netherlands	-0.5	0.4
Norway	3.1	2.4
Poland	2.4	2.1
Qatar	6.3	4.9
Russia	3.9	3.7
Sweden	1.2	2.2
Switzerland	0.8	1.4
UK	-0.2	1.0
United Arab Emirates	4.0	2.6
USA	2.3	2.0

In Europe, Germany, Poland, Switzerland, Turkey, and Austria recorded economic growth rates at pre-crisis levels in 2011, but were unable to sustain this trend in 2012 due to the spread of the European debt crisis combined with growing uncertainty over the future of the markets.

The European economy as a whole posted zero growth in 2012, impacted by the same effects. A more positive outlook is forecast for 2013, where an increase of 0.5% is expected. As the biggest market in Europe, Germany put in a better performance than the overall European economy in 2012, with growth of 0.9%, and is also expected to maintain this rate in 2013.

The emerging Asian economies continued to perform well during the reporting period. Although economic growth, at 6.7% in 2012, was lower than that of the prior year, growth rates are still good compared with other regions. A further increase in economic growth to 7.2% for this region is forecast for 2013. China and India continue to be the main drivers of this positive trend, with Indonesia, Malaysia, and Vietnam also making a significant contribution. With 7.8% GDP growth in 2012, China still attained a very high rate compared with other areas, but this was lower than in previous years.

China is endeavoring to further drive its strong growth through new economic stimulus programs and the IMF therefore expects a slight increase in economic growth to 8.2% in 2013.

The economies of the oil-exporting countries in the Middle East recorded positive growth rates, albeit in some cases lower than in prior years. This was due, among other things, to lower oil demand as a result of a weaker economy. GDP rose by 4% in the United Arab Emirates in 2012 and is forecast to be at a lower rate of 2.6% in 2013.

Markets served by HOCHTIEF

HOCHTIEF's strategy* includes focusing on harnessing its competencies of development, construction, and operation, notably in the infrastructure construction markets including transportation, energy, and social and urban infrastructure as well as the contract mining business. In light of this, HOCHTIEF pays special attention to developments in the following markets.

Regional construction markets

Trends in the **European** construction industry are analyzed in detail by Euroconstruct on an annual basis. Due to the downturn in economic conditions in the euro zone, the market declined by 4.7% in 2012. For 2013, too, the experts anticipate negative growth of 1.5%. A return to growth of 1% is forecast by the experts only from 2014.

The recovery in the residential construction market that began in 2011 did not continue in the reporting period. Instead, the market declined by 3.5%. Euroconstruct expects a further moderate contraction of 0.7% in 2013 and growth of 2.3% only from 2014.

In **Germany**, residential construction was boosted by the favorable conditions. These include low interest rates and higher income expectations. In addition, economic developments in the euro zone are contributing to an increase in the amount of funds flowing into real estate, which is regarded as a comparatively safe investment.

Commercial building construction showed a negative development of 2.9% in 2012. This performance was largely due to the uncertainty in the euro zone. In 2013 and 2014, the experts at Euroconstruct expect a slight increase of 1.1% and 0.9% respectively.

Civil engineering has also been severely impacted by the economic trend in recent years. Due to the turmoil in the euro zone, growth rates of between minus 5.3 and 4.9% were reported in the years 2010 to 2012. The experts anticipate a slight recovery with a growth rate of 2.4% in 2013 and 0.7% in 2014.

Following the stabilization of the **US** construction industry over the last two years, the experts at Dodge Construction Outlook recorded growth of 4.6% for 2012 and a volume of USD 458 billion. For 2013, Dodge Construction Outlook predicts growth of 5.6%. This is mainly attributable to residential construction, which is forecast to expand by 22% in 2013. The USA is under-

*For further information, please see page 45 et seq.

Percentage growth in the regional markets served by HOCHTIEF

Region	2012 Commercial building construction	2012 Residential construction	2012 Civil engineering	2012 Overall market	2013E Commercial building construction	2013E Residential construction	2013E Civil engineering	2013E Overall market
Austria	0.1	2.4	-0.2	1.1	0.8	1.0	-0.6	0.6
Germany	-2.9	3.0	-5.3	-0.2	1.1	3.2	2.4	2.5
Norway	2.2	5.6	7.3	4.7	4.8	6.0	6.2	5.6
Sweden	0.7	-9.2	2.1	-2.4	-0.5	1.3	-0.3	0.2
UK	-6.6	-4.9	-9.9	-6.6	-5.3	0.1	1.0	-2.1
Western Europe	**-4.6**	**-3.6**	**-7.7**	**-4.8**	**-2.2**	**-0.7**	**-2.3**	**-1.5**
Czech Republic	0.5	-9.7	-11.2	-5.4	0.6	-2.3	-5.8	-1.9
Poland	3.9	3.2	-1.7	1.6	-0.6	-3.5	-6.2	-3.4
Eastern Europe	**0.1**	**-1.1**	**-5.4**	**-2.1**	**-0.8**	**-2.9**	**-4.2**	**-2.5**
Australia	10.1	2.6	7.4	6.4	11.5	6.2	6.5	7.4
Canada	1.2	-2.0	-0.3	-0.5	4.6	5.0	1.9	3.9
Qatar	6.3	1.0	7.9	3.9	0.0	-1.0	5.2	2.3
Russia	18.7	16.0	19.8	18.5	17.8	15.0	15.8	16.5
United Arab Emirates	2.7	1.7	3.6	2.7	0.2	-4.0	0.3	-0.5
USA	-9.8	25.6	-3.1	4.6	4.8	22.3	-0.6	5.6

Source Europe: Euroconstruct; other countries (excluding USA): IHS Global Insight; USA: Dodge Construction Outlook

going a strong process of urbanization. 80% of the population already lives in metropolitan areas.

Commercial building construction in the USA declined by 9.8% in 2012. This was due to limited government, state, and municipal budgets as well as uncertainty over the future state of the economy. In 2013, the experts at Dodge Construction Outlook expect growth of 4.8%. Helpful impetus could come from low interest rates, looser lending standards, and possible economic stimulus programs by government.

IHS Global Insight expects that the **Canadian** construction industry as a whole will grow by 3.9% in 2013 after contracting by a moderate 0.5% in the past year. This growth is expected to be largely carried by the commercial building construction and residential construction segments. The experts at IHS Global Insight anticipate that these will gain 4.6% and 5.0%, respectively, in 2013. For the infrastructure segment, they forecast average annual growth of 3.4% between 2012 and 2016.

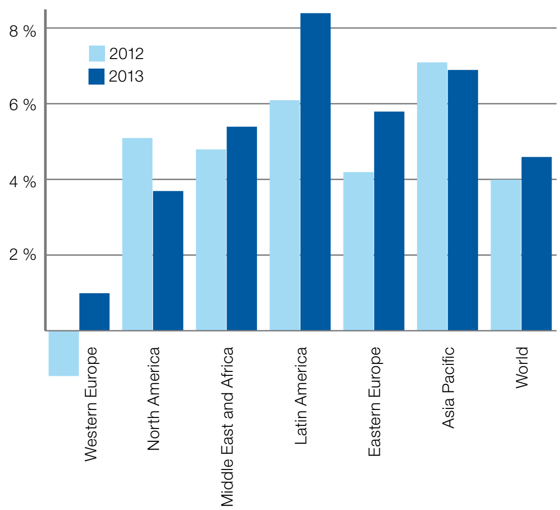
In the **Gulf region**, Qatar, in particular, is becoming one of the most important markets as construction activity increases in the run-up to the 2022 FIFA World Cup. Over the next ten years, construction business is therefore expected to boom. The government envisages investing around EUR 77.3 billion (USD 100 billion) in buildings and infrastructure projects, with the lion's share going into mega projects in the tourism, transportation infrastructure, healthcare, education, and residential construction sectors.

The construction market in the Asia-Pacific region expanded at the strongest rate in 2012, according to IHS Global Insight, with growth at 5.4%. The experts have revised the medium-term forecasts for 2013 and 2014 upward to 7.5% and 7.6%.

The construction market in **Australia** grew by 6.4% in the reporting period. In 2013, the experts at IHS Global Insight expect the overall construction market to grow by a further 7.4%. As interest rates are low and economic growth solid, residential construction is expected to show an improvement of 6.2% in 2013. Growth of 11.5% is also forecast for commercial building construction. The experts at IHS Global Insight project average annual growth of 5.6% between 2012 and 2016.

Australia's private construction sector carried out infrastructure projects worth a total of around EUR 45 billion (AUD 56 billion) in 2012, a year-on-year increase of 4.4%. Growth is expected to hold steady at this level in the years to 2014. The liquefied natural gas (LNG) segment

Growth in total construction spending by region
(Percentage change from a year earlier)



Source (chart): IHS Global Insight Global Construction Outlook

is expected to see the highest level of investment in the resources sector in the coming years, mainly because of a handful of large-scale projects worth several billion Australian dollars.

PPP transportation infrastructure projects

Investments in public-private partnership (PPP) infrastructure projects are expected to show further growth in our regional markets.

For example, PPP infrastructure projects representing an investment volume of EUR 2.3 billion were awarded in **Germany** between 2007 and 2011. HOCHTIEF entered this market at its inception and, since 1999, four out of eight high-volume PPP road projects in Germany have been awarded to HOCHTIEF Solutions. The further expansion of the PPP market in Germany is reflected in an anticipated project volume of EUR 3 billion in total up to 2015.

The **Netherlands** is another market with a positive outlook for PPP projects going forward. In 2012, HOCHTIEF Solutions won its first large-scale PPP transportation project in the Netherlands in partnership with local companies. The market is expected to provide additional project opportunities given an annual PPP market volume of EUR 2 billion up to 2015.

Belgium and **Scandinavia** also are expected to provide PPP project opportunities in the medium to long-term.

The **North American** market will continue to offer great project prospects for the HOCHTIEF Group. In this market, the potential for PPP road construction projects remains high. Canada in particular has been delivering a consistent flow of quality PPP projects for many years. This has been driven by strong government support at federal and state level. Potential in this market remains high, with a current estimated total value of approximately EUR 14 billion for future PPP transportation projects. The US also has huge demand for future infrastructure investments. Due to the ongoing debt crisis and lack of public funding sources, a strong increase in PPP projects is expected. An initial series of PPP projects has begun to be implemented. The large potential this market holds is reflected in a significant number of future transportation projects which have been identified as potential PPP projects with an estimated overall value of currently around EUR 20 billion.

Energy infrastructure

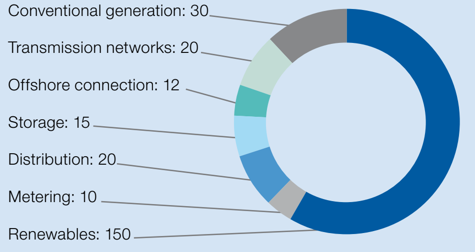
Renewable energies

By 2020, the German federal government aims to construct wind farms with a total of ten gigawatts of wind power capacity in German waters. By 2030, installed wind power capacity in the North and Baltic Seas is to reach 25 gigawatts. The Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety expects the federal government's offshore targets for the period to generate total sales of EUR 100 billion in the offshore wind energy sector and the maritime industry. Other European countries have also issued targets for offshore wind power: Turbines generating up to 44 gigawatts in all are therefore set to be installed within Europe by 2020.

Renewable energy is expected to gain even more ground worldwide over the next ten to 20 years. According to a study by McKinsey, its market share is set to rise from 3% at present to 20% in 2030.

A further aspect in the expansion of energy infrastructure is the increasing volatility of power generation. Supply and demand need to be coordinated and grid fluctuations evened out. Worldwide storage capacity for renewable energies is projected to treble by 2030. Pumped storage power plants provide a tried-and-tested, efficient solution for temporary energy storage. In 2011, the capacity of the world's pumped storage power plants already exceeded 100 gigawatts. Due to the increase in renewable energy, demand in this area is expected to rise going forward.

Capital spending for the transformation of Germany's energy supplies, 2012-2022 (EUR billion)



Source (chart): Ernst & Young

Social and urban infrastructure

PPP building projects

In **Germany**, a total of 184 building construction projects representing an investment volume of around EUR 5.1 billion have been carried out on a public-private partnership basis since 2002. In the reporting period, ten projects worth EUR 170 million were completed. Ninety-nine projects are currently at the tender and preparation stage.

The **UK** has the most developed PPP market in the world. Over 700 social infrastructure projects have been carried out there since the early 1990s. There are plans to invest EUR 3.1 billion in this segment over the next five years. In addition, Scotland has a EUR 1.5 billion program to refurbish existing and build new schools by 2018.

PPP projects in **North America** play an ever more important role. In Canada, 168 social infrastructure projects have already been carried out. Over 80 projects are at the design and preconstruction stage. In the period to 2016, annual growth in this segment is expected to be 3.6%.

Property development

The performance of European real estate markets continues to be impacted by the overall economic trend, particularly the European sovereign debt crisis, as well as by market liquidity and interest rates.

Real estate rental market

Sales in Germany's real estate rental market declined year on year in 2012. According to BNP Paribas, in the nine strongholds of the real estate market, namely Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Essen, Leipzig, and Stuttgart, the amount of floor space changing hands fell by just under 12% compared with 2011 to 3.25 million square meters. This is still 6% up on the long-term average, however. Given the very strong prior-year figures and the overall economic environment, the performance can be regarded as positive. At all locations, prime rents rose by an average of 2% in 2012.

According to IVG-Research, the office markets in Eastern Europe varied in 2012. Economic trends again led to weak performance by the rental market at all office locations bar Moscow in 2012.

In the Asia-Pacific region, the real estate rental market held steady in 2012 and slowly stabilized after the decline in recent years. According to real estate service provider CBRE, the rental market grew by a marginal 0.1% year on year. While the Australian cities including Brisbane, Melbourne, and Adelaide did not record any significant changes, Sydney, on the other hand, saw slight growth.

Real estate investment market

According to Colliers Research, sales in the German commercial real estate investment market increased by 11% in 2012. The volume of transactions was EUR 25.2 billion, marking the best outcome since the record years of 2006 and 2007. Much of this growth was accounted for by large transactions in the last quarter of the past year. Five of the ten biggest transactions took place in this quarter alone. One of the reasons cited is strong interest from foreign investors in purchasing German commercial property. More than half of the total volume was invested in the six main investment centers—Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, and Stuttgart.

According to Jones Lang LaSalle, the volume of transactions in the Central and Eastern European markets slumped in 2012. IVG-Research reported that investment activity in Eastern Europe focused mainly on the Russian market (Moscow) in the reporting period and included around EUR 1.7 billion worth of office property purchases. The other markets proved to be relatively illiquid, mainly because of a lack of financing options. Poland and the Czech Republic were the only comparatively stable markets. The extremely weak investment figures in 2012 also led to a lower level of transactions in Eastern Europe.

In the Asia-Pacific region, the volume of transactions fell according to Jones Lang LaSalle by 10% year on year in 2012 to around EUR 68 billion (USD 88 billion). Investors tended to hold back, notably due to the turmoil in the euro zone and the economic slowdown in China.

Contract mining business

Contract mining*

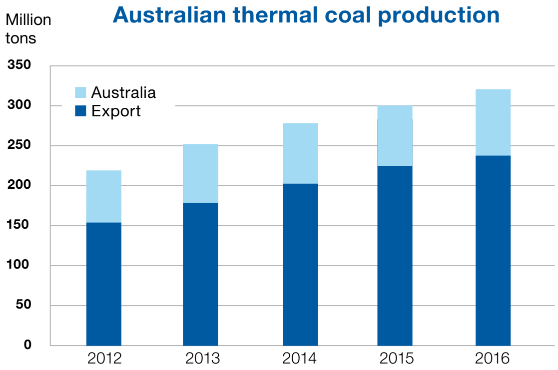
Capital investment in the resources sector continued to grow through 2012. At the same time, global resource prices fell over the course of the year. One cause of this was lower demand from China—the main consumer of resources from Australia and Asia—as a result of slower economic growth. Experts project that global resource extraction will peak in 2012/2013, with similar volumes attained in 2013/2014. Growth rates for resource demand will drop back slightly further into the future but will stay at a high level for a long time. As the world's biggest contract miner and an integral part of the HOCHTIEF Group, Leighton stands to benefit from this trend for the long term.

*See glossary on page 223.

Development in key regional markets for the contract mining business

Iron ore extraction in Australia grew 15% in 2011/2012, to be followed by an expected further 9.0% growth in

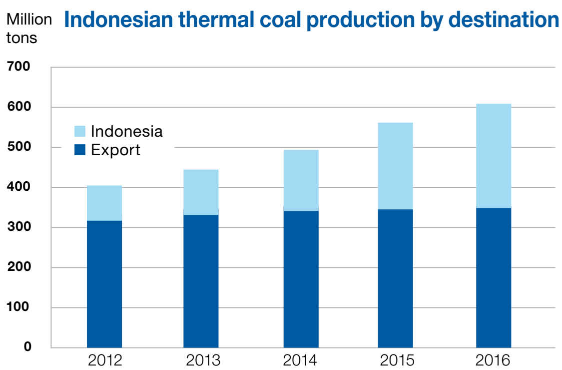
2012/2013. After slight decreases in the preceding years, the volume of coal extracted in Australia was up again by 5.0%. A further 10.0% growth is expected for 2012/2013.



Australian thermal coal production

Source: BREE, Macromonitor

Indonesia, the world's largest producer of thermal coal for power generation, will continue to show strong growth and aims to increase extraction from an estimated 400 million tons in 2012 to up to 550 million tons in 2015. Much of this is for export.



Indonesian thermal coal production by destination

Source: AME, BMI

Operation/Construction-related services

Facility management

The latest study entitled "Leading facility service companies in Germany" by market research institute Lünendonk estimates that Germany's external market for facility services was worth EUR 57.6 billion in 2012. The focus of the study is on infrastructural and technical facility management. If commercial facility management and the facility management services provided internally are also included, the market volume in Germany exceeds EUR 110 billion, according to industry experts. Compared with the previous year, the market volume increased by a little over 1%. Lünendonk anticipates market growth in the coming years, too. The sustained pressure for optimization in German industry is resulting in a long-term willingness to outsource facility management services. Demand remains high for integrated facility management, where these activities are incorporated into the client's complex production processes.

According to Lünendonk, the German market continues to undergo consolidation, notably due to increased concentration among the top ten providers. Besides the German and Western European market, HOCHTIEF's regional focus in the facility management segment is on Eastern European markets and the high-growth Middle East.

Energy management

The energy management sector continues to offer considerable opportunities for growth. Energy conservation and greater energy efficiency are key factors here. The German Energy Agency (dena) describes energy efficiency as the most cost-effective plank in the transformation of energy supplies. There is high demand for energy contracting models that enable the potential for efficiencies to be leveraged for energy consumers and costs to be cut. Only a small percentage of this market potential, which experts estimate at over EUR 20 billion, has so far been tapped. The Federal Energy Efficiency Center (BfEE) puts total revenue in the German contracting market at some EUR 1.8 to 2.4 billion a year. Growth over the coming years is projected to be around 10% per annum—a continuation of the trend seen in recent years.

Legal and Economic Environment

Recessionary environment in Greece

The ongoing economic problems in Greece led to another drop in passenger numbers at Athens International Airport in 2012 and to uncertainty surrounding future developments in the country. This had an impact on the negotiations regarding the sale of the airport activities and, together with the turmoil on the financial markets, resulted in the stake in Athens International Airport being taken out of the transaction scope.

The decline in traffic and takings resulting from the debt crisis in Greece, the large number of toll dodgers, the ongoing credit block by the financing banks, and also the substantial delay in construction progress are the main reasons why the two Greek toll road projects Maliakos-Kleidi (HOCHTIEF stake: 35%) and Elefsina-Patras-Tsakona (HOCHTIEF stake: 17%) are well behind expectations. The two project companies and their shareholders are in advanced restructuring negotiations with the Greek government and the financing banks. The prospects of the projects continuing have increased due to the Greek government being granted a substantial loan by the European Investment Bank.

Transformation of energy supplies in Germany

Action to implement the decision taken by the German federal government in 2011 to transform the country's energy supplies was stepped up and pursued with increased determination in the reporting period. HOCHTIEF hopes that the combination of the offshore liability rules decided in August 2012, government support measures, the plan for the expansion of the grid, and the amended Renewable Energy Acts will stimulate further growth in the strategic field of energy infrastructure.

MAP-21, USA

In July 2012, the US Congress passed MAP-21, an act guaranteeing federal funds for transportation infrastructure for the next two years. It provides USD 39.7 billion for 2013 and USD 40.3 billion for the year after. MAP-21 also approves more loans under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program. The government funding is to be supplemented by private investment. In this context, the federal states are examining the option of public-private partnerships and leasing roads to private operators. The act and the measures associated with it are intended to increase construction activity in the US transportation infrastructure sector. Follow-up funding for the period beyond 2014 is as yet undecided.

Fiscal cliff, USA

The legally enshrined package of automatic tax increases and budget cuts scheduled to take effect at the beginning of 2013 and dubbed the "fiscal cliff" could impact significantly on the economic trend in the USA if the US government fails to craft an alternative agreement on reducing the public deficit. Although the US government's automatic adjustments to the federal budget had largely been averted by February 2013, other fundamental decisions were deferred to the coming months.

No further relevant legal or economic factors affecting HOCHTIEF business came to our attention.

Orders and Work Done in 2012
Work done and order backlog reach historic high

Thanks to its strategic positioning, HOCHTIEF is well able to meet the high demand on global markets for transportation, energy, social and urban infrastructures as well as resources. This had a very positive impact on the order situation in the Group in 2012, with new orders reaching an all-time high in the history of the company. Work done* likewise reached a new record based on the good level of new orders and the completion of existing high-volume projects. The fact that the order backlog has surpassed the prior-year level offers a good basis for work done to remain at the same high level in the years to come.

*See glossary on page 224.

New orders significantly exceed prior year

At an absolute total of EUR 31.49 billion, the Group's new orders were 24.1%** up on the prior-year figure. Adjusted for exchange rate effects, new orders still reached EUR 29.37 billion, an increase of 15.8%. In Germany, HOCHTIEF was not able to match the prior-year figure (minus EUR 0.16 billion, or minus 7.0%). Internationally, absolute growth of EUR 6.28 billion, or 27.2%, was achieved for new orders (exchange rate adjusted: 18.0%). New orders acquired from outside Germany accounted for more than 93% of the total order intake in the reporting period.

**Calculation of percentage based on EUR millions.

HOCHTIEF Asia Pacific again won several high-volume contract mining orders and infrastructure projects in the past fiscal year. High order growth was likewise generated from liquid natural gas (LNG) projects. New orders were therefore significantly higher year on year, amounting to an absolute total of EUR 18.41 billion (adjusted for exchange rate effects: EUR 17.06 billion). This represented growth of 24.6% (exchange rate adjusted: 15.4%).

HOCHTIEF Americas increased new orders by undertaking acquisitions in the areas of urban and transportation infrastructure. The division's main companies Turner and Flatiron secured significant projects in engineering and building construction in the United States in the past fiscal year. As a result, new orders, at EUR 9.58 billion, were 36.1% (adjusted for exchange rate effects: 25.7%) up on the prior-year figure.

HOCHTIEF Europe stayed close to the prior-year level with a decline in new orders of 1.8%. Once again in 2012, the persistently tense market situation led to potential projects being canceled or postponed until subsequent years. An increase in international projects (7.3%) was not enough to offset the decline in Germany (6.5%). The division again succeeded in acquiring major projects in Chile, Eastern Europe, and Scandinavia.

Work done: High productivity leads to record level

Group work done rose by 15.1% on the previous year to reach a new record of EUR 29.69 billion at year-end, the highest figure in the company's history. Adjusted for exchange rate effects—primarily against the US dollar and the Australian dollar—this figure was still 7.4% higher.

HOCHTIEF Asia Pacific made a significant contribution to the increase, having worked through its high order backlog, which primarily consists of multi-year contract mining contracts and major infrastructure projects. Accelerated construction progress in some large-scale projects likewise impacted the rise in Group work done. The division's work done was up EUR 2.70 billion in absolute terms, or 17.5% (adjusted for exchange rate effects: 8.8%).

As a result of a very successful trend in orders in recent years, work done by the HOCHTIEF Americas division significantly exceeded the prior-year figure to reach EUR 8.04 billion. Adjusted for positive exchange rate effects against the US dollar, work done in the reporting period was 10.6% up on the previous year. The increase came exclusively from the building construction segment.

In Germany, Group work done amounted to EUR 2.13 billion (2011: EUR 2.02 billion), an increase of 5.6%. The HOCHTIEF Europe division slightly surpassed the prior-year figure after working through existing projects.

Internationally, the Group recorded work done of EUR 27.56 billion to set a new company record. The prior-year figure was exceeded by 15.9% (exchange rate adjusted: 7.6%). As a result of the traditionally large international share of Group work done (nearly 93%), HOCHTIEF regularly holds top positions in the annual Top 225 International Contractors ranking by industry publication Engineering News-Record.

Order backlog: High level of new orders fills the books

New orders in fiscal 2012 amounted to around EUR 1.8 billion more than Group work done during the same period and therefore made a key contribution to the increase in the order backlog. Negative exchange rate effects against the US dollar and the removal of Thiess Waste Management Services from the consolidated group offset this growth to some extent.

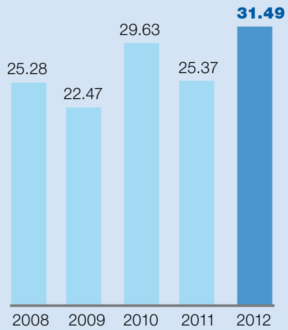
At an absolute total of EUR 49.79 billion, the order backlog reached a record high at the end of 2012. The negative impact of exchange rate effects against the Australian dollar and the US dollar on the increase of EUR 1.12 billion (2.3%) was only marginal. Adjusted for exchange rate effects, the Group's order backlog was likewise over the prior-year figure (2.6%), amounting to EUR 49.92 billion in absolute terms.

Due to a lower level of new orders, the order backlog in Germany declined by 1.4% to fall slightly below the previous year's level.

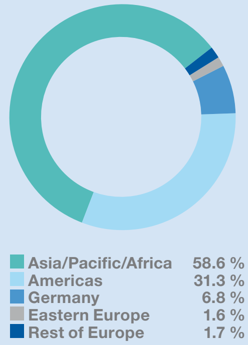
Based on current work done, the Group has a forward order book guaranteeing capacity utilization for more than 20 months.

New orders

EUR billion



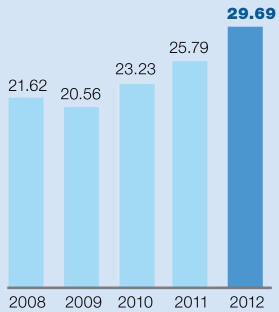
New orders by region



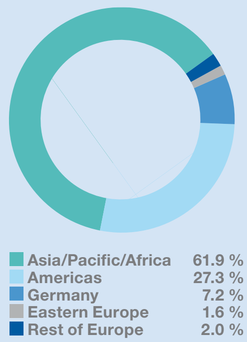
100 % = EUR 31.49 billion

Work done

EUR billion



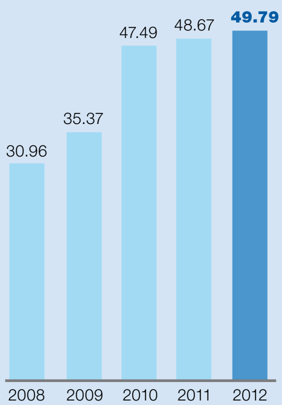
Work done by region



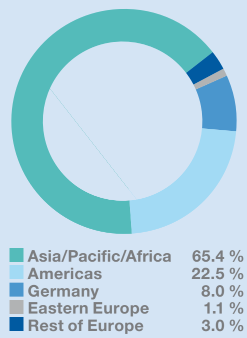
100 % = EUR 29.69 billion

Order backlog

EUR billion



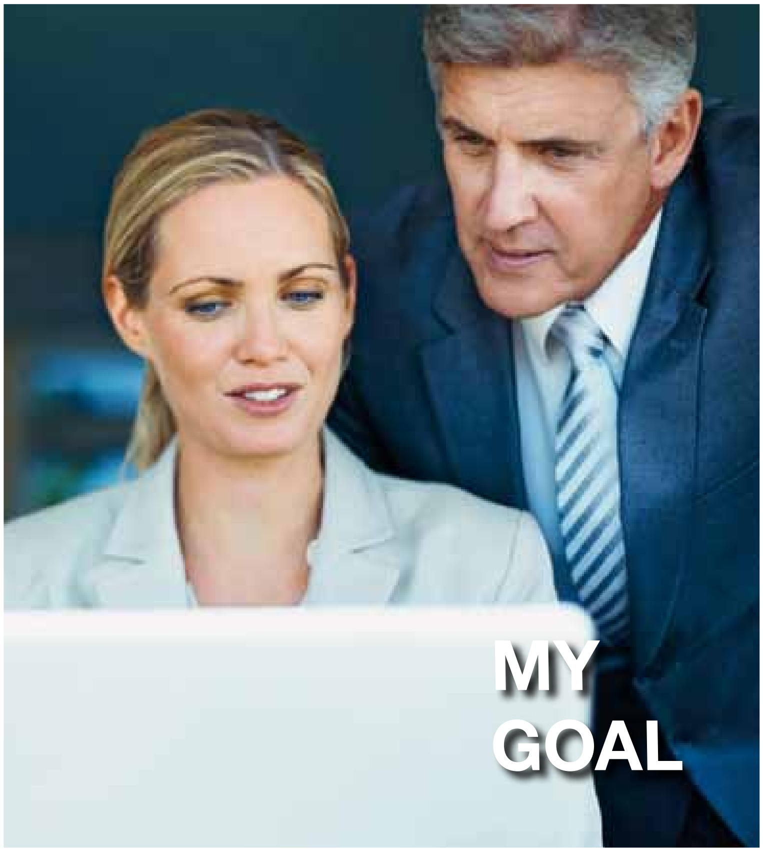
Order backlog by region

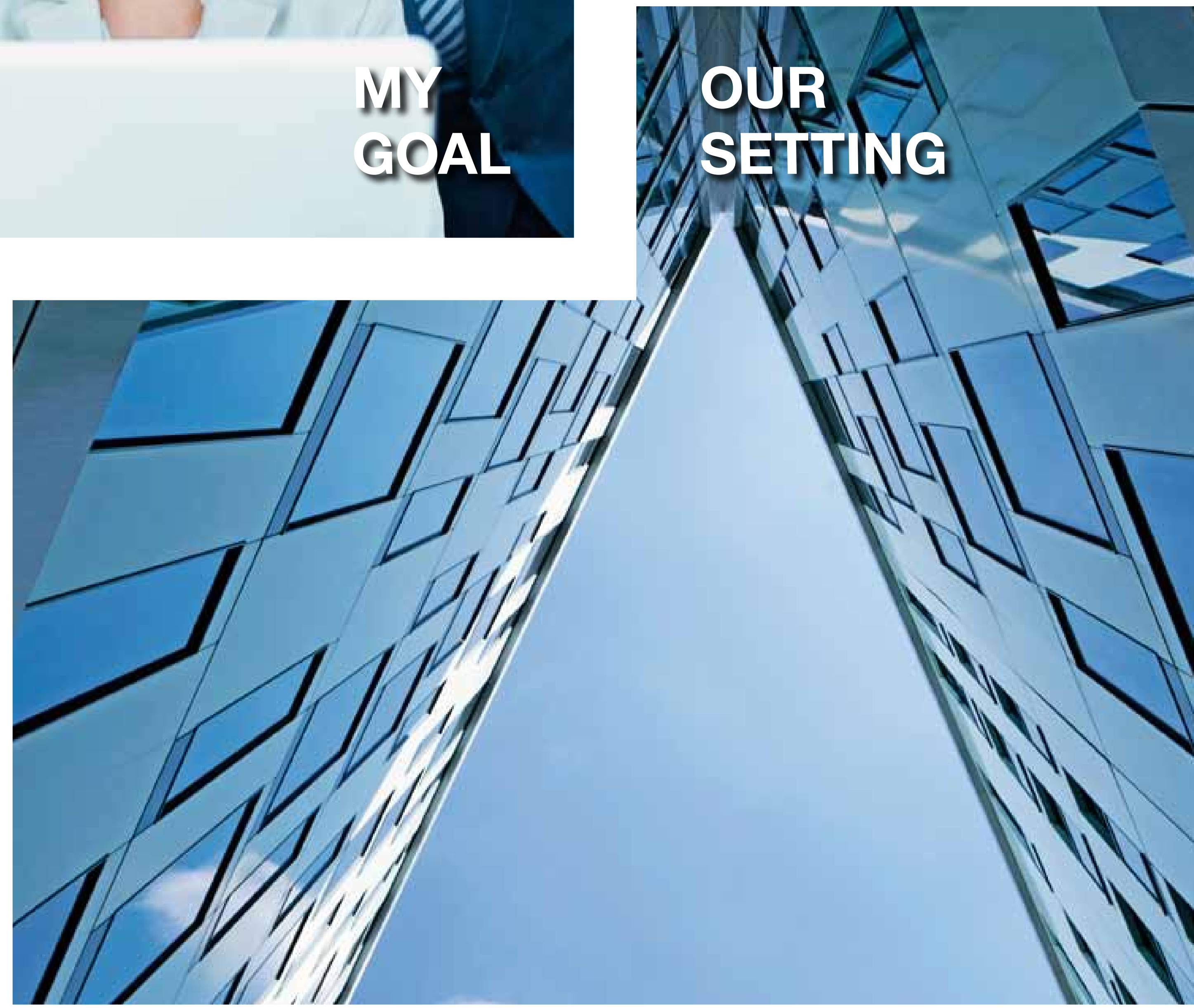


100 % = EUR 49.79 billion

For the detailed five-year summary, please see pages 225 and 226.

HOCHTIEF's order statistics are based on the definition by the Central Federation of the German Construction Industry. For further information, please see www.bauindustrie.de (in German only).





Pursuing a goal with passion calls for creativity, motivation, and a plan of action. That's also true for HOCHTIEF. Our primary aim is to boost our company's profitability and continue our sustainable growth. One of the many ways we are pursuing that is our green building business segment, with projects like the Emporio complex in Hamburg. Here, our goal of putting up a sustainable property has been achieved.

Strategy

HOCHTIEF is one of the world's leading construction groups. We have excelled for 140 years in our core competency of construction. Our focus is on complex infrastructure projects, many of which we deliver on the basis of concession models. We additionally develop and operate real estate and facilities. HOCHTIEF is on the map in all major regional markets. The 2012 ranking from Engineering News-Record magazine reaffirmed our Group's status as the world's most international provider, with over 90% of sales outside of Germany.

We are guided by our vision in all that we do:

"HOCHTIEF is building the future.—Along with our partners, we expand horizons, link people and organizations, create new ways to think and act, and continually enhance the values entrusted to our care."

Our strategy is geared to generating sustained growth in the profitability and efficiency of our company and to enhancing our competitiveness. The HOCHTIEF strategy takes in the following key points:

- **Focus on our competencies of development, construction, and operation, notably in infrastructure projects**
- **Optimizing financial firepower**
- **Improving risk management**
- **Differentiation through unique solutions**
- **HOCHTIEF: Best place to work**

Innovation and sustainability are central aspects in the implementation of our strategy. Our corporate culture emphasizes international exchange and close collaboration between divisions. Highly qualified employees and managerial staff are key to our corporate success. Our business principles and our Code of Conduct act alongside our risk management system to further the implementation of our Group strategy.

Focus on our competencies of development, construction, and operation, notably in infrastructure projects

HOCHTIEF creates custom solutions, harnessing its core competency of construction to make a real difference in addressing the societal challenges of our times. We can draw here on no less than 140 years of experience in the construction business. We will increase our focus on this core competency in the future, notably in the infrastructure segment.

HOCHTIEF is highly sought-after with its expertise, most of all when it comes to complex infrastructure projects. The Group undertakes transportation, energy, social and urban infrastructure, and contract mining projects the world over. The public-private partnership model harbors special potential for HOCHTIEF in this segment, where we can supplement our mainstream construction capabilities with related upstream and downstream services. Our customers benefit from our integrated philosophy and 360-degree approach to projects.

Transportation infrastructure

Studies estimate that USD 50 trillion in infrastructure spending is needed worldwide by 2025. A large proportion of this will be on transportation infrastructure projects such as roads, bridges, tunnels, ports, rail links, and airports. According to research findings, bringing transportation infrastructure into good repair in the USA alone will take USD 2.2 trillion in investment. In Australia, it is estimated that fully upgrading transportation infrastructure to meet today's needs will take some EUR 562 billion in investment spending. The European Commission says European countries will have to invest about EUR 1.5 trillion in infrastructure by 2030. Modern societies' growing mobility needs and traffic volumes similarly call for smart, efficient transportation ideas.

The HOCHTIEF Group is one of the leading international providers of complex transportation infrastructure projects. We have the capabilities and experience to carry out demanding projects of this kind. Our integrated project approach ensures that operation and mainte-

Strategic Mission and Guiding Principles for Strategy Development

HOCHTIEF will be one of the leading global infrastructure contractors with sustainable profitable growth.

Use our competencies	Balance sheet: Create a healthy foundation	Markets: Focus on infrastructure
• Development • Construction • Operation	• Increase profitability • Increase positive cash flow • Reduce net debt • Stronger focus on risk management	• Transportation infrastructure • Energy infrastructure • Social and urban infrastructure • Contract mining

HOCHTIEF Group strategy initiatives—Create value for our shareholders

nance needs are taken into account right from the design stage. This cuts operating costs. We undertake many of these projects on a public-private partnership basis—a good alternative given the fraught state of public finances in many countries.

Energy infrastructure

Today's industrialized and growing economies have a huge appetite for energy.

In parallel, many countries have pledged to expand the use of renewables. The United Nations and the European Union have both laid down binding climate targets. The German government, too, is forging ahead with an upgrade and transformation of the country's energy infrastructure. As well as power generation from renewables, this also involves transmission grids and storage media.

HOCHTIEF is outstandingly well positioned with its portfolio of products and services for this segment. We are among the biggest players in offshore wind energy and have established ourselves as strong partners in the development and construction of windfarms. Supplying renewables-generated energy in step with demand and stabilizing the power grid calls for a suitable means of intermediate storage. Advanced pumped-storage power stations are one way of meeting this need. Planning has already commenced for an initial project.

Countries and energy utilities will have to invest heavily to attain the projected energy policy targets. Such investment promises strong returns and growth rates for the industry, and HOCHTIEF stands to profit from these on a large scale. We can excel here with our technical know-how and many years of experience in complex infrastructure projects.

Social and urban infrastructure

Our cities are notably impacted by the two megatrends of urbanization and demographic change. Young people and families have no wish to travel long distances between where they live, work, shop, and go out. Seniors make up an increasing share of the population. There is growing demand for social and urban infrastructure such as schools and hospitals. The focus is increasingly on complete urban district developments featuring a successful blend of rental, owner-occupied, and care properties in immediate proximity to stores, offices, and leisure amenities.

HOCHTIEF shapes the face of modern cities across the globe. We undertake social and urban infrastructure projects such as schools, hospitals, and public administration buildings—in many cases on a public-private partnership basis—as well as high-quality office and residential properties.

In all of this, sustainability and energy efficiency aspects play an ever more important part both in construction and management. With our competencies of development, construction, and operation, we offer a 360-degree approach to real estate and facilities to streamline costs and processes. HOCHTIEF is also one of world's leading providers in the green building sector, and notably has held the number one position in this segment in the USA for years through its subsidiary Turner.

Contract mining business

Growing economies and today's industrialized nations have a huge appetite for natural resources as production inputs. There is steady demand for iron ore, coal, copper, gold, and other resources, and prices are high. While there are signs of growth in the market for resources easing off, the contract mining business remains a key success factor for the HOCHTIEF Group. The Leighton Group, our Australian majority shareholding, is the world's biggest contract miner. The long-term nature of contracts in this sector is an added benefit. Such contracts provide the requisite secure planning base and pave the way for a sustained performance trend.

Optimizing financial firepower

A priority financial objective at HOCHTIEF is to make return on net assets (RONA)* and value created key performance indicators for our activities and in this way to restore the importance of value creation. At the same time, we aim to significantly reduce net debt and to achieve a net cash position by end-2014 at the latest. To attain this, we will scale back business areas that are capital-intensive without generating suitable returns. We will also sell our PPP projects earlier so that the capital thus released can be reinvested in new projects. Any proceeds from the sale of non-strategic activities are to be used for purposes such as further strategic investment at HOCHTIEF.

Alongside this, HOCHTIEF pursues the strategic goal of enhancing its financial firepower. Our prime focus here is on diversifying the portfolio of available financing instruments, and notably on broadening the base of long-term sources of finance outside of the general banking market.

An example of diversifying the portfolio of financing instruments is the successful placement of HOCHTIEF's first corporate bond issue in March 2012. The issue has a five-year term to maturity and is for a principle amount of EUR 500 million. HOCHTIEF's broad international recognition coupled with terms in line with market conditions sparked strong demand for the bond from national and international investors. This successful bond debut lays a sound foundation for future capital market transactions. Additionally, a further four-year bilateral promissory note loan for EUR 50 million was negotiated with a bank outside of our German home market on very good terms for the Group. A further example of successful implementation of our strategy is the approximately EUR 400 million (USD 500 million) ten-year bond issue by Leighton in November 2012. In addition, the Leighton Group was able to make use of its sound credit standing to negotiate a syndicated guarantee facility for EUR 1.1 billion (AUD 1.4 billion) in the year under review.

One transaction that contributed to unlocking capital previously tied up for long periods was the successful sale of Leighton subsidiary Thiess Waste Management Services on attractive terms. Leighton is also working to sell its telecommunications businesses. HOCHTIEF also continues to pursue the strategic goal of selling the Group's airport holdings and our successful Group company aurelis Real Estate or individual projects and project portfolios at aurelis. In line with our strategy of selling market-ready projects earlier than in the past, our subsidiary HOCHTIEF PPP Solutions additionally shed its stake in the Vespucio Norte Express toll road in Chile during the year under review.

Our strong position and credit standing in the volatile market environment following the financial and sovereign debt crisis serve to corroborate our approach of maintaining a value-oriented, conservative financial strategy

*For further information, please see page 66.

Our four-phase construction activity model

Market
- Selection of countries and segments
- Specification of project size and type

Target project
- Selection of clients
- Selection of partners
- Selection of team
- Allocation of internal resources

Bidding
- Contract appraisal
- Evaluation of technical challenges
- Financial appraisal

Delivery
- Project and cost management
- Modification of team structure
- Preparation for handover/ acceptance
- Response to changes/ client requests

Risk management (contractual, legal, technical, and financial risk) driving sustained growth

as in past years. Capital investment is appraised against clear profitability targets with a project-specific minimum return stipulated internally by HOCHTIEF.

Improving risk management

Continuous improvement in risk management is a key strategic goal for HOCHTIEF. Through our risk management system*, we ensure compliance with the applicable rules.

*For further information on risk management, please see page 119 et seq.

Our risk management system focuses on several aspects:
- Selecting the right markets
- Selecting the right size of project
- Selecting the right clients
- Selecting the right target projects
- Selecting the right business partners
- Selecting highly-qualified employees
- Selecting suitable contracting and financing arrangements
- Selecting effective monitoring and control mechanisms

Analysis of infrastructure projects have shown that HOCHTIEF generates high average returns on such projects. Our target is therefore to avoid loss-making projects with a view to securing a sustained increase in profitability. We analyze our processes and implement any changes swiftly and rigorously as needed. HOCHTIEF has already launched initiatives to this end.

Differentiation through unique solutions

HOCHTIEF is a byword for technical excellence and innovation. Our unique solutions give us a competitive edge and we are highly sought-after, especially when it comes to complex infrastructure projects.

A focus of innovation in the past two years has been on energy infrastructure. HOCHTIEF is currently conducting a large-scale research project on energy storage**. The plan is to use hollow spheres anchored to the sea floor in the future as an efficient way of storing renewables-generated energy. The offshore foundation drilling method for wind turbines, developed jointly with a partner, is moving on to the next phase and is earmarked for market launch in 2014. This allows the emplacement of larger-diameter wind turbine piles with significantly lower noise emissions.

**For further information, please see the Research and Development section on page 57.

We consolidated our market leadership in virtual construction with a large number of new projects in the year under review. The site safety plans compiled by Turner using Building Information Modeling (BIM) have been accepted and put to use by the New York City Department of Buildings for the first time. The plans make it possible to identify and manage risks and optimize construction processes from an early stage.

Leighton and Flatiron, too, set new standards and improve the quality of their work time and again with innovative techniques and methods in complex infrastructure projects. An example is the new double-decked blasting method for tunneling developed by John Holland and Leighton Asia, which improves effectiveness and reduces vibration to a minimum. In 2012, our US subsidiary Flatiron secured a patent for a precast concrete girder that offers outstanding benefits in terms of risk, cost, and time in bridge construction.

HOCHTIEF: Best place to work

As a global Group, HOCHTIEF provides almost 80,000 people around the world with an attractive workplace. Our workforce grew by 6% in the year under review compared with the prior year. The excellence of our workforce is a key business success factor for HOCHTIEF. This makes attracting and retaining the right people a critical priority. We thus work to develop new ways of recruiting young talent and offer numerous opportunities for employees to build their individual skills and further their development. We provide a range of programs and offerings to promote work-life balance.

HOCHTIEF benefits from the diversity of its workforce, which we see as a competitive advantage. Diversity and equal opportunities are therefore important parts of our corporate culture. Turner was thus once again voted a Top Diversity Employer in 2012 and Leighton has set itself the goal of significantly increasing the proportion of women in the workforce, especially in management positions, by 2016, initiating a range of programs for the purpose.

We are conscious of our responsibility toward employees. Occupational safety and health* are consequently a top priority throughout the Group. Our standards enable us to deliver complex projects without downtime due to accidents—as at the gold mine on Masbate Island in the Philippines where Leighton Asia has been able to report zero accident-related downtime for three years.

New strategic direction for 2013

In its 140-year history, HOCHTIEF has made a name for itself as a construction group. We want to refocus on this core competency. The Group's range of capabilities in Europe has been honed into an integrated portfolio over the last 20 years. This approach was successful. In the years ahead, however, we see the greatest potential for HOCHTIEF in the mainstream construction business and in PPP projects. Delivery of infrastructure projects will notably play a greater role in the future. We will, of course, still provide clients with our full spectrum of services.

The operating business in Europe and the associated structures at HOCHTIEF Solutions AG will be adjusted in line with this strategic orientation. Changes are geared in this connection to enhancing value and boosting profitability.

The adoption of the changes planned for 2013 puts the global construction group HOCHTIEF on track to position itself among the world's largest infrastructure providers.

Setting standards with innovation: HOCHTIEF is among the world market leaders in virtual construction, where design, construction, and operation processes are simulated long before the actual construction work begins.

*For further information, please see page 63.

Sustainability

*By sustainability, we at HOCHTIEF mean the interplay between business, environmental, and social responsibility.

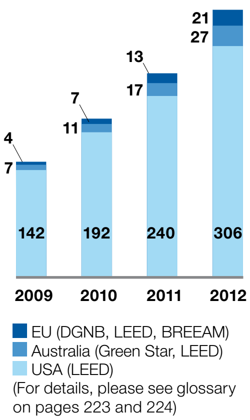
**For further information, please see page 45.

***See glossary on page 224.

Sustainability* and corporate responsibility (CR) have a long tradition at HOCHTIEF and represent the guiding principles of HOCHTIEF's corporate strategy. Taking economic, ecological, and social concerns into balanced consideration in decision-making processes is a challenge that we are faced with every day. Sustainability shapes our values, our vision**, and our guiding principles, guides our work in many areas of operation, and presents numerous new opportunities for us to reach our business goals, both throughout the Group and in our projects around the world.

The capital market recognizes and rewards HOCHTIEF's commitment to sustainability. In 2012, HOCHTIEF again qualified for the Dow Jones Sustainability Index Europe for the seventh time in succession and still as the sole German construction group. This means that HOCHTIEF shares are also suitable for investors who structure their portfolios in line with strict sustainability criteria.

Cumulative number of certified "green" buildings constructed by HOCHTIEF at Dec. 31, 2012



Core topics in sustainability

Our sustainability strategy is based on asking ourselves how HOCHTIEF can contribute with its competencies to meeting the current and future challenges with which modern companies are faced. This led to the six focus areas for sustainability we defined back in 2008. We examined the significance of these core areas for HOCHTIEF and for our stakeholders in an online survey conducted during the reporting year, in which a total of 215 individuals from HOCHTIEF's various stakeholder groups took part. According to the findings, all core areas continue to be of great significance, thus confirming the direction our sustainability strategy has taken. We concentrate our sustainable action on these six focus areas, and from them we have derived goals and specific measures for their attainment.

1. Sustainable products and services

In the year under review, HOCHTIEF further consolidated its leading market position in the area of sustainable "green" construction with the completion of numerous projects across the globe. Thus far, 29 of the properties we have developed and constructed in Germany have gained German Sustainable Building Council (DGNB) precertification or certification. These include the two HOCHTIEF buildings in Hamburg and Berlin, both of which received the Silver certificate in October 2012. In addition to their low energy consumption and reduced total cost of ownership, the choice of location, indoor air quality, and quality of materials were crucial aspects in the award being bestowed on these two buildings, which were developed and built and are now utilized by HOCHTIEF Solutions.

Our US subsidiary Turner was again ranked No. 1 in 2012 in the fast-developing green building market segment. To date, 304 Turner projects have either received the recognized LEED*** award from the US Green Building Council or were registered for the award, including the Helen DeVos Children's Hospital in Grand Rapids, Michigan. The new 14-story hospital received Gold certification in April 2012, in part for its heat recovery system and its highly efficient building shell—both factors that make a key contribution to the energy efficiency of the property.

Investors and building occupants alike value the advantages of properties designed to meet sustainability criteria. According to the current "Green Building Market Barometer" published by Turner in 2012, the main reason for clients to decide in favor of green building is the savings potential with respect to operating and energy costs. However, the survey respondents also named non-financial aspects such as the positive impact on indoor climate, air quality, and the well-being of users as chief arguments in favor of sustainable building.

One good example is the Aquatikon in Zurich. This office property developed by HOCHTIEF received Platinum LEED precertification in the year under review and was designed according to the Swiss Minergie-P-eco standard. Almost 100% of the construction materials can be recycled. To ensure optimum energy efficiency, we plan to use state-of-the-art technology for the building, such as thermal component activation, and electrochromic glazing. A saline system in the atrium creates a comfortable climate and reduces the external cooling energy required by nearly one-fourth. The building will produce a good 70% of the electricity it requires.

However, we also look beyond the individual buildings. HOCHTIEF is involved in the development of sustainable urban quarters as a plus-energy option, to which end it launched the "Plus-energy district Oberursel" research project in the year under review. The plan is to develop and test in cooperation with Darmstadt Technical University a mixed urban district that can meet its energy needs from its own renewable sources and in which the various buildings serve as energy producers, consumers, and storage installations. The energy thus centralized could then also be supplied to the buildings adjacent to the quarter.

In addition to "green" buildings, our range of sustainable services includes efficient energy management, the diagnosis and revitalization of existing buildings, and sustainable building operation.

➩ **Our objective:** We aim to lead the global market for sustainable projects in the construction segment. We therefore continuously add to our range of services for infrastructure projects, real estate, and facilities.

2. Active climate protection

The goal of HOCHTIEF is to actively combat climate change—in our own company, in carrying out projects, and in our work for clients. Since carbon emissions are caused to a substantial degree by cooling, heating, and operating properties, a substantial contribution can be made to improving climate protection by increasing energy efficiency as well as conserving energy. This is where HOCHTIEF takes action. All over the world, we construct sustainable buildings noted for their electricity and heat conservation.

We contribute to the energy-efficient operation of properties and facilities with our sustainable facility management services. As an energy contractor, we conserved 118,000 metric tons of CO_2 emissions for our clients in Germany in 2012. For instance, HOCHTIEF energy managers have been responsible since 1998 for a ContiTech plant in Hamburg, where they have since reduced carbon emissions by 24,000 metric tons through the use of intelligent concepts and the latest technologies. An example of these technologies is a combined heat and power station that supplies electricity for production. HOCHTIEF has designed an innovative heating concept that integrates the exhaust heat from the facility. Energy experts divert the water required for production from a canal and treat it for use as process water. In 2012, our contract was renewed for another four years.

In the area of energy infrastructure, HOCHTIEF undertakes a variety of activities targeted at increasing the supply of electricity on the basis of renewable energies. In late summer, for instance, we began pile-driving the foundations for the Global Tech I offshore wind farm on the North Sea, where 80 wind turbines will be installed. After completion in late 2013, they will be capable of supplying 445,000 homes with environmentally friendly electricity. In addition, we are developing modern pumped storage power plants—planning for the first project in Lower Saxony began in 2012—and researching innovative methods for the interim storage of energy on the ocean floor.* We have already been in the market for electricity generated from geothermal energy for several years now and operate two geothermal power plants.

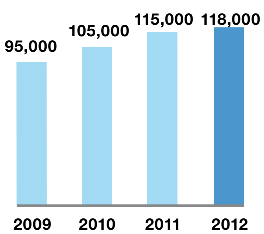
*For further information, please see page 57.

In the year under review, our listing in the Carbon Disclosure Leadership Index** for the Germany, Austria, and Switzerland region was renewed, giving external recognition to our climate protection policy.

**See glossary on page 223.

➩ **Our objective:** We aim to save carbon emissions together with our clients.

Carbon savings by HOCHTIEF Energy Management for clients (tCO_2-e)

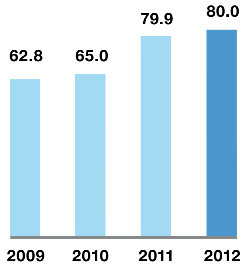


Source for carbon conversion factors for the HOCHTIEF Solutions energy managers: gemis 4.6

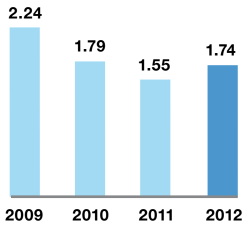
3. Resource protection

HOCHTIEF affects the environment and consumes resources with its business activities. We are aware of this, and that is why we have pledged—together with our partners—to find solutions to keep the impact on soil, water, air, climate, and biological diversity to a minimum as well as to avoid environmental damage. To reach these goals, HOCHTIEF has established minimum requirements in this area in a Group directive and integrated environmental and climate protection into our project processes. In addition, the HOCHTIEF divisions maintain management systems based on international standards (ISO 14001, ISO 50001). The proportion of projects in the HOCHTIEF Europe division with environmental management certification (ISO 14001; EMAS, SCC) thus stood at 80.0 percent in 2012 (2011: 79.9 percent). As of the year under review, our US subsidiary Flatiron is also certified.

HOCHTIEF Europe division: Share of corporate units certified (ISO 14001/EMAS/SCC) measured in terms of staff headcount (in %)



Accident rate: accidents per million man-hours



Since construction activity produces waste, we attach importance to using recyclable materials and separating waste into the proper categories. We achieve good construction waste recycling rates in our projects in Germany and abroad. In Germany, for instance, our recycling rate in 2012 was 76.92%. In the USA, we recycled 93.62% of all construction waste.

The main requirement for functioning environmental protection in our company is having qualified employees who develop a good understanding of ecology, which is why we continually provide education on this topic.

Moreover, it is crucial that any risk to the environment in our project work be identified and measured at an early stage. Only then can preventive measures aimed at avoiding environmental damage be planned and implemented. The HOCHTIEF divisions have identified their most important environmental aspects in light of their areas of operation and regional circumstances and allocated them to the individual projects. In the case of major infrastructure projects such as the construction of roads, tunnels, or bridges, the effect on the environment is precisely determined and environmental impact studies carried out in the early phases. If needed, individual environmental protection concepts are developed and implemented in the construction process. In the reporting year, for example, the concrete superstructure of the Saale-Elster viaduct was completed by HOCHTIEF Solutions. At 8.6 kilometers, Germany's longest bridge—which will be used by high-speed trains in the future—crosses an environmentally sensitive nature reserve. So as to impact the floodplain biotope as little as possible, some of the work had to be carried out from scaffolding, and regular interruptions occurred during bird nesting seasons.

Despite all the precautions taken, incidents affecting the environment cannot be fully ruled out. Any resulting environmental damage is recorded and assessed using a graduated reporting system.

⇨ **Our objective:** We aim to conserve natural resources and optimize their use and protection.

4. Attractive working environment

HOCHTIEF aims to be a good and attractive employer for our nearly 80,000 employees worldwide. After all, our employees and their performance and dedication are a key factor in HOCHTIEF's success. We are aware of our responsibility to our people, which is why we work to provide optimum working conditions and the best possible occupational safety and health protection throughout the entire Group. In 2012, we succeeded in maintaining a low accident rate for the Group as a whole, reducing it to 1.74 accidents per million man-hours worked (2011: 1.55).

An important part of our sustainable personnel strategy is to train our employees, promote their development, and foster their loyalty. For this reason, we attach great importance to providing training and continuing education for employees. In the year under review, for instance, we began offering a special training program for offshore workers. These specialists are in the field, working on maritime wind farms from our jack-up vessels. In the management area, one of the ways in which we ensure personnel development and qualification for top positions is through our international Executive Development Program, launched in 2012.

HOCHTIEF benefits from the potential of its very diverse pool of employees. We see their diversity as a competitive advantage given that diversity and equal opportunity are key elements of our corporate culture. Our US subsidiary Turner again received the "Top Diversity Employer" award in the year under review. At Leighton, the share of women in management positions is 13.2%. The goal is to reach 40% by 2016. In addition, our Australian subsidiary is working on Gender Pay Equity program aimed at equalizing the salaries of men and women. In Germany, 9.2% of executives were female at the end of 2012. The proportion of women in the Group workforce as a whole is 15.5% (2011: 15.8%).

Balancing a career and personal life is becoming an increasingly important factor in both the choice of an employer and employees' motivation on the job. HOCHTIEF therefore supports a healthy work-life balance by means of various programs and offerings.

➩ **Our objective:** We aim to further consolidate our position as a sought-after and responsible employer in the industry.

5. Corporate citizenship

HOCHTIEF is an internationally positioned construction group. As a corporate citizen, we take social responsibility wherever our company operates. We thus prefer working together with regional subcontractors, and support cultural and social initiatives as well as local institutions.

Our US subsidiary, for example, provides training for local subcontractors at its Turner School of Construction Management established in 1969. In 2012 alone, more than 1,000 companies headed by ethnic minorities and women took part in this free training on construction industry topics at 31 locations in the USA.

At Group level, we focus our social commitment on donations and sponsorship activities that involve two overarching themes: education and modern architecture. For example, the Bridges to Prosperity (B2P)* non-profit organization has for some years now received support in its Central and South America projects from Flatiron, Turner, and E.E. Cruz, our US subsidiaries. In 2012 alone, the project was responsible for building three pedestrian bridges in Nicaragua to give people in one of the world's most impoverished regions improved access to trade, education, and medical treatment. HOCHTIEF joined these efforts in 2012 from Germany and Europe to construct a bridge in Rwanda together with B2P. The commitment of the HOCHTIEF units extends far beyond simple cash donations. For all of the projects we finance, we have a group of employees on site who play an active part in building the bridges. We are continuing this commitment with further projects in 2013.

➩ **Our objective:** We aim to get involved in the community wherever our company is at work.

6. Compliance

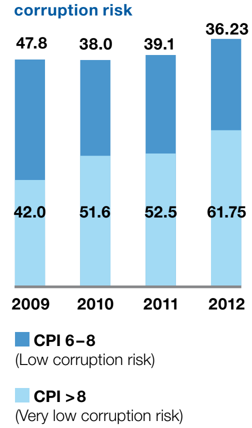
Our commitment to managing HOCHTIEF using a value-oriented strategy is enshrined in our corporate guiding principles. To meet this commitment, back in 2008 we introduced a compliance system headed by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft since HOCHTIEF, as an international company, operates in a variety of political systems and legal jurisdictions. As a behavioral code, we have enshrined the HOCHTIEF Code of Conduct in our corporate culture. The Code of Conduct constitutes binding regulations for all employees. Whether we are competing in the market, awarding contracts, or conducting regular business activities, we attach great importance to fairness, honesty, objectivity, and transparency. We are continuously working to refine and improve the compliance system within the company to avoid the risk of criminal or civil liability along with the damage to our reputation and competitive disadvantages that would ensue from noncompliance.

HOCHTIEF uses various tools to make employees aware of compliance issues and inform them of the applicable regulations. Our internal guidelines as well as information on the compliance program and contact persons are available on the intranet. Classroom training and e-learning programs are conducted on the basis of a detailed concept. Online training courses, such as on combating corruption, under-the-table work, and illegal employment, take practical examples from everyday life, and the courses familiarize participants with the existing legal situation besides offering suggestions on how to act in compliance with the regulations. All managerial staff are required to complete the learning programs.

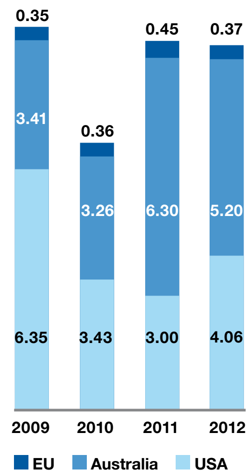
➩ **Our objective:** We aim to set standards in business ethics and do our utmost to apply those standards.

It is HOCHTIEF's intention to provide stakeholders with transparent information on the subject of sustainability, which is why we have published a sustainability report since 2005. The report complies with the Guidelines of the Global Reporting Initiative (GRI) as well as the principles of the UN Global Compact. The 2012 Sustainability Report has been published parallel to this Annual Report.

HOCHTIEF construction output in percent in countries with low or very low corruption risk

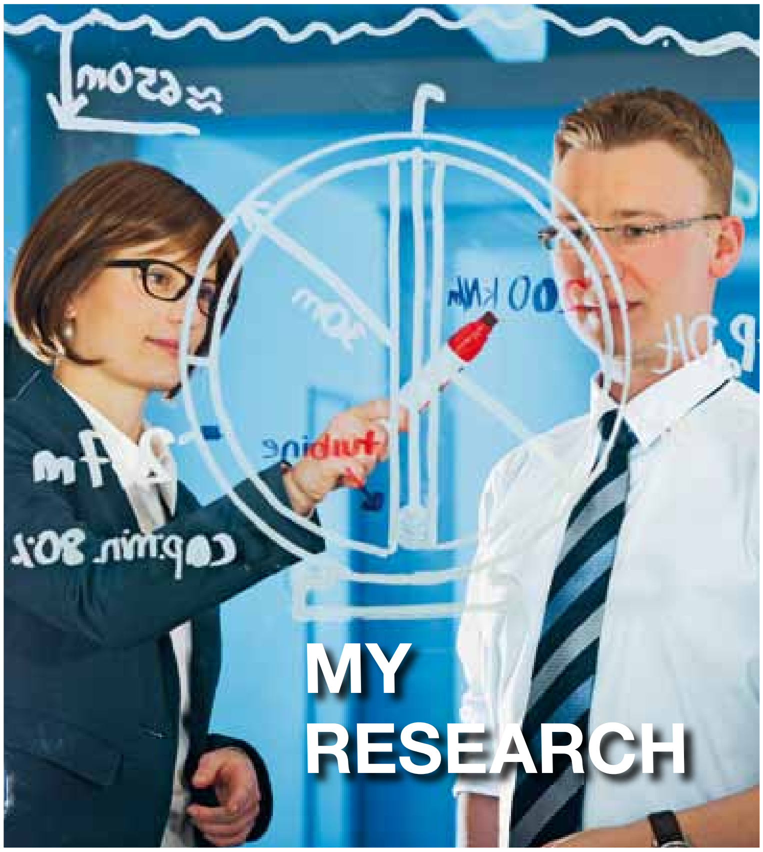


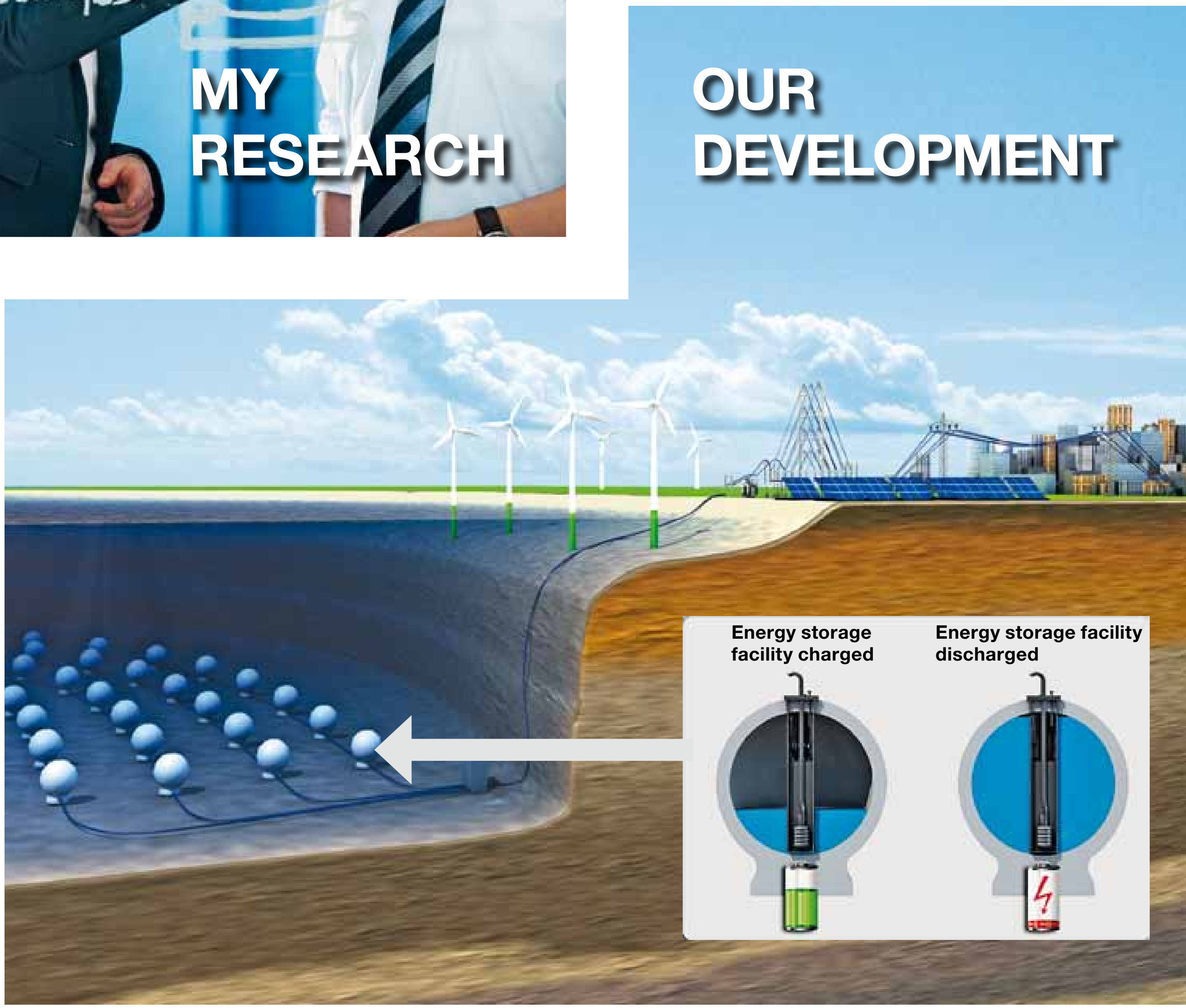
Total donations and sponsorship (EUR million)



*Further information is available on the Internet at www.bridgestoprosperity.org.

Additional information about sustainability at HOCHTIEF is available at www.hochtief.com/sustainability.





Developing innovations, setting technological benchmarks, questioning as well as optimizing available technologies and processes. These are the exciting challenges in research and development. HOCHTIEF's innovation managers are currently working with partners on a cutting-edge concept for deep-sea energy storage facilities based on hollow spheres (see page 57). This is an interesting, challenging field.

Research and Development

As a global construction group, most of the projects delivered by HOCHTIEF for national and international clients are complex and one of a kind. They incorporate research and development (R&D) in many different forms. In this way, we meet our clients' exacting demands, create measurable added value, and set ourselves well apart from competitors.

Innovation management as a success factor

HOCHTIEF is seen as one of the pioneers of innovation in the construction industry. In our projects, we win over clients and partners with new, tailored solutions. Our structured, Group-wide, cross-divisional innovation management system plays a key part in HOCHTIEF's success. We also deploy R&D to develop new growth segments. Our innovative power is a decisive factor in reinforcing and expanding our market position.

Innovation management on three levels

Innovation is managed on three levels at HOCHTIEF: The **first level**, central innovation management, focuses on cross-divisional issues, i.e. innovations that benefit operating activities throughout the Group. Innovation management is coordinated by HOCHTIEF Corporate Development. This department picks out promising innovations and supports their implementation. The Innovation Committee, which comprises members from the operational units and Corporate Headquarters, decides in each case whether to go ahead with a project. HOCHTIEF spent around EUR 6 million on Group-wide, first-level R&D projects in the past fiscal year. Some 80 employees worked on a total of 50 projects. We launched 15 new projects in 2012, and brought 17 to completion.

The **second level** of the HOCHTIEF innovation management system comprises divisional innovation. These projects are developed, financed, and implemented by the units and companies themselves.

The **third level** relates to project-specific innovation. R&D work of this kind is carried out in the contract bidding and execution stage. The resulting expenses are accounted for directly as part of project costs and so are not registered at Group level. The majority of HOCHTIEF's developments take place at this third level.

Committed employees and compelling ideas

Ideas management is an important part of our innovation management. It deals with suggestions for improvements made by our German workforce. They once again made intensive use of the virtual Ideas Room, our central ideas management tool, on the HOCHTIEF corporate intranet in the year under review, to submit suggestions and thus further improve internal workflows and processes. Overall, 324 ideas were published. The ten best suggestions for 2011 were awarded prizes at the annual conference in April 2012. First prize went to the proposal of adding mobile combined heat and power (CHP) stations to our product portfolio. Based on this idea, HOCHTIEF has joined forces with two partners to develop a product for financing and operating "mobile container CHP stations."

Ideas Workshop: Get ideas on site

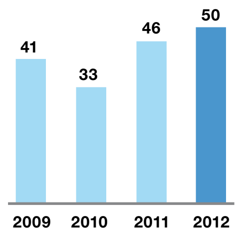
In order to further raise awareness among the workforce of the importance of suggestions for improvement, two Ideas Workshops were held in the reporting year for the first time. These workshops, which are the ideal complement to the Ideas Room tool, entail a dialog in which ideas are directly requested from HOCHTIEF employees and evaluated. In the first two events, a total of 186 suggestions were recorded. Due to the substantial benefits for clients, employees, and HOCHTIEF, we are already planning additional Ideas Workshop events.

Turner's innovation award

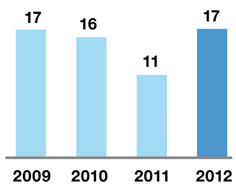
Every year, our US subsidiary Turner gives out the "Construction Company Award for Innovation" to employees who have achieved exceptional successes in projects through their own ideas. More than 100 applications were submitted in the reporting year. The first prize of USD 10,000 went to the "Turner Linked" project. This relates to an Internet-cloud-based information system that enables employees to store and edit documents on mobile devices. The system has already been successfully deployed in the "San Diego International Airport Terminal 2" project in California.

For further information on R&D and innovation projects, please see www.hochtief.com/rd, our Sustainability Report, and www.hochtief.com/sustainability.

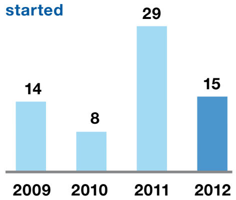
Number of R&D projects



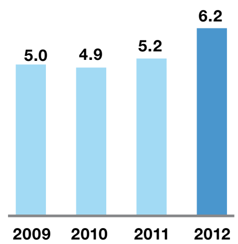
Number of R&D projects completed



Number of R&D projects started



Investment volume of R&D projects (EUR million)



The statistics in the charts relate to the first-level innovation projects.

Innovation projects in 2012

The following selection of projects showcases the above-average innovation capacity of the HOCHTIEF Group. Technology and process improvements can be found in almost all of our projects.

Level 1: Central innovation management

Plus-energy district in Oberursel, Germany

In the year under review, HOCHTIEF launched the "Plus-energy district Oberursel" research project. Together with Darmstadt Technical University, we are developing a new standard for energy generation and supply in the district and implementing it where the research results are positive: On a site in Oberursel in Hesse, a mixed district with a positive energy balance is to be built. The energy balance is taken for the district as a whole, not for the individual properties. The district, which has around 150 apartments and some commercial properties, is to use its own regenerative sources to cover its energy needs, plus draw energy from or supply it to buildings in the surrounding area through networking. The aim of the research is to develop and test a sustainable concept as a basis for designing, implementing, and operating future plus-energy districts. The German Federal Ministry of Economics and Technology (BMWi) is sponsoring this pilot project with EUR 1 million.

Further development of offshore foundation drilling

The Offshore Foundation Drilling (OFD®) technique developed together with a partner for erecting offshore wind farms was fine-tuned in the reporting year. In contrast to the conventional method, piles are not rammed into the sea floor, but instead the sea floor is drilled from within the foundation pile. The new method is preferable to the traditional technique primarily from an ecological perspective, since it produces less noise, for example. In addition, OFD can be used in almost any underground location and enables piles with a larger diameter than previously to be erected. We have also joined with partners in developing a mortar that will further simplify the installation of piles. We plan to carry out final tests on the procedure in the fourth quarter of 2013 and to offer it to customers, who have already shown strong interest, in 2014.

Stress testing for new offshore foundation piles: HOCHTIEF works constantly with partners to fine-tune the OFD® process.

Optimized construction for onshore wind power plants

In addition to the further development of offshore services, HOCHTIEF is growing its expertise in the field of onshore wind energy. In the reporting year, we launched an R&D project to develop a construction method for wind power plants in woodlands and poorly accessible low mountain regions. Building high towers for these plants cost-effectively calls for new, compact designs. To this end, a tower design and construction method are to be developed that are attractive to reputable turbine manufacturers as well as private and public investors. The new design will also take into account the dismantling of the facilities.

Soil bulk hydro shield

When constructing tunnels in soil with a high proportion of clay or loam, it has not so far been possible to precisely predict the quantity of bulk soil that will have to be disposed of or can be reutilized.

One innovation project started in the reporting year is looking into the connection between the volumes of soil to be excavated and the bulk soil to be disposed of and will generate initial ideas for quantifying the different factors affecting this process. Determining the price of soil disposal more precisely gives us a competitive

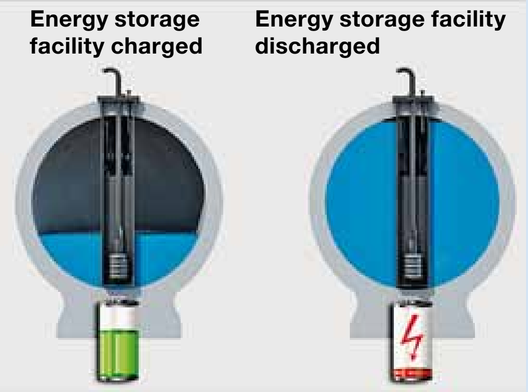
In the spotlight: Hollow-sphere energy storage facilities in the sea

Energy from renewable sources like wind turbines and photovoltaic systems is not permanently available as it depends on certain criteria such as weather conditions. When it comes to fluctuating energy sources like these, storage technologies play a key role. Efficient storage of large amounts of energy is of vital strategic importance for future energy supply. Worldwide storage capacity for renewable energies is projected to treble by 2030.

That's why we are working with the Fraunhofer Institute for Wind Energy and Energy System Technology and other partners to develop a new concept for storing energy.* The development and research project "STENSEA" (Stored Energy in the Sea) is investigating the installation of large storage facilities on the sea floor, in combination with offshore wind farms.

The physical principle on which the energy storage facility operates is similar to that of conventional pumped storage power plants, but based not on two reservoirs, but a hollow sphere. When electricity is needed, the sphere is opened. The inflowing water drives a turbine to generate electricity. When there is a surplus of electricity in the grid, part or all of the water is pumped out of the sphere. The energy is stored and only re-released when water streams in again during the next filling cycle.

The STENSEA pumped storage facility can be used worldwide in suitable waters and water depths.



The energy potential depends on the depth of the water and the size of the sphere. For example, a sphere with a diameter of roughly 30 meters and a capacity of 12,000 cubic meters located in 700-meter deep water will store 20 megawatt hours of energy. The capacity calculations are based on a charge/discharge efficiency of 85%.

The construction of deep-sea storage facilities is subject to fewer geographical restrictions than pumped storage power plants on land. The new concept could therefore provide relatively large additional storage capacities with little environmental impact and without the need for massive further grid expansion.

The new technology for storing energy on the ocean floor would supplement HOCHTIEF's capabilities in offshore energy production. In addition, HOCHTIEF could handle the construction, logistics, and operation of the hollow spheres.

*With funding from the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety under a resolution passed by the German parliament.

advantage in infrastructure projects with slurry shield tunneling. The findings will be useful for all divisions.

Standard product catalog for PPP projects

For comparable project types in the public-private partnership (PPP) sector, for example, in school construction, costs can be substantially reduced and processes simplified in the bid, construction, and operating phases by harnessing synergies. A comprehensive standard product catalog for PPP projects is therefore being developed in an R&D project. This will standardize the product selection for comparable project types.

Online production systems: Once saved with a direct reference to the 3D model, the current project data are permanently available to the work section manager for quality management.

This approach will bring huge efficiency gains over the entire life cycle of the buildings, especially by incorporating long-term experience in product selection and bundling contracts awarded to strategic procurement partners.

Innovation focus on pumped storage power plants

In connection with the transformation of energy supplies, HOCHTIEF is focusing on potential in the expansion and conversion of the energy infrastructure. One innovation project is therefore looking into further developing pumped storage power plants in Germany and neighboring countries. Construction work is to begin on a pumped storage power plant in Freden, Lower Saxony, once the regional planning process is completed and official planning permission has been granted. The plant could potentially start operation in 2020. The repowering of existing plants is part of the planning in this innovation project.

Data centers research project

Another innovation project relates to the design, construction, upgrading, and operation of data centers. HOCHTIEF is acting as an advisor, designer, and project manager, but also as general contractor. The focus is on optimizing energy supply systems, especially refrigeration plants. We are concentrating on data centers with an IT space of more than 500 square meters and have already won four clients with a combined contract volume of EUR 15 million.

3D-model-based online production systems

Designing and constructing buildings entails a chain of complex processes that generate a large volume of data for project management, reporting, and analysis. In order to ensure that this information is permanently available, HOCHTIEF ViCon has set an important innovation in motion for constructing and operating buildings and infrastructure: Online production systems. These are web-based applications that employees use with the help of mobile devices to input data, such as acceptance records, photo documentation, and quality controls, directly into the 3D models created for the projects using Building Information Modeling (BIM). The offshore project Baltic II and the PPP project A8 are already benefiting from this innovation.

Level 2: Innovation by the divisions

Rapid, efficient construction methods

At the end of 2011, Turner completed the Lunder Building, an extension to Massachusetts General Hospital. The building has 14 floors, with ten above ground and four below. The hospital gained an additional 28 operating rooms, 22 intensive care-unit rooms, and 128 patient rooms. In the course of the work, Turner used various innovative techniques—most notably up-down construction, where superstructure erection and basement excavation go on at the same time.

Efficient, low-vibration blasting

Our Australian subsidiaries John Holland and Leighton Asia have developed an innovative blasting method for tunneling. The new method, double-decked blasting, was first used on the South Island Line subway line in Hong Kong and improves blast effectiveness. Significantly better fragmentation of the blasted material makes for easier and faster mucking-out. Vibration is also reduced to a minimum, making it possible to do blasting in heavily built-up areas. Vibration in highly sensitive locations can be halved for a given pull-length effectively providing program and cost savings.

Low-vibration blasting method for densely populated areas: This new method produces a better blast result and saves substantial time due to easier removal (photo left).

New standards in relation to indoor climate: A saline system in the Swiss office building Aquatikon reduces the required external cooling energy by more than 25%.

Patented innovations

Our US subsidiary Flatiron secured a patent for a precast concrete girder used as the outermost lateral girder in a bridge superstructure. Before, such girders for the deck overhang had to be custom-made and fitted. The system's benefits have been proven in a number of projects in the USA, including Flatiron's Washington Bypass and Yadkin River Bridge projects in North Carolina. The new system offers outstanding benefits in terms of risk, cost, and time.

Flatiron was issued a further patent for a pile driving system for on-land use. The new technique enables piles to be brought into position more quickly, thus significantly reducing accident risk.

Level 3: Project-specific innovations

Moving tunnel boring machine

The "Trogstein system" is a project-based innovation which won second place in HOCHTIEF's most recent ideas competition. This is a steel construction that simplifies moving the tunnel boring machine. The system can replace the up to 100-meter long trailer cradle, which had to be individually designed and built for each launch of the tunnel boring machine. The "Trogstein system" can be reused and thus enables fast assembly and disassembly. HOCHTIEF first used the idea in the construction of the XFel tunnels in Hamburg and saved EUR 600,000 as a result.

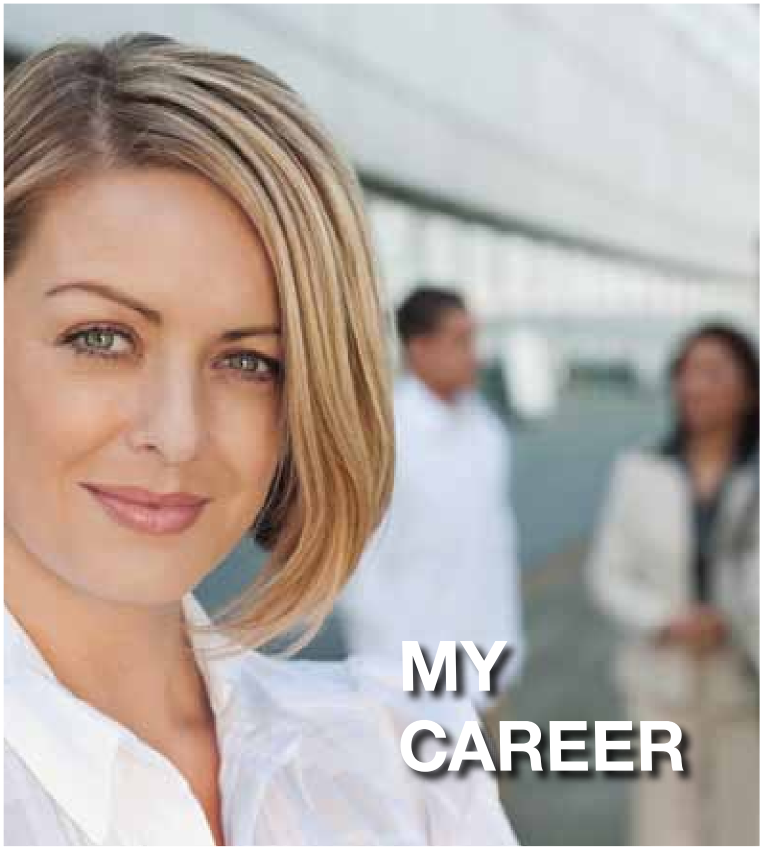
Good air in the Aquatikon

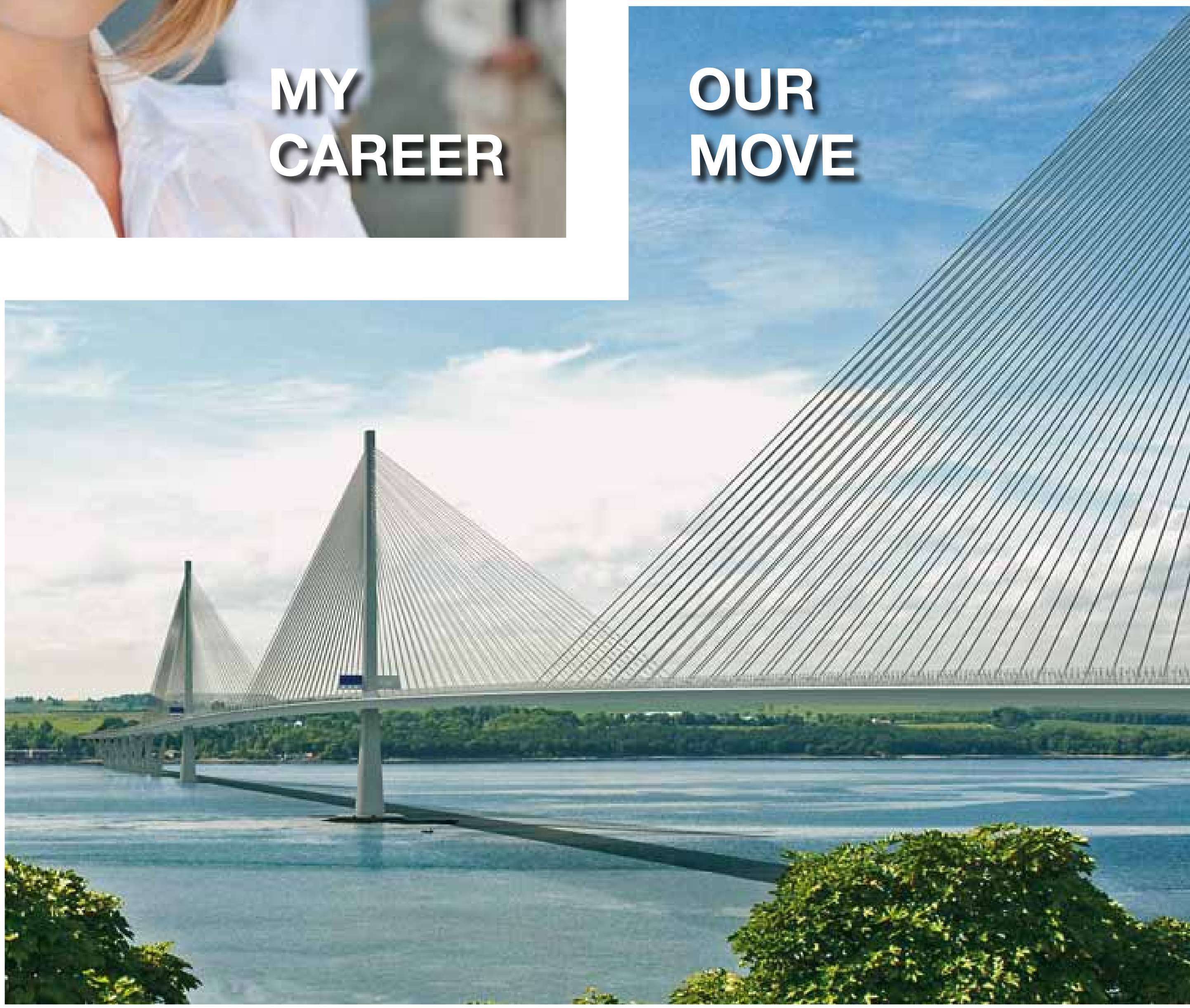
The Aquatikon office building, which HOCHTIEF is constructing in Zurich, is setting new standards in indoor climate. A saline system is employed in the atrium, which produces a cooling and refreshing effect using the principle of cooling by evaporation. This reduces the required external cooling energy by more than 25%. The office building, which will be constructed by 2014 in compliance with the criteria of the US certification system LEED (Leadership in Energy and Environmental Design), already received the precertificate in Platinum, the highest LEED category, in the reporting year.

Wide-ranging international cooperation

HOCHTIEF has built up a high-caliber R&D cooperation network: In R&D, we work closely and continuously with national and international universities, scientists, and associations. As a member of the European Construction Technology Platform, HOCHTIEF makes an active contribution to maintaining the high technical standards of the European construction industry. We are also a member of ENCORD*, the European forum for industry-led research, development, and innovation in the construction sector. Benefits from our membership include best-practice exchange on issues such as bridge construction and tunneling, lean construction, virtual construction, corporate responsibility, and work safety.

*European Network of Construction Companies for Research and Development





Employees who are motivated and well trained are eager to make their career plans a reality and contribute their skills to the company. HOCHTIEF offers such employees an attractive work environment in which they are both supported and challenged. An example is the sophisticated Forth Crossing Bridge infrastructure project in Scotland, one of the longest cable-stayed bridges in the world. They really have a chance to prove themselves here.

Employees

Human resources strategy

The excellent work of our employees is a key factor in HOCHTIEF's successful business. As a result, it is imperative for us to continue to promote employee expertise and offer development opportunities. Our human resources management activities are aligned with the corporate strategy. Good career prospects positively influence another major goal: ensuring that our company retains qualified employees for the long term. As an international company, HOCHTIEF is in a position to continually encourage the exchange among its divisions.

Demand for specialist staff

Our demand for specialist and managerial staff remained high in the year under review with nearly 900 vacancies advertised. Notably the HOCHTIEF Europe division was seeking technical staff. In the area of energy infrastructure, we still have an urgent need for specialist staff for offshore wind energy projects—a qualification difficult to find in the labor market. This category includes industrial mechanics, electricians, and ship's engineers. HOCHTIEF counteracts the lack of specially qualified offshore staff by training newly hired employees to meet the requirements of their positions. To this end, we have offered our own training program to qualify employees for offshore work since 2012. During the reporting period, more than 50 participants successfully completed this training program.

Our US subsidiary Turner mainly hired employees for construction management positions, while Leighton in Australia was on the lookout for mining engineers in particular, and Flatiron brought on new Field Engineers.

Number of employees up

HOCHTIEF employed 79,987 people worldwide in the year under review. This marks an increase of 6%. As in prior years, the further increase in employee numbers relates to successful international projects outside Germany. The workforce on such projects grew by 7.3%. A substantial proportion of this growth is accounted for by our Australian subsidiary Leighton (3,738 additional employees) with major new projects in the infrastructure and contract mining segment, as well as by the inclusion of Clark Builders, Canada, for the first time as part of the consolidated Group (758 additional employees). A slight, 2.1% decrease in the German workforce is mostly attributable to the slowdown in building construction. There is nonetheless also a positive trend in other business areas: The size of the workforce in the offshore business, for instance, doubled in the year under review due to new recruitment (82 additional employees).

Recruiting through various channels

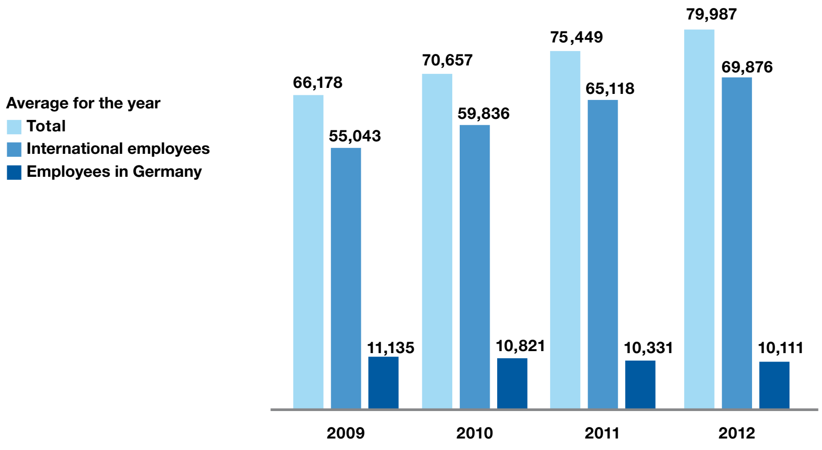
The recruiting process shifted increasingly toward the Internet. Social media also became more important in this regard. Our US subsidiaries Turner and Flatiron, for example, post recruiting videos on a YouTube channel and advertise open positions on the career network LinkedIn. For several years now, HOCHTIEF has leveraged the personal networks of its workforce in a focused and structured way. All divisions again received applications from qualified candidates thanks to our "Employees Recruit Employees" programs in 2012. The results are positive: Turner alone filled 35% of its open positions through its Employee Referral Program.

Discovering, promoting, and keeping talent

Recruiting measures and employee loyalty policies are in place even before young, talented workers enter the labor market. College and university partnerships, scholarships, student awards, presentations, discussions, and excursions allow all of the Group's divisions to get to know students early on. Internships in Germany and abroad or work-study jobs offer students the opportunity to gain initial work experience and become familiar with HOCHTIEF as an employer. We continue to maintain relationships with talented young workers after they have completed their internships by means including intern retention programs—with notable success: In Germany, over six out of ten program participants are hired by the company after they have completed their studies.

We continue to maintain a dialog with experienced former employees as well, for example, via Turner's Alumni Circle. This leaves open the possibility of regaining them as employees some time in the future.

Number of employees at HOCHTIEF



Systematic, professional training

Training, considered vitally important at HOCHTIEF, was further improved during the period under review. As of December 31, 2012, we had 351 trainees in Germany in 31 different technical, commercial, and industrial occupations. More and more young people are completing a university-level education in parallel with their apprenticeships. Their hiring rate is particularly high.

All-around staff development

Staff development includes three key components at HOCHTIEF: annual structured employee interviews, continuing education, and the advancement of talent.

Continuing education in the Group is both focused and customized. Our in-house offerings range from communication training and health-related classes to technical seminars. In the reporting year, the options offered by our in-house training facilities alone totaled more than 650 different on-site and online classes.

Our talent management activities in 2012 comprised further expanding our top management programs. Among other measures, the Group-wide Executive Development Program was launched. Here, top-level managers from Australia, the Americas, and Europe meet in group workshops and individual development measures where they receive training to prepare them for eventually taking other international positions within the Group. Staff development programs below top-management level are mainly conducted in the divisions. In this case, selected employees participate in talent pools and other programs in Germany and internationally to prepare systematically for a specialist or management position.

Positive image, strong employee affinity for the company

HOCHTIEF enjoys an excellent reputation as an employer and features in many top employer rankings internationally. In 2012, for example, Flatiron was named a “Best Place to Work” in Canada by the Great Place to Work Institute. According to the economic research institute trendence, HOCHTIEF Germany is one of the top employers for budding engineers. Turner in the US continues to be an “Ideal Employer” in Universum Communications’ ranking.

Employee surveys also underscore our positive image within the company: In Europe, employee satisfaction was surveyed using the “HOCHTIEF-People.index.” Eight out of ten survey participants reported feeling a strong affinity for the company. The benchmark indicates that this result substantially outperforms the industry average obtained by a market research firm. At Flatiron in the United States, 86% of employees rated their company as a “great place to work.”

Performance-aligned compensation

HOCHTIEF’s compensation policy is shaped by its economic feasibility, attractiveness, competitiveness, and fairness; the policy is reviewed annually using benchmarks. We follow uniform compensation guidelines worldwide for fixed and variable compensation components.

Company pensions

HOCHTIEF provides employees assistance with retirement planning. In most of our Group companies, we offer a combination of employer- and employee-financed pensions. The majority of our companies in Germany provide a performance-based component as a supplement to the annual basic pension component. Its value depends on the net profit before changes in reserves in a given year.

Work-life balance

HOCHTIEF believes that work-life balance is an important factor in motivating employees and influencing their workplace selection. A key prerequisite for improved work-life balance is the option of choosing working hours more flexibly. HOCHTIEF provides this opportunity by offering teleworking and variable scheduling models. In Germany, counseling and assistance services with respect to childcare and caring for relatives were also consolidated with a single supplier, and thus improved further, during the reporting period.

Success through diversity

Diversity plays an important role throughout the Group with some slight culture-related differences in focus in the divisions. For instance, Turner has supported woman- and minority-owned businesses for years now and was again named "Top Diversity Employer" in 2012. Leighton set the goal of significantly increasing the percentage of women in the company by 2016, particularly in management positions, and has launched various initiatives to make that happen. Moreover, the Leighton Group offers various programs for training young Indigenous Australians.

Occupational safety and health

At HOCHTIEF's center for occupational safety, health and environmental protection (OSHEP), a cross-disciplinary competence team is dedicated to addressing these important issues. The key objective is ensuring that forward-looking, risk-conscious thought and action are integral to the Group's activities.

Occupational safety as well as health and environmental protection affect all Group levels and units. The OSHEP Center therefore regularly liaises closely with the divisions in order to further develop our common culture and implementation strategies. The revised directive on occupational safety, health, environmental and climate protection entered into force in fiscal year 2012.

Standardized processes and external occupational safety certifications are a major factor in enhancing safety. In the Group as a whole, 66.8% of Group operational units are certified in accordance with OHSAS 18001*, SCC, and ISO 18001. Our subsidiaries Turner and Flatiron received several awards in the reporting period for their exemplary safety standards and accident-free projects.

A key element of our occupational safety policy is training, both on-site and using various types of media. In 2012, HOCHTIEF worked with Germany's BG BAU institution for statutory accident insurance and prevention to produce four interactive instructional films covering issues such as lifting heavy weights or operating procedures for preventing accidents at construction sites. Integrated into training DVDs, the films include identifying mistakes as an interactive element. Events such as the annual Occupational Safety Day similarly serve to raise employee awareness.

Our US subsidiary Turner is increasingly using the BIM (Building Information Modeling) method to simulate, and thus avoid, safety risks on construction sites as early as the planning phase.

New agreement for European Works Council

As one of the first companies in Germany to do so, HOCHTIEF signed a voluntary agreement on informing and consulting with employee representatives in the Group's companies within the European Union even before entry into force of a statutory regulation. As a rule, the 19 European works councils from twelve countries are informed twice a year by the Group's management about cross-border matters.

Thanks to employees and employee representatives

HOCHTIEF's excellent reputation and the quality of our services far above the average are down to our employees' motivation, commitment, qualifications, and loyalty. The company's management therefore wishes to express its sincere thanks to all our staff and employee representatives for their hard work.

*OHSAS 18001 (Occupational Health and Safety Assessment Series) is one of the best-known and most important standards for occupational health and safety management systems.

Procurement

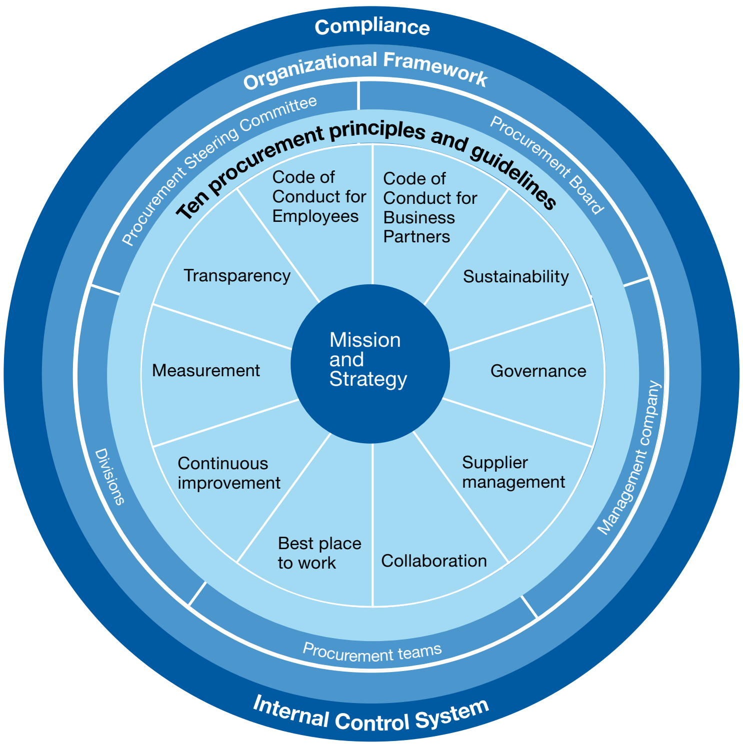
Further information on the subject of procurement is available on the Internet at www.hochtief.com/procurement.

At HOCHTIEF, procurement strategy follows corporate strategy, addressing the focus areas of transportation, energy, and social and urban infrastructure as well as the contract mining business. We procured a total of some EUR 17 billion in goods and services during the reporting year. That represents around 58% of Group work done. Highly efficient procurement is one factor in HOCHTIEF's success.

Revised Group Procurement Directive

June 2012 brought the entry into force of a revised Group Procurement Directive with important additions. The Directive helps us maximize value for HOCHTIEF and our clients by applying professional best-in-class procurement practices. It also makes us better than ever at serving the specific needs of our globally operational units. The revised Directive assigns greater weight to sustainability criteria in subcontractor selection, evaluation, and development as well as in procured products. Improvement processes and innovation additionally play a major role. Furthermore, a systematic and pervasive control process has been put in place for continuous monitoring of the Directive's implementation.

Procurement strategy
Key features:
- **Developing and fostering entrepreneurial procurement culture**
- **Pursuing opportunities to add value and cut cost**
- **Enhancing competition with innovative programs, processes, and tools.**



The new Group Procurement Directive consists of ten procurement principles and guidelines. The Directive applies to all fully consolidated companies and subsidiaries where HOCHTIEF holds at least 50%. Procurement in the HOCHTIEF Asia Pacific division does not yet come under the new rules.

Hedging material price risk

Bringing the business systematically into line with our infrastruction areas and the contract mining business has the effect of multiplying demand for key inputs such as steel, copper, and fuel. We use special financing instruments to better hedge material price risk on long-duration projects. This has the benefit of locking in today's prices for the whole life of a project.

Proven procurement strategies improved

HOCHTIEF works constantly to improve procurement. This involves expanding our international procurement network on an ongoing basis and pooling expertise across the Group. An example from the year under review is the position of Strategic Procurement Manager created by the Leighton Group to coordinate procurement for the companies in the HOCHTIEF Asia Pacific division, exploit synergies, and generate best practice solutions. The holder of the new position also liaises with other procurement experts in the Group. We secure good procurement terms by combining orders for key merchandise groups, in some cases across divisional boundaries. Another focus is on ongoing standardization of procurement processes to boost internal efficiency and, once again, to obtain better prices. One example of this can be seen in public-private partnership schools projects, where using standard sizes makes it possible to buy in important products like doors and windows in greater quantities.

Specific procurement challenges at HOCHTIEF

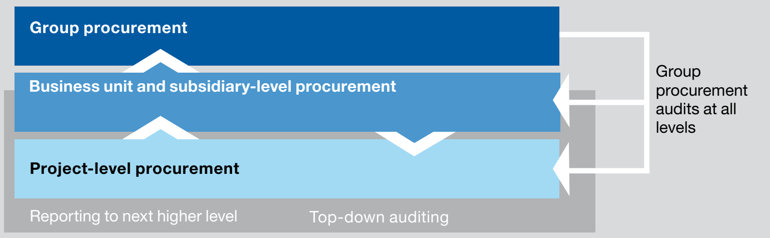
The clear, Group-wide strategic orientation across our business poses new challenges for procurement. Where the focus in the past was on procuring material and services for construction, increasingly procurement today frequently supports projects throughout their life cycle, from development and construction right through to operation.

This is well illustrated in the area of energy infrastructure. The task of procurement here does not end with buying steel to build the foundations for offshore wind turbines. HOCHTIEF's integrated approach means that procurement experts must also obtain items such as helicopters to ferry personnel back and forth to installation vessels, commission divers, and charter tugboats to take our jack-up platforms where they are needed.

The situation is similarly complex in transportation infrastructure. In the past, HOCHTIEF concentrated on the construction side of creating infrastructure such as tunnels. Nowadays, the Group serves growing demand for turnkey solutions. As a result, our company today procures and installs products such as lighting, ventilation, and safety systems for tunneling. Our portfolio also takes in facility management services such as maintenance and operation. For these services, too, procurement selects material, services, subcontractors, and suppliers.

The strong demand for properties with LEED or DGNB* certification also drives related demand for sustainable and certified building materials, service providers, and suppliers. Through close cooperation in our global network, we have direct access to experts in sustainability.

Structure of the internal control system in procurement



In the data centers market segment, our US subsidiary Turner is in charge of managing equipment at individual locations. Modeled on this, HOCHTIEF Solutions launched a data center product in Germany. As well as building the data centers themselves, the service portfolio also includes providing energy for data center operation. We meet this need with full-service energy contracting.

Turner has a similar capability to provide total solutions when it comes to building and fitting out hospitals. Our subsidiary thus supplies clinics with medical appliances, furniture, and supplies. Turner also designs and efficiently undertakes installation of the technical equipment.

Our Australian subsidiary Leighton principally operates in the contract mining business. One example of coordinated procurement activities in the Leighton Group is a project launched in the year under review: Procurement of the large-scale machinery needed for resource extraction together with supplies for its operation such as fuel, oil, and tires is combined across companies and centrally negotiated. The resulting procurement volume makes up a significant slice of total procurement and capital expenditure in the HOCHTIEF Group.

* See glossary on page 223.

Measuring Return on Capital: Return on Net Assets

Value-driven management system for Group-wide transparency

We base management of the Group on our reliable value-driven management system. Our goal in this is to enhance profitability and hence the value of the Group on a sustained basis.

The return on net assets (RONA) performance metric measures profitability and makes value growth visible. It is integrated into all Group company reporting and planning systems to ensure transparency regarding the success of our business. It also provides the basis for assessing the profitability of investment decisions. Value-based performance measures are used alongside indicators focusing on earnings and cash flow* as key components of our management system.

*See glossary on page 223.

Our top management compensation is linked to the attainment of profitability targets to promote a value-driven approach.

**A detailed calculation of our cost of capital is provided online at www.hochtief.com/rona.

Return on net assets (RONA)

The two main control parameters relating to return on capital are RONA and value created.

If RONA exceeds weighted average cost of capital (WACC), value created is positive and the Group is creating value. Expressed in absolute terms, value created is RONA, minus WACC, times average net assets.

RONA indicates how well HOCHTIEF's assets are performing as an investment. It measures return as a percentage of net assets. Return is defined for this purpose as operating earnings (EBITA, shown in the Operational Statement of Earnings) plus interest income from the Group's financial assets. The net assets figure reflects the total capital commitment from which returns are to be generated. Net assets can be calculated starting from the assets side or the liabilities side of the balance sheet.

For divisional management purposes, net assets are determined starting from the assets side by taking total assets and deducting non-interest-bearing liabilities. The assets-side calculation of net assets is useful in monitoring operating activities as it specifically highlights accounting parameters that operational managers can influence, such as trade receivables, liquidity, and trade payables.

For the HOCHTIEF Group's external reporting purposes, net assets are determined from figures on the liabilities side of the balance sheet. Net assets are obtained in a simple and easy-to-follow calculation by adding interest-bearing liabilities items on the published balance sheet (shareholders' equity, pension provisions, and financial liabilities). Since RONA is calculated on a pre-tax basis, deferred taxes are eliminated from the net assets figure to remove tax effects.

Cost of capital (WACC)**

Cost of capital is calculated on a weighted average basis. The parameters influencing cost of capital are regularly reviewed and are modified in line with any significant changes in the market environment. Taking into account the various parameters, the Group's pre-tax weighted average cost of capital came to 10% and so showed no change compared with the prior year. The cost of capital is measured individually for each of the divisions. A wide range of elements are taken into account here. These include divisional financing structure and risk profile in the form of beta. A division's risk profile is largely determined by competition risk and sectoral risk, capital expenditure in conjunction with tied-up capital, divisional diversification, fixed costs as a percentage of total costs, and customer and supplier dependency.

HOCHTIEF Group: Weighted average cost of capital (WACC)

	2012
Risk-free interest rate	4.5 %
Market risk premium	4.5 %
Beta	1.2 x
Post-tax cost of equity capital	**9.9 %**
Pre-tax cost of debt capital	5.75 %
Tax-deductibility of interest (tax shield)	-1.85 %
Post-tax cost of debt capital	**3.9 %**
Equity capital share	50 %
Debt capital share	50 %
Post-tax WACC	**6.9 %**
Effective rate of tax on income	31.5 %
Pre-tax WACC	**10.0 %**

HOCHTIEF Group: Return on net assets (RONA)

(EUR million)	2012	2011
Operating earnings (EBITA)*	803.0	62.0
+ Interest income	62.6	75.6
Return	**865.6**	**137.6**
Shareholders' equity (including minority interests)	4,243.8	4,110.4
+ Pension provisions	309.6	188.8
+ Financial liabilities	4,456.5	3,794.4
– Deferred tax assets	257.9	274.7
+ Deferred tax liabilities	92.7	78.7
Net assets at December 31	8,844.7	7,897.6
Average net assets	**8,371.1**	**7,653.3**
Return on net assets (RONA)	**10.3**	**1.8**
Value created (absolute)	**25.1**	**(627.6)**

*See page 71 for the derivation of operating earnings (EBITA).

HOCHTIEF Group performance

The HOCHTIEF Group generated a 10.3% return on net assets in fiscal 2012 (versus 1.8% in 2011). We thus attained our goal of once again generating a return on net assets in excess of the weighted average cost of capital in 2012 and achieved a positive figure for value created.

HOCHTIEF generated a **return** of EUR 865.6 million, significantly more than in the weak prior year (EUR 137.6 million). The strong return for 2012 is notably driven by Leighton's return into profit. Average **net assets** rose from EUR 7.7 billion to EUR 8.4 billion year on year. This represents an increase of some 9.4%. This was largely due to the rise in the Australian and US dollar exchange rates in 2012.

HOCHTIEF Group **value created** was EUR 25.1 million (2011: minus EUR 627.6 million), resulting in an increase in value. The trend is thus strongly positive compared with the prior year. This is an especially satisfactory development considering that the Group still had to absorb impacts on earnings in the first half of the year from the two problematic projects, Airport Link and Victorian Desalination Plant, as well as provisioning for the Elbe Philharmonic Hall project.

Divisional value created and returns

So that the performance and competitiveness of HOCHTIEF's divisions can be better measured and compared, they are managed with reference to division-specific costs of capital.

The **HOCHTIEF Americas** division decreased value created from EUR 74.3 million in the prior year to minus EUR 6.7 million in the year under review. The negative value created relates to poor operating earnings performance in the civil engineering segment. Factors here included operating below capacity and earnings impacts on individual projects. The negative earnings contribution was only partly offset by the reversal of risk provisions that had ceased to be needed. In the building construction segment, on the other hand, our subsidiary Turner performed well with positive returns. RONA came to 10.5% in the year under review, slightly below the 11.4% weighted average cost of capital.

Divisions	Return 2012 (EUR million)	Net assets (avg.) 2012 (EUR million)	RONA 2012 (%)	WACC 2012 (%)	Value created 2012 (EUR million)	Value created 2011 (EUR million)
HOCHTIEF Americas	77.6	740.0	10.5	11.4	(6.7)	74.3
HOCHTIEF Asia Pacific	619.5	4,561.7	13.6	11.8	82.1	(586.0)
HOCHTIEF Europe	125.8	1,830.2	6.9	10.2	(60.4)	(100.9)*
Group	865.6	8,371.1	10.3	10.0	25.1	(627.6)

*Adapted to the new structure. For details on the adaptations, please see page 211.

The **HOCHTIEF Asia Pacific** division generated RONA of 13.6% in the year under review (2011: minus 3.4%). After the negative figure for value created in 2011, which was largely a result of the large losses on the problematic projects at Leighton and the Habtoor Leighton Group, the division's value created was back in positive figures in 2012 at EUR 82.1 million (2011: minus EUR 586.0 million). Further impacts from the two problematic projects in 2012 were compensated by Leighton's growing core business. Net assets increased in the year under review mainly due to the rise in the Australian dollar exchange rate during 2012 as well as a rise in current assets such as receivables and cash and cash equivalents at Leighton.

HOCHTIEF Europe produced a 6.9% return on net assets and consequently a negative figure of minus EUR 60.4 million for value created. A notable boost to returns came from the successful sale of our investment in Chile's Vespucio Norte Express toll expressway. In the mainstream construction business, the Elbe Philharmonic Hall building construction project in Hamburg and provisions recognized in connection with it resulted in a loss that largely accounted for the division's negative value created.

In 2012, the PPP Solutions segment was transferred to the HOCHTIEF Europe division. The prior-year figures were restated accordingly.

Outlook

HOCHTIEF generated a 10.3% return on net assets in 2012. It thus recouped its cost of capital and generated a positive figure for value created overall. We are not yet fully satisfied with the performance attained. To further enhance profitability in the future, we will align our divisions and business segments even more closely to profitability targets. In addition to this, we aim to reduce tied-up capital and increase asset turnover.

We are confident that we will be able to further enhance HOCHTIEF's value in the years ahead on the basis of our corporate strategy geared to sustained value growth. Our goal in this connection is for all divisions to generate positive figures for value created from their operating activities.

Value creation

HOCHTIEF generated net value added of EUR 6,381.2 million in fiscal year 2012. Net value added thus rose by 28.1% year-on-year.

Sources

Net value added as a proportion of corporate performance increased by 3.4 percentage points to 24.5% in the fiscal year.

The increase in value added resulted firstly from the fact that corporate performance rose by 10% to EUR 25,998 million whereas the offsetting increase in input costs was lower at only 9.1% to EUR 18,970.1 million. Input costs as a proportion of corporate performance therefore decreased to 73%.

Secondly, due to the significant increase in net income from participating interests, value added rose to EUR 186.4 million. The sharp increase on the previous year was notably attributable to net income from participating interests in the HOCHTIEF Asia Pacific division, which was no longer subject to the high charges recognized in 2011 for loss-making projects and impairment losses at the Habtoor Leighton Group.

Distribution

As in the previous years, most of the Group's value added in 2012 was again distributed to our almost 80,000 employees in the form of salaries and wages. This represented a rise of EUR 676.9 million over the prior year and was due in particular to the increase in corporate performance in the HOCHTIEF Asia Pacific division, which likewise went hand in hand with an increase in the corresponding personnel costs.

The percentage distributed to lenders rose in comparison with the previous year, primarily as a result of higher financial liabilities in the HOCHTIEF Asia Pacific division. The share distributed to minority shareholders and the tax expense increased significantly in fiscal 2012 due to the improved earnings situation compared with the prior year.

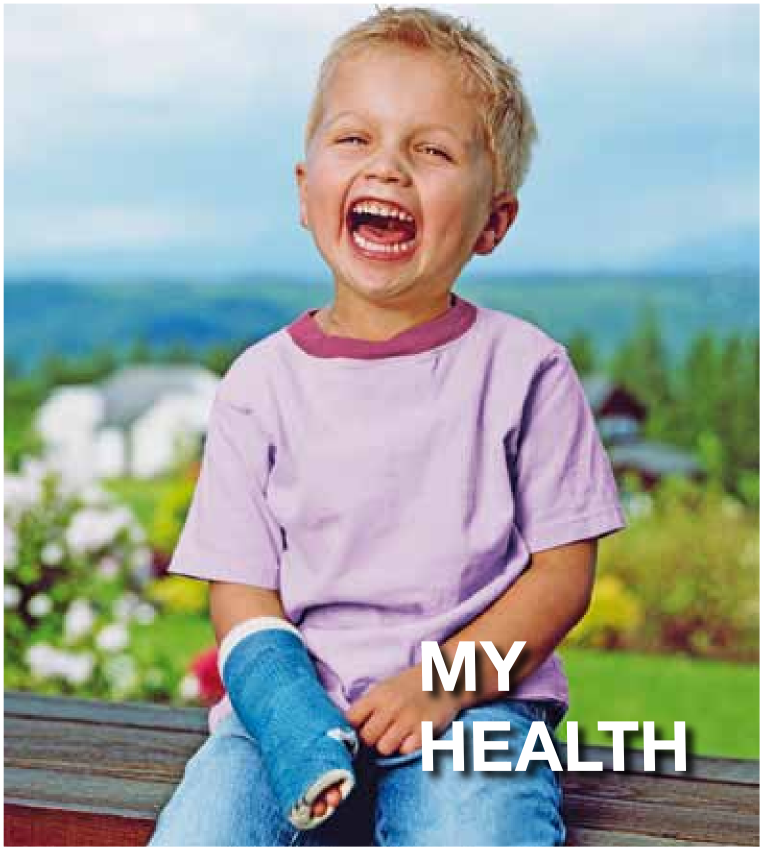
Sources of value added

	2012		2011	
	EUR million	%	EUR million	%
Sales	25,527.7	98.2	23,282.2	98.5
Changes in inventories	91.6	0.4	(143.6)	-0.6
Other operating income	378.7	1.5	499.5	2.1
Corporate performance	**25,998.0**	**100.0**	**23,638.1**	**100.0**
Materials	(17.312.0)	66.6	(15,572.2)	65.9
Other operating expenses	(1.636.5)	6.3	(1,792.9)	7.6
Other investment expenses	(21.6)	0.1	(29.1)	0.1
Input costs	**(18,970.1)**	**73.0**	**(17,394.2)**	**73.6**
Investment and interest income	85.6	0.3	106.2	0.4
Net income from participating interests	186.4	0.7	(584.7)	-2.5
Gross value added	**7,299.9**	**28.1**	**5,765.4**	**24.4**
Depreciation and amortization	(918.7)	3.5	(782.9)	3.3
Net value added	**6,381.2**	**24.5**	**4,982.5**	**21.1**

Distribution of value added

	2012		2011	
	EUR million	%	EUR million	%
Employees	5,537.1	86.8	4,860.3	97.5
Lenders	297.6	4.7	249.2	5.0
Minority shareholders	227.5	3.6	(7.6)	-0.2
HOCHTIEF shareholders	73.6	1.2	0.0	0.0
Public authorities	160.8	2.5	40.9	0.8
HOCHTIEF	84.5	1.3	(160.3)	-3.2
Net value added	**6,381.2**	**100.0**	**4,982.5**	**100.0**

The portion distributed to shareholders rose on the basis of the Executive Board's proposal for the use of net profit, which foresees a dividend of 1.00 euro per no-par-value share for the reporting year for a total of EUR 73.6 million. Thus the share of value added distributed to the company was EUR 84.5 million—the difference between the consolidated net profit (EUR 158.1 million) and the profit distribution to shareholders.



At whatever age, you need good health to enjoy life. That's why HOCHTIEF builds modern hospitals the world over that make room for efficiency and quality. For example, our Australian holding Leighton Contractors is working with partners to develop and build the Royal Adelaide Hospital, the largest PPP healthcare project in Australia. Here, patients big and small get the very best care possible.

Financial Review

Earnings

HOCHTIEF's good order books and growth in the volume of business are reflected in **sales** performance. Compared with the prior year (EUR 23.28 billion), HOCHTIEF increased sales by 9.6% to EUR 25.53 billion.

Through subsidiary Leighton, the HOCHTIEF Asia Pacific division won new contracts on a large scale in the mining business and profited from a large intake of orders for the expansion of energy infrastructure in Australia. Leighton also has a strong position on the Australian market for transportation infrastructure and has a presence in the Gulf region through its group company the Habtoor Leighton Group. The good order books impacted very positively on sales performance in the HOCHTIEF Asia Pacific division. Sales climbed from EUR 13.63 billion in fiscal 2011 to EUR 15.18 billion in the reporting period. Aside from operating factors, the strong growth of EUR 1.55 billion (11.4%) included EUR 1.12 billion resulting from translation from Australian dollars into euros, the Group currency. The HOCHTIEF Americas division serves the North American construction market and concentrates there on growth opportunities in the transportation infrastructure and the social and urban infrastructure segments. With its subsidiaries Turner, Flatiron, and E.E. Cruz, the division undertakes challenging building construction and civil engineering projects. With the acquisition of a majority stake in Clark Builders, completed on January 1, 2012, we extended our capacity to the lucrative growth market in northern and western Canada. The enormous potential in the North American market is mirrored in strong sales growth in the HOCHTIEF Americas division. At EUR 7.37 billion, sales were up EUR 1.19 billion on the comparative prior-year figure (EUR 6.18 billion). This included EUR 561.7 billion million from exchange rate effects. We have pooled the products and services of our German and European Group companies in the HOCHTIEF Europe division. Alongside the mainstream construction business, this also includes our real estate development and service operations and from the start of the year our public-private partnership activities. Sales in fiscal 2012 came to EUR 2.85 billion, marking a EUR 520.6 million shortfall on the prior year (EUR 3.37 billion). In the prior year, the large-scale Barwa Commercial Avenue project in Qatar still accounted for a substantial portion of sales. This project was completed and handed over to the client in the past fiscal year.

Operational Statement of Earnings

(EUR million)	2012	2011
Profit from operating activities	**595.1**	**626.5**
+ Net income from participating interests	186.4	(584.8)
– Non-operating earnings	(+) 21.5	(+) 20.3
Operating earnings (EBITA)	**803.0**	**62.0**
Net investment and interest income	(235.1)	(168.7)
Non-operating earnings	(21.5)	(20.3)
Profit before taxes	**546.4**	**(127.0)**
Income taxes	(160.8)	(40.9)
Profit after taxes	**385.6**	**(167.9)**
Of which: HOCHTIEF Group	158.1	(160.3)
Of which: Minority interest	227.5	(7.6)

HOCHTIEF once again held its top ranking in terms of internationalization in fiscal 2012. As a globally operating Group, we have broadly diversified our business and are on the map in the world's key markets. At 92.7% (2011: 91.2%), we have further increased the proportion of sales generated in our international business.

Earnings performance substantially improved over prior year

HOCHTIEF improved almost all earnings indicators in fiscal 2012. After a prior year in which the Group had to absorb large losses at subsidiary Leighton, risk provisioning for toll road projects in Greece and high costs in connection with former Executive Board members' special termination rights, we achieved turnaround in 2012. With **operating earnings (EBITA)** of EUR 803 million, HOCHTIEF attained a level EUR 741 million higher than the prior-year comparative figure (EUR 62 million). However, alongside the good base of business—notably at Leighton and Turner—nonrecurring factors impacted earnings performance in the various divisions.

The earnings situation in the HOCHTIEF Asia Pacific division improved markedly as expected in the past fiscal year. The strength of the recovery—measured by our demanding targets—nonetheless fell short of our expectations with operating earnings of EUR 593.6 million (2011: operating loss of EUR 168.2 million). Airport Link, Brisbane, and the Victorian Desalination Plant, Melbourne, the two problem projects that incurred substantial losses in the prior year, once again brought down earnings in 2012. This was due to unexpected cost overruns and construction delays identified at the beginning of the year. Both projects were completed and handed over to the clients in the course of the year. In the ensuing operating phase, the Airport Link project has so far fallen well short of the original traffic volume forecasts. The residual carrying amount of the stake in the operating company, BrisConnection, was therefore written off. The process of shedding non-core activities from the portfolio already began in the past fiscal year with the sale of Thiess Waste Management Services. Leighton generated a marked boost to earnings in this transaction.

Earnings performance in 2012 in the HOCHTIEF Americas division was not satisfactory overall. While well into positive figures at EUR 74.3 million, operating earnings fell by half compared with the prior year (EUR 148.4 million). Looking separately at the individual segments, clear differences emerge across the division. Turner held its position as number one general builder in the USA with a hand in numerous projects to modernize social and urban infrastructure. The company also stayed market leader in the green building segment. Earnings in this segment further improved. Our subsidiary Flatiron faced a far more difficult market environment in comparison. The slowdown in the US civil engineering market that set in during the prior year led to project postponements and growing pressure on project margins. Difficulties with work execution in individual projects and operating below capacity significantly impacted on earnings.

The HOCHTIEF Europe division serves clients with a broad range of capabilities and primarily operates in Germany and in the European market. In addition, we also offer our expertise on a selective basis for promising projects in markets outside of Europe. Despite numerous successful contracts and projects, earnings performance in fiscal 2012 was negatively impacted, notably by the large-scale Elbe Philharmonic Hall project in Hamburg. HOCHTIEF and the City of Hamburg have reached agreement for work on the project to continue in a compromise document that demands financial concessions from all parties. We have fully incorporated the accounting effects of this solution in our figures for fiscal 2012 and have made financial provision as needed. The mainstream construction business was also adversely affected by the lower volume of orders in the reporting year. The resulting excess capacity meant that overheads were far short of being covered. Notable successes were achieved in the public-private partnership activities, which also come under the HOCHTIEF Europe division. With the sale of a 45.45% stake in the Vespucio Norte Express toll highway, we unlocked the value in a prime infrastructure asset and generated a substantially positive contribution to earnings. As a result, the HOCHTIEF Europe division attained a comfortably positive figure for operating earnings that at EUR 92.2 million was also well up on the prior year (EUR 47.1 million). Prior-year operating earnings were notably affected by risk provisioning that had become necessary for toll road projects in Greece.

After a heavy loss totaling EUR 584.8 million in the prior year, HOCHTIEF Group **net income from participat-**

ing interests recovered considerably in the past fiscal year. At EUR 186.4 million, net income from participating interests was back in positive figures and EUR 771.2 million above the prior year. The key factor was the stabilization with regard to participating interests at Leighton. In the prior year, net income from participating interests was adversely affected by operating losses on the construction of the Victorian Desalination Plant and at the Habtoor Leighton Group, and by the impairment loss recognized on the carrying amount of the investment in the Habtoor Leighton Group. In fiscal 2012, operating earnings at the Habtoor Leighton Group were still negative but showed a distinct improvement on the prior year. Net income from participating interests in the HOCHTIEF Asia Pacific division consequently remained slightly negative at minus EUR 37.7 million despite a marked improvement of EUR 759.7 million. Net income from participating interests in the HOCHTIEF Americas division was positive, amounting to EUR 26 million. The EUR 64.6 million prior-year figure was not matched, however, due to substantially lower earnings contributions from joint venture projects at Flatiron. In the prior year there was also the positive effect of the proceeds from the sale of the remaining stake in HOCHTIEF do Brasil. The HOCHTIEF Europe division increased net income from participating interests compared with the prior year (EUR 10.9 million) by EUR 47.2 million to EUR 58.1 million. The largest contribution here came from the real estate business in the Real Estate Solutions segment, and notably aurelis Real Estate. In the prior year net income from participating interests was negatively impacted in the PPP segment due to the recognition of impairment losses on long-term loans to participating interests.

The criteria for presenting the airport holdings as assets held for sale (as a disposal group) in accordance with IFRS 5 continued to be met in the past fiscal year with the exception of Athens Airport. The investment in Athens Airport was taken out of the disposal group due to the macroeconomic problems in Greece and consequently included, once again by way of equity method adjustments, in the HOCHTIEF Group's net income from participating interests for the whole of fiscal 2012. The remaining airport holdings in the disposal group, on the other hand, remained not subject to equity accounting in 2012. Only dividends distributed by and income from long-term loans to these airport companies were included in net income from participating interests for the HOCHTIEF Group. The airports business contributed a net EUR 140 million to net income from participating interests for the HOCHTIEF Group in 2012, an increase of EUR 2.9 million on the prior year (EUR 137.1 million). It should be kept in mind when comparing these figures that the airport holdings only ceased to be subject to equity accounting in 2011 with effect from September 30.

We have placed the Group's financing structure on an even broader base with HOCHTIEF Aktiengesellschaft's first corporate bond issue. The bond is for a principal amount of EUR 500 million, matures in March 2017 and has a coupon of 5.5% p.a. Leighton also tapped into the US capital market, issuing a guaranteed bond for USD 500 million maturing after ten years with a coupon of 5.95% p.a. Together with the existing syndicated credit facilities, promissory note loans, short-term credit facilities, and local financing arrangements in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions, the Group thus has at its disposal a sound financing mix that is secure for the long term. **Net investment and interest income** in fiscal 2012, at minus EUR 235.1 million (2011: minus EUR 168.7 million) was consequently dominated by interest expense on the new borrowings. Interest expense increased by EUR 48.4 million to EUR 297.6 million. Interest income, at EUR 62.6 million, was also EUR 13 million down on the prior year (EUR 75.6 million).

*The full Consolidated Statement of Cash Flows appears on page 146, in the Financial Statements and Notes section.

HOCHTIEF has recovered from the loss incurred in the prior year and for fiscal 2012 is once again able to present a substantial **profit before taxes** of EUR 546.4 million. Compared with the prior year (a loss of EUR 127 million), we have thus improved earnings by no less than EUR 673.4 million. All operating divisions generated a profit before taxes.

The **tax expense** came to EUR 160.8 million in the reporting period, compared with EUR 40.9 million in the prior year. In 2011, the large project losses at Leighton resulted in the substantial recognition of deferred tax assets and consequently a net EUR 20.9 million income item from deferred taxes. The project losses were significantly smaller in 2012. Deferred taxes in the reporting period therefore showed an expense of EUR 68.4 million. Current tax expense was EUR 92.4 million in 2012, an increase of EUR 30.6 million on the prior-year comparative figure (EUR 61.8 million). The increase largely relates to tax paid in connection with the sale of the stake in the Vespucio Norte Express toll road.

The HOCHTIEF Group is firmly back in the black with a **profit after taxes** of EUR 385.6 million, compared with a EUR 167.9 million loss after taxes in the prior year. Consolidated net profit attributable to HOCHTIEF shareholders amounted to EUR 158.1 million, versus a consolidated net loss of EUR 160.3 million in the prior year. The amount allocated to minority interest out of profit after taxes is likewise firmly positive in the reporting period, at EUR 227.5 million, compared with a loss of EUR 7.6 million allocated to minority interest in the prior year. Alongside the large minority interest in profit after taxes at Leighton, the airports business and the HOCHTIEF Europe division also have significant minority shareholdings.

Statement of Cash Flows for the HOCHTIEF Group (Summary)*

(EUR million)	2012	2011
Net cash provided by operating activities	1,005,7	1,025.8
Net cash used for investment activities	(1,452.3)	(1,277.0)
Net cash provided by/(used in) financing activities	728,5	(21.2)
Net cash increase/(decrease) in cash and cash equivalents	**281,9**	**(272.4)**
Cash and cash equivalents at year-end	**2,525.5**	**2,280.7**
Of which: Included in assets held for sale	[10,7]	[15.9]
Of which: Cash and cash equivalents as per Consolidated Balance Sheet	[2,514.8]	[2,264.8]

Cash flow

Consolidated statement of cash flows

Net cash provided by operating activities came to EUR 1.01 billion in fiscal 2012 (2011: EUR 1.03 billion). The marked improvement in profit after taxes had a positive impact on cash flow in the reporting period. At the same time, there was significant growth in the volume of business, notably at Leighton. The attendant increase in receivables from clients absorbed large quantities of liquidity to become tied up in working capital. Additionally, the project losses on Airport Link and the Victorian Desalination Plant that did not yet have a cash effect in the prior year now impacted negatively on cash flow. The net outcome was for net cash provided by operating activities to remain at its prior-year level.

HOCHTIEF once again committed substantial cash resources in 2012 to **capital expenditure** on property, plant and equipment and financial assets. At EUR 1.78 billion, capital expenditure was nonetheless EUR 242 million below the very high prior-year figure of EUR 2.02 billion. Our focus in the capital expenditure on property, plant and equipment in the prior year (EUR 1.51 billion) was on additionally procuring plant and equipment for mining as well as on upgrading our construction plant for complex projects in the infrastructure business. The high technical standards achieved in the process enabled capital expenditure on property, plant and equipment in the period under review to be scaled back by EUR 291.4 million to EUR 1.21 billion. Leighton accounted for EUR 1.11 billion of this amount, compared with EUR 1.39 billion in the prior year. Capital expenditure on financial assets, at EUR 566.7 million, was slightly up on the prior-year level (EUR 517.3 million). Alongside investment spending in the business portfolio at Leighton—including a payment into capital at a joint venture to meet incurred losses on the Victorian Desalination Plant project—we acquired a majority stake in Clark Builders, Canada, through our subsidiary Turner with effect from January 1, 2012. The lion's share of capital spending on financial assets in the HOCHTIEF Europe division was in the public-private partnership segment. Prior-year investment expenditure on financial assets was concentrated on expenditure at Budapest Airport and on participating interests at Leighton and joint ventures at Flatiron. The HOCHTIEF Group generated a cash inflow of EUR 504.8 million in proceeds from asset disposals and divestments in the reporting period. The largest share of this, an amount of EUR 444.6 million, related to divestments at Leighton. Aside from disposals of joint ventures, Thiess Waste Management Services was sold as part of the process of clearing the business portfolio of non-core activities. The larger prior-year Group figure (EUR 586.8 million) resulted besides asset disposals and divestments from the sale by Leighton of mining projects in the Henry Walker Eltin iron ore business. Turner and our Luxembourg fund management companies made use of opportunities in the investment markets to make additions to their securities portfolios. The prior year, in contrast, saw sales of securities primarily at Group companies in Germany to optimize the financing structure. Changes in securities holdings and financial receivables therefore produced a EUR 232.3 million cash outflow in fiscal 2012, compared with a EUR 146 million cash inflow in the prior year. The first-time consolidation of Clark Builders added EUR 56.6 million to HOCHTIEF's cash resources in the reporting period. In the prior year, changes in cash and cash equivalents due to consolidation changes added EUR 13.6 million to cash holdings. In total, the HOCHTIEF Group recorded EUR 1.45 billion in **net cash used in investing activities** compared with EUR 1.28 billion used in the prior year.

HOCHTIEF pressed on with the systematic optimization of its financing strategy in the past fiscal year. Our capital market transactions in this connection are geared to securing the available credit facilities for the long term and ensuring sufficient liquidity for our operational units. **Net cash provided by financing** activities came to EUR 728.5 million in fiscal 2012, compared with net cash used in financing activities of EUR 21.2 million in 2011. In the prior year, proceeds from new borrowing and service of debt more or less canceled out at EUR 1.24 billion each. In 2012, the HOCHTIEF Aktiengesellschaft bond issue, Leighton's US dollar bond issue for a principal amount of USD 500 million and the new leasing arrangements combined with additional long and short-term bank borrowing added to cash resources. In total, new borrowing came to EUR 2.52 billion. We used part of the proceeds to refinance financing arrangements that had fallen due or were drawn upon. Besides repaying EUR 200 million in drawings on the credit facility, an amount of EUR 129.5 million of the promissory note loan that matured in May 2012 was repaid on schedule. Leighton also drew down liabilities toward lenders by a substantial EUR 736.3 million. Service of debt by the HOCHTIEF Group amounted to a total of EUR 1.66 billion in the reporting period. Dividend payments in the amount of EUR 151.2 million (2011: EUR 290.5 million)—for the most part to minority shareholders at Leighton—also reduced the HOCHTIEF Group's cash resources. The EUR 19.9 million in payments into equity by minority shareholders in the past fiscal year mostly came from minority shareholders in project companies. The significantly higher prior-year figure of EUR 271.1 million largely relates to the capital increase at Leighton at the beginning of fiscal 2011.

HOCHTIEF's Consolidated Balance Sheet as of December 31, 2012 shows cash and cash equivalents of EUR

2.51 billion (2011: EUR 2.26 billion). This represents a EUR 250 million increase in cash resources relative to the previous year-end. The effect of exchange rate changes included here was slightly negative at minus EUR 37 million. The reclassification of cash and cash equivalents to assets held for sale in connection with the presentation of the airport holdings as a disposal group has the effect of reducing cash and cash equivalents by EUR 10.7 million.

Free cash flow—net cash provided by operating activities (EUR 1.01 billion) minus net cash used in investing activities (EUR 1.45 billion)—came to a negative figure of EUR 446.6 million in fiscal 2012. The corresponding prior-year figure was a negative figure of EUR 251.2 million.

Group financing further diversified and secured for the long term—HOCHTIEF issues first corporate bond—bilateral promissory note loan taken out

Following the successful, early refinancing of a syndicated credit and guarantee facility* in a total amount of EUR 2 billion in December 2011, the Group further diversified and secured its financing with the successful placement of HOCHTIEF's first corporate bond.

*See glossary on page 224.

On March 23, 2012, HOCHTIEF Aktiengesellschaft issued its first corporate bond in a principal amount of EUR 500 million. The debt instrument, which accrues interest at 5.5% annually over a term of five years, was issued in cooperation with a banking syndicate consisting of BNP Paribas, Commerzbank, ING, and UniCredit. Both domestic and international investors showed great interest in the investment based on the high name recognition, retail-friendly denominations of EUR 1,000, and attractive conditions with regard to documentation and pricing. Continuing solid demand from buy-and-hold investors has likewise been reflected in the positive price trend of the bond throughout the rest of the year in secondary market trading.

In December 2011, HOCHTIEF Aktiengesellschaft had already refinanced early a syndicated facility for a total of EUR 2 billion maturing at the end of 2016 and consisting of a guarantee facility tranche totaling EUR 1.5 billion and a credit facility tranche for EUR 500 million that can be drawn on a revolving basis. Drawings on the guarantee facility came to EUR 1.07 billion as of the reporting date. Drawings on the credit facility tranche are made flexibly as needed and totaled EUR 200 million on the reporting date. The terms may still be regarded as attractive compared with current market conditions.

Moreover, in December 2012 we succeeded in closing on a bilateral promissory note loan in what remains a difficult market environment. With a volume of EUR 50 million, a term of four years, and a fixed annual interest rate of 3.523%, this transaction has contributed to the Group's financial security. The terms are based on the favorable secondary market prices for HOCHTIEF corporate bonds. The high credit approval from a single investor reflects the sustained good credit standing of the HOCHTIEF Group on national and international capital markets alike. In line with our strategy of preceding years, we ensure as before that all lenders have equal terms. With the latest promissory note loan issue, we have now placed a total of EUR 598 million in long-term funding in this attractive finance segment in Germany and internationally.

Both tranches of the promissory note loan falling due in May 2012 for a total of EUR 129.5 million were repaid on schedule.

HOCHTIEF Aktiengesellschaft also has bilateral, short-term credit facilities to furnish operational units with sufficient cash resources to finance day-to-day business. These facilities have to be renewed annually and run to a total of around EUR 458 million. Over 75% of the facilities have written bank confirmation for up to a year. The terms are in keeping with the high credit standing of the HOCHTIEF Group. Drawings on these short-term credit facilities amounted to EUR 243 million as of the reporting date.

The syndicated guarantee facility is supplemented with bilateral guarantee facilities, which placed roughly an additional EUR 927 million at the disposal of HOCHTIEF Aktiengesellschaft as of year-end 2012. Here, too, the terms accord with the ongoing good credit standing of the HOCHTIEF Group.

The various borrowing instruments taken together secure long-term, broadly diversified funding for the Group, on borrowing terms and conditions that continue to be acceptable and attractive to HOCHTIEF. None of the borrowing instruments taken out by HOCHTIEF is secured and all are pari-passu, with all lenders having equal seniority.

The syndicated and bilateral facilities are supplemented with project-related borrowing as needed. Such borrowings are each negotiated and agreed on the basis of a specific project, can be put to flexible use and are repaid out of the proceeds when the project is sold. If at all, loans are secured against project assets themselves and, in almost all cases, any recourse to the HOCHTIEF Group is expressly precluded.

As in the prior year, there are loans in place on a local basis for the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. The US bonding facility is very important in this regard. This covers a total of approximately EUR 4.9 billion (USD 6.5 billion) and as before represents the cornerstone of our funding for the US business. Both Turner and Flatiron make use of the facility. A facility of this large size is necessary in the US market, where construction projects often have to be bonded with 100% of the contract value, in contrast to other jurisdictions where 10% performance guarantees are generally required. The local surety bonding facility is the subject of a Group guarantee from HOCHTIEF Aktiengesellschaft. Flatiron additionally maintains bilateral arrangements with banks in the form of both credit and guarantee facilities. These are primarily used in Canadian activities, where bank guarantees are frequently required rather than surety bonds.

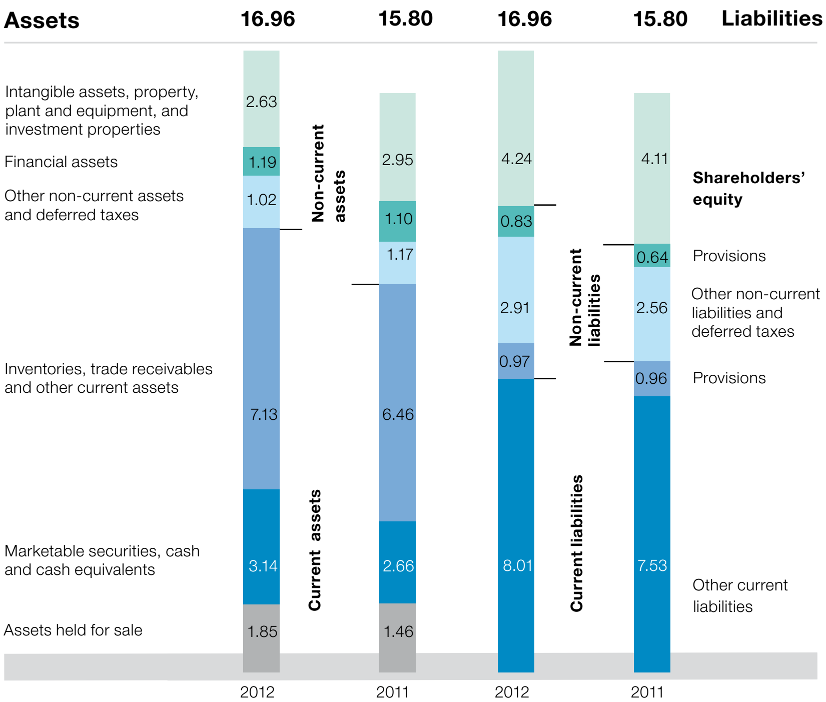
Leighton Holdings' strong standing in the international capital market remains undiminished. Its borrowing activities are carried out on a bilateral or syndicated basis. In the year under review, Leighton issued an approximately EUR 400 million (USD 500 million) ten-year bond. As before, no security or underwriting is provided by HOCHTIEF Aktiengesellschaft or any other Group company.

The documentation for the syndicated facilities as well as the promissory note loan issues and the corporate bond feature identical change-of-control conditions as in the prior year. Change of control takes effect when a 30% shareholding in HOCHTIEF Aktiengesellschaft is exceeded (ACS Group companies excepted). Creditors have a right to terminate their loan commitments for cause if a negotiation period of 60 days (syndicated credit documentation and promissory note loan issues) or 68 days (corporate bond) from the date of change of control expires without agreement. Comprehensive ring-fencing clauses for transactions with ACS have also been retained or built into new credit facilities as well as into the offering prospectus for the corporate bond as applicable.

With the exception of the promissory note loan issues currently in place as well as the short-term credit and guarantee facilities, which have to be renewed annually, we had no borrowing arrangements falling due in 2012. The principal amount of the promissory note loan falling due in 2013 amounts to EUR 154.75 million.

As in the year under review, we will additionally continue to keep a close watch on the financial and capital markets and take advantage of any opportunities to maintain and further diversify the Group's secure long-term financing.

Consolidated Balance Sheet (EUR billion)



Balance sheet

Total assets of HOCHTIEF Group up by more than EUR 1 billion to just under EUR 17 billion

Total assets increased relative to the 2011 year-end figure (EUR 15.8 billion) by EUR 1.16 billion to EUR 16.96 billion. An even larger increase was prevented by EUR 162.2 million in negative exchange rate effects.

Non-current assets amounted to EUR 4.84 billion at the end of fiscal 2012. This marked a decrease of EUR 375.6 million compared with December 31, 2011 (EUR 5.21 billion). Licenses were acquired and activated in connection with the introduction of software products, mostly at Leighton. In the opposite direction, HOCHTIEF's concessions decreased with the sale of the Vespucio Norte Express toll highway. As a net result, the figure for concessions and similar rights was virtually unchanged. The first-time consolidation of Clark Builders with effect from the beginning of the year resulted in recognition of goodwill. This was the main reason for the EUR 20.1 million increase in intangible assets to EUR 713.4 million. Changes in property, plant and equipment were dominated by major capital expenditure at Leighton countered by disposals and depreciation on plant and equipment. The total was also reduced as property, plant and equipment in the telecommunications business earmarked for sale at Leighton was reclassified to the assets held for sale balance sheet item. Ultimately, the HOCHTIEF Group's property, plant and equipment decreased by EUR 335.9 million to EUR 1.9 billion. Investment properties showed practically no change at EUR 19.3 million. This primarily relates to properties in the HOCHTIEF Europe division. Financial assets grew slightly by EUR 89.5 million to EUR 1.19 billion. A key factor here was the reclassification of the carrying amount of the investment in Athens Airport from assets held for sale to financial assets. The reclassification was made necessary by the removal of Athens Airport from the disposal group. Financial assets in the HOCHTIEF Asia Pacific and HOCHTIEF Americas divisions decreased mainly as a result of equity method adjustments. This decrease was countered by growth in financial assets in the HOCHTIEF Europe division—mainly in the real estate development segment as a result of the positive equity method on the investment in aurelis. Non-current financial receivables increased only slightly to EUR 635.3 million. The large majority of the total, at EUR 567.6 million, was accounted for by long-term loans to participating interests at Leighton and in the HOCHTIEF Europe division. The other receivables and other assets classified in non-current assets fell sharply by EUR 157.3 million to EUR 101.5 million. In the prior year, this item included cash and cash equivalents subject to restrictions in the amount of EUR 171.8 million at Leighton. The restrictions related to a loan to a Group company, the Habtoor Leighton Group. With the removal of those restrictions, the now freely available amount was reclassified to cash and cash equivalents. The EUR 23.9 million in income tax assets consists of amounts receivable from foreign tax authorities at Leighton. The deferred tax assets mainly relate to remeasurements. The item decreased by EUR 16.8 million to EUR 257.9 million.

Current assets increased substantially relative to December 31, 2011 (EUR 10.58 billion), climbing by EUR 1.54 billion to EUR 12.12 billion. Growth in work in progress on real estate developments and the procurement of raw materials and supplies for our operational business boosted inventories by EUR 138.9 million to EUR 1.43 billion. Current financial receivables went down by EUR 14.7 million to EUR 135.3 million. The decrease primarily reflected the derecognition of receivables from participating interests in the PPP segment at the HOCHTIEF Europe division. Trade receivables swelled substantially through growth in the operating business, notably at Leighton. The increase of EUR 627.8 million resulted in a year-end figure of EUR 5.31 billion. Other receivables and other assets, at EUR 225.4 million, were more or less on a par with the prior year (EUR 226.5 million). HOCHTIEF Group funds invested in marketable securities increased by EUR 236 million in fiscal 2012 to EUR 628.8 million. The main factor here alongside investments in selected stocks by our Luxembourg fund management companies consisted of purchases of fixed-income securities by Turner. Cash and cash equivalents went up in 2012 by EUR 250 million to EUR 2.51 billion. Growth in the operating business and net cash used in investing activities produced a strongly negative free cash flow. However, we met this cash outflow with the inflow of cash from our financing management.

HOCHTIEF moved forward with the process of selling its airports business started in the prior year and held talks with potential investors. So far, however, no final agreement has been reached. We will nonetheless continue to sound out the market for buyers and our options, and we hold by our plan to sell. In view of the intention to sell, the airports business is reported in accordance with IFRS 5 as non-current assets held for sale (comprising a disposal group). The airport portfolio has been adjusted in line with market needs and Athens Airport taken out of the disposal group. Leighton Holdings additionally plans to sell interests in businesses in the telecommunications sector. These interests are likewise reported in accordance with IFRS 5 as non-current assets held for sale (comprising a disposal group). This item consequently increased by EUR 396.1 million relative to the prior year, to EUR 1.85 billion. The airports business accounts for EUR 1.34 billion of this total and the assets of the Leighton telecommunications business for EUR 516.4 million.

Shareholders' equity in the HOCHTIEF Group stood at EUR 4.24 billion as of December 31, 2012, an increase of EUR 133.4 million on the prior year-end figure (EUR 4.11 billion). Significant positive impacts consisted of EUR 385.6 million in profit after taxes and EUR 28.5 million in other changes not recognized in the Statement of Earnings. In the opposite direction, shareholders' equity was reduced by dividends paid (EUR 151.2 million) together with deductions for changes in actuarial gains and losses (EUR 86.3 million) and for currency translation differences and changes in fair value of financial instruments (EUR 43.2 million).

The equity ratio (shareholders' equity to total assets) was down slightly from 26% at the end of fiscal 2011 to 25% at the end of 2012.

Non-current liabilities increased in the course of the year by EUR 539.3 million to a year-end figure of EUR 3.74 billion. Within this figure, financial liabilities reached a total of EUR 2.75 billion, versus EUR 2.3 billion in the prior year. Key factors here included the capital market transactions effected to secure the Group's long-term finances. Alongside bond issues, these also included further lease arrangements entered into by Leighton. Non-current provisions showed a rise of EUR 192.3 million to EUR 832.7 million. In the measurement of our defined benefit obligation we gave account to the falling trend in market interest rates and accordingly adjusted the discount factor downward. As a result, provisions for pensions and similar obligations went up compared with the prior year by EUR 120.8 million to EUR 309.6 million. Other non-current provisions mainly relate to personnel and insurance-related obligations. The item increased by EUR 71.5 million to EUR 523.1 million. Other liabilities dropped by EUR 115.5 million to EUR 63.2 million. In the prior year, these included cash call commitments on an infrastructure project company at Leighton. Being close to falling due, these were reclassified to current liabilities in the reporting period. Deferred tax liabilities increased slightly by EUR 14 million to EUR 92.7 million.

Current liabilities went up relative to the 2011 year-end (EUR 8.49 billion) by EUR 493.5 million to EUR 8.98 billion. By far the largest share of this related to trade payables from the operating business. These showed a net rise of EUR 119.1 million to EUR 5.75 billion. An increase in the HOCHTIEF Asia Pacific division was countered here notably by a decrease in the HOCHTIEF Europe division due to completion of the Barwa Commercial Avenue project. Current financial liabilities likewise increased due to the reclassification of Leighton bonds from non-current to current liabilities and as a result of new bank borrowings. The Group figure rose from EUR 1.49 billion at the 2011 year-end by EUR 213.6 million to EUR 1.71 billion as of December 31, 2012. Current provisions changed only slightly, going up by EUR 18.3 million to EUR 974.8 million at the end of 2012. Other liabilities, at EUR 385.4 million likewise stayed more or less on a level with the prior year (EUR 379.3 million). Liabilities associated with assets held for sale increased in connection with the planned sale of parts of Leighton's telecommunications business by EUR 135.9 million to EUR 155.2 million.

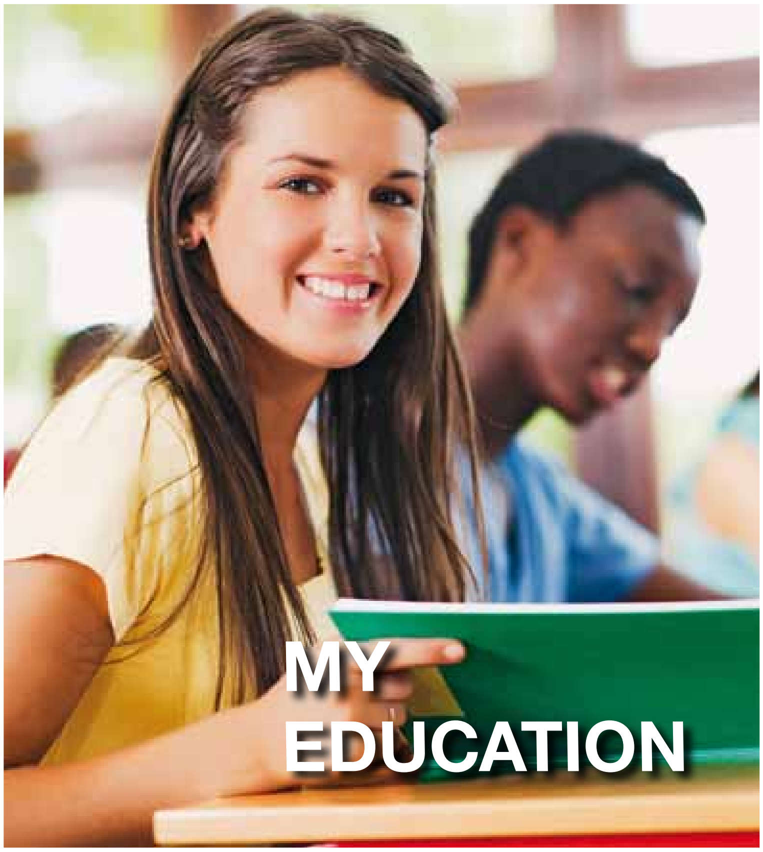
Summary assessment of the business situation by the Chairman of the Executive Board

The order backlog, work done, and profit before taxes have been substantially increased and significantly exceeded their prior-year levels. The HOCHTIEF Americas division recorded large new orders but fell short of expectations, notably with the difficult market environment in the civil engineering sector. Our subsidiary Leighton handed over the two problem projects Airport Link and Victorian Desalination Plant to the clients fiscal 2012, but they nonetheless once again impacted on earnings. Over and above this, major structural and strategic changes were implemented in a realignment and Thiess Waste Management Services was sold in the process of focusing on the core business; Leighton has significantly improved operationally, with stable earnings. In the HOCHTIEF Europe division, with regard to the Elbe Philharmonic Hall project, a new agreement reached with the City of Hamburg in December 2012 creates the preconditions for continuing construction, although it involved accepting a hard cut in earnings. Earnings were positively affected by the sales of the stake in the Vespucio Norte Express toll highway in Chile. Given the work done and earnings performance, the need for adjustments and course corrections in this division is plain to see. There is no change in our intention to sell our airport holdings, but the sale presents difficulties due to the financial market situation. Our guidance for fiscal 2013 is profit before taxes and consolidated net profit higher than the prior year. Key to attaining this are HOCHTIEF's strengths—consummate engineering expertise and vast technical know-how in infrastructure projects coupled with extensive process and management experience. At the same time, to be more efficient and profitable, we must continue to change the Group strategically and structurally and to adjust our course.

Report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG)

As there is no control agreement with our major shareholder ACS Actividades de Construcción y Servicios S. A., the Executive Board of HOCHTIEF Aktiengesellschaft is required to prepare a report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG). This report concludes with the following statement from the Executive Board:

"There were no reportable transactions at HOCHTIEF Aktiengesellschaft in relation to the controlling company or its affiliates in the reporting period January 1 to December 31, 2012. No actions were undertaken or refrained from at the instruction or in the interest of the controlling company or its affiliates."



MY EDUCATION

OUR FACILITIES

Students and teachers want an environment where learning and teaching are fun. That's why HOCHTIEF builds educational facilities all over the globe that deliver—such as Colonel Smith Middle School in Fort Huachuca, Arizona. Built by our US subsidiary Turner, the school is also the first net zero energy building in the state. Here, they get learning space that really makes the grade.

HOCHTIEF Aktiengesellschaft (Holding Company): Financial Review

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2012	2011
Sales	37.0	69.8
Changes in the balance of construction work in progress	(0.7)	(19.6)
Other operating income	58.9	68.1
Materials	(14.6)	(14.3)
Personnel costs	(33.4)	(36.4)
Depreciation and amortization	(5.7)	(11.5)
Other operating expenses	(90.3)	(141.8)
Net income from financial assets	(21.9)	170.2
Net interest income	(45.3)	(84.3)
Writedowns on financial assets and marketable securities	(2.3)	(0.2)
Profit from ordinary activities	**(118.3)**	**·**
Income taxes	4.0	·
Net profit/(loss) before changes in reserves	(114.3)	·
Net profit brought forward	6.9	6.9
Changes in revenue reserves	184.4	–
Unappropriated net profit	**77.0**	**6.9**

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	Dec. 31, 2012	Dec. 31, 2011
Fixed assets		
Intangible assets and property, plant and equipment	36.6	39.8
Financial assets	2,301.1	2,416.7
	2,337.7	**2,456.5**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	1,110.4	1,201.2
Cash and cash equivalents, and marketable securities	77.9	90.1
	1,188.3	**1,291.3**
Excess of plan assets over obligations	**16.0**	**17.0**
Total assets	**3,542.0**	**3,764.8**
Shareholders' equity	1,680.5	1,793.4
Provisions	94.8	115.3
Liabilities	1,766.7	1,856.1
Total liabilities	**3,542.0**	**3,764.8**

HOCHTIEF Aktiengesellschaft heads the HOCHTIEF Group's divisions as a management holding company. Its profits are therefore mostly determined by net income from participating interests as well as by revenues and expenditure relating to its function as a holding company.

The HOCHTIEF Aktiengesellschaft annual financial statements are prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG) and have been given an unqualified auditors' report by auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. There are no recognition and measurement changes relative to the prior year. The 2012 Annual Financial Statements and Management Report of HOCHTIEF Aktiengesellschaft are published in the Bundesanzeiger (Federal Official Gazette).

Earnings

HOCHTIEF Aktiengesellschaft's sales of EUR 37 million (2011: EUR 69.8 million) relate to remuneration for administration and other services, and notably rental and lease revenue. In the prior year, sales also included EUR 27 million in revenue from construction projects where contract performance and processing were left with HOCHTIEF Aktiengesellschaft for organizational reasons in the context of the transfer of construction operations to HOCHTIEF Solutions AG. Due to the settlement of accounts in the meantime, sales revenue from construction contracts in the year under review was significantly lower, at EUR 1 million. Other operating expenses decreased relative to the prior year (EUR 141.8 million) by EUR 51.5 million to EUR 90.3 million. The substantially higher prior-year figure was notably affected by expenditure in connection with the exercising of special rights of termination by former members of the Executive Board.

In other respects, profit in the HOCHTIEF Aktiengesellschaft separate financial statements mostly consists of net income from participating interests. Due to significantly lower income from profit/loss transfer agreements and significantly larger expense from transfer of losses, income from financial assets (net), at EUR -21.9 million, was substantially lower than the prior year level (EUR 170.2 million). This mainly related to impairments of investments and increased transfers of losses in connection with a construction project at HOCHTIEF Solutions AG.

Balance sheet

In keeping with its function as a holding company, HOCHTIEF Aktiengesellschaft's balance sheet is dominated by financial assets and receivables from affiliated companies. These represent 94.6% of total assets (2011: 93.6%). The EUR 11.2 million in marketable securities comprises fixed-interest investments and investment funds. The prior-year figure (EUR 46 million) additionally included EUR 5.2 million in holdings of equity shares. The cash and cash equivalents amounting to EUR 66.7 million (2011: EUR 44.1 million) primarily relate to bank balances.

HOCHTIEF Aktiengesellschaft's subscribed capital is divided into 76,999,999 no-par-value shares and has a nominal value of EUR 197.1 million. Deducting treasury stock still held and the amount of capital stock it represents, subscribed capital stands at EUR 188.5 million. There is virtually no change in the capital reserve, at EUR 784.1 million (2011: EUR 783.6 million). Revenue reserves decreased from EUR 814.6 million to EUR 631 million. EUR 184.4 million of the decrease relates to a withdrawal from other revenue reserves. Shareholders' equity came to the equivalent of 47.4% of total assets (2011: 47.6%).

Liabilities amount to EUR 1.77 billion (2011: EUR 1.86 billion) and include promissory note loans issued in past years totaling EUR 548.3 million as well as a EUR 50 million portion of a bilateral promissory note loan arranged on December 13, 2012. The coupon on each of the promissory note loan issues is in line with market conditions at the time of issue and is either equal to six-month EURIBOR plus an appropriate margin or is made up of a combination of fixed and variable rates. Liabilities also include EUR 521.3 million representing the carrying amount of a bearer bond issued in March of the year under review. The bond matures in March 2017 and carries a coupon of 5.5%. Liabilities also contain EUR 200 million (2011: EUR 400 million) in drawings on a EUR 500 million syndicated revolving credit facility. Amounts due to affiliated companies are largely connected with intra-Group financial management and come to EUR 149.9 million (2011: EUR 647 million).

HOCHTIEF Aktiengesellschaft's net loss before changes in reserves for 2012 was EUR 114,318,000. Including the withdrawal from other revenue reserves (EUR 184,402,000) and profit carried forward from the previous year (EUR 6,916,000), unappropriated net profit comes to EUR 77,000,000.

Executive Board proposal for the use of net profit
The Executive Board proposes resolution on the use of net profit as follows:

The unappropriated net profit of HOCHTIEF Aktiengesellschaft for fiscal 2012 in the amount of EUR 76,999,999.00 will be used to pay a dividend of EUR 1.00 per eligible no-par-value share for fiscal 2012, and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 3,386,725.00 will be carried forward.

The dividend is payable on the day following the General Shareholders' Meeting.

The amounts given here for the profit distribution and for the profit to be carried forward take into account the 73,613,274 no-par value shares with dividend entitlement for the 2012 fiscal year that exist at the time of the profit appropriation proposal. In the run-up to the General Shareholders' Meeting, the number of no-par value shares with dividend entitlement for the 2012 fiscal year can change. In this case, while the distribution of EUR 1.00 for each no-par value share with dividend entitlement for the 2012 fiscal year will stay the same, an adjusted proposal for the appropriation of the profit will be made to the General Shareholders' Meeting.

Disclosures pursuant to Sections 289 (4)/315 (4) of the German Commercial Code
HOCHTIEF Aktiengesellschaft's subscribed capital of EUR 197,119,997.44 is divided into 76,999,999 no-par-value bearer shares. Each share accounts for EUR 2.56 of capital stock.

The capital reserve comprises premium on shares issued by HOCHTIEF Aktiengesellschaft and the book gain on the sale of treasury stock.

The Executive Board is unaware of any restrictions on voting rights or on transfers of securities.

Holdings of more than 10% of voting rights: On June 17, 2011, we were notified by ACS, Actividades de Construcción y Servicios, S.A., Madrid, Spain, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that its voting share in HOCHTIEF Aktiengesellschaft exceeded the threshold of 50% on June 16, 2011 and on that day amounted to 50.16%. Of these voting rights, 46.11% of the voting rights were, according to the notification, attributable to ACS pursuant to Section 22 (1) Sentence 1 No. 1 WpHG via the subsidiaries within the meaning of Section 22 (3) WpHG named in the following (including 4.46% of voting rights in HOCHTIEF Aktiengesellschaft from treasury shares in HOCHTIEF Aktiengesellschaft). The subsidiaries concerned were, according to the notification, Cariátide S.A., Major Assets S.L., and Corporate Statement S.L., all of Madrid, Spain. On September 24, 2012, subsidiary Cariátide S.A. additionally informed us pursuant to Section 21 (1) WpHG that its voting share exceeded the threshold of 30% of voting rights on September 19, 2012 and on that day amounted to 30.69%.

On March 23, 2011, we were notified by the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, pursuant to Section 21 (1) WpHG that the State of Qatar's voting share exceeded the threshold of 10% on March 23, 2011 and on that day amounted to 10.000001%. All of these voting rights are attributed to the State of Qatar pursuant to Section 22 (1) Sentence 1 No. 1 WpHG. The attributed voting rights are held via the Qatar Investment Authority, Doha, Qatar and Qatar Holding LLC, Doha, Qatar, both of which are controlled by the State of Qatar. We received corresponding voting rights notifications from the two above-mentioned controlled entities on the same day. On September 29, 2011, Qatar Holding Luxembourg II S.à.r.l., Luxembourg, additionally informed us pursuant to Section 21 (1) WpHG that its voting share likewise amounted to 10.000001% on September 28, 2011.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

The appointment and replacement of Executive Board members is governed by Sections 84 and 85 of the German Stock Corporations Act (AktG) and Section 31 of the Codetermination Act (MitbestG) read in conjunction with Sections 9 (2) and 7 (1) of the Company's Articles of Association. Statutory rules on the amendment of the Articles of Association are contained in Section 179 et seq. and Section 133 AktG. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority. Under Section 15 of the Articles of Association, the Supervisory Board is authorized to make amendments that only affect the wording of the Articles of Association.

Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 35,840,000 by or before May 10, 2015 (Authorized Capital I). Similarly, there is an authorization to increase capital by up to EUR 23,296,000 by or before May 11, 2016 under Section 4 (6) of the Articles of Association (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 49,280,000 divided into up to 19,250,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares:
The Company is authorized by resolution of the General Shareholders' Meeting of May 3, 2012 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 2, 2013. It is limited to 10% of the capital stock at the time of the General Shareholders' Meeting resolution or at the time of exercising the authorization, whichever figure is smaller, with the quantity of shares able to be acquired by the use of call options limited to a maximum of 5% of the capital stock at the time of the resolution. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount or any fraction. The repurchase may be effected through the stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the General Shareholders' Meeting of May 3, 2012, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of treasury shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell treasury shares other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is also authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer treasury shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the General Shareholders' Meeting of May 12, 2011 (agenda item 8) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements in place of cash settlement. Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the General Shareholders' Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and retirement of treasury stock are set forth in detail in the General Shareholders' Meeting resolution.

Change-of-control clauses in connection with loan agreements and financing instruments

On March 23, 2012, HOCHTIEF Aktiengesellschaft issued its first **corporate bond**. The bond issue is for a principal amount of EUR 500 million, matures in 2017, and has a coupon of 5.5% p.a. The bond terms include change-of-control clauses entitling each holder to require early redemption of the bonds held at their principal amount together with interest accrued provided that the holder submits a completed exercise notice within 68 days of the issuer* publishing the put event notice. A change of control is defined in this context as the acquisition of control within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG) over HOCHTIEF Aktiengesellschaft by a party or a group of parties acting in concert within the meaning of Section 30 (2) WpÜG—excluding shareholder ACS (ACS Actividades de Construcción y Servicios, S.A.) and its affiliates—or entering into a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Sections 291 and 292 of the German Stock Corporations Act (AktG) to the extent that the agreement results in the issuer becoming a dominated company. Comprehensive ringfencing clauses for transactions with ACS were also built into the bond documentation.

*See glossary on page 223.

HOCHTIEF Aktiengesellschaft successfully arranged a **syndicated credit and guarantee facility** for a total of EUR 2 billion with an international banking syndicate on December 13, 2011. The syndicated facility runs to December 2016, consists of a EUR 1.5 billion guarantee facility tranche and a EUR 500 million credit facility tranche, and also contains change-of-control clauses. Lenders may each withdraw from their credit exposure early subject to satisfaction of an agreed condition precedent if negotiations with the borrower to continue the facility have failed, such negotiations having given consideration to the credit standing of the party taking control, the risk of any change in corporate strategy, and the risk of the lenders being restricted in any way in provision of the facilities. The condition precedent is satisfied if a party, or group of parties acting in concert, secures control of the borrower within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG). Lenders may give notice of termination of their credit exposure within 70 days of it becoming known to HOCHTIEF Aktiengesellschaft that the condition precedent has been satisfied, subject to a minimum of ten days to consider the options available. As before, the outlined change-of-control clauses do not apply for shareholder ACS (ACS Actividades de Construcción y Servicios, S.A.) and its affiliates; the comprehensive ring-fencing clauses agreed with the lenders with regard to transactions with ACS were likewise retained. The ring-fencing includes an undertaking by HOCHTIEF Aktiengesellschaft not to enter into any contractual agreement with ACS that would weaken HOCHTIEF's credit standing; this would include any control agreement. Lenders have a special right of termination for the event that any such contracts are nevertheless entered into.

HOCHTIEF Aktiengesellschaft signed two **promissory note loan agreements** (Schuldscheindarlehen) for initially EUR 50 million and EUR 200 million with a German bank on July 4, 2008. It also signed a five-year promissory note loan agreement with a German bank for EUR 30 million on May 25, 2009. It additionally signed two five-year promissory note loan agreements, one for initially EUR 180.5 million and one for initially EUR 59.5 million, with two German banks on May 26, 2010. A further promissory note loan for initially EUR 120.6 million was arranged on November 25, 2011.

HOCHTIEF Aktiengesellschaft also negotiated a EUR 100 million **global credit facility** with a German bank on February 28/29, 2012, and an extension to the term of a global credit facility for initially EUR 175 million with a German bank on October 22, 2012. All of these agreements contain a substantively identical provision under which, in the event of a change of control, HOCHTIEF Aktiengesellschaft must repay the loan early if it and the lender do not reach agreement on the loan's continuation within 60 days of announcement of the change of control, and the lender demands early repayment within ten days of the 60-day period expiring. In this context, a change of control is defined as a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG), securing control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) WpÜG. The outlined change-of-control clauses for the foregoing loans do not apply for shareholder ACS and its affiliates, in exchange for which comprehensive ring-fencing clauses have been agreed with lenders with regard to dealings and transactions with ACS. The ring-fencing includes an undertaking by HOCHTIEF Aktiengesellschaft not to enter into any contractual agreement with ACS that would weaken HOCHTIEF's credit standing; this would include any control agreement with ACS. Lenders have a special right of termination for the event that any such contracts are nevertheless entered into.

Alongside the syndicated promissory note loans, HOCHTIEF negotiated a four-year, EUR 50 million **bilateral promissory note loan** with a foreign bank on December 11, 2012. The bilateral loan agreement contains a change-of-control clause entitling the lender to require early redemption of the note held at its principal amount together with accrued interest if the lender and HOCHTIEF do not reach agreement on the loan's continuation within 60 days of announcement of the change of control, and the lender demands early repayment within ten days of the 60-day period expiring. A change of control is defined in this context as the acquisition of control within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG) over HOCHTIEF Aktiengesellschaft by a party or a group of parties acting in concert within the meaning of Section 30 (2) WpÜG—excluding shareholder ACS and its affiliates—or entering into of a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Sections 291 and 292 of the German Stock Corporations Act (AktG) to the extent that the agreement results in the issuer becoming a dominated company. Comprehensive ring-fencing clauses agreed with the lenders with regard to transactions with ACS were also built into the documentation.

On January 24, 2012, HOCHTIEF Aktiengesellschaft arranged a EUR 50 million **loan agreement** with a foreign bank. The loan agreement contains a change-of-control clause entitling the lender to call due the loan in the event of a change of control if the lender and HOCHTIEF Aktiengesellschaft do not reach agreement on the loan's continuation within 60 days of announcement of the change of control. In this context, a change of control is defined as a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG), securing control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) WpÜG. The change-of-control clause does not apply for shareholder ACS and its affiliates.

On September 30, 2011, HOCHTIEF Aktiengesellschaft signed an agreement amending a **general counter indemnity** arranged with seven US surety companies to secure a USD 6.5 billion bonding line provided by the surety companies. The amended general counter indemnity contains a change-of-control provision giving the surety companies the right, if an agreed condition precedent is satisfied, to require HOCHTIEF Aktiengesellschaft to submit up to USD 500 million in cash by way of security; under the agreed terms, this sum is reduced by the amount of any bank guarantees already provided as security for the bonding facility. The condition precedent is satisfied if a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG) (with the exception of shareholder ACS and its affiliates), acquires in total 30% or more of all shares in HOCHTIEF Aktiengesellschaft, or if shareholder ACS and its affiliates acquire in total 75% or more of all shares in HOCHTIEF Aktiengesellschaft. The security payment must then be made within 30 bank working days of notification that it is required.

Through subsidiaries, HOCHTIEF Aktiengesellschaft indirectly holds an ownership interest—as general partner, trading as HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG—in HOCHTIEF AirPort Capital GmbH & Co. KGaA, a limited partnership with share capital. This ownership interest is governed by a shareholders' agreement under which the limited-liability shareholders are entitled in specific contingencies to purchase all ownership interests in the general partner. The first such contingency arises, dependent upon who the purchaser is, in the event that a company acquires the majority of the shares or voting rights in, or otherwise secures control of, HOCHTIEF Aktiengesellschaft or serves as a trustee for such voting rights or control mechanisms. The second contingency arises in the event that a third party acquires more than half of the shares or voting rights in, or otherwise secures control of, HOCHTIEF Aktiengesellschaft and, within nine months of the acquisition becoming known, more than half of the key personnel or at least three individuals among the key personnel leave HOCHTIEF AirPort GmbH.

The terms of the D&O insurance* taken out by HOCHTIEF Aktiengesellschaft provide for a limitation of insurance cover if HOCHTIEF Aktiengesellschaft is absorbed by another company by merger, takeover, or similar action, or if another company other than ACS or another third party gains control of HOCHTIEF Aktiengesellschaft. In such event, unless otherwise agreed, the insurance solely covers claims relating to breaches of obligations that took place before the change took legal effect. In-

*See glossary on page 223.

surance cover terminates in the foregoing instances on expiration of the insurance period.

Above and beyond the mandatory disclosures under Sections 289 (4) 8/315 (4) 8 of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and non-exhaustive presentation: A change of control at HOCHTIEF AirPort GmbH would have various legal consequences. In particular, such a change of control may trigger sale or purchase obligations relating to ownership interests held by HOCHTIEF AirPort GmbH. In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

As of the balance sheet date, there are no longer any agreements with members of the Executive Board or employees providing for compensation in the event of a takeover offer.

Explanatory report by the Executive Board of HOCHTIEF Aktiengesellschaft pursuant to Sections 175 (2) and 176 (1) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289 (4), 289 (5), 315 (4), and 315 (2) 5 of the German Commercial Code (HGB) as of the balance sheet date December 31, 2012

The Executive Board provides the following explanatory notes on disclosures provided in the combined Group and HOCHTIEF Aktiengesellschaft Management Report and required under Sections 289 (4), 289 (5), 315 (4), and 315 (2) 5 of the German Commercial Code:

Our disclosures relate to the situation in fiscal 2012. The disclosures consist of information on the Company's subscribed capital, direct and indirect holdings exceeding 10% of voting rights, statutory rules, and rules contained in the Company's Articles of Association about the appointment and replacement of Executive Board members as well as about amendment of the Articles of Association, powers of the Company's Executive Board including, in particular, any powers in relation to the issuing or buying back of shares, and any significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid.

The structure of the Company's subscribed capital and rights attaching to no-par-value bearer shares in the Company are determined, among other things, by the Company's Articles of Association. The shareholdings held by ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries are known from the published voting rights notifications of June 17, 2011 and September 24, 2012. The shareholdings held by the State of Qatar and the entities it controls are known from the published voting rights notifications of March 23, 2011 and September 29, 2011.

Restrictions on voting rights attaching to those shares may result from the provisions of the German Stock Corporations Act (AktG). For example, there are circumstances in which shareholders are prohibited from voting (Section 136 AktG). The Company also has no voting rights with regard to treasury stock (Section 71b AktG). No agreements are known to us that may result in restrictions on voting rights or on the transfer of securities. The information in accordance with Section 289 (4) 3 and Section 315 (4) 3 of the German Commercial Code on direct or indirect shareholdings exceeding 10% of voting rights is included in the Notes to the (Consolidated) Financial Statements. The information provided on appointment and replacement of Executive Board members conforms to the substance of the German Stock Corporations Act and the Company's Articles of Association, as does the information on amendment of the Articles of Association.

The Executive Board's powers in relation to the issuing or buying back of shares are based in their entirety on authorizations granted by resolution of the General Shareholders' Meeting in 2010, 2011, and 2012 relating to conditional and authorized capital as well as other matters, including the authorization to repurchase and utilize the Company's own shares. The information provided on these powers conforms to the authorizations granted by resolution of the General Shareholders' Meeting.

Significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid, and the effects of such agreements, are accurately described. If lenders were to exercise their right of termination under these agreements according to the conditions stated, the corresponding borrowing needs of HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group would have to be met by other means.

By way of an additional disclosure for informational purposes, in supplement to the mandatory disclosures under the stated sections of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and non-exhaustive presentation:

A change of control at HOCHTIEF AirPort GmbH would have various legal consequences. In particular, such a change of control may trigger sale or purchase obligations relating to ownership interests held by HOCHTIEF AirPort GmbH. In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

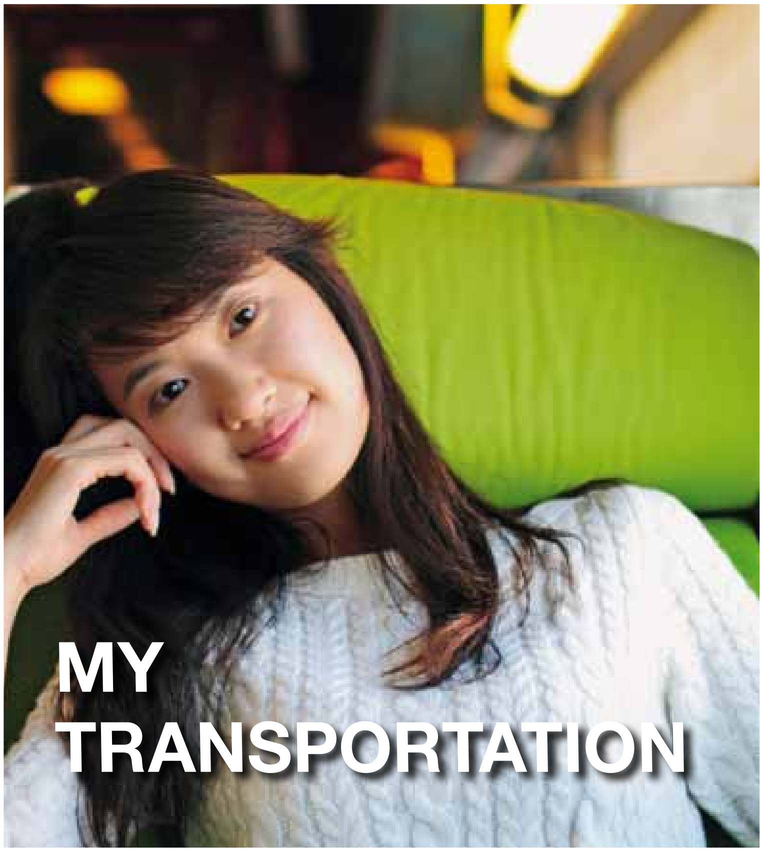
The remaining disclosures required under Sections 289 (4) and 315 (4) of the German Commercial Code relate to circumstances that do not apply to HOCHTIEF Aktiengesellschaft. We do not therefore cover these points in detail in the combined Group and HOCHTIEF Aktiengesellschaft Management Report. There are no limitations on voting rights, no restrictions on the exercise of voting rights attached to employee shares, no agreements between the Company and members of the Executive Board or the Company's employees providing for compensation in the event of a takeover bid, and no securities carrying special rights with regard to control of the Company.

The main features of the internal control and risk management system in relation to the financial reporting process described in the Management Report are accurately presented and conform with the Executive Board's knowledge.

Essen, February 2013

Marcelino Fernández Verdes

Peter Sassenfeld



Rail passengers want to arrive safely, quickly, and stress-free. HOCHTIEF is one of the world's leading providers of transportation infrastructure projects. Our subsidiary Leighton Asia is involved in the construction of West Kowloon Terminus Station, the rail terminus for the new express link from Hong Kong to China. Here, every trip will be a journey to remember.

Corporate Governance

The Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft are fully committed to the principles of good corporate governance. We are guided in this by the German Corporate Governance Code as currently amended. In accordance with the Code, the Executive Board reports jointly with and on behalf of the Supervisory Board on corporate governance at HOCHTIEF.

The term "corporate governance" refers to responsible and transparent enterprise management and control geared to long-term financial success. The Executive Board and Supervisory Board base their actions in this regard on the German Corporate Governance Code. Good corporate governance is the foundation for confidence among investors, the financial markets, business partners, the workforce, and the public in the management and supervision of the business. In February 2013, the Executive Board and Supervisory Board published the annual Compliance Declaration (see page 98) pursuant to Section 161 of the German Stock Corporations Act (AktG).

For further information about our corporate governance practices, please see our website at www.hochtief.com/corporate-governance. Other information provided includes our Code of Conduct, all past compliance declarations, the current Declaration on Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB), and all press releases and ad-hoc announcements.

During the past fiscal year, the Executive Board and Supervisory Board paid a great deal of attention to meeting the recommendations of the Code, particularly the changes resolved on May 15, 2012 by the current Government Commission on the German Corporate Governance Code. HOCHTIEF Aktiengesellschaft had complied with all recommendations of the Code up until the time the changes to the Code were announced. In four cases, HOCHTIEF does not comply or only complies to a limited extent with the changed recommendations. These relate to the chairmanship of the Audit Committee (Section 5.3.2, last sentence of the Code), the objectives regarding the composition of the Supervisory Board (Section 5.4.1 (2) and (3) of the Code), the information required by the Code pursuant to Section 5.4.1 (4) to (6)] on the candidates recommended by the Supervisory Board for election to the General Shareholders' Meeting, and the recommendation of the Code regarding performance-related compensation for Supervisory Board members (Section 5.4.6 (2) Sentence 2 of the Code). The Executive Board and Supervisory Board will observe the development of these Code recommendations and review application of the new Code provisions at a later date. The reasons for not applying the modified Code provisions are explained individually in the Compliance Declaration* printed below pursuant to Section 161 of the AktG. Apart from these exceptions, we comply with the recommendations of the Code as currently amended in all other respects.

*For further information, please see pages 98 and 99.

The composition of the Supervisory Board is already highly international, particularly on the shareholder representatives side, with Messrs. Al-Subaie, García Altozano, Garcia Sanz, López Jiménez, Pennings, and del Valle Pérez. Unfortunately, we no longer have a female member of the Supervisory Board. The Supervisory Board intends to encourage the election of women into its ranks at the next elections—both as employee and shareholder representatives. With regard to the shareholder side, however, the decision on this remains subject to vote at the General Shareholders' Meeting. The Supervisory Board is composed in such a way that its members as a group possess the knowledge, ability, and expert experience required to properly complete its tasks.

The second sentence of Section 5.1.2 of the Code stipulates that the Supervisory Board must respect diversity when appointing the Executive Board. The Supervisory Board followed this recommendation. In March 2012, it appointed Marcelino Fernández Verdes a member of the Executive Board.

As of December 31, 2012, the number of shares in the Company and related financial instruments held directly or indirectly by members of the Executive Board and the Supervisory Board was less than 1% of the shares issued by HOCHTIEF (Section 6.6 of the Code).

Compliance has long been an essential management and supervisory responsibility at HOCHTIEF. Our compliance organization ensures that the necessary precautions are in place to secure compliance with the rules on the part of the company, its decision-making bodies, and the workforce for the purpose of avoiding economic crime, particularly corruption. “We are convinced that ethical and economic values are mutually dependent and that business needs to be done in a spirit of fairness within the framework of existing rules.” This is a direct quote from the HOCHTIEF Code of Conduct. To enable us to meet this commitment, one of the focuses of corporate governance activities in the year under review was refining the compliance system at HOCHTIEF. We expect the employees of all HOCHTIEF companies to be familiar with and adhere to all internal rules and applicable laws.

Newly formed in 2008, the compliance organization is headed by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft. The Chief Compliance Officer regularly reports to him and annually submits a report to the Supervisory Board’s Audit Committee. In the divisions, compliance officers have assumed responsibility for compliance and act as interfaces with the compliance organizations of the individual divisions. They report directly to the Chief Compliance Officer of HOCHTIEF.

We have undertaken to comply with the standards of the International Labor Organization (ILO) and to uphold the values of the UN Global Compact. In addition to these values, the HOCHTIEF Code of Conduct reflects our corporate principles and outlines rules for responsible action. It sets forth binding regulations for internal dealings within the company as well as for external relations with business partners, subcontractors, and public authorities. Internally, Group directives further clarify the contents of the HOCHTIEF Code of Conduct.

Contacts in the compliance organization support HOCHTIEF employees by providing targeted information, personal advice, and regular training. Classroom training and e-learning programs are conducted on the basis of a detailed concept. Online training courses, such as on combating corruption, under-the-table work, and illegal employment, take practical examples from everyday life, and the courses familiarize participants with the existing legal situation besides offering suggestions on how to act in compliance with the regulations. In addition to the online course offerings, on-site classes are offered in the departments and branches.

Compensation report

Executive Board compensation for the 2012 fiscal year

The Executive Board compensation system is geared toward long-term, sustainable management goals. Total compensation for members of the Executive Board is set by the Supervisory Board. The compensation system for the Executive Board is also decided and regularly reviewed by the Supervisory Board. The Supervisory Board’s Human Resources Committee prepares the relevant motions for resolution by the full Supervisory Board.

The compensation for the Executive Board members for fiscal 2012 comprises

1. Fixed compensation
2. Non-cash benefits and other additional benefits
3. Variable compensation
4. Company pension plan.

1. The fixed compensation is paid in equal monthly amounts.

2. The non-cash benefits comprise amounts to be recognized for tax purposes for private use of company cars and other non-cash benefits. In addition, rental

costs and travel costs for homeward flights were assumed for Mr. Fernández Verdes.

3. The variable compensation is computed on the basis of the following equally weighted components: RONA (absolute), RONA delta, consolidated net profit (absolute), and consolidated net profit delta. Target attainment for all four components can range between zero and 200% of the budgeted figure. In addition to these financial targets, the Supervisory Board annually stipulates up to four strategic targets that apply uniformly for all members of the Executive Board. The Supervisory Board has the right to adjust overall target attainment with regard to the financial targets upward or downward according to its assessment of the attainment of those strategic targets. Overall target attainment for the first twelve months was set at at least 100% for Mr. Sassenfeld.

   The resulting variable compensation is settled in three equal parts as follows:

   a. Cash settlement (short-term incentive component)
   b. Transfer of shares in HOCHTIEF Aktiengesellschaft in the net amount, subject to a two-year bar (long-term incentive component I)
   c. Grant of an annual long-term incentive plan (long-term incentive component II).

4. Instead of an individual pension award, Mr. Fernández Verdes receives a pension contribution in the gross amount of EUR 180,000 on completion of each year of service to build up a private pension. If the fixed compensation is changed, the benefit will be adjusted accordingly on a percentage basis. Mr. Fernández Verdes can choose if the amount is paid to him in cash or if it is paid into the applicable deferred compensation model for a company pension plan at HOCHTIEF Aktiengesellschaft.

   For Mr. Sassenfeld, the pension agreement sets the minimum pension age at 65. The amount of the pension is also determined as a percentage of fixed compensation, the percentage rising with the number of years in office. The maximum amount Mr. Sassenfeld can receive is 65% of his final fixed compensation. Surviving dependants receive 60% of the pension.

   Dr. Stieler has a pension agreement dating from 2009. This agreement sets the minimum pension age at 60. The amount of the pension is determined as a percentage of his fixed compensation at the date of his departure from the Company. A percentage of the fixed compensation is granted as a pension. Surviving dependants receive 60% of the pension. Due to the premature termination of his service contract after the age of 50, Dr. Stieler will receive a transitional benefit of 75% of the pension entitlement accumulated prior to leaving the Company until the commencement of regular pension payments; where applicable, other income is partly deductible from the transitional benefit.

   In accordance with statutory requirements in Australia the Executive Board members have received pension awards for their work on the Leighton Board. Leighton incurred an expense of EUR 12,000 for this purpose for Dr. Stieler, EUR 3,000 for Mr. Fernández Verdes and EUR 13,000 for Mr. Sassenfeld. No further compensation is paid out to members of the Executive Board, or offset against Executive Board compensation, for service on decision-making bodies of other companies in which HOCHTIEF has a direct or indirect shareholding.

Arrangements in the event of termination of contract

If their contract is not extended, Executive Board members receive a severance award equaling one year's fixed annual compensation. For the severance award to be payable, an Executive Board member must on termination of contract be in at least the second term of office as a member of the Executive Board and be under the age of 65. If an individual's service on the Executive Board is prematurely terminated, severance awards will not exceed the value of two years' annual compensation (severance cap) and compensation will not be payable for more than the remaining term of the contract. Accordingly, upon termination of Dr. Stieler's contract, a severance award was paid in the amount of EUR 4,782,000 and an expense for release from work duties was recognized in the amount of EUR 274,000. Furthermore, provisions were recognized in the amount of EUR 484,000 for the transitional benefit, EUR 1,965,000 for the additional service cost, and EUR 407,000 for the option for early exercise of the long-term incentive plans.

On the basis of the above, compensation for the individual members of the Executive Board was as follows (excluding effect of termination agreement)

		Cash compensation			Variable pay components combining a long-term incentive effect with an element of risk		Old-age pension			**Total compensation including pension benefits**
		Fixed salary	Non-cash and other additional benefits	Short-term incentive component (cash-settled)	Long-term incentive component I (share-based with two-year bar)	Long-term incentive component II (granted as long-term incentive plan)**	Pension benefits/Transfers to pensions provisions		Pension contribution	
(EUR thousand)							Service cost	Interest expense		
Dr. Stieler	2012	816	34	***1,575	–	–	540	72	–	3,037
	2011	717	26	251	251	398	875	29	–	2,547
Fernández Verdes (since April 15, 2012)	2012	391	78	285	285	285	0	0	128	1,452
	2011	–	–	–	–	–	–	–	–	–
Sassenfeld (since November 1, 2011)	2012	550	26	401	401	401	212	9	–	2,000
	2011	92	*752	58	58	–	0	0	–	960
Executive Board total	**2012**	**1,757**	**138**	**2,261**	**686**	**686**	**752**	**81**	**128**	**6,489**
	******2011**	**809**	**778**	**309**	**309**	**398**	**875**	**29**	**–**	**3,507**

* Refund of expenses in connection with termination of previous executive board mandate
** Value at grant date
*** In accordance with the termination agreement, Dr. Stieler was paid the full variable compensation for 2012 in cash
**** Prior-year figures do not include the figures for the Executive Board members who departed in fiscal 2011

The present value of pension benefits for current and former Executive Board members is EUR 77,226,000 (2011: EUR 59,967,000).

Payments to former members of the Executive Board and their surviving dependants were EUR 15,199,000 (2011: EUR 5,273,000). EUR 71,199,000 (2011: EUR 52,909,000) in provisions have been recognized for pension obligations to former members of the Executive Board and their surviving dependants.

(EUR thousand)		Present value of pension benefits
Dr. Stieler	2012	5,428
	2011	1,524
Fernández Verdes (since April 15, 2012)	2012	–
	2011	–
Sassenfeld (since November 1, 2011)	2012	598
	2011	195
Executive Board total	**2012**	**6,026**
	***2011**	**1,719**

*Prior-year figures do not include the figures for the Executive Board members who departed in fiscal 2011

Executive Board compensation for past fiscal years

The Supervisory Board granted Dr. Stieler EUR 112,000 in additional performance-linked compensation paid retroactively for fiscal 2011. In addition, in March 2012, the Supervisory Board resolved, on the basis of fiscal 2011, to launch a Long-term Incentive Plan 2012 (LTIP 2012) for the members of the Executive Board. This comprises grants of stock appreciation rights (SARs) and stock awards (phantom stock). If the applicable exercise targets are met after a four-year waiting period, the 2012 stock appreciation rights grant the Executive Board members a monetary claim against the Company, which they can exercise over the then following three years. The amount of the claim depends on the development of the share price within the waiting and exercise periods. In addition, relative and absolute performance targets, which cannot be modified retroactively, have to be met. The terms of the 2012 stock awards provide that after the four-year waiting period, those entitled have, for each stock award and for a further two-year exercise period, a monetary claim against the Company equal to the closing price of HOCHTIEF stock on the last day of stock market trading prior to the exercise date. The value of all entitlements under Long-term Incentive Plan 2012 is capped (at a 50% increase in the share price) so that the amount of compensation stays appropriate in the event of extraordinary, unforeseeable developments. Dr. Stieler was granted 33,095 stock appreciation rights and 7,447 stock awards, in each case worth EUR 250,000 at the date of grant. Mr. Sassenfeld was granted 3,861 stock appreciation rights and 869 stock awards, in each case worth EUR 29,000 at the date of grant. The plan has also granted SARs and stock awards to members of upper management. Additional information on the plans is provided in the Notes to the Consolidated Financial Statements, on pages 185 and 188.

The long-term incentive plans granted to Executive Board members in the last few years resulted in the following expense:

(EUR thousand)		Expenses under long-term incentive plans (excluding effect of termination agreement)
Dr. Stieler	2012	630
	2011	1,330
Fernández Verdes (since April 15, 2012)	2012	–
	2011	–
Sassenfeld (since November 1, 2011)	2012	10
	2011	–
Executive Board total	2012	**640**
	*2011	**1,330**

*Prior-year figures do not include the figures for the Executive Board members who departed in fiscal 2011

Supervisory Board compensation

Supervisory Board compensation is determined at the General Shareholders' Meeting and is governed by Section 18 of the Company's Articles of Association. Compensation for fiscal 2012 based on the use of net profit proposed for approval at the General Shareholders' Meeting in May 2013 is shown in the table below.

(EUR thousand)	Fixed remuneration	Variable remuneration	Attendence fees	Total
Manfred Wennemer	36,000	135,000	12,000	183,000
Ulrich Best	24,000	90,000	12,000	126,000
Ángel García Altozano	24,000	90,000	10,000	124,000
Abdulla Abdulaziz Turki Al-Subaie	12,000	45,000	12,000	69,000
Gregor Asshoff	18,000	67,500	12,000	97,500
José Luis del Valle Pérez	18,000	67,500	10,000	95,500
Thomas Eichelmann	18,000	67,500	12,000	97,500
Marcelino Fernández Verdes	5,200	19,500	4,000	28,700
Nikolaus Graf von Matuschka	12,000	45,000	12,000	69,000
Johannes Howorka	18,000	67,500	12,000	97,500
Dr. rer. pol. h.c. Francisco Javier Garcia Sanz	12,400	46,500	4,000	62,900
Pedro López Jiménez	18,000	67,500	12,000	97,500
Siegfried Müller	18,000	67,500	4,000	89,500
Gerrit Pennings	18,000	67,500	12,000	97,500
Dr. h.c. Eggert Voscherau	9,000	33,750	4,000	46,750
Olaf Wendler	18,000	67,500	12,000	97,500
Klaus Wiesehügel	18,000	67,500	10,000	95,500
Christine Wolff	7,050	26,437	6,000	39,487
Supervisory Board total	**303,650**	**1,138,687**	**172,000**	**1,614,337**

Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act

After due appraisal, the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft submit their compliance declaration as follows:

In the period since submission of the last compliance declaration in February 2012 up to June 15, 2012, HOCHTIEF Aktiengesellschaft complied with all recommendations of the Government Commission on the German Corporate Governance Code dated May 26, 2010 and published on July 2, 2010 by the German Ministry of Justice in the official section of the electronic Bundesanzeiger (Federal Official Gazette) and, since June 16, 2012, has complied with the recommendations of the Code published on June 15, 2012, in each case with the following exceptions:

Since June 2012, Section 5.3.2, last sentence, of the Code has contained a recommendation that the Chairman of the Audit Committee should be independent. To comply with this recommendation, the Supervisory Board would have had to vote out of office the current Chairman of the Audit Committee, Mr. Ángel García Altozano. The Supervisory Board is of the opinion that it is in the interests of the Company for Mr. García Altozano to remain Chairman of the Audit Committee despite his business relations with ACS, Actividades de Construcción y Servicios, S.A. This assessment is based on the fact that Mr. García Altozano has been a member of the Audit Committee since 2007 and its Chairman since May 2010. In its decision, the Supervisory Board took into account Mr. García Altozano's considerable expertise and experience from having held leading positions in international companies.

The Supervisory Board has determined that it includes what it considers to be an adequate number of independent members within the meaning of Section 5.4.2 of the Code as amended in June 2012. In departure from Section 5.4.1 paragraphs 2 and 3 of the Code as amended in June 2012, however, it did not take into account the number of independent Supervisory Board members within the meaning of Section 5.4.2 when specifying concrete objectives regarding its composition. The Supervisory Board has furthermore specified objectives which, while considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the age limit specified by the Supervisory Board for its members, and diversity. In view of residual uncertainty regarding the required level of concreteness of the objectives to be specified, in order to avoid the risk of resolutions being challenged on this basis in court, a departure from Section 5.4.1 paragraphs 2 and 3 (both of the Code dated May 2010 and of that dated May 2012, which in this respect is unmodified) is therefore declared as a precautionary measure. The Supervisory Board will continue to comply with the statutory requirements in its election recommendations to the General Shareholders' Meeting, placing the priority on the professional and personal qualification of candidates. It goes without saying in this connection that allowance will also be made for the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members, and diversity.

The Code's recommendations on election recommendations to the General Shareholders' Meeting contained in Section 5.4.1 paragraphs 4 to 6 of the Code since June 2012 (disclosure of the personal and business relations of each individual candidate with the enterprise, the executive bodies of the Company and with any shareholder holding a material interest in the Company) are not applied. In practice, there is currently still legal uncertainty regarding the nature and scope of the circumstances to be disclosed in election recommendations. It is therefore to be feared that the specificity problem with this new Code recommendation may be used to challenge resolutions in court. The Supervisory Board will watch developments in this regard and re-examine the question of applying the new Code recommendations in the next fiscal year.

Since June 2012, Section 5.4.6 paragraph 2, second sentence, of the Code provides that any profit-based compensation for members of the Supervisory Board must be oriented toward sustainable growth of the enterprise. The terminological resemblance between this wording and the provisions of the German Stock Corporations Act on Executive Board compensation suggests that the Code requires a multi-year assessment basis for Supervisory Board compensation in the same way as the Stock Corporations Act requires for Executive Board compensation. Under Section 18, paragraphs 1 and 2 of the Articles of Association of HOCHTIEF Aktiengesellschaft, members of the Supervisory Board receive profit-based compensation alongside their fixed compensation. The profit-based compensation consists of a bonus based on the annual dividend. However, in departure from the understanding of Section 5.4.6 paragraph 2, second sentence, of the Code, no use is made of a multi-year assessment basis. The composition of compensation for Supervisory Board members laid down in the Articles of Association was adopted by resolution of the General Shareholders' Meeting in June 2003 and complied with the German Corporate Governance Code until the amendments came into force in June 2012. In the current fiscal year, the Executive Board and the Supervisory Board will once again review whether a corresponding amendment and revision in line with the modified Code recommendation should be proposed to the General Shareholders' Meeting in 2014.

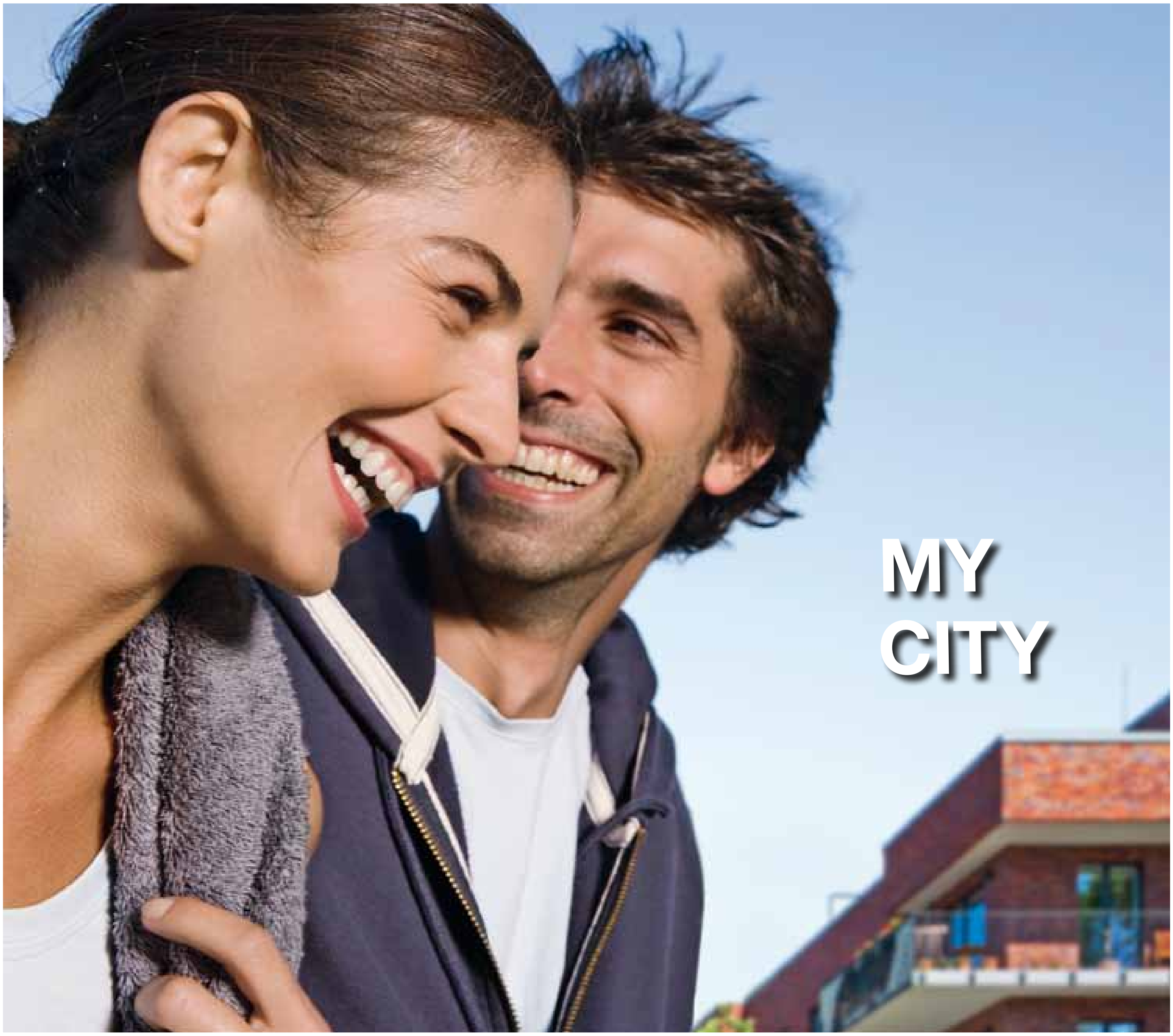
Essen, February 2013

HOCHTIEF Aktiengesellschaft

For the Supervisory Board	For the Executive Board	
Thomas Eichelmann	Marcelino Fernández Verdes	Peter Sassenfeld

In accordance with Section 317 (2) sentence 3 of the HGB, the Corporate Governance Declaration issued pursuant to Section 289a HGB is not included in the audit of the financial statements.

Social and urban infrastructure



OUR DEVELOPMENT

People expect more and more of their working and living spaces. HOCHTIEF develops city properties and quarters that combine urban life with attractive residences, such as Quartier 21 in Hamburg.

Segment Reporting
HOCHTIEF Americas Division

For further information, please see www.turnerconstruction.com www.flatironcorp.com www.eecruz.com www.clarkbuilders.com

The HOCHTIEF Americas division coordinates the activities of HOCHTIEF in the USA and Canada. With our companies Turner, Flatiron, E.E. Cruz and, since January 1, 2012, Clark Builders, we operate in the building construction, civil engineering, and infrastructure segments of the largest construction market in the world.

The HOCHTIEF Americas division performed well again in 2012 in a difficult market environment. Losses at civil engineering subsidiary Flatiron nonetheless caused divisional earnings to deteriorate, however. The US economy continued to grow slowly, increasing by around 2%. The situation in Canada is similar. Although the US construction market recorded growth overall (up 4.6%), there was a significant decline in the segments most important for HOCHTIEF Americas: building construction (non-residential) as well as roads and bridges. In Canada, development in these markets was somewhat more robust.

At the end of October 2012, the storm of the century, Sandy, hit the eastern seaboard of the USA, causing widespread destruction and power failures that lasted for days. However, the hurricane did not have any significant impact on our subsidiaries based in the region, Turner and E.E. Cruz. Thanks to extensive preparatory measures on construction sites as well as cover from insurance agreements and contractual clauses, our subsidiaries managed to avoid any major damage. The event will have a short-term impact on the construction market of the affected region due to the rebuilding and repairs needed on damaged buildings. In the long term, the storm could result in an increase in preventive measures to protect against severe weather events.

During the year under review, all subsidiaries secured attractive new contracts and substantially increased new orders compared with the prior year. While building construction once again met earnings forecasts in full, the civil engineering segment fell well short of expectations. Alongside losses on individual projects, the market environment had a negative impact in the infrastructure segment. In 2011, the temporary weakness of the civil engineering market gave rise to increasing pressure on project margins and the postponement of projects. As a result, civil engineering sales fell short of expectations in the reporting year and business expenses were not covered in full. HOCHTIEF responded quickly and comprehensively to the situation at Flatiron: The subsidiary's management team was replaced, cost-cutting measures were implemented, and risk management was improved on a lasting basis. The resulting positive trend reversal is visible, among other things, in civil engineering new orders: Our subsidiary Flatiron generated the highest level of new orders in 2012 since it was taken over by HOCHTIEF five years ago.

We are excellently positioned on the North American market with our subsidiaries overall. In the annual "Top 400 Contractors" ranking published by the trade journal Engineering News-Record, Turner was again named as the leading general builder in the United States. Our leadership position was confirmed in five categories—General Building, Education and Healthcare, Correctional Facilities, Pharmaceutical, and Green Building. Turner also received recognition as an employer: The magazine "Diversity Employers" counts the US HOCHTIEF subsidiary as one of the one hundred best employers and Universum Communications included Turner in their "Ideal Employer" listing.

Our civil engineering company Flatiron, which is one of the leading providers of transportation and infrastructure projects in North America, likewise has an outstanding reputation. Independent industry experts for the Alberta Venture magazine named the company "Heavy Civil Contractor of the Year in Alberta". Flatiron was also placed at the high end of the "Top 400 Contractors": The company ranked sixth in the Bridges category, eighth in Highways, and tenth in Transportation. The "Great Place to Work Institute Canada" recognized Flatiron's qualities as an employer. Our subsidiary was listed as one of the top 50 best large workplaces in the country. This was mainly based on the assessment given by our own employees, as well as a review of HR services and offers.

HOCHTIEF is currently exploring how far our expertise in the European offshore wind energy market could also open up opportunities in the United States and Canada.

Turner achieved further successes with its virtual planning and construction models. According to industry statistics, Turner is the market leader in utilizing and developing virtual construction. "Building Information Modeling" (BIM) enables risks to be identified and managed at an early stage and workflows to be organized more efficiently. This creates real added value for clients. For the first time, the public authorities in New York approved and used the digital 3D site safety plans Turner generated using BIM in the reporting period. This reduced the approval process, allowing the construction site to be set up much more quickly.

Turner also sets itself apart from the competition by using lean construction processes in its projects. This approach involves continuously reviewing construction, supply, logistical, and communication processes throughout all project phases with regard to their efficiency and optimizing and adapting them as necessary. Lean construction thus ultimately improves overall quality in terms of productivity, costs, time, safety, communication, and cooperation. For example, Turner began extensive upgrades and renovations to the E.M. Dirksen Courthouse in 2009. The 30-story courthouse in Chicago remained open and operational throughout the work, which was successfully completed in the reporting year. Our subsidiary implemented various lean construction practices on site, since which time numerous improvements have been seen. For instance, the time needed for waste management has been reduced by 50%. Electrical installation productivity has been increased by 200% due to the introduction of prefabrication.

Our US subsidiaries are systematically expanding their business areas in line with the strategic positioning of our Group—especially in traditional building construction and transportation infrastructure. Turner's ongoing excellent positioning in green building is of particular note. The company was recognized as a leader in this segment for the fifth year in a row by the magazine "Building Design and Construction" and generated sales of more than EUR 3 billion in 2012. With the largest team of LEED* Accredited Professionals in the industry, our US subsidiary leads the market, just as it does in its efforts to bring its own operations and working conditions of employees in line with sustainable principles.

*See glossary on page 224.

Synergies were once again leveraged on the North American market in the reporting year through Group-wide cooperation and shared know-how. For three new orders in the public-private partnership (PPP) segment—two road projects in Canada and California and a Canadian school project—construction work was carried out by the Group subsidiaries Flatiron, Clark Builders, or Turner.

Turner's purchase of the majority stake in the Canadian construction company Clark Builders effective January 1, 2012 has strengthened our market position in building construction. We now have the additional resources to expand, especially into the attractive construction market in the north and west of Canada.

Project highlights

Social and urban infrastructure

Turner shapes the cityscape of major cities with the large number of office and public facilities it builds. During the reporting year, the HOCHTIEF Americas division secured attractive new projects in a number of segments of the building construction market in particular.

Education segment

In the PPP schools project in Alberta, Turner and Clark Builders will carry out all the building work for the consortium led by the PPP experts at HOCHTIEF Solutions commissioned with construction for just under EUR 139 million. We will build twelve new schools by 2014 by order of the government of the Canadian province of Alberta.

For the engineering complex at the University of Kansas, Turner is constructing an additional building with more than 12,000 square meters. It will house classrooms, but will primarily provide laboratories. The contract is worth more than EUR 48 million.

In California, Turner is building two new high schools, Mountain House High School in the north of the state and Valley Union High School in the Los Angeles region. The overall project is worth around EUR 96 million.

Healthcare segment

As construction manager, Turner will build a multi-story ambulatory care center for the Children's Hospital of Philadelphia. The building will sit on top of an underground parking garage and a large utility building, also to be built.

For the US military and their families, Turner is building the new Fort Irwin Hospital in San Bernardino, California. The hospital is seeking LEED Platinum certification. For example, its own photovoltaic farm provides the building with sustainable energy. The contract also includes the renovation of the associated Mary Walker clinic. Once completed, the hospital complex will offer patients world-class healthcare. The contract is worth EUR 124 million.

Turner is also to expand and upgrade the emergency room at Ellis Hospital in Schenectady, New York, by 2015. Space for parking will also be increased with a new two-story parking garage. At the Detroit Medical Center in Michigan, Turner will work with a partner to expand and refurbish the Sinai Grace Emergency Department. More than 12,000 square meters of space are to be added and almost 3,500 square meters upgraded. The work will primarily affect the emergency department, ICU, and radiology.

Commercial property segment

For the semiconductor manufacturer Globalfoundries, Turner is carrying out preparatory work and construction of a central utility building for the new production facility in Malta, New York.

Furthermore, in Miami, Florida, Turner is working with Dragados USA to build the foundations for a new shopping center, Brickell CitiCentre. This first construction phase covers the foundations for five buildings as well as 3,100 underground parking spaces.

The Honeywell group wants to consolidate its New Jersey headquarters into one complex containing three office towers. Turner will provide construction management services for the project.

In Fort McMurray, Canada, Clark Builders is building the new commercial complex "Stonecreek Village" with around 12,500 square meters of retail space, some 6,700 square meters of office space, and 800 parking spaces. The opening is slated for early 2014.

For the Hilton hotel chain, Turner is building a new Garden Inn hotel in Washington, D.C. This building, which will have 238 rooms, will be completed to green building standards. Turner's share in the project is EUR 22 million.

In Vietnam's largest city, Ho Chi Minh City, Turner is providing project and construction management services for the Pullman Saigon Centre. Once completed at the end of 2013, the five-star business hotel will rise 28 stories and offer 328 guest rooms. With this landmark, our subsidiary is systematically continuing its involvement in Vietnam, which began six years ago. Turner is currently working on another three projects in the country, including a JW Marriott Hotel in Hanoi.

Residential segment

Turner's entry into the Indian residential construction market is a new development. During the reporting year, the company established the entity Sahara Turner with two Indian partners, which will manage the construction of new townships at various locations in India. The partners are India's leading property developer Sahara Prime City Limited and the financial investor Acropolis Capital Group. Together, they are to build residential projects in India worth USD 1.8 billion over the next five years. Sahara Turner is assuming the management and coordination role in the development and construction of these projects.

Sports center segment

In 2012, Turner was awarded the contract for the construction of the new stadium for the San Francisco 49ers in Santa Clara, California. The open-air stadium will have 68,000 seats. The project is seeking LEED certification with water-saving fittings and solar collectors.

Turner is also building a new sports center for the University of Mary Hardin-Baylor in Belton, Texas. Sized at over 9,000 square meters, the football stadium will have three levels and 10,000 seats.

Clark Builders will expand the MacDonald Island Park in Fort McMurray, Canada, by another three facilities: a soccer stadium with 4,000 seats, a 2,300-seat comprehensive baseball stadium, and a community center.

Transportation infrastructure

Although losses on individual projects, uncovered overheads, and a dip in the market impacted on earnings for a short time during the year under review, HOCHTIEF successfully responded with an action plan. The year's new orders testify to Flatiron's strong competitiveness and outlook. New orders secured by our US civil engineering subsidiary in 2012 include the Northeast Anthony Henday Drive. New orders secured by our US civil engineering subsidiary in 2012 include the Northeast Anthony Henday Drive. This ring road in Alberta, Edmonton, Canada, is a project for Alberta Transportation, which HOCHTIEF PPP Solutions North America won together with ACS during the reporting year. Flatiron and its joint venture partners will construct 27 kilometers of six and eight-lane divided roadway. The contract also includes nine intersections, two road flyovers, and eight rail crossings (flyovers), as well as two bridges over the North Saskatchewan River, for a total of 46 bridge structures. Construction commenced in summer 2012 and completion is scheduled for 2016. Flatiron holds a 33.75% share in the construction joint venture. The project is worth more than EUR 350 million for Flatiron.

The Presidio Parkway in San Francisco, California, is also being built as a PPP project. A consortium led by HOCHTIEF PPP Solutions North America has commissioned Flatiron with the construction work as manager of a joint venture. Work on the new, 2.5-kilometer access road to the southern end of the Golden Gate Bridge has already commenced and is slated for completion in 2015. The construction contract is worth EUR 197 million and Flatiron holds a share of 65% in the construction joint venture.

For EUR 118 million, Flatiron is widening Interstate 5 between Bellevue and Lynwood in Washington State. Our subsidiary will upgrade nearly 30 kilometers of road in three years, including adding additional lanes, constructing new ramps, and building noise walls.

In Mendocino County, California, our transportation and infrastructure specialty subsidiary will work with a joint-venture partner to build a new segment of Route 101 in California. The contract includes 9.5 kilometers of two-lane highway, 15 bridges, and two interchanges. Worth EUR 87 million in total, the project is expected to take three years to complete.

In California, Flatiron was awarded a new and final contract for the San Francisco-Oakland Bay Bridge project. For some EUR 23 million, the company is building the final section of around 140 meters of the ten-lane bridge. Flatiron had previously been involved in building other sections of the new bridge in 2008. The contract, which will connect the bridge to the mainland in Oakland, includes the construction of access roads and interchanges.

Together with a partner, Flatiron's subsidiary E.E. Cruz won an important new contract in connection with the first major expansion of the New York City subway system in over 60 years, the Second Avenue Subway project. The company is building a new subway station on Second Avenue/96th Street, east of Central Park, and will connect it to the subway system. E.E. Cruz has been working on the project since 2009 and has now received a follow-up contract for phase two. The subway is expected to open at the end of 2016. The total contract is worth EUR 252 million for E.E. Cruz and its joint-venture partner.

E.E. Cruz will also provide a new ventilation system in the shafts of two subway lines in Manhattan. Worth around EUR 33 million, the project is due to be completed at the end of 2015.

At John F. Kennedy Airport in New York, Turner is to expand the International Arrivals Terminal 5 for Jet Blue Airways. Three new gates and a new arrivals hall with a customs facility are to be built by 2015.

Turner is also involved in the expansion work at Fort Lauderdale Airport in Florida, where it is managing the project to upgrade Terminal 4. The contract also includes the construction of a concourse and a connector to Terminal 3, reconstruction of the apron, and development of new fuel hydrant and baggage handling systems.

Energy infrastructure

On the Stave River near Vancouver, Flatiron is extensively upgrading the Ruskin hydroelectric power plant as part of a joint venture. Under a contract worth EUR 46 million, work on the dam and powerhouse in the Canadian province of British Columbia is slated for completion in 2017 and aims to make the plant earthquake-safe.

HOCHTIEF Americas division

(EUR million)	**2012**	2011
New orders	9,577.7	7,036.5
Work done	8,037.6	6,714.5
Order backlog	10,900.1	8,923.9
Divisional sales	7,374.9	6,178.9
External sales	7,374.6	6,178.9
Operating earnings (EBITA)	74.3	148.4
Profit before taxes	63.5	142.4
Capital expenditure	106.2	55.2
RONA* (%)	10.5	22.2
Net assets (December 31)	759.8	720.3
Employees (average over the year)	8,397	7,280

*For further information, please see page 66.

The HOCHTIEF Americas division's key figures

New orders received by the HOCHTIEF Americas division rose by 36.1% in fiscal 2012 (exchange rate adjusted 25.7%), to a new record level. Both building construction and civil engineering projects contributed to this success.

Work done and **external sales** increased by 19.7% and 19.4% respectively in the period under review. Even after adjusting for exchange rate effects, growth in these two areas came in at 10.6% and 10.3% respectively, emanating exclusively from building construction work. By contrast, the civil engineering segment fell short of expectations. Work done and sales in that segment were on a par with the prior year.

At EUR 10.90 billion, the **order backlog** accumulated over the year also reached a new high—despite negative exchange rate effects amounting to EUR 214.9 million. Aside from the rise on the operating side, the figure was further positively affected by the addition of the order backlog of Clark Builders. Total order backlog is equivalent to 16 months in forward orders.

Both **operating profit** (EUR 74.3 million) and **profit before taxes** (EUR 63.5 million) for fiscal 2012 were below the very high levels of the previous year. Although the building construction segment again generated gratifying results, operating profit from the civil engineering side was far below expectations. Factors here included operating below capacity and earnings impacts in the case of individual projects. In the prior year, earnings were also boosted by the profit on the sale of the remaining stake in HOCHTIEF do Brasil. Reversals of provisions for risks that had not materialized provided some offset in the year under review for the losses incurred in the civil engineering segment.

The increase in **capital expenditure** to EUR 106.2 million mainly resulted from the acquisition of a majority stake in the Canadian construction company Clark Builders. HOCHTIEF included the company as a fully consolidated subsidiary for the first time as of January 1, 2012. The addition of Clark Builders increased the average number of **employees** for the year by around 760. The total average number of employees for the year rose by 1,117.

Outlook

With the civil engineering segment falling short of our expectations for fiscal 2012, measures have now been initiated in order to rectify the situation, and we intend to pursue these systematically through 2013. After a decline in 2012, the outlook in the markets of importance for HOCHTIEF Americas has improved. The experts of Dodge Construction Outlook expect 2013 to bring market growth of 4.8% in commercial construction, with a recovery also likely in the roads and bridges segment. A degree of growth is likewise expected in the Canadian construction sector.

HOCHTIEF Asia Pacific Division

Together with its subsidiaries, the Leighton Group* holds a leading position in the Australian, Asian and Middle East construction markets. HOCHTIEF is majority owner of the Australian group, whose operational units include Leighton Contractors, Thiess, John Holland, and Leighton Properties in Australia; the Leighton Asia, India and Offshore Group across Asia, India and the global offshore market; and the Habtoor Leighton Group in the Middle East and North Africa. Through these companies, the Leighton Group boasts a broad portfolio of capabilities to service the infrastructure, resources, and property markets, and is also the world's largest contract miner.

Following a disappointing year in 2011, the Leighton Group substantially improved its operating performance during the reporting period. Leighton is well positioned with a very strong order backlog and a presence in growth markets. The two loss-making projects, which continued to have an effect on divisional earnings in the reporting year—Airport Link in Brisbane and the Victorian Desalination Plant in Melbourne—are now complete and have been handed over to the clients. The seawater desalination plant has been operating at full capacity since November 2012, producing 450,000 cubic meters of drinking water a day. Traffic volumes on the Airport Link, however, have so far been well below expectations. Because of this, Leighton recognized an impairment charge of EUR 50 million in the reporting period on its entire stake (approximately 11.5%) in the operating company, BrisConnections.

Leighton has embarked upon a strategic reorientation. This involves a transformation process in three sequential phases: stabilization, rebasing, and finally growth. The overarching goal is to align the business more toward higher operating margins and improved return on capital, rather than toward sales growth. The priorities in stabilizing the company were to bring the two problem projects swiftly to completion, to support the recovery of receivables in the Middle East and to improve the Group's liquidity.

The focus during rebasing is on establishing Leighton Holdings to a greater extent than before as a strategic management holding company, which involved rationalizing the portfolio of non-core activities, strengthening the balance sheet, providing better tools for accountability and improved performance management, enhancing and improving risk management controls over winning and delivering work, and placing emphasis on a performance oriented culture.

As Leighton looks to lay a platform for future growth, it is seeking to develop central procurement opportunities, to leverage cross-company synergies and therefore cost savings, is focused on developing the Group's operating companies as "centers of excellence" as well as improving the management of working capital and capital spending so that the business can grow from its existing capital base.

An essential part of the new strategic orientation is focusing on the core business. In a first step during the reporting period, Thiess Waste Management Services was sold for approximately EUR 176 million. The proceeds were mostly used to repay debt. Leighton is now working through a process to sell its infrastructure assets in the telecommunications sector: Nextgen Networks, Metronode and Infoplex. With the remaining contracting subsidiaries in this sector—Visionstream, Silcar, and John Holland Communications—Leighton plans to continue providing services in the segments of network expansion and network maintenance. The capital released by focusing on the core business will be mainly used to repay debt and also to invest in other growth areas.

The shareholding in contract miner Macmahon Holdings Limited was increased in 2012 from approximately 19% to 24.2%. Leighton additionally made an offer to acquire Macmahon's construction business.

*For further information, please see www.leighton.com.au.

Also during the reporting year, Leighton secured a syndicated guarantee facility for a total of some EUR 1.1 billion (AUD 1.4 billion) and issued an approximately EUR 400 million (USD 500 million) ten-year bond. Both financing instruments were substantially oversubscribed on the issue date, underscoring the Leighton Group's strong credit standing.

Leighton once again secured many attractive new contracts in fiscal 2012, made successful progress on existing projects, and brought others to completion. Although there were initial signs of market growth slowing in the resources sector, the division chalked up an especially strong level of new orders with long timeframes in this market. These deliver the necessary planning certainty and pave the way for a sustained performance trend.

Project highlights

Energy infrastructure

Leighton has a hand in a number of subprojects for the Wheatstone gas project operated by Chevron Australia off the northwest coast of Australia. Up to 15 million metric tons of liquid natural gas (LNG) per year will be produced here in future from the offshore deposits. Work to be carried out by Leighton subsidiary Thiess includes a tunnel crossing under the ocean to link the gas reserves with the liquefaction plant. Thiess is also building a new breakwater. These works have a total value of some EUR 209 million, half of which is accounted for by Thiess. The company is also to build LNG storage and condensate tanks in a joint venture for a total of EUR 410 million.

Leighton is to construct large parts of an LNG infrastructure project for Australia Pacific LNG. The work consists of two contracts, both located in Queensland, where Thiess is building a gas gathering system for EUR 352 million, south of Miles and water treatment facilities for EUR 274 million, near Roma. The two contracts are part of the client's large-scale coal seam gas (CSG) to LNG project.

Thiess is to construct a number of processing facilities for a gas infrastructure project in Queensland. Six field compression stations and one central processing plant are to be built about 30 kilometers northwest of Dalby by April 2013. The facilities will process gas for transport via an underground pipeline to Gladstone. The project is worth some EUR 266 million.

Leighton's operating subsidiaries are reliable partners, not just in the construction of facilities, but also in the building of the related infrastructure. An example is the temporary accommodation for 2,600 people under construction by Leighton Contractors for the Queensland Curtis LNG project. The contract has a value of EUR 69 million.

John Holland and a joint venture partner have been awarded a EUR 273 million site development contract for the onshore facilities of the Ichthys LNG project near Darwin, Northern Territory. The works include earthworks, building access roads, and drainage. Leighton Contractors is undertaking a further contract for the same project worth EUR 102 million, erecting various facilities and operations buildings on the site, including offices, control centers, laboratories, a fire station, training and canteen facilities, as well as shopping amenities.

A contract in Iraq makes for further diversification of our order books in the Middle East. The Habtoor Leighton Group is to carry out numerous works worth EUR 155 million for a new oil and gas production facility by 2014. The contract includes earthworks, roads, and buildings together with storage tanks.

In the Philippines, Leighton Contractors was awarded a contract in the reporting year to build a new coal-fired power plant in Davao City. The contract for slightly more than three years' worth of construction work is valued at EUR 98 million.

Contract mining business
Leighton Contractors is to carry out contract mining for five years at the Jax Coal Mine in Queensland, Australia, including mine establishment and management as well as the running of the mining fleet. The value of the contract is EUR 362 million. The company is also providing the same services for three years at the Peak Downs coal mine. That contract is worth EUR 472 million.

Thiess has been awarded a new coal mining contract in Indonesia. Under the contract, the company will deliver 7.5 million metric tons of coal a year at Muara Teweh mine in the province of Central Kalimantan. The contract is valued at EUR 302 million.

Leighton Asia has secured a new contract in Indonesia. The seven-year contract for clients Marunda Grahamineral involves all necessary works for the extraction of two million metric tons of high-quality coal per annum. The contract value is some EUR 331 million.

The reporting year also saw a number of contracts renewed or expanded. An approximately EUR 620 million, three-and-a-half year contract extension was awarded for coal mining at the Sonoma Mine, and a one-year coal contract mining extension was awarded for Moorvale Coal Mine. This second extension is worth some EUR 100 million.

Leighton Contractors has secured a five-year contract to develop the Firetail iron ore deposit in Western Australia. The mine is to produce 20 million metric tons of iron ore a year from 2013. The whole-of-mine management contract is for EUR 1.2 billion.

Thiess is to significantly scale up its operations at the Lake Vermont coal mine. Production will increase from four to some eight million metric tons per year. Worth approximately EUR 1.9 billion, the contract extension will run for six years. Thiess has also been awarded a six-year contract to extend mining operations at the Prominent Hill copper and gold mine in South Australia for EUR 820 million.

Alongside the contract mining business, Leighton companies also take on construction work for mine infrastructure. In one example in Queensland, Thiess is delivering earthworks at the Caval Ridge Coal Mine for EUR 148 million. John Holland is carrying out stockyard works at Wiggins Island Coal Export Terminal. This latter contract is worth EUR 181 million.

Leighton Contractors has signed a five-year framework agreement with Australian iron ore producer Rio Tinto. The company is to deliver earthwork projects and structural, mechanical, and piping (SMP) projects for a number of Rio Tinto's iron ore mines.

Transportation infrastructure
In Victoria, John Holland has been awarded a EUR 122 million contract for 23 kilometers of the Western Highway. In a further contract for EUR 80 million, the company is to improve road and rail access at the Port of Esperance in Western Australia. In Victoria, John Holland and joint venture partners are to construct sections of the Regional Rail Link project with the design and build costs totaling EUR 448 million.

In Sydney, Thiess is to build a new pedestrian link with a bridge and tunnel connecting the new Barangaroo development with the city center. The project is worth EUR 124 million.

Together with joint venture partners, the Habtoor Leighton Group has been awarded the contract to design, build, operate, and maintain the first tram system in Qatar's capital city, Doha. The project has a total value of EUR 328 million. The Habtoor Leighton Group's share is approximately EUR 98 million. The company is also to build a new maintenance, repair, and overhaul facility at King Abdulaziz International Airport in Jeddah, Saudi Arabia. The contract is worth EUR 118 million.

Social and urban infrastructure

Office/mixed-use developments segment

In a EUR 185 million joint venture project, Leighton Asia is constructing the new Australian embassy in Jakarta, Indonesia—the fourth embassy built in Southeast Asia by Leighton in recent years. Leighton Properties made further progress during the reporting year on the Fortitude Valley development in Brisbane. Following a series of prizewinning high-rise buildings, work is now underway on Mosaic, an 18-story mixed-use tower that will house 212 apartments, 3,500 square meters of retail space, and a 48-room hotel. The project is priced at some EUR 120 million. Partners have already been signed up for the project.

The Habtoor Leighton Group has been awarded an urban development contract as part of the Jewel of the Creek development in Dubai. For close to EUR 100 million, the company is carrying out foundation and substructure works for the complex featuring several hotels, apartments, offices, and a convention center.

Urban district development segment

A new urban precinct is also being developed in Sydney. Leighton Properties won a competition held by the City of Sydney and secured the contract to transform a former industrial precinct into a vibrant town center forming the residential, commercial and cultural heart for the wider community. The new town center will become a flagship for sustainable development, creating an environment-friendly new community, integrating water management, energy efficiency, good public transport accessibility, the provision of community facilities and long-term economic viability.

Healthcare properties segment

The Habtoor Leighton Group is undertaking two large-scale projects for the Ministry of Health in Riyadh, Saudi Arabia. Together with joint venture partners, the company is building additions to the King Fahad Medical City campus under a contract totaling EUR 245 million. Likewise in Riyadh, the Habtoor Leighton Group is also to build the first proton therapy center in the Gulf region. The contract is worth a total of EUR 58 million.

In Queensland, Australia, the State has awarded Thiess a follow-on contract for the Townsville Hospital redevelopment. In the current EUR 165 million package, the company will deliver the hospital's pathological laboratory and cancer care expansion, a new clinical ward block, and a services building. Thiess also won, in a competitive bidding process, the Logan Hospital expansion in Queensland. The new multi-story building will cost EUR 87 million.

Telecommunications segment

Urban development also includes the provision of broadband networks for communication. In this segment, Leighton subsidiary Visionstream signed a three-year contract for EUR 102 million with Telstra. The contract is to deliver service work for the network provider. Visionstream is also supporting clients such as the National Broadband Network (NBN) in local broadband network rollout in markets like Tasmania. The contract is for EUR 238 million and will take more than four years to complete. Visionstream also has a hand in rolling out the NBN in Victoria and Queensland. The work is worth up to EUR 82 million. Leighton's subsidiary Metronode is set to build and operate for ten years two new datacenters in New South Wales in a contract worth EUR 143 million.

The HOCHTIEF Asia Pacific division's key figures

New orders ran to EUR 18.41 billion in fiscal 2012, some EUR 3.63 billion or 24.6% up (exchange rate adjusted plus 15.4%) on the prior year. Aside from a generally good and continual flow of new orders in the infrastructure segment, this positive development was attributable in particular to major order volumes received in contract mining and from LNG projects.

Work done and **external sales** likewise rose by 17.5% (exchange rate adjusted plus 8.8%) and 11.4% (exchange rate adjusted plus 3.2%), due primarily to the high order backlog of the previous year, and accelerated building progress in some major projects.

The **order backlog**, which was at a record level in the previous year, decreased slightly by EUR 939.7 million or 2.8% (exchange rate adjusted minus 2.9%). These figures were notably affected by the transfer of orders received at Thiess Waste Management Services to its acquirer Remondis. Assuming stable progress in work done, the order backlog equates to 22 months in forward orders.

Following the loss recorded in fiscal 2011, **profit before taxes** rose significantly, by EUR 696.5 million (exchange rate adjusted EUR 663.4 million) to a plus of EUR 411.1 million. Although earnings continued to be adversely affected by the two problematic projects, Airport Link and Victorian Desalination Plant, as they progressed to final completion, the associated losses were offset by the strength of the remaining operating results. Necessary impairment charges with respect to our investments in Brisconnections, Habtoor Leighton Group, and Macmahon were offset by the exceptional gain arising from the sale of Thiess Waste Management Services.

Capital expenditure decreased by 8.0% (exchange rate adjusted minus 14.8%). Financial investments arising mainly from capital injections in joint ventures and associates accounted for EUR 421.9 million of the total spend.

HOCHTIEF Asia Pacific division

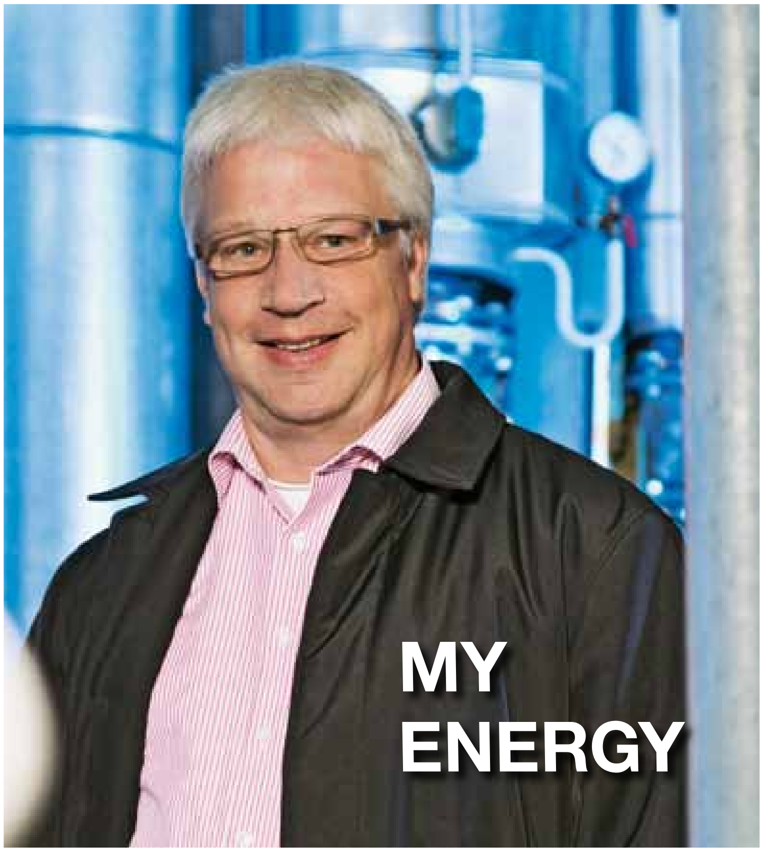
(EUR million)	**2012**	2011
New orders	18,414.5	14,780.8
Work done	18,223.5	15,515.7
Order backlog	32,486.4	33,426.1
Divisional sales	15,179.8	13,631.3
External sales	15,179.8	13,631.1
Operating earnings (EBITA)	593.6	(168.2)
Profit before taxes	411.1	(285.4)
Capital expenditure	1,532.6	1,666.7
RONA* (%)	13.6	-3.4
Net assets (December 31)	4,756.3	4,367.1
Employees (average over the year)	55,959	52,220

*For further information, please see page 66.

The average number of **employees** grew as a result of project activities by 7.2% to 55,959.

Outlook

Following completion of the two infrastructure megaprojects, Airport Link and Victorian Desalination Plant, in 2012, the focus in fiscal 2013 will be on leveraging our existing core competencies and implementing improvements in our processes, including risk control. The sale of the Leighton telecoms business, which included the second largest fiber optic cable network in Australia, is now in progress. Targeted process improvements, particularly with respect to collaboration alliances in the Leighton Group, will lead to significant cost savings. Assuming a continuation of our highly positive core business development in 2013, this will result in the HOCHTIEF Asia Pacific division returning to its usual, positive earnings position and contribution. Hence we expect operating profit before taxes and adjusted for one-time effects to exceed the prior-year level.



For many manufacturers, increased energy usage sends costs skyrocketing. HOCHTIEF's professional energy and facility management optimizes the energy efficiency of buildings and other facilities. One example is the blueFM program at Siemens Healthcare in Forchheim. Here, our client avoids emitting 346 metric tons of CO_2 annually while developing and producing medical equipment thanks to the program launched in 2010.

HOCHTIEF Europe Division

The HOCHTIEF Europe division is home to the HOCHTIEF Group's core business in Europe and selected high-growth regions in the world. The division's main company is HOCHTIEF Solutions AG, which offers customers a full range of construction and construction-related services for infrastructure projects, real estate, and facilities.

While the division returned to profitability in 2012, we cannot yet be satisfied with the earnings situation and work done generated in the European business. Last fall, we consequently began an in-depth review of the structure and the segments served by HOCHTIEF Solutions. The measures aim to streamline the capability portfolio, increase cost-efficiency and financial firepower, and improve risk management on a lasting basis.

The segmental analysis targets profitability, but also market development, the strategic size of units, capital commitment, and capital expenditure requirements. While the review of units and segments in Europe is not yet complete, it is evident that focusing activities and resources on the delivery of infrastructure projects makes sense. Whether the modified strategy means the sale of individual business units to long-term strategic investors is yet to be decided. Nor is there any urgency, as HOCHTIEF Europe operates profitably as a whole.

The biggest impact on earnings in the HOCHTIEF Europe division in fiscal 2012 was from the Elbe Philharmonic Hall building construction project in Hamburg. Substantial financial provisioning had to be made. HOCHTIEF and the City of Hamburg have found a solution for continuing construction of the Elbe Philharmonic Hall that will be drafted into binding contracts by the end of February 2013. Under the plan, HOCHTIEF will complete the design and build contract for the complex within 40 months for EUR 575 million. The remaining design work will be carried out by a consortium comprising Herzog & de Meuron, Höhler+Partner, and HOCHTIEF. The City of Hamburg is ensured full transparency with regard to the design work but there is no necessity and no provision for it to be involved in that connection.

The compromise was made possible partly as a result of financial concessions to which HOCHTIEF agreed and which are taken into account in the annual earnings figures for 2012. Over and above this, we have given the client extensive guarantees and taken on a greater scope of responsibility than provided for in the original contract. HOCHTIEF benefits from the agreement reached in that the structural problems in the project are now resolved and all ongoing litigation, including evidentiary proceedings, can be brought to an end in the near future.

For further information, please see www.hochtief-solutions.com.

The main positive impact on earnings was the successful sale of our 45.45% investment in Chile's Vespucio Norte Express toll expressway at a price of EUR 230 million. The disposal was aligned with our Group's strategy of selling mature assets*, thereby reducing HOCHTIEF's tied-up capital.

*See glossary on page 223.

Operationaly, the HOCHTIEF Europe division chalked up numerous successes in fiscal year 2012. In particular, HOCHTIEF Solutions continues to be positioned very well in the high-growth offshore wind energy market. The fleet, which expanded in September 2012 with the addition of the "Innovation" jack-up vessel jointly developed with a partner, enables the company to contribute significantly to building a renewably sourced energy infrastructure. We have also launched our first pilot project for the development of pumped storage power plants in Germany.

In the transportation infrastructure segment, the company won a number of attractive new contracts in the year under review. For instance, HOCHTIEF Solutions along with partners is involved in projects including planning and construction of road and rail connections in Germany, Austria, Norway, the United States, and Canada. We are also involved in expansion and renovation projects at the airports in Frankfurt, Munich, Warsaw, and Riga to prepare these transportation hubs for growing passenger volumes and requirements.

HOCHTIEF Solutions is among the leading developers of high-quality properties in Europe. Its modern office and residential properties contribute to shaping large metropolitan areas. We had 74 projects worth EUR 2.01 billion in progress at the end of 2012. Our developers sold real estate valued at a total of EUR 877.4 million under the HTP and **form**art brands during the reporting year. This figure is well short of our expectations due to delays in sales of commercial property. As a consequence, earnings contributions from the property development business were likewise lower than originally projected. In contrast, our Group company aurelis Real Estate returned healthy earnings, selling properties for a total of EUR 337.4 million and generating rental income of EUR 79.8 million.

HOCHTIEF Solutions broke new ground in the process of rounding out our capability portfolio with FHH Fondshaus Hamburg Immobilien, established in September 2012 together with a partner. The company, in which we hold a 50% interest, specializes in initiating closed-end real estate funds for private investors. In the medium term, investments for institutional investors are envisioned as well. FHH offers us direct access to new groups of investors.

Project highlights

Energy infrastructure

Our "Innovation" jack-up vessel was deployed for the first time at the Global Tech I wind farm. In late summer, HOCHTIEF began pile-driving the foundations for the 80 wind turbines to be installed there. After completion in late 2013, they are expected to produce a total of 1,400 gigawatt hours of electricity. The contract is worth approximately EUR 186 million.

During the year under review, we also entered the field of offshore wind farm development. We formed HOCHTIEF Offshore Development Solutions with a partner in early 2012 for this purpose. In March, the jointly controlled entity acquired four wind farms in the North Sea currently seeking permits and approvals. Our partner also contributed the Nautilus II wind farm. We will optimize the five projects in the early planning phase and develop them in such a way that the risk of cost overages and delays is minimized in the later construction phase. Before construction begins, we will then sell the planned developments to companies who will build and operate wind farms on the construction sites.

In November, HOCHTIEF Solutions, along with a partner, was awarded the contract to build the Alto Maipo hydroelectric power station in Chile. The total contract volume amounts to around EUR 217 million. The project comprises two complex construction lots in the Andes north of the capital city of Santiago. The contract covers the intake structures, a total of 18.5 kilometers of tunnel and a five-kilometer-long steel pipeline. The HOCHTIEF consortium will also handle execution planning. Work on the 530-megawatt power plant will begin in 2013 and is expected to run until 2017.

We are also involved in construction work on the Guacolda River coal-fired power plant, also in Chile. The new fifth block is being built here. Work started in October 2012 and is scheduled to be completed in two years. The contract is worth just over EUR 37 million.

HOCHTIEF Solutions successfully entered the Serbian and Turkish markets with the construction of two wastewater treatment plants in the reporting year. We will plan, build, and commission a fully biological, turnkey wastewater treatment plant in the city of Erzurum, population 330,000, by 2014 and then operate the plant for a period of two years. In total, the company garnered six new contracts in this market segment in 2012 with a total value of some EUR 53 million, including projects in Romania and the Czech Republic.

Transportation infrastructure

New projects in the transportation infrastructure segment include a section of the E6 Dovrebanen road and railway project north of Oslo. The contract volume is around EUR 210 million, with HOCHTIEF's share amounting to about 40%. We have been modernizing a total of 5.6 kilometers of highway and 6.8 kilometers of track, in the process also constructing one railway and two highway tunnels, in a joint venture since April 2012. After the project is finished in 2016, the section will be able to handle higher speeds and larger transportation volumes.

Our subsidiary HOCHTIEF Construction Austria is working on two sections of a construction project on the S10 Mühlviertler Expressway in Upper Austria. The Freistadt Nord bypass, including a 1.5-kilometer section featuring a feeder road and seven bridges, will be completed by 2014. In addition, HOCHTIEF will construct another 4-kilometer stretch with a bridge and the Neumarkt tunnel by 2016. The two contract sections together are valued at approximately EUR 71 million.

HOCHTIEF Solutions succeeded in entering the Dutch market with the A1/A6 PPP highway project secured in December 2012. Under a PPP contract, a consortium in which HOCHTIEF holds a 20% stake through subsidiaries will design, finance, and build a section of the Amsterdam-Almere expressway and operate it for 25 years. The Group's share of the construction joint venture is 35%. The project has a total value of over EUR 1 billion. The financial close is expected to be reached in February 2013.

In June 2012, HOCHTIEF PPP Solutions reached financial close for the Presidio Parkway project in San Francisco. We are part of a consortium to design, build, operate, and partially finance the new access route to the south end of the Golden Gate Bridge. The total value of the 33.5-year project is approximately EUR 800 million. HOCHTIEF holds 50% of the concession company.

As early as May 2012, HOCHTIEF Solutions reached financial close on a PPP road project in Canada: The Northeast Anthony Henday Drive project in Edmonton comprises construction of 27 kilometers of highway, nine interchanges, two road flyovers and eight rail crossings (flyovers) as well as two bridges across the Saskatchewan River. Work began in June and is expected to be completed in fall 2016. A consortium around HOCHTIEF Solutions and ACS (share of 25% each) will design, build, operate, and partially finance the project. The contract will run for 34 years and is worth some EUR 1.4 billion in total.

In Germany, HOCHTIEF is participating in two railway projects. Along with two partners, the company will build the Bad Cannstatt tunnel in Stuttgart by 2018. The structure is part of Deutsche Bahn's large-scale Stuttgart 21 project. HOCHTIEF's share of the project volume amounts to EUR 114 million. In Nuremberg, we are building a 440-meter tunnel as part of the expansion of subway line 3. This contract is worth EUR 20 million.

The new Airbus A380 terminal opened for operation at Frankfurt Airport in mid-October 2012. Streif Baulogistik had been responsible for site installation, logistics, and energy supply for the large-scale construction site since 2008. The overall project with a contract volume of EUR 23 million is by far the largest construction logistics contract in the HOCHTIEF Solutions company's history.

In the second quarter of 2012, we were chosen by Munich Airport for shell construction on the "Satellit" project. The baggage sorting hall there is being expanded into a new terminal building. The contract is worth some EUR 51 million.

The consortium of HOCHTIEF Solutions and HOCHTIEF Polska is responsible for extensive rebuilding of the T1 passenger terminal at Chopin Airport in Warsaw. New office space and a tunnel to the train station will also be constructed, and a baggage handling system installed. The project is valued at roughly EUR 77 million. The work is expected to continue until early 2015.

Social and urban infrastructure

Office and commercial buildings segment

In September 2012, HOCHTIEF sold the TRIAS office and retail building to DEVK Versicherungen. More than one-third of the 6,300-square-meter property in the center of Leipzig scheduled to be completed in the first quarter of 2014 is already leased. HOCHTIEF Solutions units in Leipzig will also move into the eight-story building being built according to German Sustainable Building Council (DGNB)* standards.

*See glossary on page 223.

Our project developers in Munich were successful in leasing another building before construction work started: Roland Berger will be the sole tenant of the Tivoli Office building starting in fall of 2014. The seven-story property is situated in the Tucherpark area close to the English Garden, one of the prime locations in the city.

A first-rate location was only one reason Zurich's Portikon office building received a Europe Property Award. The property developed by HOCHTIEF was a winner at the international competition in September 2012 also due to its sustainable features. For instance, a highly insulated facade and over 1,000-square-meter photovoltaic system ensure superior energy efficiency for the building, completed and sold in 2009.

The large number of contract extensions is a strong indicator of the high quality of our facility and energy management services. HOCHTIEF is breaking new ground in building operation, too, for example in an office building in Essen. As of April 2013, we will take charge of all facility management including operator responsibility at the new regional headquarters of German health insurance company AOK for a minimum of 20 years. The company has concluded an operating agreement with the owner of the property, a fund company, which includes a long-term guarantee with regard to operating costs. HOCHTIEF's facility managers will receive a fixed annual fee for developing a maintenance strategy with pre-agreed quality criteria. HOCHTIEF will thus provide a reliable basis for calculating the building's operating costs, both for the building's owner and the tenants.

Residential segment

HOCHTIEF's real estate specialists are building the BelVista residential complex in Frankfurt's Europaviertel. The first block of 122 apartments was sold in June 2012. Construction work began in September, with completion scheduled for mid-2014.

Since the end of October, we have been constructing the "Rosengarten" project in Bad Tölz comprising three four-story multi-family homes with total living space measuring some 2,800 square meters. Completion of the total of 28 luxury residential units is slated for spring 2014.

Urban district development segment

In Düsseldorf, we broke ground for the third phase of the "le flair" urban district in early October. Seven townhouses and 72 condominiums will be ready for occupancy by summer 2014. All of the residences in the quarter are being built with sustainability in mind. The first tenants were able to move into phase 1 residences as early as the beginning of 2012.

At the start of the reporting year, the German Sustainable Building Council awarded our Group company aurelis gold certification for sustainable urban district development for the Europaviertel West project in Frankfurt. Environmental factors and resource conservation were taken into account early in the planning process for the approximately 670,000-square-meter urban district.

Sustainability is also the subject of a research project launched by HOCHTIEF in cooperation with the Technical University of Darmstadt in October. Plus-energy district Oberursel, which features 150 apartments and commercial premises, is expected to meet its energy needs from its own renewable sources while also supplying energy to the surrounding area.

Care segment

The topping-out ceremony was celebrated at HOCHTIEF's twelfth nursing home built with operator BeneVit in Altenmünster near Augsburg. By spring 2013, this site will feature 3,500 square meters of living space for 56 seniors based on a community living model.

Event facilities segment

In Plzen, Czech Republic, HOCHTIEF Solutions is building a new city theater and offices for completion in 2014. The building contract is worth more than EUR 32 million.

Shopping center segment

In the year under review, the 8.5-kilometer Barwa Commercial Avenue shopping street was completed and the last segment handed over on schedule. The large-scale project near the capital city of Qatar is valued at some EUR 1.5 billion.

In July 2012, HOCHTIEF Solutions sold KOMM in Offenbach to an American investor. The downtown center opened in 2009 features 15,700 square meters of rental area for retail shops and food outlets on three floors.

Industrial plant segment

In this reporting year, HOCHTIEF Solutions started offering combined heat and power plants for mobile, decentralized generation of electricity and heating. Our energy managers along with partners developed a full-service solution built in container style for deployment on site. HOCHTIEF plans, builds, and operates these as an energy contractor.

The HOCHTIEF Europe division's key figures

New orders in the HOCHTIEF Europe division were slightly down, by EUR 62.2 million (1.8%) in the year under review compared with the prior year. A 7.3% or EUR 86.0 million increase to EUR 1.26 billion on the international side of the business was not enough to make up for the EUR 148.2 million (6.5%) decrease to EUR 2.13 billion in Germany.

HOCHTIEF Europe division

(EUR million)	2012	2011 (restated)*
New orders	3,393.9	3,456.1
Work done	3,332.0	3,467.3
Order backlog	6,419.7	6,332.4
Divisional sales	2,856.2	3,377.7
External sales	2,845.3	3,365.9
Operating earnings (EBITA)	92.2	47.1
Profit before taxes	28.7	(9.0)
Capital expenditure	138.5	75.7
RONA** (%)	6.9	4.8
Net assets (December 31)	1,792.5	1,867.9
Employees (average over the year)	15,320	15,598

*PPP Solutions business line taken into account. For details on the adaptations, please see page 211.

**For further information, please see page 66.

The overall trend in new orders was less than satisfactory, as notably large-scale international projects were either not undertaken or put off.

Work done was down EUR 135.3 million (3.9%) on the prior-year figure to total EUR 3.33 billion in the year under review. The composition of the order backlog in the prior year meant that it was possible to increase work done by EUR 121.6 million or 6.0% to EUR 2.13 billion in Germany, while work done in international activities decreased by EUR 256.9 million (17.7%) to EUR 1.20 billion. This is due to completion of a large-scale project in Qatar on which the prior-year figure for work done was not matched in the year under review.

The **order backlog** is slightly up on the prior year, at EUR 6.42 billion (a 1.4% increase). The order backlog is equivalent to upward of 23 months in forward orders.

Both **divisional sales** and **external sales** were down on the comparative prior-year figures, with reductions of 15.4% and 15.5%, respectively, in the year under review. The decrease mainly reflects lower sales in our property development activities and the completed large-scale contract in Qatar, where the prior year's sales were not matched.

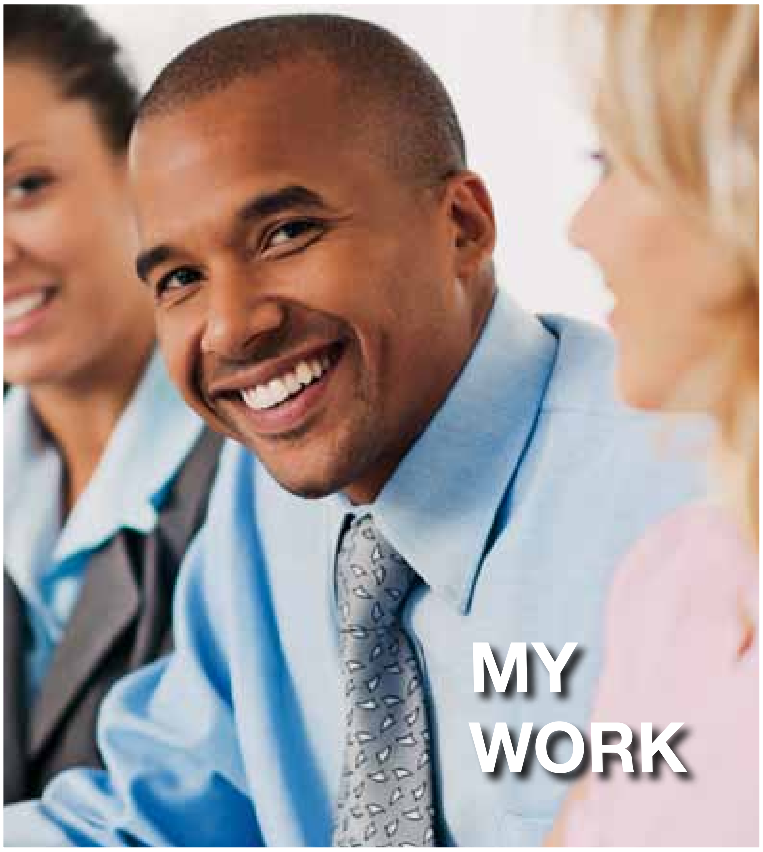
Operating earnings increased relative to the prior year by EUR 45.1 million (95.7%) to EUR 92.2 million, but fell significantly short of our expectations. A positive factor was the successful sale of our stake in a Chilean toll highway. As reported in the preceding quarters, provisioning had to be made for additional costs incurred due to the longer construction period on the Elbe Philharmonic Hall project. Despite these extraordinary impacts and the unsatisfactory operating performance, after including net investment and interest income together with negative non-operating earnings in connection with ongoing organizational development, we were back in profit in the year under review with an increase in **profit before taxes** of EUR 37.7 million to EUR 28.7 million.

The rise in **capital expenditure** on property, plant and equipment as well as financial assets relative to the prior year largely relates to expenditure for our expanding offshore business as well as to stakes in public-private partnership projects.

The 1.8% fall in the average number of **employees** predominantly reflects the development of the business in Eastern Europe and the realignment in German building construction as well as in construction logistics. Conversely, the workforce in our offshore segment increased in size.

Outlook

We will continue to adapt to market conditions in fiscal 2013, streamline our organizational structure, optimize capital deployment, and further improve risk management. Strategically, we will focus on the delivery of infrastructure projects.



Many companies are convinced that good workspace helps workers perform their best. HOCHTIEF builds office properties worldwide that meet the highest standards—such as Three White Flint North in Bethesda, Maryland. The contemporary government office building constructed by our US subsidiary Turner meets sustainable green building standards. Here, employees will find the best possible conditions to work productively.

Risk Report

Risk management at HOCHTIEF encompasses all organizational processes for the identification and minimization or elimination of risks. A risk is defined as any contingency with a potential negative impact on the attainment of qualitative or quantitative business goals.

Risk management is an integral component of our management system. It enables the active management of identified risks to ensure the Group's continuing ability to operate as a going concern, maintain jobs, and secure HOCHTIEF's onward development. Risk awareness is continuously promoted throughout the workforce by means of organizational processes at all levels that are fine-tuned on an ongoing basis. Risks are communicated adequately, fully, and openly.

Improvement of risk management

We have improved many features of our risk management system over the years. Nevertheless it is our ongoing focus to further improve the system. In particular, the selection criteria used in bid preparation for acquisitions and projects and subsequent project control are to be improved and standardized in best practice solutions Group-wide. A further aim is to make sure that solely projects of the right type and size are taken on. Individual segments and regions are another increased risk focus. Our goal is to avoid loss-making projects in the future.

HOCHTIEF Group early warning system in 2012

The Group risk directive stipulates how risks are dealt with throughout the Group, describes the structure and procedures, and lays down the Group-wide framework for risk management. To supplement this Group directive, the divisions and Group companies have produced their own organizational instructions for the identification, assessment, and management of risks, developed with their specific circumstances in mind.

Within the HOCHTIEF early warning system, careful appraisal of capital expenditure, investments, and projects plays a key role in risk avoidance. Accordingly, all divisions and Group companies have individual approval processes tailored to their business model and applying strict appraisal criteria.

Risk inventories and forecasts are compiled three times a year in a standardized process. The resulting information is aggregated to Group level. This approach brings in managers at all levels of the corporate hierarchy. The risk report contains information on the potential impact of a risk, its probability of occurrence, risk category, possible time scale, and any measures that have already been taken to avert it. The focus is placed here on impacts on earnings and liquidity. Above and beyond this quantitative risk assessment, HOCHTIEF considers it particularly important that the risks are discussed openly by management. This key need is addressed by the Risk Management Steering Committee, which is made up of representatives from all divisions and corporate departments. The Steering Committee looks at reported risks from the perspective of both the divisions and the holding company, weighing and adopting countermeasures in the process. Information on the risk situation is compiled by Corporate Controlling, subsequently appraised by the Steering Committee, and reported to the Executive Board. The risk position is also discussed at scheduled intervals at the meetings of the Supervisory Board's Audit Committee. Risk scenarios are also generated routinely in the course of forecasting and planning as well as in specific cases. New, material risks arising at short notice are reported to risk managers separately from the standardized process.

As a process-independent unit, the Group audit function reviews implementation of the risk directive within each division. Since the reorganization of Corporate Headquarters in 2011, a separate auditing department has been integrated into the HOCHTIEF Europe division. This department was assigned staff from the Group auditing function. In addition, the auditing departments carry out compliance, risk, and organizational audits on the basis of risk-focused audit plans and assess the effectiveness of the installed systems and processes. The program is supplemented with ad-hoc special audits. As material foreign subsidiaries, Turner and Leighton have their own regional internal audit functions. The audit findings are used to optimize the early detection and management of risk.

In addition to risks, the planning and forecast reports submitted to the Executive Board also outline the opportunities HOCHTIEF faces. There is no offsetting of risks and opportunities.

Internal control and risk management system in relation to the financial reporting process

Reliable financial reporting is vitally important not only for management, but also for banks and investors. Risks associated with the Group financial reporting process are dealt with in the HOCHTIEF Group in a variety of ways. For instance, IFRS Accounting Guidelines are updated each year based on the IFRS rules applicable at the time to ensure uniform financial reporting and measurement throughout the Group. A set of German Commercial Code (HGB) accounting guidelines is also updated annually for German Group companies.

Accounting for financial instruments and deferred taxes is carried out in close cooperation with Corporate Finance and the Tax corporate department. The measurement of derivative financial instruments has additionally been supported since 2009 by a proven treasury management system widely used in the industrial and banking sectors.

The IT system for preparation of the consolidated financial statements has numerous plausibility testing features and is central in ensuring the correct performance of capital, liability, expense, and income consolidation. Any remaining inconsistencies are investigated and eliminated by Corporate Headquarters. Access is controlled using an authorization system that ensures the employees responsible can only access data of relevance to them. The consolidation system has undergone an audit by the internal audit function. The internal audit function also audits internal control, management, and monitoring systems throughout the Group in all divisions, notably taking into account uniform application of the applicable IFRS and HGB guidelines.

Group risk position

Overall Group risk is determined by adding the expected individual risk exposures and comparing them with budgeted earnings and the liquidity forecast. Expected risk exposures are also aggregated at Group level by division and risk category. The Risk Management Steering Committee assesses interrelations between individual risks and takes them into account in risk quantification. The risk position is compared on an ongoing basis for transparency about changes in the risk structure.

While the two problematic projects, Airport Link and Victorian Desalination Plant, as well as provisioning for the Elbe Philharmonic Hall project, continued to have a significant negative impact on Group earnings in the first half of the year, there were no further impacts on earnings in the second half. The loss-making Airport Link and Victorian Desalination Plant projects are now complete and have been handed over to the clients.

Our financing and liquidity situation is on a sound basis. The closer monitoring of liquidity risks established during the euro and financial crisis proved effective and has been retained. HOCHTIEF is able to compensate for any identified liquidity risks through existing holdings of cash resources and credit facilities. We have also pressed ahead with implementing measures to reduce tied-up capital.

Based on the current risk position, there is no identifiable risk to HOCHTIEF's future financial position and results of operations that might raise doubt about the entity's ability to continue as a going concern.

The overall risk identified at HOCHTIEF primarily relates to the risk categories covered in the following.

Project and contract risk

Most project and contract risks arise in the mainstream construction activities of HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe.

Project risk management

Acquisitions of equity stakes, real estate investments, development projects, PPP projects, and outsourcing projects are carefully appraised in a structured process. Projects above a certain volume or risk level must also undergo this approval process. HOCHTIEF attaches importance in this regard to mechanisms that reflect practical reality.

The early warning system at our US subsidiaries Turner and Flatiron is supplemented by the Contract Review Committee at Turner and the Bid Review Committee at Flatiron, which fulfill a role similar to that of the Contract Review Committee in the HOCHTIEF Europe division. Monthly business risk analyses are compiled in all of Turner's business units and collated in a risk memorandum. At Flatiron, monthly earnings meetings are held on all significant projects for early detection of risks. In light of unexpected earnings impacts on individual projects, the review processes have been revised to improve early risk detection.

In the HOCHTIEF Asia Pacific division, the division's main company Leighton lays down directives for the risk management system, which forms a key component of Group governance. Following the substantial losses on the two large-scale projects Airport Link and Victorian Desalination Plant, the early warning system is currently being revised, with emphasis being placed on early risk detection in operating subsidiaries. Project committees decide on the basis of a wide range of project-specific criteria whether a project is approved, conditionally approved, or declined. A Tender and Risk Committee at holding company level additionally screens bids for risks according to clearly defined criteria at an early stage in the bidding process. Substantial improvements in risk identification, appraisal, and control have already been implemented as a result of the newly created post of Chief Risk Officer. Improvements are also being implemented to the project-related monthly review process.

Similarly, in the HOCHTIEF Europe division spearheaded by HOCHTIEF Solutions, all prospective acquisitions and bids undergo a risk classification procedure. All bids are assessed by a Contract Review Committee made up of competent specialists. Risk auditors watch over projects from bid preparation through contract award to handover to the client. In addition, the internal audit function regularly analyzes domestic and international projects for technical, commercial, and legal risk.

We will continue with the restructuring measures adopted in the construction business in the last few years. Margins on new contracts are improved, and risk is fairly distributed among the contract parties. Projects are not approved until there are binding offers from subcontractors for key trades and materials. Escalator clauses can be used to reduce the risk of price increases. This approach supports HOCHTIEF in its aim to further reduce risk in the mainstream construction business through partnership-based contracting models. Despite these measures, cost risk cannot be entirely eliminated now or in the future, particularly in large-scale projects spread over several years.

Although HOCHTIEF generates a high volume of sales with individual trading partners, it is not dependent on any one client or supplier. Credit risk is reduced through client credit checks and by obtaining guarantees for amounts owed. HOCHTIEF's procurement management ensures that only capable operating partners are selected.

By maintaining a constant watch over the market and close contact with suppliers and institutions, we ensure that we can quickly spot changes on the procurement market and respond accordingly.

Earnings from a construction project can be adversely affected during the execution phase by factors such as unexpected circumstances on the ground differing from those in the bid invitation. The commercial viability of such contracts often depends on the extent to which claims for supplementary work can be billed on to the client. Contracts usually specify which risks lie with the client. Risks arise for HOCHTIEF if the value of change orders cannot be recouped. Moreover, the project execution phase also poses the risk of not being able to meet ambitious completion dates. The threat of warranty risks is reduced through systematic project and quality management and by securing subcontractor guarantees. We continue to support clients after handing over completed projects and in many cases enter into service contracts to maintain the integrity of buildings and facilities.

Risk arising from legal disputes and third-party claims

Our company aims to avoid court cases wherever possible. Despite this, HOCHTIEF is party to various lawsuits and arbitrations both in Germany and abroad. The outcome of legal disputes is difficult to predict. We consider the provisions recognized for ongoing cases to be adequate.

In December 2012, we drew up a proposal for a compromise with the City of Hamburg to continue construction of the Elbe Philharmonic Hall. The plan provides for HOCHTIEF to complete the design and construction work within 40 months, once the individual contracts have been signed with the parties involved. The total cost including design work will be EUR 575 million; further additional costs will only arise in the event of future change requests from the client; in all other respects, they are excluded by contract. This final fixed price will include fully completing construction of the Elbe Philharmonic Hall. The new contract terms are to be negotiated by the end of February 2013. All ongoing court cases, including evidentiary proceedings, will then be terminated at short notice.

Combating economic crime and corruption is a top priority for HOCHTIEF. Like all other market players, our company faces the risk of criminal activity. Our compliance* program ensures that the organizational precautions are in place to secure compliance with the rules by the Company, its decision-making bodies, and workforce. The HOCHTIEF Code of Conduct and various Group directives and circulars lay down the conduct expected from employees. HOCHTIEF also expects compliance with certain standards of conduct from partner companies, suppliers and other contracting parties in order to avoid corruption risk. This minimizes risk to the Company due to criminal acts.

*For further information, please see pages 53 and 94.

Employees are provided with comprehensive information on compliance topics, both on the intranet and through web-based e-learning programs with which employees are required to take training. There is also regular classroom-based training. All members of the workforce are called upon to play an active part in implementing the compliance program within their area of responsibility. The compliance program is reviewed on a regular basis and adapted where necessary.

Investment risk

The acquisition and disposal of equity stakes entails risk and uncertainty. The disposals assumed in our forecasts may differ significantly from our expectations as a result of various factors. In particular, these include changes in the general economic climate, financial market trends, and the competitive environment.

In the case of companies in which we hold a minority interest—these include our airport holdings earmarked for sale and shares in concessions businesses—there is no legal basis for enforcing direct access to the investee's risk management system. These companies nonetheless comply with HOCHTIEF's request for such access and operate an effective risk management system. All relevant information held by the equity holding control function is reported and entered in the central IT system.

In light of the ongoing sale process, HOCHTIEF AirPort GmbH and its airport holdings is accounted for as a subsidiary of HOCHTIEF Aktiengesellschaft and as a financial investment under Corporate Headquarters. Our six airports—Athens, Düsseldorf, Hamburg, Sydney, Tirana, and Budapest—are integrated into the HOCHTIEF early warning system through risk reporting. There is a risk that we will not be able to complete the planned sale or will be able to complete it only in part.

In February 2012, the Hungarian state airline, Malev, ceased operations at Budapest Airport. By the end of the year, a large proportion of the flight services had been taken over by other airlines. Measures are also being taken to improve the airport's operating performance. If future passenger numbers are below our expectations, there is the risk of impairment charges on our investment.

Under the consortium agreement for the Budapest Airport consortium company, fellow members alongside HOCHTIEF AirPort GmbH are entitled in certain circumstances to exercise a put option and hence to offer their investment in the consortium for sale to HOCHTIEF AirPort GmbH at a price yet to be determined. Circumstances triggering this contingency include a change of control at the level of HOCHTIEF Aktiengesellschaft. One fellow member has declared that it is exercising the put option and has filed for arbitration, being of the opinion that the additional purchase of shares in HOCHTIEF Aktiengesellschaft by the ACS Group brought about such a change of control, despite the fact that the ACS Group itself so far holds fewer than 50% of HOCHTIEF shares. HOCHTIEF AirPort GmbH and HOCHTIEF Aktiengesellschaft, on the other hand, hold the view that there is no change of control for the purposes of the consortium agreement until more than 50% of HOCHTIEF shares are acquired. The arbitration proceedings started in 2011; it is not yet possible to state when the arbitrator's decision can be expected. There is a risk that if the exercise of the put option is found to be legally effective and the purchase price payment consequently falls due, this will negatively impact on our liquidity position. There is also a risk of individual or all other fellow members of the Budapest Airport consortium filing for arbitration correspondingly. The acquisition of further shares would also pose the risk of the consequential inclusion of the airport in the consolidated Group adversely affecting our balance sheet and financing structure.

Concession projects generally have a very long contract term and pose specific risks, among other things due to the need to estimate future business growth as well as to cost operation and maintenance expenditure. On concession projects in the infrastructure segment, HOCHTIEF either guarantees a particular level of availability or assumes the risk relating to future utilization levels. If utilization levels turn out to be lower than estimated, this can have a negative impact on the value of a concession.

The performance of our Greek toll road projects in the past fiscal year thus continued to be affected by the recessionary overall situation in Greece. Falling traffic volumes and large numbers of toll dodgers have significantly reduced takings. For a tenable long-term solution, we were able to negotiate a plan for a restructuring of the projects with the Greek government in November 2012. Negotiations with the financing banks remain in progress. Risk provisioning was created for the projects in 2011. Over and above this provisioning, there is the risk of guarantees given being called if the negotiations fail.

In 2009 and 2011, we sold stakes in our subsidiary HOCHTIEF do Brasil. HOCHTIEF nonetheless continues to be exposed to earnings risk on certain ongoing projects. Adequate provisions have been recognized for the event that the risk materializes.

Impairments were recognized on individual investments in the year under review. Projected traffic volumes have not so far been attained on the Airport Link toll road project. The remaining value of the operating company was therefore written off in full. Further impairments were also recognized in 2012 in the Habtoor Leighton Group. Stabilization of the situation in Dubai, the new management, and the large number of attractive new contracts secured in 2012 make us confident for the future development of the company. We are enhancing the company's portfolio and strengthening its finances with systematic project and claim management. Risks remain in closing off legacy contracts, which may result in receivables not being collectible.

We cannot preclude the eventuality that further impairment losses may have to be recognized for our subsidiaries and associated companies or outstanding loan receivables in isolated cases in the future.

*For detailed information on our sales markets, please see pages 34 to 40.

Market risk*

The debt and financial crisis in the euro zone, uncertainty on financial markets, and slower growth in many developing and emerging economies weakened the economic recovery in fiscal 2012. Growth of 3.5% is expected in 2013. The economic projections for specific regions and countries vary.

We keep a close watch on developments in our target markets. The high level of diversification in our product range and our broad global lineup enable us to respond to market and demand fluctuations and mean we are not reliant on the development of specific regions.

Although the US construction market recorded growth overall, the segments important to HOCHTIEF Americas—building construction (non-residential) together with roads and bridges—contracted in 2012. The division nonetheless secured numerous attractive new contracts. Turner was once again named as the leading general builder in the USA. The company undertakes a large percentage of projects for governmental and quasi-governmental clients. Our US subsidiary Flatiron secured further major infrastructure projects in the American civil engineering market. These included the contract to build a large-scale freeway project in Edmonton, Canada, in a joint venture that also includes Dragados, a company of the ACS Group. Flatiron sustained its position as one of the leading providers for transportation and infrastructure projects in North America.

Through our subsidiary Leighton, we are on the map in Australia, Asia, and the Middle East. Leighton's operational units span the entire construction, infrastructure, and resource project spectrum. Major contracts were secured in the year under review for healthcare properties and energy infrastructure projects in Australia, Qatar, and for the first time in Saudi Arabia. Leighton is market leader in Australia and also the world's largest contract miner. Although market growth in the resources sector showed signs of a minor slowdown, Leighton was able to win large-volume projects with long contract terms in this sector in Australia and Indonesia. If the economic trend continues to weaken, especially in China, and if there is a fall in demand for resources, there is a risk that producers will cut output on a lasting basis.

The construction market in Europe contracted yet again in fiscal 2012. Projections for the construction market vary from region to region. Construction activity in Germany is expected to pick up in light of stable demand in residential construction. The prospects are less bright in most Central and Eastern European countries. We keep a close eye on developments there and concentrate on countries with stable market environments.

HOCHTIEF is among the leading developers of high-quality properties in Europe. Our presence in all key real estate markets and our broad range of products and services for residential and office properties enable our developers to respond to market and demand fluctuations in individual regions and thus minimize risk.

Following the integration of the public-private partnership (PPP) activities into the HOCHTIEF Europe division in 2012, the number of projects in which we provide services on a cross-sectoral and cross-divisional basis has increased. There is still great potential in PPP projects. We continue to develop new markets in this important segment, with market entry in the Netherlands and Poland in 2012. Risks for our business may arise if the market conditions for the use of roads, tunnels, and buildings significantly deviate from our forecasts. Depending on the contractual arrangements, a negative trend in traffic volumes can thus have an immediate negative impact on the profitability of a toll road project.

We also aim to secure future earnings potential by opening up new segments such as the development of offshore wind parks. Risks in the wind energy sector include slower growth due to reluctance to invest and uncertainty as to how subsidies will develop.

HOCHTIEF once again generated a large order backlog in fiscal 2012. This guarantees the company's performance in terms of work done for roughly two years. HOCHTIEF's future earnings performance may be negatively impacted by a lack of major new orders as a result of an unstable global economy.

Regulatory risk

Changes in the legal framework at national or European level entail risks that may negatively impact our earnings situation. Our earnings situation can be affected, for example, by changes in tax legislation.

In legal systems with tendering regulations that mostly prohibit two companies from the same group from bidding (e.g. Canada and the USA), there is a risk that HOCHTIEF Group companies may not be permitted to take part in invitations to tender, as another company from the ACS Group is already participating or intends to participate.

The business activities of the HOCHTIEF companies Turner and Flatiron in North America also include public-sector contracts. To undertake such contracts, contractors are required to provide a wide range of sureties. In the USA, these are provided by surety companies on the basis of the HOCHTIEF Group's credit standing. In terms of the size of the commitment, HOCHTIEF's bonding capacity is among the largest bonding facilities in the USA.

Financial risk*

Coordinating financial requirements within the Group and safeguarding its long-term financial independence is a central task in the financial management process. HOCHTIEF achieves this goal with sound Group financing secured for the years ahead and by limiting financial risk.

*For detailed information on financial risk management, please see pages 197 to 209.

Financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. Alongside the Group's general risk directive there is a financial risk directive that is supplemented by further individual, function-specific operating directives. In addition, responsibilities within the Group are strictly separated between financing and trading activities on the one hand and the corresponding control and settlement activities on the other. All trading transactions are compulsorily subject to dual control at minimum. Compliance with all directives and requirements is checked and, if necessary, fine-tuned by the internal audit function at least once a year.

After the credit facility for a total of EUR 2 billion that had been due to run out in December 2012 was refinanced ahead of schedule in December 2011, HOCHTIEF successfully completed the first bond issue in its corporate history in March 2012. The bond issue has a principal amount of EUR 500 million and a five-year term. This first utilization of the international capital market resulted in a further diversification of HOCHTIEF's lenders, thus reducing its dependence on the banking sector. The long-term financing arrangement also extended the maturity profile of the HOCHTIEF Group's debt portfolio through to 2017.

Financial covenants** on the syndicated and bilateral credit facilities that trigger lenders' rights to call in loans if violated are monitored continually and currently rated as non-critical. No financial covenants are featured in the bond documentation to the HOCHTIEF corporate bond.

**See glossary on page 223.

*For further information, please see pages 77 and 87 to 89.

**For further information, please see pages 87 to 89.

***For further information, please see pages 87 to 89.

The Group also has bilateral, short-term credit facilities to finance day-to-day business and prevent liquidity shortfalls. These short-term liquidity facilities are renewed annually for a year at a time. New lenders are recruited for the provision of short-term funds as required. The cash position is continuously monitored, and our cash planning is supplemented with stress tests.

Most HOCHTIEF subsidiaries largely operate in a single currency region and therefore do not face any material currency risk. Leighton's subsidiaries, which operate in Asia on a US dollar basis, are an exception.

Transaction risks on transfers of profits from international subsidiaries to HOCHTIEF Aktiengesellschaft are promptly hedged by entering into appropriate forward foreign exchange contracts.

We minimize the risk of interest rate changes by locking in interest rates for the longest available terms. Any variable-rate borrowing that may be necessary is hedged in each instance by selective use of interest rate derivatives with matching maturities. Project-related borrowing is hedged as needed according to term and volume.

Derivative financial instruments such as interest-rate swaps and currency options are never used for speculative purposes. They are used solely to hedge potential risks from existing transactions. In the event of unforeseen and in particular negative developments in the projects to which the underlying transaction relates, there is a risk of hedge ineffectiveness, which can impact earnings.

Risk can arise at HOCHTIEF from investments in stocks and funds. We minimize this risk through constant market monitoring and analysis. This enables timely, active management of the risk relating to the investments.

The Group's main long-term financing agreements continue to include change-of-control clauses. The existing, comprehensive ring-fencing clauses for transactions with ACS have been either retained unmodified or built into new credit facilities and the bond documentation. The ring-fencing includes an undertaking by HOCHTIEF to lending banks and bondholders not to enter into any agreement with ACS that would weaken HOCHTIEF's credit standing.*

Subject to certain conditions, a change of control** may necessitate early refinancing or additional financing within the HOCHTIEF Group.

Certain financing agreements concluded by HOCHTIEF and project agreements entered into by subsidiaries contain change-of-control provisions that, subject to certain conditions, grant the other parties to those agreements certain rights, including rights of termination, put and call options, or a right to cash collateral.***

Personnel risk

Our workforce is key to our long-term success. The aim of our human resources strategy is to continuously improve our employees' qualifications and motivation and retain them long-term. Regular employee surveys leverage the potential for improvement within the company. The findings of these surveys are acted upon, and a tailored development plan is offered in order to prevent the risks associated with employee dissatisfaction.

Succession planning is an integral part of HOCHTIEF's human resources strategy. With a view to grooming selected potential high-flyers, HOCHTIEF offers special training options for various stages of career development. We systematically prepare employees to take on expert or managerial roles. Specialist and managerial staff are retained over the long term by providing variable pay components that act as a long-term incentive.

Employee and workplace safety has always been a key consideration at HOCHTIEF. Occupational safety, health, and environmental protection are coordinated centrally by the OSHEP Center. The aim is to further reduce accident and health risks for employees, subcontractors, and third parties.

Risk arising from pension obligations

No material risks are currently apparent with regard to HOCHTIEF's company pensions. The switch from defined benefit pension plans to defined contribution arrangements, where the costs to the company are predictable, was made several years ago. Pension obligations in Germany are largely covered by HOCHTIEF Pension Trust e. V. and pension liability insurance, and are backed by sound assets.* All new pension commitments at Leighton, Turner, and Flatiron follow the defined contribution model. If, however, the capital markets were to follow a sustained downward trend, it would not be possible to rule out the necessity of top-up contributions to meet pension commitments.

Risk associated with information security

HOCHTIEF counters IT risks by closely working together with capable service providers. IT service categories are clearly set out in service certificates forming part of our service contracts. Compliance with availability and data security service levels is ensured by stipulating measurable targets. Business-critical systems have an agreed 99.8% availability level. The deployment of modern hardware and software combined with digital and physical access control protect data from unauthorized access. Key data is kept in certified, redundant, geographically separate data centers. Regular external penetration tests verify the ability of our firewall systems to withstand attacks from the Internet. Confidential data and files are protected by using encryption systems covering areas such as data storage and e-mail.

The IT security directives are continuously refined in consultation with experts and verified by audits in Germany and internationally. A special security level applies for employees in sensitive areas.

In cooperation with the Group's Data Security Officer, our service providers ensure that personal data are only processed in accordance with the requirements of the German Federal Data Protection Act.

HOCHTIEF has not yet had any notable IT incident. We estimate that the risk will continue to remain low also in the future.

Opportunities

By virtue of our sound strategic alignment in HOCHTIEF's key markets and business segments, we see numerous growth prospects that will provide the Group with good opportunities going forward. We will also pursue our strategy to reduce tied-up capital in 2013.**

*For further information, please see pages 158 and 188.

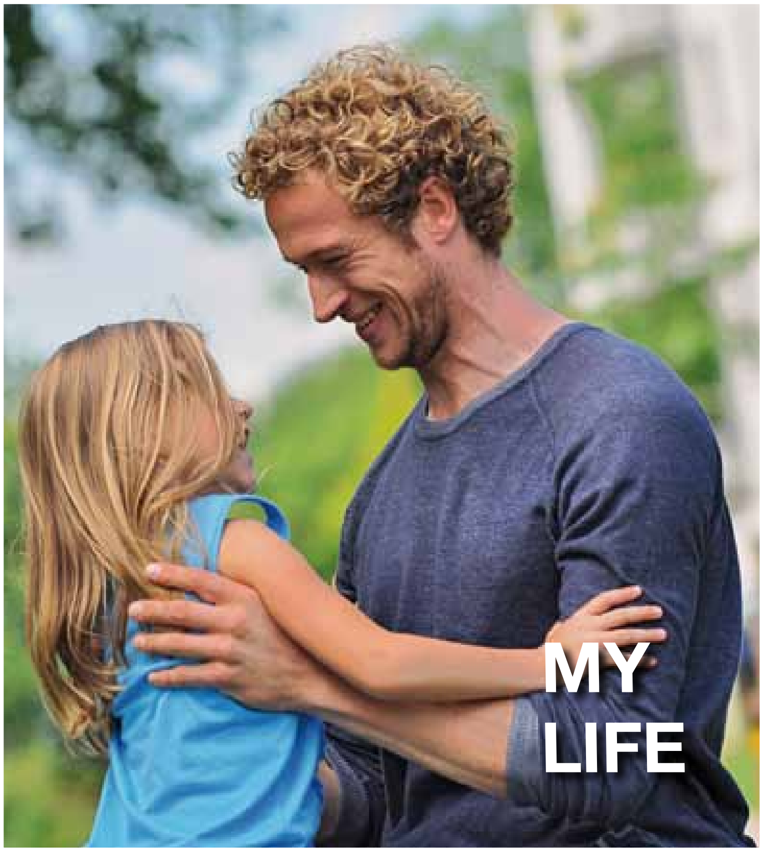
**For detailed information, please see report on opportunities on pages 129 to 137.

Risk management audit

The auditors examine the early warning system and its integration into planning and reporting processes when auditing the annual financial statements. The subject matter of the examination is whether the Executive Board has taken appropriate measures to set up an early warning system as stipulated by Section 91 (2) of the German Stock Corporations Act (AktG) and whether the system is capable of identifying, on a timely basis, developments that cast doubt over the enterprise's ability to continue as a going concern.

Executive Board's overall assessment of risks

The overall risk situation of the HOCHTIEF Group has not significantly changed in fiscal 2012 compared with the prior year. From today's perspective, there are no risks that might cast doubt over the HOCHTIEF Group's ability to continue as a going concern.



Many people are looking for a great address in a pulsating city, but without sacrificing custom-tailored space or comfort. HOCHTIEF develops and builds premium-quality urban properties for all age groups and lifestyles—the **form**art project “In der Lönsstrasse” in Hanover is an excellent example. Here they’ll find their home sweet home.

Looking Ahead: Outlook and Opportunities

Looking ahead

General economic environment for 2013

The global economic upturn continued in 2012, but at a slacker pace. The International Monetary Fund (IMF) expects global economic growth of 3.5 percent in 2013. Growth will be stronger in emerging and developing economies than in industrialized nations. Uncertainty persists due to the debt crisis in the euro zone and weaker growth in the USA.

Looking to the euro zone, the IMF anticipates that economic growth will pick up slightly in 2013. With regard to the USA, the IMF experts forecast growth of 2%, representing a slight recovery of economic growth in 2013. For Australia, we expect that economic growth will hold steady at around 3%, while for the Middle East, we anticipate constant but low-level growth rates. The markets in Asia and the emerging economies, first and foremost China, India, Indonesia, and Hong Kong, are likely to sustain their growth in 2013.

Growth in the target regions and markets relevant to HOCHTIEF will vary.

Prospects in key HOCHTIEF markets

Our Group has a presence in all key regional construction markets* around the globe. These include large parts of Europe, America, Australia as well as the Asia-Pacific and Gulf regions.

The latest market forecasts for the European construction market make us optimistic for the future. The experts at Euroconstruct expect only a slight decrease of 1.6% in 2013. An increase of 1% is expected from 2014. HOCHTEF primarily concentrates on infrastructure projects in the countries of Western and Eastern Europe. We will continue to uphold our rigorously selective policy when pursuing new business. Closer collaboration with the Group companies brought together under HOCHTIEF Solutions AG as well as collaborations with other Group subsidiaries are expected to generate additional business in our European units. HOCHTIEF Solutions will also continue to exploit market opportunities outside of Europe, such as in the Gulf region or South America.

We anticipate that the US construction industry will pick up in 2013. The trend toward urbanization continues apace. Our American subsidiary Turner leads the market as the number one general builder. Among the foremost providers in the civil engineering segment, HOCHTIEF company Flatiron carries out projects in the USA and Canada. The forecasts for the Canadian construction market are similarly positive. We expanded our business in Canada in the reporting year through our American subsidiary Turner by means of a majority share in Clark Builders. The company is one of the leading building construction providers in western and northern Canada. We acquired this share with the intention of profiting more from growth in the Canadian building construction market. For years, Flatiron has been successfully involved in Canada, where it once again won lucrative contracts in the reporting year.

The potential for public-private partnership (PPP) projects remains high in the North American market. We expect this trend to go on for the next few years and that we will be able to expand our activities in the fast-growing PPP infrastructure projects market. We continue to develop new markets in this important segment, with market entry in the Netherlands and Poland in 2012.

*For further information, please see page 35.

The Asia-Pacific region is still one of the world's most promising growth markets, where the outlook in particular in Indonesia, and Hong Kong offers great potential. The construction sector in these countries remains on a growth path, with Malaysia being another attractive market for construction. This holds many opportunities for our subsidiary Leighton.

The Australian construction market as a whole showed a positive trend in 2012. We were consequently able to secure a large number of new orders. Experts anticipate that the growth in commercial/industrial construction will continue in 2013. There is still demand in the Australian infrastructure sector. We also envision substantial investment in the water and energy management segment. Excellent opportunities for growth continue to exist in the oil and gas business in Australia and Asia. The Airport Link and Victorian Desalination Plant projects completed in the year under review are the most complex engineering projects ever brought to completion in Australia.

Global commodity prices fell in 2012. This was partly driven by lower demand from China, the main buyer of Australian and Asian commodities, due to slower economic growth. Experts and investors nevertheless emphasize that the volume of coal, iron ore, and other commodities produced in the contract mining segment can still be expected to increase. Our Australian subsidiary Leighton is set to benefit from this forecast growth. Leighton is the world's largest contract miner. In Australia and Asia, we primarily mine iron ore and coal.

The countries of the Middle East likewise present promising opportunities for new business. Qatar above all is becoming one of the most important markets as construction activity steps up looking ahead to the 2022 FIFA World Cup. Construction business is therefore expected to boom over the next ten years. The government is promising to invest around USD 100 billion in buildings and infrastructure projects, with the lion's share going into mega projects in the tourism, transportation infrastructure, healthcare, education, and residential construction sectors. Through our numerous subsidiaries, we are well positioned in the region and have already built up a very good reputation with construction work and services for various large-scale projects.

Stable trend in new orders, order backlog, and sales

Group new orders stood at EUR 31.49 billion in 2012 (2011: EUR 25.37 billion), once more setting a new record in our 140-year corporate history. Marking yet another all-time high, the EUR 49.79 billion order backlog is equivalent to a forward order book stretching some 20 months into the future. Sales were once again very healthy in fiscal 2012, gaining approximately 10% on the prior-year figure to EUR 25.53 billion (2011: EUR 23.28 billion).

We are very optimistic looking ahead. The strong order backlog gives HOCHTIEF the secure planning base it needs and paves the way for a sustained sales trend. For 2013, we project a stable trend in new orders, the order backlog, and work done and currently expect that these indicators will normalize in the current fiscal year below the record level attained in 2012.

All divisions in profit

All divisions show a pretax profit for 2012. Not only have we made decisive progress in bringing our large loss-making projects to a close, we are also profiting from the resilient value of our assets. With profit before taxes of EUR 546.4 million (2011: minus EUR 127.0 million), HOCHTIEF substantially improved on its weak prior-year earnings. The EUR 158.1 million consolidated net profit attributable to HOCHTIEF shareholders likewise represented a major improvement on the prior-year figure (2011: consolidated net loss of EUR 160.3 million).

While the two problematic projects, Airport Link and Victorian Desalination Plant, as well as provisioning made for expected additional costs on the Elbe Philharmonic Hall project, continued to have a significant negative impact on Group earnings in the first half of the year, earnings performance stabilized over the remainder of 2012. The loss-making Australian projects are now complete and have been handed over to the clients. In December 2012, we drew up a proposal for a compromise with the City of Hamburg to continue construction of the Elbe Philharmonic Hall.

The ongoing growth in Leighton's core business secured a sound earnings base for the HOCHTIEF Asia Pacific division in the period under review. Its strong operating business compensated for the impacts from the two problematic projects. The successful sale of Thiess Waste Management Services made up for impairment losses that had to be recognized on individual investments.

Earnings in the HOCHTIEF Americas division were marked by contrary trends in the building construction and civil engineering business. While Turner benefited in the building construction segment from a stable market trend and a strong order backlog, earnings at our civil engineering subsidiary Flatiron were brought down by operating below capacity and individual loss-making projects.

The HOCHTIEF Europe division attained a substantial increase in earnings compared with the prior year, but fell short of expectations operationally. Performance varied considerably between the different parts of the business. The mainstream construction business was affected by provisioning for expected additional costs on the Elbe Philharmonic Hall project and by overheads not being fully covered as a result of capacity surpluses due to the reduced amount of contracting work in the reporting period. Despite these factors, the HOCHTIEF Europe division still generated a profit. A major factor in this was the sale of the shareholding in the Vespucio Norte Express toll expressway in Chile.

Sustained improvement in the level of earnings

Our projections inspire confidence in the future. For fiscal 2013, the HOCHTIEF Group aims to increase both profit before taxes and consolidated net profit by 10 to 20% relative to the prior year. This does not include non-operative items such as restructuring charges and effects from disposals. At the same time, we expect to deliver a sustained improvement in earnings in 2014 and beyond.

Our strong presence in American and Asia-Pacific markets means that HOCHTIEF's projected earnings are impacted by exchange rate trends. Our budgeting for 2013 is based on a slight appreciation of the euro relative to the US dollar. For the Australian dollar, we assume a moderate devaluation relative to the euro. We will be able to put HOCHTIEF's projected development for the current fiscal year in more concrete perspective in the quarterly reports.

Our planning is based on the assumption that there will not be a further sharp slowdown in the global economy, an escalation of the financial and debt crisis, or any action on the part of individual governments that impacts significantly on HOCHTIEF's business.

Dividend

HOCHTIEF aims to let shareholders participate adequately in the company's earnings performance. The Executive Board and the Supervisory Board of HOCHTIEF Aktiengesellschaft are proposing to distribute a dividend for fiscal 2012 of EUR 1.00 per share.

Portfolio adjustments to enhance profitability and value

Our planning is geared to enhancing the profitability and value of HOCHTIEF. Here, our focus remains on margin over volume and enhancing corporate value. To this end, we will make return on net assets (RONA)* and value created key performance indicators for our business and in this way restore the importance of value creation. At the same time, our top priority is on reducing tied-up capital. To attain this, we will scale back segments that are capital-intensive without generating suitable returns. As a supplementary measure, we will further improve risk management. Our target is to avoid loss-making projects with a view to securing a sustained increase in profitability.

*For further information, please see page 66.

We took a significant step forward in the year under review by implementing measures to enhance earnings performance.

Leighton completed the sale of its subsidiary Thiess Waste Management Services during the reporting period. The selling price came to a total of some EUR 176 million and was mostly used to repay debt. The HOCHTIEF Europe division likewise brought the sale of its entire 45.45% stake in the operating company for the Vespucio Norte Express toll expressway in Chile to a successful close at a price of EUR 230 million. The proceeds generated demonstrate the value of our portfolio and are in line with our Group's strategy of selling mature assets, thereby reducing HOCHTIEF's capital intensity. We aim to further increase the Group's financial firepower in 2013 and make our portfolio less capital-intensive, giving us not only extra scope to enter attractive segments but also greater flexibility for our activities.

Leighton is currently weighing the disposal of its shareholdings in Nextgen Networks, Metronode, and Infoplex in the telecoms sector. With the remaining subsidiaries in this sector—Visionstream, Silcar, and John Holland Communications—Leighton plans to continue providing services in the segments of network expansion and network maintenance. The intention is solely to surrender the role of network operator and release capital tied up in such activities. That capital is to be used to repay debt and invest in growth of the core business.

It also remains our strategic goal to successfully complete the sale of our airport holdings and of our Group company aurelis Real Estate or of individual projects and project portfolios at aurelis. Additionally, we intend to increase asset turnover in public-private partnership and development projects, and to sell on market-ready projects at an earlier juncture than before.

Group structure in 2012**

**For further information, please see pages 30 and 31.

Since January 1, 2012, HOCHTIEF has delivered its services worldwide through three divisions: HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. This structure reflects the operating focus of our business as well as the Group's presence in key national and international regions and markets. Integrated into the other divisions for strategic reasons, the former HOCHTIEF Concessions division is no longer reported on separately. In this connection, HOCHTIEF Concessions AG was amalgamated into HOCHTIEF Aktiengesellschaft on August 31, 2012 with retroactive effect as of January 1, 2012. The public-private partnership activities from the former HOCHTIEF Concessions division were brought under HOCHTIEF Solutions AG and hence under the HOCHTIEF Europe division in the period under review. The streamlined Group structure has cut costs and fosters Group-wide cooperation.

An additional operational unit, HOCHTIEF AirPort GmbH, is assigned directly to Corporate Headquarters/Consolidation until such time as the airports business is sold. The primary focus of HOCHTIEF's management holding company is on management and control of the Group. We will continue to work on structural improvements to the Group throughout the year. Alongside strategic development, we will also fine-tune our organizational structure and make improvements to internal structures and workflows.

Successful refinancing of borrowing facilities
HOCHTIEF retains its top credit standing and has always operated a conservative financial strategy. This has given us a secure position at all times, including through the ongoing financial crisis in the euro zone.

The syndicated credit facility for a total of EUR 2 billion that had been due to run out in December 2012 was refinanced ahead of schedule in December 2011. HOCHTIEF then successfully completed the first bond issue in its corporate history in March 2012. The bond issue has a principal amount of EUR 500 million and a five-year term. This first utilization of the international capital market resulted in a further diversification of HOCHTIEF's lenders, thus reducing its dependence on the banking sector. The long-term financing arrangement also extended the maturity profile of the Group's debt portfolio through to 2017.

Similarly during the reporting year, Leighton secured a syndicated guarantee facility for a total of some EUR 1.1 billion (AUD 1.4 billion) and issued an approximately EUR 400 million (USD 500 million) ten-year bond. Both financing instruments were substantially oversubscribed on the issue date, underscoring the Leighton Group's strong credit standing.

In December 2011, HOCHTIEF Group company aurelis also successfully refinanced a credit facility due to expire in 2012. The company reached agreement ahead of schedule to prolong the facility to September 2015. The approximately EUR 700 million facility is provided on good market terms.

By refinancing the various borrowings ahead of schedule, the HOCHTIEF Group has furnished itself with sufficient leeway and security, also for its long-term growth plans. The borrowings are placed with major international banks. We are using the proceeds to replace existing financing and further expand our position in attractive growth markets.

Investing in sustained growth
Our capital spending is geared toward reinforcing and continuously expanding HOCHTIEF's leading international competitive position. Capital expenditure in fiscal 2012 came to EUR 1.78 billion (2011: EUR 2.02 billion). This investment spending was primarily focused on replacing and modernizing plant and equipment in contract mining as well as construction plant to undertake complex projects in the infrastructure business. Alongside this, expenditure was concentrated on strategic additions to the business portfolio. We anticipate that capital expenditure in the current 2013 fiscal year will be below the prior-year level. A large share of the total will once more be at Leighton, which incurs capital expenditure in the highly profitable, capital-intensive contract mining segment. Further capital spending is planned for growth segments.

*For further information, please see page 61.

Tried-and-tested procurement strategies improved

Procurement strategy at HOCHTIEF follows corporate strategy. HOCHTIEF works constantly to improve procurement. This involves expanding our international procurement network on an ongoing basis and pooling expertise across the Group. An example from the year under review is the position of Strategic Procurement Manager created by the Leighton Group to coordinate procurement for the companies in the HOCHTIEF Asia Pacific division, exploit synergies, and generate best practice solutions. The holder of the new position also liaises with other procurement experts in the Group's other divisions. We secure good procurement terms by combining orders for key merchandise groups, in some cases across divisional boundaries. Another focus is on ongoing standardization of procurement processes to boost internal efficiency as well as to obtain better prices.

In 2013, our procurement volume is expected to once again attain between 65 and 70% of Group sales.

We plan to further enhance procurement efficiency, pursue systematic standardization of procurement processes going forward, and exploit economies of scale.

HOCHTIEF: Best place to work*

The commercial success of our company is crucially driven by the performance, qualifications, and motivation of our employees. HOCHTIEF's long-term projects call for a focused human resources strategy to foster enduring loyalty to HOCHTIEF in suitable employees as well as to provide individual support for especially qualified and talented staff. It is our aim to further establish HOCHTIEF nationally and internationally as an attractive employer on the careers market and to offer our employees appealing development prospects. We attach great importance to employee satisfaction. We work constantly to build on and further enhance our personnel development.

Opportunities

Prospects from fast-growing business segments

In the markets and fast-growing segments most relevant to HOCHTIEF, we anticipate numerous opportunities for expanding our business. These include large parts of Europe, the Americas, Australia as well as the Asia-Pacific and Gulf regions. We are the most international company in the industry, a fact once again reaffirmed by 2012 statistics from the Engineering News-Record trade journal. We generate more than 90% of sales outside of Germany. This global footprint enables us to make up for regional market fluctuations.

Our strategy is all about achieving a sustained increase in our company's profitability and efficiency. Especially attractive business opportunities and development potential for all divisions in the HOCHTIEF Group are to be found in the transportation infrastructure, energy infrastructure, and social and urban infrastructure segments as well as the contract mining business. In the reporting period, HOCHTIEF's operational units won and successfully delivered numerous projects in these segments in the markets of Europe, America, and Asia.

Transportation infrastructure

Worldwide, HOCHTIEF companies and units build roads, bridges, tunnels, ports, railroads, and airports, putting in place the infrastructure necessary for our society's growing mobility requirements. Currently involved in a number of pioneering transportation projects, the Leighton Group succeeded in securing further attractive large-scale infrastructure projects in 2012 in places such as Australia, Qatar, and Saudi Arabia. In Sydney, Leighton subsidiary Thiess is to build a new pedestrian link with a bridge and tunnel connecting the new Barangaroo waterfront development with the city center. Together with joint venture partners, the Habtoor Leighton Group has been awarded the contract to design, build, operate, and maintain the first tram system in Doha, the capital city of Qatar. Our subsidiary Flatiron was awarded numerous attractive contracts in North America, including the Northeast Anthony Henday Drive project. This beltway in Edmonton, Canada, is a project for Alberta Transportation, which HOCHTIEF PPP Solutions North America won together with ACS during the reporting year. The Presidio Parkway in San Francisco, California, is also being built as a PPP project. A consortium led by HOCHTIEF PPP Solutions North America has commissioned Flatiron with the construction work as lead of a joint venture. Thanks to our many years' experience in Europe, HOCHTIEF PPP Solutions is a key partner for successfully tapping into the growing PPP market segment in other countries. Going forward, HOCHTIEF Solutions will additionally offer its full range of expertise to PPP projects in Poland and the Netherlands.

Energy infrastructure

In Europe, HOCHTIEF Solutions has succeeded in expanding its position in the energy infrastructure segment. The fleet of jack-up vessels, to which the "Innovation" lifting vessel jointly developed with its partner GeoSea was added in September 2012, enables the company to contribute significantly to the greening of energy supplies in Germany. The "Innovation" is 150 meters long, has a beam of 42 meters, is specially designed for work on offshore wind farms as well as natural gas and oil rigs, and can operate at depths of up to 65 meters. Currently the most powerful vessel of its kind, the "Innovation" has a crane capable of lifting weights of up to 1,500 metric tons. Thanks to the size and design of the jack-up vessel, it can be deployed for 300 days a year, also in very rough conditions. Even before its completion, the "Innovation" had already been chartered out for several years to come. Its first deployment was on the North Sea wind farm "Global Tech I."

Our first pilot project for the development of pumped storage power plants in Germany, which we launched in 2012, reflects further potential in the energy infrastructure segment.

Our Australian subsidiary Leighton undertakes highly advanced infrastructure projects. In the year under review, the Leighton Group won numerous attractive large-scale contracts for work such as the construction of oil and gas pipelines. For instance, Leighton has a hand in a number of subprojects for the Wheatstone gas project operated by Chevron Australia off the northwest coast of Australia. Up to 15 million metric tons of liquid natural gas (LNG) per year will be produced here in the future from the offshore deposits. Leighton is to construct large parts of an LNG infrastructure project for Australia Pacific LNG in Queensland. Likewise in Queensland, Leighton subsidiary Thiess is to construct a number of gas processing facilities. Our Australian units are reliable partners not just in the construction of facilities, but also in building the related infrastructure. We are similarly a partner of choice when it comes to the construction of energy infrastructure outside of Australia. In fiscal 2012, the Leighton Group won energy infrastructure projects in places such as Qatar, Iraq, and the Philippines.

Contract mining business

Further major contract mining projects were secured in the year under review despite a slowdown in market growth. In Queensland, for example, Leighton is to take on contract mining for an additional coal mine for five years. The company is also to mine an iron ore deposit in Western Australia, again for five years and with a further two-year renewal option. Under the full-service contract, Leighton will extract 20 million metric tons of iron ore a year. Leighton has likewise generated new business in Indonesia. These project successes confirm our positive long-term expectations for the resources industry and the contract mining business in Australia and Asia.

The long contract terms on these projects give HOCHTIEF the secure planning base it needs and pave the way for a sustained performance trend.

Social and urban infrastructure

We also have good news to report on the social and urban infrastructure segment. The trend toward urbanization is generating strong demand for solutions that create contemporary, cutting-edge living and work spaces. In the USA, our subsidiary Turner has for some years been one of the leading providers in the general construction and green building segments. Through various projects, the Leighton Group is contributing to the development of cities in Australia. In Europe, too, we have notched up a large number of new projects in the office and residential construction segment. HOCHTIEF PPP Solutions was commissioned in 2012 to develop, build, and subsequently operate further schools and child daycare facilities in Germany and the UK on the basis of public-private partnership contracts. Social and urban infrastructure projects—and hence giving shape to major cities—offer our company diverse business opportunities. HOCHTIEF was quick to spot the trends and potential in this segment.

Growth potential through internal partnerships

Knowledge transfer within our Group as well as national and international collaboration between our companies open up additional growth potential for HOCHTIEF and create added value for its clients. The number of projects in which we already serve clients with capabilities that cut across section and divisional boundaries continued to grow in 2012. Our operational units reap rewards by working together notably on public-private partnership projects. Drawing on our experience in delivering complex projects, the HOCHTIEF Group has honed an outstanding competitive edge with which to tap into additional growth potential.

Innovation as a key success factor

Our aim is to build long-term partnerships with our clients and work together with them in a relationship of trust. We therefore endeavor to set HOCHTIEF apart from the competition through top quality standards, innovative solutions, and a flexible approach. Our Group has long been one of the innovators in the construction industry and wins over clients with a constant flow of new, tailored developments. Most HOCHTIEF projects are unique assignments shaped by custom solutions.We build extensive research and development* into them. We will continue to systematically forge ahead with its innovation management in 2013. Key focus areas here include sustainability and energy infrastructure. We will also drive forward the development of new market segments, while at the same time stepping up internal ideas management and better harness the potential of employee ideas to sustain the Group's onward development.

Sustainability sharpens competitive edge

As a company geared to growth, HOCHTIEF also embraces its responsibilities toward society and the environment. With our projects, we bring space to life. In doing so, we impact the people who use it and the natural environment that surrounds it. Acting responsibly is our obligation to the community as well as to present and future generations. Sustainability** thus has a long tradition as an integral part of our corporate strategy. HOCHTIEF's eligibility for inclusion in the respected Dow Jones Sustainability Indexes was reaffirmed in the reporting year. We are still the only German construction group listed in the Europe Index.

Forward-looking statements

For further information on our forward-looking statements, please see page 138.

**For further information, please see our Sustainability Report published concurrently with this Annual Report or visit our website at www.hochtief.com/sustainability.

*For further information, please see pages 55 to 59.

Forward-looking statements

This Annual Report contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft concerning future events and developments relating to HOCHTIEF Aktiengesellschaft and/or the HOCHTIEF Group and are based on information currently available to the Executive Board of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as profit before tax or consolidated net profit) or developments (such as with regard to possible future divestments, general business activities or business strategy). Actual results (such as profit before tax or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore differ materially from the expectations and assumptions described or implied in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, capital market developments, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Any information provided on dividends is additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.

Post-balance-sheet events

There were no other material events to report between the close of fiscal 2012 and the editorial deadline for this Annual Report.

Contract mining

OUR MINE

The need for resources is great. HOCHTIEF subsidiary Leighton, the world's largest contract mining business, benefits from that—and operates facilities like the Lake Vermont coal mine in Queensland.

HOCHTIEF Group Consolidated Financial Statements as of December 31, 2012

Consolidated Statement of Earnings

(EUR thousand)	Note	2012	2011
Sales	(1)	25,527,722	23,282,237
Changes in inventories		91,552	(143,629)
Other operating income	(2)	378,702	499,503
Materials	(3)	(17,311,983)	(15,572,201)
Personnel costs	(4)	(5,535,747)	(4,863,639)
Depreciation and amortization	(5)	(918,738)	(782,914)
Other operating expenses	(6)	(1,636,448)	(1,792,880)
Profit from operating activities		**595,060**	**626,477**
Share of profits and losses of equity-method associates and jointly controlled entities	(7)	81,244	(649,894)
Net income from other participating interests	(7)	105,160	65,171
Investment and interest income	(8)	89,930	108,680
Investment and interest expenses	(8)	(324,979)	(277,392)
Profit before taxes		**546,415**	**(126,958)**
Income taxes	(9)	(160,840)	(40,932)
Profit after taxes		**385,575**	**(167,890)**
Of which: Consolidated net profit/(loss)		[158,109]	[(160,287)]
Of which: Minority interest	(10)	[227,466]	[(7,603)]
Earnings per share (EUR)			
Diluted and undiluted earnings per share (EUR)	(32)	2.15	(2.18)

Financial Statements and Notes

Consolidated Statement of Comprehensive Income

(EUR thousand)	2012	2011
Profit after taxes	**385,575**	**(167,890)**
Currency translation differences	(45,129)	27,922
Changes in fair value of financial instruments		
Primary	806	11,388
Derivative	5,851	48,820
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	(4,685)	(97,494)
Actuarial gains and losses	(86,344)	(43,632)
Other comprehensive income (after taxes)	**(129,501)**	**(52,996)**
Total comprehensive income after taxes	**256,074**	**(220,886)**
Of which: HOCHTIEF Group	[39,285]	[(238,688)]
Of which: Minority interest	[216,789]	[17,802]

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2012	Dec. 31, 2011
Assets			
Non-current assets			
Intangible assets	(11)	713,359	693,250
Property, plant and equipment	(12)	1,899,207	2,235,136
Investment properties	(13)	19,331	21,727
Equity-method investments	(14)	1,095,940	1,033,203
Other financial assets	(15)	91,752	64,978
Financial receivables	(16)	635,283	632,063
Other receivables and other assets	(17)	101,516	258,785
Non-current income tax assets	(18)	23,929	–
Deferred tax assets	(19)	257,941	274,697
		4,838,258	**5,213,839**
Current assets			
Inventories	(19)	1,425,655	1,286,753
Financial receivables	(16)	135,285	149,958
Trade receivables	(20)	5,309,120	4,681,313
Other receivables and other assets	(17)	225,406	226,525
Current income tax assets	(21)	33,130	124,194
Marketable securities	(22)	628,800	392,831
Cash and cash equivalents	(23)	2,514,782	2,264,821
Assets held for sale*		1,851,904	1,455,831
		12,124,082	**10,582,226**
		16,962,340	**15,796,065**
Liabilities and Shareholders' Equity			
Shareholders' equity	(24)		
Attributable to the Group			
Subscribed capital		197,120	197,120
Capital reserve		784,050	783,552
Revenue reserves		1,803,010	1,712,794
Deduction for treasury stock		[89,138]	[90,060]
Accumulated other comprehensive income		(220,818)	(101,994)
Unappropriated net profit		77,000	6,916
		2,640,362	**2,598,388**
Minority interest		**1,603,445**	**1,511,976**
		4,243,807	**4,110,364**
Non-current liabilities			
Provisions for pensions and similar obligations	(26)	309,647	188,815
Other provisions	(27)	523,082	451,555
Financial liabilities	(28)	2,749,980	2,301,549
Other liabilities	(29)	63,240	178,695
Deferred tax liabilities	(19)	92,713	78,734
		3,738,662	**3,199,348**
Current liabilities			
Other provisions	(27)	974,803	956,479
Financial liabilities	(28)	1,706,480	1,492,837
Trade payables	(30)	5,749,301	5,630,217
Other liabilities	(29)	385,380	379,279
Current income tax liabilities	(31)	8,747	8,270
Liabilities associated with assets held for sale*		155,160	19,271
		8,979,871	**8,486,353**
		16,962,340	**15,796,065**

*For further information, please see page 152 et seq.

Consolidated Statement of Cash Flows

(EUR thousand)	Note 36	2012	2011
Profit after taxes		385,575	(167,890)
Depreciation, amortization, impairments, and impairment reversals		950,156	978,199
Changes in provisions		224,004	(57,893)
Changes in deferred taxes		68,446	(20,834)
Gains/(losses) from disposals of non-current assets and marketable securities		(133,876)	(64,870)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations		152,382	469,772
Changes in working capital (net current assets)		(666,997)	(138,157)
Changes in other balance sheet items		25,993	27,491
Net cash provided by operating activities		**1,005,683**	**1,025,818**
Intangible assets, property, plant and equipment, and investment properties			
Purchases		(1,214,630)	(1,506,035)
Proceeds from asset disposals		250,129	117,701
Acquisitions and participating interests			
Purchases		(566,732)	(517,286)
Proceeds from asset disposals/divestments		254,679	469,090
Changes in cash and cash equivalents due to consolidation changes		56,573	13,559
Changes in securities holdings and financial receivables		(232,329)	145,957
Net cash used in investing activities		**(1,452,310)**	**(1,277,014)**
Payments received from sale of treasury stock		1,036	380
Payments into equity by minority shareholders		19,935	271,109
Dividends to HOCHTIEF's and minority shareholders		(151,178)	(290,517)
Proceeds from new borrowing		2,522,501	1,237,902
Service of debt		(1,663,800)	(1,240,085)
Net cash provided by/(used in) financing activities		**728,494**	**(21,211)**
Net cash increase/(decrease) in cash and cash equivalents		**281,867**	**(272,407)**
Effect of exchange rate changes		(37,044)	52,070
Transfer from HOCHTIEF pension fund		–	50,000
Overall change in cash and cash equivalents		**244,823**	**(170,337)**
Cash and cash equivalents at the start of the year		2,280,720	2,451,057
Of which: Included in assets held for sale		[15,899]	[–]
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		[2,264,821]	[2,451,057]
Cash and cash equivalents at year-end		**2,525,543**	**2,280,720**
Of which: Included in assets held for sale		[10,761]	[15,899]
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		[2,514,782]	[2,264,821]

Consolidated Statement of Changes in Equity

Note 24 (EUR thousand)	Subscribed capital of HOCHTIEF Aktiengesellschaft	Capital reserve of HOCHTIEF Aktiengesellschaft	Revenue reserves*	Accumulated other comprehensive income			Unappropriated net profit	Attributable to the Group	Attributable to minority interest	Total
				Currency translation differences	Changes in fair value of financial instruments	Actuarial gains and losses				
Balance as of Jan. 1, 2011	197,120	783,142	1,854,824	160,781	(71,589)	(112,785)	154,000	2,965,493	1,298,679	4,264,172
Dividends paid	–	–	–	–	–	–	(147,130)	(147,130)	(143,387)	(290,517)
Profit after taxes	–	–	–	–	–	–	(160,287)	(160,287)	(7,603)	(167,890)
Currency translation differences and changes in fair value of financial instruments	–	–	–	13,269	(48,011)	–	–	(34,742)	25,378	(9,364)
Changes in actuarial gains and losses	–	–	–	–	–	(43,659)	–	(43,659)	27	(43,632)
Total comprehensive income	–	–	–	13,269	(48,011)	(43,659)	(160,287)	(238,688)	17,802	(220,886)
Transfer to revenue reserves	–	–	(160,333)	–	–	–	160,333	–	–	–
Other changes not recognized in the Statement of Earnings	–	410	18,303	–	–	–	–	18,713	338,882	357,595
Balance as of Dec. 31, 2011/ Jan. 1, 2012	**197,120**	**783,552**	**1,712,794**	**174,050**	**(119,600)**	**(156,444)**	**6,916**	**2,598,388**	**1,511,976**	**4,110,364**
Dividends paid	–	–	–	–	–	–	–	–	(151,178)	(151,178)
Profit after taxes	–	–	–	–	–	–	158,109	158,109	227,466	385,575
Currency translation differences and changes in fair value of financial instruments	–	–	–	(25,174)	(7,432)	–	–	(32,606)	(10,551)	(43,157)
Changes in actuarial gains and losses	–	–	–	–	–	(86,218)	–	(86,218)	(126)	(86,344)
Total comprehensive income	–	–	–	(25,174)	(7,432)	(86,218)	158,109	39,285	216,789	256,074
Transfer to revenue reserves	–	–	88,025	–	–	–	(88,025)	–	–	–
Other changes not recognized in the Statement of Earnings	–	498	2,191	–	–	–	–	2,689	25,858	28,547
Balance as of Dec. 31, 2012	**197,120**	**784,050**	**1,803,010**	**148,876**	**(127,032)**	**(242,662)**	**77,000**	**2,640,362**	**1,603,445**	**4,243,807**

* As of December 31, 2012, treasury stock with a purchase cost of EUR 89,138,000 (2011: 90,060,000) was accounted for as a deduction from revenue reserves.

Responsibility Statement

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, which is combined with the management report of HOCHTIEF Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Essen, February 12, 2013

HOCHTIEF Aktiengesellschaft

The Executive Board

Marcelino Fernández Verdes

Peter Sassenfeld

Independent Auditors' Report

We have audited the consolidated financial statements—comprising Group statement of earnings, consolidated statement of comprehensive income, Group balance sheet, statement of cash flows, statement of changes in equity, and notes to the consolidated financial statements, prepared by HOCHTIEF Aktiengesellschaft, Essen/Germany, as well as the group management report, which has been combined with the parent company's management report for the financial year from January 1, to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 German Commercial Code (HGB) in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations 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 evaluations of 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 the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating 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, which is based on the results of our audit, the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen/Germany, comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with these regulations. The group management report is consistent with the consolidated financial statements, conveys, in the aggregate, a true and fair view of the Company's and Group's position and suitably presents the risks and opportunities of future development.

Düsseldorf, February 12, 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Reichmann)
Wirtschaftsprüfer (German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer (German Public Auditor)

Notes to the consolidated financial statements

Accounting policies

General information

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law applicable under Section 315a (1) of the German Commercial Code (HGB). The same accounting policies applied in the prior year.

Alongside the Consolidated Statement of Earnings, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows, the Consolidated Financial Statements also include a Consolidated Statement of Changes in Equity. Segment reporting is provided in these Notes.

For purposes of clarity, a number of items are combined in the Balance Sheet and in the Statement of Earnings. These items are broken down into their constituents and commented on elsewhere in these Notes. The Statement of Earnings is presented using the nature of expense method of analysis.

The Consolidated Financial Statements are presented in euros, and all monetary amounts in the text of these Notes are rounded to the nearest thousand euros unless specifically stated otherwise.

As an independent listed group, HOCHTIEF Aktiengesellschaft, Essen, Germany, publishes its own consolidated financial statements, which are also included in the consolidated financial statements of ACS Actividades de Construcción y Servicios, S.A., Madrid, Spain (ACS).

The Consolidated Financial Statements relate to the 2012 fiscal year, comprising the reporting period from January 1 to December 31, 2012.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 27, 2013. They will be approved at the Supervisory Board meeting on February 27, 2013.

Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft and all significant domestic and foreign subsidiaries in which it directly or indirectly holds the majority of voting rights. This generally goes hand in hand with a majority shareholding. In the case of two subsidiaries included in the Consolidated Financial Statements, HOCHTIEF Aktiengesellschaft is not the majority shareholder but holds the majority of voting rights by virtue of a pooling agreement. Five companies are consolidated by virtue of de facto control. Significant associates and jointly controlled entities are accounted for using the equity method. Companies in which HOCHTIEF Aktiengesellschaft holds a majority of voting rights but over which it exercises joint control by contractual arrangement with other owners are likewise accounted for using the equity method.

Holdings in subsidiaries or associated companies or jointly controlled entities deemed to be of minor overall significance from a Group perspective are not consolidated and are accounted for in accordance with IAS 39.

The list of subsidiaries, associates, and other equity interests held by the HOCHTIEF Group (pursuant to Section 313 (2) 1-4 of the German Commercial Code) is published in the electronic Bundesanzeiger (Federal Official Gazette). The main consolidated subsidiaries and equity-method investments and other participating interests are listed on pages 220 et seq.

A number of the subsidiaries included in the Consolidated Financial Statements make partial use of the exempting provisions in either Section 264 (3) or Section 264b of the German Commercial Code. A list of the companies that make use of these exemptions is included on page 218 et seq.

The Consolidated Financial Statements as of December 31, 2012 include HOCHTIEF Aktiengesellschaft and a total of 67 German and 413 foreign consolidated companies. The number of consolidated companies showed an increase of 24 over the previous year. Nine German and 46 foreign companies were consolidated for the first time in 2012. These are in the HOCHTIEF Europe division (24) and the HOCHTIEF Americas division (17). The majority are project companies. As in the prior year, the Consolidated Financial Statements include a total of five special-purpose securities investment funds. Eight domestic and 23 foreign companies have been removed from the consolidated group. Most of the companies removed from the consolidated group were in the HOCHTIEF Europe division (14) and the HOCHTIEF Asia Pacific division (13). An entity is generally added to or removed from the consolidated group at the time the equity stake in the entity is acquired or disposed of.

Seventy-nine affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated in the year under review. Their combined sales represented less than 1% of consolidated sales.

Twenty-three domestic and 239 foreign associates were accounted for using the equity method. This number showed an increase of 20, with 37 companies added and 17 removed from the category. Most of the companies added are project companies in the HOCHTIEF Asia Pacific division (21) and the HOCHTIEF Europe division (9). Most of the companies removed from the consolidated group were in the HOCHTIEF Asia Pacific division (11). Due to their minor overall significance, a further 33 companies were not accounted for using the equity method.

A total of EUR 48,981,000 (2011: EUR 2,670,000) was expended in 2012 under asset deals and for purchases of companies consolidated for the first time; the expenditure was made in cash.

The acquisitions mainly relate to Clark Builders, Canada, in which a majority stake was attained with effect from January 1, 2012. The amount attributable to minority interest was EUR 15,529,000. The goodwill recognized amounts to EUR 30,501,000 as of December 31, 2012.

The business combinations in the year under review affected earnings and the balance sheet as follows:

(EUR thousand)	2012	2011
Non-current assets	20,237	246,595
Current assets excluding cash and cash equivalents	90,461	246,484
Cash and cash equivalents	56,573	13,559
Assets	**167,271**	**506,638**
Provisions	3,270	4,499
Other liabilities	130,914	251,541
Liabilities	**134,184**	**256,040**
Sales	**423,338**	**160,104**
Profit before taxes	**12,711**	**19,625**

Consolidation policies

The financial statements of domestic and international companies included in these Consolidated Financial Statements are prepared in accordance with uniform Group accounting principles. All business combinations (acquisitions) are accounted for using the purchase method. Business combinations are measured at the acquisition date by allocating the consideration given to the acquired subsidiary's net assets measured at fair value. Transaction costs arising in connection with such acquisitions are recognized directly as expense. All assets, liabilities, and contingent liabilities of an acquired subsidiary that satisfy the recognition criteria are measured at full fair value regardless of any minority interest. Intangible assets are recognized separately from goodwill if they are separable from the accounting entity or arise from contractual or other legal rights. Any goodwill then left is recognized as an asset. Goodwill is not amortized, but is tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that it may be impaired. Negative goodwill arising on initial measurement is recognized immediately in income. On divestment, a pro rata share of the divesting division's goodwill is taken into account when measuring disposal proceeds.

Goodwill increased by EUR 9,385,000 in the year under review, from EUR 480,126,000 to EUR 489,511,000. In addition to this, in light of the plans to sell, EUR 15,675,000 in goodwill in the HOCHTIEF Asia Pacific division and EUR 5,897,000 in goodwill in the airports business is presented separately on the balance sheet in assets held for sale.

Income, expenses, receivables, and liabilities between consolidated companies are eliminated. Unrealized intercompany profits and losses are eliminated unless they are of minor significance. Any impairment losses recognized for consolidated companies in their separate financial statements are reversed.

The same policies apply for equity-method investments. These include the Group's associates and jointly controlled entities. Any goodwill increases the carrying amount of an investment. Like other goodwill, goodwill on equity-method investments is not amortized. Reductions in carrying amount due to impairment are reported in the share of profits and losses of equity-method associates and jointly controlled entities. The financial statements of all equity-method investments are prepared in accordance with uniform Group accounting and valuation principles.

Non-current assets held for sale (disposal group)

HOCHTIEF Aktiengesellschaft holds interests in various airports in HOCHTIEF AirPort GmbH. In view of the intention to sell, the airports business is reported in accordance with IFRS 5 as non-current assets held for sale (comprising a disposal group). The airport portfolio has been adjusted in line with market needs and Athens Airport taken out of the disposal group. Leighton Holdings additionally plans to sell interests in businesses in the telecommunications sector. In view of the intention to sell, these interests are likewise reported in accordance with IFRS 5 as non-current assets held for sale (comprising a disposal group).

Under IFRS 5, disposal groups are measured on reclassification at the lower of carrying amount and fair value less costs to sell.

The assets and liabilities classified as held for sale are presented separately in the Balance Sheet. The table below shows the major classes of assets and liabilities held for sale. Additionally, a cumulative amount of EUR 19,200,000 (2011: EUR 21,125,000) is recognized in other comprehensive income.

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Intangible assets and property, plant and equipment	485,348	6,111
Financial assets	974,746	1,101,853
Other assets	391,810	347,867
Total assets	**1,851,904**	**1,455,831**
Liabilities	**155,160**	**19,271**

There are also intra-Group liabilities to HOCHTIEF Group companies totaling EUR 919,985,000 (2011: 959,920,000.

On application of IFRS 5, the investments in the airports business have ceased to be accounted for as equity-method. Profit distributions from the airports are allocated to Corporate Headquarters.

Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the euro area:

	Annual average		Daily average at reporting date	
(All rates in EUR)	2012	2011	2012	2011
1 US dollar (USD)	0.77	0.71	0.76	0.77
1 Australian dollar (AUD)	0.80	0.74	0.79	0.79
1 British pound (GBP)	1.23	1.15	1.23	1.20
100 Polish zloty (PLN)	23.99	24.17	24.55	22.43
100 Qatari riyal (QAR)	21.27	19.63	20.84	21.23
100 Czech koruna (CZK)	3.98	4.07	3.98	3.88
100 Russian rubles (RUB)	2.49	2.44	2.48	2.39
100 Chilean pesos (CLP)	0.16	0.15	0.16	0.15

In their separate financial statements, Group companies disclose transactions denominated in foreign currency using the average exchange rate on the day of recording the transaction. Exchange gains or losses up to the reporting date on the measurement of foreign currency-denominated monetary assets or liabilities are included in other operating income or other operating expenses at the average exchange rate on the reporting date. Currency translation differences relating to a net investment in a foreign company are accounted for in accumulated other comprehensive income until the company is sold. This includes foreign currency receivables from fully consolidated Group companies for which settlement is neither planned nor likely to occur in the foreseeable future and which therefore resemble equity.

Financial statements of foreign companies are translated by applying the functional currency approach. As all companies outside the euro area operate autonomously in their own national currencies, their balance sheet items are translated into euros using the average exchange rate prevailing on the reporting date in accordance with official requirements. The same method is used to translate the annual valuation of the shareholders' equity of equity-method foreign associates. Differences from the previous year's translated valuation are recognized in other comprehensive income and are reversed to income or expense on sale of the equity interest. Goodwill of commercially independent foreign Group entities is translated at the exchange rate prevailing on the reporting date. Income and expense items are translated into euros using the annual average exchange rate.

Accounting policies

Intangible assets are reported at amortized cost. All intangible assets have a finite useful life with the exception of company names recognized as assets on initial consolidation and of goodwill. Intangible assets include concessions and other licenses with useful lives of up to 30 years. These are amortized according to the pattern of consumption of economic benefits. They also include future earnings from additions to the order backlog arising from business acquisitions; these are amortized over the period in which the corresponding work is billed. Intangible assets further encompass software for commercial and engineering applications, which is amortized on a straight-line basis over three to five years, and entitlements to various financing arrangements with banks amortized over terms of up to 60 months in accordance with the term of the arrangement. Estimated useful lives and amortization methods are reviewed annually.

Company names and goodwill are not amortized. They are tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that they may be impaired. The Turner, Flatiron, E.E. Cruz, and Devine names were recognized as intangible assets with an indefinite useful life as they do not have a product life cycle and are not subject to technical, technological, or commercial depletion or any other restriction.

Capitalized development costs in the HOCHTIEF Group are reported in intangible assets as licenses and amortized on a straight-line basis over three to five years.

Property, plant and equipment is stated at depreciated cost. Only amounts directly attributable to an item of property, plant or equipment are included in its cost. Borrowing costs are included in cost in the case of qualifying assets. Property, plant and equipment is normally depreciated on a straight-line basis except in the contract mining business, where depreciation is mostly recognized on an activity basis.

Items of property, plant, machinery and equipment typically encountered in the HOCHTIEF Group are depreciated on a straight-line basis over the following uniform useful lives:

	No. of years
Buildings and investment properties	20–50
Technical equipment and machinery; transportation equipment	3–10
Other equipment and office equipment	3–8

Estimated useful lives and depreciation methods are reviewed annually.

Items of property, plant and equipment on finance leases are recognized at fair value or the present value of the minimum lease payments, whichever is lower, and are depreciated on a straight-line basis over their estimated useful life or over a shorter contract term if applicable.

Investment properties are stated at amortized cost. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in the Notes. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are normally depreciated using the straight-line method.

Impairment losses are recognized for intangible assets (including goodwill), property, plant and equipment, or investment properties if their recoverable amount falls below their carrying amount. The recoverable amount of an asset or cash-generating unit is normally defined as net selling price or value in use, whichever is higher. Impairment testing may require assets and in some cases liabilities to be grouped into cash-generating units. For goodwill, impairment testing is performed on cash-generating units corresponding to the HOCHTIEF divisions that feature in segmental reporting. For any asset that is part of an independent cash-generating unit, impairment is determined with reference to the recoverable amount of the unit. If the recoverable amount of a cash-generating unit falls below its carrying amount, the resulting impairment loss is allocated first to any goodwill belonging to the unit and then to the unit's other assets, normally pro rata on the basis of the carrying amount of each asset. Except in the case of goodwill, impairment charges are reversed (up to a maximum of amortized cost) when the impairment ceases to exist.

Equity-method investments are stated at cost, comprising the acquired equity interest in an associate or jointly controlled entity plus any goodwill. The carrying amount is increased or decreased annually to recognize the Group's share of after-tax profits or losses, any dividends, and other changes in equity. The full carrying amount is tested for impairment in accordance with IAS 36 whenever there are indications that it may be impaired. If the recoverable amount of an equity-method investment is less than its carrying amount, an impairment loss is recognized for the difference. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Jointly controlled entities are a type of joint venture. Joint ventures are contractual arrangements under which two or more parties undertake an economic activity which is subject to joint control. In addition to jointly controlled entities accounted for using the equity method, joint ventures also include jointly controlled operations and construction joint ventures. The latter are accounted for as follows in accordance with IAS 31: As a party to a jointly controlled operation or construction joint venture, HOCHTIEF recognizes the assets it controls, the liabilities it enters into, and the expenses it incurs, and reports its share of earnings from the activity under sales. Assets and liabilities remaining in jointly controlled operations and construction joint ventures (e.g. due to contracts awarded to subcontractors) lead to a share of earnings that is accounted for using a method equivalent to the equity method and included in receivables from or liabilities to construction joint ventures.

All other **financial assets**, comprising interests in non-consolidated subsidiaries, other participating interests, and non-current securities, are classed as held for sale and are measured at fair value where a fair value can be reliably estimated. In the case of publicly listed financial assets, fair value is determined as the market price. If there is no active market, fair value is calculated using the most recent market transactions or a valuation method such as the discounted cash flow method. In cases where fair value cannot be measured reliably, financial assets are reported at cost (less any impairments). Initial measurement is performed as of the settlement date. Unrealized gains or losses are accounted for, after adjusting for deferred taxation, in other comprehensive income and are reversed to income or expense on disposal of the asset. If there is objective evidence of impairment, the carrying amount of an asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Receivables and other assets are measured at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). An impairment loss is recognized if there is any objective material evidence that a financial asset may be impaired. Objective evidence for impairment includes, for example, downgrading of a debtor's credit rating and related interruptions in payment or potential insolvency. Impairment losses are recognized according to actual credit risk. "Receivables" comprise financial receivables, trade receivables, and other receivables. Sales are shown net of VAT and other taxes and expected reductions such as trade discounts and rebates. Sales of goods are recognized when:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer
- The HOCHTIEF Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the HOCHTIEF Group.

Revenue from transactions involving the rendering of services is recognized by reference to the stage of completion. Revenue under construction contracts is recognized as described below.

Long-term loans are stated at amortized cost. Loans yielding interest at normal market rates are reported at face value, and non-interest-bearing and low-interest-bearing loans are discounted to present value. Discounting is always done using a risk-adjusted discount rate.

*See glossary on page 224.

Construction contracts are reported using the percentage of completion* (POC) method. Cumulative work done to date, including the Group's share of net profit, is reported under sales on a pro rata basis according to the percentage completed. The percentage of completion is measured by reference to the stage of completion; that is, as the ratio of performance delivered up to the end of the reporting period to total contract performance. Construction contracts are reported in trade receivables and trade payables, as "Gross amount due from/to customers for/from contract work (POC)." If cumulative work done to date (contract costs plus contract net profit) of contracts in progress exceeds progress payments received, the difference is recognized as an asset and included in amounts due from customers for contract work. If the net amount after deduction of progress payments received is negative, the difference is recognized as a liability and included in amounts due to customers from contract work. Anticipated losses on specific contracts are accounted for on the basis of the identifiable risks. Construction contracts handled by construction joint ventures are also accounted for using the POC method. Trade receivables from construction joint ventures include pro rata entitlements to contract net profit. Anticipated losses are immediately recognized in full in contract net profit. Contract income on construction contracts undertaken by the Group independently or in construction joint ventures is recognized in accordance with IAS 11 as the income stipulated in the contract plus any claims and variation orders. Construction contract receivables are realized as part of the HOCHTIEF Group's operating cycle. In accordance with IAS 1, they are therefore included in current assets even though they are not expected to be realized within twelve months of the balance sheet date.

The POC method is used primarily in the mainstream construction business, construction management, and contract mining.

Deferred taxes arising from temporary differences between the IFRS accounts and tax base of individual Group companies or as a result of consolidation are recognized as separate assets and liabilities. Deferred tax assets are also recognized for tax refund entitlements resulting from the anticipated use of existing tax loss carryforwards in subsequent fiscal years provided it is sufficiently certain that they will be realized. Deferred tax assets and liabilities are offset within each company or group. Deferred taxes are measured on the basis of tax rates applying or expected to apply in each country when they are realized. For domestic operations, as in the prior year, a tax rate of 31.5% is assumed taking account of corporate income tax plus the German "solidarity surcharge" and the average rate of municipal trade tax faced by Group companies. For all other purposes, deferred taxes are measured on the basis of the tax regulations in force or enacted at the reporting date.

Inventories are initially stated at cost of purchase or production. Production cost includes costs directly related to the units of production plus an appropriate allocation of materials and production overhead, including production-related depreciation charges. Borrowing costs for inventories that are qualifying assets are capitalized as part of cost. Most materials and supplies are measured on a FIFO or moving-average basis. Inventories are written down to net realizable value if their recoverable amount is less than their carrying amount at the reporting date. If the recoverable amount of inventories subsequently increases, the resulting gain must be recognized. This is done by reducing materials expense.

All **marketable securities** are classed as held for sale and measured at fair value. They mainly comprise securities held in special-purpose funds and fixed-income securities with a residual term of more than three months at the time of acquisition and where there is no intention to hold the securities to maturity. Initial measurement is performed as of the settlement date and includes any transaction costs directly attributable to the acquisition of the securities. Unrealized gains or losses are reported in other comprehensive income and are reversed to income or expense on disposal. If there is objective evidence of impairment, the carrying amount of an asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Cash and cash equivalents consist of petty cash, cash balances at banks, and marketable securities with maturities of no more than three months at the time of acquisition.

Non-current assets held for sale and associated liabilities are measured in accordance with IFRS 5 and reported as current assets. To be classed as assets held for sale, assets must be available for immediate sale and their sale must be highly probable. Assets held for sale can be individual non-current assets, groups of assets held for sale (disposal groups), or discontinued operations. Liabilities that are disposed of with assets in a single transaction are part of a disposal group or discontinued operation and are likewise reported separately under current liabilities as liabilities associated with assets held for sale. Non-current assets held for sale cease to be depreciated or amortized, and are measured at their carrying amount or at fair value less costs to sell, whichever is lower. Gains or losses arising on the measurement of discontinued operations at fair value less costs to sell, profits or losses of discontinued operations, and gains or losses on their disposal are reported under results of discontinued operations. Gains or losses arising on the measurement of individual assets held for sale or of disposal groups are reported under results from continued operations until their ultimate disposal.

Share-based payment transactions are measured in accordance with IFRS 2. Stock option plans are accounted for Group-wide as cash-settled share-based payment transactions. Provisions for obligations under the Long-term Incentive Plans, the Top Executive Retention Plans, and the Retention Stock Award Plans are recognized in the amount of the expected expense that is or was spread over the stipulated waiting period. The fair value of stock options is measured using generally accepted financial models, the value of the plans being determined with the Black/Scholes option pricing model. The specific problem of valuing the plans in question is solved using binomial tree methods. The computations are performed by an outside appraiser.

Provisions for pensions and similar obligations are recognized for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. The Turner Group's obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under other non-current assets.

Pursuant to the option in IAS 19, actuarial gains and losses are recognized directly in equity in the period during which they arise. The current service cost is reported under personnel costs. The interest element of the increase in pension obligations, diminished by anticipated returns on plan assets, is reported in net investment and interest income.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are recognized in income by amortization on a straight-line basis over the vesting period.

Tax provisions comprise current tax obligations. Income tax provisions are offset against tax refund entitlements if they relate to the same tax jurisdiction and are congruent in nature and reporting period.

Other provisions account for all identifiable obligations as of the reporting date that result from past business transactions or events but are uncertain in their amount and/or settlement date. Provisions are stated at the estimated settlement amount, i.e. after making allowance for price and cost increases, and are not offset against any rights to reimbursement. For obligations with a settlement probability exceeding 50%, the amount set aside is calculated on the basis of the most likely settlement outcome. A provision can only be recognized on the basis of a legal or constructive obligation toward third parties. Long-term provisions with a term of more than one year are stated at the present value of the estimated settlement amount as of the reporting date and are reported under non-current liabilities.

Liabilities are reported at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). **Finance lease liabilities** are initially recognized at fair value at the inception of the lease or the present value of the minimum lease payments, whichever is lower.

Derivative financial instruments are measured at fair value regardless of their purpose and reported under other receivables and other assets or other liabilities. Initial measurement is as of the settlement date. All derivative financial instruments are measured on the basis of current market rates as of the balance sheet date. The recognition of changes in fair value depends on the purpose for which a derivative is held. Derivatives are only ever used in the HOCHTIEF Group for hedging purposes. Hedges are structured for maximum effectiveness. A cash flow hedge is a hedge of the exposure to variability in cash flows from a hedged item, as with the hedging of variable rate loans to counter variations in payment amounts due to interest rate changes. Unrealized gains and losses are initially recognized in equity, taking account of deferred taxes. The portion of the changes in value initially recognized in equity is reclassified to income or expense as soon as the hedged item is recognized in income or expense. If a hedged planned transaction subsequently results in recognition of a financial asset or a financial liability, gains or losses recognized in equity in the meantime are reclassified to income or expense in the period when the financial asset or financial liability affects income. If a hedged planned transaction subsequently results in recognition of a non-financial asset or liability, gains or losses recognized in equity in the meantime are taken out of equity and subtracted from or added to the initial cost of the asset or liability. In the cases described, only the portion of changes in value that are determined to be effective for hedging purposes are recognized in equity. The ineffective portion is recognized directly as income or expense. In the HOCHTIEF Group, only cash flow hedges are currently recognized. Derivatives are also used for economic hedging purposes where no hedge accounting is applied. In such cases, changes in fair value are recognized in income or expense.

Contingencies, commitments, and other obligations are possible or current obligations, based on past transactions, that are unlikely to lead to an outflow of resources. They are disclosed separately and are not included in the Balance Sheet unless assumed in the course of a business combination. The amounts stated for contingent liabilities reflect the extent of the liabilities as of the reporting date.

Judgments made by management in applying the accounting policies primarily relate to the following issues:

- Leases must be assessed to determine whether the substantial risks and rewards of beneficial ownership transfer to the lessee.
- Securities may be grouped in different categories.
- Actuarial gains and losses can be accounted for in various ways when determining provisions for pensions and similar obligations.
- Assets earmarked for sale must be assessed to confirm that they are available for immediate sale and their sale is highly probable. If the result of this assessment is positive, they and any liabilities to be disposed of in the same transaction must be reported and accounted for as assets held for sale and liabilities associated with assets held for sale.
- It is necessary to determine whether construction revenue is accounted for under IAS 11 or IAS 18.

The decision made by the HOCHTIEF Group for general application in each instance is set out under Accounting Policies in these Notes.

Preparation of the IFRS Consolidated Financial Statements requires **Group management to make estimates and assumptions** that affect the reported amount of assets, liabilities, income and expenses, and disclosures of contingencies, commitments, and other obligations. The main estimates and assumptions relate to the following:
- Assessing projects on a percentage of completion basis, in particular with regard to accounting for change orders, the timing of profit recognition, and the amount of profit recognized.
- Estimating the economic life of intangible assets, property, plant and equipment, and of investment properties.
- Accounting for provisions.
- Testing goodwill and other assets for impairment.
- Testing deferred tax assets for impairment.

All estimates and assumptions are based on current circumstances and appraisals. Forward-looking estimates and assumptions made as of the balance sheet date with a view to future business performance take account of circumstances prevailing on preparation of the Consolidated Financial Statements and future trends considered realistic for the global and industry environment. Actual amounts can vary from the estimated amounts due to changes in the operating environment that are at variance with the assumptions and lie beyond management control. If such changes occur, the assumptions and, if necessary, the carrying amounts of affected assets and liabilities are revised accordingly.

New accounting pronouncements

Adoption by the International Accounting Standards Board (IASB) of revised IFRS pronouncements has resulted in **changes to accounting policies** in those instances where the pronouncements have been adopted by the EU and their application is mandatory for the reporting period January 1 to December 31, 2012.

Changes in IFRS affecting the HOCHTIEF Group are as follows:

Amendments to IFRS 7 Financial Instruments: The IASB published amendments to IFRS 7 on October 7, 2010. The amendments relate to disclosure requirements for transfers of financial assets (for example, factoring). Where transferred assets are not derecognized in their entirety, disclosures are required on the resulting liability. Where transferred assets are derecognized in their entirety, disclosures are required on the transferor's remaining rights and obligations. These include, for example, any exposure to loss from continuing involvement and any repurchase agreements. The changes are endorsed for application in the EU for annual periods beginning on or after June 30, 2011. Comparative prior-year information is not required.

Other new accounting pronouncements issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) take the form of standards and interpretations that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2012 fiscal year and in some cases have not yet been endorsed by the EU.

IFRS 9 Financial Instruments: The IASB issued IFRS 9 on November 12, 2009. This represents the first phase of a three-phase project to replace IAS 39 and relates to the classification and measurement of financial instruments. As the remaining phases are completed, new requirements will be incorporated into IFRS 9 and the corresponding parts of IAS 39 withdrawn. Under the new standard, there will be only two measurement categories for financial instruments:
- At fair value through profit or loss
- Amortized cost.

For an investment in an equity instrument not held for trading, the entity may make an irrevocable election at the time of initial recognition to present subsequent changes in the fair value of the investment, including proceeds on disposal, in other comprehensive income. The sole exception from this rule relates to dividends received from such investments, which are recognized in profit or loss.

On October 28, 2010, in the second phase of the complete overhaul of IAS 39, the IASB added requirements on accounting for financial liabilities and on derecognition to IFRS 9. With regard to financial liabilities, the two existing categories—amortized cost and at fair value through profit or loss—are retained. The only change relates to the fair value option, where changes in the fair value of a financial liability are no longer always to be recognized in profit or loss. Changes in the fair value of a liability due to changes in the entity's own credit risk are presented in other comprehensive income. All other changes in fair value are recognized as before in profit or loss. The special accounting treatment does not apply for financial liabilities for which measurement at fair value through profit or loss is not optional, such as derivatives outside of hedging. The derecognition model in IFRS 9 is carried over from IAS 39 as it currently stands.

The standard is applied retrospectively for all financial instruments at the date of initial application. The date of initial application is the first fiscal year beginning on or after January 1, 2015. EU endorsement is still pending. The new standard will result in a reclassification of financial assets in the HOCHTIEF Group. The new rules on financial liabilities will probably have no effect on the HOCHTIEF Group.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and **IFRS 12 Disclosure of Interests in Other Entities**, in conjunction with **Amendments to IAS 27 Separate Financial Statements** and **IAS 28 Investments in Associates and Joint Ventures** as well as corresponding **IAS Amendments to IFRS 10, IFRS 11, and IFRS 12:** On May 12, 2011, the IASB published three new and two amended standards on accounting for business combinations.

IFRS 10 replaces the previous control approach in IAS 27 and SIC-12 with a uniform approach applicable to all business combinations. The rules for separate financial statements remain in IAS 27. The new control approach has three elements:

- Power over the investee
- Variable returns
- Ability to use the power over the investee to affect the amount of the variable returns.

IFRS 11 replaces IAS 31 and abolishes proportionate consolidation. The core principle of IFRS 11 is the rule that a party to a joint arrangement classifies the arrangement either as a joint operation or a joint venture by assessing its rights and obligations arising from the arrangement. With a joint operation, each party accounts for the assets, liabilities, revenues, and expenses relating to its interest in the joint operation, together with its share of such items held or incurred jointly, in accordance with the applicable IFRSs. With a joint venture, each party accounts for its investment in the joint venture using the equity method in accordance with the amended IAS 28.

IFRS 12 brings together the revised disclosures under IFRS 10, IFRS 11, IAS 27, and IAS 28 in a separate standard. On June 28, 2012, the IASB published amendments to IFRS 10, IFRS 11 and IFRS 12, clarifying their transitional provisions. The amended standards all apply for annual periods beginning on or after January 1, 2014. Earlier application is solely permitted for all standards in combination. With the exception of the transitional provisions, the amended standards were endorsed by the EU in December 2012. The potential implications for the HOCHTIEF Group are currently being assessed,

IFRS 13 Fair Value Measurement: The IASB published IFRS 13 on May 12, 2011. The new standard sets out in a single IFRS a framework for measuring fair value where other IFRS require fair value measurements or disclosures. The IFRS establishes a three-level fair value hierarchy for all purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., the exit price). The standard also requires additional disclosures in the notes on items measured at fair value. IFRS 13 applies for annual periods beginning on or after January 1, 2013. The changes apply prospectively. Earlier application is permitted. The standard was endorsed by the EU in December 2012. The potential implications for the HOCHTIEF Group are currently being assessed.

Amendments to IAS 1 Presentation of Financial Statements: The IASB published “Presentation of items of Other Comprehensive Income (OCI): Amendments to IAS 1” on June 16, 2011. The amendments require items of OCI to be classified into items that may be reclassified (recycled) subsequently to profit or loss and items that will not be reclassified. If items of OCI are presented before tax, the requirement also applies for tax. The amendments apply for annual periods beginning on or after July 1, 2012. Earlier application is permitted. The amendments were endorsed by the EU in June 2012. For the HOCHTIEF Group, the amendments result in a modified classification of OCI items in the Statement of Comprehensive Income.

Amendments to IAS 19 Employee Benefits: The amendments published on June 16, 2011 bring to completion the IASB’s project to improve the accounting for pensions and other post-employment benefits. The amendments relate to the elimination of an option to defer recognition of actuarial gains and losses (the corridor method), measurement of changes in the net defined benefit liability/asset, and the recognition of plan amendments and curtailments, and require additional disclosures on characteristics and risks of defined benefit plans. Also changed in IAS 19 is the treatment for termination benefits, specifically the point in time when an entity would recognize a liability for termination benefits. The revised IAS 19 applies for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The amendments were endorsed by the EU in June 2012. On the current assessment, there will be no material quantitative effect for the HOCHTIEF Group, but additional Notes disclosures will be required.

Amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures: On December 16, 2011, the IASB published a clarification of a number of details relating to the offsetting of financial assets and financial liabilities and related supplementary disclosures. In issuing the clarification, the IASB does not intend to change the current offsetting principle under IAS 32. By way of mandatory supplementary disclosures, the gross and net amounts set off must be presented in a tabular format along with amounts subject to an enforceable master netting arrangement, including amounts that do not meet some or all of the offsetting criteria. The amendments apply retrospectively for annual periods beginning on or after January 1, 2013 (supplementary disclosures) and 2014 (clarifications). The standards were endorsed by the EU in December 2012. The potential implications for the HOCHTIEF Group are currently being assessed.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: The IASB published IFRIC 20 on October 21, 2011. The interpretation clarifies when production stripping should lead to recognition of an asset and how that asset should be measured initially in subsequent periods. The interpretation applies for annual periods beginning on or after January 1, 2013; early application is permitted. The interpretation was endorsed by the EU in December 2012. The potential implications for the HOCHTIEF Group are currently being assessed.

The IASB has also published an omnibus standard as part of its **annual improvements process**. This involved small, non-urgent but necessary changes to a total of five standards. EU endorsement is still pending. The changes have no material impact on the presentation of the financial position and financial performance of the HOCHTIEF Group.

The following standards not yet applicable in 2012 are not expected to have a material effect on the HOCHTIEF Consolidated Financial Statements in future periods:
• Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
• Amendments to IAS 12 Income Taxes—Deferred Tax: Recovery of Underlying Assets
• Amendments to IFRS 1 Government Loans
• Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities.

Explanatory Notes to the Consolidated Statement of Earnings

1. Sales

The EUR 25,527,722,000 (2011: EUR 23,282,237,000) sales figure comprises, firstly, contract sales recognized under the percentage of completion (POC) method in the mainstream construction business, construction management, and contract mining, plus products and services provided to construction joint ventures, the Group's share of profits from construction joint ventures, and other related services. Secondly, the sales figure includes revenues from services such as construction planning, project development, logistics, asset management, facility management, property management, energy management, and insurance and concessions business.

Sales recognized under the percentage of completion method came to EUR 23,198,305,000 (2011: EUR 20,620,967,000).

*See glossary on page 224.

Sales figures provide only an incomplete view of work done* during the fiscal year. For additional information, work done by the Group is presented below, including the Group's share of work done in construction joint ventures.

The Group's total operating performance by divisions is as follows:

(EUR thousand)	2012	2011
HOCHTIEF Americas	8,037,576	6,714,485
HOCHTIEF Asia Pacific	18,223,497	15,515,716
HOCHTIEF Europe	3,331,987	3,467,299
Corporate Headquarters/Consolidation	100,309	92,398
	29,693,369	**25,789,898**

2. Other operating income

(EUR thousand)	2012	2011
Proceeds from divestitures	135,712	180,523
Income from the disposal of intangible assets, property, plant and equipment, and investment properties	110,722	27,751
Income from reversal of provisions	49,413	114,931
Foreign exchange gains	17,759	23,419
Income from impairment reversals	4,910	3,261
Sundry other operating income	60,186	149,618
	378,702	**499,503**

Proceeds from divestitures in the year under review mostly relate to the sale of the stake in the Chilean Vespucio Norte Express toll highway in the HOCHTIEF Europe division. Proceeds from divestitures in the prior year were mainly accounted for by the HOCHTIEF Asia Pacific division and chiefly related to Henry Walker Eltin.

Income from disposals of assets mostly result from the sale of Thiess Waste Management Services business in the HOCHTIEF Asia Pacific division.

Income from impairment reversals includes EUR 4,653,000 (2011: EUR 3,162,000) for reversals of impairments on receivables.

Sundry other operating income includes lease and rental income, income from insurance claims, and income from changes in the fair value of derivatives. The prior-year figure also includes EUR 75,179,000 for a bargain purchase gain on a company in the HOCHTIEF Asia Pacific division.

3. Materials

(EUR thousand)	2012	2011
Raw materials, supplies, and purchased goods	4,225,437	4,334,136
Purchased services	13,086,546	11,238,065
	17,311,983	**15,572,201**

4. Personnel costs

(EUR thousand)	2012	2011
Wages and salaries	4,988,028	4,357,859
Social insurance, pensions, and support	547,719	505,780
	5,535,747	**4,863,639**

Expenditure on pensions totaled EUR 336,509,000 (2011: EUR 298,045,000). This mostly consists of new entitlements accrued during the year under defined benefit pension plans and payments into defined contribution pension schemes. Payments to state pension insurance funds are included in social insurance.

Employees (average for the year)

	2012	2011
Waged/industrial employees	35,726	39,236
Salaried/office employees	44,261	36,213
	79,987	**75,449**

An average of 339 (2011: 395) persons were employed for the purposes of their occupational training.

5. Depreciation and amortization

(EUR thousand)	2012	2011
Intangible assets	34,414	38,638
Property, plant and equipment	883,920	743,567
Investment properties	404	709
	918,738	**782,914**

As in the prior year, there were no impairment charges on intangible assets in the fiscal year. Impairment losses of EUR 716,000 (2011: EUR 12,000) were recorded on property, plant and equipment. There were no impairment losses on investment properties in the year under review (2011: impairment losses of EUR 166,000).

6. Other operating expenses

(EUR thousand)	2012	2011
Rentals and lease rentals	422,540	427,251
Technical and business consulting	237,471	250,557
Insurance expenses	216,836	231,994
Travel expenses	103,726	114,970
External organization and programming	82,301	56,290
Office supplies	60,577	51,195
Court costs, attorneys' and notaries' fees	52,698	56,889
Expenses from derivative financial instruments	38,953	83,880
Restructuring and adjustment costs/severance benefits	33,035	78,465
Marketing	31,162	23,044
Impairment losses and losses on disposal of current assets (except inventories)	28,976	14,040
Currency losses	27,550	42,242
Commission	19,944	32,764
Mail and funds transfer expenses	16,272	17,689
Legal costs	6,893	10,508
Sundry other operating expenses	257,514	301,102
	1,636,448	**1,792,880**

The insurance expenses mainly relate to project risk management in the Turner Group. Insurance payments by Turner and other project stakeholders such as suppliers and clients are combined to minimize project execution risks to Turner and its clients. The insurance expenses are counterbalanced by insurance revenue reported in sales.

The expenses from derivative financial instruments in the year under review mainly relate to the measurement of equity verification guarantees given in the HOCHTIEF Europe division. In the prior year, this item also contained a reclassification in connection with hedging a future acquisition in the HOCHTIEF Asia Pacific division.

Sundry other operating expenses mostly comprise order processing, costs of materials for administrative purposes, costs of preparing the annual financial statements, losses incurred on disposal of property, plant and equipment, and other expenses not reported elsewhere. Also included under this heading are sundry taxes amounting to EUR 23,933,000 (2011: EUR 33,020,000).

Including personnel and material expenses, a total of EUR 6,157,000 was spent on Group-wide research and development projects by the central innovation management function in 2012 (2011: EUR 5,191,000).

7. Net income from participating interests

Net income from participating interests includes all income and expenses relating to equity-method investments and participating interests. The airport holdings reported as non-current assets held for sale in accordance with IFRS 5 have ceased to be accounted for as equity-method investments. Profit distributions from the companies concerned during the year under review are included in net income from participating interests.

Net income from participating interests is made up as follows:

(EUR thousand)	2012	2011
Share of profits and losses of equity-method associates and jointly controlled entities	**81,244**	**(649,894)**
Of which: Impairment	[29,784]	[193,159]
Net income from non-consolidated subsidiaries	(413)	(1,757)
Of which: Impairment	[(1,987)]	[(1,040)]
Net income from other participating interests	43,674	33,708
Of which: Impairment	[(250)]	[(1,174)]
Income from the disposal of participating interests	20,605	34,673
Expenses on disposal of participating interests	(1,751)	(116)
Income from long-term loans to participating interests	43,710	16,190
Expenses relating to long-term loans to participating interests	(665)	(17,527)
Other income from participating interests	**105,160**	**65,171**
	186,404	**(584,723)**

The share of profits and losses of equity-method associates and jointly controlled entities consists of minus EUR 6,246,000 (2011: minus EUR 268,471,000) relating to associates and EUR 87,490,000 (2011: minus EUR 381,423,000) relating to jointly controlled entities. The improvement in net income from participating interests mainly relates to the HOCHTIEF Asia Pacific division, which accounted for a contribution to net income from participating interests of minus EUR 58,751,000 (2011: minus EUR 820,428,000). The negative contribution to net income from participating interests in the prior year was mainly accounted for by the Victorian Desalination Plant joint venture project. The share of profits and losses accounted for by the airport holdings came to EUR 77,377,000 (2011: EUR 87,988,000). The share of profits and losses of equity-method associates and jointly controlled entities includes EUR 29,784,000 in impairments (2011: EUR 193,159,000). These relate to associates in the HOCHTIEF Asia Pacific division, notably the Habtoor Leighton Group.

Net income from other participating interests includes EUR 44,166,000 (2011: EUR 34,740,000) in distributed profits of Southern Cross Airports Corporation Holdings Ltd. from the ownership interest in Sydney Airport.

Participating interests measured at cost—less impairments—and disposed of in the fiscal year had a carrying amount of EUR 290,000 (2011: EUR 545,000). Disposals realized a net gain on sale of EUR 19,910,000 in 2012 (2011: EUR 10,291,000). As of the balance sheet date, there are no other plans to sell participating interests measured at cost.

8. Net investment and interest income

(EUR thousand)	2012	2011
Interest and similar income	62,596	75,593
Other investment income	27,334	33,087
Investment and interest income	**89,930**	**108,680**
Interest and similar expenses	(297,600)	(249,247)
Interest component of increase in non-current provisions	(5,744)	990
Of which: For pension obligations	[(1,396)]	[3,445]
Other investment expenses	(21,635)	(29,135)
Investment and interest expenses	**(324,979)**	**(277,392)**
	(235,049)	**(168,712)**

Interest and similar income consists of interest on cash investments, interest-bearing securities, and other long-term loans, plus profit shares and dividends from current and non-current securities. Interest and similar expenses represent all interest incurred. Net interest income—the balance of interest and similar income and expenses—is negative, at minus EUR 235,004,000 (2011: negative EUR 173,654,000).

Interest income of EUR 59,464,000 was recorded in the 2012 fiscal year for financial instruments not carried at fair value through profit or loss (2011: EUR 70,058,000). Interest expenses of EUR 297,600,000 were recorded for financial instruments not carried at fair value through profit or loss (2011: EUR 249,247,000).

The interest component of increases in pension obligations—an amount of minus EUR 1,396,000 (2011: plus EUR 3,445,000)—consists of EUR 41,959,000 (2011: EUR 42,217,000) in annual interest on the net present value of long-term pension obligations rolled over into the new fiscal year, offset against EUR 40,563,000 (2011: EUR 45,662,000) for the expected return on plan assets.

Investment and interest income and expenses not included in interest and similar income and expenses or in the interest component of increases in long-term provisions are reported as other investment income and expenses. These mostly comprise income and expenses relating to sales of securities and to derivatives, and expenses relating to impairment losses on securities.

9. Income taxes

(EUR thousand)	2012	2011
Current income taxes	92,394	61,766
Deferred taxes	68,446	(20,834)
	160,840	**40,932**

Current income taxes include EUR 48,000 (2011: EUR 355,000) net tax income relating to prior periods.

Tax expense is derived from the theoretical tax expense. The theoretical tax rate applied to profit before taxes is 31.5%, as in the prior year.

(EUR thousand)	2012	2011
Profit before taxes	546,415	(126,958)
Theoretical tax expense/(income), at 31.5%	172,121	(39,992)
Difference between the above and foreign tax rates	(29,067)	(465)
Tax effects on:		
Tax-exempt income	(37,026)	(44,934)
Non-tax-allowable expenditure	68,378	60,328
Equity accounting of associates and jointly controlled entities, including impairment of associates and jointly controlled entities	(11,067)	110,815
Unrecognized deferred tax assets for tax loss carryforwards	50,668	61,732
Other	(53,167)	(106,552)
Effective tax charges	**160,840**	**40,932**
Effective rate of tax (percent)	29.4	-32.2

The tax effects on equity accounting mainly relate to the HOCHTIEF Asia Pacific division.

Deferred tax assets were recognized in Germany in the year under review for tax loss carryforwards for which there is reasonable certainty that they will be utilized.

The “Other” item mainly relates to the HOCHTIEF Asia Pacific division and notably includes future tax relief in connection with research and development expenditure. In the prior year, the item additionally included the reversal of a provision for the risk of having to pay back tax relief already obtained.

10. Minority interest

The EUR 227,466,000 (2011: negative EUR 7,603,000) minority interest in consolidated net profit represents the balance of profits totaling EUR 241,751,000 (2011: EUR 80,491,000) and losses totaling EUR 14,285,000 (2011: EUR 88,094,000). The profits mainly comprise EUR 161,219,000 (2011: losses of EUR 85,187,000) for minority shareholders in the Leighton Group and EUR 39,957,000 (2011: EUR 34,157,000) for minority shareholders in airport companies. The losses mainly consist of EUR 13,261,000 for minority shareholders in Flatiron.

Explanatory Notes to the Consolidated Balance Sheet

11. Intangible assets

The table below shows the composition of and changes in intangible assets on the Consolidated Balance Sheet for 2012 and the previous year:

(EUR thousand)	Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill arising on consolidation	Total
Cost of acquisition or production			
Jan. 1, 2012	304,697	480,126	784,823
Additions or disposals due to consolidation changes	(3,612)	29,932	26,320
Additions	47,977	–	47,977
Disposals	(1,940)	–	(1,940)
Reclassifications	7	(15,675)	(15,668)
Currency adjustments	(986)	(4,872)	(5,858)
Dec. 31, 2012	346,143	489,511	835,654
Cumulative amortization			
Jan. 1, 2012	91,573	–	91,573
Additions or disposals due to consolidation changes	(914)	–	(914)
Amortization	34,414	–	34,414
Disposals	(1,765)	–	(1,765)
Reclassifications	(6)	–	(6)
Currency adjustments	(1,007)	–	(1,007)
Impairment reversals	–	–	–
Dec. 31, 2012	122,295	–	122,295
Carrying amounts as of Dec. 31, 2012	**223,848**	**489,511**	**713,359**
Cost of acquisition or production			
Jan. 1, 2011	174,658	492,750	667,408
Additions or disposals due to consolidation changes	17,615	(20,324)	(2,709)
Additions	30,574	–	30,574
Disposals	(44,061)	–	(44,061)
Reclassifications	117,120	(5,897)	111,223
Currency adjustments	8,791	13,597	22,388
Dec. 31, 2011	304,697	480,126	784,823
Cumulative amortization			
Jan. 1, 2011	84,529	–	84,529
Additions or disposals due to consolidation changes	799	–	799
Amortization	38,638	–	38,638
Disposals	(36,270)	–	(36,270)
Reclassifications	1,977	–	1,977
Currency adjustments	1,900	–	1,900
Impairment reversals	–	–	–
Dec. 31, 2011	91,573	–	91,573
Carrying amounts as of Dec. 31, 2011	**213,124**	**480,126**	**693,250**

Intangible assets include EUR 2,008,000 (2011: EUR 1,901,000) in capitalized development costs.

As in the prior year, there were no impairment charges on intangible assets in the reporting year.

Intangible assets include EUR 54,895,000 (2011: EUR 49,693,000) for company names recognized on initial consolidation, accounted for by EUR 36,015,000 (2011: EUR 30,829,000) in the HOCHTIEF Americas division and EUR 18,880,000 (2011: EUR 18,864,000) in the HOCHTIEF Asia Pacific division. The changes relative to the prior year relate to the acquisition of Clark Builders (EUR 5,900,000) and currency adjustments. The company names are not subject to systematic amortization, but are tested for impairment annually and if there is any indication of impairment. Impairment testing is performed in accordance with IAS 36 as described below for goodwill. As in the prior year, no impairment was identified in the year under review. On the initial consolidation of Clark Builders, future earnings from the acquired order backlog were recognized; these are amortized over the periods in which the corresponding work is billed. The future earnings amount to EUR 5,299,000 as of the fiscal year-end. In connection with the sale of our stake in a Chilean toll highway, the amount of EUR 16,505,000 in concessions recognized in the prior year has been accounted for as disposals due to consolidation changes.

Goodwill recognized for consolidated companies on initial consolidation is allocated to cash-generating units at segment level for the purposes of impairment testing as described in the following. The cash-generating units correspond to the divisions used in segment reporting.

Annual impairment testing of goodwill at segment (division) level is performed at HOCHTIEF in the fourth quarter of each year. In impairment testing, the recoverable amount of a division is compared with its carrying amount.

The recoverable amount for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units is measured separately for each unit as value in use. Value in use is the present value of future cash flows expected to arise from a cash-generating unit. It is determined from an internal Group perspective using the discounted cash flow method. This is carried out on the basis of cash flow budgets derived from the three-year budget for the detailed planning horizon as approved by the Executive Board and current at the time of impairment testing. The forecasts incorporate past experience and expected future market developments Cash flows are assumed to remain constant in subsequent years. Weighted average cost of capital (WACC) is used for cost of capital data. Value in use is first measured on an after-tax basis by discounting the cash flows with an after-tax WACC determined separately for each cash-generating unit. The pretax discount rate is then found by iteration for the purposes of the Notes disclosures.

The discount rates used for cash-generating units in impairment testing are between 9.3 and 11.7% before tax (2011: between 10.9 and 11.6%).

The recoverable amount for the HOCHTIEF Asia Pacific cash-generating unit is measured as fair value based on Leighton Holdings' market capitalization.

As in the prior year, comparison of the divisions' recoverable amounts with their carrying amounts has not revealed any impairment of goodwill.

Changes in goodwill by division in 2012 were as follows:

(EUR thousand)	Jan. 1, 2012	Currency adjustments	Consolidation changes	Reclassifi-cations	Dec. 31, 2012
HOCHTIEF Americas	245,583	(5,354)	30,501	–	270,730
HOCHTIEF Asia Pacific	182,459	482	–	(15,675)	167,266
HOCHTIEF Europe	52,084	–	(569)	–	51,515
	480,126	**(4,872)**	**29,932**	**(15,675)**	**489,511**

EUR 15,675,000 in goodwill relating to the HOCHTIEF Asia Pacific division and EUR 5,897,000 in goodwill relating to the airports business is presented separately on the balance sheet under assets held for sale.

12. Property, plant and equipment

(EUR thousand)	Land, similar rights and buildings, including buildings on land owned by third parties	Technical equipment and machin-ery, trans-portation equipment	Other equipment and office equip-ment	Prepayments and assets under con-struction	Total
Cost of acquisition or production					
Jan. 1, 2012	280,753	4,127,518	269,511	4,296	4,682,078
Additions or disposals due to consolidation changes	–	–	6,269	–	6,269
Additions	51,232	1,073,595	37,234	4,592	1,166,653
Disposals	(50,971)	(796,927)	(19,953)	(2,870)	(870,721)
Reclassifications	(57,925)	(532,223)	408	(2,654)	(592,394)
Currency adjustments	1,275	(32,487)	(1,837)	66	(32,983)
Dec. 31, 2012	224,364	3,839,476	291,632	3,430	4,358,902
Cumulative depreciation					
Jan. 1, 2012	120,189	2,152,605	174,148	–	2,446,942
Additions or disposals due to consolidation changes	–	1	(8)	–	(7)
Depreciation	14,669	841,906	27,344	1	883,920
Disposals	(33,763)	(682,258)	(16,721)	–	(732,742)
Reclassifications	(1,685)	(116,793)	144	–	(118,334)
Currency adjustments	439	(19,128)	(1,395)	–	(20,084)
Impairment reversals	–	–	–	–	–
Dec. 31, 2012	99,849	2,176,333	183,512	1	2,459,695
Carrying amounts as of Dec. 31, 2012	**124,515**	**1,663,143**	**108,120**	**3,429**	**1,899,207**

(EUR thousand)	Land, similar rights and buildings, including buildings on land owned by third parties	Technical equipment and machinery, transportation equipment	Other equipment and office equipment	Prepayments and assets under construction	Total
Cost of acquisition or production					
Jan. 1, 2011	291,675	3,431,284	290,377	2,628	4,015,964
Additions or disposals due to consolidation changes	(20,671)	(253,224)	(909)	–	(274,804)
Additions	24,493	1,403,614	40,892	5,419	1,474,418
Disposals	(20,504)	(472,340)	(62,867)	(446)	(556,157)
Reclassifications	8	(114,652)	57	(3,453)	(118,040)
Currency adjustments	5,752	132,836	1,961	148	140,697
Dec. 31, 2011	280,753	4,127,518	269,511	4,296	4,682,078
Cumulative depreciation					
Jan. 1, 2011	113,784	1,915,898	178,810	–	2,208,492
Additions or disposals due to consolidation changes	(3,512)	(98,941)	(814)	–	(103,267)
Depreciation	14,058	704,076	25,433	–	743,567
Disposals	(6,780)	(430,339)	(30,812)	–	(467,931)
Reclassifications	–	(2,092)	(308)	–	(2,400)
Currency adjustments	2,639	64,033	1,908	–	68,580
Impairment reversals	–	(30)	(69)	–	(99)
Dec. 31, 2011	120,189	2,152,605	174,148	–	2,446,942
Carrying amounts as of Dec. 31, 2011	**160,564**	**1,974,913**	**95,363**	**4,296**	**2,235,136**

Property, plant and equipment includes EUR 638,696,000 (2011: EUR 410,571,000) in lease-financed assets; these mainly comprise plant and machinery at Leighton Holdings.

The reclassifications under “Technical equipment and machinery, transportation equipment” mainly relate to assets held for sale.

Impairment losses of EUR 716,000 (2011: EUR 12,000) were recorded on property, plant and equipment in the reporting year.

Property, plant and equipment mainly in the HOCHTIEF Asia Pacific division is subject to restrictions in the amount of EUR 171,718,000 (2011: EUR 58,000).

13. Investment properties

(EUR thousand)	
Cost of acquisition or production	
Jan. 1, 2012	51,339
Additions	–
Disposals	(4,337)
Currency adjustments	–
Dec. 31, 2012	47,002
Cumulative amortization	
Jan. 1, 2012	29,612
Amortization	404
Disposals	(2,345)
Currency adjustments	–
Impairment reversals	–
Dec. 31, 2012	27,671
Carrying amounts as of Dec. 31, 2012	**19,331**
Cost of acquisition or production	
Jan. 1, 2011	58,716
Additions	1,043
Disposals	(8,420)
Currency adjustments	–
Dec. 31, 2011	51,339
Cumulative amortization	
Jan. 1, 2011	34,706
Amortization	709
Disposals	(5,803)
Currency adjustments	–
Impairment reversals	–
Dec. 31, 2011	29,612
Carrying amounts as of Dec. 31, 2011	**21,727**

There were no impairment losses on investment properties in the year under review (2011: impairment losses of EUR 166,000).

The fair values of investment properties came to EUR 24,862,000 as of December 31, 2012 (2011: EUR 34,064,000). These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Of this total, EUR 1,793,000 (2011: EUR 9,958,000) is accounted for by fair value adjustments following independent external appraisals.

Rental income from investment properties in the reporting year totaled EUR 1,230,000 (2011: EUR 1,258,000). Direct operating expenses totaling EUR 2,323,000 (2011: EUR 2,721,000) consisted of EUR 849,000 (2011: EUR 866,000) in expenses for rented and EUR 1,474,000 (2011: EUR 1,855,000) in expenses for unrented investment properties.

As in the prior year, investment properties are not subject to any restrictions.

14. Equity-method investments

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Equity-method associates	504,245	477,579
Equity-method jointly controlled entities	591,695	555,624
	1,095,940	**1,033,203**

The increase in equity-method investments mainly reflects the reclassification of the investment in Athens airport, which in the prior year was included in assets held for sale*.

*For further information, please see page 152 et seq.

Associates

The following tables show the Group's share of main items of the balance sheets and statements of earnings of the equity-method associates:

(EUR thousand)	Dec. 31, 2012	[of which: IFRS 5]	Consolidated Balance Sheet	Dec. 31, 2011	[of which: IFRS 5]	Consolidated Balance Sheet
Assets	3,716,995	[1,931,851]	1,785,144	4,186,103	[2,312,083]	1,874,020
Liabiities	(2,737,465)	[(1,456,566)]	(1,280,899)	(3,106,132)	[(1,709,691)]	(1,396,441)
Net assets	**979,530**	**[475,285]**	**504,245**	**1,079,971**	**(602,392)**	**477,579**

(EUR thousand)	2012	2011
Sales	1,419,377	1,287,976
Profit	**(6,246)**	**(268,471)**

The fair value of equity-method associates for which there are published prices was EUR 112,896,000 as of December 31, 2012 (2011: EUR 162,189,000).

The profit from equity-accounted associates includes EUR 29,784,000 in impairment charges (2011: EUR 193,159,000). This relates to associates in the HOCHTIEF Asia Pacific division, notably the Habtoor Leighton Group.

As in the prior year, investment in associates are not subject to any restrictions.

The main associates in the HOCHTIEF Group are:

Name	Domicile	Activities	Shareholding (%)
HOCHTIEF Asia Pacific			
Al Habtoor Engineering Enterprises Co. L.L.C. (Habtoor Leighton Group)	Dubai, United Arab Emirates	Construction	45
Macmahon Holdings Limited	Perth, Australia	Construction/Mining	19
Sedgman Limited	Brisbane, Australia	Construction	32
HOCHTIEF Europe			
Sociedad Concesionaria Túnel San Cristobal S.A.	Santiago de Chile, Chile	Development	50
Corporate Headquarters			
Athens International Airport S.A.	Athens, Greece	Airport	27
Budapest Airport Zrt.*	Budapest, Hungary	Airport	50
Flughafen Hamburg GmbH*	Hamburg	Airport	49

*Included in assets held for sale

Jointly controlled entities

The Group's share of the items of the balance sheets and statements of earnings of the equity-method jointly controlled entities are presented below:

(EUR thousand)	Dec. 31, 2012	[of which: IFRS 5]	Consolidated Balance Sheet	Dec. 31, 2011	[of which: IFRS 5]	Consolidated Balance Sheet
Non-current assets	2,371,889	[455,089]	1,916,800	2,553,401	[455,089]	2,098,312
Current assets	1,100,430	[53,543]	1,046,887	1,168,123	[53,543]	1,114,580
Non-current liabilities	(1,655,432)	[(348,468)]	(1,306,964)	(2,069,926)	[(348,468)]	(1,721,458)
Current liabilities	(1,124,721)	[(59,693)]	(1,065,028)	(995,503)	[(59,693)]	(935,810)
Net assets	**692,166**	**[100,471]**	**591,695**	**656,095**	**[100,471]**	**555,624**

(EUR thousand)	2012	2011
Income	3,017,903	2,342,170
Expenses	(2,930,413)	(2,723,593)
Profit	**87,490**	**(381,423)**

As in the prior year, profit from equity-method jointly controlled entities does not contain any impairment losses.

Shares in jointly controlled entities are pledged in the amount of EUR 3,256,000 (2011: EUR 1,442,000).

The main jointly controlled entities in the HOCHTIEF Group are:

Name	Domicile	Activities	Shareholding (%)
HOCHTIEF Americas			
Kiewit/Flatiron (Port Mann Bridge)	Richmond, Canada	Construction	28
HOCHTIEF Asia Pacific			
City West Property	Sydney, Australia	Development	50
Hassall Street Trust	Sydney, Australia	Development	50
Leighton Welspun Contractors	Mumbai, India	Construction	65
New Royal Adelaide Hospital	Adelaide, Australia	Construction	50
Thiess Degremont	Wonthaggi, Australia	Construction	65
HOCHTIEF Europe			
Aegean Motorway Concession Company S.A.	Larissa, Greece	Development	35
aurelis Real Estate GmbH & Co. KG	Eschborn	Development	50
Herrentunnel Lübeck GmbH & Co. KG	Lübeck	Development	50
HGO InfraSea Solutions GmbH & Co. KG	Bremen	Construction/Development	50
Olympia Odos Concession Company S.A.	Athens, Greece	Development	17
Süddeutsche Geothermie-Projekte GmbH & Co. KG	Haar near Munich	Development	50
Via Solutions Thüringen GmbH & Co. KG	Eisenach	Development	50
Corporate Headquarters			
Flughafen Düsseldorf GmbH*	Düsseldorf	Airport	50
Tirana International Airport SHPK*	Tirana, Albania	Airport	47

*Included in assets held for sale

15. Other financial assets

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Non-consolidated subsidiaries	7,417	7,142
Other participating interests	84,075	57,576
Non-current securities	260	260
	91,752	**64,978**

An amount of EUR 1,987,000 was recognized in impairment losses on non-consolidated subsidiaries in the year under review (2011: EUR 1,040,000) and EUR 250,000 on other participating interests (2011: EUR 1,174,000).

EUR 26,384,000 of the increase in other participating interests related to the investment in a company within the HOCHTIEF Asia Pacific division.

As in the prior year, other financial assets are not subject to any restrictions.

16. Financial receivables

	Dec. 31, 2012		Dec. 31, 2011	
(EUR thousand)	Non-current	Current	Non-current	Current
Long-term loans to non-consolidated subsidiaries and to participating interests	577,440	32,244	582,243	32,341
Financial receivables from non-consolidated subsidiaries	12,423	29,250	4,712	32,174
Financial receivables from participating interests	10,329	45,031	10,313	63,240
Interest accruals	–	26,998	–	13,728
Other financial receivables	35,091	1,762	34,795	8,475
	635,283	**135,285**	**632,063**	**149,958**

Long-term loans to non-consolidated subsidiaries and to participating interests include EUR 402,500,000 (2011: EUR 380,993,000) for a loan to the Habtoor Leighton Group and EUR 88,459,000 (2011: EUR 142,010,000) for loans to aurelis Real Estate.

Receivables from equity-accounted companies total EUR 619,228,000 (2011: EUR 647,829,000).

Other financial receivables include EUR 2,565,000 (2011: EUR 3,177,000) in finance lease receivables. These were made up as follows:

Finance lease receivables

	Dec. 31, 2012			Dec. 31, 2011		
(EUR thousand)	Minimum lease payments	Discount	Present value	Minimum lease payments	Discount	Present value
Due in up to 1 year	790	63	727	846	63	783
Due in 1–5 years	2,032	374	1,658	2,681	550	2,131
Due after 5 years	344	164	180	485	222	263

17. Other receivables and other assets

	Dec. 31, 2012		Dec. 31, 2011	
(EUR thousand)	Non-current	Current	Non-current	Current
Prepaid expenses	2,658	106,160	3,121	115,972
Entitlements from sales of participating interests	–	37,251	–	27,103
Derivative receivables	10,189	5,173	18,310	14,353
Tax receivables (excluding income taxes)	–	10,233	–	7,624
Pension fund credit balances	7,815	–	16,055	–
Entitlements from real estate sales	–	4,700	–	7,641
Sundry other assets	80,854	61,889	221,299	53,832
	101,516	**225,406**	**258,785**	**226,525**

Prepaid expenses consist of insurance premiums, rents applicable to later accounting periods, and prepayments for maintenance and services. They also include commission paid by HOCHTIEF insurance companies for insurance arranged by direct insurers. Such commission is reversed to expense over the lifetime of the policy.

Sundry other assets in the HOCHTIEF Europe division are subject to restrictions in the amount of EUR 3,500,000 (2011: EUR 171,786,000 in the HOCHTIEF Asia Pacific division).

18. Income tax assets

The EUR 57,059,000 (2011: EUR 124,194,000) in income tax assets comprises amounts receivable from domestic and foreign revenue authorities. These consist of EUR 33,130,000 (2011: 124,194,000) classified as current assets and EUR 23,929,000 (2011: EUR –) classified as non-current assets.

19. Deferred taxes

Deferred tax assets and liabilities break down as follows:

(EUR thousand)	Dec. 31, 2012 Deferred tax assets	Dec. 31, 2012 Deferred tax liabilities	Dec. 31, 2011 Deferred tax assets	Dec. 31, 2011 Deferred tax liabilities
Non-current assets	168,320	103,526	120,581	113,239
Current assets	13,060	185,049	18,471	103,937
Non-current liabilities				
Pension provisions	130,914	9,147	92,262	20,221
Other provisions	68,742	71,597	57,439	60,286
Sundry non-current liabilities	8,579	–	42,157	–
Current liabilities				
Other provisions	96,076	1,287	108,473	1,608
Sundry current liabilities	83,548	89,219	34,753	49,476
	568,239	**459,825**	**474,136**	**348,767**
Losses carried forward	56,814	–	70,594	–
Gross amount	**625,053**	**459,825**	**544,730**	**348,767**
Offsetting item	367,112	367,112	270,033	270,033
Reported amount	**257,941**	**92,713**	**274,697**	**78,734**

Deferred tax assets and deferred tax liabilities are offset within each company or group. The EUR 625,053,000 (2011: EUR 544,730,000) gross amount of deferred tax assets includes the following tax refund entitlements arising from the expected future use of tax loss carryforwards:

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Corporate income tax	50,401	65,608
German municipal trade tax	6,413	4,986
	56,814	**70,594**

There is adequate assurance that the tax loss carryforwards will be realized. Tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 970,282,000 (2011: EUR 833,521,000) in respect of corporate income tax and EUR 1,229,886,000 (2011: EUR 1,044,718,000) in respect of German municipal trade tax.

Deferred tax assets are recognized for tax-deductible temporary differences if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Group companies that generated losses in the past fiscal year or previous years have EUR 12,933,000 (2011: EUR –) in deferred tax assets resulting from temporary differences or tax loss carryforwards found not to be impaired.

Deferred tax liabilities totaling a gross amount of EUR 459,825,000 (2011: EUR 348,767,000) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS valuation principles.

EUR 1,764,000 was credited to equity (2011: EUR 4,575,000) for deferred tax relating to exchange differences from translation of foreign entity financial statements. EUR 3,553,000 was charged (2011: EUR 25,364,000) to equity for deferred tax on amounts recognized in equity for changes in the fair value of derivative and non-derivative financial instruments. EUR 41,751,000 was recognized directly in equity (2011: EUR 24,072,000) for deferred taxes relating to actuarial gains and losses. As of the balance sheet date, deferred taxes from the measurement of financial instruments credited to equity amounted to EUR 9,843,000 (2011: EUR 13,396,000), while EUR 138,609,000 (2011: EUR 96,858,000) was credited to equity in connection with actuarial gains and losses.

20. Inventories

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Raw materials and supplies, spare parts	259,675	192,597
Work in progress	1,143,933	1,084,944
Finished goods	19,129	5,742
Prepayments	2,918	3,470
	1,425,655	**1,286,753**

Borrowing costs of EUR 18,668,000 were capitalized under work in progress in accordance with IAS 23 in 2012 (2011: EUR 10,467,000). The borrowing costs were determined on the basis of interest rates of between 1.2 and 12.1%, as in the prior year.

Work in progress also includes properties under development that are subject to restrictions in the amount of EUR 699,284,000 (2011: EUR 581,030,000).

21. Trade receivables

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Trade receivables		
Gross amount due from customers for contract work (POC)	5,642,221	4,878,254
Less: progress payments received	(2,683,995)	(2,630,732)
	2,958,226	**2,247,522**
From construction joint ventures	164,456	183,596
Other	2,144,102	2,192,942
	5,266,784	**4,624,060**
From non-consolidated subsidiaries	20,323	16,915
From participating interests	22,013	40,338
	5,309,120	**4,681,313**

The figure of EUR 2,958,226,000 (2011: EUR 2,247,522,000), representing the gross amount due from customers for construction work (POC) less progress payments received, relates to construction contracts where contract costs incurred (including shares of contract net profit) exceed progress payments received from customers. The combined total of POC contract costs (including net profit shares) reported under trade receivables and trade payables is EUR 6,061,807,000 (2011: EUR 5,374,957,000). The combined total of progress payments received and offset against the gross amounts due to and from customers for contract work (POC) in the year under review is EUR 3,257,193,000 (2011: EUR 3,530,132,000).

Various fully consolidated companies in the HOCHTIEF Group have been granted service concession or similar arrangements. These arrangements are mostly accounted for as financial assets and reported as part of gross amount due from customers for contract work (POC). The service concession arrangements, which are in the social infrastructure/public buildings segment, are agreements to build and modernize, operate, and maintain schools and other public buildings. Construction work and improvements are on schedule. These activities broke even with sales of EUR 39,914,000 (2011: EUR 64,947,000). The HOCHTIEF Group companies concerned are required accordingly to perform their obligations under the service concession arrangements and are granted the rights necessary to do so in each case. At the end of the period of a service concession arrangement, the infrastructure to which the arrangement relates is returned to the public-sector client. The assets associated with a service concession arrangement generally remain public property for the entire duration of the arrangement. The sole termination option provided for in the service concession arrangements relates to termination for cause. Some arrangements have renewal options.

Trade receivables include EUR 408,188,000 (2011: EUR 332,333,000) in contractual retention amounts.

Trade receivables also include properties under development that are subject to restrictions in the amount of EUR 162,841,000 (2011: EUR 273,968,000).

Receivables from equity-accounted companies total EUR 11,693,000 (2011: EUR 9,667,000).

22. Marketable securities

The marketable securities totaling EUR 628,000,000 (2011: EUR 392,831,000) mainly consist of securities held in special-purpose investment funds and fixed-income securities with maturities at the time of acquisition of more than three months where there is no intention to hold the securities to maturity. The increase mainly relates to purchases of fixed-interest securities and equities in the Turner Group and the special-purpose funds during the year under review.

All marketable securities are classified as available for sale and are carried at fair value. The carrying amount decreased due to fair value adjustments by EUR 5,892,000 (2011: EUR 10,848,000).

As in the prior year, marketable securities are pledged in the amount of EUR 22,683,000 as security for employee benefit entitlements under semiretirement programs. Marketable securities are subject to restrictions in the amount of EUR 255,577,000 (2011: EUR 232,078,000).

Outside of externally managed investments, direct investment activities are exclusively restricted to the purchase of bonds from top-class issuers* with broad diversification to ensure that concentration risks relative to specific issuers are strictly avoided.

*See glossary on page 223.

23. Cash and cash equivalents

Cash and cash equivalents total EUR 2,514,782,000 (2011: EUR 2,264,821,000) and comprise petty cash, cash at banks, and marketable securities with maturities at the time of acquisition of no more than three months. Cash and cash equivalents to the value of EUR 50,222,000 are subject to restrictions (2011: EUR 85,212,000).

24. Shareholders' equity

The Consolidated Statement of Changes in Equity is shown on page 147.

HOCHTIEF Aktiengesellschaft's subscribed capital is divided into 76,999,999 no-par-value shares and has a total value of EUR 197,120,000. Each share accounts for EUR 2.56 of capital stock.

The capital reserve comprises premium on shares issued by HOCHTIEF Aktiengesellschaft.

The Executive Board is unaware of any restrictions on voting rights or on transfers of securities.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least two individuals. Section 23 (1) of the Articles of Association provides that resolutions of the General Shareholders' Meeting require a simple majority of votes cast unless there is a statutory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 35,840,000 by or before May 10, 2015 (Authorized Capital I). Similarly, there is an authorization to increase capital by up to EUR 23,296,000 by or before May 11, 2016 under Section 4 (6) of the Articles of Association (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 49,280,000 divided into up to 19,250,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares:

The Company is authorized by resolution of the General Shareholders' Meeting of May 3, 2012 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on November 2, 2013. It is limited to 10% of the capital stock at the time of the General Shareholders' Meeting resolution or at the time of exercising the authorization, whichever figure is smaller, with the quantity of shares able to be acquired by the use of call options limited to a maximum of 5% of the capital stock at the time of the General Shareholders' Meeting resolution. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount or any fraction. The repurchase may be effected through the stock exchange, or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the General Shareholders' Meeting of May 3, 2012, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of treasury shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell treasury shares other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is also authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer treasury shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the General Shareholders' Meeting of May 12, 2011 (agenda item 8) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements in place of cash settlement. Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the General Shareholders' Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and retirement of treasury stock are set forth in detail in the General Shareholders' Meeting resolution.

As of December 31, 2012, HOCHTIEF Aktiengesellschaft held a total of 3,386,725 shares of treasury stock as defined in Section 160 (1) 2 of the German Stock Corporations Act (AktG). These shares were purchased over the course of fiscal 2008 for the purposes provided for in the resolution of the General Shareholders' Meeting of May 8, 2008. The holdings of treasury stock represent EUR 8,670,016 (4.40%) of the Company's capital stock.

In connection with the issue of employee shares in the prior year, four shares of treasury stock were sold in February 2012 to employees of HOCHTIEF or its affiliates at a price of EUR 28.50 each after the issue conditions were ultimately met by the entitled individuals. These shares represent EUR 10 (0.00%) of the Company's capital stock.

In May 2012, 15,260 shares of treasury stock were transferred to members of the Executive Board of the Company and to members of executive boards of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG) at a price of EUR 42.70 per share on condition that the shares be held for at least two years after transfer. The transfer settled the transferees' variable compensation entitlements in place of cash settlement. These shares represent EUR 39,066 (0.02%) of the Company's capital stock.

In July 2012, 19,746 shares of treasury stock were ultimately sold to persons in the employment of the Company or an affiliate for a price of EUR 19.45 per share. These shares represent EUR 50,550 (0.03%) of the Company's capital stock.

Unappropriated net profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group.

The unappropriated net profit for fiscal 2011 was carried forward. No dividend was paid out for fiscal 2011.

The minority interest in the shareholders' equity of consolidated Group companies totaled EUR 1,603,445,000 (2011: EUR 1,511,976,000); this mainly related to the Leighton Group and the airport companies.

Accumulated other comprehensive income is part of revenue reserves. It includes amounts recognized in equity for changes in the fair value of primary and derivative financial instruments and exchange differences from translation of foreign entity financial statements. Accumulated other comprehensive income also includes the Group's share of changes recognized directly in the other comprehensive income of equity-method associates and jointly controlled entities, plus actuarial gains and losses from defined benefit pension plans. The changes in other comprehensive income are presented on a year-on-year basis in the following table:

Changes in other comprehensive income

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Currency translation differences		
Changes in other comprehensive income for the period	(41,409)	27,922
Amounts reclassified to profit or loss	(3,720)	–
	(45,129)	**27,922**
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	6,320	22,170
Amounts reclassified to profit or loss	(5,514)	(10,782)
	806	**11,388**
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	2,783	(16,928)
Amounts reclassified to profit or loss	3,068	65,748
	5,851	**48,820**
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	**(4,685)**	**(97,494)**
Actuarial gains and losses	**(86,344)**	**(43,632)**
Other comprehensive income after taxes	**(129,501)**	**(52,996)**

The tax effects relating to changes in other comprehensive income are distributed as follows:

	Dec. 31, 2012			Dec. 31, 2011		
(EUR thousand)	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences	(45,129)	–	(45,129)	27,922	–	27,922
Changes in fair value of financial instruments primary	1,345	(539)	806	11,884	(496)	11,388
Changes in fair value of financial instruments derivative	8,865	(3,014)	5,851	73,688	(24,868)	48,820
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	(4,685)	–	(4,685)	(97,494)	–	(97,494)
Actuarial gains and losses	(128,095)	41,751	(86,344)	(67,704)	24,072	(43,632)
Other comprehensive income	**(167,699)**	**38,198**	**(129,501)**	**(51,704)**	**(1,292)**	**(52,996)**

25. Share-based payment

The following Group-wide share-based payment systems were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2012:

Long-term Incentive Plan 2007

The Long-term Incentive Plan 2007 (LTIP 2007) was launched by resolution of the Supervisory Board in 2007 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. Alongside grants of stock appreciation rights (SARs), LTIP 2007 also provides for grants of stock awards.

The plan ended in 2012.

The SARs could only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average (arithmetic mean) stock market closing price of HOCHTIEF stock was higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold) and, additionally, return on net assets (RONA) in the then most recently approved set of consolidated financial statements was at least 10% (absolute performance threshold). The relative performance threshold was waived if the average stock market price of HOCHTIEF stock exceeded the issue price by at least 10% on ten consecutive stock market trading days after the end of the waiting period.

Provided that the targets were met, the SARs could be exercised at any time after a two-year waiting period except during a short period before publication of any business results. When SARs were exercised, the issuing entity paid out the difference between the then current stock price and the issue price. The difference was capped at 50% of the issue price.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at HOCHTIEF Aktiengesellschaft's discretion either a HOCHTIEF share or a compensatory cash amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain on each stock award was limited to 150% of the stock market closing price on the day before the issue date.

Long-term Incentive Plan 2008

The Long-term Incentive Plan intended for issue in 2008 was already launched as the Long-term Incentive Plan 2008 (LTIP 2008) by resolution of the Supervisory Board in November 2007 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ from those of LTIP 2007. The term of the plan has been extended compared with earlier plans to ensure that the exercise system is not changed despite the earlier issue.

Retention Stock Awards 2008

In May 2008, the Supervisory Board adopted a resolution to launch for members of the Executive Board, on the basis of LTIP 2008 (stock awards), a Retention Stock Award plan (RSA 2008) consisting of three tranches and running for seven years, and granted a first tranche of awards under the plan. The conditions for the first tranche of RSA 2008 differ from LTIP 2008 (stock awards) solely with regard to the cap, which is set at EUR 160 per stock award. The second tranche was granted in March 2009. The conditions for the second tranche differ from LTIP 2008 (stock awards) solely in the time frame being one year later and with regard to the cap, which is set for the second tranche at EUR 66.50 per stock award. The third tranche was granted in March 2010. The conditions for the third tranche differ from LTIP 2008 (stock awards) solely in the time frame being two years later and with regard to the cap, which is set for the third tranche at EUR 133.12 per stock award.

The first tranche was exercised in full by the members of the Executive Board in 2011.

Top Executive Retention Plan 2008

The Executive Board also resolved in June 2008 to launch a Top Executive Retention Plan 2008 (TERP 2008) for selected managerial employees.

This plan is likewise based on stock awards and consists of three tranches. The first tranche was granted in July 2008, the second in July 2009, and the third in July 2010.

The total term of the plan is ten years. The waiting period after the granting of each tranche is three years. The exercise period is between five and seven years, depending on the tranche.

The conditions stipulate that, after the waiting period, entitled individuals receive for each stock award either a HOCHTIEF share or, at HOCHTIEF Aktiengesellschaft’s discretion, a compensatory cash amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain is capped for each year of the exercise period. The cap rises annually up to a maximum gain at the end of the term. The maximum gain is set to EUR 160 per stock award for the first tranche, EUR 81.65 for the second tranche, and EUR 166.27 for the third tranche.

Long-term Incentive Plan 2009

The Long-term Incentive Plan 2009 (LTIP 2009) was launched by resolution of the Supervisory Board in 2009 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2008. The maximum gain is set to EUR 40.10 per stock award.

The SARs have been exercised in full.

Long-term Incentive Plan 2010

The Long-term Incentive Plan 2010 (LTIP 2010) was launched by resolution of the Supervisory Board in 2010 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. Except for the longer waiting period (four years instead of two) for the SARs, the conditions do not differ in any material respect from those of LTIP 2009. The maximum gain is set to EUR 81.83 per stock award.

Long-term Incentive Plan 2011

The Long-term Incentive Plan 2011 (LTIP 2011) was launched by resolution of the Supervisory Board in 2011 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2010. The maximum gain is set to EUR 98.01 per stock award.

Long-term Incentive Plan 2012

The Long-term Incentive Plan 2012 (LTIP 2012) was launched by resolution of the Supervisory Board in 2012 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The plan conditions differ from those of LTIP 2011 in two points:

1. Return on net assets (RONA) as per the most recently approved Consolidated Financial Statements must be at least 15%.
2. The waiting time for stock awards was extended from three to four years and the total term of the plan accordingly from five to six years.

The maximum gain is set to EUR 75.81 per stock award.

Other information

The conditions of all plans stipulate that on the exercise of SARs or stock awards—and the fulfillment of all other requisite criteria—HOCHTIEF Aktiengesellschaft normally has the option of delivering HOCHTIEF shares instead of paying out the gain in cash. Where the entitled individuals are not employees of HOCHTIEF Aktiengesellschaft, the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The quantities of SARs and stock awards granted, expired, and exercised under the plans are as follows:

	Originally granted	Outstanding at Dec. 31, 2011	Granted in 2012	Expired in 2012	Exercised/ settled in 2012	**Outstanding at Dec. 31, 2012**
LTIP 2007 – SARs	430,450	61,550	–	11,600	49,950	–
LTIP 2007 – stock awards	110,650	10,400	–	300	10,100	–
LTIP 2008 – SARs	304,575	223,570	–	21,375	7,500	194,695
LTIP 2008 – stock awards	101,985	18,820	–	725	3,670	14,425
TERP 2008/Tranche 1	130,900	73,000	–	–	31,700	41,300
TERP 2008/Tranche 2	359,000	329,300	–	–	196,100	133,200
TERP 2008/Tranche 3	174,100	167,900	–	8,400	–	159,500
RSA 2008/Tranche 2	347,478	347,478	–	–	160,374	187,104
RSA 2008/Tranche 3	146,884	146,884	–	–	–	146,884
LTIP 2009 – SARs	414,000	2,900	–	–	2,900	–
LTIP 2009 – stock awards	273,400	224,600	–	3,400	219,600	1,600
LTIP 2010 – SARs	353,200	283,650	–	23,950	12,500	247,200
LTIP 2010 – stock awards	166,000	132,400	–	11,150	6,500	114,750
LTIP 2011 – SARs	275,250	254,250	1,250	25,700	10,500	219,300
LTIP 2011 – stock awards	124,850	113,850	1,700	7,750	13,700	94,100
LTIP 2012 – SARs	–	–	457,406	18,000	–	439,406
LTIP 2012 – stock awards	–	–	82,991	3,360	–	79,631

Provisions recognized for the stated share-based payment arrangements totaled EUR 21,456,000 as of the balance sheet date (2011: EUR 37,208,000). Further provisions totaling EUR 1,850,000 (2011: EUR 2,250,000) are reported in the fiscal year as part of liabilities associated with assets held for sale. The total expense recognized for the stated arrangements in 2012 was EUR 10,949,000 (2011: EUR 14,327,000). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 7,589,000 (2011: EUR 1,512,000).

26. Provisions for pensions and similar obligations

The Group's retirement benefits include both defined contribution and defined benefit plans. Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions. Under defined benefit plans, the Company's obligation is to provide agreed benefits to current and former employees. Defined benefit plans can be funded externally or through pension provisions.

Defined benefit plans are mostly in use at HOCHTIEF Aktiengesellschaft, its domestic subsidiaries, and the Turner Group (benefits agreed up to December 31, 2003). Since January 1, 2000, pension arrangements in the domestic HOCHTIEF Group have consisted of a company-funded basic pension in the form of a modular defined contribution plan and a supplementary pension linked to company performance. These benefits are classed as defined benefit liabilities under IAS 19. The size of the basic pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by HOCHTIEF every three years. The size of the supplementary pension component depends on growth in IFRS-basis profit after taxes. The basic pension can be supplemented in this way by up to 20%. The pension arrangements in force until December 31, 1999 featured benefit groups based on collective agreements. These benefits were integrated into the new system of retirement benefits as an initial pension component. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension.

Turner changed over from defined benefit to defined contribution plans with effect from January 1, 2004. Depending on length of service and salary level, between 3% and 6% of an employee's salary is paid into an external fund. In addition, Turner employees have an option to pay up to 25% of their salaries into an investment fund as part of a 401 (k) plan. Turner tops up the first 5% of the deferred compensation by up to 100% depending on length of service. Employees can join the plan after three years' service. Tax relief is granted on payments into the fund; the investment risk is borne by employees. Leighton and Flatiron likewise have defined contribution plans and pay between 4 and 10% of salary (before deductions) into an external fund.

HOCHTIEF Aktiengesellschaft's pension finances were restructured with the establishment of a contractual trust arrangement (CTA) as of December 31, 2004. This arrangement was extended to all major domestic Group companies in subsequent years. The transferred assets are administered in trust by HOCHTIEF Pension Trust e. V. and serve exclusively to fund pension obligations. The transferred cash is invested on the capital market in accordance with investment principles set out in the trust agreement. The defined benefit plans discontinued by the Turner Group effective December 31, 2003 are likewise covered by an external fund.

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

	2012		2011	
(Percent)	Domestic	International	Domestic	International
Discount factor*	3.50	3.45	4.75	4.38
Salary increases	3.00	–	3.00	–
Pension increases	2.00	–	1.75	–
Health cost increases	–	5.00	–	5.00
Anticipated return on plan assets*	4.51	8.00	4.62	8.00

* weighted average

The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in foreign operations (the Turner Group) in 2004 due to the changeover in pension arrangements. Biometric mortality assumptions are based on published country-specific statistics and experience. Domestically, they are determined using the Prof. Dr. Klaus Heubeck 2005 G tables. Turner uses the RP-2000 Mortality Table for employees. Assumptions regarding the anticipated return on plan assets are based in Germany and internationally on the intended portfolio structure and future returns on individual asset classes. Projections are based on long-term historical averages. For the main domestic pension plans, the anticipated return on plan assets was additionally derived using asset-liability studies.

Changes in the present value of defined benefit obligations and of the market value of plan assets are as follows:

Changes in the present value of defined benefit obligations

	2012			2011		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Defined benefit obligations at start of year	**681,292**	**261,935**	**943,227**	**669,418**	**248,517**	**917,935**
Current service cost	8,641	1,632	10,273	9,946	1,318	11,264
Past service cost	1,599	–	1,599	3,729	(1,651)	2,078
Interest expense	31,070	10,889	41,959	30,513	11,704	42,217
Actuarial gains/(losses)	129,546	25,285	154,831	1,175	12,426	13,601
Benefits paid from Company assets	(726)	(1,957)	(2,683)	(445)	(1,372)	(1,817)
Benefits paid from fund assets	(35,860)	(12,794)	(48,654)	(34,725)	(17,168)	(51,893)
Employee contributions	1,599	–	1,599	2,695	–	2,695
Effect of transfers	(98)	–	(98)	(860)	–	(860)
Consolidation changes	146	–	146	(154)	(371)	(525)
Currency adjustments	–	(5,515)	(5,515)	–	8,532	8,532
Defined benefit obligations at end of year	**817,209**	**279,475**	**1,096,684**	**681,292**	**261,935**	**943,227**
Reclassification as liabilities associated with assets held for sale	(3,295)	–	(3,295)	(2,181)	–	(2,181)
Defined benefit obligations at end of year after reclassification	**813,914**	**279,475**	**1,093,389**	**679,111**	**261,935**	**941,046**

Changes in the market value of plan assets

(EUR thousand)	2012 Domestic	2012 Interna-tional	2012 Total	2011 Domestic	2011 Interna-tional	2011 Total
Plan assets at start of year	**589,549**	**180,799**	**770,348**	**673,851**	**195,053**	**868,904**
Anticipated returns on plan assets	26,690	13,873	40,563	31,105	14,557	45,662
Difference between anticipated and actual returns	17,589	9,147	26,736	(37,862)	(16,458)	(54,320)
Withdrawal of plan assets due to overfund-ing of pension obligations	–	–	–	(50,000)	–	(50,000)
Employer contributions	2,503	4,372	6,875	4,538	–	4,538
Employee contributions	1,599	–	1,599	2,695	–	2,695
Effect of transfers	(8)	–	(8)	–	–	–
Benefits paid	(35,860)	(12,794)	(48,654)	(34,725)	(17,168)	(51,893)
Consolidation changes	53	–	53	(53)	–	(53)
Currency adjustments	–	(3,785)	(3,785)	–	4,815	4,815
Plan assets at end of year	**602,115**	**191,612**	**793,727**	**589,549**	**180,799**	**770,348**
Reclassification as liabilities associated with assets held for sale	(2,170)	–	(2,170)	(2,062)	–	(2,062)
Plan assets at end of year after reclassification	**599,945**	**191,612**	**791,557**	**587,487**	**180,799**	**768,286**

Investing plan assets to cover future pension obligations generated actual returns of EUR 67,299,000 in 2012 (2011: losses of EUR 8,658,000). Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

(EUR thousand)	Dec. 31, 2012 Defined benefit obligations	Dec. 31, 2012 Plan assets	Dec. 31, 2011 Defined benefit obligations	Dec. 31, 2011 Plan assets
Uncovered by plan assets	54,348	–	53,840	–
Partially covered by plan assets	983,169	727,870	840,184	705,209
Incompletely covered by plan assets	**1,037,517**	**727,870**	**894,024**	**705,209**
Fully covered by plan assets	55,872	63,687	47,022	63,077
Total	**1,093,389**	**791,557**	**941,046**	**768,286**

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Defined benefit obligations	1,093,389	941,046
Less plan assets	791,557	768,286
Funding status	**301,832**	**172,760**
Adjustments arising from the limit in IAS 19.58	–	–
Assets from overfunded pension plans	7,815	16,055
Provision for pensions and similar obligations	**309,647**	**188,815**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

	Dec. 31, 2012		Dec. 31, 2011	
(EUR thousand)	Fair value	%	Fair value	%
Stock	225,236	28.46	166,336	21.65
Fixed-interest securities	421,850	53.29	456,630	59.43
Real estate	32,686	4.13	26,777	3.49
Insurance policies	63,196	7.98	62,599	8.15
Commodities	29,310	3.70	35,858	4.67
Cash	19,279	2.44	20,086	2.61
Total	**791,557**	**100.00**	**768,286**	**100.00**

As of December 31, 2012, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2013	55,065
Due in 2014	56,452
Due in 2015	57,010
Due in 2016	57,922
Due in 2017	58,726
Due in 2018 to 2022	296,460

Experience adjustments—the effects of differences between the previous actuarial assumptions and what has actually occurred—are as follows:

Differences between actuarial assumptions and actual developments

(EUR thousand)	2012	2011	2010	2009	2008
Defined benefit obligation at end of year	**1,093,389**	**941,046**	**917,935**	**832,714**	**784,381**
Effects of differences in fiscal year	(4,733)	(816)	2,145	1,641	1,030
Effects as percentage of defined benefit obligations	-0.43	-0.09	0.23	0.20	0.13
Plan assets at end of year	**791,557**	**768,286**	**868,904**	**855,994**	**753,818**
Effects of differences in fiscal year	26,736	(54,320)	(6,626)	102,355	(137,670)
Effects as percentage of plan assets	3.38	-7.07	-0.76	11.96	-18.26
Funding status at end of year	**301,832**	**172,760**	**49,031**	**(23,280)**	**30,563**

Pension expense under defined benefit plans is made up as follows:

	2012			2011		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Current service cost	8,641	1,632	10,273	9,946	1,318	11,264
Past service cost	1,599	–	1,599	3,729	(1,651)	2,078
Total personnel expense	**10,240**	**1,632**	**11,872**	**13,675**	**(333)**	**13,342**
Interest expense for accrued benefit obligations	31,070	10,889	41,959	30,513	11,704	42,217
Anticipated return on plan assets	(26,690)	(13,873)	(40,563)	(31,105)	(14,557)	(45,662)
Total interest expense (net investment and interest income)	**4,380**	**(2,984)**	**1,396**	**(592)**	**(2,853)**	**(3,445)**
Total pension expense	**14,620**	**(1,352)**	**13,268**	**13,083**	**(3,186)**	**9,897**

EUR 323,187,000 was paid into defined contribution plans in 2012 (2011: EUR 283,932,000), mostly in the Leighton Group (EUR 290,108,000; 2011: EUR 254,225,000) and the Turner Group (EUR 28,502,000; 2011: EUR 24,847,000). An additional EUR 83,834,000 was paid into state pension schemes in 2012 (2011: EUR 89,719,000). Costs of defined contribution plans are reported as part of personnel expenses.

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as of December 31, 2012 came to EUR 45,028,000 (2011: EUR 40,105,000). Healthcare costs accounted for EUR 1,569,000 (2011: EUR 1,279,000) of the current service cost and EUR 1,692,000 (2011: EUR 1,882,000) of the interest expense.

The effects of a one percentage point change in the assumed healthcare cost trend rate are as follows:

(EUR thousand)	Increase	Decrease
Effect on the sum of current service cost and interest expense	–	–
Effect on defined benefit obligation	4	(4)

The Consolidated Statement of Comprehensive Income includes EUR 128,095,000 in actuarial losses recognized in 2012 before deferred taxes and after consolidation changes (2011: EUR 67,704,000). Before deferred taxes, the cumulative amount of actuarial losses is EUR 381,391,000 (2011: EUR 253,296,000).

27. Other provisions

	Dec. 31, 2012			Dec. 31, 2011		
(EUR thousand)	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	**–**	**79,625**	**79,625**	**–**	**63,336**	**63,336**
Personnel-related provisions	213,247	463,622	676,869	259,324	386,752	646,076
Provisions for insurance claims	141,101	40,724	181,825	114,806	44,107	158,913
Warranty obligations	–	68,058	68,058	–	61,591	61,591
Restructuring costs	5,687	50,564	56,251	5,052	54,777	59,829
Litigation risks	–	17,467	17,467	–	23,510	23,510
Sundry other provisions	163,047	254,743	417,790	72,373	322,406	394,779
Other provisions	**523,082**	**895,178**	**1,418,260**	**451,555**	**893,143**	**1,344,698**
	523,082	**974,803**	**1,497,885**	**451,555**	**956,479**	**1,408,034**

The personnel-related provisions mainly consist of provisions for stock option schemes, long-service awards, leave entitlements, and early retirement arrangements.

The size of provisions for insurance claims is computed annually by an actuary.

Items covered by sundry other provisions include contract administration, contract costs incurred subsequent to invoicing, investment risk, preparation of annual financial statements, payments for damages, and other uncertain liabilities.

Statement of provisions

(EUR thousand)	Balance at Jan. 1, 2012	Allocations to provisions	Reversal of provisions	Consolidation changes, currency adjustments, re-classifications, and transfer	Use of provisions	**Balance at Dec. 31, 2012**
Provisions for taxes	**63,336**	**24,405**	**(283)**	**1,058**	**(8,891)**	**79,625**
Personnel-related provisions	646,076	536,176	(7,016)	(2,080)	(496,287)	676,869
Provisions for insurance claims	158,913	31,812	–	(3,599)	(5,301)	181,825
Sundry other provisions	539,709	365,479	(42,397)	(141,431)	(161,794)	559,566
Other provisions	**1,344,698**	**933,467**	**(49,413)**	**(147,110)**	**(663,382)**	**1,418,260**
	1,408,034	**957,872**	**(49,696)**	**(146,052)**	**(672,273)**	**1,497,885**

28. Financial liabilities

	Dec. 31, 2012		Dec. 31, 2011	
(EUR thousand)	Non-current	Current	Non-current	Current
Bonds or notes issued	1,483,824	157,670	722,632	46,421
Amounts due to banks	685,695	1,027,774	1,228,642	852,767
Financial liabilities to non-consolidated subsidiaries	–	2,945	–	2,463
Financial liabilities to participating interests	–	338,487	–	458,680
Lease liabilities	562,516	170,668	333,195	127,259
Sundry other financial liabilities	17,945	8,936	17,080	5,247
	2,749,980	**1,706,480**	**2,301,549**	**1,492,837**

The bonds or notes issued relate to both HOCHTIEF Aktiengesellschaft and Leighton Holdings.

A EUR 500,000,000 bearer bond issued by HOCHTIEF Aktiengesellschaft in March 2012 has a carrying amount of EUR 516,189,000. The bond matures in March 2017. It features a fixed coupon of 5.50%. Coupon payments are made on March 23 each year.

A US dollar bond issued by Leighton Holdings in the year under review with a principal amount of USD 500,000,000 has a carrying amount of EUR 371,912,000. The bond has a fixed coupon of 5.95% and matures in November 2022. A USD 350,000,000 US dollar bond issued by Leighton Holdings in fiscal 2010 with a principal amount of USD 350,000,000 has a carrying amount of EUR 263,987,000 (2011: EUR 273,997,000). The bond is repayable in three installments in 2015, 2017, and 2020. The installments each carry a different rate of interest ranging from 4.51 to 5.78%. The item also includes EUR 220,265,000 (2011: EUR 220,074,000) for a further bond issued by Leighton Holdings in fiscal 2009. This has a face value of AUD 280,000,000, is for five years, and has a 9.5% fixed coupon. In 2008, Leighton Holdings issued a US dollar private placement with a principal amount of USD 280,000,000 repayable in three installments in 2013, 2015, and 2017. The installments each carry a different rate of interest ranging from 6.91 to 7.66%. The carrying amount of the US dollar private placement at December 31, 2012 is EUR 211,422,000 (2011: EUR 219,235,000). Finally, bonds or notes issued contain EUR 57,719,000 (2011: EUR 55,747,000) under five further Leighton Holdings notes issues with a fixed or variable coupon.

Amounts due to banks include a EUR 50,000,000 portion of a bilateral promissory note loan arranged on December 13, 2012. The loan runs for four years and has a fixed interest rate. The item also includes a EUR 84,500,000 portion of a EUR 120,600,000 five-year promissory note loan issue placed in the market on November 25, 2011. The loan was placed with national and international banks. The coupon is based on six-month EURIBOR plus an appropriate margin. There is also a EUR 240,000,000 promissory note loan issue put out by HOCHTIEF in 2010 and consisting of two tranches, for EUR 59,500,000 and EUR 180,500,000 respectively. This loan has an initial term of five years and a coupon equal to six-month EURIBOR plus an appropriate margin. Repayment of four promissory note loans taken out in 2009 for a total of EUR 300,000,000 and with terms of three and five years split halfway with part-fixed, part-variable interest was completed on schedule at the end of the loan terms with an amount of EUR 129,500,000 paid during the year under review. The outstanding principal on the loan at the balance sheet date is EUR 30,000,000. Amounts due to banks also include EUR 193,750,000 for two further promissory note loans taken out in 2008, comprising one for a nominal amount of EUR 154,750,000 and an initial term of five years and one for a nominal amount of EUR 39,000,000 and an initial term of seven years. The coupon on both is equal to six-month EURIBOR plus an appropriate margin.

An international banking syndicate provided HOCHTIEF on market terms with a five-year credit facility comprising a EUR 1.5 billion guarantee tranche and a EUR 500,000,000 cash tranche. Drawings on the cash tranche stand at EUR 200,000,000 at the balance sheet date (2011: EUR 400,000,000).

EUR 326,794,000 (2011: EUR 464,590,000) of amounts due to banks concerns borrowings by Leighton Holdings, mostly to finance acquisitions—mainly the Habtoor Leighton Group plus project companies.

Amounts due to banks at the balance sheet date comprise EUR 824,092,000 (2011: EUR 1,275,452,000) subject to variable rates of interest and EUR 889,377,000 (2011: EUR 805,957,000) subject to fixed rates of interest. The average interest rate on the variable-interest portion stood at 3.57% (2011: 3.06%). The average interest rate on the fixed-interest portion was 2.76% (2011: 5.61%).

As in the prior year, the average term was one-and-a-half years. Trade payables due to companies accounted for using the equity method were EUR 338,483,000 (2011: EUR 458,030,000). This mainly related to obligations to make payments into capital in connection with project companies in the HOCHTIEF Asia Pacific division.

The EUR 733,184,000 (2011: EUR 460,454,000) in lease liabilities mainly relates to plant and equipment under finance leases at Leighton Holdings.

The minimum lease payments for liabilities under finance leases break down as follows:

Finance leases

	Dec. 31, 2012			Dec. 31, 2011		
(EUR thousand)	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due in up to 1 year	199,471	28,803	170,668	139,919	12,660	127,259
Due in 1–5 years	622,154	59,838	562,316	342,191	21,709	320,482
Due after 5 years	203	3	200	13,016	303	12,713

Sundry other financial liabilities mostly contain short-term loans and other debt.

29. Other liabilities

	Dec. 31, 2012		Dec. 31, 2011	
(EUR thousand)	Non-current	Current	Non-current	Current
Liabilities to employees	–	199,309	–	190,677
Deferred income	38,707	27,198	36,770	26,193
Tax liabilities (excluding income taxes)	–	64,627	–	39,482
Liabilities under derivative financial instruments	24,533	23,331	141,427	54,791
Social insurance liabilities	–	8,529	–	6,534
Sundry other liabilities	–	62,386	498	61,602
	63,240	**385,380**	**178,695**	**379,279**

Deferred income mainly comprises insurance premiums received in advance for subsequent years (these are reversed to income over the life of the policies) and rental payments.

EUR 32,872,000 (2011: EUR 35,388,000) of the liabilities under derivative financial instruments relates to interest-rate swaps held by HOCHTIEF Aktiengesellschaft. In the prior year, EUR 111,845,000 related to an obligation in the Leighton Group to pay into an infrastructure project company.

Sundry other liabilities comprise other non-trade payables.

30. Trade payables

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Trade payables		
Gross amount due to customers from construction work (POC)	(419,586)	(496,703)
Progress payments received	573,198	899,400
	153,612	**402,697**
To construction joint ventures	99,066	112,036
Other	5,454,725	5,095,821
	5,707,403	**5,610,554**
Advance payments received	24,363	11,749
From non-consolidated subsidiaries	493	2,474
From participating interests	17,042	5,440
	5,749,301	**5,630,217**

The EUR 153,612,000 (2011: EUR 402,697,000) gross amount due to customers from construction work (POC) represents such amounts where the progress payments received from customers exceed the incurred contract costs including a pro rata allocation of contract net profit.

Trade payables due to companies accounted for using the equity method were EUR 5,374,000 (2011: EUR 199,000).

31. Current income tax liabilities

The EUR 8,747,000 (2011: EUR 8,270,000) in current income tax liabilities comprises amounts payable to domestic and foreign revenue authorities.

Other disclosures

32. Undiluted and diluted earnings per share

Undiluted earnings per share are calculated by dividing the consolidated net profit or loss attributable to the Company's stock by the average number of shares in circulation. This indicator can become diluted as a result of potential shares (mainly stock options and convertible bonds). HOCHTIEF's share-based payment arrangements do not have a dilutive effect on earnings. Consequently, diluted and undiluted earnings per share are identical.

	2012	2011
Consolidated net profit/(loss) (EUR thousand)	158,109	(160,287)
Number of shares in circulation in thousands (weighted average)	73,598	73,572
Earnings per share (EUR)	2.15	(2.18)
Proposed dividend per share (EUR)	1.00	–

33. Reporting on financial instruments

Financial instruments include financial assets and liabilities as well as contractual claims and obligations relating to exchanges and transfers of financial assets. Financial instruments can be derivative or non-derivative.

Non-derivative financial assets mostly comprise cash and cash equivalents, marketable securities, receivables, and other financial assets. Marketable securities are carried at fair value. The fair values of available-for-sale financial assets are established with reference to market prices or determined using accepted valuation methods.

Non-derivative financial liabilities are mostly current liabilities measured at amortized cost.

According to their fair value, derivative financial instruments are reported either in other receivables and other assets or in other liabilities. Derivatives are used in the HOCHTIEF Group for hedging existing transactions and in asset management.*

*See glossary on page 223.

Holdings of non-derivative and derivative financial instruments are carried on the Balance Sheet; the maximum risk of loss or default is equal to total financial assets. Any such risk identified in respect of financial assets is accounted for with an impairment loss.

Risk management

All financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. This is fleshed out by individual, function-specific operating directives on issues such as currency and collateral management. These lay down principles for dealing with the various classes of financial risk.

Trading, control, and settlement activities are divided within Corporate Finance between front, middle, and back offices. This ensures effective operational risk management in that monitoring and settlement of front office external trading activities are performed by a separate and independent back office. All external trading actions are also subject to at least dual control. Internal authorizations to give instructions are strictly limited in number and monetary amount, and are reassessed at least once a year and adjusted as necessary.

Management of liquidity risk

HOCHTIEF uses predominantly centralized liquidity structures—in particular cash pooling—to pool liquidity at Group level, among other things to avoid liquidity bottlenecks at the level of individual entities. The central liquidity position is calculated at regular monthly intervals and budgeted in a bottom-up process over a rolling 18-month period. Liquidity budgets are supplemented with monthly stress testing. Liquidity budgets are used by HOCHTIEF in active management of the securities portfolio and loans portfolio.

Issuance of its first corporate bond with a principal amount of EUR 500,000,000 and a five-year term to maturity in March 2012 enabled the Group once again to spread borrowing over a larger range of national and international lenders and further extend the maturity profile of the debt portfolio.

The tables below show maximum payments. The tables show the worst-case scenario for HOCHTIEF, i.e. the earliest possible contractual payment date in each case. Creditors' rights of termination are taken into account. Foreign currency items are translated using the closing rate as of the balance sheet date. Interest payments on variable rate items are translated uniformly using the last interest rate fixed prior to the balance sheet date. Both primary and derivative financial instruments (for example, forward exchange contracts and interest rate swaps) are taken into account. Credit facilities granted but not yet drawn in their full amount are also included, as are financial guarantees given by the Group.

The maximum payments shown in the following tables (worst case scenario) are offset by contractually fixed receipts in the same periods that are not shown here (for example, from trade receivables). These will cover most of the cash outflows shown.

Maximum payments as of December 31, 2012

(EUR thousand)	2013	2014	2015-2016	after 2016	**Total**
Primary financial liabilities	7,502,338	795,548	999,187	1,548,604	10,845,677
Derivative financial instruments	23,331	15,949	7,949	635	47,864
Loan commitments and financial guarantees	67,533	–	–	–	67,533
	7,593,202	**811,497**	**1,007,136**	**1,549,239**	**10,961,074**

Maximum payments as of December 31, 2011

(EUR thousand)	2012	2013	2014-2015	after 2015	**Total**
Primary financial liabilities	6,887,190	659,259	992,655	944,455	9,483,559
Derivative financial instruments	54,791	18,379	122,633	415	196,218
Loan commitments and financial guarantees	56,060	–	–	–	56,060
	6,998,041	**677,638**	**1,115,288**	**944,870**	**9,735,837**

In addition, Group liquidity is adequately secured with cash in hand and on deposit, marketable securities holdings, and undrawn revolving credit facilities. The following table shows the main liquidity instruments:

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Cash in hand and on deposit	1,998,628	1,701,975
Marketable securities	816,472	615,704
Undrawn revolving credit facilities	1,676,930	1,742,234
	4,492,030	**4,059,913**

The revolving credit facilities include a credit facility tranche with a facility amount of EUR 500,000,000 under the syndicated guarantee and credit facility that runs to December 2016. The credit facility was 40% drawn as of December 31, 2012. There are also short-term, bilateral, revolving money market facilities with a total facility amount of EUR 457,600,000, drawings on which were EUR 243,300,000 as of the balance sheet date. Some of the facilities are subject to creditors' rights of termination in connection with financial covenants, which are continuously monitored as part of corporate planning. In light of the successful refinancing ahead of schedule in December 2011 and the broad international syndication in each instance combined with the further bilateral credit and guarantee facilities, there is no refinancing risk with regard to long-term guarantee and credit facilities. As a further precautionary measure, there is appropriate scope for raising additional capital under resolutions adopted at the 2011 General Shareholders' Meeting.

HOCHTIEF also has sufficient revolving guarantee facilities, which play an important role for the Group. The guarantee facilities have a total size of EUR 12.54 billion (2011: EUR 12.26 billion) and are 73% drawn (2011: 72%).

Management of currency risk

HOCHTIEF is exposed to currency risk (in the form of transaction risk) from receivables, liabilities, cash and cash equivalents, securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each case. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates. HOCHTIEF normally hedges all currency risk.

Hedges for Group companies—with the exception of hedges in the Leighton Group—are mainly administered via HOCHTIEF Aktiengesellschaft. Binding guidelines clarify their use and separate controls and responsibilities for all Group companies. Currency derivatives are normally only used to hedge risk. Any form of speculation is ruled out under a binding, Group-wide risk directive.The counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values of currency derivatives:

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Assets		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	5,294	7,603
for hedging purposes (but not hedge accounted)	1	8,306
	5,295	**15,909**
Liabilities and shareholders' equity		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	9,866	10,199
for hedging purposes (but not hedge accounted)	1,505	937
	11,371	**11,136**

The maximum residual term of currency derivatives in cash flow hedges as of December 31, 2012 is 47 months (2011: 59 months). As of December 31, 2012, the maximum residual term of currency derivatives for which hedge accounting is not applied is 15 months (2011: 11 months).

Where hedge accounting is used, unrealized gains and losses on hedges are initially recognized in other comprehensive income, taking into account deferred tax. Gains and losses are not realized until a hedged item affects income. Derivatives are measured on the basis of current market rates as of the balance sheet date. When interpreting positive or negative fair value changes relating to derivatives, it is important to remember that they balance hedged items whose values move in the opposite direction. A net EUR 1,976,000 was charged to equity in fiscal 2012 (2011: EUR 18,875,000 credited) for market value changes on the above derivatives in cash flow hedges. Where hedge accounting is not applied, all unrealized gains and losses on the hedged item are recognized immediately in profit or loss; in 2012 this related to a net loss of EUR 8,873,000 (2011: net gain of EUR 6,166,000).

The following sensitivity analyses demonstrate the impact on HOCHTIEF Group equity and profit that would result from a 10% fluctuation in foreign currencies relative to each Group company's functional currency. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)		Dec. 31, 2012 Exchange rate 10% increase	Dec. 31, 2012 Exchange rate 10% decrease	Dec. 31, 2011 Exchange rate 10% increase	Dec. 31, 2011 Exchange rate 10% decrease
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedges)					
Functional currency	Foreign currency				
EUR	CHF	3,907	(4,895)	4,178	(4,214)
EUR	PLN	114	(114)	(2,071)	1,639
EUR	USD	(1,158)	1,367	2,180	(2,011)
EUR	GBP	(447)	340	37	(30)
AUD	EUR	(145)	145	(216)	216
AUD	JPY	(16)	16	54	(54)
AUD	USD	(623)	623	(301)	301
Change in profit or loss due to unhedged currency exposures in primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)					
Functional currency	Foreign currency				
EUR	PLN	(57)	(57)	(38)	(98)
EUR	USD	863	247	(3,540)	3,611
EUR	RON	(3,604)	3,604	–	–
AUD	HKD	1,575	(1,575)	1,927	(1,927)
AUD	USD	10,477	(10,320)	11,067	(11,049)
CZK	EUR	(2,262)	2,259	(4,940)	4,943
QAR	EUR	4,179	(4,179)	1,900	(1,900)
USD	GBP	22	(101)	521	(526)
USD	JPY	–	–	1,371	(1,371)

Management of interest rate risk

HOCHTIEF is exposed to interest rate risk through financial items primarily consisting of interest-bearing marketable securities on the assets side and financial liabilities on the liabilities side of the Balance Sheet. Two approaches are used to minimize this risk. Firstly, the Company uses natural hedging, meaning that it eliminates contrary interest rate risk from primary financial instruments on the asset and liabilities side. The second method is to use interest rate derivatives. These generally take the form of interest rate swaps used in accordance with the Group financing strategy to manage cash flow risk from changes in interest rates for variable-rate financial items.

As with currency derivatives, hedges for Group companies—with the exception of hedges in the Leighton Group—are mainly administered via HOCHTIEF Aktiengesellschaft. There are also parallel regulations and guidelines, and derivatives are used solely for hedging (i.e. not speculatively) as a matter of principle. The counterparties for derivatives entered into externally are generally banks with a top credit rating.

The following table shows the fair values of interest rate derivatives:

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Assets		
Interest rate swaps		
for hedging purposes (cash flow hedges)	6	123
for hedging purposes (but not cash flow hedge accounted)	184	244
Interest rate futures		
not for hedging purposes (for asset management structuring)	48	83
	238	**450**
Liabilities and shareholders' equity		
Interest rate swaps		
for hedging purposes (cash flow hedges)	26,663	31,921
for hedging purposes (but not cash flow hedge accounted)	7,705	8,013
Interest rate futures		
not for hedging purposes (for asset management structuring)	–	239
	34,368	**40,173**

The maximum residual term of interest rate swaps both in cash flow hedges and otherwise as of December 31, 2012 is 47 months (2011: 59 months). As in the prior year, the interest rate futures have a maximum residual term of three months.

EUR 5,141,000 was credited to equity in fiscal 2012 (2011: EUR 30,376,000) for market value changes on interest rate derivatives in cash flow hedges. This included EUR 1,190,000 reclassified to profit or loss (2011: EUR 13,643,000 reclassified as a charge to profit or loss). There was no hedge ineffectiveness. A net EUR 452,000 was recognized in profit or loss (2011: EUR 6,497,000 charged to profit or loss) for market value changes on the remaining interest rate derivatives.

The following sensitivity analyses demonstrate the impact that a 1% fluctuation in the respective market interest rate would have had on equity and on profit or loss. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2012		Dec. 31, 2011	
	Market interest rate		Market interest rate	
(EUR thousand)	1% increase	1% decrease	1% increase	1% decrease
Change in equity due to market value fluctuations of interest rate derivatives used for hedging (cash flow hedges) and of fixed-interest securities measured at fair value through equity	(10,111)	7,542	5,506	(5,472)
Change in profit or loss due to unhedged variable rate interest rate exposures on primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)	(12,190)	14,057	(13,171)	12,935

Management of other price risk

Other price risk results at HOCHTIEF through investing in current and non-current non-interest-bearing securities, chiefly shares and funds, that are classified as available for sale and therefore measured at fair value through equity. Other price risk stems from participating interests that are classified as available for sale to the extent that they are measured at fair value. Such items are shown in the following table. Participating interests measured at amortized cost because their fair value cannot be reliably measured are not included.

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Price risk exposure on non-current assets	76,897	50,259
Price risk exposure on current assets	110,852	46,431

HOCHTIEF actively manages price risk. Continuous monitoring and analysis of the markets make it possible to marshal investments at short notice. This allows the Company to detect negative developments on the capital market at an early stage and take appropriate action. Derivatives are only used to control price risk in exceptional instances.

To hedge our share-based compensation plans, stock-based derivatives were entered into with a maximum residual term of 75 months as of December 31, 2012 (2011: 64 months). They are not subject to hedge accounting, but are deployed as a natural hedge. Gains and losses in the fair value of these derivatives are contained in personnel costs.

The following table shows the fair values of equity options, stock forward contracts, and index-based options:

(EUR thousand)	**Dec. 31, 2012**	Dec. 31, 2011
Assets		
Equity options and stock forward contracts for hedging purposes (but not hedge accounted)	9,829	13,046
Index-based options, not for hedging purposes	–	3,258
	9,829	**16,304**
Liabilities and shareholders' equity		
Forward purchase contracts for hedging purposes (cash flow hedges)	–	111,845
Equity options and stockforward contracts for hedging purposes (but not hedge accounted)	2,125	2,364
Options written, not for hedging purposes	–	30,700
	2,125	**144,909**

In the prior year, EUR 111,845,000 in forward purchase contracts for hedging purposes (cash flow hedges) related to an obligation in the Leighton Group to pay into an infrastructure project company.

EUR 4,258,000 was charged to equity in fiscal 2012 (2011: EUR 19,579,000) for market value changes on the above derivatives in cash flow hedges. This includes a charge of EUR 4,258,000 (2011: EUR 52,105,000) for a reclassification of unrealized losses to profit or loss in the HOCHTIEF Asia Pacific division in connection with hedging future acquisitions. A net EUR 42,313,000 was charged to profit or loss (2011: EUR 51,099,000) for market value changes on equity options, stock forward contracts, index-based options not in hedges, and on the written options.

The following sensitivity analyses demonstrate the impact that a 10% fluctuation in the market value of primary and derivative financial instruments would have had on equity and on profit or loss. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2012 Market value		Dec. 31, 2011 Market value	
(EUR thousand)	10% increase	10% decrease	10% increase	10% decrease
Change in equity due to market value fluctuations of derivatives used for hedging (cash flow hedges)	–	–	4,535	(4,535)
Change in profit or loss due to market value fluctuations of derivatives to which hedge accounting is not applied	6,366	(6,227)	14,611	(15,625)
Change in equity due to changes in market price of unimpaired securities	11,085	(11,085)	4,643	(4,643)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	47,631	(47,631)	44,767	(44,767)
Change in equity due to increases in the market price of impaired securities	–	–	–	–
Change in equity due to increases in the value of impaired participating interests measured at fair value	255	–	124	–
Change in profit or loss due to reductions in the market price of impaired securities	–	–	–	–
Change in profit or loss due to decreases in the value of impaired participating interests measured at fair value	–	(255)	–	(124)

Management of credit risk

The HOCHTIEF Group is exposed to credit risk from operations and from certain financing activities.

HOCHTIEF performs risk management for operations by continuously monitoring trade receivables at divisional level. If a specific credit risk is detected, it is countered by recognizing an individual impairment.

The HOCHTIEF Group has given third parties financial guarantees in respect of companies accounted for using the equity method. Financial guarantees are only given in respect of companies with top credit standing, restricting to a minimum the probability of the guarantees being drawn upon. Loan commitments are only given to companies accounted for using the equity method.

The maximum credit risk exposure of financial assets is equivalent to their carrying amounts in the Balance Sheet. The actual credit risk exposure is lower, however, due to collateral given in favor of the HOCHTIEF Group. The maximum risk exposure on financial guarantees given by HOCHTIEF is the maximum amount to be paid by HOCHTIEF. The maximum credit risk for loan commitments is the amount of the commitment. The maximum credit risk from financial guarantees and loan commitments amounted to EUR 67,533,000 as of December 31, 2012 (2011: EUR 56,060,000).

The probability of the financial guarantees and loan commitments being drawn upon is very small as of the reporting date. HOCHTIEF accepts collateral to secure contract performance by subcontractors, subcontractors' warranty obligations, and claims to remuneration. Such collateral includes guarantees relating to warranty obligations, contract performance, advance payments, and receivables. Acceptance of collateral is governed by a HOCHTIEF directive. Among other things, this covers the contractual drafting, implementation, and management of all agreements. The detailed rules vary according to factors such as the country jurisdiction and applicable case law. In the case of credit risk, HOCHTIEF examines the credit rating of the party providing the collateral for all guarantees accepted. HOCHTIEF uses external specialists (for example, rating agencies) to assess credit ratings where possible. The fair values of accepted collateral are not disclosed as they often cannot be measured reliably.

The following table shows unimpaired financial assets that are past due:

	Dec. 31, 2012				Dec. 31, 2011			
(EUR thousand)	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivables	126,043	49,424	44,833	86,152	137,191	28,206	8,611	66,432
Current financial receivables	199	729	192	10,042	430	593	572	5,178
Other current receivables and other current financial assets	179	–	–	181	180	–	–	–
	126,421	**50,153**	**45,025**	**96,375**	**137,801**	**28,799**	**9,183**	**71,610**

The age structure of financial assets that are past due is shaped by industry-specific factors. Receipt of payment depends on acceptance (inspection) and invoice checking, which can often take a relatively long time, especially for large-scale projects. Most of the unimpaired financial assets that are past due are from public-sector clients and industrial companies with top credit ratings.

Individually impaired financial assets are shown below:

	Dec. 31, 2012			Dec. 31, 2011		
(EUR thousand)	Gross carrying amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	120,572	91,033	29,539	147,577	84,039	63,538
Financial receivables						
Non-current	30,485	19,987	10,498	20,962	19,867	1,095
Current	9,336	8,343	993	8,062	8,004	58
Other current receivables and other current financial assets	1,212	903	309	1,087	822	265
	161,605	**120,266**	**41,339**	**177,688**	**112,732**	**64,956**

The impairments in trade receivables mostly consist of impaired contracting-related claims as is typical for the industry.

The following table shows changes in impairments on financial assets in the 2012 fiscal year and in the prior year:

Reconciliation of changes in impairments

(EUR thousand)	Jan. 1, 2011	Changes*	Dec. 31, 2011/ Jan. 1, 2012	Changes*	Dec. 31, 2012
Trade receivables	73,949	10,090	84,039	6,994	91,033
Financial receivables					
Non-current	–	19,867	19,867	(70)	19,797
Current	5,674	2,330	8,004	339	8,343
Other current receivables and other current financial assets	832	(10)	822	81	903
	80,455	**32,277**	**112,732**	**7,344**	**120,076**

*Changes result from allocations, reversals, utilizations, curreny adjustments and consolidation changes.

With regard to financial assets that are neither past due nor impaired, there are currently no indications of any need to recognize impairments for reasons relating to credit ratings.

Capital risk management

The HOCHTIEF Group manages capital with the aim of ensuring that all Group companies can continue to operate as a going concern. The Group keeps the cost of capital as low as possible by optimizing the balance between equity and debt as the need arises. These measures serve to maximize shareholder earnings.

The Group's capital structure consists of the Balance Sheet items comprising net debt (current and non-current liabilities less cash and cash equivalents) and shareholders' equity. The Risk Management Steering Committee assesses and examines the Group's capital structure at regular intervals, taking into account the risk-adjusted cost of capital.

The overall capital risk management strategy did not change in fiscal 2012 compared with the prior year.

Additional information on financial instruments

The table overleaf shows carrying amounts and fair values for each class of financial instrument and carrying amounts for each IAS 39 category as of December 31, 2012 and December 31, 2011:

2012

(EUR thousand)	Carrying amount by category					Not belonging to any category			
		Financial assets		Financial liabilities					
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	Hedge accounting and finance leases	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2012**	**Total fair value Dec. 31, 2012**
Assets									
Other financial assets									
At fair value	76,897	–	–	–	–	–	–	76,897	76,897
At amortized cost	14,855	–	–	–	–	–	–	14,855	N/A
	91,752	**–**	**–**	**–**	**–**	**–**	**–**	**91,752**	**76,897**
Financial receivables									
Non-current	**–**	**–**	**633,445**	**–**	**–**	**1,838**	**–**	**635,283**	**635,283**
Current	**–**	**–**	**134,558**	**–**	**–**	**727**	**–**	**135,285**	**135,285**
Trade receivables	**–**	**–**	**2,350,894**	**–**	**–**	**–**	**2,958,226**	**5,309,120**	**5,309,120**
Other receivables and other financial assets									
Non-current									
At fair value	–	9,709	–	–	–	480	–	10,189	10,189
At amortized cost	–	–	34,161	–	–	–	–	34,160	34,160
Not covered by IFRS 7	–	–	–	–	–	–	57,166	57,166	57,166
	–	**9,709**	**34,161**	**–**	**–**	**480**	**57,166**	**101,516**	**101,516**
Current									
At fair value	–	354	–	–	–	4,819	–	5,173	5,173
At amortized cost	–	–	87,693	–	–	–	–	87,693	87,693
Not covered by IFRS 7	–	–	–	–	–	–	132,540	132,540	132,540
	–	**354**	**87,693**	**–**	**–**	**4,819**	**132,540**	**225,406**	**225,406**
Securities	**628,800**	**–**	**–**	**–**	**–**	**–**	**–**	**628,800**	**628,800**
Cash and cash equivalents	**–**	**–**	**2,514,782**	**–**	**–**	**–**	**–**	**2,514,782**	**2,514,782**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**2,187,464**	**562,516**	**–**	**2,749,980**	**2,917,436**
Current	**–**	**–**	**–**	**–**	**1,535,812**	**170,668**	**–**	**1,706,480**	**1,706,480**
Trade payables	**–**	**–**	**–**	**–**	**5,571,326**	**–**	**177,975**	**5,749,301**	**5,749,301**
Other liabilities									
Non-current									
At fair value	–	–	–	7,742	–	16,791	–	24,533	24,533
At amortized cost	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–		38,707	38,707	38,707
	–	**–**	**–**	**7,742**	**–**	**16,791**	**38,707**	**63,240**	**63,240**
Current									
At fair value	–	–	–	3,593	–	19,738	–	23,331	23,331
At amortized cost	–	–	–	–	61,187	–	–	61,187	61,187
Not covered by IFRS 7							300,862	300,862	300,862
	–	**–**	**–**	**3,593**	**61,187**	**19,738**	**300,862**	**385,380**	**385,380**

2011	Carrying amount by category					Not belonging to any category			
	Financial assets			Financial liabilities					
(EUR thousand)	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	Hedge accounting and finance leases	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2011**	**Total fair value Dec. 31, 2011**
Assets									
Other financial assets									
At fair value	50,259	–	–	–	–	–	–	50,259	50,259
At amortized cost	14,719	–	–	–	–	–	–	14,719	N/A
	64,978	**–**	**–**	**–**	**–**	**–**	**–**	**64,978**	**50,259**
Financial receivables									
Non-current	**–**	**–**	**629,668**	**–**	**–**	**2,395**	**–**	**632,063**	**632,063**
Current	**–**	**–**	**149,176**	**–**	**–**	**782**	**–**	**149,958**	**149,958**
Trade receivables	**–**	**–**	**2,433,791**	**–**	**–**	**–**	**2,247,522**	**4,681,313**	**4,681,313**
Other receivables and other financial assets									
Non-current									
At fair value	–	12,946	–	–	–	5,364	–	18,310	18,310
At amortized cost	–	–	185,247	–	–	–	–	185,247	185,247
Not covered by IFRS 7	–	–	–	–	–	–	55,228	55,228	55,228
	–	**12,946**	**185,247**	**–**	**–**	**5,364**	**55,228**	**258,785**	**258,785**
Current									
At fair value	–	11,991	–	–	–	2,362	–	14,353	14,353
At amortized cost	–	–	75,437	–	–	–	–	75,437	75,437
Not covered by IFRS 7	–	–	–	–	–	–	136,735	136,735	136,735
	–	**11,991**	**75,437**	**–**	**–**	**2,362**	**136,735**	**226,525**	**226,525**
Securities	**392,831**	**–**	**–**	**–**	**–**	**–**	**–**	**392,831**	**392,831**
Cash and cash equivalents	**–**	**–**	**2,264,821**	**–**	**–**	**–**	**–**	**2,264,821**	**2,264,821**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**1,968,354**	**333,195**	**–**	**2,301,549**	**2,368,072**
Current	**–**	**–**	**–**	**–**	**1,365,578**	**127,259**	**–**	**1,492,837**	**1,492,837**
Trade payables	**–**	**–**	**–**	**–**	**5,215,771**	**–**	**414,446**	**5,630,217**	**5,630,217**
Other liabilities									
Non-current									
At fair value	–	–	–	8,410	–	133,017	–	141,427	141,427
At amortized cost	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	37,268	37,268	37,268
	–	**–**	**–**	**8,410**	**–**	**133,017**	**37,268**	**178,695**	**178,695**
Current									
At fair value	–	–	–	33,842	–	20,949	–	54,791	54,791
At amortized cost	–	–	–	–	60,715	–	–	60,715	60,715
Not covered by IFRS 7	–	–	–	–	–	–	263,773	263,773	263,773
	–	**–**	**–**	**33,842**	**60,715**	**20,949**	**263,773**	**379,279**	**379,279**

Because current financial instruments have short residual terms and are measured at market value, their carrying amounts correspond to market value as of the balance sheet date. Non-current securities in the available-for-sale category are measured at fair value through equity and, as such, their carrying amounts also correspond to fair value.

Shares in non-consolidated subsidiaries and other participating interests are measured at fair value if fair value can be reliably determined. Otherwise, such items are measured at cost in the available-for-sale category.

The Group measures fair values of financial instruments using the following fair value hierarchy levels reflecting the observability of inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; e.g. quoted securities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); e.g. interest rate swaps and forward exchange contracts.

Level 3: Inputs for the asset or liability that are not based on observable or corroborated market data (unobservable inputs); e.g. investments measured at fair value determined by business valuation.

Disclosures relating to the fair value hierarchy for financial instruments measured at fair value

		Dec. 31, 2012			Dec. 31, 2011	
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	1,510	314	75,073	1,504	–	48,755
Other receivables and other assets						
Non-current	–	10,189	–	–	18,310	–
Current	–	5,173	–	–	14,353	–
Marketable securities	549,941	78,859	–	311,903	80,928	–
Liabilities						
Other liabilities						
Non-current	–	24,533	–	–	141,427	–
Current	–	23,331	–	–	24,091	30,700

Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2012	Cash changes for the period	Currency adjustments	Gains/(losses) recognized in profit or loss	Reclassifications	**Balance as of Dec. 31, 2012**
Other financial assets	48,755	26,276	42	–	–	75,073
Other liabilities						
Non-current	–	–	–	–	–	–
Current	30,700	(69,424)	–	(38,727)	–	–

(EUR thousand)	Balance as of Jan. 1, 2011	Cash changes for the period	Currency adjustments	Gains/(losses) recognized in profit or loss	Reclassifications	Balance as of Dec. 31, 2011
Other financial assets	447,368	(1,205)	1,506	–	(398,914)*	48,755
Other liabilities						
Non-current	1,300	–	–	–	(1,300)	–
Current	–	–	–	(29,400)	1,300	30,700

* Reclassification to non-current assets held for sale. For further explanatory notes, please see page 152 et seq.

The EUR 38,724,000 in losses (2011: EUR 29,400,000) recognized in profit or loss are included in other operating expenses.

Financial assets with a carrying amount of EUR 494,823,000 (2011: EUR 511,759,000) are provided as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2012.

The following table shows the net profit from financial instruments by IAS 39 category:

Net profit from financial instruments

(EUR thousand)	2012	2011
Available for sale	76,964	87,055
Held for trading	(43,497)	(28,358)
Loans and receivables	67,544	22,275
Liabilities at amortized cost	(297,600)	(249,248)
	(196,589)	**(168,276)**

The calculation of net profit from financial instruments includes interest income and expenses, impairments and impairment reversals, income and expenses from currency translation, dividend income, gains and losses on disposal, and other changes in the fair value of financial instruments recognized in income.

Impairments of financial assets totaling EUR 21,866,000 (2011: EUR 36,743,000) were recognized in the 2012 fiscal year. EUR 2,237,000 of this figure (2011: EUR 1,040,000) relates to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at cost where a fair value is not available. In the prior year, an additional EUR 1,174,000 related to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at fair value. Impairments of EUR 120,000 (2011: EUR 19,763,000) were recorded on non-current financial receivables in the fiscal year. Impairments of EUR 1,236,000 (2011: EUR 2,537,000) were recognized for current financial receivables. Impairments of EUR 18,122,000 (2011: EUR 11,576,000) were recognized for trade receivables and EUR 546,000 in the prior year for marketable securities. In fiscal 2012, impairments of EUR 151,000 were additionally recognized for other current receivables and other current financial assets (2011: EUR 107,000).

34. Contingencies, commitments, and other financial obligations

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Obligations under guarantees and letters of comfort	8,842	10,483

These commitments and potential obligations primarily serve as security for bank loans, contract performance, warranty obligations, and advance payments. Most guarantees as of the reporting date related to participating interests and construction joint ventures. HOCHTIEF is also jointly and severally liable for all construction joint ventures in which it has an interest.

The syndicated guarantee facility for EUR 2 billion taken out in December 2011 continues to be HOCHTIEF Aktiengesellschaft's central long-term financing instrument. The syndicated facility has a tranche with a facility amount of EUR 1.5 billion, drawings on which amounted to EUR 1.07 billion as of December 31, 2012 (2011: EUR 1.12 billion) and a EUR 500,000,000 cash tranche, drawings on which came to EUR 200,000,000 as of December 31, 2012 (2011: EUR 400,000,000). The facility permits the furnishing of guarantees for ordinary activities, mainly of the HOCHTIEF Europe division. The guarantee and credit facility runs for five years to December 13, 2016.

In addition, the HOCHTIEF Group has available a further EUR 6.11 billion (2011: EUR 5.74 billion) in guarantee facilities provided by insurance companies and banks. This includes the EUR 1.1 billion syndicated guarantee facility negotiated by Leighton Holdings in the year under review. The latter facility runs for three years and is drawn in the amount of EUR 611,196,000.

HOCHTIEF Aktiengesellschaft has provided an unlimited bonding guarantee in favor of US insurance companies in respect of obligations of the Turner Group and the Flatiron Group. Bonding is a statutory form of security used in the US to guarantee performance of public projects. It is also used with other selected customers. The total bonding amount is USD 6,500 million (2011: USD 6,500 million). USD 5,191 million was utilized in the year under review (2010: USD 4,417 million). No recourse has ever been made to this guarantee provided by HOCHTIEF, and none is currently anticipated for the future.

In connection with two toll road projects—Maliakos-Kleidi and Elefsina-Patras-Tsakona—HOCHTIEF PPP Solutions GmbH and HOCHTIEF Solutions AG have given guarantees, directly or as indemnities, totaling EUR 133,579,000 (2011: EUR 146,533,000) after provisions for payments into capital. The guarantees cover contract performance, an equity bridge loan that has been taken out, further injections of capital, advance payments, and warranty obligations. There is no risk of recourse to the guarantee in respect of obligations to cover capital injections in excess of the equity bridge loan or of additional contract performance guarantees in favor of the concessionaire. It is currently considered unlikely that the criteria for recourse to these guarantees—as in the prior year in the amount of EUR 18,747,000—will be fulfilled. In the event that the ongoing negotiations for restructuring of the projects should fail, the guarantees could therefore be drawn upon in a maximum amount (in the worst-case scenario) of EUR 114,832,000 (2011: EUR 127,786,000) under the terms and conditions of the concessions, the equity bridge loan, and the construction contracts, including the refunding of advance payments received. As a viable restructuring is in the interest of all parties to the projects and also appears attainable on a current assessment based on the continuing negotiations with the Greek government and the banks, management currently does not expect the guarantees to be drawn upon.

Group order exposure from awarded capital expenditure projects is EUR 412,523,000 (2011: EUR 507,255,000) and mostly relates to mining activities at the Leighton Group.

Cash call commitments on financial assets totaled EUR 26,733,000 (2011: EUR 190,793,000). EUR 15,733,000 (2011: EUR 165,967,000) of this amount relates to PPP project companies in the HOCHTIEF Asia Pacific division and EUR 11,000,000 (2011: EUR 24,826,000) to joint ventures in the HOCHTIEF Europe division.

The term breakdown of minimum lease payments under operating leases is as follows:

Operate Leasing

	Dec. 31, 2012	Dec. 31, 2011
(EUR thousand)	Nominal value	Nominal value
Due within 1 year	286,271	314,078
Due in 1–5 years	619,277	698,683
Due after 5 years	48,642	147,594

The obligations from operating leases mainly relate to technical equipment and machinery leased by the Leighton Group. Lease payments under operating leases were EUR 352,720,000 in 2012 (2011: EUR 351,575,000).

Amounts due under long-term tenancies are EUR 229,286,000 (2011: EUR 199,508,000). The term for which such tenancies cannot be terminated is between two and 15 years (2011: two and ten years). The amounts due under tenancies are partly offset by anticipated rental income of EUR 117,561,000 (2011: EUR 133,724,000).

Other financial obligations include EUR 74,703,000 (2011: EUR 76,303,000) in commitments under long-term contracts for the supply of goods and services.

Legal disputes

HOCHTIEF Group companies are involved in various legal disputes in the context of their operating activities. Potential negative impacts could arise from the ongoing arbitration proceedings in connection with the exercise of a put option by a member of the Budapest Airport consortium, described in more detail on page 123. HOCHTIEF does not anticipate that the remaining disputes will have any material negative impact on the Group's business and financial situation.

35. Segment reporting

HOCHTIEF's structure reflects the operating focus of our business as well as the Group's presence in key national and international regions and markets. Segmental reporting in the HOCHTIEF Group is based on the Group's divisional operations. The breakdown mirrors the Group's internal reporting systems. The public-private partnership activities from the HOCHTIEF Concessions division were brought under HOCHTIEF Solutions AG and hence under the HOCHTIEF Europe division in the period under review, as a result of which the HOCHTIEF Concessions division is no longer reported on separately.

The Group's reportable segments* (divisions) are as follows:*

*Detailed information on the various operating segments is included in the Management Report on pages 102 to 117.

HOCHTIEF Americas encompasses the construction activities of operational units in the USA and Canada;

HOCHTIEF Asia Pacific pools the construction activities and contract mining in the Asia-Pacific region;

HOCHTIEF Europe brings together the core business in Europe as well as selected other regions and designs, develops, builds, operates, and manages real estate and infrastructure.

The prior-year figures represent the aggregate of the former divisions, with the sole exception that allowing for that portion of sales external to the HOCHTIEF Concessions and HOCHTIEF Europe divisions which—due to the restructuring—now constitutes internal sales of the HOCHTIEF Europe division results in a EUR 12,913,000 lower comparative figure for intersegment sales in the 2011 comparative period.

The Corporate Headquarters/Consolidation unit comprises Corporate Headquarters, other activities not assigned to separately listed divisions, including management of financial resources and insurance activities, plus consolidation effects. Insurance activities are managed from Corporate Headquarters under the responsibility of HOCHTIEF Insurance Broking and Risk Management Solutions GmbH together with a subsidiary in Luxembourg. The HOCHTIEF insurance companies provide various reinsurance offerings for contractors' casualty and surety, contractor default, guarantee, liability, and occupational accident insurance. Additionally, on the amalgamation of HOCHTIEF Concessions AG into HOCHTIEF Aktiengesellschaft, the airport holdings were brought under Corporate Headquarters.

Divisions (EUR thousand)	External sales 2012	External sales 2011	Intersegment sales 2012	Intersegment sales 2011 restated	Sales by division (external plus intersegment) 2012	Sales by division (external plus intersegment) 2011 restated
HOCHTIEF Americas	7,374,647	6,178,918	300	–	7,374,947	6,178,918
HOCHTIEF Asia Pacific	15,179,789	13,631,142	24	185	15,179,813	13,631,327
HOCHTIEF Europe	2,845,316	3,365,940	10,890	11,763	2,856,206	3,377,703
Corporate Headquarters/ Consolidation	127,970	106,237	12,269	12,547	140,239	118,784
HOCHTIEF Group	**25,527,722**	**23,282,237**	**23,483**	**24,495**	**25,551,205**	**23,306,732**

Divisions (EUR thousand)	Consolidated net profit/(loss) 2012	Consolidated net profit/(loss) 2011	Depreciation/ amortization 2012	Depreciation/ amortization 2011	Impairment losses 2012	Impairment losses 2011
HOCHTIEF Americas	46,325	87,983	28,439	20,166	116	12
HOCHTIEF Asia Pacific	152,662	(154,807)	848,818	716,426	29,784	194,332
HOCHTIEF Europe	(53,588)	(83,819)	37,059	36,660	2,837	1,218
Corporate Headquarters/ Consolidation	12,710	(9,644)	3,706	9,484	–	–
HOCHTIEF Group	**158,109**	**(160,287)**	**918,022**	**782,736**	**32,737**	**195,562**

Divisions (EUR thousand)	Share of profits and losses of equity-method associates and jointly controlled entities 2012	Share of profits and losses of equity-method associates and jointly controlled entities 2011	Carrying amount of equity-method investments 2012	Carrying amount of equity-method investments 2011	Purchases of intangible assets, property, plant, equipment, and investment properties 2012	Purchases of intangible assets, property, plant, equipment, and investment properties 2011
HOCHTIEF Americas	25,965	54,193	63,359	99,244	27,458	29,375
HOCHTIEF Asia Pacific	(58,751)	(820,428)	688,187	785,013	1,110,745	1,385,383
HOCHTIEF Europe	36,653	28,353	218,519	148,946	72,337	65,396
Corporate Headquarters/ Consolidation	77,377	87,988	125,875	–	4,090	25,881
HOCHTIEF Group	**81,244**	**(649,894)**	**1,095,940**	**1,033,203**	**1,214,630**	**1,506,035**

Regions (EUR thousand)	External sales by customer location 2012	External sales by customer location 2011	Property, plant and equipment 2012	Property, plant and equipment 2011	Intangible assets 2012	Intangible assets 2011
Germany	1,857,265	2,055,220	123,242	92,289	70,558	73,756
Rest of Europe	750,012	780,200	38,637	37,684	1,616	1,832
Americas	7,563,255	6,307,830	109,954	113,450	334,766	312,971
Asia	2,868,129	3,093,790	544,855	668,295	564	882
Australia	12,486,599	11,039,519	1,082,519	1,323,418	305,855	303,809
Africa	2,462	5,678	–	–	–	–
HOCHTIEF Group	**25,527,722**	**23,282,237**	**1,899,207**	**2,235,136**	**713,359**	**693,250**

Profit/(loss) from operating activities (segment result)		EBITDA		Operating earnings (EBITA)		Profit before taxes	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
48,298	83,762	102,817	168,533	74,262	148,355	63,464	142,449
631,241	629,141	1,442,405	548,239	593,587	(168,188)	411,124	(285,374)
12,550	15,930	129,833	83,949	92,174	47,124	28,694	(9,027)
(97,029)	(102,356)	46,677	44,232	42,971	34,749	43,133	24,994
595,060	**626,477**	**1,721,732**	**844,953**	**802,994**	**62,040**	**546,415**	**(126,958)**

Impairment reversals		Non-cash expenses		Interest and similar income		Interest and similar expenses	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
–	–	72,486	81,112	3,376	4,310	17,103	16,404
–	–	634,204	66,185	25,867	36,723	208,330	153,967
603	99	225,388	265,673	33,662	42,760	65,997	69,103
–	–	79,625	88,807	(309)	(8,200)	6,170	9,773
603	**99**	**1,011,703**	**501,777**	**62,596**	**75,593**	**297,600**	**249,247**

Purchases of financial assets		Total purchases		Total assets (balance sheet total)		Gross debt	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
78,692	25,792	106,150	55,167	2,676,042	2,672,780	2,386,094	2,403,488
421,873	281,278	1,532,618	1,666,661	8,961,934	8,074,946	6,601,276	5,832,419
66,140	10,259	138,477	75,655	3,371,406	3,731,889	2,727,372	3,108,168
27	199,957	4,117	225,838	1,952,958	1,316,450	1,003,791	341,626
566,732	**517,286**	**1,781,362**	**2,023,321**	**16,962,340**	**15,796,065**	**12,718,533**	**11,685,701**

Carrying amount of equity-method investments		Total assets (balance sheet total)		Purchases	
2012	2011	**2012**	2011	**2012**	2011
184,901	133,847	3,794,024	3,870,239	76,957	64,310
139,436	3,936	1,187,936	1,130,559	26,944	216,251
82,630	110,385	2,773,061	2,500,224	142,659	75,916
429,720	484,140	3,222,040	2,998,417	358,313	530,113
259,253	300,895	5,985,279	5,296,626	1,176,489	1,136,731
–	–	–	–	–	–
1,095,940	**1,033,203**	**16,962,340**	**15,796,065**	**1,781,362**	**2,023,321**

Explanatory notes to the segmental data

Intersegment sales represent revenue generated between divisions. They are transacted on an arm's length basis. External sales mainly comprise revenue recognized using the percentage-of-completion method in the mainstream construction business, construction management, and contract mining, in the amount of EUR 23,198,305,000 (2011: EUR 20,620,967,000). The sum of external sales and intersegment sales gives total sales revenue for each division.

The share of profits and losses of equity-method associates and jointly controlled entities comprises income and expenses, including impairment losses relating to companies accounted for using the equity method.

Depreciation and amortization relate to intangible assets with finite useful lives, property, plant and equipment, and investment properties.

The impairment losses relate to intangible assets, property, plant and equipment, investment properties, and financial assets.

Purchases comprise additions to intangible assets, property, plant and equipment, investment properties, equity-method investments (excluding equity-method adjustments), subsidiaries, and other participating interests.

Total assets are equivalent to the divisions' totals in the Consolidated Balance Sheet. Gross debt equals total assets minus consolidated shareholders' equity.

Operating earnings (EBITA) are derived from earnings from operating activities as follows:

(EUR thousand)	2012	2011
Earnings from operating activities	595,060	626,477
+ Net income from participating interests	186,404	(584,723)
– Non-operating earnings	(+) 21,530	(+) 20,286
Operating earnings (EBITA)	**802,994**	**62,040**

The derivation of operating earnings from earnings from operating activities is based on the following considerations:

Net income from participating interests contains all income and expense from equity stakes held for operational purposes and is thus an integral part of the Group's operating earnings.

Income and expenses classified as exceptional items for business management purposes or resulting from exceptional transactions hinder analysis of ordinary operations and should be attributed to non-operating earnings. Consolidated earnings from operating activities were adjusted in the year under review by non-operating earnings of EUR 21,530,000 (2011: EUR 20,286,000). The non-operating earnings item consists in its entirety of restructuring expenses in the HOCHTIEF Europe division.

36. Notes to the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows classifies cash flows into operating, investing, and financing activities. Exchange rate effects are eliminated and their influence on the cash position is disclosed separately. Changes in cash and cash equivalents due to acquisitions and disposals of consolidated companies are shown separately under cash used in or provided by investing activities. The EUR 56,573,000 increase in cash and cash equivalents (2011: EUR 13,559,000) due to consolidation changes consists entirely of cash and cash equivalents from acquisitions.

The EUR 2,252,543,000 (2011: EUR 2,280,720,000) year-end total for cash and cash equivalents shown on the cash flow statement matches the cash and cash equivalents item on the balance sheet after deducting the figure of EUR 10,761,000 (2011: EUR 15,899,000) contained in assets held for sale. The total comprises EUR 2,688,000 (2011: EUR 2,798,000) in petty cash, EUR 2,046,162,000 (2011: EUR 1,784,389,000) in cash balances at banks, and EUR 465,932,000 (2011: EUR 477,634,000) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents to the value of EUR 50,222,000 are subject to restrictions (2011: EUR 85,212,000).

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in net cash provided by or used for operating activities.

The net cash used in investing activities was not met in full from net cash provided by operating activities. Adding net cash provided by financing activities gives the overall increase in cash and cash equivalents in fiscal 2012.

Net cash used in operating activities included among others:
- Interest income of EUR 66,758,000 (2011: EUR 70,514,000),
- Interest expenses of EUR 297,600,000 (2011: EUR 249,247,000),
- Income tax paid amounting to EUR 76,761,000 (2011: EUR 53,218,000).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 298,440,000 (2011: EUR 194,068,000).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 65,848,000 (2011: EUR 205,843,000) and current assets by EUR 770,000 (2011: EUR 132,764,000). Non-current liabilities decreased by EUR 1,694,000 (2011: EUR 19,439,000) and current liabilities by EUR 44,531,000 (2011: EUR 142,790,000). As of the balance sheet date, EUR 9,439,000 (2011: EUR 337,295,000) of the EUR 25,914,000 (2011: EUR 356,998,000) sale proceeds were settled in the form of cash and cash equivalents.

Dividends paid to minority shareholders in the past fiscal year totaled EUR 151,178,000 (2011: EUR 143,387,000). Dividends of EUR 147,130,000 were additionally paid to HOCHTIEF shareholders in the prior year for fiscal 2010.

The servicing expense for existing debt was EUR 1,663,800,000 (2011: EUR 1,240,085,000), compared with EUR 2,522,501,000 (2011: EUR 1,237,902,000) in new borrowing.

Financial assets and financial liabilities are made up as follows:

(EUR thousand)	Dec. 31, 2012	Dec. 31, 2011
Cash and cash equivalents	2,514,782	2,264,821
Marketable securities	628,800	392,831
Non-current securities	260	260
Total financial assets	**3,143,842**	**2,657,912**
Bonds or notes issued, and amounts due to banks	3,354,963	2,850,462
Lease liabilities	733,184	460,454
Financial liabilities	**4,088,147**	**3,310,916**
Net financial liabilities	**(944,305)**	**(653,004)**

Financial assets are subject to certain restrictions on their use. Other than by financial liabilities, net financial assets are offset by advance payments from customers, cash call commitments on financial assets, and order exposure from awarded capital expenditure projects. Advance payments from customers came to EUR 153,612,000 (2011: EUR 402,697,000) and serve to fund contract costs. Cash call commitments on financial assets totaled EUR 26,733,000 (2011: EUR 190,793,000), notably for PPP project companies in the HOCHTIEF Asia Pacific division. Group order exposure from awarded capital expenditure projects is EUR 412,523,000 (2011: 507,255,000) and mostly relates to the Leighton Group's mining activities.

37. Related party disclosures

Significant related parties include ACS, the parent company of HOCHTIEF Aktiengesellschaft. No material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and ACS or its affiliates during the year under review.

Further significant related parties comprise companies accounted for using the equity method that are material to the Group: Athens International Airport S.A., Flughafen Düsseldorf GmbH, Flughafen Hamburg GmbH, Budapest Airport Zrt., Sociedad Concesionaria Túnel San Cristobal S.A., aurelis Real Estate GmbH & Co. KG, the Habtoor Leighton Group, and Leighton Welspun Contractors.

Transactions with material related parties gave rise to amounts in the financial statements as follows:

(EUR thousand)	2012	2011
Loans	800,560	814,417
Receivables	74,843	96,219
Payables	2,693	12,645
Sales	33,067	14,522
Goods and services purchased	2,682	14,234
Other operating income	601	152
Interest income	44,027	28,934

The loans mostly relate to the Habtoor Leighton Group, Budapest Airport, and aurelis Real Estate. The loan to Budapest Airport is reported under assets held for sale.

All transactions with related parties were conducted on an arm's length basis, with the exception of an interest-free loan for EUR 76,063,000 to an associate in the HOCHTIEF Asia Pacific division. The HOCHTIEF Group sold a property (a condominium) worth EUR 629,000 to a former member of the Executive Board of HOCHTIEF Aktiengesellschaft during the year under review. The transaction was effected in compliance with the Group's internal directives and with the consent of the Human Resources Committee. No other material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Executive or Supervisory Board members or persons or companies close to them during the 2012 fiscal year. There were no conflicts of interest involving Executive Board or Supervisory Board members.

38. Total Executive Board and Supervisory Board compensation

The Compensation Report on pages 94–98 of this Annual Report outlines the principles applied when determining Executive Board compensation at HOCHTIEF Aktiengesellschaft and explains the amount and composition of that compensation. The principles applied and the amount of Supervisory Board compensation are also described. The Compensation Report is based on the recommendations of the German Corporate Governance Code.

On the basis of the above, compensation for the individual members of the Executive Board was as follows (excluding effect of termination agreement)

		Cash compensation			Variable pay components combining a long-term incentive effect with an element of risk		Old-age pension			**Total compensation including pension benefits**
		Fixed salary	Non-cash and other additional benefits	Short-term incentive component (cash-settled)	Long-term incentive component I (share-based with two-year bar)	Long-term incentive component II (granted as long-term incentive plan)**	Pension benefits/Transfers to pensions provisions		Pension contribution	
(EUR thousand)							Service cost	Interest expense		
Dr. Stieler	2012	816	34	***1,575	–	–	540	72	–	3,037
	2011	717	26	251	251	398	875	29	–	2,547
Fernández Verdes (since April 15, 2012)	2012	391	78	285	285	285	–	–	128	1,452
	2011	–	–	–	–	–	–	–	–	–
Sassenfeld (since November 1, 2011)	2012	550	26	401	401	401	212	9	–	2,000
	2011	92	*752	58	58	–	–	–	–	960
Executive Board total	**2012**	**1,757**	**138**	**2,261**	**686**	**686**	**752**	**81**	**128**	**6,489**
	******2011**	**809**	**778**	**309**	**309**	**398**	**875**	**29**	**–**	**3,507**

* Refund of expenses in connection with termination of previous executive board mandate
** Value at grant date
*** In accordance with the termination agreement, Dr. Stieler was paid the full variable compensation for 2012 in cash
**** Prior-year figures do not include the figures for the Executive Board members who departed in fiscal 2011

Upon termination of Dr. Stieler's contract, a severance award was paid in the amount of EUR 4,782,000 and an expense for release from work duties was recognized in the amount of EUR 274,000. Furthermore, provisions were recognized in the amount of EUR 484,000 for the transitional benefit, EUR 1,965,000 for the additional service cost, and EUR 407,000 for the option for early exercise of the long-term incentive plans.

The present value of pension benefits for current and former Executive Board members is EUR 77,226,000 (2011: EUR 59,967,000).

Payments to former members of the Executive Board and their surviving dependants were EUR 15,199,000 (2011: EUR 5,273,000). EUR 71,199,000 (2011: EUR 52,909,000) in provisions have been recognized for pension obligations to former members of the Executive Board and their surviving dependants.

(EUR thousand)		Present value of pension benefits
Dr. Stieler	2012	5,428
	2011	1,524
Fernández Verdes (since April 15, 2012)	2012	–
	2011	–
Sassenfeld (since November 1, 2011)	2012	598
	2011	195
Executive Board total	2012	**6,026**
	*2011	**1,719**

*Prior-year figures do not include the figures for the Executive Board members who departed in fiscal 2011

Total compensation for the members of the Supervisory Board came to EUR 1,614,337 (2011: EUR 562,500).

39. Auditing fees

Fees for services provided by auditors Deloitte & Touche were paid and recognized as expenses as follows:

(EUR thousand)	2012	2011
Financial statement audits	6,820	4,252
Of which in Germany	[1,520]	[1,776]
Other assurance services	583	1,396
Of which in Germany	[337]	[127]
Tax consulting	346	770
Of which in Germany	[30]	[35]
Other services for HOCHTIEF Aktiengesellschaft or subsidiaries	852	664
Of which in Germany	[18]	[–]
	8,601	**7,082**

The fees for services provided in Germany relate to services of the appointed Group financial statement auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and its affiliates within the meaning of Section 271 (2) of the German Commercial Code. The fees for financial statement audits mostly relate to fees charged by Group auditors Deloitte & Touche for auditing the HOCHTIEF Group consolidated financial statements, the combined HOCHTIEF Group and HOCHTIEF Aktiengesellschaft management report, and the financial statements of HOCHTIEF Aktiengesellschaft and its domestic and international subsidiaries. The increase in financial statement audit fees relates to the first-time audit of the Leighton subgroup by Deloitte. Tax consulting encompasses all services provided in connection with tax matters, mostly for HOCHTIEF Aktiengesellschaft's international subsidiaries. The other services mainly relate to projects in the HOCHTIEF Asia Pacific division.

40. Declaration pursuant to Section 161 of the German Stock Corporations Act

The declaration on corporate governance required by Section 161 of the German Stock Corporations Act (AktG) has been made available for the general public to view at any time on the HOCHTIEF website.*

*For further information on corporate governance at HOCHTIEF, please see www.hochtief.com/corporategovernance.

41. Events since the balance sheet date

No reportable events occurred during the subsequent events period. Reference is additionally made to the "Post-balance-sheet events" section on page 139.

42. Use of the exempting provisions in Section 264 (3) (and Section 264b) of the German Commercial Code

The following domestic fully consolidated subsidiaries made partial use of the exempting provisions in the 2011 fiscal year:

A.L.E.X.-Bau GmbH, Essen,
AVN Chile Vierte Holding GmbH, Essen,
AVN Chile Fünfte Holding GmbH, Essen,
car.e Facility Management GmbH, Hamburg,
Deutsche Baumanagement GmbH, Essen,
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,
Eurafrica Baugesellschaft mbH, Essen,
Europaviertel Baufeld 4d GmbH & Co. KG, Essen,
forum am Hirschgarten Nord GmbH & Co. KG (formerly: MK 3 Nord GmbH & Co. KG), Essen,
forum am Hirschgarten Süd GmbH & Co. KG (formerly: MK 3 Süd GmbH & Co. KG), Essen,
GVG mbH & Co. Objekt RPU Berlin 2 KG, Essen,
HAP Hamburg Airport Partners GmbH & Co. KG, Hamburg,

HOCHTIEF Ackerstraße 71–76 GmbH & Co. KG, Berlin,
HOCHTIEF AirPort GmbH, Essen,
HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG, Essen,
HOCHTIEF Americas GmbH, Essen,
HOCHTIEF Asia Pacific GmbH, Essen,
HOCHTIEF Asset Services GmbH (formerly: HOCHTIEF Property Management Residential GmbH), Essen,
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH, Essen,
HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, Essen,
HOCHTIEF Energy Management GmbH, Essen,
HOCHTIEF Global One GmbH, Essen,
HOCHTIEF Trade Solutions GmbH, Essen,
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen,
HOCHTIEF Offshore Crewing GmbH, Essen,
HOCHTIEF ÖPP Projektgesellschaft mbH, Essen,
HOCHTIEF PPP Solutions GmbH, Essen,
HOCHTIEF PPP Schulpartner Braunschweig GmbH, Essen,
HOCHTIEF Projektentwicklung „Am Europagarten“ GmbH & Co. KG, Essen,
HOCHTIEF Projektentwicklung GmbH, Essen,
HOCHTIEF Projektentwicklung „Helfmann Park“ GmbH & Co. KG, Essen,
HOCHTIEF Property Management GmbH, Essen,
HOCHTIEF Solutions AG, Essen,
HOCHTIEF Solutions Real Estate GmbH, Essen,
HOCHTIEF ViCon GmbH, Essen,
HTP Grundbesitz Blue Heaven GmbH, Essen,
HTP Immo GmbH, Essen,
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH, Erfurt,
LOFTWERK Eschborn GmbH & Co. KG, Essen,
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG, Essen,
Moltendra Grundstücks- und Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG, Frankfurt am Main,
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG, Essen,
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG, Essen,
Projektgesellschaft Marco Polo Tower GmbH & Co. KG, Hamburg,
Projektgesellschaft Quartier 21 mbH & Co. KG, Essen,
SCE Chile Holding GmbH, Essen,
Spiegel-Insel Hamburg GmbH & Co. KG, Essen,
Streif Baulogistik GmbH, Essen,
Tivoli Garden GmbH & Co. KG, Essen.

43. Subsidiaries, associates, and other significant participating interests of the HOCHTIEF Group at December 31, 2012

The HOCHTIEF Annual Report 2012 including the auditor's report contains the complete list of subsidiaries, associates, and other significant participating interests and is published in the electronic Bundesanzeiger (Federal Official Gazette) as well as on our website.

	Percentage stock held	Shareholders' equity Local currency (thousand)		Shareholders' equity EUR thousand	Profit/(loss) for the year (EUR thousand)
I. Affiliates included in the Consolidated Financial Statements					
HOCHTIEF Americas Division					
HOCHTIEF Americas GmbH, Essen	100			610,159	– [1]
The Turner Corporation, Dallas, USA	100 [2]	USD	635,685	481,798	64,206 [3]
Flatiron Construction Corp., Wilmington, USA	100 [2]	USD	314,521	238,382	(54,257) [3]
E. E. Cruz and Company Inc., Holmdel, USA	100 [2]	USD	51,265 [5]	38,855 [5]	9,273 [5]
HOCHTIEF Asia Pacific Division					
HOCHTIEF Asia Pacific GmbH, Essen	100			1,392,288	– [1]
Leighton Holdings Limited, Sydney, Australia	53.42 [2]	AUD	2,906,630	2,286,530	353,578 [3]
HOCHTIEF Europe Division					
HOCHTIEF Solutions AG, Essen	100			208,665	– [1]
Streif Baulogistik GmbH, Essen	100 [2]			31,659	– [1]
HOCHTIEF Hamburg GmbH, Hamburg	70 [2]			9,553	553
HOCHTIEF (UK) Construction Ltd., Swindon, UK	100 [2]	GBP	9,125	11,181	1,022
HOCHTIEF CZ a.s., Prague, Czech Republic	100 [2]	CZK	996,172	39,608	1,089
HOCHTIEF Polska S.A., Warsaw, Poland	100 [2]	PLN	103,152	25,320	241
OOO HOCHTIEF, Moscow, Russia	100 [2]	RUB	259,016	6,424	11,501
HOCHTIEF Solutions Middle East Qatar W.L.L., Doha, Qatar	49 [2]	QAR	475,572	99,104	43,153
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen	100			17,502	– [1]
HOCHTIEF Projektentwicklung GmbH, Essen	100			7,727	– [1]
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH, Essen	100 [2]			6,570	– [1]
HOCHTIEF Energy Management GmbH, Essen	100 [2]			16,532	– [1]
HOCHTIEF PPP Solutions GmbH, Essen	100 [2]			32,352	– [1]
HOCHTIEF PPP Solutions (UK) Limited, Swindon, UK	100 [2]	GBP	11,849	14,519	162
Corporate Headquarters					
HOCHTIEF Airport					
HOCHTIEF AirPort GmbH, Essen	100 [6]			135,000	– [1]
Airport Partners GmbH, Düsseldorf	40 [2] [6]			141,266	21,052
HAP Hamburg Airport Partners GmbH & Co. KG, Hamburg	71 [2] [6]			395,190	23,125
Sydney Airport Intervest GmbH, Essen	46.3 [2] [6]			259,822	38,397
HOCHTIEF AirPort Capital Verwaltungs GmbH & Co. KG, Essen	100 [2] [6]			1,205	4,518
Insurance companies					
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen	100			128,258	– [1]
Builders' Credit Reinsurance Company S.A., Steinfort, Luxembourg	100 [2]	USD	164,077	124,357	(866)

	Percentage stock held	Shareholders' equity Local currency (thousand)	EUR thousand	Profit/(loss) for the year (EUR thousand)
II. Equity-method investments				
HOCHTIEF Europe Division				
aurelis Real Estate GmbH & Co. KG, Eschborn	50 [2]		234,414 [4]	51,421 [3] [4]
HGO InfraSea Solutions GmbH & Co. KG, Bremen	50 [2]		21,798 [4]	(2,333) [4]
Corporate Headquarters				
HOCHTIEF Airport				
Budapest Airport Zrt., Budapest, Hungary	49.67 [2] [6]		187,067 [4]	(36,239) [4]
Flughafen Düsseldorf GmbH, Düsseldorf	50 [2] [6]		150,206 [4]	42,829 [4]
Flughafen Hamburg GmbH, Hamburg	49 [2] [6]		63,760 [4]	– [1]
Athens International Airport S.A., Athens, Greece	26.67 [2]		465,605 [4]	103,981 [4]
Tirana International Airport SHPK, Tirana, Albania	47 [2] [6]		29,959 [4]	10,194 [4]
III. Other companies				
Corporate Headquarters				
HOCHTIEF Airport				
Southern Cross Airports Corporation Holdings Limited, Sydney, Australia	12.11 [2] [6]	AUD 2,818,340 [4]	2,217,075 [4]	394,151 [4]

[1] Profit/loss transfer agreement
[2] Indirect shareholding
[3] Consolidated result for group
[4] Fiscal 2011 figures
[5] Consolidated in Turner/Flatiron
[6] Reported in the Balance Sheet as part of assets held for sale

Index

Glossary

Asset management

Asset management means all activities involved in managing buildings and properties. This includes rent accounting, tenant administration, utility billing and support, systems maintenance, energy management, coordinating repairs and refurbishing, as well as short-to-medium-run planning of all cash flows relating to the property.

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method) is a UK-developed, internationally used environmental assessment method for buildings. Based on a straightforward scoring system with eight categories (management, health and wellbeing, energy, transport, water, material and waste, land use and ecology, and pollution), BREEAM assigns assessed buildings an overall rating in one of four rating bands.

Carbon Disclosure Leadership Index

Germany's Carbon Disclosure Leadership Index lists the 30 companies that practice the greatest transparency with regard to climate change. It is published by the Carbon Disclosure Project (CDP), a global initiative launched by institutional investors with the goal of collating high-quality corporate climate change information and making it publicly available. Using a standardized questionnaire, the CDP annually surveys a wide range of companies—including Germany's 200 largest—on their climate change policies and carbon emissions.

Cash flow

One of the key figures used to assess a company's financial position. Represents the net inflow of funds from sales and other operating activities.

Contract mining

In contract mining, a mine owner contracts out certain operations to a service provider. HOCHTIEF's Australian subsidiary Leighton extracts commodities such as ores and coal under long-term contract to mine owners. Its services also include mine development and renaturalization after mine closure.

DGNB (German Sustainable Building Council)

The German Sustainable Building Council (DGNB) has awarded DGNB certification since January 2009 to projects that are environmentally compatible, economically efficient, and user-friendly. The certification system addresses all areas relevant to green building. The rating incorporates some 60 criteria covering environmental performance, economy, sociocultural and functional aspects, technology, processes, and location. Outstanding buildings are awarded gold, silver, or bronze certification. HOCHTIEF is a founding member of DGNB.

Directors and officers (D&O) insurance

D&O insurance is consequential loss insurance taken out by a company for its decision-making boards. The insurance covers the boards' personal liability risk from their work for the company under company-law liability obligations.

Euroconstruct Group

A cooperation of several European research and consulting institutes which publishes annual analyses of trends in the European construction industry.

Financial covenants

Financial indicators which are negotiated with a loan and with which the borrower is required to comply.

Green Star

Green Star is a voluntary rating system developed by the Green Building Council of Australia that evaluates the environmental performance of buildings. The nine categories assess the environmental impact that is a direct consequence of a project's site selection, design, construction, and maintenance: Management, Indoor Environment Quality, Energy, Transport, Water, Materials, Land Use & Ecology, Emissions, and Innovation.

Issuer

An issuer of securities is a company in the case of shares and a company, public body, the state, or other institution in the case of bonds.

Further terms and explanations are provided in the Investor Relations section of the HOCHTIEF website, www.hochtief.com. Here, you will find a detailed glossary.

LEED

LEED (Leadership in Energy and Environmental Design) is the United States Green Building Council rating system for green building projects. LEED certification defines precise standards for green buildings. The LEED rating system is organized into six categories: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Materials & Resources, Indoor Environmental Quality, and Innovation & Design Process.

Long-term incentive plan (LTIP)

A long-term incentive plan is an incentives system or pay component offered to selected managerial staff so that they participate in the company's long-term success, thus securing their loyalty to the company.

Percentage of completion (POC) method

Method of accounting for long-term contracts that computes the applicable costs and revenues generated by the project up to the reporting date. Revenues, expense, and earnings are thus reported in line with the progress of a project to date. This method supersedes the "realization principle" stipulated by the German Commercial Code, which does not allow profits from construction contracts to be recognized until the fiscal year in which a project is formally accepted by the client.

Public-private partnership (PPP)

Cooperation between the public sector and usually well-capitalized private-sector firms. A characteristic feature of such cooperation is that the parties pursue common objectives and interests as regards the project itself even though they differ in terms of their broader functions.

Syndicated guarantee facility

A loan facility structured by an international banking syndicate in order to furnish financial guarantees by way of assurance for clients.

Work done

This reporting term covers all construction work completed by the company itself, together with its fully consolidated subsidiaries, and by joint ventures on a pro rata basis, plus all other sales generated by non-construction operations during the reporting period.

Five Year Summary

		2008	2009	2010	2011	**2012**
New orders	EUR million	25,284	22,473	29,627	25,368	**31,488**
Of total: domestic		2,549	1,919	2,524	2,286	**2,127**
international		22,735	20,554	27,103	23,082	**29,361**
Work done	EUR million	21,620	20,566	23,234	25,790	**29,693**
Of total: domestic		2,820	2,284	1,804	2,017	**2,129**
international		18,800	18,282	21,430	23,773	**27,564**
Order backlog at year-end	EUR million	30,961	35,374	47,486	48,668	**49,794**
Of total: domestic		3,603	2,996	3,726	4,048	**3,991**
international		27,358	32,378	43,760	44,620	**45,803**
Employees (average for year)	Number	64,527	66,178	70,657	75,449	**79,987**
Of total: domestic		11,004	11,135	10,821	10,331	**10,111**
international		53,523	55,043	59,836	65,118	**69,876**
External sales	EUR million	18,703	18,166	20,159	23,282	**25,528**
Increase/(decrease) on prior year	%	13.7	-2.9	11.0	15.5	**9.6**
Materials	EUR million	14,273	12,563	13,764	15,572	**17,312**
Materials ratio	%	74.7	69.0	67.8	67.3	**67.6**
Personnel costs	EUR million	3,266	3,501	4,081	4,864	**5,536**
Payroll ratio	%	17.1	19.2	20.1	21.0	**21.6**
Depreciation and amortization	EUR million	392	501	679	783	**919**
Profit from operating activities	EUR million	287	525	715	626	**595**
Net income from participating interests	EUR million	306	227	223	(585)	**186**
Net investment and interest income	EUR million	(96)	(155)	(181)	(168)	**(235)**
Profit before taxes	EUR million	497	597	757	(127)	**546**
Of which: Americas	EUR million	77	94	126	142	**63**
Asia Pacific	EUR million	327	433	513	(285)	**411**
Concessions*	EUR million	110	75	84	–	**–**
Europe	EUR million	20	74	83	(9)	**29**
Pre-tax return on sales	%	2.7	3.3	3.8	-0.5	**2.1**
Profit after taxes	EUR million	324	405	546	(168)	**386**
Return on equity	%	11.5	12.4	12.8	-4.1	**9.1**
Consolidated net profit/(loss)	EUR million	157	192	288	(160)	**158**
EBITDA	EUR million	1,045	1,265	1,626	845	**1,722**
Operating earnings (EBITA)	EUR million	653	764	948	62	**803**
Of which: Americas	EUR million	103	110	134	148	**74**
Asia Pacific	EUR million	427	536	653	(168)	**594**
Concessions*	EUR million	146	110	113	–	**–**
Europe	EUR million	56	99	113	47	**92**
Earnings per share	EUR	2.26	2.88	4.31	(2.18)	**2.15**
Dividend per share	EUR	1.40	1.50	2.00	–	**1.00****
Dividends paid	EUR million	98	105	154	–	**77**
RONA	%	13.1	13.8	15.1	1.8	**10.3**
Free cash flow[1]	EUR million	(635)	101	65	(251)	**(447)**

* The division was redistributed to the Europe division and to Corporate Headquarters with effect from January 1, 2012. The figures for fiscal 2011 have been adjusted accordingly.

** Proposed dividend per share

[1] Free cash flow: Net cash provided by operating activities and net cash used for investing activities

		2008	2009	2010	2011	2012
Assets						
Intangible assets	EUR million	483	504	583	693	**713**
Property, plant and equipment	EUR million	1,120	1,492	1,807	2,235	**1,899**
Investment properties	EUR million	43	38	24	22	**19**
Financial assets	EUR million	2,099	2,251	2,511	1,098	**1,188**
Other non-current assets	EUR million	665	821	943	1,166	**1,019**
Non-current assets	**EUR million**	**4,410**	**5,106**	**5,868**	**5,214**	**4,838**
As % of total assets		36.6	40.8	39.2	33.0	**28.5**
Inventories	EUR million	944	1,116	1,268	1,287	**1,426**
Receivables and other assets	EUR million	4,113	3,703	4,461	5,182	**5,703**
Marketable securities and cash and cash equivalents	EUR million	2,597	2,577	3,389	2,657	**3,143**
Assets held for sale	EUR million	–	–	–	1,456	**1,852**
Current assets	**EUR million**	**7,654**	**7,396**	**9,118**	**10,582**	**12,124**
As % of total assets		63.4	59.2	60.8	67.0	**71.5**
Total assets	**EUR million**	**12,064**	**12,502**	**14,986**	**15,796**	**16,962**
Liabilities and Shareholders' Equity						
Attributable to the Group	EUR million	1,931	2,164	2,965	2,598	**2,640**
Minority interest	EUR million	895	1,100	1,299	1,512	**1,604**
Shareholders' equity	**EUR million**	**2,826**	**3,264**	**4,264**	**4,110**	**4,244**
As % of total assets		23.4	26.1	28.5	26.0	**25.0**
As % of non-current assets		64.1	63.9	72.7	78.8	**87.7**
Non-current provisions	EUR million	435	409	544	640	**833**
Non-current financial liabilities	EUR million	1,678	2,048	2,577	2,302	**2,750**
Other non-current liabilities	EUR million	313	296	252	257	**155**
Non-current liabilities	**EUR million**	**2,426**	**2,753**	**3,373**	**3,199**	**3,738**
As % of total assets		20.1	22.0	22.5	20.3	**22.0**
Current provisions	EUR million	715	906	959	957	**975**
Current financial liabilities	EUR million	1,248	796	646	1,493	**1,706**
Other current liabilities	EUR million	4,849	4,783	5,744	6,037	**6,299**
Current liabilities	**EUR million**	**6,812**	**6,485**	**7,349**	**8,487**	**8,980**
As % of total assets		56.5	51.9	49.0	53.7	**53.0**
Total assets	**EUR million**	**12,064**	**12,502**	**14,986**	**15,796**	**16,962**
Property, plant and equipment ratio[2)]	%	9.3	11.9	12.1	14.1	**11.2**
Total capital expenditure, including acquisitions	EUR million	1,156	968	1,128	2,023	**1,781**
Of total: Intangible assets	EUR million	13	14	22	31	**48**
Of total: Property, plant and equipment	EUR million	633	812	902	1,474	**1,166**
Of total: Investment properties	EUR million	–	–	–	1	**–**
Of total: Financial assets	EUR million	510	142	204	517	**567**
Capital expenditure ratio[3)]	%	21.9	22.1	19.5	27.3	**23.2**
Depreciation and amortization ratio[4)]	%	60.7	60.7	73.5	52.0	**75.7**
Receivables turnover[5)]		5.4	5.1	5.5	5.4	**5.1**
Total assets turnover[6)]		1.6	1.5	1.5	1.5	**1.6**
Net financial assets/(liabilities)	EUR million	(212)	(78)	408	(653)	**(944)**

[2)]Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets

[3)]Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition

[4)]Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties

[5)]Receivables turnover: Ratio of external sales to average trade receivables

[6)]Total assets turnover: Ratio of external sales to average total assets

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Financial Calendar

May 7, 2013
General Shareholders' Meeting
10.30 a.m., Congress Center Essen, Entrance West, Norbertstrasse, Essen

May 8, 2013
Quarterly Report at March 31, 2013
Conference Call with Analysts and Investors

August 14, 2013
Half-Year Report at June 30, 2013
Analysts' and Investors' Conference

November 13, 2013
Interim Report at September 30, 2013
Conference Call with Analysts and Investors

February 28, 2014
Business Results Press Conference
Analysts' and Investors' Conference

May 7, 2014
General Shareholders' Meeting
10.30 a.m., Grugahalle, Norbertstrasse, Essen

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