

# Annual Report 2006



# Business segments

## Civil

€ million	2006	2005	Δ in %	Output volume in %	
Output volume	2,973	2,747	+ 8	Abroad	80
Orders received	4,580	2,984	+ 53	Germany	20
Order backlog	4,706	3,344	+ 41		
Capital expenditure	73	65	+ 12		
EBITA	+ 43	+ 50	- 14		
Employees	14,628	23,480	- 38		

## Building and Industrial

€ million	2006	2005	Δ in %	Output volume in %	
Output volume	2,069	2,081	- 1	Abroad	60
Orders received	2,053	2,122	- 3	Germany	40
Order backlog	1,754	2,095	- 16		
Capital expenditure	4	8	- 50		
EBITA	+ 22	- 14			
Employees	3,745	9,629	- 61		

## Services

€ million	2006	2005	Δ in %	Output volume in %	
Output volume	2,881	2,250	+ 28	Abroad	55
Orders received	3,345	2,441	+ 37	Germany	45
Order backlog	2,285	1,568	+ 46		
Capital expenditure	52	27	+ 93		
EBITA	+ 123	+ 90	+ 37		
Employees	30,218	21,709	+ 39		

## Concessions

Number / € million	2006	2005	Δ in %	Equity investments in %	
Projects in portfolio	15	17	- 12	Abroad	92
thereof, under constr.	8	8	0	Germany	8
Committed equity	137	177	- 23		
thereof, paid-in	56	130	- 57		
EBITA	- 4	+ 4			
Employees	105	80	+ 31		

As a construction and services group with global operations, Bilfinger Berger offers holistic solutions in the fields of real estate, infrastructure, industry and power-plant services. We consis-

tently pursued our long-term corporate strategy during the year under review, and further strengthened our position as an internationally active Multi Service Group.

---

The focus of activities for our Civil business segment is on international markets, including Australia, European and African countries, North America and the Persian Gulf region. Our technical expertise and ability to responsibly manage major infrastructure projects are recognized by

public-sector clients and are an important foundation of our success. The segment's divisions have their own specialties, and close cooperation with the regional units makes these skills widely available.

---

The Building and Industrial segment comprises our Building division in Germany as well as the building and industrial activities of our subsidiaries and associated companies in Australia and Nigeria. Most of our business in this segment is for private-sector clients. We adopt a holistic

approach, combining, consulting, design, turnkey construction, development, financing, maintenance and operation. With this business model, we develop a broad base of customer relations and differentiate ourselves from the competition.

---

The Services business segment is divided into Industrial Services, Power Services and Facility Services. The Industrial Services division offers its clients in the processing industry comprehensive services for the repair, maintenance and modernization of their production facilities. Power Services' activities range from repair and maintenance to efficiency enhancements and lifetime extensions for power plants as well as

the supply of components for plant engineering. Facility Services provides services connected with real estate, ranging from individual solutions to integrated services. We undertake challenging tasks in the health sector as well as the maintenance and operation of complex building equipment or the portfolio and asset management of whole groups of real-estate properties.

---

The Concessions business segment encompasses Bilfinger Berger's private-sector concessions business. The segment concentrates on transport infrastructure and public-sector building con-

struction. Its key markets are Australia, the United Kingdom, other countries of the European Union, Germany and Canada.

## Key figures

€ million	2004	2005	2006
<b>Output volume</b>	6,111	7,061	7,936
<b>Orders received</b>	6,139	7,545	10,000
<b>Order backlog</b>	6,339	7,001	8,747
<b>Capital expenditure</b>	165	330	370
Property, plant and equipment	70	102	136
Financial assets	95	228	234
<b>Employees (at year-end)</b>	49,852	55,346	49,141

### Balance sheet

Balance-sheet total	3,720	4,357	5,129
Equity capital	1,131	1,189	1,206
Equity ratio in %	30	27	24
Working capital	- 534	- 645	- 641
Cash and cash equivalents	914	832	783
Liabilities to banks, recourse	134	128	139
Liabilities to banks, non-recourse	205	495	827
Capital employed	1,368	1,391	1,384

### Earnings

EBITA	81	115	180
Net profit	51	66	92
Cash flow from operating activities	198	188	207
Cash flow per share in €	5.39	5.09	5.57
Earnings per share in €	1.39	1.80	2.48
Dividend per share in €	1.00	1.00	1.25

### Profitability

Return on output (EBITA/output volume) in %	1.3	1.6	2.3
Return on equity (ROE) in %	4.6	5.9	8.1
Return on capital employed (ROCE) in %	8.8	10.9	16.3
Value added	-30	-2	80

# Contents

3	<b>Foreword</b>
5	<b>Bilfinger Berger AG Executive Board</b>
6	<b>Lords of the Tunnel Rings</b>
10	<b>The Evolution of Luxury</b>
14	<b>Of Gentle Sounds and Heavy Machines</b>
18	<b>Boiling Point and Beyond</b>
22	<b>On the Road to Budapest</b>
26	<b>The Bilfinger Berger shares</b>
30	<b>Corporate governance report</b>
32	Compensation report
36	<b>Report of the Supervisory Board</b>
40	<b>Group management report</b>
40	Overview of 2006
42	The Bilfinger Berger Group
44	Economic environment
46	Business developments
56	Development of the business segments
80	Research and development
83	Procurement
84	Communications and marketing
86	Human resources
88	Sustainability
90	Risk report
95	Additional disclosure details pursuant to Section 289 of the German Commercial Code (HGB)
96	Events after the balance-sheet date
96	Outlook
98	<b>Annual financial statements 2006</b>
98	Statement by the Executive Board
99	Auditor's report
104	Notes to the consolidated financial statements
146	<b>Return-on capital-employed controlling</b>
149	<b>Principal consolidated subsidiaries</b>
150	<b>Boards of the Company</b>
154	<b>Glossary</b>
158	<b>Ten-year overview</b>
160	<b>Financial calendar</b>



# Foreword

Dear Shareholders and Business Associates,  
Ladies and Gentlemen,

The products and services provided by Bilfinger Berger are well-established in the market and ensured that we enjoyed another successful year in 2006. Output volume, orders received and earnings exceeded our expectations. Our share price rose by 38% in the course of the year and our market capitalization surpassed the €2 billion mark.

The Services business segment continued to grow and thus further improved the Group's income and risk exposure. Whether in real estate, transport infrastructure, industrial plants, power plants or oil rigs – the Multi Service Group stands ready as a competent partner.

Our traditional business segments, Civil and Building and Industrial, also made contributions to the positive overall picture. Our Building division in Germany had a very strong year. Numerous projects were gained through evolution, our comprehensive business model which offers substantial benefits to our customers. Developments were also positive in Australia, Bilfinger Berger's second most important market for building construction: Now, once again we have an order backlog with good earnings potential in this market.

The development of Germany's still-young market for public-private partnerships (PPP) in building construction started to accelerate: Schools, prisons and administrative buildings are good examples of successful cooperation between the public and private sectors. Bilfinger Berger was able to successfully establish itself in this future market despite strong competition.

We generated two thirds of our total output volume outside Germany in 2006. In the Civil business segment, the proportion was actually 80%. This was a result of both the dynamism of our international markets and our high technical expertise, which has made us one of the leading suppliers of infrastructure projects worldwide.

In the Civil segment, we intend to further strengthen our market position in Europe, Australia, Canada and the Persian Gulf region. Our international focus allows us to compensate for fluctuations in regional markets.

In the Concessions business segment, there were some important changes during the year under review. Due to low utilization of capacity, our interests in two toll projects were completely written off. As a consequence, we decided to only participate in models with limited risk from traffic volumes in the future. On the other hand, we were able to demonstrate the value of our portfolio through the high proceeds from the sale of three mature projects. In addition, we succeeded in gaining new attractive projects such as our first private-sector concession project in the field of transport infrastructure in Norway and the Burg Prison near Magdeburg in Germany. We are

convinced that the expansion of our BOT portfolio will make a substantial contribution to increasing the value of the entire Group.

In 2006 – as in the years before – Group output volume grew both organically and through acquisitions. We continued to place high priority on the market position and expected earnings of the companies we have acquired:

- In Germany, we acquired Essener Hochdruck-Rohrleitungsbau GmbH, making us one of Europe's leading suppliers of high-pressure piping systems.
- With the acquisition of Salamis Group Ltd. of Aberdeen, Scotland, Bilfinger Berger has become the market leader for the repair and maintenance of offshore oil rigs in the North Sea.
- And by acquiring the Ahr Group in Oberhausen, Germany, Bilfinger Berger has extended its services business to the attractive hospitals sector.

Dear Shareholders,

Whether expanding in new markets or growing in existing markets: With our extensive project expertise and Multi Service approach, we can offer customers specific solutions and first-class services. We make full use of the synergies that arise from the interaction between our construction and services activities.

Through the consistent focus on earnings combined with ongoing improvement in the risk profile of all our business segments we will further increase the value of Bilfinger Berger. We continue to put all our efforts into realizing our goals. I would like to request that you continue to place your trust in us.

Sincerely yours,



Herbert Bodner  
Chairman of the Executive Board  
of Bilfinger Berger AG



# Bilfinger Berger AG

## Executive Board



### **Dr. Joachim Ott**

Born on February 5, 1963 in Wiesbaden. After graduating in economics at the University of Mainz, he moved to the University of St. Gallen, Switzerland, where he studied business administration and took his doctorate in economics. Dr. Joachim Ott joined the Bilfinger Berger Group in 1991. His areas of responsibility on the Executive Board, to which he was appointed in 2003, include Industrial Services, Facility Services and Environmental Technology.

### **Dr. Jürgen M. Schneider**

Born on December 19, 1946 in Walldürn. Following his business administration studies at the University of Mannheim, he worked as a research assistant and took his doctorate in business administration. He then began his career in the sector of plant engineering. Dr. Jürgen M. Schneider joined the Bilfinger Berger Group in 1983 and was appointed as a member of the Executive Board in 1990. His responsibilities include Accounting, Finance, Controlling, Investor Relations and Power Services.

### **Herbert Bodner Chairman**

Born on February 20, 1948 in Graz, Austria. He studied civil engineering at the University of Stuttgart followed by many years of experience in the construction industry. Herbert Bodner joined the Bilfinger Berger Group in 1991. He has been a member of the Executive Board since 1997, and its Chairman since 1999. His areas of responsibility include Corporate Development, Communications, Legal and the business in Australia.

### **Kenneth D. Reid**

Born on February 14, 1965 in Hamilton, Scotland. After studying civil engineering at Heriot-Watt University, he worked in various parts of the world including the Middle East and Asia. In 1990, he started working for the Bilfinger Berger Group while studying for an MBA at the Edinburgh Business School. In the following years, Kenneth D. Reid held management positions mainly outside Germany. He was appointed to the Executive Board as of January 1, 2007 and is responsible for the Concessions and Civil business segments.

### **Prof. Hans Helmut Schetter**

Born on February 25, 1949 in Albstadt. After studying civil engineering at the University of Karlsruhe and starting a career in the construction industry, he joined the Bilfinger Berger Group in 1990. Prof. Hans Helmut Schetter has been a member of the Executive Board since 1995 and is responsible for Human Resources, Technology, as well as parts of the German and international construction business.



# Lords of the Tunnel Rings

Cologne is built on sand. So constructing the subway calls for a great deal of expertise and maximum effort. Here some impressions of what is currently Germany's largest inner-city construction project.



“A Ferrari it’s not,” laughs Gustav Kupkowski. The equivalent of a speedometer on the control panel registers 50 millimeters per minute. No, for all its 1,100 kilowatts, the 76 meter long monster that the man is guiding is certainly not built for speed. He manages ten to twelve meters a day. Which is good progress for a tunnel-boring machine weighing over 1,000 tons. Especially considering that it’s not on a Formula One racetrack, but making its way through the ground beneath the city of Cologne.

A new city rail link is under construction, which from 2010 will connect the densely populated south of the city with the main railway station, closing a gap in the local public transport network. “In the past, poor connections to the inner city have meant that many inhabitants preferred to drive,” explains Karl Bucker of Kölner Verkehrsbetriebe (KVB), the client for this project. Traffic jams, noise and

Text  
**Hubertus Tessar**  
Photos  
**Fritz Stark**



exhaust fumes were the result. To increase the pace of public transport, a large part of the 4-kilometer long new line will run underground – in two parallel single-track tunnels. The KVB project manager is delighted, “this will cut journey times from the south of the city to the center by more than half.”

The joint venture led by Bilfinger Berger is also saving time and money by using two identical hydro-mix shields. These special tunnel boring machines are clawing their way through the sandy, stony and very wet subsoil beneath Cologne, stabilizing the ground as they go. More precisely, the drilling head – a rotating cutter wheel with a diameter of 8.40 meters – pushes slowly through the soil. As it advances 174 scraper blades pare away the earth and 19 roller bits break up the larger chunks of rock.

With 6,000 tons of thrust, the machine performs the task with ease. “That’s enough thrust to get sixty Boeing 747s off the ground,” adds Kupkowski by way of comparison.

To prevent the ground from subsiding during the drilling, the soil is strengthened with

---

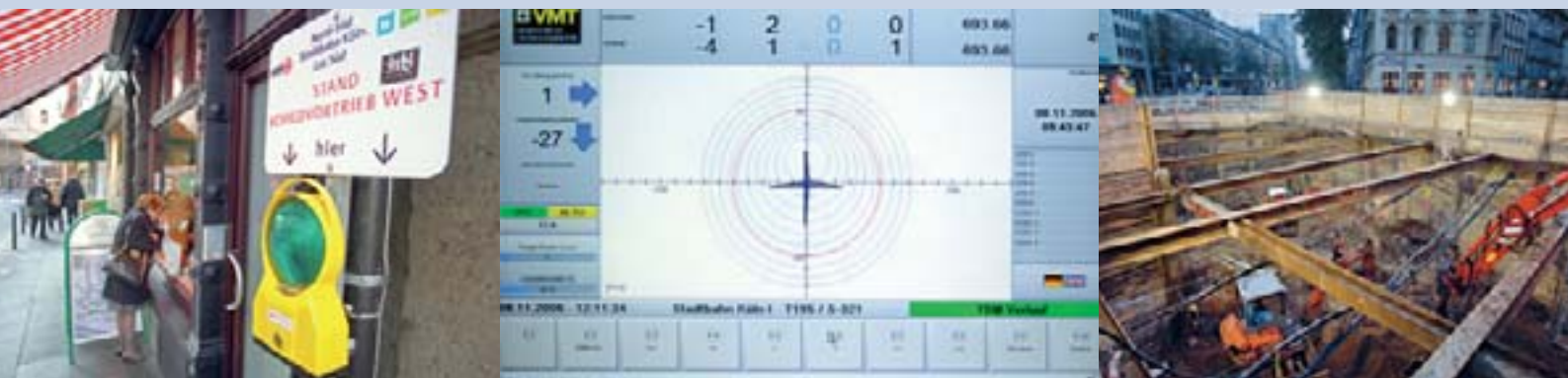
*Each boring machine is also a mobile tunnel factory.*

---

Bentonite, a mixture of water and clay that is pumped ahead of the cutting wheel. The spoil is fed through pipes to a separating plant above ground, where the Bentonite is separated from the sand and gravel and returned to the construction site.

But digging is only part of the job. Each boring machine is also a mobile tunnel factory. As the machine advances, workers to the rear of the working

face are busy constructing the actual tunnel tubes. Using a vacuum suction lift, reinforced concrete sections are offered up one by one by a remotely operated crane and placed precisely in position. Seven of these so-called tubing segments plus a key stone form a ring – 7.30 meters in diameter, 1.50 meters wide, 40 centimeters thick and 38.5 tons in weight. This is how the new tunnel is built, ring by ring. The narrow gap between the soil and the tubing is filled with mortar. This avoids cavities and thereby prevents settlement and the attendant damage to buildings above ground. While the ring is being installed, the machine stops. Only when the key stone is secure does it resume its progress.







In the control room it is almost as cramped as behind the wheel of a Ferrari. Gustav Kupkowski's workplace is a small metal box up front in the shield. For such a large machine, the control desk appears relatively spartan. The machine driver works with

---

### *Archaeologists dig between the excavators*

---

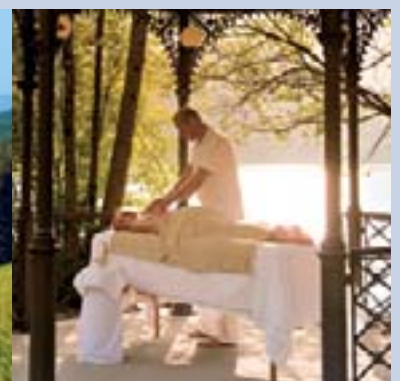
intense concentration, "because basically I'm steering blind." Kupkowski can only tell in which direction he is digging underground from his electronic gauges and monitors. The mix shield is equipped with a laser that tracks the correct path. A computer continuously compares the position of the machine from moment to moment with the programmed nominal route.

Bilfinger Berger is building a total of six underground stations and one above ground. Collectively, construction of the Cologne subway is currently the largest inner city building project in Germany. The scale is clearly reflected by the technical dimensions: Besides modern hydro-mix shields, the job calls for a whole range of sophisticated special techniques. In some places the ground is frozen in order to increase its stability during the construction phase and to keep groundwater away.

In addition, all of the subway stations are listed by the City of Cologne as sites of archaeological interest, a special challenge for the engineers. Archaeologists examine the whole area, searching with paintbrush and trowel between the excavators for clues to Cologne's varied history. And they have made rich finds: Clay pots, remains of walls, but also skulls and bones, even whole skeletons from the Roman period have been exposed and preserved for posterity. In the 1st and 2nd Centuries AD, Cologne was one of the most important cities north of the Alps. At that time, a highway ran along the present line of the new subway. Once again a Roman road is resuming its former importance for Cologne and its inhabitants – this time as a high-speed underground city link.

July 1, 2006, is a glorious summer's day. While millions of fans in Germany eagerly await the World Cup quarter finals, a silver Rolls-Royce glides almost silently down the winding hotel drive and comes to a stop in front of the entrance. The chauffeur opens the rear door to allow an elegantly dressed couple to step out of the hotel's own limousine. As the concierge greets the new arrivals by name and another employee attends to their fine leather luggage, the couple's first glance takes in the manicured hotel grounds and the adjacent lake surrounded by wooded hillsides, before settling with a smile on the boat house. The silence is a balm – just a few birds twittering as the wind wafts gently through the tall trees. "Wonderful", they murmur with a nod.

Text  
**Jörg Beckmann**  
Photos  
**Hotel Schloss Fuschl**







# The Evolution of Luxury

Guests at Schloss Fuschl enjoy five star-plus luxury. By adopting an integrated approach, modernization of the hotel complex was completed in record time.



In a few days the Salzburg Festival is due to begin. The couple has booked tickets as they do each year, and in keeping with tradition they will spend two weeks at the Hotel Schloss Fuschl, just 20 minutes from Salzburg city center. Many other Festival visitors have also long

---

### *5 stars plus: a dream hotel in just ten months*

---

appreciated the perfect service and discretion of this five star-plus hotel nestling on the shore of the picturesque Fuschlsee.

Ten months earlier there was not a trace of luxury, seclusion or silence. On September 1, 2005, Bilfinger Berger took control of the hotel with a workforce numbering up to 500. Construction machinery, cranes and tons of rubble obscured the view of the lake and the sound of excavators reverberated to the opposite shore.

It was the start of an unprecedented building project: In exactly ten months the entire fabric of the prestigious 225-bed hotel underwent a transformation. Bilfinger Berger constructed large swathes of the building entirely from scratch, including the swimming pool and wellness oasis, as well as six "Seehäusl", exclusive suites directly on the lake shore. Other buildings were gutted and completely reconstructed, including several floors of the castle tower, which is under a protection order.

"We naturally informed our regular guests of the building works, but they still expected us

---

### *Decisive value added thanks to i.volution*

---

to receive them as usual in 2006," emphasizes hotel General Manager Wolfgang M. Greiner. "If they had had to go elsewhere for the Festival, there is a chance they might never have returned to us." The reopening was therefore irrevocably scheduled for July 1, 2006.

The challenge for Bilfinger Berger went far beyond completing the building works on time. Even while the plans were being drawn up, the company played an important part. It was a question of ensuring that the historic substance of the build-

ing was retained, and that the materials used would sustain the economically viable operation of a top-class hotel in the long term. "It is at the design stage that the viability of subsequent operation is decided," explains Klaus Raps, head of Executive Management for the Building division. It is precisely here that Bilfinger Berger's i.volution concept begins – a distinct competitive advantage in the hard-fought construction business and a decisive factor in adding value for the customer. i.volution always considers the entire life cycle of a building. From development and design, construction and operation, through to revitalization.

In the remodeling of Schloss Fuschl, the client, the ArabelaSheraton Group, involved Bilfinger Berger as early as the project's concept phase. In the design phase, the overall scope of the work was then jointly defined, including the quality standards. In consideration of future profitability, in many cases the decision was made to use more premium materials that are more resilient and therefore longer-lasting. Similarly, the requirements of insurance companies were also taken





into account at the design stage. The project team came up with a special security system, which protects the 'Schloss Fuschl

---

### *Perfectly choreographed design and construction*

---

Collection' of paintings by prominent artists of the 17th to 19th Centuries, something that is unique on the international

hotel scene. These old masters can be admired throughout the hotel, even in the rooms. The engineers therefore wired each of the around 150 paintings individually. In another feature of i.volution, Bilfinger Berger coordinated all of the designers involved, including three firms of architects, structural and design engineers, designers of exterior installations and technical systems specialists. The strengths of i.volution were also evident in the forward-looking calculation of operating costs. The building's air-conditioning

system uses water from the lake for cooling. This significantly reduces energy costs, thereby contributing to the sustainability of the hotel's operations.

Of course the guests of the hotel, which opened in time for the festival, were oblivious to all of this. Far from the hot football summer, the music lovers could enjoy the climate-controlled atmosphere in the newly-designed hotel rooms – surrounded by a luxurious ambience and perfect service.



Just a few meters from the River Main there are billions of bacteria busily producing insulin for diabetics. Bilfinger Berger Industrial Services' expertise helps to ensure that these tiny organisms lead a comfortable life. In fact, the sanofi-aventis and Pfizer plants at the Industriepark Höchst near Frankfurt are not just home to the world's largest insulin production center. Industrial Services experts are also engaged in finding the optimum measuring technology for a wide variety of facilities and installations.

In the production of insulin, measuring technology is responsible for creating optimum conditions for the bacteria. They need the right temperature, sufficient oxygen and plenty of glucose to feed on.

Text  
**Claudia Sigel**

Photos  
**Ralf Bille**







# Of Gentle Sounds and Heavy Machines

At the Industriepark Höchst, external experts ensure that production processes are running smoothly. Flexible and reliable outsourcing is an obvious advantage for the park.



So the equipment measures these parameters directly at the production plants, eliminating the need for samples, which would otherwise have to be analyzed in a laboratory.

What applies to the manufacture of insulin is equally applicable in every other area of chemical and pharmaceutical production. Not just drugs, but also paints, plastics and pesticides require precisely controlled mixtures. Bilfinger Berger Industrial Services helps customers to identify suitable measuring instruments and calibrate and service these on a regular basis. In 2005 the Company took over the central repair services at the Industriepark Höchst from the operator Infracore

Höchst. This is one of the most comprehensive outsourcing operations in Germany. With 80 companies employing 22,000 workers, the Industriepark Höchst is one of the largest centers of its type in

---

*Full service for customers at the Industriepark Höchst and in the Rhine-Main region*

---

Europe. The huge investment volume, currently averaging almost €400 million per year, gives some idea of the strength of this location.

The Industriepark Höchst is also well known among experts for its unique laboratory dedicated to testing measurement and control systems. This laboratory is of great importance for Bilfinger Berger, also beyond the confines of the Industriepark.

Sensitive high-tech instruments are tested here before being installed on customers' production lines. It is not merely a question of accuracy, but above all of checking the digital communication between the measuring instrument and the plant control system. What's special about this lab is the extensive range of hardware and software designed to test measuring devices, in combination with a wide variety of control systems.

The Company, however, does not confine itself to leading-edge technology. The relative quiet in the laboratories contrasts sharply with other Company premises. Industrial Services deals with the extensive range of technical issues that are of concern to its customers. Depending on customer requirements, jobs may range from containers weighing several

tons for the storage of ingredients and intermediate products, to pipework and pipeline con-

---

### *Outsourcing technical services – a pan-European trend*

---

struction, and of course ensuring the reliability of pumps and motors.

Outsourcing maintenance requires a high degree of trust. If anything were to go wrong, production would grind to a halt. On the other hand, entrusting these tasks to specialists offers huge potential for flexibility and service reliability. Simultaneously taking over maintenance activities at both

the Höchst and Griesheim industrial parks, which are just four kilometers apart, has allowed Bilfinger Berger to achieve economies of scale which enable it to offer an even more extensive range of services to customers on both sites.

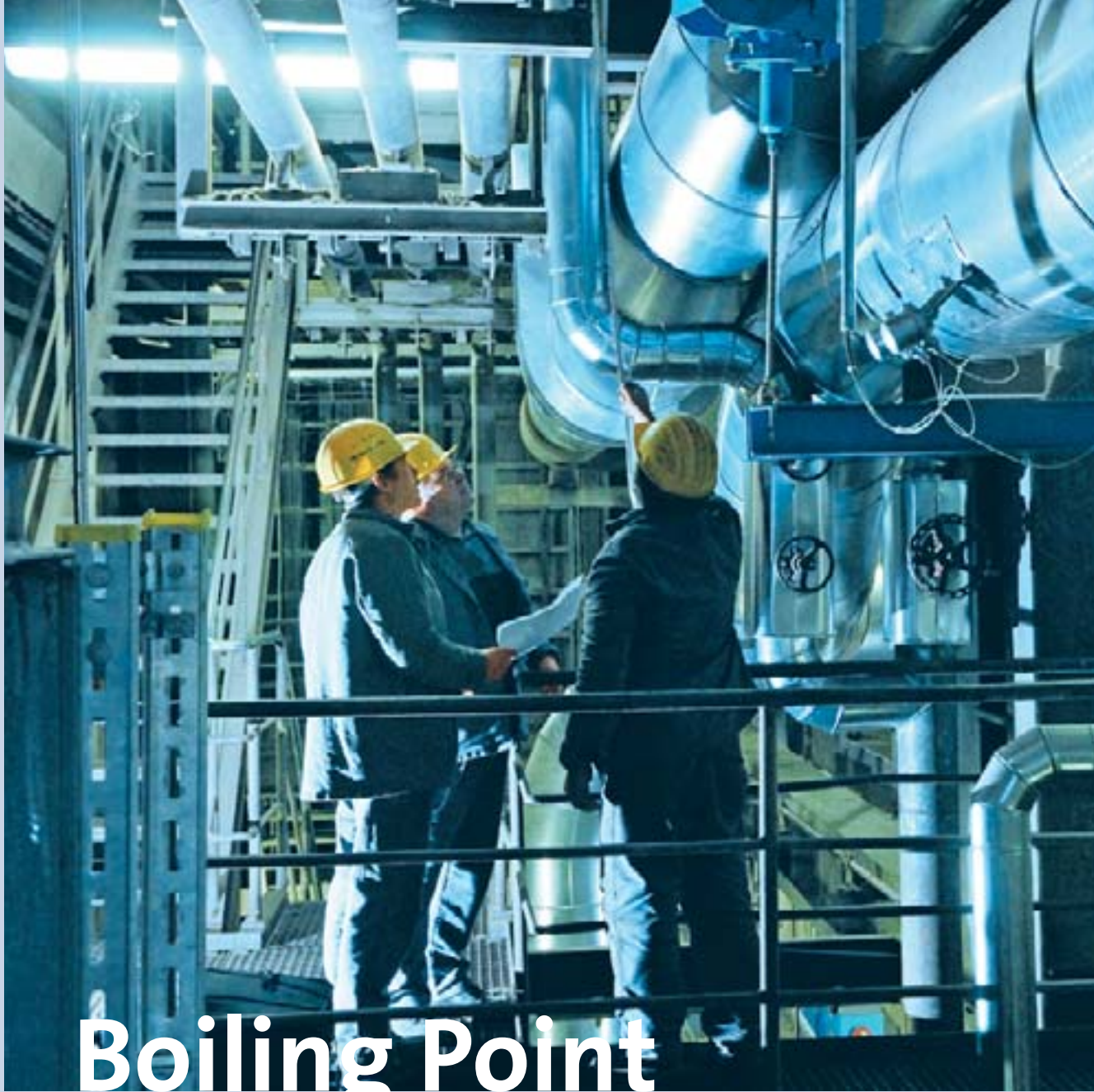
“We see further potential in collaborating with other locations,” says Dr. Joachim Kreysing, General Manager at the Industriepark Höchst.

A trend towards the outsourcing of technical services is evident throughout Europe. However, industrial customers have chosen many different models: “For some companies we simply service pumps and machinery. For others we offer extensive guaranteed availability for entire plants, which in turn optimizes overall costs,” explains Thomas Töpfer, Chief Executive Officer of Bilfinger Berger Industrial Services. In addition, almost every department has long been serving

other customers outside of the Industriepark. However, there is still further potential at the Höchst Park itself. The more complex the production plants and the associated measurement and process technology become, the more difficult it is for manufacturers to keep up with the necessary expertise. Thomas Töpfer sees this as an advantage: “We, on the other hand, are consolidating our experience on a daily basis on the functionality and economic efficiency of all kinds of installations.”







# Boiling Point and Beyond

Europe's appetite for energy continues to grow. With new processes and higher temperatures, power stations are becoming increasingly efficient.



Text  
**Claudia Sigel**

Photos  
**Ralf Bille**

The energy industry is faced with great challenges. Experts anticipate a massive rise in Europe's energy needs. Demand for electricity is expected to rise by around 35 percent by 2030. It is obvious from this forecast alone that new power stations will have to be built. Additionally, in Germany in particular, many existing stations look back on a long service life, while the country also has plans to abandon nuclear energy. Consequently the current need for new power generation is several times greater than in previous years.

For Bilfinger Berger Power Services – under the roof of which renowned companies such as Babcock Borsig Services (BBS) and Essener Hochdruck Rohrleitungsbau (EHR) are gathered – this means its market volume is set to double. In total, new building projects currently being planned for the European Union add up to a total capacity





of around 130,000 megawatts – more electricity than is generated in all of France. Power generators in Germany are presently proposing to expand and build new stations on a scale in excess of 20,000 megawatts. The majority of these stations will be coal- or lignite-fired. Besides building new plants, a large number of modernization projects are pending. In many cases, even after thirty years in service, extensive upgrading of components such as coal mills, burners or steam generators is still well worth while.

When such modernization projects are undertaken, the calculations and designs by Bilfinger Berger Power Services engineers provide a basis both for factory production and for on-site assembly. For example, at the Steag AG coal-fired power

station in Voerde a project was completed last year in which engineers significantly increased the degree of efficiency just by replacing the heating surfaces and making process changes in the water-steam cycle. System fitters and engineers working at the station north of Duisburg installed around 110 kilometers of boiler tubes, entailing at least 25,000 welds. The order included designing the new components as well as manufacturing and professionally installing the pressurized boiler parts and pipework. Once the work was completed, the Company retained a presence in Voerde, where it now takes care of regular plant servicing and maintenance.

Electricity generators profit in more than one respect from increased efficiency. More efficient power stations not only save increasingly expensive raw materials, but also emit less carbon dioxide. Consequently,

trading in emissions certificates adds a further incentive for investments, which make plants more efficient. The efficiency level of coal-fired power stations in the European Union today averages around 38 percent.

---

### *Increasing efficiency reduces emissions*

---

Current projects offer the prospect of raising this to an outstanding 43 percent for lignite-fired stations and 46 percent for coal-fired stations. With plant components from BBS and EHR, Bilfinger Berger Power Services is contributing substantially to this result.







New boilers can reach operating temperatures in excess of 600 degrees centigrade. "We're using more and more new steels, each of which require special welding processes," explains Bruno Grieger, Works Manager in Dortmund. "These techniques and the quality assurance that goes with them are constantly being refined in cooperation with other companies." To construct pipework, Bilfinger Berger processes a wide variety of ferritic and austenitic materials. Each part is individually designed to meet the customer's needs. The company installs its components all over the world – frequently unique solutions for

both conventional power stations and nuclear plants. When it comes to production, Bruno Grieger and his colleagues are

---

### *Natural gas is gaining ground*

---

equally at home with both European and US quality standards.

The industry expects natural gas to play an increasingly important role in generating electric power. Natural gas is regarded as the most environmentally friendly of fossil fuels with the lowest CO<sub>2</sub> emissions. Modern gas-fired plants are achieving the highest efficiency levels, and even the costs of a new station are relatively low in comparison with other energy

sources. Bilfinger Berger Power Services is also applying its comprehensive knowledge to rehabilitation measures and new construction projects, thereby providing a dynamic push to technical advances. The company is currently involved in the development of a burner which emits exceptionally low levels of nitrogen – one of many contributions being made to satisfy world-wide demand for energy in a more environmentally friendly and efficient manner.

Tibor Paulovics' gaze switches from one stretch of road to the next. It's just after midnight. Before the dispatcher's eyes, four screens show four rain-washed sections of the new M6 motorway that leads south from Budapest to the lowland plains of Hungary. Paulovics is also watching the temperature of the asphalt and the forecasts from the seven weather stations along the route. "The road surface is getting steadily colder, there's a risk the rain might turn to ice," explains István Fricska, the man responsible for motorway operations.

His team at the Operations & Maintenance Center (O&M) monitors the route by video camera around the clock. They record every accident, every instance of damage – and every change in the weather. Especially in winter, their surveillance is essential to keep traffic moving freely despite the ice and snow.

Text

**Julia Rommehanger**

Photos

**Fritz Stark**







# On the Road to Budapest

First, Bilfinger Berger built Hungary's newest motorway in record time. Now the Company is maintaining it around the clock in return for a monthly payment from the Hungarian state.



The M6 project company, which also includes Austrian partners as well as Bilfinger Berger BOT, is not only responsible for build-

---

*A masterpiece of logistics: 58 kilometers of motorway in just two years*

---

ing and financing the road, but also for operating it over a 20-year period. “For example, that means fixing damage fast, ensuring that the rest areas

are clean, and keeping the road clear in winter,” explains Arne Speer, General Manager of the project company.

The M6 project comprises 58 kilometers of motorway from Budapest along the line of the Danube to the steel city of Dunaujvaros. Construction involved shifting over twelve million cubic meters of earth, equal to over a million truck loads that had to be moved from A to B. With logistics achieve-

ments such as this, construction took less than two years, and the road has been open to traffic since June 2006 – despite snowstorms in the winter and floods along the Danube in the springtime. At long last, trucks are no longer compelled to crawl at walking pace along the potholed N6 trunk road that runs roughly parallel to the new motorway. The old road was buckling beneath the weight of heavy vehicles backed up both to and from Budapest. Construction of the motorway was also







vital for South Korean company Hankook, which intends to establish its largest tire factory in Europe on the outskirts of Dunaujvaros. "The new highway is triggering an economic upswing in this region," says Speer. Companies that supply the tire plant are also likely to locate along the route, and the journey southward from Ferihegy Airport south east of Budapest is now much faster, both in the summer and winter seasons.

Meanwhile on this December night, around 2:00 a.m., István Fricska's premonition proves right. The rain deteriorates into a heavy snowfall.

---

### *An example for other countries to follow*

---

Around here in winter the mercury can fall to below minus 15 degrees centigrade. Fricska's team is well equipped to deal with this extreme weather: Ten trucks stand ready with snow

plows and the depot has 2,800 tons of sodium chloride and another 25 tons of calcium chloride in store. Keeping the road clear in winter requires vigilance 24 hours a day, with a constant eye trained on the weather forecast. Right now for the eight men in the restroom at the O&M that means getting up, changing clothes and warming up the heavy yellow gritters. They then switch on the warning beacons, open the gates and are on their way. In 20 minutes they're all on the road. Half the vehicles head south, the others north.

This round the clock service ensures that the motorway is permanently open, for the M6 functions on the basis of what's called an availability model. Rather than collecting a toll from road users, as is the case with many PPP projects, the concessionaire receives a contractually fixed fee from the Hungarian state, in return for which it must ensure that obstructions due for example to accidents or snow are cleared immediately, the lighting is in working order and the rest areas are kept clean. Traffic volumes are the responsibility of the state. "Other central and eastern European countries are also

looking at this concept as an example to follow," says Jürgen Schönwasser, member of the Executive Management at

---

### *The risks are fairly distributed*

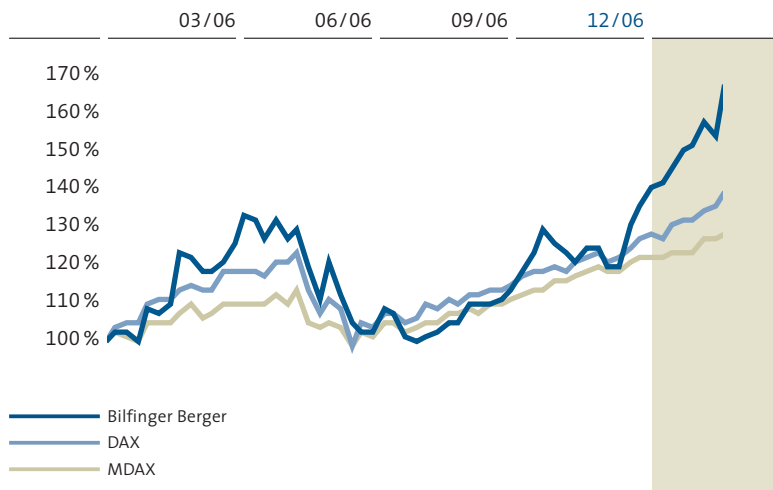
---

Bilfinger Berger BOT. "We have an overview of the entire life cycle, which leads to a clear increase in efficiency."

Dawn is approaching by the time it finally stops snowing and the men have finished their work. The snow plows make their way back to the O&M Center. Tibor Paulovics' shift is also over. It promises to be a pleasant day: The weather stations are reporting sunshine in place of snowstorms.

# The Bilfinger Berger shares

## Relative performance of our shares



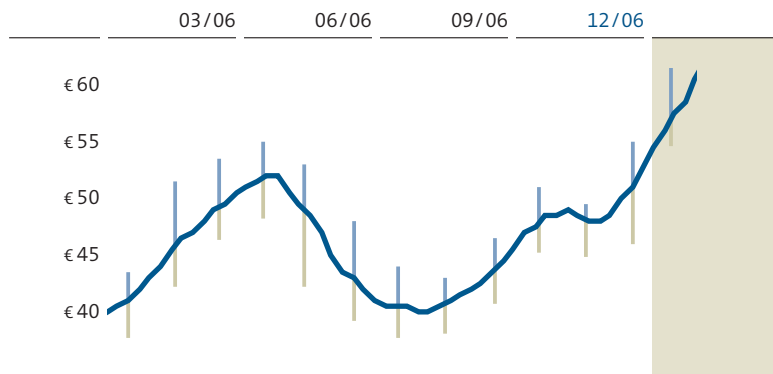
- Bilfinger Berger share price at all-time high
- Out-performance compared with DAX and MDAX
- Higher dividend proposed
- Continuous and open dialog with the capital market

## Positive stock-market environment

Prices moved upwards at German stock exchanges in 2006. Increasingly robust domestic economic situation and ongoing high pressure to invest liquid funds were the basis for significant share-price gains. Rising energy prices and political crises only had a temporary impact on this positive environment.

Nonetheless, there were also weaker phases on the stock markets during 2006. Between May and July, many stocks lost the gains they had made at the beginning of the year. There was also a high degree of volatility, and with large trading volumes, sharp price fluctuations also occurred.

## Moving 30-day average in combination with monthly highest and lowest prices



## Bilfinger Berger share price at all-time high

Bilfinger Berger's stock followed the generally positive market trend, and ultimately significantly surpassed it. The market paid a great deal of attention to construction and construction-related stocks. Share prices already rose sharply in the first four months of the year, due in particular to hopes of a rapid revival of the German construction sector. The threat of impairments on concession projects in Sydney and Lübeck and the generally weak stock-market sentiment in May meant that the share price fell again to the level of the beginning of the year.

## Key figures on our shares

€ per share	2002	2003	2004	2005	2006
Earnings	1.66	1.37	1.39	1.80	2.48
Earnings including exceptional items	3.16	3.44			
Dividend	0.55	0.65	1.00	1.00	1.25
Bonus	0.45	0.65			
Dividend-yield <sup>1</sup>	3.8 %	2.4 %	3.3 %	2,5 %	2.3 %
Pay-out ratio <sup>2</sup>	33 %	47 %	72 %	56 %	50 %
Highest price	27.20	27.40	32.41	46.44	55.75
Lowest price	14.20	16.30	25..50	30.18	37.71
Year-end price	14.60	27.00	30.25	40.30	55.52
Book value <sup>3</sup>	27.80	30.30	30.20	31.20	32,00
Market value / book value <sup>3</sup>	0.5	0.9	1.0	1.3	1.7
Market capitalization in € million	531	991	1,112	1,499	2,065
Price-to-earnings ratio <sup>1</sup>	8.8	19.7	21.7	22.4	22.4
Number of shares (in thousands) <sup>4</sup>	36,362	36,720	36,745	37,196	37,196
Average daily volume (no. of shares)	66,888	103,192	83,414	165,946	286,756

All price details refer to Xetra trading

<sup>1</sup> Based on the year-end closing price not including bonus or exceptional items

<sup>2</sup> Based on earnings per share

<sup>3</sup> Balance-sheet shareholders' equity excluding minority interests

<sup>4</sup> Based on the year-end

## Additional data

ISIN	DE0005909006
WKN	590900
Stock-exchange abbreviation	GBF
Stock exchange	XETRA / Frankfurt, Stuttgart
Deutsche Boerse segment	Prime Standard
Component of	MDAX, Prime Construction, DJ STOXX 600, DJ EURO STOXX, MSCI Europe

The last quarter of 2006 was affected by a series of positive news from Bilfinger Berger, so the share price increased sharply. On the last day of trading in 2006, the share price reached a new all-time high, closing at € 55.52 or 38% above the price at the end of the previous year. And the price continued rising in the first few weeks of the new year.

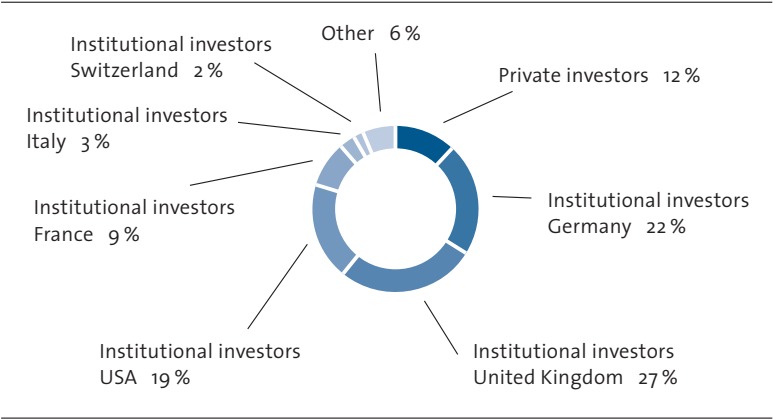
### High share liquidity

The liquidity of Bilfinger Berger's shares has improved again. At German stock exchanges including Xetra trading, approximately 73 million of our shares were traded in 2006, 72% more than in the prior year. This trading volume is equivalent to double our market capitalization. We view this as being due to the attractiveness of our stock and the high market liquidity. Daily trading volumes averaged approximately 290,000 shares, which is more than four times as many as five years ago.

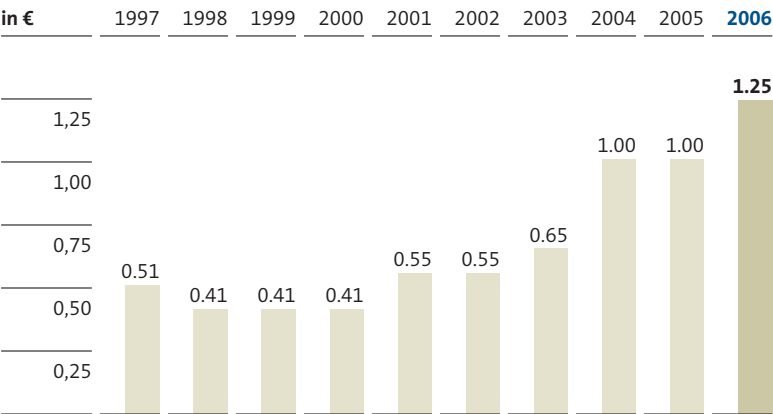
### Inclusion in the MSCI index

With a weighting of more than 2%, Bilfinger Berger' stock is one of the strongest in the MDAX. Measured in terms of free-float market capitalization, our shares ranked in 18th position at the end of the year. In addition to the MDAX and the Dow Jones STOXX 600, Bilfinger Berger's shares have also been listed in the MSCI Europe index since the middle of 2006, creating even more interest among investors.

**Institutional investors by region** (as of December 31, 2006)



**Dividend development Bilfinger Berger shares** not including bonus dividend



**Very international shareholder base**

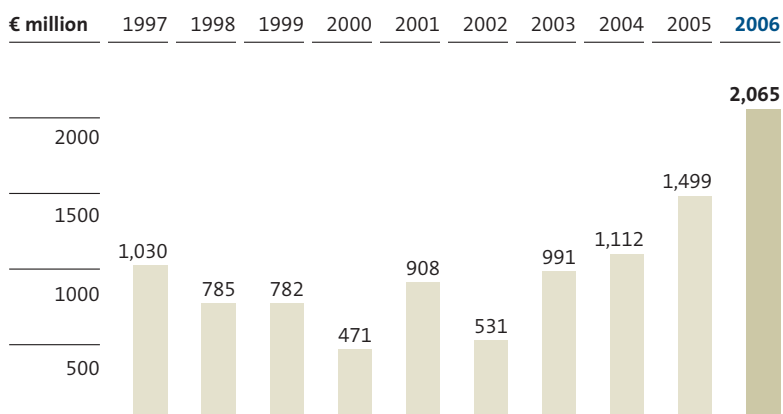
In 2006, we carried out two scheduled shareholder identifications. The results as of December 31, 2006 showed little change compared with the prior year: Institutional investors continue to dominate, and foreign investors hold the majority of our shares. Ranked by country, the largest proportion of shares is held in Germany, followed by the United Kingdom, the United States and France.

**Increased dividend of € 1.25 per share**

It will be proposed that a dividend of € 1.25 per share should be distributed (prior year: € 1.00). Related to the share price at the end of the year, this represents a dividend yield of 2.3% and a distribution ratio of 50% of the Group's net profit after the deduction of minority interest. As has been the case in the past, Bilfinger Berger's shareholders will, in the future, participate in the success of the company in an earnings-oriented manner.



#### Market capitalization Bilfinger Berger share



#### Continuous and open dialog with the capital market

In the year 2006, two capital-market days were organized for institutional investors and analysts to allow them to take a closer look at individual aspects of our operational business. The events focused on industrial services and concession projects and were very well received. We will continue this series with new themes.

Furthermore, we presented Bilfinger Berger at investor conferences in New York, Tokyo, Frankfurt am Main and Munich; we gave roadshows in the European and North American finance centers, and also welcomed many investors as visitors to our headquarters in Mannheim.

The number of financial analysts who continuously follow our business development increased by five to a total of 16. Financial analysts are important multipliers for our equity story.

#### New Internet presence

We have accommodated the rising demand for information from the capital markets by re-designing our Internet presence and significantly expanding the financial portal. The user now has access to more detailed data and facts on the Company's development.

# Corporate governance report

Corporate governance is concerned with the structures and processes of good business management, supervision and transparency. Bilfinger Berger recognized the importance of good corporate governance at an early stage. With regard to its corporate management, supervision and transparency, Bilfinger Berger is oriented to national and international standards.

## Corporate Governance Code

Bilfinger Berger supports the goal of the German Corporate Governance Code of enhancing the transparency and comprehensibility of the corporate governance systems and fostering trust among national and international investors, customers, employees and the public in the management and supervision of German listed companies. Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006 with one necessary exception. The details are given in the Declaration of Compliance issued pursuant to Section 161 of the German Stock Corporation Act by the Executive Board and the Supervisory Board on December 7, 2006. It states:

“Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006. The sole exception is the recommendation in Clause 5.4.3, Sentence 3 (announcement to the shareholders of the proposed candidates for the Chair of the Supervisory Board), because this recommendation is not compatible with the distribution of competencies laid down in the German Stock Corporation Act. The election of the Supervisory Board Chairman is the responsibility of the Supervisory Board alone.

“Since issuing the Declaration of Compliance of December 2005, Bilfinger Berger has complied with all of the recommendations of the German Corporate Governance Code as amended on June 2, 2005 with the exception of the aforementioned recommendation in Clause 5.4.3, Sentence 3.”

## Corporate governance structure

Bilfinger Berger AG is a stock corporation under German law and as such has a dual management

and monitoring structure consisting of the Executive Board and the Supervisory Board. The third body of the Company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 15 of our Articles of Incorporation, which are published on our Internet website.

## Executive Board

The Executive Board manages the Company in its own responsibility. The members of the Executive Board are appointed by the Supervisory Board. The Executive Board currently consists of five members (see page 153).

Details of the compensation of the members of the Executive Board can be found in the compensation report, which is included as a section of this corporate governance report (see page 32).

## Supervisory Board

The Company's Supervisory Board is composed of 16 members, of whom eight are representatives of the shareholders and eight are representatives of the employees (see page 150). The members representing the shareholders are elected by the Annual General Meeting. In accordance with the German Industrial Codetermination Act, the members representing the employees are elected by the workforce. The Supervisory Board advises and monitors the management of the Company by the Executive Board. Within the context of its report, the Supervisory Board informs the shareholders on its activities (see page 36).

The current composition of the Supervisory Board and the committees assembled for more efficient execution of its activities can be seen in the section of the Annual Report entitled “Boards of the Company” (see page 150).

The compensation of the members of the Supervisory Board is shown in the compensation report (see page 35).

## 2006 Annual General Meeting

The Annual General Meeting is to be convened at least once each year. The Executive Board presents to the Annual General Meeting certain

documents, including the individual and consolidated financial statements, and the management reports for the Company and the Group. The Meeting decides on the appropriation of profits and on ratifying the actions of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders, and the external auditors. In addition, it makes decisions on amendments to the Articles of Incorporation and in certain other cases as specified by applicable law or the Articles of Incorporation. Each share grants entitlement to one vote in the Annual General Meeting.

#### **Directors' Dealings**

Pursuant to Section 15a of the German Securities Trading Act, the members of the Supervisory Board and the Executive Board, other persons with management duties who regularly have access to insider information on the Company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons, are legally obliged to disclose to Bilfinger Berger AG any acquisitions and disposals of Bilfinger Berger shares and related financial instruments, particularly derivatives from an amount of more than € 5,000 in any calendar year. We published details of such transactions on our Internet website at [www.bilfingerberger.com](http://www.bilfingerberger.com) without delay.

The members of the Executive Board and the Supervisory Board do not own any shares in the Company or any related financial instruments that together, either directly or indirectly, constitute more than 1% of the shares issued by the Company.

#### **Code of Conduct**

Bilfinger Berger is aware that the interests of the company and its partners can only be effectively guaranteed through responsible dealings and adherence to ethical principles. These principles have been clearly formulated in our Code of Conduct. The rules of behavior apply to each and every employee in the Group. Bilfinger Berger takes an aggressive stand against corruption, bribery, self-serving practices and waste in the

Company. We counteract bid rigging and illegal employment. We also consider socially responsible behavior in the Company as indispensable. Because of the wide variety of legal and social conditions which exist in Germany and abroad, the Code of Conduct does not include any country-specific behavioral guidelines. The Code helps us to avoid damage to the Company and to protect our employees.

#### **Compliance System**

Our Code of Conduct is complemented by a comprehensive compliance system. A network, consisting of the Chief Compliance Officer of the Group and the Compliance Officers of the operating units are responsible for the distribution and application of our Code of Conduct. To supplement the position of the internal ombudsman, we have appointed an external ombudsman to whom employees, and persons from outside the company as well, can report violations of the Code of Conduct. Through the immediate reporting of serious cases, as well as through quarterly and annual reports, the Executive Board and the Audit Committee of the Supervisory Board are informed regularly about the developments in this area.

#### **Compensation of the Committees**

The following compensation report is part of the Management Report and, at the same time, part of this corporate governance report. The Supervisory Board has included it in the approval of the Management Report and has adopted it for its reporting on corporate governance and compensation as its own.

Mannheim, March 14, 2007

Bilfinger Berger AG

The Executive Board

The Supervisory Board

## Compensation report

The Executive Board and the Supervisory Board have prepared this compensation report, in which details are given of the compensation of the members of the Executive Board and Supervisory Board. This compensation report is a constituent part of the corporate governance report and the Group management report.

### Executive Board Compensation

The compensation for the members of the Executive Board comprises three components: A fixed annual salary, a performance-related bonus and a payment related to the Company's long-term performance (defined as value added) and long-term share price.

The Supervisory Board is informed regularly by its Presiding Committee on the structure of the compensation system for the Executive Board. The Presiding Committee is responsible for determining the compensation of the Executive Board.

### Annual Salary

The fixed annual salary is reviewed every two years. In consultation with external experts, it was set at € 642,000 (€ 578,000 until June 30, 2006) for the Chairman of the Executive Board and € 428,000 (€ 385,000 until June 30, 2006) for the other members of the Executive Board with effect as of July 1, 2006. In addition to the fixed salary, the members of the Executive Board also receive fringe benefits (benefits in kind) in the form of insurance cover and the use of company cars, the value of which is shown in accordance with applicable tax law.

### Bonus

The relevant targets for the variable components of compensation are agreed upon between the Presiding Committee of the Supervisory Board and the Executive Board at the beginning of each year. The level of bonuses depends on the development of the Group's earnings before taxes (EBT). If the relevant targets are achieved, the

bonus amounts to 83% of the fixed annual salary (until June 30, 2006: 66.7%). Bonus payments are not made if at least 50% of the EBT goal is not reached and is limited by a cap of 150% of the target value.

### Long-Term Incentive Plan

Compensation with a long-term incentive element is paid in accordance with a long-term incentive plan (LTI), which has the following main features: If the value added achieved in a certain year exceeds the agreed minimum for that year, the members of the Executive Board are granted phantom shares in the form of so-called performance share units (PSU). If Bilfinger Berger shares under perform compared with the comparative index, the MDAX, the number of PSUs granted can be reduced by up to 20%. The value of the PSUs granted varies during a waiting period of two years in line with the development of the Bilfinger Berger share price. After the end of the waiting period, the existing phantom shares are paid out – 65% in cash (taxable) and 35% in Bilfinger Berger shares which may not be sold until another two-year lockup period has expired.

The applicable value added is the difference between return on capital employed (ROCE) and the weighted average cost of capital (WACC), multiplied by the amount of capital employed. The return is determined by EBITA plus interest income and the value added from the BOT portfolio (see page 71).

If the minimum value added agreed upon for the relevant year is not achieved during the waiting period, this leads to the allocation of negative PSUs, which eliminate an equal number of PSUs already held. There is also a cap (for the ordinary members of the Executive Board it is currently € 350,000, for the Executive Board Chairman it is € 525,000), which limits the payment to an absolute maximum annual amount.

For the 2006 financial year, the members of the Executive Board were granted a total of 188,326 PSUs, whose maximum payment amount is limited by the cap to € 1,575,000.

Compensation with a long-term incentive effect (long-term incentive plan)	Jan. 1, 2006	PSUs granted for the year		Dec. 31, 2006	Theoretical amount to be paid out based on year-end closing price 2006
	Number of PSUs	Number of PSUs	Maximum amount to be paid out	Number of PSUs	
Herbert Bodner (Chairman)	7,569	62,782	€ 525,000	70,351	€ 946,000
Dr. Joachim Ott	5,047	41,848	€ 350,000	46,895	€ 630,000
Prof. Hans Helmut Schetter	5,047	41,848	€ 350,000	46,895	€ 630,000
Dr. Jürgen M. Schneider	5,047	41,848	€ 350,000	46,895	€ 630,000
	<b>22,710</b>	<b>188,326</b>	<b>€ 1,575,000</b>	<b>211,036</b>	<b>€ 2,836,000</b>

	Fixed salary		Bonus		Total cash compensation		Compensation with long-term incentive effect (expense for the year)	
€	2006	2005	2006	2005	2006	2005	2006	2005
Herbert Bodner (Chairman)	610,000	578,000	797,000	346,000	1,407,000	924,000	348,000	96,000
Dr. Joachim Ott	407,000	385,000	531,000	230,000	938,000	615,000	232,000	64,000
Prof. Hans Helmut Schetter	407,000	385,000	531,000	230,000	938,000	615,000	232,000	64,000
Dr. Jürgen M. Schneider	407,000	385,000	531,000	230,000	938,000	615,000	232,000	64,000
Carlos Möller	–	385,000	–	230,000	–	615,000	0	0
	<b>1,831,000</b>	<b>2,118,000</b>	<b>2,390,000</b>	<b>1,266,000</b>	<b>4,221,000</b>	<b>2,999,000</b>	<b>1,044,000</b>	<b>288,000</b>

At the balance-sheet date, the members of the Executive Board held a total of 211,036 PSUs. The level of the cash flow that will result from these PSUs depends on the further development of the plan parameters. On the basis of the Bilfinger Berger share price at the end of 2006 of € 55.52, from today's perspective under consideration of the cap, this would lead to a total amount to be paid out of € 2,836,000.

No loans or advances were made to the Executive Board in financial year 2006. Compensation for the execution of Group mandates which – insofar as they exceeded € 20,000 – could be applied against Executive Board compensation did not occur in financial year 2006.

### Total Compensation

The total compensation of the Executive Board shown for the year under review includes the expense for all PSUs granted as entered in the income statement in accordance with the accruals concept over the relevant three-year period. The expense is calculated on the basis of the price of Bilfinger Berger shares at the close of trading in 2006, less a deduction for the missing dividend entitlement from the PSUs of 2% per annum.

The members of the Executive Board also received non-cash compensation in the form of the use of company cars and contributions to insurance policies in a total amount of € 110,000 (2005: € 124,000).

### Retirement Benefits

The system of retirement benefits for the members of the Executive Board was changed to a contribution-oriented commitment during 2006 and transferred to external institutions (insurance-type pension fund and reinsured relief fund). Thus, future pension entitlements will be fully funded, so that after reaching retirement age the members of the Executive Board will no longer place a financial burden on the Company. In the 2006 financial statements, the transfer of the part of the retirement benefits already earned by Mr. Bodner, Prof. Schetter and Dr. Schneider to a pension fund leads to a one-time charge of € 4,465,000. This is explained by the fact that the external institutions use different biometric data and a different discount rate from those used for the formation of provisions according to IFRS. This did not result in higher pension entitlements for the members of the Executive Board. The additional expense to the company caused by this change was expected in any case. Pension commitments towards the aforementioned members of the Executive Board in the case of invalidity remain with the Company. Here a transfer would have led to unwarranted costs. The transfer of retirement benefits for Dr. Ott to external institutions takes place in 2007.

The Company will make annual payments to a relief fund for the future periods of office of the members of the Executive Board. The table shows the amounts paid to the relief fund and the additions to pension provisions for the financial year, the pension entitlement already earned, and the annual pension currently expected to be paid upon reaching the regular retirement age of 62 years. In the case of death, there is entitlement to a widow's pension equivalent to 70% of the normal pension.

With the transfer of the retirement benefits of Mr. Bodner, Prof. Schetter and Dr. Schneider to external institutions, the level of existing commitments were maintained. This level is based on the number of years spent at the Company and

the basic salary in the year 2004. For the remaining time until reaching the regular age limit of 62 years, the allocation of payments to the relief fund only takes increases in consumer prices into consideration.

In the table below, the column "Allocation to relief fund and provision for pension obligations in 2006" includes payments to the relief fund for Mr. Bodner, Prof. Schetter and Dr. Schneider as well as provisions for the transfer of retirement benefits of Dr. Ott which has not yet taken place and for the invalidity risk for all Executive Board members.

### Further Provisions

The members of the Executive Board receive from the Company a transitional payment if the Executive Board membership ends due to the revocation or non-extension of their Executive Board appointment by the Company or due to termination of their contracts of service because of an important reason to be justified by the Company. Entitlement to a transitional payment only exists if the reason for termination occurs after the beginning of the second period of office and after reaching the age of 50.

In the case of a change of control, that is, if a shareholder in the Company reaches or exceeds a shareholding of 30% of the Company's voting rights and in addition, due to an allocation of responsibilities decided upon by the Supervisory Board a significant change in board responsibility occurs, or if the Company enters into a control agreement as the controlled company, the members of the Executive Board have an exceptional right of termination for their contracts of service. They then receive severance compensation for the remainder of their contract periods, but for a maximum of three years. The severance compensation comprises the fixed annual salary and bonuses (average value of the past 5 years); in addition, following the remaining contract period covered by the severance compensation, they are entitled to a transitional payment if the individual conditions for such payment are fulfilled. PSUs are not granted for the time following departure from the Executive Board.

€ thousands	Probable annual pension entitlement upon retirement	Annual pension entitlement earned as of December 31, 2006	Allocation to relief fund and provision for pension obligations in 2006
Herbert Bodner (Chairman)	321	297	282
Dr. Joachim Ott	264	41	141
Prof. Hans Helmut Schetter	237	215	209
Dr. Jürgen M. Schneider	237	206	354
	<b>1,059</b>	<b>759</b>	<b>986</b>

#### Supervisory Board compensation

€ thousands	Fixed compensation	Variable compensation <sup>1</sup>	Total
Bernhard Walter (as of May 18, 2006 Chairman, Chairman of the Presiding Committee and member of the Audit Committee; until May 18, 2006 Chairman of the Audit Committee and member of the Presiding Committee)	18	104	122
Maria Schmitt (Deputy Chairwoman and member of the Presiding Committee)	15	86	101
Hans Bauer	10	58	68
Dr. Horst Dietz	10	58	68
Wolfgang Erdner	10	58	68
Dr. Jürgen Hambrecht	10	58	68
Reiner Jäger	10	58	68
Rainer Knerler	10	58	68
Dr. Hermut Kormann	10	58	68
Harald Möller	10	58	68
Klaus Obermierbach	10	58	68
Thomas Pleines	10	58	68
Friedrich Rosner (member of the Audit Committee)	15	86	101
Udo Stark (until May 18, 2006 Chairman, Chairman of the Presiding Committee and member of the Audit Committee; as of May 18, 2006 member of the Presiding Committee and Chairman of the Audit Committee)	17	97	114
Rolf Steinmann	10	58	68
Dr. Klaus Trützschler	10	58	68
	<b>185</b>	<b>1,069</b>	<b>1,254</b>

<sup>1</sup> Based on the proposed dividend of € 1.25

#### Pensions

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to € 2,455,000 in 2006 (2005: € 3,990,000). The prior-year amount includes severance compensation of € 1,452,000. The present value of future pension obligations for these persons calculated according to IAS 19 amounted to € 30,792,000 on the balance-sheet date (2005: € 33,545,000).

#### Supervisory Board compensation

As specified by Article 14 of our Articles of Incorporation, which are published on our Internet website, the compensation of the members of the Supervisory Board comprises a fixed annual payment of € 10,000 and a variable annual payment of € 500 for each cent by which the dividend paid to the shareholders exceeds € 0.10 per share. The Chairman is paid double these amounts, the Deputy Chairman and the members of the Presiding Committee and the Audit Committee are paid one and a half times these amounts. If a member of the Supervisory Board exercises several of the aforementioned functions, he or she is entitled only to the highest of the applicable compensations.

In addition, expenses were reimbursed in a total amount of € 16,000. No compensation was paid for services rendered individually.

The total compensation of the members of the Supervisory Board for the 2006 financial year thus amounted to € 1,270,000 (2005: € 1,035,000).



# Report of the Supervisory Board



**Bernhard Walter**  
Chairman of the Supervisory Board

During the year under review, the Supervisory Board performed the duties incumbent upon it in accordance with the law and the Articles of Association and continually advised and monitored the Executive Board. The Supervisory Board was regularly kept informed about business developments and the situation of the Company. It supervised the management of the Company by the Executive Board in particular on the basis of written and verbal reports. The reports of the Executive Board fulfilled the requirements set by the Supervisory Board in terms of both their subject matter and their scope. As well as the reports, the Supervisory Board also received additional information from the Executive Board. The Executive Board was available in the meetings to explain and to answer the questions asked by the Supervisory Board. Business transactions requiring Supervisory Board approval were examined and discussed with the Executive Board. The Supervisory Board granted its approval to the acquisition and disposal of shareholdings, the takeover of parts of companies, the submission of offers for major projects and capital measures.

In face-to-face discussions outside the Supervisory Board meetings and its committees, the Chairman of the Supervisory Board and the Chairman of the Executive Board examined the situation of the company and its further development.

## **Supervisory Board meetings**

In the 2006 financial year, there were four regular meetings and two extraordinary meetings of the Presiding Committee of the Supervisory Board.

In addition to the regular business and the major projects, the main issues the Presiding Committee of the Supervisory Board discussed with the Executive Board were economic developments, corporate strategy and the position of Bilfinger Berger compared with its competitors. The Presiding Committee of the Supervisory



Board was also intensively involved in the acquisitions of the Ahr Group, Essener Hochdruck-Rohrleitungsbau and Salamis Group and approved these acquisitions. All major aspects were examined, such as the results of the due diligence, the earnings situation, business plan, quality of management, effects on the consolidated financial statements and integration concept. The Supervisory Board received regular reports on the actual development of new subsidiaries compared with the assumptions made at the time of acquisition.

In the two extraordinary meetings, the acquisitions of Essener Hochdruck-Rohrleitungsbau and Salamis Group were discussed.

Another focus of consultations in the plenary sessions was on the Group's earnings trend, with positive results on the one hand, but on the other hand the charges from the full write-off of the interests in the BOT projects Cross City Tunnel in Sydney and Herren Tunnel in Lübeck. The actual development of these projects compared with the original assumptions was discussed in detail with the Executive Board. The Supervisory Board also received reports on the progress of all concession projects. Detailed examinations were also carried out of general issues of the management of subsidiaries and associated companies, corporate planning, return-on-capital-employed controlling, and comparison of the course of business with the expected figures. The shareholder structure and changes in it were discussed with the Executive Board twice in the past financial year. Upon the proposal of the Audit Committee, the Supervisory Board decided on the main areas for the audit of the individual and consolidated financial statements for the 2006 financial year.

The Supervisory Board again dealt in detail with the German Corporate Governance Code; among other things, it evaluated the efficiency of its own activities. The Declaration of Compliance

that was jointly issued by the Supervisory Board and the Executive Board on December 7, 2006 pursuant to Section 161 of the German Stock Corporation Act states that Bilfinger Berger AG complies with all of the recommendations of the Code as amended on June 12, 2006. The sole exception is the recommendation of Clause 5.4.3, Sentence 3 (announcement to the shareholders of proposed candidates for the Chair of the Supervisory Board), because this recommendation is not compatible with the distribution of competencies laid down in the German Stock Corporation Act. The election of the Supervisory Board Chairman is the responsibility of the Supervisory Board alone. The Declaration of Compliance has been posted on the Company's Internet website, where it is permanently available to the shareholders. No conflicts of interest arose in the Supervisory Board during the year under review (see page 30 of this Annual Report for further details).

### **Committees**

In order to enhance the efficiency of its activities, the Supervisory Board formed a Presiding Committee and an Audit Committee. In addition, in accordance with Article 11, Paragraph 2 of the Articles of Incorporation, a committee of the Supervisory Board has been formed to perform the duties described in Section 31, Subsection 3 of the German Industrial Codetermination Act (Mediation Committee). The current composition of the Supervisory Board and its committees can be seen in the section of the Annual Report entitled "Boards of the Company" (see page 150 of this Annual Report).

### **Presiding Committee of the Supervisory Board**

The main tasks of the Presiding Committee include regulating the personnel issues of the Executive Board, unless the provisions of the German Stock Corporation Act stipulate that they are to be regulated by the plenum of the Supervisory Board, and deciding on granting consent to

certain actions of the Executive Board. The Presiding Committee also prepares the plenary meetings and makes recommendations on important resolutions. In financial year 2006, six meetings of the Presiding Committee took place. In addition to preparing the plenary meetings, the Committee, within the context of its competence, primarily dealt with major projects, the acquisitions ROB Montagebedrijf and Mobuco Steigers, the private-sector concessions business and the compensation and service contracts of the Executive Board. The Executive Board contracts were revised and the retirement benefits were changed over to being fully funded with external institutions (see page 34 of this Annual Report)

#### **Audit Committee**

The Audit Committee also deals, among other things, with questions of accounting, risk management and auditing. In its four meetings held over the course of financial year 2006, the committee was informed on the individual and consolidated financial statements and the activities of the external auditors, and also received detailed information on the activities of the Project Controlling and Group Internal Auditing departments. For the audit of risk management, the two corporate departments submitted annual reports to the Committee. The Audit Committee is of the opinion that the risk-management system in its current form is fully appropriate to requirements. The Audit Committee dealt with the Group's Code of Conduct, which is being expanded into a comprehensive compliance system due to the increased demands being placed on the Group's management.

The Chairmen of the Presiding Committee and the Audit Committee reported to the plenary session in its meetings on the work of the committees led by them.

#### **Mediation Committee**

It was not necessary to convene the Mediation Committee in the 2006 financial year.

#### **Further Disclosures**

For the first time, the Executive Board was obliged to disclose certain facts with possible relevance to acquisitions in the management reports for the Company and the Group in the 2006 financial year. These details are summarized and explained as follows:

The composition of the Company's subscribed capital of € 111.6 million is a result of both the resolutions of the Annual General Meeting and the authorization for the Executive Board with the consent of the Supervisory Board to increase the capital stock by an amount up to € 34 million (Approved Capital I) by issuing new shares or to buy treasury shares up to a maximum proportion of 10% of the stated capital stock. In addition, the Annual General Meeting approved a Conditional Capital III, which increases the capital stock by up to € 11 million, if new shares in the Company are required to fulfill conversion and option rights from any convertible bonds or stock options that might be issued. The appointment and dismissal of Executive Board members and amendments to the Articles of Incorporation are subject to the provisions of the German Stock Corporation Act. In the case of a change of control resulting from an offer to acquire shares in the Company, the providers of credit and sureties for cash loans and credit lines covered by guaranty generally have the right of termination. This arrangement conforms with usual business practice. With such a change of control combined with certain other circumstances, the members of the Executive Board have the right of termina-

tion. This is standard practice in the Anglo-Saxon legal system and is becoming increasingly widespread in Germany. In the case of a takeover bid, it gives the Executive Board members the required independence so that they can devote their attentions solely to the benefit of the Company and its shareholders. Please refer to the management reports on the Company and the Group for further details (see page 95 of this Annual Report).

#### **Audit of the individual and consolidated financial statements**

The individual and consolidated financial statements and the management reports of Bilfinger Berger AG and the Group for the 2006 financial year have been audited and each has been issued with an unqualified audit opinion by Pricewaterhouse Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, of Karlsruhe, and Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, of Mannheim. The aforementioned financial statements and related documents, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to the members of the Supervisory Board in good time. The Audit Committee of the Supervisory Board discussed the financial statements and the audit reports in the presence of the Executive Board and the auditors.

The Supervisory Board undertook a detailed examination of the individual financial statements, the consolidated financial statements and management reports of Bilfinger Berger AG and the Group for the 2006 financial year, as well as the proposal of the Executive Board on the appropriation of profits, and dealt with these matters in its meeting on March 14, 2007. This meeting was attended by the external auditors in the persons of two of the signing auditors, who explained their audit of the individual and consolidated financial statements as well as answering the Supervisory Board's questions. The Supervisory Board was convinced that the

audit by the external auditors was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditors. Following the final results of the Supervisory Board's own examination carried out on this basis, no objections were to be made. At its meeting held on March 14, 2007, the Supervisory Board approved the financial statements of the Company and the Group and the management reports for the 2006 financial year as submitted by the Executive Board. The Company's financial statements have thus been adopted. The Supervisory Board consents to and adopts the Executive Board's proposal on the appropriation of profits.

Due to the demands of his position as Chairman of the Executive Board of MTU Aero Engines Holding AG, a company listed in Germany's MDAX index, Mr. Udo Stark resigned from his position as Chairman of the Supervisory Board with effect as of the end of the Annual General Meeting on May 18, 2006. On the same day, the Supervisory Board elected Mr. Bernhard Walter, former Speaker of the Executive Board of Dresdner Bank AG, as its Chairman.

In its meeting on December 7, 2006, the Supervisory Board appointed Mr. Kenneth D. Reid as a member of the Executive Board with effect as of January 1, 2007.

The Supervisory Board hereby expresses its sincere thanks to the Executive Board and all of the Company's employees for their individual efforts in the year 2006.

Mannheim, March 14, 2007



Bernhard Walter  
Chairman of the Supervisory Board

## Overview of 2006

Bilfinger Berger continued its successful development in 2006. Our business volume grew significantly once again. Operating profit and net profit increased substantially, while the return on capital employed surpassed our target by far.

---

In the Civil business segment, the growth in orders received was the result of strong demand in our international markets.

- In Australia, we secured several important large-scale projects for the expansion of the country's transport infrastructure.
- Our construction expertise and our concessions know-how ideally complement each other. This is a major strategic advantage with large infrastructure projects.
- Demand is also lively in Europe outside Germany, especially in Scandinavia, where we have established a good market position in a comparatively short time.
- In Germany, price levels in public-sector construction are still unsatisfactory, despite the economic upturn, so we are continuing with our selective approach in this market.

---

In the Building and Industrial business segment, we have an excellent position in our core markets of Germany, Australia and Nigeria.

- In Germany, demand for commercial building construction has revived and led to increased orders received. Our comprehensive approach combining consulting, construction and services over the whole life cycle of a building gives us important competitive advantages.
- Our building-construction business in Germany is also benefiting from growing acceptance for private-sector concession models.
- In Australia, we have successfully consolidated our activities in the field of building construction. This business now offers good prospects once again.
- In Nigeria, our associated company Julius Berger Nigeria is profiting from ongoing strong demand from private clients in the oil and gas industry.



---

Our Services business segment is focused on its divisions of Industrial Services, Power Services and Facility Services. All of the segment's divisions are enjoying strong growth, and significantly surpassed their targets also in 2006.

- Bilfinger Berger Industrial Services, formerly Rheinhold & Mahla, is one of Europe's market leaders for repairs and maintenance in the processing industry.

With the acquisition of the British Salamis Group, we have expanded our activities in the field of repairs and maintenance for North Sea gas and oil rigs.

- Bilfinger Berger Power Services provides services in the power-plant sector including repairs, maintenance, efficiency enhancements, life-time extensions and the supply of components.

Following the acquisition of the company Essener Hochdruck-Rohrleitungsbau, we are now able to offer the entire value chain for complex power-plant piping systems – from design, delivery and installation to repair, maintenance and turnarounds.

- Together with our building-construction units, Bilfinger Berger Facility Services offers a wide range of services ranging from advice, design and financing through construction, maintenance and operation to property and asset management.

With the acquisition of the Ahr Group, we have expanded our activities to include services in the health sector.

---

Our Concessions business segment continues to concentrate on transport infrastructure and public-sector building construction. Our projects attain stable cash flows and attractive returns on equity over their lifetimes.

- During 2006, we secured three large private-sector road projects in Canada, Northern Ireland and Norway.
- We participate solely in models with limited risks related to traffic volumes. Investments in toll projects have either been sold or written off.
- In the field of public-sector building construction, we gained an order for the private-sector realization of a prison in Germany. This is the first time in the country that all non-statutory construction and operation services have been fully privatized. Furthermore, we have been selected as a preferred bidder for three school projects in the United Kingdom.
- In the year under review, we sold our investments in three private-sector building-construction projects and one infrastructure project for very satisfactory prices.
- Our concessions portfolio offers excellent earnings prospects. Its market value is several times the book value of paid-in capital.

## The Bilfinger Berger Group

### Business activities and strategy

As a construction and services group with global operations, Bilfinger Berger offers holistic solutions in the fields of real estate, infrastructure, industry and power-plant services. We effectively pursued our long-term corporate strategy once again during the year under review, and further strengthened our position as an internationally active Multi Service Group.

The focus of activities for our Civil business segment is on international markets, including Australia, European and African countries, North America and the Persian Gulf region. Our technical expertise and ability to independently manage major infrastructure projects are recognized by public-sector clients and are an important foundation of our success. The segment's divisions have their own specialties, and close cooperation with the regional units makes these skills widely available.

The Building and Industrial segment comprises our Building division in Germany as well as the building and industrial activities of our subsidiaries and associated companies in Australia and Nigeria. Most of our business in this segment is for private-sector clients. We adopt a holistic approach, combining advice, consulting, design, turnkey construction, development, financing, maintenance and operation. With this business model, we develop a broad spread base of customer relations and differentiate ourselves from the competition.

The Services business segment is divided into Industrial Services, Power Services and Facility Services. The Industrial Services division offers

its clients in the processing industry comprehensive services for the repair, maintenance and modernization of their production facilities. Power Services' activities range from repair and maintenance to efficiency enhancements and lifetime extensions for power plants as well as the supply of components for plant engineering. Facility Services provides services connected with real estate, ranging from individual solutions to integrated services. We undertake challenging tasks in the health sector as well as the maintenance and operation of complex building equipment or the portfolio and asset management of whole groups of real-estate properties.

The Concessions business segment encompasses Bilfinger Berger's private-sector concessions business. The segment concentrates on transport infrastructure and public-sector building construction. Its key markets are Australia, the United Kingdom, other countries of the European Union, Germany and Canada.

### Strategy for the enhancement of earnings quality and enterprise value

The prime goal for our further development remains the sustained enhancement of earnings quality and enterprise value. We will therefore continue our expansion in the high-margin services business and achieve a lasting improvement in the profitability of our construction business. With the expansion of our private-sector project portfolio, the return on capital employed continues to be the decisive criterion.

In addition to EBITA as a key performance indicator for measuring the success of our operating units, we evaluate the financial success of the business segments and the Group with the help of our system of return-on-capital-employed controlling.

## Structure of the business segments

Civil	Building and Industrial	Services	Concessions
Bilfinger Berger Civil	Bilfinger Berger Building	Bilfinger Berger Industrial Services	Bilfinger Berger BOT
Bilfinger Berger Environment		Bilfinger Berger Power Services	
Bilfinger Berger Road		Bilfinger Berger Facility Services	
Hydrobudowa			
Razel			
Bilfinger Berger Nigeria			
	Fru-Con		
Bilfinger Berger Australia			

### High customer benefits from a comprehensive range of services

As a Multi Service Group, we offer our clients complete solutions to their problems. Expertise in construction and operation ideally complement each other and allow us to adopt a professional and appropriate approach to all aspects of a project over its entire life cycle. This applies to large infrastructure projects in Germany or abroad as well as to the services that we offer our real-estate clients.

### Profit centers and central monitoring

Bilfinger Berger AG is a stock corporation under German law. The management bodies of the Company are the Executive Board, the Supervisory Board and the Annual General Meeting. The Group is managed in accordance with both German and international standards. Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006 (see page 30), with one necessary exception. Our operational business is organized in a decentralized manner. Branches, subsidiaries and associated companies act as independent profit centers. Control and monitoring functions are based on a uniform reporting system throughout the Group, close support from higher-ranking units, and an effective risk-management system.

## Economic environment

### Economic developments

The world economy continued to grow in the year 2006 at an overall rate of 5.1%. Economic developments compared with the prior year were mainly positive in Bilfinger Berger's key markets.

In the euro zone, gross domestic product increased by 2.7%, not quite equaling the growth rate for the global economy. In Germany, the economic upswing accelerated considerably last year, aided by ongoing rises in exports but increasingly also by improved domestic demand. Real gross domestic product increased by 2.7%, which led to increasing tax revenue for the federal government, the federal states and the municipalities, as well as higher levels of employment. The French economy expanded at rate of 2.2%, primarily driven by private consumption. The United Kingdom recorded solid growth of 2.8% in 2006; companies continued their high investment rates against a backdrop of healthy profits and high utilization of capacity. Economic growth was particularly strong in Sweden at 4.0%, with strong support from an expansionary monetary policy. In Norway, GDP increased by 3.0%. Growth in Poland reached 5.2% – due not least to the country's entry into the European Union.

Economic expansion in the United States slowed down somewhat during 2006. Higher interest rates increasingly placed a burden on investment and consumption. Nonetheless, over the year as a whole, GDP still grew by 3.4%.

The Australian economy is enjoying a long growth phase, with a GDP increase of 3.1% last year. This stable development is due in particular to the ongoing strong global demand for raw materials. Investment sentiment is very confident, inflation remained moderate, and the unemployment rate is still low.

### Construction industry

The year 2006 brought the long-awaited turnaround in Germany's construction industry. Construction orders received increased once again after falling for eleven consecutive years; the total volume of €46 billion was 5.1% higher than in 2005. Sales revenues were also higher, increasing by 9.2% to €81 billion. The number of persons employed in the construction industry stabilized at approximately 710,000.

The revival of demand was apparent in all construction sectors, although commercial construction drove the upswing. Against a backdrop of positive overall economic developments, investment in replacement and expansion gained importance once again. In the sector of residential construction, there were exceptional positive effects from the abolition of certain tax benefits for home ownership and pull-forward effects from the increase in value-added tax effective January 1, 2007. Slight growth rates were also recorded for public-sector construction as a result of the improved revenue situation of federal government, federal states and municipalities, although the level of prices was still unsatisfactory.

The main association of the German construction industry anticipates growth of approximately 3.5% in 2007, whereby economic stimulus in western Germany will be stronger than in the east of the country. However, the difference is now significantly smaller than in previous years.



#### Gross domestic product – growth by region

%	2006	2005
Germany	2.7	0.9
Europe	2.7	1.5
United States	3.4	3.5
Australia	3.1	2.6

In France, demand for civil-engineering work grew more slowly in 2006 than in previous years, a trend that will continue. With the benefit of EU development funds, investment in Poland was primarily in road building and in the water-supply and waste-water infrastructure. In Hungary, the expansion of the transport infrastructure was continued, and additional major projects are in the pipeline. Investment in the transport infrastructure has also been high in Sweden and Norway, and this investment will continue, if not at quite the same rates as hitherto.

Australia is experiencing ongoing strong demand for ambitious civil-engineering work, while the growth rates of recent years in the sector of commercial construction are likely to gradually fall. In North America, infrastructure investment has reached high levels and will continue rising in the coming years. Construction markets in the oil-exporting countries are profiting from the growing demand for energy and rising oil prices; substantial funds are being invested in improving their transport and utility infrastructures.

#### Services

In Germany and the other countries of Europe, the investment slowdown in the processing industry is now coming to an end, leading to strong demand for industrial services. In Australia, the main stimulus is from utility improvements and the raw-material sector. In the United States, the positive economic situation is creating stable demand for industrial services.

The global increase in demand for energy is leading to high capital expenditure for the new construction and rehabilitation of power plants in Germany and many other countries. Increasingly strict environmental-protection regulations are an additional strong growth driver for power-plant services in numerous international markets.

The volume of externally sourced real-estate services is increasing in Germany. In the past, infrastructure services accounted for most of this market, but the importance of sophisticated technical and commercial facility management is rising steadily. The trend towards purchasing complete packages from one source is continuing. This will accelerate the process of consolidation in the sector, which is dominated by small and medium-sized enterprises.

#### Legal framework

The legal framework for the Group's activities in Germany and abroad did not change significantly in 2006.

## Business developments

---

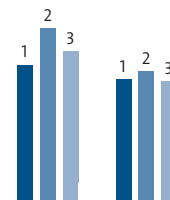
- **Output volume, orders received and order backlog reach record levels**
  - **EBITA and net profit rise faster than volume of business**
  - **Repeated high volume of cash flow from operating activities**
- 

Bilfinger Berger substantially expanded its business volumes and significantly increased its earnings in the year under review.

Output volume rose to € 7,936 million, which was 12% higher than in 2005. The proportion of output volume generated in international markets was the same as in the prior year at 66%. The domestic construction business accounted for 18% of the Group's output volume (2005: 19%), while the services business in Germany accounted for 16% of the total (2005: 15%).

Orders received increased by 33% to € 10,000 million, primarily due to new major orders in the Civil business segment and the dynamic growth of services activities. The order backlog increased by 25% to € 8,747 million. Output volume, orders received and order backlog thus reached new record levels in the history of our Company in 2006.

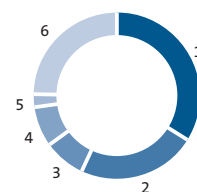
### Output volume, orders received, order backlog



€ million	2006	2005	Δ in %
1 Output volume	7,936	7,061	+12
2 Orders received	10,000	7,545	+33
3 Order backlog	8,747	7,001	+25

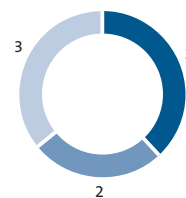
### Output volume by region

€ million	2006	2005	%
1 Germany	2,720	2,390	34
2 Rest of Europe	1,828	1,500	23
3 America	633	540	8
4 Africa	587	681	8
5 Asia	183	139	2
6 Australia	1,985	1,811	25
	<b>7,936</b>	<b>7,061</b>	<b>100</b>



### Output volume by business segment

€ million	2006	2005	%
1 Civil	2,973	2,747	38
2 Building and Industrial	2,069	2,081	26
3 Services	2,881	2,250	36
Consolidation, other	13	-17	
	<b>7,936</b>	<b>7,061</b>	<b>100</b>



**Operating profit / EBITA**

€ million	2006	2005
Civil	+ 43	+ 50
Building and Industrial	+ 22	- 14
Services	+ 123	+ 90
Concessions	- 4	+ 4
Consolidation, other	- 4	- 15
<b>Group</b>	<b>+ 180</b>	<b>+ 115</b>

**Consolidated income statement (abridged)**

€ million	2006	2005	
Total revenues	7,502	6,208	
Costs of materials and personnel	- 6,766	- 5,585	
Depreciation	- 99	- 92	
Other operating expenses/income	- 457	- 416	
<b>EBITA</b>	<b>180</b>	<b>115</b>	
Amortization of goodwill and other intangible assets from acquisitions	- 10	- 6	
<b>EBIT</b>	<b>170</b>	<b>109</b>	
Net interest result	3	6	
<b>Earnings before taxes</b>	<b>173</b>	<b>115</b>	
Taxes on income and earnings	- 77	- 42	
<b>Earnings after taxes</b>	<b>96</b>	<b>73</b>	
Minority interests	- 4	- 7	
<b>Net profit</b>	<b>92</b>	<b>66</b>	
Average number of shares	in thousands	37,196	37,005
Earnings per share	in €	2.48	1.80

**EBITA and net profit increase faster than volume of business**

Bilfinger Berger increased its EBITA to € 180 million in 2006 (2005: € 115 million). This success was due above all to significantly higher operating profit in the Services and Building and Industrial business segments. The write-off of two toll projects was nearly offset by capital gains on the sale, undertaken on the basis of portfolio policy, of four private-sector concession projects. There was also a gain on the sale of the Ship Technologies unit, which was no longer a part of the core business. Net profit after taxes and minority interest increased to € 92 million (2005: € 66 million).

Total revenues as shown in the income statement increased by € 1,294 million or 20.8 % to € 7,502 million (2005: € 6,208 million). In addition to organic growth, this was also due to acquisitions in the Services business segment. The figure does not include our share of the output volumes generated by joint ventures. This is the main reason for the difference between sales revenues as shown in the income statement and the total output volume of € 7,936 million shown in the Management Report.



The costs of materials, subcontractors and personnel as a proportion of total revenues remained nearly constant at 90.2 % (2005: 90.0 %).

Depreciation of property, plant and equipment increased in absolute terms to € 99 million (2005: € 92 million), but in relation to total revenues it decreased to 1.3 % (2005: 1.5 %).

The balance of other operating expenses and income increased by € 41 million to € 457 million (2005: € 416 million), but as a proportion of sales revenues it decreased to 6.1 % (2005: 6.7 %). The other operating income included in this balance increased significantly by € 71 million to € 200 million (2005: € 129 million). The most important reason for this increase was capital gains from the sale of concession projects and the Ship Technologies unit. Other operating expenses increased to € 657 million (2005: € 545 million), and included the impairments recognized on two toll projects totaling € 63 million.

The overall profit contribution from the construction business showed a strong improvement compared with 2005. The Civil business segment's EBITA of € 43 million (2005: € 50 million) was slightly lower than expected due to additional costs incurred for the completion of the Maumee River Crossing project in the United States. The Building and Industrial business segment delivered a significantly positive EBITA of € 22 million; the result of minus € 14 million in 2005 was due to charges from the business in Australia. The result in 2006 reflects another good contribution from the German Building division, which again improved its profitability in a difficult market environment.

The results of the Services business segment again exceeded its targets. With EBITA of € 123 million (2005: € 90 million), the segment was the Group's most important source of earnings also in 2006. In addition to organic growth of approximately 10 %, the increase was primarily due to the effects of first-time consolidation.

The Concessions business segment almost broke even, contributing EBITA of minus € 4 million (2005: plus € 4 million) despite the write-off of the toll projects Cross City Tunnel in Sydney and Herren Tunnel in Lübeck totaling € 63 million and high expenses for intensive bidding activities. This was mainly the result of capital gains on projects that we sold as part of our portfolio policy and because of the secondary market's extremely lively demand at present. To assess our success in the concessions business, we consider not only the current earnings, but also the annual change in the present value of future cash flows. The development of the value of our BOT portfolio is explained in detail in the section of the Annual Report dealing with the Concessions business.

EBITA not allocated to the business segments (Consolidation/other) improved to minus € 4 million (2005: minus € 15 million) due to the capital gain on the sale of the Ship Technologies unit. This was partially offset by the startup expenses of our Road division, which is now being built up.

Amortization of intangible assets from acquisitions in accordance with IFRS 3 / IAS 36 totaling € 10 million (2005: € 6 million) primarily relates to capitalized items from acquired order backlogs and long-term customer relations from acquisitions in the Services business segment. The impairment tests carried out for goodwill did not result in any write-downs.

The balance of current interest income and interest expenses rose by € 4 million. Gains on sales of securities fell by € 1 million. Current interest income thus increased by € 3 million as compared to the prior year. A counter-effect was brought about by the € 6 million in interest expenses for minority interests, which, in accordance with IAS 32, for the first time are shown as liabilities due to contractual arrangements, in particular put options. Previously, these amounts were included in minority interest, so the reallocation has no effect on net profit after minority interests. In total, net interest income as compared to the previous year fell to € 3 million (2005: € 6 million).

Earnings before taxes amounts to € 173 million (2005: € 115 million). Income taxes increased at a disproportionately high rate to € 77 million (2005: € 42 million). On the one hand, impairments recognized in the concessions business totaling € 63 million are not tax deductible. On the other hand, the capital gains realized on the

sale of concession projects and of the Ship Technologies unit led to a lower effective tax rate. Adjusted for these special items, the effective tax rate was approximately 37%, as in the prior year.

After deducting minority interests of € 4 million (2005: € 7 million), net profit amounts to € 92 million (2005: € 66 million). This represents earnings per share of € 2.48 (2005: € 1.80).

#### **Increased dividend proposal of € 1.25 per share**

The net profit for 2006 of Bilfinger Berger AG, whose company financial statements are prepared in accordance with the regulations of the German Commercial Code, amounts to € 51.5 million (2005: € 42.2 million). Of this amount, € 5.0 million was allocated to retained earnings, as in the prior year, resulting in distributable profits of € 46.5 million (2005: € 37.2 million).

A proposal for the distribution to the shareholders of an increased dividend of € 1.25 will be made. This will amount to a total dividend of € 46.5 million. The pay-out ratio for 2006 will then be approximately 50 % of the Group's net profit.

## Group cost of capital

%	2006
Risk-free interest rate	5.0
Market-risk premium	4.5
Beta factor	0.9
<b>Cost of equity capital after taxes</b>	<b>9.1</b>
Cost of borrowed capital before taxes	5.5
Tax-reducing effect of interest on borrowed capital (tax shield)	-1.9
<b>Cost of borrowed capital after taxes</b>	<b>3.6</b>
Proportion of equity capital	60.0
Proportion of borrowed capital	40.0
<b>Cost of capital after taxes</b>	<b>6.9</b>
Income tax rate	35.0
<b>Cost of capital before taxes (WACC)</b>	<b>10.5</b>

## Weighted average cost of capital in the business segments

%	2006
Civil	13.0
Building and Industrial	13.0
Services	9.0
Concessions	9.8

## Improved system of return-on-capital-employed controlling and updated cost-of-capital rate

One of the key financial controlling methods at the Bilfinger Berger Group is our system of return-on-capital-employed controlling. With this method, the value added of our business segments and the Group are measured. Capital is employed where it can create the greatest benefit for the Company.

The basic idea behind this concept is that positive value added is only achieved for the Company when the return on capital employed (ROCE) exceeds the cost of capital.

Capital employed comprises all of the Group's assets, including cash and marketable securities, each calculated as the annual average from the figures used in our year-end and quarterly financial statements.

Return is derived from EBITA. In the Concessions business segment, in addition to current earnings, the increase in the net present value of the concessions portfolio is also taken into consideration in the calculation of return.

The allocation of Group figures and cost of capital to the business segments follows the methodology of our segment reporting (see page 104).

Cost of capital is calculated as a weighted average of cost of equity and debt according to the WACC method (weighted average cost of capital). Until 2005, for the Bilfinger Berger Group, the WACC amounted to 11.0% before taxes, and this rate was also specified for all of the business segments. For the Bilfinger Berger Group, we now have a WACC of 10.5% before taxes.

In order to more accurately reflect the various risk profiles of the business segments, we have calculated specific cost-of-capital rates for our business segments.

Details and explanation of the calculation are given on pages 146-148 of this Annual Report.

Value added	Capital employed € million		Return € million		ROCE %		Cost of capital %		Value added € million	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Civil	375	390	54	61	14.5	15.7	13.0	11.0	5	18
Building and Industrial	133	160	40	2	29.6	1.3	13.0	11.0	22	-15
Services	783	619	123	90	15.8	14.6	9.0	11.0	53	22
Concessions	85	123	10	14	11.6	11.3	9.8	11.0	2	0
<b>Total of segments</b>	<b>1,376</b>	<b>1,292</b>	<b>227</b>	<b>167</b>	<b>16.5</b>	<b>13.0</b>	<b>10.5</b>	<b>11.0</b>	<b>82</b>	<b>25</b>
Consolidation / other	8	99	-2	-16	-	-	-	-	-2	-27
<b>Consolidated Group</b>	<b>1,384</b>	<b>1,391</b>	<b>225</b>	<b>151</b>	<b>16.3</b>	<b>10.9</b>	<b>10.5</b>	<b>11.0</b>	<b>80</b>	<b>-2</b>

### High value added achieved

The value added in absolute terms for the business segments and the Group is not directly comparable with the 2005 values due to the differentiated WACCs for the business segments, now used for the first time, and the reduction to 10.5% of the cost-of-capital rate for the Group as a whole.

The Group's ROCE increased to 16.3% (2005: 10.9%), which led to a significant value added of € 80 million.

The Civil business segment's capital employed decreased slightly, and with lower EBITA than in the prior year, ROCE fell to 14.5% (2005: 15.7%). Value added amounted to € 5 million. We anticipate increasing value added contributions from this segment in the future.

The Building and Industrial business segment contributed significant value added of € 22 million, following a negative contribution in 2005 due to charges from the business in Australia. ROCE of 29.6% was well above the cost of capital. We continue to expect high contributions to value added from this segment.

The Services business segment continues to account for the largest share of capital employed

at the Group. In the year under review, it increased again to € 783 million (2005: € 619 million), mainly due to acquisitions. This figure includes goodwill of approximately € 550 million (2005: € 395 million). ROCE increased to 15.8% (2005: 14.6%). The segment delivered the highest value added in the Group of € 53 million.

In the Concessions business segment, despite new investment, capital employed decreased to € 85 million (2005: € 123 million) as a result of writing off two toll projects and selling four concession projects. In order to calculate value added, we calculate the return with the inclusion of the portfolio's increase in value compared with a year earlier. The calculation of the increase in value, which amounted to € 24 million in 2006 (2005: € 10 million), is explained in detail in the section of this Annual Report on concession projects. Due to disposals and impairments, the increase in value taken into consideration for the calculation of return in the prior years had to be corrected by minus € 10 million. The business segment generated a ROCE of 11.6% in 2006 (2005: 11.3%).

The total value added of the business segments amounts to € 82 million. The negative contribution to value added from the headquarters and from consolidation effects was reduced in 2006 due to the sale of the Ship Technologies unit.



### Structure of consolidated balance sheet

Assets	2005	2006	2006	2005	Equity and liabilities
€ million					€ million
		5,129	5,129		
	4,357	783	2,584	4,357	
Cash and marketable securities	832	1,502		2,259	Current liabilities <sup>1</sup>
Other current assets	1,188				
		393			
Inventories	385	2,451	827		Non-recourse debt
Non-current assets	1,952			495	
			352	284	Non-current liabilities <sup>2</sup>
			160	130	Provisions for pensions
			1,206	1,189	Shareholders' equity

<sup>1</sup> Thereof, financial liabilities € 48 million (2005: € 41 million)

<sup>2</sup> Thereof, financial liabilities € 91 million (2005: € 87 million)

### Structure of Concessions balance sheet

Assets	2005	2006	2006	2005	Equity and liabilities
€ million					€ million
		1,026	1,026		
Other assets		97	102		Other liabilities
	702	36	820	702	
	57	893		32	Non-recourse debt
Other financial assets	120			495	
	525				Financed by Bilfinger Berger AG
Receivables from concession projects			104	175	

The structure of the balance sheet in the Concessions business segment clearly shows the increasing influence of the segment on our consolidated balance sheet.

### Unchanged good financial situation and sound capital structure

Compared with the prior year, the balance-sheet total increased by € 772 million to € 5.1 billion (2005: € 4.4 billion). Approximately € 320 million of this increase was caused by the organic growth of the concessions business and € 180 million by the targeted expansion of our services business through acquisitions.

On the assets side, the increase in intangible assets by € 146 million was mainly due to goodwill from new acquisitions.

Due to the general expansion of our business, property, plant and equipment increased by € 95 million to € 607 million (2005: € 512 million).

The increase in financial assets by € 265 million to € 977 million (2005: € 712 million) reflects the expansion of our concessions business (plus € 284 million). Of the € 977 million total, € 929 million (2005: € 645 million) is accounted for by this business segment. This breaks down into € 893 million (2005: € 525 million) of receivables from concession projects and € 36 million (2005: € 120 million) of other financial assets.

The decrease of € 34 million in investment properties due to the sale of the Specks Hof real estate property in Leipzig had an opposing effect on financial assets.

In total, non-current assets including deferred tax assets increased by € 499 million to € 2.451 (2005: € 1.952 million).

Under current assets, inventories remained nearly unchanged at €393 million (2005: €385 million), despite the increased volume of business. However, receivables and other current assets increased by €314 million to €1,502 million (2005: €1,188 million).

Despite substantial investment, cash and marketable securities once again reached a high level of €783 million (2005: €832 million). Financial liabilities – excluding project financing on a non-recourse basis – amounted to €139 million (2005: €127 million). Non-recourse debt, for which the Group is not liable, increased in line with receivables from concession projects to €827 million (2005: €495 million). Of the €827 million, €820 million is accounted for by the financing of concession projects.

Provisions for pensions increased by €30 million to €160 million (2005: €130 million), mainly due to first-time consolidation effects. The pension provisions of Bilfinger Berger AG are not included in this amount, as they are netted off with the plan assets of the contractual trust arrangement and the provident fund.

Other non-current liabilities increased by €50 million to €67 million (2005: €17 million). They primarily comprise liabilities relating to put options of minority interests as well as the market valuation of derivatives.

Deferred tax liabilities increased to €94 million (2005: €74 million).

The increase in short-term accruals to €496 million (2005: €470 million) was mainly a result of provisions for taxes.

Other current liabilities rose in line with the increase in current receivables and other assets to €2,041 million (2005: €1,748 million).

Shareholders' equity increased to €1,206 million (2005: €1,189 million). The equity ratio amounted to 24% (2005: 27%). The elimination of non-recourse debt, which has the effect of extending the balance sheet, would result in an equity ratio of 28%.

#### **Repeated high volume of cash flow from operating activities**

Cash earnings rose to €280 million in 2006 (2005: €183 million). After deducting gains on the disposal of non-current assets and considering changes in working capital, the cash flow from operating activities increased to €207 million (2005: €188 million). The increase compared with the prior year was the result of repeated high advance payments in the fourth quarter of 2006.

€136 million (2005: €106 million) was invested in property, plant and equipment. The disposal of property, plant and equipment yielded proceeds of €23 million (2005: €32 million), resulting in a net cash outflow of €113 million (2005: €74 million).

Proceeds from the disposal of financial assets increased sharply to €177 million (2005: €66 million). There was a cash inflow of €33 million from the sale of the investment property Specks Hof, Leipzig. A total of €95 million resulted from the sale of four concession projects: The Westlink M7 in Sydney, the British Embassy in Berlin, and Hull Maternity Hospital and North Wiltshire Schools in the United Kingdom. There were proceeds of

## Statement of cash flows

€ million	2006	2005
<b>Cash earnings</b>	<b>280</b>	<b>183</b>
Changes in working capital	22	31
Gains on disposals of non-current assets	- 95	- 26
<b>Cash flow from operating activities</b>	<b>207</b>	<b>188</b>
Investments in tangible and intangible assets	- 136	- 106
Proceeds from the disposal of property, plant and equipment	23	32
<b>Net payments for tangible and intangible assets</b>	<b>- 113</b>	<b>- 74</b>
<b>Proceeds from the disposal of financial assets</b>	<b>177</b>	<b>66</b>
<b>Free cash flow</b>	<b>271</b>	<b>180</b>
<b>Investments in financial assets</b>	<b>- 234</b>	<b>- 228</b>
<b>Cash flow from financing activities</b>		
Dividend distribution	- 37	- 37
Borrowing (+) / repayment of loans (-)	- 8	4
Special contribution to plan assets	- 35	- 17
Proceeds from capital increase	0	1
	<b>- 80</b>	<b>- 49</b>
<b>Other adjustments</b>	<b>- 6</b>	<b>15</b>
<b>Changes in cash and marketable securities</b>	<b>- 49</b>	<b>- 82</b>
Cash and marketable securities at January 1	832	914
<b>Cash and marketable securities at December 31</b>	<b>783</b>	<b>832</b>

€ 30 million from the sale of Ship Technologies, and an additional € 19 million primarily due to payments received for disposals in the prior year. This results in a free cash flow of € 271 million (2005: € 180 million).

The volume of investment in financial assets of € 234 million was similar to the prior year (€ 228 million); € 182 million of the total was accounted for by acquisitions. The major acquisitions in 2006 were Essener Hochdruck-Rohrleitungsbau GmbH in Essen, Germany, Salamis Group Limited in the United Kingdom and the Ahr Group in Oberhausen, Germany. We paid capital of € 18 million into concession companies. In addition, loans of € 34 million were granted to concession companies.

The cash outflow for financing activities amounted to € 80 million (2005: € 49 million), of which the dividend distribution accounts for € 37 million, as in the prior year. € 8 million was for the repayment of debt. A further € 35 million was applied for a special contribution to plan assets to fund pension obligations. This amount replaces real-estate properties originally placed into the contractual trust arrangement, which were transferred to Bilfinger Berger Real Estate GmbH & Co. KG.

Exchange-rate changes led to a nominal increase in cash and marketable securities of € 6 million (2005: increase of € 15 million).

Financial resources, comprising cash and marketable securities, amounted to € 783 million (2005: € 832 million) at the end of the year.

# Development of the business segments

## Civil

- **High growth rates in orders received internationally**
- **Market position in Scandinavia further expanded**
- **Buoyant demand in Australia**

With 80% of its business done outside Germany, the Civil business segment has a particularly strong international alignment. The focus of our activities is on major infrastructure projects which we carry out for public clients within the framework of concession models.

The international alignment in our civil engineering business is accommodated through a flexible and efficient divisional structure. On the one hand, we can apply our expertise in all markets without the need to maintain a presence in each country. On the other hand, we are in a position to offset, to a large extent, any swings in demand in the individual regions. Australia and Europe have now stepped in to replace Asia, which years ago was an important market. We have also once again secured larger projects in the Persian Gulf States.

The basis for the positive developments in this segment is our technical competence and the ability to carry out complex construction tasks. Additionally, in the Civil segment, we benefit from synergies with other business segments. The fact that construction and operating competences complement each other so well is an important strategic advantage in the competition for major infrastructure projects. The demand for privately-financed solutions has increased further in our international markets so that we can now show significant orders received on this basis.

Output volume in the Civil business segment reached € 2,973 million in the previous financial year, orders received were up by 53% to € 4,580 million. This strong rate of growth can be traced to lively demand for infrastructure projects in our international markets, particularly in Australia. Order backlog at the end of the year, at € 4,706 million, exceeded the level of the previous year by 41% – a solid foundation for the future development of our business. EBITA, at € 43 million (2005: € 50 million), was slightly below expectations due to additional costs incurred during the completion of the Maumee River Crossing project in the United States.

Due to the starting up of several major international projects, capital expenditure on property, plant and equipment rose to € 73 million (2005: € 65 million). The number of employees in the Civil segment fell to 14,628 as of the reporting date.

### **Australia – high demand in the expansion of traffic infrastructure**

The volume of business in Australia, the Group's largest market for civil engineering activities, expanded further in 2006. There we are profiting from continued high demand in road construction. In Brisbane alone, we obtained orders for major transport projects totaling more than € 1 billion over the course of the year: We are involved in realizing the North-South Bypass, a 5.2-kilometer highway connecting suburbs in the

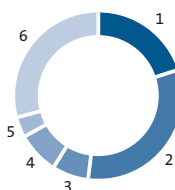


## Key figures for Civil

€ million	2006	2005	Δ in %
Output volume	2,973	2,747	+ 8
Orders received	4,580	2,984	+ 53
Order backlog	4,706	3,344	+ 41
Capital expenditure	73	65	+ 12
Depreciation	52	48	+ 8
EBITA	+ 43	+ 50	- 14
Employees (number at December 31)	14,628	23,480	- 38

## Civil: Output volume by region

€ million	2006	2005	%
1 Germany	602	551	20
2 Rest of Europe	942	859	32
3 America	211	194	7
4 Africa	255	315	8
5 Asia	112	83	4
6 Australia	851	745	29
	<b>2,973</b>	<b>2,747</b>	<b>100</b>



north and the south of the city. At the heart of the project is the construction of two parallel tunnels, each of which contains two traffic lanes. And, in addition, we received an order to upgrade the Gateway Motorway. This project comprises the construction of a sophisticated new bridge structure, the refurbishment of an existing bridge and the widening of a 20-kilometer section of highway.

As a result of the high demand on the fifth continent, contract forms which are geared toward a partnership between client and contractor have gained in importance. A so-called alliance contract is used for projects in which the scope of the services to be provided is not clear from the very beginning and instead is determined by the client and the contractor over the course of the project. This ensures that decisions are made quickly in the construction phase and eliminates any later legal entanglements. We are now carrying out several major projects on this basis. Of particular note in this regard is the order, received in the reporting period, for the design and construction of the seven-kilometer long Tugun Bypass, a highway section on the Gold Coast in the eastern part of the country. At the center of the project, with a volume of € 200 million, is a technically demanding tunnel structure which is to be built using the top down construction method. After completion, we will also take over the maintenance of the highway section.

The Australian civil engineering market offers good prospects, important new infrastructure projects are about to enter the bidding process. We want to continue to participate in the positive civil engineering demand in Australia to an above-average degree.

### **North America – technically demanding projects create market opportunities**

The North American market is characterized by a stable economic environment, investments in infrastructure remain at a high level. The number of companies bidding for projects with a high degree of technical complexity is relatively low. In addition, the financial strength of our Group makes it easier to receive the surety bonds and bank guarantees necessary to secure orders.

Our new major projects in North America are proceeding successfully. There we work closely with local building contractors. We contribute our leadership expertise and our technical competence and our partners contribute their regional resources. In Portland, Oregon, we are currently building the Big Pipe Tunnel which serves as an overflow reservoir after heavy rainfalls, thus contributing to the floodwater protection of the region. In Vancouver, Canada, work on the Golden Ears Crossing Bridge began in the year under review, a structure we are building as a public private partnership.

North America is an interesting market for civil engineering. Based on our technical competence and our financial strength, we expect a positive development in our business there.

### **Nigeria – pent-up demand in infrastructure expansion**

In Nigeria, rising oil prices have allowed for a significant drop in the national debt, improving the government's budget situation. The country will use a part of the funds to reduce pent-up demand in the infrastructure. The focus in this, the most populous country in Africa will be on road and railroad construction, water supply and disposal as well as the expansion and new construction of power plants.

Among our current projects is the four-lane expansion of the East-West Highway near Port Harcourt to a length of 80 kilometers. More than 20 new bridges will be built along the route. We are also playing a leading role in the construction and expansion of highway sections.

### **Persian Gulf States and Middle East – intensive competition in a booming market**

The construction markets in the States surrounding the Persian Gulf are profiting from increasing worldwide demand for energy and high oil prices. The boom will lead to sustained growth in the region. Large investments will be made in improving transport infrastructure and amenity networks. There is, however, a large number of international market participants in competition with one-another.

At the beginning of 2006 we received an order to build a 10-kilometer long section of the city highway in Doha, Qatar. The work is proceeding according to plan. In Fujairah in the United Arab Emirates, Bilfinger Berger is building a sewage treatment plant for 80,000 inhabitants along with the required 200-kilometer long sewer network and house connections.

In Egypt, work on the new weir in the Nile near Naga Hammadi is well advanced. The facility, located 140 kilometers north of Luxor, replaces an 80-year old dam and will provide a secure supply of water and electricity in the future.

Major infrastructure projects will continue to be carried out in the Persian Gulf region, in light of the intensive competition we will move forward selectively there.

### **Europe – strong dynamic, primarily in Scandinavia**

Our civil engineering markets in Europe outside Germany are characterized by an ongoing strong dynamic. Our business volume increased once again in the previous year.

A particular highlight has been Scandinavia. There we have established a good market position in a short period of time. In the expansion of traffic infrastructure in Sweden and Norway, road and rail networks are the primary focus. Our technical expertise has proven to be an important success factor in competition. In the past year we have secured several new orders in Scandinavia, including the design and construction of the Skansenløpet Tunnel in Trondheim. The road tunnel is being built very close to the water using the cut and cover method and runs up to 13 meters below sea level. Below the city center of Malmö we are currently building a 4.6-kilometer long railway tunnel with two tubes. In Norway, in a concessions project based on an availability model, we are carrying out a 38-kilometer long section of the E18 highway between Oslo and Kristiansand, one of the country's main traffic arteries. Construction is being carried out under the auspices of Bilfinger Berger's Civil division and includes numerous bridge and tunnel structures. In July 2006, the opening of the Göta Tunnel was celebrated in Göteborg. We built the main section as technical leader in a joint venture. Spread out over six lanes about 65,000 vehicles travel through the 1.5-kilometer long inner-city tunnel structure on a daily basis. In Scandinavia, continued high investments in transport infrastructure offer us very good prospects, both today and in the future.

In France, demand in civil engineering is showing initial downward tendencies following a period of stable development in recent years. Razel, our subsidiary specialized in earthworks as well as tunneling and bridge construction projects, is playing a leading role in the construction

of the Tamarins highway in the French overseas département of La Réunion. The route of the four-lane highway along the jagged coastal areas of the island requires numerous civil engineering structures. Razel has been awarded, among other things, the order for the construction of a 350-meter long tunnel with two tubes and a 750-meter long bridge, the Viaduc Saint-Paul. Experts from Bilfinger Berger Foundation Engineering are also involved in the execution of the project. In another major project on La Réunion, Razel is working on a water supply system. One focus of the international business in French-speaking Africa is currently Algeria, where the Koudiat Acedoune Dam is being built. In the future, Razel will further intensify its cooperation with the Bilfinger Berger Civil division in order to play an even bigger role on the French market. At the same time we want to apply the company's proven competence in earthworks more forcefully on the international stage.

In Poland, the economic boom is continuing following the country's entry into the European Union. Numerous infrastructure projects, supported by EU funds, are being planned, especially in road construction and in water supply and sewage systems. These plans, however, are being carried out at a much slower pace than expected. In financial year 2006, we received an order for a section of the N 25 national highway including a bridge over the River Warta near Konin. In light of the strong need, we expect a positive development in our Polish civil engineering business in the future. We have focused on civil engineering, roads and bridge construction in Poland. With the Group's own capacity in these areas we are well-aligned for success against competition from the numerous international construction companies represented in this market.

In Hungary, the 58-kilometer long M6 highway south of Budapest, which we carried out as a concessions project, was completed in record time. With this well-received project we have established a foothold in the country and are now involved in the expansion of the subway system in Budapest with initial orders.

In the Alpine countries we concentrate on the execution of major projects, preferably in tunnel construction. Work on our section of the Gotthard Basis Tunnel in Switzerland and on the Wienerwald Tunnel in Austria are proceeding successfully. The upcoming construction of further Alpine routes for road and rail traffic offers us new order opportunities.

The United Kingdom is also an interesting market for technically demanding civil engineering services. In Belfast, we are currently building the Westlink M1 city highway on the basis of a public-private partnership solution.

#### **Germany – unsatisfactory price levels despite positive economic situation**

In Germany, economic data in public-sector building are once again showing growth rates, but on the basis of very low starting values. Despite the positive economic situation, the price levels continue to be unsatisfactory, leading us to continue to acquire selectively.

Our major projects – principal among them the north-south subway in Cologne which is being built in a demanding inner-city location – are proceeding according to plan. In the year under review we completed significant infrastructure measures. One example is the new high-speed ICE rail line between Nuremberg and Ingolstadt which went into operation before the beginning of the football World Cup. Our consortium built the longest section – 35 kilometers – of the rail connection. The order included two large tunnel structures, four major bridges, eleven road bridges and a further 24 smaller railroad bridges.

For the first time, a pre-fabricated solution was used for the superstructure of the hard-surfaced roadway. The extreme precision of the track system makes it possible for trains to reach speeds of up to 350 kilometers per hour. In Mangfalltal near Munich we completed the last 17-kilometer long section of the drinking water gallery six months before the originally scheduled completion date. The structure opens up the wellspring area there, from which the city of Munich public works department obtains about 70% of its drinking water. In the course of the entire project, our Tunneling division successfully drove a 30-kilometer section of tunnel since 1993.

The investment needs for the maintenance and expansion of infrastructure in Germany have grown further. The increase in demand should have a positive effect on the price situation, leading us to expect a revival in our German civil engineering business in the middle term.

#### **Road division – good order backlog in Germany and internationally**

Our still young Road division has a good order backlog both in Germany and internationally. In Germany, the unit is represented by three regional branch offices and concentrates on the execution of larger projects. In highway construction we are currently building several highway sections and parts of national roads. In the expansion of airports, we are taking over significant services in the renewal of runways in places such as the American military airbase in Ramstein and the commercial airports in Leipzig and Dresden. Here, our expertise in the area of concrete slab construction provides us with a decisive competitive advantage. The particular challenge in projects such as these lies in the construction process because interruptions in flight operations must be avoided as far as possible.



Furthermore, the Road division accompanies Bilfinger Berger Civil overseas as a specialist. The two units are cooperating successfully on the extension of the city highway in Doha. In the future, the Road division's business should grow on this basis, above all internationally. So that we can secure further capacity for major infrastructure projects, we acquired a 25% stake in Reinhold Meister GmbH in Hengersberg, Germany in November 2006. The company is specialized in heavy earthworks.

#### **Environmental Technology**

Bilfinger Berger Environmental Technology is specialized in water and sewage technology, reclamation of contaminated sites, landfill and vacuum technology. It offers innovative products, complete turn-key facilities and customer-oriented services from a single source.

At over 70%, the share of international business for water and sewage technology is particularly high. Europe, the African countries bordering the Mediterranean, the Persian Gulf States and China all show high levels of demand for the equipping of sewage treatment plants. In the financial year just ended we completed a larger project in the Chinese metropolis of Shijiazhuang. Following the completion of the sewage treatment plant in the Emirate of Fujairah, which was built together with Bilfinger Berger Civil, the company will take over technical operation for a period of 15 years. In the United States, too, the construction and modernization of sewage treatment plants offers good prospects since in many locations the treatment of sewage no longer complies with environmental standards. Last year, our Fru-Con subsidiary received the order to expand the major sewage treatment plant in Arlington, Virginia and to update the existing technical equipment.

In the clean-up of contaminated sites, in addition to the cleaning of contaminated soil, the treatment of industrial waste is gaining in importance. In the niche market for vacuum

sewage system, we occupy a leading global market position. In the Persian Gulf States, where we have, among other things, supplied the vacuum technology for the artificial island group 'The Palm', we are seeing continued high demand.

#### **Outlook**

In civil engineering, our outstanding technical expertise and the ability to responsibly manage major infrastructure projects are key factors for our success. Our flexible divisional organization provides all the necessary pre-requisites for efficient cooperation within the Group and promotes the trouble-free transfer of knowledge to our international markets. In the future, we will continue to pursue this successful strategy.

Business prospects in our core markets are pleasing: In Australia we intend to participate to a disproportionately high degree in the continued positive development in the civil engineering market. On the North-American market, our technical competence offers us the opportunity to expand further. In the Persian Gulf region we are involved in the execution of important infrastructure projects. In Scandinavia, in light of the sustained high investment level in transport infrastructure, we will further expand our market position. We would like to strengthen the clout of Razel on the French market by closely connecting it to Bilfinger Berger Civil and to put the competence of the company in heavy earthworks to greater use internationally. In Germany, increasing demand in public-sector building will tend to lead to a revival in civil engineering markets.

Overall, for the year 2007, we are planning a rise in output volume and an increase in earnings in the Civil business segment.

## Building and Industrial

- **Revival of demand in Germany**
- **Additional momentum from public-private partnerships**
- **Consolidation in Australia**

Our activities in the Building and Industrial business segment are concentrated on Germany, Australia and Nigeria. The good competitive position in these markets can be attributed to our ability to offer demanding clients much more than just the execution of pure construction tasks. The building construction business in Germany ideally complements our facility services knowledge and our expertise in concessions. On the Australian market we are carrying out successful projects in the health care sector and in the prisons system based on concession models. In Nigeria, too, we are often involved at early stages of projects in a consultative capacity.

Output volume in the Building and Industrial business segment in 2006 was, with € 2,069 million, at about the level of the previous year. Due to our selective approach in the acquisition of new projects in Australia, orders received of € 2,053 million were about 3% below the prior

year level. As planned, order backlog decreased, with the figure of € 1,745 million representing a minus of 16%. EBITA in the business segment, burdened a year earlier by business in Australia, once again achieved a very positive value with € 22 million (2005: minus € 14 million).

Capital expenditure on property, plant and equipment amounted to € 4 million (2005: € 8 million), the size of the workforce, at 3,745 was below the figure for the previous year.

### Germany – life cycle approach as key to success

In 2006, our German Building division was again able to improve its profitability in a difficult market environment and once again made a positive contribution to net profit.

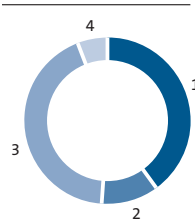
The revival of demand for commercial construction in Germany is having a positive impact on our business. Orders received made a significant jump, particularly in the second half of the year. Here we are increasingly profiting from our comprehensive consulting, building and services competence. Under the i.volution brand, Bilfinger Berger offers its clients individual solutions for every phase of a property's life cycle. Services range from construction, development and design through to operation and revitalization. The interaction between building competence and the Group's own expertise in the area of facility services form the basis for successful development in the German building construction market.

## Key figures for Building and Industrial

€ million	2006	2005	Δ in %
Output volume	2,069	2,081	- 1
Orders received	2,053	2,122	- 3
Order backlog	1,754	2,095	- 16
Capital expenditure	4	8	- 50
Depreciation	5	4	+ 25
EBITA	+ 22	- 14	
Employees (number at December 31)	3,745	9,629	- 61

## Building and Industrial: output volume by region

€ million	2006	2005	%
1 Germany	827	827	40
2 Africa	234	301	11
3 Australia	893	891	43
4 Other regions	115	62	6
	<b>2,069</b>	<b>2,081</b>	<b>100</b>



We have received an order from Deutsche Lufthansa for the construction of a new training center near Frankfurt. Experts from Bilfinger Berger were involved in the project as early as the concept phase and were thereby able, together with the client, to optimize the design, construction process, scheduling and costs. In addition to the most modern training and event facilities, the eight-storey building will also house a business hotel with wellness and catering areas. We were also involved as early as the design phase for the renovation and expansion of the Schloss Fuschl Hotel near Salzburg which was successfully completed in 2006. The client's high demands were fulfilled within a very tight timeframe.

In addition, Bilfinger Berger received several major orders for the construction of retail shopping space in the past year. In Essen we are carrying out turn-key construction on one of the largest inner-city shopping centers in Germany, with room for more than 200 shops and 1,600 parking places. In Passau, turn-key construction is also being carried out on the Stadt-Galerie, with up to 90 shops spread out over three levels. In Duisburg we received the order for the construction of another inner-city shopping center: With 120 shops, the 'Forum' will form a new retail focal point. In this project, too, we provided our

client with competent advice in advance and together optimized the operating costs of the building. In 2006 we successfully completed the remodeling and expansion of the Kaufhof department store on the Alexanderplatz in Berlin while the store remained open for business.

Our building and industrial business in Germany is gaining additional momentum from the growing acceptance of privately-financed concession models. In Chemnitz, we received an order to realize a judiciary center to accommodate the district court and district attorney's office within the framework of a public-private partnership. In Halle an der Saale we are modernizing and operating eight schools. In Burg, near Magdeburg, a new correctional facility is being built using a similar approach. In Unna, the district administration office, which was renovated and expanded by Bilfinger Berger on the basis of a public-private partnership, was handed over to its tenant in the middle of 2006.

The ongoing cooperation with our repeat clients has top priority at Bilfinger Beger. Their satisfaction has a positive effect on the quality of our order backlog. Our German Building division

is also available to our clients as a reliable partner internationally. In this way we completed turn-key construction on a commercial vehicle assembly plant for MAN in Niepolomice, Poland.

#### **Australia – economic downturn expected in commercial construction**

In Australia, demand in residential construction continues to decline, the still relatively good economic situation in commercial construction will likely weaken in the course of 2007.

Output volume at our Australian building-construction unit, in light of the high order backlog, still remains at a high level. Quality is being put before quantity in the acquisition of new projects, which will lead to a clearly positive contribution to earnings from our Australian building construction activities.

In Australia, Bilfinger Beger is currently carrying out construction on the new main building of the University of Sydney, among other things. The largest building project in the history of the



---

university includes the construction of a seven-storey library as well as administration and lecture rooms. In addition, the company has begun to expand the campus of Wollongong University into a research and development center. In the first phase of the contract, an office complex will be built which will later house research facilities.

#### **Nigeria – good position in major projects for the oil and gas industry**

In Nigeria we carry out projects for both the public sector and for industrial clients. The increase in the country's budget leeway will be accompanied by a jump in construction activity. We are well-positioned in projects for the international oil and gas industry, the planned construction of major gas liquefaction plants creates excellent order opportunities in Building and Industrial. We are also involved in the construction of a gas-to-liquids production facility in Escravos in the Niger Delta. This will be one of the first facilities in the world for the industrial conversion of gas into liquid fuels. Our activities in this region are proceeding in an orderly fashion despite the tense security situation. We have adapted measures taken to protect our employees in the effected areas to the current situation.

#### **Outlook**

We expect an increasingly positive development in our Building and Industrial business segment. Demand in German commercial construction will continue to revive. Here we deal with risks which could arise from the rising construction market in Germany in a forward-looking manner. We will continue to intensively market our comprehensive consulting, construction and services package to our clients under the i.volution brand. We want to play a leading role in the growing market for PPP projects in public-sector construction in the future, too. In Australia we will reduce the volume in building construction and secure sustainable economic success, in Nigeria we expect continued high demand in the public sector and from the international oil and gas industries.

In full-year 2007, we plan for our Building and Industrial business segment an output volume at the same magnitude as in 2005 and, once again, a rising EBITA.

## Services

- **Dynamic growth across all divisions**
- **Excellent development in earnings**
- **Further expansion of business planned**

Development in the services business once again outperformed targets. In its three divisions of Industrial Services, Power Services and Facility Services, the segment recorded consistently positive growth rates and is highly profitable. We continued to pursue our successful strategy over the past financial year and have expanded our services business through suitable acquisitions.

Output volume climbed by 28 % to € 2,881 million. Acquisitions and an organic growth rate of 6 % were contributing factors here. Orders received exceeded the previous year's volume by 37 % and came to € 3,345 million. At year-end, order backlog stood at € 2,285 which was a year-on-year increase of 46 %.

EBITA rose by a disproportionately high rate of 37 % to € 123 million (2005: € 90 million), of which 10 % was due to organic growth in earnings.

Capital expenditure on property, plant and equipment advanced to € 52 million (2005: € 27 million) owing to a higher business volume. The number of employees increased to 30,218 as a result of acquisitions.

### Industrial Services – growing long term demand

The Industrial Services division comprises Bilfinger Berger Industrial Services as well as our industrial services activities in Australia and the United States. The output volume rose to € 1,753 million (2005: € 1,343 million).

In October 2006, Rheinhold & Mahla AG changed its name to Bilfinger Berger Industrial Services AG. Under the Bilfinger Berger umbrella,

the company, acquired in 2002, has strengthened its position as a leading services provider for the process industry through targeted acquisition and by shedding non-core activities. Bilfinger Berger Industrial Services offers its customers in the chemicals, petrochemicals, energy and oil and gas industries comprehensive services for the repair, maintenance and modernization of production facilities. As part of an extensive range of services, a number of specialist tasks such as pipeline construction, machine technology, EMSR technology, insulation, scaffolding construction and corrosion protection are bundled together into customized packages of services. The comprehensive package is a full-service offering, which comprises complete maintenance management of production sites.

As many companies had shelved their maintenance measures for a longer period, the demand for industrial services is clearly on the rise against the backdrop of good economic conditions in Germany and in the rest of Europe. Bilfinger Berger Industrial Services benefits from extensive investments in the energy and the chemicals industries. The company operates at large production sites with long-term service contracts. In Germany for instance, Bilfinger Berger Industrial Services bears responsibility for a large part of the repair and maintenance of the Höchst and Griesheim industrial parks near Frankfurt. The company assumes similar tasks at many locations in Europe.

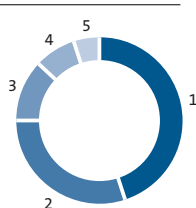
In addition, we have reinforced our position in the repair and maintenance of oil and gas facilities in the North Sea. Bilfinger Berger Industrial Services, which already ranks among the leading service providers in the Norwegian offshore business, acquired the Salamis Group with headquarters in Aberdeen in 2006. The company holds a market share of a good 40 % in the United Kingdom and serves renowned companies in the oil and gas industry.

## Key figures for Services

€ million	2006	2005	Δ in %
Output volume	2,881	2,250	+ 28
Orders received	3,345	2,441	+ 37
Order backlog	2,285	1,568	+ 46
Capital expenditure	52	27	+ 93
Depreciation	35	28	+ 25
EBITA	+ 123	+ 90	+ 37
Employees (number at December 31)	30,218	21,709	+ 39

## Services: Output volume by region

€ million	2006	2005	%
1 Germany	1,284	1,039	45
2 Rest of Europe	856	603	30
3 America	334	317	12
4 Australia	238	175	8
5 Other regions	169	116	5
	<b>2,881</b>	<b>2,250</b>	<b>100</b>



In the process of concentration on industrial services, Bilfinger Berger Industrial Services sold the Ship Technologies unit at the end of 2006. The activities, which were concentrated on the interior fittings and insulation of ships, were taken over with the former Rheinhold & Mahla AG in 2002 and no longer belonged to the core business of the company.

Our subsidiary Bilfinger Berger Services Australasia operates in the field of maintenance of electricity, gas and water networks as well as in the maintenance of recycling plants. Through the ongoing trend in the public sector towards outsourcing services and the high level of investments in the infrastructure and raw materials demand is growing constantly. The Company has extended its range of products through acquisitions and expanded its regional activities. The purchase of Techscape in Auckland makes Bilfinger Berger market leader in the maintenance of water distribution networks in New Zealand.

The good overall economic situation in the United States underpins stable demand for industrial services. There, Fru-Con has been active as a service partner to renowned companies for decades, in particular the processing, food and paper industries. The business is anchored in the engineering competence of the company and draws on the close cooperation with long-standing regular customers. Fru-Con, for instance, is active on behalf of the consumer goods manufacturer Procter & Gamble at more than 20 locations - and on a permanent basis.

### **Power Services – outstanding prospects through growing need for renewal**

The Power Services division combines our engineering-supported power plant activities which comprise repair and maintenance as well as efficiency enhancements, lifetime extensions and components supply. Output volume rose to € 520 million in 2006 (2005: € 316 million).

We have grouped our services for power plants together and aligned them to suit the special needs of utilities. Along with ongoing maintenance, Bilfinger Berger Power Services offers sophisticated measures for extending plant life, raising efficiency and for the rehabilitation of power plants. To this end, we also deliver components for plant construction. We concentrate primarily on steam generation, flue gas desulphurization and piping systems. The most important markets are Germany, Western and Eastern Europe, along with the Persian Gulf States and South Africa.

Following our acquisition of the Babcock Borsig Service Group in 2005, Essener Hochdruckrohrleitungsbau (EHR) has contributed to strengthening our leading position in the power plant sector since May 2006. We are now able to offer the entire value chain encompassing design, delivery and assembly through to repair, maintenance and rehabilitation, all from a single source.

The global increase in the demand for energy and the age of existing power plants necessitate a high level of investment in the new construction and the rehabilitation of power plants. This is in addition to increasingly stringent environmental constraints which are reflected in the growing demand in our power services business. In financial year 2006, a series of orders for rehabilitation were secured, including the lignite-burning power stations in Jänschwalde in Brandenburg, Germany, and Belchatow in Poland. We participate in the construction of new

plants by delivering components and laying high-pressure pipelines. Major new projects worth mentioning in the past financial year were the assembly of pipeline systems in the Finnish power plant Olkiluoto and in the lignite-burning power station of Neurath near Grevenbroich.

### **Facility Services – top position in complex services**

The offering of our Facility Services division encompasses full services for real estate, from individual solutions through to integrated services. We undertake sophisticated technical services, especially the operation and maintenance of complex building equipment as well as the property and asset management of entire real estate portfolios. These activities are focused on Germany. The range is complemented by special services in building construction provided by our subsidiary Centennial in the United States. In the financial year 2006, output volume of this division rose to € 658 million (2005: € 591 million).

Bilfinger Berger Facility Services, under which the operating units for real estate services are combined, is one of Germany's market leaders. Competition in this market remains fierce. Bilfinger Berger is playing an active role in the ongoing concentration process in the sector: We expanded our business in the health care sector in 2006 through the acquisition of the Ahr Group in Oberhausen. The company is specialized in infrastructure-related and integrated services in the hospital segment and provides services for around 200 clinics and nursing homes in Germany. In addition, we acquired an 80 % stake in Serimo Holding which is one of Switzerland's largest independent real estate management companies.

In facility services, we consistently place importance on complex technical and commercial services. Together with our building con-



---

struction units, Bilfinger Berger Facility Services provides a full service range which includes consulting services, design, finance, construction, maintenance and operation. The concept concentrated under the i.volution brand generates important competitive advantages for us. Our subsidiary HSG operates principally in technical facility management. Based on its proven know-how and consulting competence, it can offer its customers an important value added. Along with repair and maintenance of classical office real estate, comprehensive solutions are gaining increasing importance in facility management for industrial companies. In commercial facility management, EPM Assetis has a leading position. The company concentrates on property and asset management. It oversees around 1,200 properties with a total surface area of more than eight million square meters and manages rental income of more than € 600 million a year.

In the United States, our subsidiary Centennial operates according to the job-order-contract model, above all for public-sector customers, such as the Ministry of Defense. In addition, the company provides maintenance services to schools and universities. In the past year, Centennial expanded, and framework agreements with a large volume were successfully renewed.

### Outlook

The strategic focus of our services business on Industrial Services, Power Services and Facility Services creates platforms for further, targeted expansion, both on an organic basis and through acquisitions.

Our Industrial Services are on a long-term growth path. Brisk demand in the core sectors of chemicals, petrochemicals, energy and oil and gas gives rise to expectations for an increase in output volume. Bilfinger Berger Industrial Services is set to expand its activities to cover other interesting markets. Supplementing its range of services will enable the company to fulfill the

specific needs of its clients even more effectively in future. In Australia, we are anticipating growth in the market volume for our industrial services. Given our good competitive position, we intend to reap above-average benefit. Our American company Fru-Con intends to expand its business.

There is considerable growth potential for Bilfinger Berger Power Services, which was formed in financial year 2006, in the rehabilitation of existing power stations and in the supply of components for pending new construction. In Germany and on the international markets there are a numerous major projects where preparation is under way, and the chances of Babcock Borsig Service and EHR being mandated are good. Stable output volume is expected in the maintenance and rehabilitation business.

Bilfinger Berger Facility Services intends to strengthen its leading position in the market for sophisticated facility services in Germany. We consider that the health care sector, public-private partnership projects and energy contracts will create opportunities for growth. Moreover, we are investigating acquisition options in this field with the aim of expanding our core activities and promoting our growth in European markets. The profitable business of our American subsidiary Centennial based on job-order contracting is set to grow.

In the year 2007, we expect another increase in output volume and EBITA in the Services business segment.

## Concessions

- **Brisk new business with good earnings potential**
- **Successful sale of projects to financial investors**
- **Net present value of the portfolio substantially higher than book value**

The Concessions business segment recorded brisk new business over the past year. In Germany, public acceptance of privately-financed solutions in public-sector building construction is growing. Here we received the order to realize the Burg correctional facility near Magdeburg. In Canada, Northern Ireland and Norway we are carrying out three new transportation projects. The investment volume of the new projects totals €1.4 billion; our equity commitment amounts to €62 million.

As part of our portfolio policy, we sold the British Embassy in Berlin, schools in the English county of Wiltshire and a hospital in the City of Hull (northern England) to financial investors at attractive conditions. On the secondary market there is currently great interest in the purchase of mature projects which no longer carry the risks of design, construction and commissioning. Along with the long-term expansion of our portfolio, the sale of individual projects remains an alternative by which disproportionately high value increases can be realized in the initial phases of the life cycle of concessions projects.

In the future, the Company will only participate in transport infrastructure models involving limited risk from traffic volumes. For this reason, we sold our participation in the Westlink M7 motorway in Sydney at a profit. Traffic figures for the remaining toll projects, Cross City Tunnel in Sydney and Herren Tunnel in Lübeck, remained

well below expectations during the ramp-up phase, which is why we fully wrote off this investment in mid-2006. The write-off resulted in a one-time burden of €63 million. As negotiations to work out a new, viable financing concept for the operation of the Cross City Tunnel did not come to fruition, management of the project company was forced to apply for insolvency at the end of 2006. The future development is now in the hands of the administrator and the lending banks. In the case of the Herren Tunnel in Lübeck, we are working together with our partner to bring the project to a successful end in the long term.

At year-end, our project portfolio comprised 15 projects and committed equity came to €137 million, of which €56 million was paid into project companies.

Despite write-offs and the high level of expenses for our intensive bidding activities, EBITA stood at minus €4 million (2005: plus €4 million), with revenues from the sale of projects-making a substantial contribution.

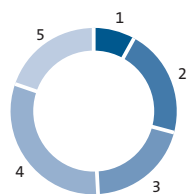
Return on capital employed remains the decisive measure of success in our Concessions business segment. As before, our sights are set on activities in public-sector building and transport infrastructure. We only get involved in markets with stable political and economic conditions, which means in selected European countries, in

## Key figures for Concessions

Number / € million	2006	2005	Δ in %
Projects in portfolio	15	17	- 12
thereof, under construction	8	8	0
Committed equity	137	177	- 23
thereof, paid-in	56	130	- 57
EBITA	- 4	+ 4	
Employees (number at December 31)	105	80	+ 31

## Concessions: equity investment by region

€ million	2006	%
1 Germany	10	8
2 United Kingdom	29	21
3 Rest of Europe	28	20
4 Canada	42	31
5 Australia	28	20
	<b>137</b>	<b>100</b>



Australia and North America. We concentrate on our strategic advantage over competitors from the financial sector where we have the cutting edge not only in terms of our competence in design, calculation, management and construction but also in our concessions expertise.

## Evaluation of the project portfolio

To measure our success in the concessions business, we consider not only current operating profit, but also the annual change in the net present value of future cash flows which accrue to us as equity investor from the projects. As in previous years, the calculation was carried out using the discounted cash flow (DCF) method. The net present value is the total of future cash flows between the project company and the equity investor discounted to present-day values. To ensure that the valuation adequately reflects the risks involved, we adjust the interest rates in line with the characteristics of the individual projects.

The following valuation principles have been applied, unchanged from previous years:

- Only projects which have reached financial close are included.
- The cash flows accruing from the projects are calculated with the use of financial models that have been approved by the external lenders.
- Future potential refinancing gains are not taken into account in the valuation.

**Discount rates**

	%
Weighted risk-free basic interest rate	6
Supplement for type of project	2–3
Supplement for construction phase	3
Supplement for going into operation	2
Supplement for full operation	0

The value of a concession project develops over its life cycle. The initial realization phase embodies not only the highest potential for value creation but also the highest risks. These risks decrease as the project matures. The calculation of the discounted cash flows is therefore based on specific interest rates that are the sum of a risk-free basic interest rate and a premium for the type and phase of the project. The weighted risk-free basic interest rate is derived from the long-term interest rates for government bonds in the respective countries of investment (European Monetary Union, the United Kingdom and Northern Ireland, Norway, Australia and Canada).

The premium for the type of project differentiates between:

- projects whose revenues depend exclusively on the degree of availability (2%)
- projects that entail limited volume risks (3%)

The premium for the project phase differentiates between:

- projects in the construction phase as investments during this period are exposed to the risk of completion on schedule and within budget (3%)
- projects in the ramp-up phase (2%)

The premium ceases to apply when the revenues and the costs are certain. This is generally the case after one year of operation for straight-forward availability models, and after two years in the case of projects involving demand risks.

The expected future cash flows are therefore discounted at rates of between 8% and 12%. The weighted discount rate for the concession portfolio, which comprised 15 projects at the end of 2006, was 10.5%. On the balance-sheet date, the expected future cash flows from the existing portfolio up until the year 2041 came to € 654 million.

**Project portfolio  
December 2006**

Contractually  
committed equity

Paid-in equity

Future cash flows

Present value of  
future cash flows

€ million

	2006	2005	2006	2005	2006	2005	2006	2005
Transport infrastructure	81.0	119.2	30.1	102.2	423.3	736.5	52.9	125.5
Building construction	56.1	57.3	26.0	27.7	231.0	317.4	38.3	57.4
<b>Total</b>	<b>137.1</b>	<b>176.5</b>	<b>56.1</b>	<b>129.9</b>	<b>654.3</b>	<b>1.053.9</b>	<b>91.2</b>	<b>182.9</b>

**Cash flows for Bilfinger Berger 2007-2041 (after taxes)**

€ million	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transport infrastructure	5.9	3.1	-0.3	-1.1	-34.3	5.4	5.6	9.0	13.4
Building construction	-1.1	-14.3	6.4	7.3	-1.6	5.6	5.8	6.0	6.0
<b>Total</b>	<b>4.9</b>	<b>-11.1</b>	<b>6.1</b>	<b>6.2</b>	<b>-35.9</b>	<b>11.1</b>	<b>11.4</b>	<b>15.0</b>	<b>19.4</b>
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Transport infrastructure	13.1	13.5	13.4	14.1	13.9	11.6	11.8	12.1	20.9
Building construction	5.7	8.4	6.0	5.8	6.3	6.0	6.0	6.0	6.1
<b>Total</b>	<b>18.8</b>	<b>21.9</b>	<b>19.3</b>	<b>19.9</b>	<b>20.2</b>	<b>17.6</b>	<b>17.8</b>	<b>18.1</b>	<b>27.1</b>
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Transport infrastructure	29.1	27.9	13.9	13.6	13.8	23.2	12.6	5.7	7.5
Building construction	5.9	6.6	4.9	27.0	12.5	6.7	42.8	5.2	17.6
<b>Total</b>	<b>35.1</b>	<b>34.5</b>	<b>18.7</b>	<b>40.7</b>	<b>26.3</b>	<b>29.9</b>	<b>55.4</b>	<b>10.9</b>	<b>25.1</b>
	2034	2035	2036	2037	2038	2039	2040	2041	<b>Total</b>
Transport infrastructure	17.7	13.1	2.5	-3.9	-4.1	-4.6	33.4	90.7	423.3
Building construction	15.6	7.6	1.0	0.6	0.4	0.0	0.0	0.0	231.0
<b>Total</b>	<b>33.3</b>	<b>20.7</b>	<b>3.5</b>	<b>-3.3</b>	<b>-3.7</b>	<b>-4.6</b>	<b>33.4</b>	<b>90.7</b>	<b>654.3</b>



### Net present value substantially higher than book value

With the application of our project-specific discount rates, the cash value at December 31, 2006 amounted to €91 million (2005: €183 million), which is substantially higher than the paid-in equity totaling €56 million (2005: €130 million). The overall value added created, however, becomes evident only if projects sold are included in the equation.

The decline in net present value and paid-in capital was the result of portfolio streamlining at mid-year and from the sale of three mature projects in the fourth quarter. The development of net present value is a combination of:

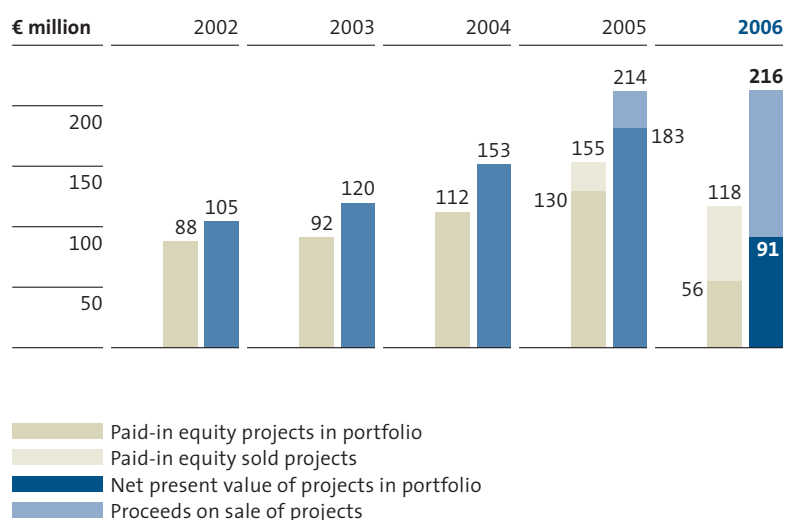
- regular capital contributions to existing projects (€26 million)
- adjustments to the carrying value for projects written off in the amount of €78 million
- the sale of equity interests with a net present value of €63 million. The sale of equity interests reduces the nominal value of expected future cash flows and thus the present value of the concession portfolio at year-end. The sales proceeds for all projects were much higher than the net present values of the valuation. Gains on disposals are included in EBITA in the reporting year, and are thus not part of the increase in intrinsic value.
- exchange rate fluctuations amounting to minus €1 million. Fluctuations in exchange rates affect the amount of future cash flows and thus the total net present value of the Concessions portfolio. Changes in value due to exchange rate fluctuations are eliminated in the calculation of the growth in intrinsic value.

- growth in the intrinsic value from operating activities (€24 million), consisting of:
  - growth in value due to the maturing of the portfolio (€12 million)
  - growth in value through new projects (€12 million)

The maturing process – from financial close, through the construction, ramp-up and operating phase, to settlement – constitutes the intrinsic value added of our Concessions business segment. To determine the ROCE within the framework of our return-on-capital-employed controlling, we therefore include the growth in value of the portfolio, in addition to EBITA.

Owing to the conservative valuation of the portfolio which is currently based on an average discount rate of 10.5 %, there is considerable value enhancement given the current market conditions. A discount on the average discount rate would lead to a significantly higher present value on the reporting date.

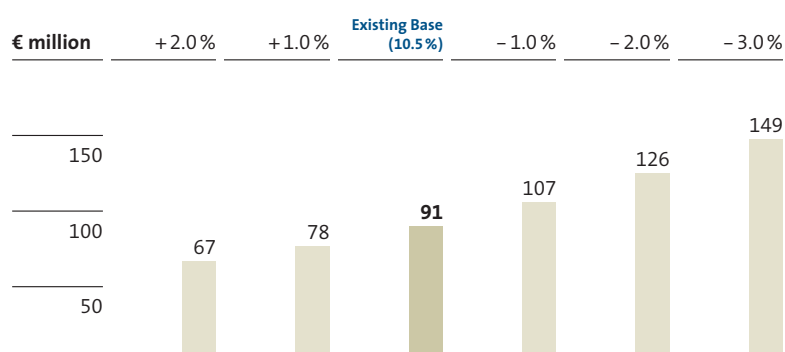
### Development of paid-in equity and net present value



### Changes in net present value Dec. 2005 - Dec. 2006

	Transport- infrastructure	Building construction	Total
<b>Net present value Dec. 2005</b>	125.5	57.4	<b>182.9</b>
Equity contributions	19.6	6.3	25.9
Project impairments	- 78.0	0.0	- 78.0
Net present value of sold projects	- 32.5	- 30.5	- 63.0
Exchange-rate changes	- 0.2	- 0.5	- 0.7
Net present value Dec. 2005 updated to Dec. 2006	34.4	32.7	67.1
Increase in value	18.5	5.6	24.1
<b>Net present value Dec. 2006</b>	<b>52.9</b>	<b>38.3</b>	<b>91.2</b>

### Valuation of the portfolio with variable discount rates



### Transportation infrastructure – new major international projects

We have considerably strengthened our concessions portfolio by securing additional international transportation projects. In terms of new contracts, we look back on our most successful year to date in this business segment.

Near Vancouver, Canada, we are currently financing, designing, building and operating the Golden Ears Crossing road connection. This project involves the construction of a 1,000 meter-long bridge over the Fraser River, three kilometers of highway and nine kilometers of connecting road. The construction volume is € 600 million. The concession company is wholly owned by the Group, and the committed equity comes to € 34 million. A consortium led by Bilfinger Berger's Civil division will be responsible for design and construction work on the project. Upon completion, the concession company will then operate the crossing for a period of 32 years in return for a defined fee paid by the Greater Vancouver Transportation Authority (TransLink).

Having built up a strong position in civil engineering in Scandinavia, we have been able to expand our concessions business there as well. Under the leadership of Bilfinger Berger, a consortium is to finance, design, build and operate a 38-kilometer long section of the E 18 highway in Norway. The investment volume amounts to € 450 billion; our equity commitment comes to

€ 9 million. The section is part of the new highway between Oslo and Kristiansand. Design and construction includes numerous bridges and tunnels and will be executed under the technical leadership of Bilfinger Berger's Civil division. Based on an availability model, the project company, in which we hold a 50 % stake, will take over the operation and maintenance for a period of 25 years. During this period, regular payments will be made to us by the Norwegian government.

Another new project paves the way in the Northern Irish city of Belfast. A consortium led by our Group has undertaken to build city highways and to operate and maintain a total of 60 kilometers of highway. The project volume amounts to € 235 million; our equity commitment is € 11 million. During the thirty-year operating phase, we will ensure the availability of the roads in return for a defined fee from the state.

In the past year, the M6 highway south of the Hungarian capital of Budapest went into operation. The 59-kilometer long highway, which we completed in only two years, is one of the country's first concession projects in transport infrastructure. This is also based on an availability model which is financed by contractually defined payment by the state.

In Germany, by contrast, a breakthrough in privately financed transportation projects is still not yet in sight. Isolated toll models with future traffic difficult to estimate have not yet been successful, as shown in the examples of the only two projects of this kind in Rostock and Lübeck. In extending parts of the highway network which is financed by levying tolls on trucks, there is now a sound basis for calculation for the operator. Nonetheless, despite the growing volume of traffic, only a few projects of this type have reached the market.

#### **Public-sector building construction – Germany as a growth market**

In the field of public-sector building construction, we continued to reinforce our strong position in the United Kingdom. In the Scottish Borders region, a consortium under our leadership was commissioned in February 2007 to design, finance and build three new schools and to operate them over a period of 32 years. We are currently the preferred bidder for two more projects in the British education sector. In Clackmannanshire, Scotland, three new schools are to be realized and, in the East Down and Lisburn districts in Northern Ireland, the refurbishment and extension of four education facilities are planned. Our portfolio already comprises a number of school projects in Great Britain. The investment volume of projects in the British education sector amounts to € 550 million. There are currently around 25,000 students attending facilities owned by Bilfinger Berger under a long-term concession model.

In Australia, we successfully handed over the € 150 million Victoria Prisons project in 2006 for two prisons west of Melbourne. On behalf of the government of the Federal State of Victoria, we will operate the buildings for more than 25 years.

The interest in public-private partnerships (PPP) in public-sector building construction in Germany has grown. Last year we were given a contract to design, finance and build the correctional facility in Burg, near Magdeburg within the framework of a public-private partnership

Projects of Bilfinger Berger BOT GmbH	Investment volume	Bilfinger Berger's share of project	Bilfinger Berger's share of equity	Method of consolidation	Project status	Period of concession
	€ million	%	€ million			
<b>Transport infrastructure</b>						
M6 Highway, Hungary	482	40	19.2	Equity method	In operation	2006 – 2026
Kicking Horse Pass, Canada	100	100	7.7	Fully consolidated	Under construction	2007 – 2030
M1 Westlink, United Kingdom	235	75	11.4	Fully consolidated	Under construction	2007 – 2036
E18 Highway, Norway	453	50	8.9	Equity method	Under construction	2009 – 2034
Golden Ears Bridge, Canada	600	100	33.8	Fully consolidated	Under construction	2009 – 2041
<b>Building construction</b>						
Liverpool & Sefton Clinics, United Kingdom	20	24	0.4	Equity method	In operation	2004 – 2030
Barnet & Harringey Clinics, United Kingdom	24	24	0.3	Equity method	In operation	2005 – 2031
Gloucester Hospital, United Kingdom	60	50	2.8	Equity method	In operation	2005 – 2034
Administrative Center, Unna, Germany	24	90	2.8	Fully consolidated	In operation	2006 – 2031
Victoria Prisons, Australia	150	100	16.9	Fully consolidated	In operation	2006 – 2031
Bedford Schools, United Kingdom	41	80	3.4	Fully consolidated	In operation	2006 – 2035
Coventry Schools, United Kingdom	36	80	2.9	Fully consolidated	Under construction	2007 – 2035
Kent Schools, United Kingdom	155	60	8.0	Fully consolidated	Under construction	2007 – 2035
Royal Women's Hospital, Australia	198	100	11.0	Fully consolidated	Under construction	2008 – 2033
Burg Prison, Germany	100	90	7.6	Fully consolidated	Under construction	2009 – 2034
			<b>137.1</b>			

(PPP) model and to operate it over a period of 25 years. For the first time in Germany, all non-statutory activities in the construction and operation of a correctional facility will be fully privatized. The facility, which can accommodate 650 prisoners, will go into operation in 2009. The investment volume amounts to € 100 million; the committed equity from Bilfinger Berger comes to € 8 million.

In August 2006, the headquarters of the district administration in Unna was inaugurated. The administrative building was completely refurbished and extended by Bilfinger Berger and will now be operated by the Group for 25 years. The project has an investment volume of € 24 million and also includes the modernization and operation of two more public buildings in the district of this city located in North-Rhine Westphalia. In the past year we received orders for the Justice Center Chemnitz as well as schools in Halle an der Saale, which will be carried out with no equity commitment. Such PPP projects are assumed by our Building division and are not part of our concessions portfolio.

The number and the size of new concession projects in the German market is rising steadily. There are currently around 40 projects with an investment volume of more than € 1 billion under construction or operational, and more than 130 are at the planning stage. Efficiency gains for the public sector over the life cycle of a building can be as high as 20% as compared to conventional approaches. The federal government in Germany has repeatedly stated its goal that, in the future, 15% of investments made by federal, state and local authorities should be carried out using PPP solutions.

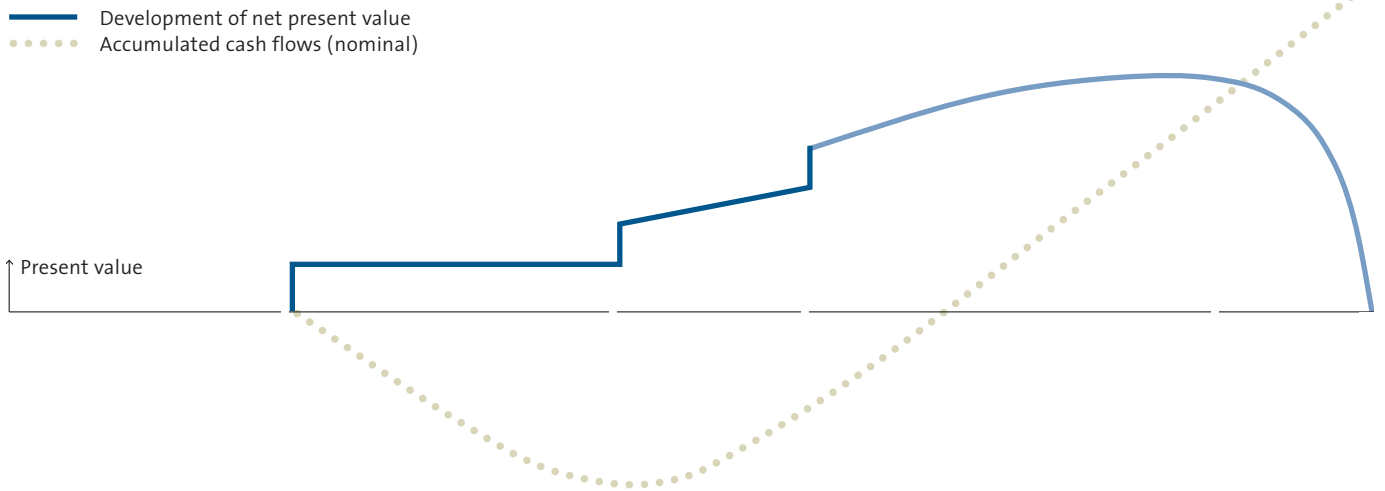
## Outlook

We anticipate that the Concessions business segment is set to develop well in the future. In transport infrastructure, there are good prospects in the lively market in Canada as well as in selected European countries outside Germany. The still hesitant development in Germany, where the first projects under the A model are to be run as pilot projects, allows only moderate optimism. By contrast, the breakthrough has been made in public-sector building construction. The United Kingdom and Australia remain interesting markets in this sector. In these countries, we expect our Concessions business segment to continue to grow steadily.

We pursue a long-term growth strategy in the Concessions business segment. Our project portfolio has good earnings prospects, its market value is substantially above the book value of paid-in equity. We will generate stable cash flows over the term of the projects and an attractive return on equity. Moreover, the early stage of maturity of our portfolio also gives rise to expectations for a disproportionately high increase in its value. Along with the long-term involvement, the sale of individual projects remains an option for achieving above-average growth in the initial phases of the life cycle of concession projects.



## Development of net present value and accumulated cash flows (Dec. 2006)



Preferred bidder (3)	Construction (8)	Ramp-up (3)	Yield (4)	Maturity (0)
Borders Schools, United Kingdom	Burg Prison, Germany	Bedford Schools, United Kingdom	Administrative Center, Unna, Germany	
Clackmannanshire Schools, United Kingdom	Coventry Schools, United Kingdom	M6 Highway, Hungary	Barnet & Harringey Clinics, United Kingdom	
East Down & Lisburn Education Institute, United Kingdom	E 18 Highway, Norway	Victoria Prisons, Australia	Gloucester Hospital, United Kingdom	
	Golden Ears Bridge, Canada		Liverpool & Sefton Clinics, United Kingdom	
	Kent Schools, United Kingdom			
	Kicking Horse Pass, Canada			
	M1 Westlink, Northern Ireland			
	Royal Women's Hospital, Australia			

## Research and development

Through its research and development program, Bilfinger Berger works continuously to enhance the quality of construction and services processes. Research and development activities are focused toward the needs of the Company's practical work. Technical innovation and the further development of processes are important in securing our competitiveness in all business segments. Last year, a large number of research projects again resulted in approvals by building authorities, new registered industrial designs and patents.

Research and development is coordinated and managed centrally at Bilfinger Berger. However, the actual development work is mostly carried out by the operational units. As a result, our R&D work is marked by technically sophisticated solutions that create competitive advantages, as well as efficient processes and a strong focus on the needs of our customers. In addition to project-related development work, Bilfinger Berger cooperates with leading universities to carry out research on selected topics that can provide direct, operational benefit.

### Group-wide expertise for all segments

In the 2006 financial year, some 50 research projects from the building, services and concessions businesses were managed centrally. They focused on:

- Construction materials technology
- Construction elements and structural technology
- Maintenance, repair and operation
- Process and machine technology
- Planning and knowledge tools, as well as
- Property rights

The decentralized structure of our research and development work means that the Group Technology Corporate Function is also responsible for knowledge management throughout the Company.

### Construction business

In our construction business, we produce unique developments of a complex nature. Simulating the behavior of construction elements is therefore extremely important.

In conjunction with renowned universities, we develop models that enable us to credibly predict the long-term behavior of various materials and processes. In the past year, such models found practical application primarily in tunneling, dam wall construction and the field of building and industrial construction. In road construction, we are studying methods of creating the grip necessary for concrete roads and are developing a simulation tool here, too.

The tools used for tunnel construction experience high levels of wear and tear. We are developing software to predict the lifetime of drills and chisels. This will enable us to calculate costs more precisely. Other projects this division is working

on include the optimized production of tubing for tunnels. Besides achieving cost efficiency in the production of precast concrete parts, we also aim to improve working conditions and environmental protection.

In bridge building, we are developing a process to accelerate the construction of steel composite bridges. Our simultaneous goal here is to further enhance the quality of the precast concrete decks used for this type of bridge.

In a joint undertaking with universities and commercial partners, we are looking into systems for the optical measurement and documentation of building structures. A functional prototype has been available since 2006. The objective is to be able to create a precise and detailed digital picture of a building, its rooms and its infrastructure with a minimum amount of work input.

Our activities in the field of environmental technology include working on the development of an already patented high-efficiency method for the treatment of heavily polluted surface water. The project is sponsored by the German Ministry of Education and Research. Our construction and operation of pilot plants in Germany and overseas opens up prospects in interesting markets.

## Services

The services business also accounts for a substantial share of our research and development activities.

Bilfinger Berger Power Services is involved in trials for forward-looking research projects in the power plant sector. A major way of helping achieve efficiency enhancements and, consequently, realizing zero-emissions power plants is by raising the pressure and temperature parameters. Due in particular to the increased steam temperature, extremely high demands are placed on the materials used for secure operation of power plants over long lifetimes. A project sponsored by the German Ministry for Economics and Labor is investigating new materials for use in operating temperatures of up to 720 degrees Celsius. In this context, we are optimizing the construction of thick-walled welded joints for steam boilers and high-pressure pipes made of high-alloy chromium-nickel steels, which will subsequently be subjected to special testing methods to measure their quality. There are plans to stage test runs at the Weisweiler lignite-fired power plant to provide insight into the aspects of high-temperature corrosion, scaling, slagging properties and thermal shock susceptibility under realistic operating conditions.

In the Facility Services division, we have developed innovative processes for digitally processing work orders and for documenting maintenance work with the help of mobile computing

and radio frequency identification (RFID) technology. The scope of services and the required materials are recorded digitally on site and transmitted directly to the central IT system. No additional data entry is required in the course of completing the work, thereby substantially cutting processing costs. We have been trialing the system since the beginning of 2007.

#### **Concessions projects**

Economic aspects are at the forefront of our analyses in the Concessions segment. For instance, we are looking into ways of optimizing the operation of municipal event centers in Germany. Concepts for boosting efficiency include commercial measures, as well as the physical adaptation of existing buildings to meet modern usage requirements.

In the summer of 2006, we assumed the lead management of the European QuicNet research initiative. This ambitious undertaking aims to raise the quality and efficiency of infrastructure networks. It encompasses all phases in the design, construction and usage of the networks, placing particular emphasis on sustainability and life cycle considerations in the design of road and rail networks. Our consortium consists of international representatives from the worlds of politics, business, public administration and research, along with network owners and users. These projects also help us intensify our involvement in the European research landscape.

#### **Group-wide information management**

Efficient management of the knowledge within The Group is essential to the success of our business. Intensive management of the Technology Portal in our company-wide intranet serves to network the available knowledge and enables us quickly and purposefully to find answers to specific questions. Together with the Fraunhofer Gesellschaft, we have developed a semantic search engine that can pull together all technical information on a selected word or phrase in a structured manner. This allows all of our business units even faster access to the full range of knowledge available within the Company.

#### **Practical orientation and continuity**

The further development of expertise and competence is key to remaining one of the leading companies in the industries in which we operate. In developing intelligent solutions, we place an emphasis on practical orientation and continuity. Besides issues from the construction business, we are increasingly tackling questions from the Services and Concessions business segments. The ongoing internationalization trend will serve to make global information exchange even more important.

# Procurement

Purchasing materials and subcontractor services at optimal terms is one of the key factors in business success. In the construction business, the volume of purchased services and materials is particularly high compared with other industries. Purchased materials are also used to a considerable extent in the industrial and power plant services business. Our operational units have the advantage of being able to use their knowledge of the regional market to take a decentralized approach. The global market is especially important in terms of raw materials and steel prices, and for the procurement of special equipment. In order to ensure efficiency in our regional and international processes, Group Procurement also exercises a Company-wide controlling function. In addition, centralized training sessions take place on a regular basis. Buyer networks serve as a forum for information exchange.

The share of purchased subcontractor services and materials in total Group expenditure amounted to 63% in the 2006 business year. With the increased output, the procurement volume rose 22% to reach € 4.7 billion. Subcontractor services accounted for 68% of this, with materials procurement making up 32%.

## **Group-wide monitoring of raw materials and energy prices**

We keep a close eye on the development of raw materials and energy prices. Our Group-wide, modern system for monitoring the global market prices of key resources such as steel and oil products provides our operational units with an important basis for their purchasing decisions. The system ensures that we are able to procure the raw materials for our major projects flexibly and at optimized conditions.

## **Appropriate regional and sectoral purchasing structures**

We have internationalized the procurement processes within our corporate units. Centrally negotiated, long-term framework agreements guarantee us top terms and conditions. We ensure that our purchasing structures are appropriately pooled on a regional and sectoral basis. In this way, our corporate units have access to global framework agreements for the procurement of specialist services, as well as large-scale equipment and heavy machinery. Group-wide agreements are in place for numerous products and services.

In order to make optimal use of these advantages throughout the Group, we established a contract database on the Bilfinger Berger intranet. This provides fast access to all framework agreements entered into by Group Procurement, as well as cooperation and bonus agreements and contracts with our premium partners. These are companies that have already proved their ability to perform particularly well as subcontractors. Cooperation partnerships with the supply industry are strategically important for Bilfinger Berger. We offer this kind of partnership only to companies that have successfully worked for our Group over a long period of time, consistently meeting our exacting requirements. These models will become even more important in the future.



## Communications and marketing

As a listed company, Bilfinger Berger pursues a varied range of activities in the field of corporate communications, with an impact in areas far beyond the key target group of the capital markets. Our activities here are centrally controlled and internationally oriented.

The specific requirements in our Group's individual business segments necessitate a decentralized, differentiated marketing and sales strategy, under which our branches and subsidiaries are responsible for their customer communication. Whereas we mostly work for private customers in the Services segment as well as in Building and Industrial, the Civil business segment and concession projects are dependent on public-sector regulations governing the awarding of contracts. Targeted marketing and communications activities help us meet the expectations of our customers in the different segments.

### Target-group oriented dialog

Our Corporate Communications department deals with all issues of corporate communications, advises operational units where required and supports them in their marketing and sales activities. In the 2006 business year, our investment in corporate communications totaled € 5.8 million (2005: € 4.8 million). We spent € 2.6 million on publications (2005: € 2.3 million), € 1.3 million on trade fairs and exhibitions (2005: € 0.6 million), € 0.7 million on new media (2005: € 0.8 million) and € 1.2 million on other activities (2005: € 1.1 million).

We engage in constant dialog with groups of the public that are important to Bilfinger Berger. In doing so, we use communication tools that are in line with the information interests of the various stakeholder groups.

Our Bilfinger Berger magazine is primarily directed toward investors, clients and business associates. We employ professional journalistic methods to offer our readers information on the diverse aspects and the benefits of our operations. The magazine is published twice a year with a circulation of 20,000 copies in German and English. The regular updating of sales addresses makes the magazine an important means of contact with interested parties for our operational units, too. Last year, the Bilfinger Berger magazine again won a silver medal at the Best of Corporate Publishing Awards.

Our website has been fundamentally renewed. It offers interested users quick and easy access to information about our company. The capital markets and the press can obtain a deeper insight into the Group's business development. The new site provides our customers with an overview of the range of services offered by our Multi Service Group. Answers to detailed questions can be found through direct links to the websites of our operational units.

For the public at large, media reporting represents an invaluable source of information on developments at Bilfinger Berger. We therefore maintain close contact with the business correspondents of news agencies, daily newspapers and electronic media. We provide up-to-the-minute, open and transparent reports on our corporate activities.

Our staff are kept informed about the Group's targets, strategies and business development through the employee magazine. Important news is reproduced on the Bilfinger Berger intranet home page. In line with our decentralized structure, German and international subsidiaries have their own print and online media. By making our communication with employees more international, we aim to further strengthen the way in which our staff identify with the Bilfinger Berger Group.

#### **Decentralized marketing**

Our branches and subsidiaries maintain a close dialog with their clients.

On the German real estate market, our comprehensive range of consulting, construction and services package presented under the i.volution brand represents a unique basis for discussion. The interaction between building competence and the Group's own expertise in the area of facility services allow us to offer individual solutions for every phase in a property's life cycle.

Participating in trade fairs and exhibitions is an important part of the marketing and sales strategy in our operational business. In this context, we focus on the major trade fairs. For example, our Building, BOT, Facility Management and Asset and Property Management units presented themselves on a large shared stand at Munich's Expo Real, the leading international commercial real estate exposition. The stand centered on the solutions offered under the i.volution brand. Other important trade fairs last year included IFAT, the international trade fair for water, sewage, refuse and recycling, and Maintain, the international trade fair for industrial maintenance.

In conducting their acquisition activities, our operational units can access a centralized database, now also available in English since the end of 2006. This provides all Group companies with

access to a wide range of information covering descriptions of the Group, its divisions and projects, as well as reference lists, technical records and certificates. Photographs, PowerPoint presentations and links to various other marketing instruments are also included. The database system allows data to be prepared individually and processed into valuable information packages.

#### **Umbrella brand strategy for the services business**

Bringing strong brands together: In the services business, our Industrial Services, Power Services and Facility Services divisions will now have a uniform market presence under the overall Bilfinger Berger brand. Companies with an outstanding reputation in their respective industries, such as EPM Assetis, HSG, Babcock Borsig Service and EHR, will help boost the image and awareness of the Bilfinger Berger corporate brand in the services sector. The common market presence will be supported by a common color scheme: All of the subsidiaries' logos will now appear in the Bilfinger Berger corporate colors.

## Human resources

Employee numbers were down year-on-year, with the minority stake in Julius Berger Nigeria no longer included in the statistics. The number of staff employed in the services business rose substantially as a result of acquisitions. The Bilfinger Berger Group employed 49,141 people as per December 31. The proportion of the workforce accounted for by white-collar staff was 32%.

Employee numbers in Germany grew to 19,495 in the course of the expansion of the services business. Of these, 679 were apprentices or trainees. The workforce employed outside of Germany numbered 29,646, equivalent to 60% of the total.

There were significant shifts within the workforce in the business segments. The above-mentioned statistical effect meant that employee numbers in Civil were lower than in the prior year, at 14,628. The size of the workforce in Building and Industrial reduced to 3,745 for the same reason. The dynamic development of the Services business segment resulted in a rise in employee numbers, taking the total to 30,218. The expansion of activities in the Concessions projects segment saw the number of persons employed rise to 105.

### Recruitment and career development

Employee quality is the key success factor in the construction and services business. We can only succeed in the market in the long term if our staff have a particularly high level of expertise.

Our human resources work therefore centers on staff development. Our goal is to develop each member of staff for the position in which his or her abilities and ideas can be optimally applied. Staff recruitment and development take place in clearly structured steps, each of which builds on the preceding stage.

At Bilfinger Berger, the recruitment of high-potential employees begins long before the persons concerned actually join the company. Our university marketing activities at various institutes of higher education enable Group managers to identify students with potential. This often places us a step ahead of the competition in the battle for future top performers.

After joining the Company, new hires are given a detailed induction on the basis of defined standards. Besides being assigned responsibility in the respective units, staff are also given regular appraisals. In this phase, defined training measures support the development of the new employees.

Human Resources conducts regular management reviews in German and international operational units together with the respective executive management team. The objective here is to pursue the development of candidates with potential and to assess the quality of human resources work. This helps us identify risks at an early stage so that appropriate action can be taken. The results of the reviews also provide valuable insight for our strategic human resources work as well as for the filling of vacant posts with internal candidates.

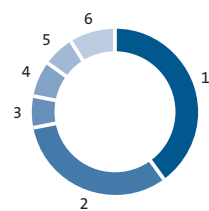
We transfer project and management responsibility to suitable employees at an early stage and expand their area of responsibilities in line with their personal capabilities. Top performers from all Group units in Germany and internationally are brought together in high-potential groups, where they are prepared for more demanding, future tasks. The systematic development of high-potential employees enables us to fill around 80% of higher-level management positions throughout our global operations from within the Company itself. Attractive compensation models with a high performance-based component help our Group sustain the loyalty of top performers in the long term.

## Employees by business segment

	2006	2005	Δ in %
Civil	14,628	23,480	-38
Building and Industrial	3,754	9,629	-61
Services	30,218	21,709	+39
Concessions	105	80	+31
Headquarters, other units	445	448	-1
	<b>49,141</b>	<b>55,346</b>	<b>-11</b>

## Employees by business region

	2006	2005	%
1 Germany	19,435	15,005	40
2 Rest of Europe	15,990	12,039	32
3 America	3,093	2,864	6
4 Africa	3,302	19,874	7
5 Asia	2,832	2,042	6
6 Australia	4,429	3,522	9
	<b>49,141</b>	<b>55,346</b>	<b>100</b>



Consistent training oriented toward practical requirements is a key component of our staff development. First of all, specialists and managers within the Group pass on their knowledge and experience to others. Then we also bring in highly skilled external trainers to enhance leadership and management quality. As part of our current quality offensive, the Building division's technical employees are being prepared to deal with the ever-more complex requirements of their clients. In addition, managers also take part in informal discussion rounds, explaining the Group's strategy and business development. Through a large number of events, we promote our employees' understanding of the interrelationships within the Group and encourage networking.

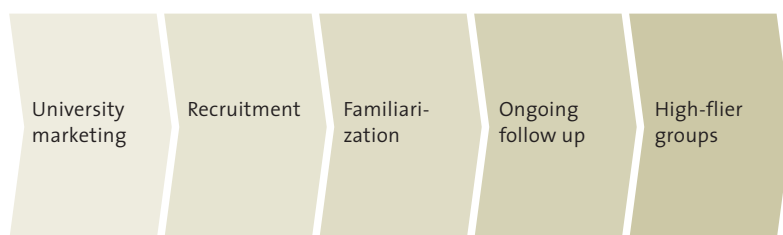
### Collective bargaining situation in Germany

The impact of the new collective bargaining agreement concluded in 2005 is now being felt in the German construction industry. This stipulated the return to a 40-hour week, with no wage increase, in January 2006 and a 1% pay rise in April 2006. The new law governing seasonal short-time working allowance was applied for the first time in the winter period 2006/2007, replacing the previous system promoting year-round employment in the construction industry.

There has been a company wage agreement in place within Bilfinger Berger Industrial Services since 2005. Further agreements are currently being negotiated that better reflect the specific situations within the different business units.

## Human-resources development

### Further training



## Sustainability

For us, sustainability means taking responsibility for society and the environment. We believe our business activities are consistent with social and ecological interests.

### **Compliance – a sense of responsibility for our Company and society**

The need for responsible actions and adherence to ethical principles is clearly stipulated in our Code of Conduct. The Code is complemented by an extensive compliance system, ensuring that it is communicated and applied. The Executive Board is given regular information on developments in this respect through quarterly and annual reports and is informed immediately in serious cases (see page 31).

### **Occupational safety – high standards in Germany and internationally**

The highest priority is attached to ensuring the safety of our employees in the execution of their duties. In line with our organizational structure, our German and international operational units are responsible for implementing the applicable safety standards. This demands a great deal of discipline on the part of managers and employees alike in the observance of safety rules. All

company personnel are called upon to participate actively in training programs, to apply the acquired knowledge in practice and to ensure that their colleagues work safely as well. The reporting systems in different countries are harmonized at the Group level in order that we may be in an even better position to identify any action that may be required and to take relevant preventive measures.

### **Protection of the environment – specific measures for temporary sites**

In our industry, effective environmental protection takes place in a fundamentally different framework to that of stationary industry. The numerous temporary sites we operate each necessitate specific actions, which are given a great deal of attention in the work planning and preparation stages. In order to keep noise, vibrations, dust and exhaust fumes to an absolute minimum, we give due consideration to the selection of environmentally compatible construction processes and equipment in all project phases. We consistently separate all waste materials, which enables us to achieve high recycling rates and to reduce costs. We deal conscientiously with harmful substances in order to protect soil and water from contamination: Our standard environmental protection measures include double-walled tanks, safe tanking procedures for the fuel supply for our machinery, as well as sludge traps and separators for light liquids at our storage sites.



### **Science and education – guaranteeing a successful future**

The efficiency of decentralized concepts also comes into play in our financial support for educational initiatives. We collaborate with leading universities in Germany. The Bilfinger Berger prizes, which are awarded to next-generation engineers studying at the technical universities in Aachen, Darmstadt, Karlsruhe and Dresden in recognition of outstanding achievements, are highly desired and respected. Bilfinger Berger has long been a sponsor of the annual Hans-Jürgen Ewers Prize, named after the late president of the Technical University of Berlin and pioneer in the field of infrastructure research. At the University of Mannheim, we provide support for students' education as a sponsoring partner of the Faculty of Business Administration. We are also a member of the Wissensfabrik [Knowledge Factory]. This national network of more than 40 companies across Germany has set itself the goal of awakening schoolchildren's interest in science and technology at an early age.

### **Bilfinger Berger Award – new impetus for Germany**

The Bilfinger Berger Award, created in 2006, aims to promote international know-how transfer and provide new impetus for Germany. Experts from the worlds of science, industry and media were invited to submit case studies presenting examples of successful solutions that have been realized outside of Germany. Entries were invited in the five subject areas of mobility and transport, urban development and real estate, environment and energy, public administration and procurement, as well as privatization and outsourcing. More than 50 contributions from 17 countries had been received by the closing date at the end of 2006. The winners of the competition, with total prizes of € 70,000, will be chosen by a jury of renowned individuals led by Prof. Klaus Töpfer, former German government minister and former Executive Director of the United Nations Environment Programme (UNEP). The other members of the jury are journalist Dr. Gabriele Krone-Schmalz, Prof. Michael Hüther, Director of the Institut der deutschen Wirtschaft Köln, and Christian Böllhoff, Managing Director of Prognos AG. The best case studies will be published and presented for discussion in a symposium setting.

## Risk report

With its risk management system, Bilfinger Berger promotes awareness of risks at all management levels and with all employees. The system is an integral component of the management processes and helps to avoid risks wherever this is possible, or at least to identify risks at an early stage and to avert any resulting dangers for the Company. We have therefore taken all precautions to ensure that the Group achieves its goals.

Risk management at Bilfinger Berger is a continuous and decentralized process, which is monitored and controlled from headquarters. The elements of the system are strategic business planning combined with a detailed reporting system that is always up to date, an early-warning system, and an internal monitoring system.

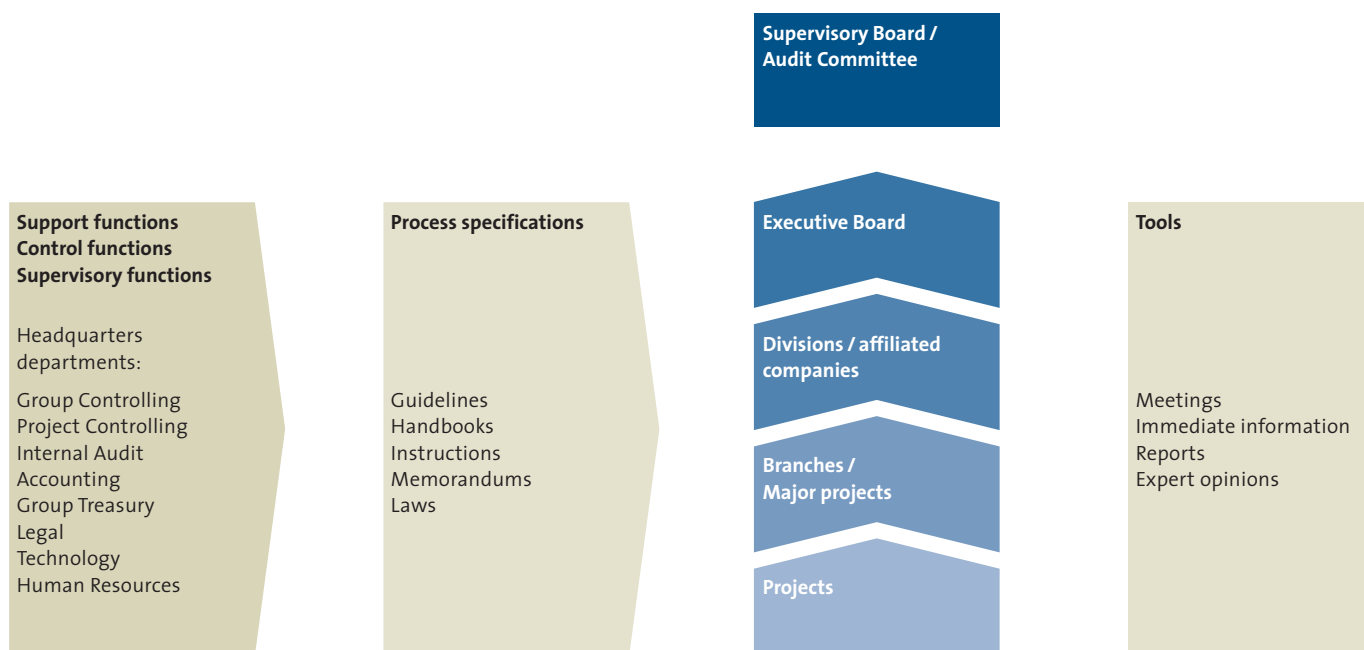
Each year, the Group sets new targets for monthly reporting for all the units and subsidiaries of the Group. The monthly reporting system informs the Executive Board and the management about the current economic situation. The actual situation and the targets set are analyzed at all levels. Using defined marginal values and deviation parameters, relevant risks are identified, monitored and limited in their effects by taking suitable measures.

Headquarters are also responsible for additional controlling functions. For example, orders with large volumes or special risks can only be accepted if they are expressly approved by the Executive Board. Such projects are critically monitored from the offer stage through to completion – both technically and financially – by the Project Controlling corporate function. The Executive Board is informed of the results. The Executive Board decides on financing, internal credit lines and guarantees, whereby it receives significant support from Group Treasury. In addition, Internal Auditing examines the effectiveness of all working routines and process sequences.

The corporate functions of Group Controlling, Project Controlling, Internal Auditing and Legal report regularly and comprehensively on possible risks from their respective specialist perspectives directly to the Executive Board and the Audit Committee in rotation. In addition to the monthly review of performance indicators, Group Controlling is responsible for the active controlling of subsidiaries and associated companies. Whereas Project Controlling carries out independent monitoring of project processing, Internal Auditing carries out audits at the level of the operating units. The Legal corporate function reviews project risks pertaining to contract law and takes the lead in connection with any litigation.

All of the processes and approval procedures stipulated by law, the Executive Board or the corporate functions are documented in manuals and working instructions, and are available in up-to-date form on the intranet to the workforce throughout the Group. Our controlling and monitoring instruments are combined into a holistic system that is subject to continuous further development. The risk-management system at Bilfinger Berger is appraised by our external auditors, whose suggestions are made use of.

## Interaction of elements in the risk-management process



### Market risks

Macroeconomic developments in our national and international markets and any special changes in our sectors are taken into consideration under the heading of market risks. We regularly analyze how countries' economies are developing and whether we are competitive in our business segments. We are actively involved in advisory committees and panels to ensure that the economic effects of new legislation, ordinances and regulations are considered in good time.

### Country risks

Country risks include uncertainties arising from political developments in our various markets. In order to minimize such risks, we only operate in certain countries. Our activities in Nigeria continue to progress in an orderly manner despite the tense security situation in the Niger Delta. We have adjusted the protective measures for our employees in the affected regions to the current situation. Precautions have been taken against latent risks. We therefore see no country risks with a relevance to earnings.

### Project risks

Risks from our operating business are counteracted with comprehensive and clearly structured project controlling. This includes the selection of projects, the subsequent bid preparation, execution and the processing of any guarantee claims. All important contracts are subjected to detailed commercial and legal examination before being signed. In addition, technical aspects are analyzed separately by experts. Projects above a certain volume or with a high degree of complexity are additionally monitored by a headquarters unit with clearly defined regulations in each phase of the business, so that any required measures can be taken in good time. In the year 2006, 85 major projects were under special observation. With complex projects in the build-operate-transfer business (BOT), we make use of the expertise available throughout the Group to assess costs and risks reliably.

### Process risks

We strive to avoid legal disputes wherever this is possible. However, this goal cannot always be achieved, with the result that German and international companies of the Group are sometimes involved in litigation or arbitration. It is naturally impossible to predict the outcome of such cases with certainty. Nonetheless, after careful examinations, we assume that sufficient provisions have been formed for all legal disputes.

### Procurement risks

We intensively monitor our global procurement markets. The Group-wide monitoring of world market prices for steel, oil and petroleum products facilitates the flexible procurement of raw materials for our major projects at optimal conditions. We counteract regional procurement risks by cooperating only with competitive suppliers and subcontractors. We secure capacities, qualities and prices by means of letters of intent and preliminary agreements. And we protect ourselves against inflation by means of sliding-price clauses in our offers.

### Financial risks

We monitor financial risks with proven instruments of supervision and control. The Group's reporting system guarantees the weekly identification, analysis, evaluation and control of financial risks by Group Treasury. All of our relevant subsidiaries and associated companies are included in this monitoring.

Liquidity risks are monitored and controlled centrally at Group headquarters on the basis of rolling 12-month cash-flow planning. We regularly check the effects of possible changes in our financial risk exposure; the key figures in this respect are the dynamic debt/equity ratio, cash-flow protection and gearing. Our goal is that the relations should reflect a financial standing comparable with a rating in the lower end of an investment grade.

Liquidity bottlenecks can be ruled out due to the Group's high level of cash and available credit lines and sureties. After successfully placing a long-term syndicated cash credit line of €300 million with our main banks in 2005, in September 2006 we secured a significant proportion of our guaranteed credit needs by concluding a syndicated long-term credit agreement with a volume of €1,100 million. The increasing

long-term debt resulting from the expansion of our concessions business is solely on a non-recourse basis; lenders have no access to Bilfinger Berger's assets beyond the respective project companies.

Market-price risks in the finance sector primarily involve exchange rates, interest rates and the market values of financial instruments. As a result of our central risk management, to a large extent our cash flows and financial positions are netted out. We make use of derivative financial instruments in order to minimize residual risks and the resulting fluctuations in earnings, valuations or cash flows. We do not undertake any financial transactions beyond the underlying business risk. We use currency futures or currency options to hedge foreign-currency cash flows and balance-sheet values in foreign currencies. We generally hedge our project business for the entire project period immediately after contracts are awarded, in some cases also during the bidding phase. Risk management takes place with the use of concrete risk limits for foreign-exchange items and marked-to-market results.

We counteract the risks of interest-rate changes by continually reviewing and adjusting the composition of assets and liabilities subject to fixed and variable interest rates. In order to react flexibly and economically, we primarily make use of derivative financial instruments. We analyze and evaluate the risks arising from our net interest exposure in good time and at regular intervals with the use of the value-at-risk method. Interest-rate derivatives are an exception; they are used in the concessions business

for the long-term financing of project companies. The non-recourse character of this project financing requires long-term, predictable interest cash flows and thus also the long-term, static hedging of interest-rate risks. Market-value changes occurring in this context must be reflected in the balance sheet, but due to the closed project structure they have no impact on the Group's financial development.

Issuer risks can occasionally arise in connection with the investment of liquid funds and the application of derivative financial instruments. We counteract such risks by only selecting issuers with investment-grade ratings; we also limit the periods and amounts of such transactions.

In order to limit contracting-party risks, we undertake financial transactions solely with banks that have a very good rating of at least A-.

Due to the consistent application of this risk policy, there were no negative effects on the Group's earnings or financial situation in 2006.

#### **Human-resources risks**

We carefully monitor and offensively counteract the human-resources risks that may arise out of a shortage of junior managers, high staff turnover, lack of qualifications, low motivation or an excessively old workforce. Our human-resources development enables us to recruit highly qualified employees and retain them at the Company over the long term. For this purpose, we maintain close contacts with selected universities, organize internships for their graduates and organize specially designed familiarization programs at the beginning of new recruits' careers at Bilfinger Berger. An extensive range of courses and further training is available to our workforce. Individual career perspectives are discussed with our

employees individually. Management positions are mainly filled from within the Group. Our forward-looking human-resources development is one of the main reasons why, despite an upturn in the construction industry in some markets and ongoing growth in the service business, no specific risks are apparent in the human-resources sector.

#### **Subsidiaries' risks**

We have a clear strategy to counteract risks from subsidiaries and acquisitions. We generally acquire either a majority interest or 100% ownership in suitable companies. Candidate companies are evaluated by our experts with the help of comprehensive due-diligence audits. The decisive features for assessment are strategic relevance, profitability, management quality and good prospects for the future. We only acquire companies that are active and successful in the market and which can make positive contributions to the Group's earnings from the start. Our recent acquisitions have also fulfilled our high expectations for return on capital and profits. New companies are integrated into the Group and its risk-management system without delay.

We have also intensified our system of active subsidiary controlling. In this context, the controllers act outside the reporting hierarchy, have unrestricted rights to information in the units concerned, and can obtain an independent picture of the situation. They report monthly to the Executive Board and inform the Executive Board without delay of any unusual developments.

#### **IT risks**

In order to prevent unauthorized access and data loss and to guarantee the permanent availability of our systems, we protect our information technology with numerous technical installations. Our IT structures are highly standardized. We use software products from leading producers such as SAP, IBM, RIB and Microsoft. Applicable guidelines are regularly adapted to the latest technical developments.

#### **Overall risk**

In 2006, we did not identify any individual risks whose occurrence, either alone or in combination, would have jeopardized the continued existence of our Company. If unpredictable, exceptional risks should occur, the possibility of an effect on the development of our output volume or earnings cannot be ruled out. However, no risks can be identified that could threaten the Group's continuing existence.



## Additional disclosure details

pursuant to Section 289  
of the German Commercial Code (HGB)

The subscribed capital of €111,588,306 is divided into 37,196,102 bearer shares with an arithmetical value of €3 per share.

The stipulations of the law for the appointment and dismissal of members of the Executive Board are laid down in Sections 84 and 85 of the German Stock Corporation Act (AktG); the stipulations of the law for amending the Articles of Incorporation are laid down in Sections 133 and 179 of the German Stock Corporation Act (AktG).

By resolution of the Annual General Meeting of May 18, 2006, until May 17, 2011 and with the consent of the Supervisory Board, the Executive Board was authorized to increase the Company's capital stock by up to €34,000,000 by the single or multiple issue of new shares (Approved Capital I). New shares can be issued against cash or non-cash contributions, whereby capital increases against non-cash contributions may only take place up to a limit of €22,300,000. The new shares must be offered for subscription by the shareholders. However, with the consent of the Supervisory Board, the Executive Board is authorized to exclude shareholders' statutory subscription rights in certain cases.

By resolution of the Annual General Meeting of May 18, 2006, until November 17, 2007 and with the consent of the Supervisory Board, the Executive Board was authorized to acquire the Company's own shares up to a maximum proportion of 10% of the current capital stock of €111,588,306. The acquired shares can be offered for sale to the shareholders taking into consideration the principle of equal treatment, applied in the context of business combinations or acquisitions, used to fulfill conversion and option rights, or recalled without any further resolution by an Annual General Meeting.

Furthermore, the Annual General Meeting resolved to conditionally increase the Company's capital stock by up to €11,023,398 by issuing up to 3,674,466 bearer shares (Conditional Capital III). The conditional capital increase will only be carried out to the extent that any holders of conversion bonds and option warrants make use of their

conversion and option rights on the basis of the resolution by the Annual General Meeting of May 19, 2005, or fulfill their obligations to exercise conversions/options, and the conditional capital is required for this purpose.

In the case of a change of control resulting from an offer to acquire the Company, as is common business practice, termination possibilities exist for the providers of credit and guaranties for our syndicated cash credit lines of €300 million, our syndicated long-term credit agreement of €1,100 million and various bilateral credit facilities totaling €200 million. For the syndicated long-term credit agreement, there is also an immediate prohibition of any further utilization in the case of such a change of control.

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have the right to terminate their contracts of service. This regulation would give the members of the Executive Board the required independence in the case of a takeover bid so that they could direct their actions solely to benefit of the Company and its shareholders. Further information on this matter can be found in the compensation report on page 34 of this Annual Report.

## Executive Board compensation

The compensation of the members of the Executive Board is comprised of a fixed salary, bonuses and components with a long-term incentive effect, as well as fringe benefits and pension commitments. Further information including individualized details of payments can be found in the compensation report within the corporate governance report (see page 32). The compensation report is a constituent part of the management report.

## Events after the balance-sheet date

Bilfinger Berger's business has developed according to plan in 2007. No events of special significance occurred. In our next interim report, which we will publish on May 14, 2007, we will provide a detailed overview of the first quarter of the year.

## Outlook

The economic indicators for 2007 point to a lasting positive development in the global economy. While a slight decrease is expected in the previously strong growth rates in the United States, economies in Australia and numerous countries in the Middle East and Asia will continue to grow dynamically. The economic situation in Europe will presumably develop in a satisfactory manner, whereas the new member states of the European Union will achieve above-average growth rates.

In those markets that are relevant for Bilfinger Berger we expect generally good economic conditions. Revenues in the main construction sector in Germany will rise in the current year. A continuing robust construction industry can also be assumed in most neighboring European countries. Australia is showing persistently strong demand for civil engineering work, while falling growth rates are anticipated in commercial construction. In North America, continued high levels of investment in infrastructure are expected. Petroleum exporting countries will continue to expend significant sums on improving transport infrastructure and amenity networks.

Demand for industrial services in Germany and Europe outside Germany will be driven by increasing investments in the process industry. Investments in new plant construction and rehabilitation in power plant services are strong growth drivers. In facility management, the volume of services outsourced in Germany will continue to grow.

As a Multi Service Group, we profit from these developments and intend to further strengthen our strategic advantages, primarily by expanding our services business. We intend to achieve further organic growth, but are also targeting additional acquisitions. We have the advantage of substantial financial resources at our disposal. Potential candidates for acquisition must fulfill our strict selection criteria. We also intend to continue investing in high-yield concession projects. We aim to achieve a sustained improvement in profitability in the construction business.

Under the economic conditions outlined here, we anticipate a successful development in the Bilfinger Berger Group in the next two years. This is based on the assumption that the situation in areas with political tension does not intensify, that the financial markets remain free of heavy turbulence and that, overall, no critical weakening of the world economy occurs. The outlook for business developments in our segments is described in detail in the respective chapters.

We plan an increase in output volume and further growth of EBITA and net profit. Our shareholders will participate in the Company's growing success through an attractive dividend distribution. Once again, we aim for a distribution ratio of approximately 50%. With a return on capital employed above our cost of capital, we want to once again create substantial value added also in the future.

The volume of additions to financial assets depends on the scope of new acquisitions and concession projects. Capital expenditure on property, plant and equipment will increase due

to the further expansion of business volumes. Sufficient funds are available to the Group for financing purposes.

With regard to research and development, we will continue to work in areas relating to our construction activities and the Services and Concessions business segments. In the field of knowledge management, we are focusing in particular on international and cross-divisional networking within the Group.

In the field of procurement, we will increase the efficiency of our processes through the targeted further training of our purchasers and the creation of internal networks. A comprehensive central service facility is an important basis for the procurement decisions of our operational units.

We intend to intensify the dialog with our main target groups with prompt and open communication. We continue to place great importance on the provision of comprehensive information to the capital market. Our decentralized marketing and sales activities are oriented to the specific needs of our clients.

We flexibly adjust our staffing levels to the development of demand. This applies to both our construction business and our services activities. In view of the growing demands placed on our management staff, we continually work on refining the instruments of our human-resources development.

---

All of the statements in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as these statements also depend on factors beyond our control, actual developments may differ from our forecasts.

---

## Statement by the Executive Board

The Executive Board of Bilfinger Berger AG is responsible for preparing the consolidated financial statements and the Group's management report. The consolidated financial statements as of December 31, 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are to be applied in the European Union and with complementary guidelines pursuant to Section 315a, Subsection 1 of the German Commercial Code (HGB).

The internal controlling systems and the use of uniform guidelines throughout the Group, combined with the measures we take for the training of our employees, ensure the accuracy of the consolidated financial statements and of the Group's management report. Adherence to the provisions of the law and to the Group's internal guidelines are continually checked throughout the Group, as are the reliability and functionality of the monitoring systems.

In conformance with the requirements of the German Corporate Monitoring and Transparency Act, our risk management system is designed so that the Executive Board can recognize potential risks at an early stage and take any necessary countermeasures.

Two companies of auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, have audited the consolidated financial statements and the Group's management report in accordance with the relevant resolution of the Annual General Meeting, and have issued their auditor's report without any reservations.

Together with the external auditors, the Supervisory Board's Audit Committee and, subsequently, the entire Supervisory Board discussed in detail the consolidated financial statements, including the Group's management report and the auditor's report. The results of the audit from the Supervisory Board are stated in the report of the Supervisory Board.

The Executive Board



Herbert Bodner



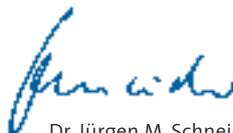
Dr. Joachim Ott



Kenneth D. Reid



Prof. Hans Helmut Schetter



Dr. Jürgen M. Schneider

## Auditor's report

We have audited the consolidated financial statements – consisting of balance sheet, income statement, notes, statement of changes in equity, cash-flow statements – and the Group management report of Bilfinger Berger AG for the business year from 1 January 2006 to 31 December 2006. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRS, as adopted by the EU, and the additional provisions stated in § 315a Abs. 1 HGB are the responsibility of the Company's Board of Managing Directors. 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 HGB (German Commercial Law) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). 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 German principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of 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 Company's Board of Managing Directors, 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 based on the results of our audit the consolidated financial statements are in compliance with the IFRS, as adopted by the EU, and the additional provisions stated in § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The Group management report is in accordance with the consolidated financial statements and provides on the whole a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, February 28, 2007

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Ernst & Young AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft



Franz-Josef Schwarzhof  
Certified Auditor



Dieter Wißfeld  
Wirtschaftsprüfer



Gunther Ruppel  
Wirtschaftsprüfer



Thomas Müller  
Wirtschaftsprüfer

**Consolidated income statement**

€ million	Notes	2006	2005
Sales revenues	(5)	7,508.7	6,205.9
Changes in inventories		-20.6	-2.3
Own work capitalized		13.4	4.2
<b>Total revenues</b>		<b>7,501.5</b>	<b>6,207.8</b>
Other operating income	(6)	200.0	129.1
Cost of materials	(7)	-4,738.4	-3,875.0
Personnel expenses	(8)	-2,027.1	-1,710.3
Depreciation	(9)	-99.0	-91.8
Other operating expenses	(10)	-657.0	-545.0
<b>Earnings before interest, taxes and amortization (EBITA) *</b>		<b>180.0</b>	<b>114.8</b>
Amortization of intangible assets from acquisitions	(11)	-10.2	-5.3
<b>Earnings before interest and taxes (EBIT)</b>		<b>169.8</b>	<b>109.5</b>
Interest income	(12)	29.3	26.7
Interest expense	(12)	-21.2	-22.8
Other financial income/expense	(12)	-4.7	2.0
<b>Earnings before taxes</b>		<b>173.2</b>	<b>115.4</b>
Income tax expense	(13)	-77.0	-41.6
Earnings after taxes		96.2	73.8
Minority interest		-4.1	-7.3
<b>Net profit</b>		<b>92.1</b>	<b>66.5</b>
Average number of shares, basic (in thousands)	(14)	37,196	37,005
Average number of shares, diluted (in thousands)	(14)	37,196	37,170
<b>Earnings per share, basic (in €)</b>	(14)	<b>2.48</b>	<b>1.80</b>
<b>Earnings per share, diluted (in €)</b>	(14)	<b>2.48</b>	<b>1.79</b>

\* thereof, gain on the equity valuation of associated companies € 3.4 million (2005: € 1.2 million)



## Consolidated balance sheet

	€ million	Notes	Dec 31, 06	Dec 31, 05
<b>Assets</b>	<b>Non-current assets</b>			
	Intangible assets	(15)	738.4	592.4
	Property, plant and equipment	(15)	607.3	512.0
	Financial assets	(15)	977.4	712.3
	thereof, shares in associated companies		(45.6)	(88.0)
	thereof, investment properties		(0.0)	(34.0)
	Total non-current assets	(15)	2,323.1	1,816.7
	Deferred tax assets	(16)	128.1	135.2
			<b>2,451.2</b>	<b>1,951.9</b>
	<b>Current assets</b>	(17)		
	Inventories		393.5	384.5
	Receivables and other assets		1,502.0	1,188.3
	thereof, tax receivables		(31.0)	(27.2)
	Cash and marketable securities		782.7	831.9
			<b>2,678.2</b>	<b>2,404.7</b>
			<b>5,129.4</b>	<b>4,356.6</b>
<b>Shareholders' equity and liabilities</b>	<b>Shareholders' equity</b>	(18)		
	Subscribed capital		111.6	111.6
	Reserves		1,031.3	1,012.3
	Unappropriated retained earnings		46.5	37.2
	Shareholders' equity before minority interest		1,189.4	1,161.1
	Minority interest		16.8	27.7
			<b>1,206.2</b>	<b>1,188.8</b>
	<b>Non-current liabilities</b>			
	Provisions for pensions	(19)	159.7	130.2
	Other provisions	(20)	99.5	105.3
	Financial liabilities <sup>1</sup>	(21)	899.2	571.7
	Other liabilities	(21)	67.3	17.2
	Deferred tax liabilities	(16)	94.0	74.4
			<b>1,319.7</b>	<b>898.8</b>
	<b>Current liabilities</b>			
	Provisions for taxes	(20)	71.5	50.2
	Other provisions	(20)	424.5	419.9
	Financial liabilities <sup>2</sup>	(21)	66.7	51.0
	Other liabilities	(21)	2,040.8	1,747.9
			<b>2,603.5</b>	<b>2,269.0</b>
			<b>5,129.4</b>	<b>4,356.6</b>

<sup>1</sup> thereof, non-recourse debt € 808.3 million (December 31, 2005: € 485.1 million)

<sup>2</sup> thereof, non-recourse debt € 18.9 million (December 31, 2005: € 10.1 million)

**Statement of changes  
in shareholders' equity**

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other Comprehensive Income			Unappropriated retained earnings	Minority interest	Shareholders' equity
				Fair valuation of securities reserve	Hedging transactions reserve	Currency translation reserve			
Balance at January 1, 2005	110.2	522.6	461.5	0.7	- 3.5	- 18.2	36.7	20.5	1,130.5
Capital contributions	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4
Dividend distributions	0.0	0.0	0.0	0.0	0.0	0.0	- 36.7	0.0	- 36.7
Earnings after taxes	0.0	0.0	0.0	0.0	0.0	0.0	66.5	7.3	73.8
Transfer to retained earnings	0.0	0.0	29.3	0.0	0.0	0.0	- 29.3	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0	0.0	19.7	0.0	0.0	19.7
Other changes	0.0	0.0	0.9	5.1	- 5.8	0.0	0.0	- 0.1	0.1
<b>Balance at December 31, 2005</b>	<b>111.6</b>	<b>522.6</b>	<b>491.7</b>	<b>5.8</b>	<b>- 9.3</b>	<b>1.5</b>	<b>37.2</b>	<b>27.7</b>	<b>1,188.8</b>
Balance at January 1, 2006	111.6	522.6	491.7	5.8	- 9.3	1.5	37.2	27.7	1,188.8
Capital contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend distributions	0.0	0.0	0.0	0.0	0.0	0.0	- 37.2	0.0	- 37.2
Earnings after taxes	0.0	0.0	0.0	0.0	0.0	0.0	92.1	4.1	96.2
Transfer to retained earnings	0.0	0.0	45.6	0.0	0.0	0.0	- 45.6	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0	0.0	- 13.6	0.0	0.0	- 13.6
Other changes	0.0	0.0	1.3	- 5.8	- 8.5	0.0	0.0	- 15.0	- 28.0
<b>Balance at December 31, 2006</b>	<b>111.6</b>	<b>522.6</b>	<b>538.6</b>	<b>0.0</b>	<b>- 17.8</b>	<b>- 12.1</b>	<b>46.5</b>	<b>16.8</b>	<b>1,206.2</b>

## Consolidated statement of cash flows

€ million	2006	2005
Net profit	92.1	66.5
Minority interest	4.1	7.3
Write-down / write-up of non-current assets	168.3	95.9
Decrease (2005: increase) in long-term provisions	- 3.0	1.9
Deferred tax expense / income	18.9	10.6
Other income and expenses not affecting cash	- 0.6	1.2
<b>Cash earnings</b>	<b>279.8</b>	<b>183.4</b>
Increase in short-term provisions	9.8	19.2
Gains / losses on the disposal of non-current assets	- 95.4	- 25.9
Decrease (2005: increase) in inventories	18.9	- 70.7
Increase (2005: decrease) in receivables	- 248.6	51.3
Increase in liabilities (excluding liabilities to banks)	242.5	30.9
<b>Cash flow from operating activities</b>	<b>207.0</b>	<b>188.2</b>
Proceeds from the disposal of intangible assets	0.8	0.0
Proceeds from the disposal of property, plant and equipment	22.9	32.0
Proceeds from the disposal of financial assets	176.7	65.6
Investments in intangible assets	- 7.1	- 4.3
Investments in property, plant and equipment	- 129.4	- 101.9
Investments in financial assets	- 233.8	- 228.3
<b>Cash flow from investing activities</b>	<b>- 169.9</b>	<b>- 236.9</b>
Proceeds from a capital increase	0.0	1.4
Dividend distributed by Bilfinger Berger AG	- 37.2	- 36.8
Repayment of loans (2005: borrowing)	- 8.2	3.8
Funding of pension obligations	- 34.6	- 17.3
<b>Cash flow from financing activities</b>	<b>- 80.0</b>	<b>- 48.9</b>
<b>Change in cash and marketable securities</b>	<b>- 42.9</b>	<b>- 97.6</b>
Other adjustments to cash and marketable securities	- 6.3	15.8
Cash and marketable securities at January 1	831.9	913.7
<b>Cash and marketable securities at December 31</b>	<b>782.7</b>	<b>831.9</b>

# Notes to the consolidated financial statements 2006

Segment reporting		Civil		Building and Industrial	
€ million	2006	2005	2006	2005	
Output volume (Group)	2,973.0	2,746.6	2,068.6	2,081.1	
Segment earnings	2,557.1	2,113.4	1,760.7	1,756.3	
(thereof, inter-segment supply of goods and services)	(76.7)	(0.7)	(48.1)	(134.3)	
Cost of materials	- 1,546.0	- 1,235.9	- 1,423.0	- 1,421.0	
Personnel expenses	- 645.8	- 552.9	- 222.1	- 262.1	
Depreciation and amortization	- 51.8	- 47.9	- 4.6	- 3.5	
Other operating expenses	- 270.8	- 226.6	- 88.9	- 84.1	
EBITA <sup>1</sup>	42.7	50.1	22.1	- 14.4	
Amortization of intangible assets from acquisitions	-	-	-	-	
EBIT	-	-	-	-	
Net interest result	-	-	-	-	
Earnings before taxes	-	-	-	-	
Income tax expense	-	-	-	-	
Earnings after taxes	-	-	-	-	
Minority interest	-	-	-	-	
Net profit	-	-	-	-	
Segment assets at December 31	1,026.2	934.8	383.6	309.1	
Segment liabilities at December 31	1,024.7	931.3	608.4	559.9	
Investments in property, plant and equipment	73	65	4	8	
Employees at December 31	14,628	23,480	3,745	9,629	

<sup>1</sup> EBITA includes income from investments in associated companies of € 3.5 million (2005: minus € 1.2 million).

Thereof, Civil € 3.4 million (2005: € 2.5 million), Services € 2.7 million (2005: € 1.5 million), Concessions minus € 2.6 million (2005: minus € 2.8 million)

Segment reporting by region		Germany		Europe excluding Germany	
€ million	2006	2005	2006	2005	
Output volume (Group)	2,719.8	2,389.9	1,827.6	1,500.2	
Segment earnings	2,696.2	2,317.4	1,790.8	1,390.5	
Segment assets at December 31	2,232.8	2,092.4	1,210.7	755.2	
Investments in property, plant and equipment	58	37	36	25	

## Notes

Segment reporting takes place for the individual business segments in line with our organisational structure. The inter-segment supply of goods and services shows the volumes of goods and services supplied between the business segments, which were billed at normal market prices. The Group's internal expenses and income and intercompany profits were eliminated in the reconciliation to the data of the consolidated financial statements. The expenses and income of the headquarters are also shown here.

	Services		Concessions		Total of segments		Consolidation, Other		Consolidated Group	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	2,880.8	2,249.9	24.7	13.9	7,947.1	7,091.5	- 10.9	- 30.1	7,936.2	7,061.4
	2,971.9	2,296.7	511.8	231.1	7,801.5	6,397.5	- 100.0	- 60.6	7,701.5	6,336.9
	(34.1)	(21.6)	(0.0)	(0.0)	(158.9)	(156.6)	(- 158.9)	(- 156.6)	(0.0)	(0.0)
	- 1,428.7	- 1,141.5	- 413.2	- 187.0	- 4,810.9	- 3,985.4	72.5	110.4	- 4,738.4	- 3,875.0
	- 1,102.2	- 835.4	- 9.6	- 7.5	- 1,979.7	- 1,657.9	- 47.4	- 52.4	- 2,027.1	- 1,710.3
	- 35.1	- 28.1	- 0.3	- 0.1	- 91.8	- 79.6	- 7.2	- 12.2	- 99.0	- 91.8
	- 282.4	- 201.3	- 93.0	- 33.0	- 735.1	- 545.0	78.1	0.0	- 657.0	- 545.0
	123.5	90.4	- 4.3	3.5	184.0	129.6	- 4.0	- 14.8	180.0	114.8
	-	-	-	-	-	-	-	-	- 10.2	- 5.3
	-	-	-	-	-	-	-	-	169.8	109.5
	-	-	-	-	-	-	-	-	3.4	5.9
	-	-	-	-	-	-	-	-	173.2	115.4
	-	-	-	-	-	-	-	-	- 77.0	- 41.6
	-	-	-	-	-	-	-	-	96.2	73.8
	-	-	-	-	-	-	-	-	- 4.1	- 7.3
	-	-	-	-	-	-	-	-	92.1	66.5
	1,599.1	1,178.7	957.6	672.0	3,966.5	3,094.6	1,162.9	1,262.0	5,129.4	4,356.6
	700.6	521.1	904.8	525.5	3,238.5	2,537.8	684.7	630.0	3,923.2	3,167.8
	52	27	1	0	130	100	6	2	136	102
	30,218	21,709	105	80	48,696	54,898	445	448	49,141	55,346

	America		Africa		Asia		Australia		Consolidated Group	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	633.1	539.7	587.0	681.3	183.3	139.4	1,985.4	1,810.9	7,936.2	7,061.4
	625.9	511.4	482.5	357.8	169.9	125.0	1,936.2	1,634.8	7,701.5	6,336.9
	471.9	254.0	158.8	174.5	55.1	60.0	1,000.1	1,020.5	5,129.4	4,356.6
	8	7	10	6	1	3	23	24	136	102

The reconciliation of the segments' assets primarily applies to securities, cash and cash equivalents, and financial assets not allocated to the business segments, as well as real estate and other assets of the Group's headquarters. The segments' liabilities shown in the reconciliation include the liabilities of the Group headquarters and interest-bearing liabilities such as liabilities to banks and pension provisions. For this reason, corresponding expense and income items are not recorded in the segments' earnings (EBITA).

## General explanations

### General information

Bilfinger Berger AG is a listed stock corporation located at Carl-Reiß-Platz 1-5, 68165 Mannheim, Germany. The consolidated financial statements of Bilfinger Berger AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are to be applied in the European Union and the complementary guidelines that are applicable pursuant to Section 315a, Subsection 1 of the German Commercial Code (HGB). All of the standards that became mandatory on or before the balance-sheet date have been taken into consideration.

To improve the clarity of presentation, we have combined several individual items of the balance sheet and of the income statement under single headings; they are shown separately and explained in these notes. The income statement has been prepared according to the total-cost method. The consolidated financial statements have been prepared in euros. All amounts are shown in millions of euros (€ million), unless otherwise stated.

The consolidated financial statements have been prepared in accordance with the principles of historical costs of acquisition and production, with the exception of individual items such as available-for-sale financial assets and derivative financial instruments, which are shown at fair value. Profit contributions from operating investments are entered under other operating income or other operating expenses.

In addition to the standards and interpretations that are mandatory for the consolidated financial statements as of December 31, 2006, new and revised standards and interpretations have meanwhile been published. No use has been made of the possibility to apply these standards and interpretations ahead of time for the year 2006.

The above paragraph refers to the following standards and interpretations:

*IFRS 7 Financial Instruments – Disclosure*: This standard supercedes parts of IAS 32, which hitherto regulated the disclosure and presentation of financial instruments. IFRS 7 is effective for annual periods beginning on or after January 1, 2009.

*IAS 1 Presentation of Financial Statements*: IAS 1 was amended with regard to capital disclosures. This amendment is effective for annual periods beginning on or after January 1, 2007.

*IFRS 8 Operating Segments*: This new standard supercedes IAS 14 Segment Reporting and follows a “management approach” to segment reporting. IFRS 8 is effective for annual periods beginning on or after January 1, 2009.

*IFRIC 7 Applying Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*: This interpretation clarifies additional questions connected with financial reporting in hyperinflationary economies (to be applied for the first time for reporting years which begin on or after March 1, 2006).

*IFRIC 8 Scope of IFRS 2*: This interpretation clarifies questions of application connected with the provisions of IFRS 2 regarding share-based payment. IFRIC 8 is effective for annual periods beginning on or after May 1, 2006.



IFRIC 9 *Reassessment of Embedded Derivatives*: This interpretation addresses questions regarding the separate accounting of embedded derivatives. IFRIC 9 is effective for annual periods beginning on or after June 1, 2006.

IFRIC 10 *Interim Financial Reporting and Impairment*: This interpretation addresses questions of dealing with impairment losses on certain assets in interim financial statements. IFRIC 10 is effective for annual periods beginning on or after November 1, 2006.

IFRIC 11 *IFRS 2: Group and Treasury Share Transactions*: This interpretation provides guidance on accounting for agreements by which an entity grants rights to equity instruments to employees. IFRIC 11 is effective for annual periods beginning on or after March 1, 2006.

IFRIC 12 *Service Concession Arrangements*: This interpretation deals with accounting for certain contracts (known as service concession arrangements, or concessions) for the supply of public services. IFRIC 12 is effective for annual periods beginning on or after January 1, 2008.

With the exception of IFRS 8, IFRIC 10, IFRIC 11 and IFRIC 12, on the balance-sheet date, the standards and interpretations were already recognized by the EU Commission in the context of the endorsement procedure. The future application of the standards and interpretations is unlikely to have any material effect on the asset position, cash flows or profitability of the Bilfinger Berger Group.

## 1. Consolidated Group

In addition to Bilfinger Berger AG, 5 subgroups and 34 companies in Germany along with 7 subgroups and 31 companies based outside Germany have been included in the consolidated financial statements. Of these, 5 companies in Germany and 8 companies based outside Germany have been consolidated for the first time in the year under review. A further 13 associated companies were accounted for using the equity method.

The following fully consolidated German subsidiaries make use of the exemption regulation of Section 264, Subsection 3 of the German Commercial Code (HGB) for the year 2006:

- Achatz GmbH Bauunternehmung, Mannheim
- bebit Informationstechnik GmbH, Mannheim
- Bilfinger Berger BOT GmbH, Wiesbaden
- Bilfinger Berger Facility Services GmbH, Mannheim
- Bilfinger Berger Nigeria GmbH, Wiesbaden
- Bilfinger Berger Instandsetzung GmbH, Munich
- Bilfinger Berger Real Estate Management GmbH, Mannheim
- Bilfinger Berger Verkehrswegebau GmbH, Bochum
- GBV Versicherungsvermittlung GmbH, Mannheim
- Hüser & Co. GmbH, Mannheim

The most important subgroups and companies included in the consolidated financial statements are shown in the list of principal holdings. Information disclosed pursuant to Section 313, Subsection 2 of the German Commercial Code (HGB) is summarized in a separate list of equity interests. This list is published as a component of the notes to the consolidated financial statements in the German online Federal Gazette ("Bundesanzeiger").

In the year 2006, in the Industrial Services division, the following companies were acquired for prices totaling € 86 million: Mobuco Steigers B.V., Vlardingem, Netherlands (100%) on May 29, 2006; Salmis Group Ltd., Aberdeen, United Kingdom (100%) on June 20, 2006; ROB Montagebedrijf N.V., Beveren, Belgium (96%) on August 22, 2006; and Techscape Ltd., Auckland, New Zealand (100%) on September 5, 2006.

In the Power Services division, we acquired 100% of the shares in Essener Hochdruck-Rohrleitungsbau GmbH, Essen, Germany for a price of € 52 million on July 1, 2006.

In the Facility Services division, on February 23, 2006 we acquired 80% of the shares in Serimo Holding AG, Binningen, Switzerland, and on April 1, 2006 we acquired 100% of the shares in Ahr Service GmbH & Co. KG, Oberhausen, Germany, for prices totaling € 40 million.

At the respective times of purchase, the acquisitions had the following effects on assets and liabilities:

---

**Effects at the time of acquisition**

**€ million**

Intangible assets from acquisitions	42.3
Other non-current assets	47.2
Current assets (excluding cash and cash equivalents)	145.0
Cash and cash equivalents	22.8
<b>Total assets</b>	<b>257.3</b>
Provisions for pension obligations	28.2
Other provisions	17.3
Financial liabilities	17.4
Other liabilities	116.6
<b>Total liabilities</b>	<b>179.5</b>

With the exception of capitalized intangible assets from acquisitions, the values correspond for the most part to the book values from the companies acquired.

Since the respective dates of first-time consolidation, the companies acquired during 2006 generated sales revenues of € 316.4 million and EBITA of € 19.3 million.

## 2. Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current market values irrespective of the size of the minority interest. Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3 / IAS 36. Any negative differences are released immediately after acquisition with an effect on net profit. With deconsolidation, the residual book value of the asset differences are taken into consideration in the calculation of income from the disposal. The same principles apply to valuations according to the equity method, whereby any goodwill is reflected in the value of the equity holding.

Receivables, liabilities, income and expenses between consolidated companies have been netted off. Non-current assets and inventories resulting from Group output have been adjusted to exclude any intercompany profits. Deferred taxes from consolidation processes affecting net profit have been charged to subsequent years.

## 3. Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the exchange rate on the balance-sheet date; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation on the balance-sheet date are entered separately under shareholders' equity.

Currency translation took place using the following key exchange rates:

		Annual average		At December 31	
1 € =		2006	2005	2006	2005
Australia	AUD	1.6673	1.6322	1.6681	1.6145
United Kingdom	GBP	0.6819	0.6839	0.6714	0.6870
Hong Kong	HKD	9.7595	9.6821	10.2484	9.1778
Canada	CAD	1.4302	1.4975	1.5294	1.3769
Nigeria	NGN	162.1750	163.6894	169.7000	153.7000
Norway	NOK	8.0492	8.0152	8.2400	8.0000
Poland	PLN	3.8954	4.0226	3.8413	3.8686
Sweden	SEK	9.2517	9.2838	9.0430	9.3930
Switzerland	CHF	1.5733	1.5484	1.6080	1.5555
South Africa	ZAR	8.5161	7.8632	9.2150	7.4890
Czech Republic	CZK	28.3336	29.7899	27.4350	28.9900
Hungary	HUF	264.1025	248.0523	251.6750	252.6650
United Arab Emirates	AED	4.6138	4.5715	4.8412	4.3472
United States	USD	1.2563	1.2448	1.3181	1.1834
China	CNY	10.0136	10.2026	10.2915	9.5515

#### 4. Significant accounting policies

*Intangible assets* with a specific lifetime are capitalized at cost of acquisition and amortized over their expected useful lifetimes on a straight-line basis. The expected useful lifetime is generally regarded as being between 3 and 8 years. In accordance with IFRS 3 / IAS 36, goodwill and other intangible assets with a non-specific or unlimited useful lifetime are no longer amortized. Instead, these items are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

*Property, plant and equipment* are valued at the cost of acquisition or production. Their loss in value is accounted for by regular, straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are attributable to the production process, either directly or indirectly. Repair costs are always treated as an incurred expense.

Buildings are depreciated over a useful lifetime of 20 to 50 years using the straight-line method. The useful lifetime of technical equipment and machinery is generally between 3 and 10 years; other equipment including office and factory equipment is usually depreciated over 3 to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying value. The recoverable amount represents the higher of the net selling price and the present value of estimated future cash flows. If the reason for an impairment loss recognized in prior years no longer applies, the book value is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. The impairment tests take place at the level of the smallest cash-generating unit.

With leasing contracts where the risks and rewards of ownership of the leased object are allocated to a company of the Bilfinger Berger Group (finance leasing), the item is capitalized at the lower of its fair value or the present value of the leasing payments. Scheduled depreciation takes place over the useful lifetime. The payment obligations resulting from future leasing rates are shown under financial liabilities.

*Associated companies* included using the equity method are valued with consideration of the prorated earnings of the company, any dividend distributions that have taken place, as well as any goodwill impairments which may have been recognized.

IAS 39 (*Financial Instruments*) divides financial assets into the categories: (1) financial instruments designated at fair value through profit or loss, (2) held-for-trading financial instruments, (3) held-to-maturity investments, (4) loans and receivables, and (5) available-for-sale financial assets.

Financial liabilities are divided into the categories: (1) designated at fair value and (2) financial liabilities valued at amortized cost.

Financial instruments are accounted for either at amortized cost or at fair value. The amortized cost of a financial asset or a financial liability is a result of historical cost minus principal repayments, plus or minus the accumulated amortization of any differences between the original amount and the amount repayable at maturity, and minus any impairment losses.

With current receivables and liabilities, amortized cost is equal to the nominal value or the redemption amount. Fair value is equal to the market or stock-exchange value.

Where no active market exists, the fair value is determined through the application of recognized financial measurements (discounted cash flow procedure and option pricing model).

Shares in non-consolidated investments are entered under *financial assets* as available-for-sale financial assets. They are recognized at their fair values, provided that such values can be reliably estimated. Initial measurement is on the settlement date. Unrealized gains and losses from changes in fair value are entered under equity without any effect on net profit while taking any deferred taxes into consideration. Borrowings, investment properties and receivables from concession projects are measured at amortized cost. Receivables from concession projects thereby effect all services performed in public-private partnership (PPP) projects for which a fixed – independent of the scope of use – fee is agreed upon. In accordance with IAS 39, in cases where a financial asset is impaired, appropriate impairment losses are recognized.

Inventories of *merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies* are valued at cost of purchase or production, or at net realizable value on the balance-sheet date if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying values are increased accordingly. Production costs include all costs that are attributable to the production process, either directly or indirectly. Financing costs are not taken into consideration.

With construction contracts, profit recognition is booked according to the percentage-of-completion method. Revenues are entered proportionately to the percentage of completion of each order.

The percentage of completion is generally determined on the basis of the output that has been produced at the balance-sheet date. If, for construction contracts, output has been produced which exceeds the amount that has been invoiced for progress payments, this excess is shown under *work in progress*. If the amount that has been invoiced is higher than the output produced, this excess is shown under *progress billings in excess of cost and estimated earnings*. Receivables from percentage of completion correspond with the balance of progress payments invoiced less progress payments received; they are shown together with trade receivables. Anticipated contract losses are accounted for in full from the time that they become known.

Construction contracts carried out in joint ventures are entered according to the percentage-of-completion method. Receivables and/or liabilities to joint ventures also include proportionate contract earnings, in addition to cash receipts and payments as well as output adjustments.

With *trade and other receivables*, which are generally entered at nominal values, provision has been made for potential risks by means of individual value adjustments.

*Securities* are entered at their fair values. Unrealized gains and losses from the fair valuation of securities which are held for trading purposes (trading papers) are recorded with an effect on net profit. Unrealized gains and losses from other securities that are valued at fair value (available-for-sale papers) are recorded under retained earnings (reserve from the market valuation of securities) without any effect on net profit while taking any deferred taxes into consideration. All securities are written down if their value falls other than temporarily.

*Deferred taxes* are taken into consideration in terms of any deviations between the valuation of assets and liabilities according to IFRS/IAS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are created for future relief from tax-loss carry-overs if their realization can be reasonably expected. Deferred tax assets and liabilities from temporary differences are netted off provided that offsetting is legally possible.

*Provisions for pensions and similar obligations* are calculated according to the projected-unit-credit method for defined-benefit pension plans, taking into consideration future salary and pension increases. If actuarial gains and losses exceed 10% of the higher of projected benefit obligations and pension plan assets, they are distributed over the average remaining period of service. As far as possible, the fair value of pension plan assets is set off. The interest component contained in the pension expense is shown as an interest expense under financial income.

*Other provisions* are accounted for if there is a present liability resulting from a past event, its occurrence is more likely than unlikely, and the level of the liability can be reliably estimated. Provisions are carried at settlement values and are not offset against positive profit contributions. Provisions are only formed for legal or factual obligations towards third parties.

*Payables* are entered at fair value, in accordance with IAS 39. In the following periods, they are shown net of amortization.



*Derivative financial instruments* are used solely to hedge against interest-rate and currency exchange-rate risks. Purely speculative transactions without any underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures, currency options and interest-rate swaps.

In accordance with IAS 39, derivative financial instruments are carried as assets or liabilities at their fair values. Initial recognition is on the trading day.

With derivative financial instruments related to hedging transactions, measurement depends on changes in fair value due to the type of hedging transaction.

The goal of hedging with the use of a fair-value hedge is to offset changes in the fair values of balance-sheet assets and liabilities through opposing changes in the market value of the hedging transaction. Gains and losses from the development of the market value of the hedge are set off against the changes in the carrying values of the assets and liabilities with an effect on net profit.

Cash-flow hedges are used to safeguard future cash flows. Changes in the effective part of the fair value of the derivative are at first recognized in equity with no effect on net profit, with deduction of deferred taxes (hedging transaction reserve) and are then recognized in the income statement when the hedged transaction is actually realized. The non-effective part of the hedging transaction is immediately entered in the income statement.

Derivative financial instruments that do not fulfill the IAS 39 criteria for being related to hedging are classified as trading financial instruments, and changes in their fair values are immediately entered in the income statement.

#### *Share-based payment*

Share-based payment as defined by IFRS 2 is measured on the basis of the share price on the balance-sheet date with consideration of a discount due to the absence of dividend entitlement. Allocations to provisions are made, and entered in the income statement, for the respective periods of time. Details on the Long-Term Incentive Plan (LTI) for the Executive Board which provides for the granting of Performance Share Units (PSUs) are contained in the Compensation Report, which is part of the Management Report.

#### *Revenue recognition*

Revenues from construction contracts are generally booked in accordance with the percentage-of-completion method, as specified by IAS 11 Construction Contracts and IAS 18 Revenue. Profits are only recognized if the result of a construction contract can be reliably estimated. Revenues from the sale of products and materials are recognized when the transfer to the customer of ownership and risks has taken place.

*Research and development*

Expenditure for research and development such as for the further development of processes and special innovative technical proposals for individual projects are generally recognized in the income statement in their full amounts on a project-related basis.

*Assessments and estimates*

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period. The assumptions and estimates primarily relate to the calculation of project results, the recoverability of receivables, the accounting and valuation of provisions, and the assessment of the realization of deferred tax assets. The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may diverge from the originally anticipated estimates.

At the time of preparing the consolidated financial statements, the basic premises and estimates were not subject to any significant risks, so from the present perspective, no significant adjustment of the carrying values of assets and liabilities shown in the consolidated balance sheet is to be anticipated in the following year.

## Notes to the income statement \*

### 5. Sales revenues

Sales revenues of € 4,498.8 million (2005: € 4,684.4 million) include sales revenues resulting from the application of the percentage-of-completion method. They also include goods and services supplied to joint ventures and consortiums as well as shares in results of such joint ventures and consortiums.

For the representation of the Group's total output volume, particularly when taking into consideration the pro-rated output of joint ventures and consortiums, the output volumes of the individual segments and regions are summarized as follows:

	2006	2005
<b>Business segments</b>		
Civil	2,973	2,747
Building and Industrial	2,068	2,081
Services	2,881	2,250
Concessions	25	14
Consolidation, other	- 11	- 31
<b>Total</b>	<b>7,936</b>	<b>7,061</b>
<b>Regions</b>		
<b>Germany</b>	<b>2,720</b>	<b>2,390</b>
Europe excluding Germany	1,828	1,500
Africa	587	681
America	633	540
Asia	183	139
Australia	1,985	1,811
<b>International</b>	<b>5,216</b>	<b>4,671</b>
<b>Total</b>	<b>7,936</b>	<b>7,061</b>

\* Amounts in  
€ million, unless  
otherwise stated

## 6. Other operating income

	2006	2005
Income from the disposal of property, plant and equipment	17.5	14.9
Income from the reversal of impairment charges	6.1	8.7
Gains on currency translation	10.3	3.7
Income from the retransfer of provisions	20.1	12.0
Income from operating investments	96.5	27.8
Other income	49.5	62.0
<b>Total</b>	<b>200.0</b>	<b>129.1</b>

Income from operating investments is comprised as follows:

	2006	2005
Income from equity holdings	4.2	5.8
Income from the equity-method valuation of associated companies	8.7	6.5
Income from the disposal and write-up of equity holdings	83.6	15.5
<b>Total</b>	<b>96.5</b>	<b>27.8</b>

Income from the disposal of investments primarily reflects the sale of shares in the concession projects British Embassy, Berlin; Westlink M7, Sydney; Hull Maternity, Chertsey Surrey; White Horse Education, Chertsey Surrey, as well as the sale of the Ship Technologies unit, which was not part of the core business.

The interest income from concession projects shown under other operating income is comprised as follows:

	2006	2005
<b>Construction phase</b>		
Interest income (non-recourse financing)	- 24.8	- 18.3
Minus interest income from the investment of non-utilized project-financing funds	9.2	7.1
Minus project interest in the construction phase	15.6	11.2
	<b>0.0</b>	<b>0.0</b>
<b>Operation phase</b>		
Interest income on receivables from concession projects	16.5	4.3
Minus interest expenses (non-recourse financing)	- 15.3	- 3.9
	<b>1.2</b>	<b>0.4</b>

**7. Cost of materials**

	2006	2005
Cost of raw materials, supplies and purchased goods	1,514.4	1,128.6
Cost of purchased services	3,224.0	2,746.4
<b>Total</b>	<b>4,738.4</b>	<b>3,875.0</b>

**8. Personnel expenses**

	2006	2005
Wages and salaries	1,691.6	1,417.4
Social-security levies and pension contributions	335.5	292.9
<b>Total</b>	<b>2,027.1</b>	<b>1,710.3</b>

**9. Depreciation and amortization**

Intangible assets (excluding goodwill and other intangible assets from acquisitions) were amortized by € 5.5 million (2005: € 5.8 million), property, plant and equipment were depreciated by € 93.0 million (2005: € 80.7 million) and real-estate properties held as financial investments were amortized by € 0.5 million (2005: € 5.3 million).

**10. Other operating expenses**

	2006	2005
Office operating costs, travel expenses, insurance	188.0	164.2
Legal and consulting fees, contributions	100.1	90.8
Rental and leasing payments	108.8	95.9
Expenses from operating investments	64.8	7.9
Miscellaneous expenses	195.3	186.2
<b>Total</b>	<b>657.0</b>	<b>545.0</b>

Other expenses primarily include the costs of order processing, additions to provisions and write-downs of current assets. They also include losses of € 4.9 million on the disposal of non-current assets (2005: € 5.6 million), exchange-rate losses on currency translation of € 12.3 million (2005: € 5.2 million) and other taxes of € 7.7 million (2005: € 9.0 million).

Expenses from operating investments are comprised as follows:

	2006	2005
Expenses from equity holdings	0.0	0.5
Expenses from the equity-method valuation of associated companies	5.3	5.3
Expenses from the disposal and write-down of equity holdings	59.5	2.1
<b>Total</b>	<b>64.8</b>	<b>7.9</b>

Of the expenses from operating investments, € 63.2 million are accounted for by the concession project Cross City Tunnel, Sydney, Australia and Herren Tunnel, Lübeck, Germany.

#### 11. Amortization of goodwill and other intangible assets from acquisitions

In accordance with IFRS 3 / IAS 38, in connection with acquisitions, intangible assets are formed to reflect customer relations (e.g. for order backlogs and framework agreements). These intangible assets were amortized by € 10.2 million in 2006 (2005: € 5.3 million).

#### 12. Financial income

Financial income comprises the following items of the income statement.

	2006	2005
<b>Interest income</b>	<b>29.3</b>	<b>26.7</b>
Interest expense	- 14.5	- 15.8
Interest expense from additions to provisions for pensions	- 12.8	- 12.1
Interest income from pension plan assets	6.1	5.1
<b>Interest expense</b>	<b>- 21.2</b>	<b>- 22.8</b>
Other financial income / expense	- 4.7	2.0
<b>Total</b>	<b>3.4</b>	<b>5.9</b>

The reduction in other financial income/expense is the result of an interest expense for minority interests shown in accordance with IAS 32 as debt due to contractual regulations, in particular put options.



### 13. Income tax expense

Income tax expense is the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. These expected tax rates are derived from the statutory regulations that are in force or planned on the balance-sheet date.

	2006	2005
Actual taxes	58.1	31.0
Deferred taxes	18.9	10.6
<b>Total</b>	<b>77.0</b>	<b>41.6</b>

The actual tax expense of Bilfinger Berger AG is derived from the applicable tax rate as follows:

	2006	2005
Earnings before income taxes	173.2	115.4
Theoretical tax expense at 26.38% (2005: 26.38%)	45.7	30.4
Tax-rate differences	11.7	0.5
Tax effects of non-deductible expenses and tax-free income	14.2	3.2
Tax from other accounting periods	2.9	4.2
Losses for which no deferred-tax assets are capitalized and changes in value adjustments	1.8	2.5
Miscellaneous	0.7	0.8
<b>Income-tax expense</b>	<b>77.0</b>	<b>41.6</b>

### 14. Earnings per share

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares issued.

	2006	2005
Net profit	92.1	66.5
Weighted average number of shares issued	37,196,102	37,005,415
Basic earnings per share	€ 2.48	1.80
<b>Diluted earnings per share</b>	<b>€ 2.48</b>	<b>1.79</b>

Diluted earnings per share are equal to basic earnings per share in the year under review.

## Notes to the balance sheet\*

### 15. Non-current assets

#### Intangible assets

<b>Cost of acquisition or production</b>	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	<b>Total</b>
<b>December 31, 2004</b>	<b>25.4</b>	<b>331.2</b>	<b>5.3</b>	<b>0.1</b>	<b>362.0</b>
Changes in the consolidated Group	8.4	0.0	0.0	0.0	8.4
Additions	4.6	215.7	28.8	0.0	249.1
Disposals	1.4	3.0	0.0	0.0	4.4
Reclassifications	5.0	- 4.9	0.0	- 0.1	0.0
Write-ups	0.0	0.3	0.0	0.0	0.3
Currency adjustments	0.3	7.4	0.0	0.0	7.7
<b>December 31, 2005</b>	<b>42.3</b>	<b>546.7</b>	<b>34.1</b>	<b>0.0</b>	<b>623.1</b>

<b>Accumulated depreciation and amortization</b>	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	<b>Total</b>
<b>December 31, 2004</b>	<b>12.4</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>12.7</b>
Changes in the consolidated Group	7.9	0.0	0.0	0.0	7.9
Additions	5.8	0.0	5.3	0.0	11.1
Disposals	1.2	0.0	0.0	0.0	1.2
Reclassifications	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.2	0.0	0.0	0.0	0.2
<b>December 31, 2005</b>	<b>25.1</b>	<b>0.0</b>	<b>5.6</b>	<b>0.0</b>	<b>30.7</b>
<b>Balance at December 31, 2005</b>	<b>17.2</b>	<b>546.7</b>	<b>28.5</b>	<b>0.0</b>	<b>592.4</b>

\* Amounts in  
€ million, unless  
otherwise stated

<b>Cost of acquisition or production</b>	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	<b>Total</b>
<b>December 31, 2005</b>	<b>42.3</b>	<b>546.7</b>	<b>34.1</b>	<b>0.0</b>	<b>623.1</b>
Changes in the consolidated Group	- 3.9	0.0	0.0	0.0	- 3.9
Additions	6.5	121.7	42.2	0.8	171.2
Disposals	1.2	3.3	0.0	0.0	4.5
Reclassifications	- 0.9	0.0	1.0	- 0.1	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	- 0.2	- 5.2	- 0.1	0.0	- 5.5
<b>December 31, 2006</b>	<b>42.6</b>	<b>659.9</b>	<b>77.2</b>	<b>0.7</b>	<b>780.4</b>

<b>Accumulated depreciation and amortization</b>	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	<b>Total</b>
<b>December 31, 2005</b>	<b>25.1</b>	<b>0.0</b>	<b>5.6</b>	<b>0.0</b>	<b>30.7</b>
Changes in the consolidated Group	- 2.6	0.0	0.0	0.0	- 2.6
Additions	5.5	0.0	10.2	0.0	15.7
Disposals	1.1	0.0	0.0	0.0	1.1
Reclassifications	- 0.5	0.0	0.2	0.0	- 0.3
Write-ups	0.3	0.0	0.0	0.0	0.3
Currency adjustments	- 0.1	0.0	0.0	0.0	- 0.1
<b>December 31, 2006</b>	<b>26.0</b>	<b>0.0</b>	<b>16.0</b>	<b>0.0</b>	<b>42.0</b>
<b>Balance at December 31, 2006</b>	<b>16.6</b>	<b>659.9</b>	<b>61.2</b>	<b>0.7</b>	<b>738.4</b>

Within the context of carrying out the annual impairment tests in accordance with IFRS 3 / IAS 36, goodwill was allocated to the relevant cash-generating units. This is allocated to the business segments as follows:

	2006	2005
Civil	73	72
Building and Industrial	10	10
Services	577	465
Concessions	0	0
<b>Total</b>	<b>660</b>	<b>547</b>

The fair values allocated to these units as of the balance-sheet date correspond with their values in use, which are derived from their discounted future cash flows. The calculation is based on current planning figures over a three-year period. For the period thereafter, for the sake of a cautious valuation, constant cash flows were assumed, whereby future growth opportunities were not taken into consideration. The discount rate used for the future cash flows is equal to the business segments' cost-of-capital rate, as used in our system of return-on-capital-employed controlling. The discount rate used for the "construction" business units is 13% (2005: 11%) and for the Services business segment it is 9% (2005: 11%).

A comparison of the fair values attributed to the units with their carrying values including goodwill did not result in any need for impairments. Nor would a significant increase in the discount rate or significant negative deviations from the planning premises result in any need to impair goodwill.

The intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations (e.g. order backlogs and framework agreements) and are amortized over their useful lifetimes using the straight-line method.

*Property, plant and equipment*

<b>Cost of acquisition or production</b>	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	<b>Total</b>
<b>December 31, 2004</b>	<b>366.0</b>	<b>480.6</b>	<b>245.1</b>	<b>2.8</b>	<b>1,094.5</b>
Changes in the consolidated Group	21.3	63.0	42.8	0.8	127.9
Additions	7.0	53.8	32.1	8.9	101.8
Disposals	25.1	54.5	25.2	0.3	105.1
Reclassifications	0.1	1.7	1.1	- 2.9	0.0
Currency adjustments	3.8	12.0	3.0	0.0	18.8
<b>December 31, 2005</b>	<b>373.1</b>	<b>556.6</b>	<b>298.9</b>	<b>9.3</b>	<b>1,237.9</b>

<b>Accumulated depreciation and amortization</b>	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	<b>Total</b>
<b>December 31, 2004</b>	<b>123.0</b>	<b>334.7</b>	<b>161.5</b>	<b>0.0</b>	<b>619.2</b>
Changes in the consolidated Group	9.5	50.5	37.4	0.0	97.4
Additions	9.9	42.8	28.0	0.0	80.7
Disposals	13.2	44.3	23.1	0.0	80.6
Reclassifications	0.1	- 0.1	0.0	0.0	0.0
Currency adjustments	1.1	6.2	1.9	0.0	9.2
<b>December 31, 2005</b>	<b>130.4</b>	<b>389.8</b>	<b>205.7</b>	<b>0.0</b>	<b>725.9</b>
<b>Balance at December 31, 2005</b>	<b>242.7</b>	<b>166.8</b>	<b>93.2</b>	<b>9.3</b>	<b>512.0</b>
thereof, finance leasing					
<b>Carrying amount at December 31, 2005</b>	<b>10.2</b>	<b>36.9</b>	<b>12.8</b>	<b>0.0</b>	<b>59.9</b>

**Cost of acquisition  
or production**

	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
<b>December 31, 2005</b>	<b>373.1</b>	<b>556.6</b>	<b>298.9</b>	<b>9.3</b>	<b>1,237.9</b>
Changes in the consolidated Group	23.6	17.8	45.8	3.8	91.0
Additions	40.3	65.8	49.2	12.7	168.0
Disposals	13.1	47.5	34.8	0.8	96.2
Reclassifications	1.2	9.2	- 1.4	- 9.0	0.1
Currency adjustments	- 1.8	- 6.2	- 1.3	0.0	- 9.3
<b>December 31, 2006</b>	<b>423.3</b>	<b>595.7</b>	<b>356.4</b>	<b>16.0</b>	<b>1,391.4</b>

**Accumulated  
depreciation and  
amortization**

	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
<b>December 31, 2005</b>	<b>130.4</b>	<b>389.8</b>	<b>205.7</b>	<b>0.0</b>	<b>725.9</b>
Changes in the consolidated Group	8.5	14.8	29.4	0.0	52.7
Additions	10.5	49.4	33.1	0.0	93.0
Disposals	5.0	46.6	31.5	0.0	83.1
Reclassifications	0.2	1.7	- 1.6	0.0	0.3
Currency adjustments	- 0.6	- 3.2	- 0.9	0.0	- 4.7
<b>December 31, 2006</b>	<b>144.0</b>	<b>405.9</b>	<b>234.2</b>	<b>0.0</b>	<b>784.1</b>
<b>Balance at December 31, 2006</b>	<b>279.3</b>	<b>189.8</b>	<b>122.2</b>	<b>16.0</b>	<b>607.3</b>
thereof, finance leasing					
<b>Carrying amount at December 31, 2006</b>	<b>9.8</b>	<b>46.4</b>	<b>13.9</b>	<b>0.0</b>	<b>70.1</b>



Land charges on land and buildings with a book value of € 7.5 million are registered as security for liabilities (2005: € 10.5 million).

Finance-leasing transactions mainly involve construction machinery with a contract period usually of 4 to 5 years and office buildings with a contract period of up to 30 years.

The payment obligation resulting from the finance leasing is recognized in the amount of the present value of future leasing payments due. The minimum leasing payments consisting of present value and interest portion are shown in the following table:

	< 1 year	1 - 5 years	> 5 years	<b>Total</b>
Leasing payments	19.5	37.4	7.0	63.9
Interest portion	2.9	3.4	2.0	8.3
<b>Carrying amount / present value</b>	<b>16.6</b>	<b>34.0</b>	<b>5.0</b>	<b>55.6</b>

*Financial assets***Cost of acquisition  
or production**

	Shares in associated companies	Investment properties	Shares in subsidiaries	Equity holdings	Lendings	Receivables from concession projects	<b>Total of financial assets</b>
<b>December 31, 2004</b>	<b>85.6</b>	<b>162.4</b>	<b>43.6</b>	<b>48.0</b>	<b>14.3</b>	<b>139.1</b>	<b>493.0</b>
Changes in the consolidated Group	1.6	0.0	1.8	0.2	0.3	0.0	3.9
Additions	16.0	0.9	4.2	32.3	10.9	375.0	439.3
Disposals	9.4	128.4	4.7	32.3	10.7	0.9	186.4
Reclassifications	- 4.3	0.0	0.0	4.3	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	5.5	0.0	0.0	5.5
Currency adjustments	0.1	0.0	0.0	0.8	0.0	12.1	13.0
<b>December 31, 2005</b>	<b>89.6</b>	<b>34.9</b>	<b>44.9</b>	<b>58.8</b>	<b>14.8</b>	<b>525.3</b>	<b>768.3</b>

**Accumulated  
depreciation and  
amortization**

	Shares in associated companies	Investment properties	Shares in subsidiaries	Equity holdings	Lendings	Receivables from concession projects	<b>Total of financial assets</b>
<b>December 31, 2004</b>	<b>4.8</b>	<b>0.0</b>	<b>37.3</b>	<b>22.6</b>	<b>0.5</b>	<b>0.0</b>	<b>65.2</b>
Changes in the consolidated Group	0.0	0.0	2.3	0.0	0.0	0.0	2.3
Additions	0.0	5.3	1.9	0.0	0.0	0.0	7.2
Disposals	0.2	4.4	1.9	9.3	0.5	0.0	16.3
Reclassifications	- 0.3	0.0	0.0	0.3	0.0	0.0	0.0
Write-ups	- 2.7	0.0	0.0	0.0	0.0	0.0	- 2.7
Currency adjustments	0.0	0.0	0.0	0.3	0.0	0.0	0.3
<b>December 31, 2005</b>	<b>1.6</b>	<b>0.9</b>	<b>39.6</b>	<b>13.9</b>	<b>0.0</b>	<b>0.0</b>	<b>56.0</b>
<b>Balance at December 31, 2005</b>	<b>88.0</b>	<b>34.0</b>	<b>5.3</b>	<b>44.9</b>	<b>14.8</b>	<b>525.3</b>	<b>712.3</b>

**Cost of acquisition  
or production**

	Shares in associated companies	Investment properties	Shares in subsidiaries	Equity holdings	Lendings	Receivables from concession projects	<b>Total of financial assets</b>
<b>December 31, 2005</b>	<b>89.6</b>	<b>34.9</b>	<b>44.9</b>	<b>58.8</b>	<b>14.8</b>	<b>525.3</b>	<b>768.3</b>
Changes in the consolidated Group	0.6	0.0	7.8	0.2	3.6	0.0	12.2
Additions	16.5	0.0	4.9	4.2	11.8	452.9	490.3
Disposals	6.7	34.9	7.8	47.4	6.7	65.7	169.2
Reclassifications	1.9	0.0	- 1.8	- 0.1	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	- 1.3	0.0	- 19.3	- 20.6
<b>December 31, 2006</b>	<b>101.9</b>	<b>0.0</b>	<b>48.0</b>	<b>14.4</b>	<b>23.5</b>	<b>893.2</b>	<b>1,081.0</b>

**Accumulated  
depreciation and  
amortization**

	Shares in associated companies	Investment properties	Shares in subsidiaries	Equity holdings	Lendings	Receivables from concession projects	<b>Total of financial assets</b>
<b>December 31, 2005</b>	<b>1.6</b>	<b>0.9</b>	<b>39.6</b>	<b>13.9</b>	<b>0.0</b>	<b>0.0</b>	<b>56.0</b>
Changes in the consolidated Group	0.0	0.0	3.1	0.0	0.0	0.0	3.1
Additions	54.8	0.5	0.8	0.0	3.5	0.0	59.6
Disposals	0.5	1.4	2.0	11.1	0.0	0.0	15.0
Reclassifications	0.4	0.0	- 0.4	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	- 0.1	0.0	0.0	- 0.1
<b>December 31, 2006</b>	<b>56.3</b>	<b>0.0</b>	<b>41.1</b>	<b>2.7</b>	<b>3.5</b>	<b>0.0</b>	<b>103.6</b>
<b>Balance at December 31, 2006</b>	<b>45.6</b>	<b>0.0</b>	<b>6.9</b>	<b>11.7</b>	<b>20.0</b>	<b>893.2</b>	<b>977.4</b>

Disposals of financial assets primarily comprise the sale of Specks Hof, Leipzig as well as shares in four concession projects.

Of the investments in associated companies, during 2006, the investments in the concession projects Cross City Tunnel, Sydney, Australia and Herren Tunnel, Lübeck, Germany were impaired in a total amount of € 54.8 million (2005: 0.0).

*Investments in associated companies*

Of the consolidated associated companies, the following values are to be allocated to the Group, in line with the respective percentage shareholdings:

	2006	2005
Assets	730.2	608.7
Liabilities	659.8	540.5
Sales revenues	387.1	327.7

*Real-estate properties held as financial investments*

Rental income from real-estate properties held as financial investments amounted to € 1.3 million in 2006 (2005: € 13.3 million), while expenses of € 0.7 million (2005: € 12.6 million) were incurred, including amortization and interest.

*Receivables from concession projects*

Receivables due from concession projects represent all services provided in connection with the production of public-private partnership (PPP) projects for which a fixed payment was agreed irrespective of the extent of usage. Due to the length of the payment plans, receivables are entered at their present values. The annual accumulation of interest on these discounted values is entered as interest income under other operating income. Clients' payments are divided into a portion to be deducted from the receivables and a portion for the regular concession services.

Funds received in the context of loan financing but not yet applied are also entered.

The capitalized amounts from concession projects are opposed by the non-recourse financing shown below. These amounts are entered under financial liabilities, thereof € 808.3 million long-term (2005: € 485.1 million) and € 18.9 million short-term (2005: € 10.1 million).

Receivables from concession projects are comprised as follows:

	2006	2005
Receivables from concession projects	666.3	332.4
Receivables from project-financing funds not yet applied	226.9	192.9
	<b>893.2</b>	<b>525.3</b>
Non-recourse financial liabilities	<b>827.2</b>	<b>495.2</b>

## 16. Deferred taxes

Deferred tax assets and liabilities are distributed among the following balance-sheet items:

	Deferred tax assets		Deferred tax liabilities	
	Dec 31, 06	Dec 31, 05	Dec 31, 06	Dec 31, 05
Non-current assets	2.6	3.6	60.6	35.4
Current assets	32.5	34.4	50.5	57.3
Provisions	49.9	40.8	8.0	3.5
Liabilities	11.8	12.6	1.9	0.0
Loss carryforwards	58.3	65.6	0.0	0.0
Netting out	- 27.0	- 21.8	- 27.0	- 21.8
<b>Carrying amount</b>	<b>128.1</b>	<b>135.2</b>	<b>94.0</b>	<b>74.4</b>

In 2006, taxes in an amount of € 11.0 million (2005: € 3.2 million) were set off against shareholders' equity with no effect on the income statement.

In the total amount of deferred tax assets of € 128.1 (2005: € 135.2 million), tax-reduction-claim assets are included in an amount of € 58.3 million (2005: € 65.6 million) that arise from the expected utilization in future years of existing tax-loss carryovers. The utilization of these tax-loss carryovers is reasonably certain. Non-capitalized tax-loss carryovers amount to € 139.2 million (2005: € 155.2 million). Thereof, € 133.8 million can be utilized without any time limit (2005: € 149.2 million).

Deferred tax liabilities for tax payments on possible future dividends from undistributed profits from subsidiaries are not formed insofar as these profits are necessary for the long-term financing of the relevant subsidiary.

## 17. Current assets

*Inventories* comprise the following items:

	Dec 31, 06	Dec 31, 05
Work in progress	271.8	251.6
Real estate held for sale	30.0	44.5
Finished and unfinished goods and products	15.1	17.6
Raw materials and supplies	56.1	52.5
Advance payments made	20.5	18.3
<b>Total</b>	<b>393.5</b>	<b>384.5</b>

*Construction contracts*

The construction contracts valued on the balance-sheet date according to the percentage-of-completion method, but not yet finally invoiced, are shown as follows:

	Dec 31, 06	Dec 31, 05
Costs incurred plus earnings from non-invoiced projects	5,334.4	4,866.2
Minus progress billings	5,385.9	4,879.0
<b>Balance</b>	<b>- 51.5</b>	<b>- 12.8</b>
thereof, work in progress	271.8	251.6
thereof, billings in excess of cost and estimated earnings	323.3	264.4

Advance payments received totaled € 4,862.4 million (2005: € 4,503.3 million).

*Receivables and other current assets* comprise:

	Dec 31, 06	Dec 31, 05
Trade receivables including receivables from percentage of completion	1,118.9	792.2
Receivables from consortiums and joint ventures	176.8	204.5
Receivables from subsidiaries	13.7	16.8
Receivables from companies in which shares are held	7.6	21.1
Tax receivables	31.0	27.2
Other assets	154.0	126.5
<b>Total</b>	<b>1,502.0</b>	<b>1,188.3</b>

The carrying values of receivables and other assets are in most cases equal to their fair values.

*Other current assets* comprise receivables and other assets outside the field of supplying goods and services. They also include accruals/deferrals of € 12.8 million (2005: € 12.5 million).

### *Marketable securities*

Marketable securities solely comprise available-for-sale papers, which were shares in money-market funds in the year under review. No unrealized gains and losses were to be taken into consideration in 2006.

Cash and cash equivalents comprise cash deposited at banks and cash in hand.

Securities and cash are assigned as collateral – generally redeemable at any time – in an amount of € 77.0 million (2005: € 83.5 million).

Financial instruments shown under marketable securities and cash and cash equivalents are comprised as follows:

	Dividends and miscellaneous		Variable interest rates		Fixed interest rates				Total	
					< 1 year		1 - 5 years			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Available-for-sale papers	0.0	2.9	0.0	0.0	58.6	140.2	0.0	0.0	58.6	143.1
Cash and cash equivalents	0.0	0.0	699.1	688.8	0.0	0.0	25.0	0.0	724.1	688.8
<b>Total</b>	<b>0.0</b>	<b>2.9</b>	<b>699.1</b>	<b>688.8</b>	<b>58.6</b>	<b>140.2</b>	<b>25.0</b>	<b>0.0</b>	<b>782.7</b>	<b>831.9</b>

The average interest rate for marketable securities and cash and cash equivalents with a fixed interest rate was 3.66% on the balance-sheet date (2005: 4.17%), the average variable interest rate was 3.49% (2005: 2.69%).

Most of the Group's net investment position is subject to variable interest rates, while borrowing is mainly subject to fixed interest rates. With an unchanged investment position, an interest-rate increase will lead to higher interest income.



**18. Shareholders' equity**

The subscribed capital of € 111.6 million is divided into 37,196,102 bearer shares with an arithmetical value of € 3 per share.

As of the balance sheet date, *approved capital* is comprised as follows:

	Dec 31, 06	Dec 31, 05
Approved Capital I (limited until May 26, 2009) for the issue of new shares against cash contributions	0.0	20.0
Approved Capital I (limited until May 17, 2011) for the issue of new shares against cash or non-cash contributions	34.0	0.0
Approved Capital II (limited until June 28, 2006) for the issue of employee shares against cash contributions, excluding shareholders' subscription rights	0.0	1.5
Approved Capital III (limited until May 26, 2009) for the purpose of acquiring companies or shareholdings in companies, excluding shareholders' subscription rights	0.0	10.0
	<b>34.0</b>	<b>31.5</b>

As of the balance-sheet date, *contingent capital* is comprised as follows:

	Dec 31, 06	Dec 31, 05
Contingent Capital I for the exercise of options from the 2000 stock-option plan (SOP 2000)	0.0	0.1
Contingent Capital II for the exercise of options from the 2002 stock-option plan (SOP 2002)	0.0	2.1
Contingent Capital III for the issue of shares in connection with the exercise of conversion rights or option rights from bonds	11.0	11.0
	<b>11.0</b>	<b>13.2</b>

The Approved Capital I limited until May 26, 2009 and Approved Capital III were rescinded by resolution of the Annual General Meeting of May 18, 2006.

Following the expiry in 2005 of the exercise periods for share options from stock-option plans 2000 and 2002, the terms of the Articles of Incorporation referring to the no longer required Contingent Capital I and II were deleted by resolution of the Annual General Meeting on May 18, 2006.

We refer to the explanation given in the management report with regard to the authorization for the Executive Board to issue shares out of approved capital (Approved Capital I) and out of contingent capital (Contingent Capital III) as well as the possibilities to buy back own shares.

Schroders plc. (parent company) and Schroders Administration Limited (subsidiary) as well as Schroder Investment Management Limited (sub-subsidiary), each domiciled at 31 Gresham Street, London EC2 V7QA, United Kingdom, have notified us that on May 18, 2006 their equity interest in our Company exceeded the threshold of 5% and now amounts to 5.09%. The voting rights are assigned to Schroders plc. and Schroders Administration Limited pursuant to Section 22, Subsection 1, Sentence 1, No. 6, Sentences 2 and 3 of the German Securities Trading Act (WpHG) and Schroder Investment Management Ltd. pursuant to Section 22, Subsection 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

Fidelity Management and Research Corp., 82 Devonshire Street, Boston, Massachusetts 02109, United States, have notified us that on November 30, 2006 their equity interest in our Company dropped below the threshold of 5% and now amounts to 4.99%.

## Reserves

	Dec 31, 06	Dec 31, 05
I. Capital reserve	522.6	522.6
II. Retained earnings	538.6	491.7
III. Other comprehensive income	- 29.9	- 2.0
<b>Total</b>	<b>1,031.3</b>	<b>1,012.3</b>

*Other comprehensive income* comprises the reserve from the fair valuation of securities and hedging transactions and from currency translation.

The *reserve from the fair valuation of securities* shows the development of unrealized profits and losses minus any deferred taxes from available-for-sale papers.

	Before taxes	Tax effect	Net
<b>Balance at December 31, 2004</b>	<b>1.0</b>	<b>- 0.3</b>	<b>0.7</b>
Change during the year			
from additions	5.3	- 0.6	4.7
from fair-value valuations	1.3	- 0.3	1.0
from the realization of price gains or losses and from disposals	- 0.8	0.2	- 0.6
<b>Balance at December 31, 2005</b>	<b>6.8</b>	<b>- 1.0</b>	<b>5.8</b>

	Before taxes	Tax effect	Net
<b>Balance at December 31, 2005</b>	<b>6.8</b>	<b>- 1.0</b>	<b>5.8</b>
Change during the year			
from additions	0.0	<b>0.0</b>	0.0
from fair-value valuations	0.0	<b>0.0</b>	0.0
from the realization of price gains or losses and from disposals	- 6.8	<b>1.0</b>	- 5.8
<b>Balance at December 31, 2006</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

The *reserve from hedging transactions* includes the unrealized gains and losses from hedging future payments, taking into consideration any deferred-tax effects, and primarily applies to interest-rate derivatives for concession projects.

	Before taxes	Tax effect	Net
<b>Balance at December 31, 2004</b>	<b>- 5.0</b>	<b>1.5</b>	<b>- 3.5</b>
Change during the year			
from additions	- 3.9	1.5	- 2.4
from fair-value valuations	- 2.8	0.7	- 2.1
from the realization of price gains or losses and from disposals	- 1.8	0.5	- 1.3
<b>Balance at December 31, 2005</b>	<b>- 13.5</b>	<b>4.2</b>	<b>- 9.3</b>

	Before taxes	Tax effect	Net
<b>Balance at December 31, 2005</b>	<b>- 13.5</b>	<b>4.2</b>	<b>- 9.3</b>
Change during the year			
from additions	- 28.6	10.9	- 17.7
from fair-value valuations	0.2	- 0.1	0.1
from the realization of price gains or losses and from disposals	13.1	- 4.0	9.1
<b>Balance at December 31, 2006</b>	<b>- 28.8</b>	<b>11.0</b>	<b>- 17.8</b>

## 19. Provisions for pensions and similar obligations

For the employees of Bilfinger Berger AG, defined-contribution pension commitments exist, which are nonetheless accounted for as defined-benefit plans in accordance with the provisions of IAS 19. There are also defined-contribution pension commitments at other companies of the Group in Germany.

Insofar as foreign companies of the Group have their own pension plans, they are primarily defined-contribution plans. As in this case the obligation is solely to make the contributions, there is no need to enter a pension obligation in the balance sheet.

Pension provisions are valued on the balance-sheet date using actuarial techniques according to the projected-unit-credit method, taking future developments into consideration. In Germany, the calculations are subject to the new biometric accounting principles – Guideline Table 2005 G by Klaus Heubeck – and are primarily based on the following assumptions:

in %	Dec 31, 06	Dec 31, 05
Applicable interest rate	4.50	4.25
Anticipated increase in incomes	2.50	2.00
Anticipated increase in pensions	1.50	1.75

If the basic assumptions were accurate for the past, the balance-sheet valuation of the pension obligation is equal to the value of the projected benefit obligation. Divergences of the actual development from the assumptions made led to actuarial gains. These gains are recorded in line with the so-called corridor approach of IAS 19 over the expected remaining working lives of the plan participants with an effect on the income statement to the extent that the corridor limits are exceeded.

If the claims to pension benefits are covered by the plan assets, the value of the plan assets is deducted from the obligation for the balance-sheet entry. The market value of the plan assets amounted to € 161 million on the balance-sheet date (2005: € 167 million). It mainly comprises cash and cash equivalents, marketable securities and real estate. The office building owned and used by Bilfinger Berger AG that was included in the plan assets in 2005 was replaced with cash and cash equivalents.

The difference between the fair value of the plan assets and the projected benefit obligation is shown in the table as the funded status and is reconciled to the values entered on the balance-sheet date.

Pension plans	2006		2005	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
<b>Present value of pension obligations (DBO) on January 1</b>	<b>164.3</b>	<b>140.9</b>	<b>154.0</b>	<b>101.6</b>
Actuarial gains (+) / losses (-) accumulated on January 1	- 3.1	- 10.7	4.3	- 4.4
<b>Provision on January 1 (before deduction of plan assets)</b>	<b>161.2</b>	<b>130.2</b>	<b>158.3</b>	<b>97.2</b>
Service costs	3.1	3.5	3.4	3.2
Subsequently added service costs	0.6	0.0	0.0	0.0
Actuarial gains (+) / losses (-) affecting the income statement	0.0	0.3	0.0	0.0
Interest expense	6.7	6.0	7.4	4.7
Pension payments	- 8.8	- 6.3	- 8.4	- 4.2
Changes in the consolidated Group / miscellaneous	0.3	25.9	0.5	29.3
Currency effects / miscellaneous	0.0	0.6	0.0	0.0
Plan compensation	- 8.6	0.0	0.0	0.0
Miscellaneous / reclassifications	0.0	- 0.4	0.0	0.0
<b>Provision on December 31 (before deduction of plan assets)</b>	<b>154.5</b>	<b>159.8</b>	<b>161.2</b>	<b>130.2</b>
Actuarial gains (-) / losses (+) accumulated on December 31	- 6.8	3.9	3.1	10.7
Service costs to be added in the future	0.0	0.1	0.0	0.0
<b>Present value of pension obligations (DBO) on December 31</b>	<b>147.7</b>	<b>163.7</b>	<b>164.3</b>	<b>140.9</b>
<b>Fair value of plan assets on January 1</b>	<b>167.0</b>		<b>161.4</b>	
Actuarial gains (-) / losses (+) accumulated on January 1	- 0.8		0.0	
<b>Book value of plan assets on January 1</b>	<b>166.2</b>		<b>161.4</b>	
Expected income from plan assets	7.6		6.5	
Pension payments	- 8.8		- 8.4	
Allocation to fund	2.0		7.0	
Plan compensation	- 6.3		0.0	
Changes in the consolidated Group / miscellaneous	0.2		- 0.3	
<b>Book value of plan assets on December 31</b>	<b>160.9</b>		<b>166.2</b>	
Actuarial gains (+) / losses (-) accumulated on December 31	0.1		0.8	
<b>Fair value of plan assets on December 31</b>	<b>161.0</b>		<b>167.0</b>	
<b>Funded status on December 31</b>	<b>13.3</b>	<b>- 163.7</b>	<b>2.7</b>	<b>- 140.9</b>
Actuarial losses (+) / gains (-) accumulated on December 31	- 6.9	3.9	2.3	10.7
Service costs to be added in the future	0.0	0.1	0.0	0.0
<b>Amount capitalized on December 31</b>	<b>6.4</b>		<b>5.0</b>	
<b>Balance-sheet provision on December 31</b>		<b>- 159.7</b>		<b>- 130.2</b>

Pension plans	2004		2003	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations (DBO on December 31)	154.0	101.6	155.5	87.2
Fair value of plan assets on December 31	161.4		161.8	
Funding status on December 31	7.4	- 101.6	6.3	- 87.2
Actuarial losses (+) / gains (-) accumulated on December 31	- 4.3	4.4	- 0.1	- 3.3
<b>Amount capitalized</b>	<b>3.1</b>		<b>6.2</b>	
<b>Balance-sheet provision</b>		<b>- 97.2</b>		<b>- 90.5</b>

In the income statement, the service costs are entered under personnel expenses and the interest expense from the addition to the provision for pensions are entered under the net interest result. Expected income from plan assets of € 6.1 million was entered under the net interest result (2005: € 5.1 million) and of € 1.5 million resulting from rental income in the pension plan under other operating income (2005: € 1.4 million); this represents a return totaling 4.7% (2005: 4.1%). The income actually achieved from plan assets of € 6.9 million (2005: € 7.2 million) was € 0.7 million lower than the budgeted income. It thus led to actuarial losses, whereas in 2005 actuarial gains of € 0.8 million were achieved.

The defined contribution and other pension expenses amounted to € 19.8 million (2005: € 20.9 million).

## 20. Other provisions

### Development of other provisions

	Provisions for taxes	Other provisions	Total
<b>Balance at January 1, 2005</b>	<b>55.4</b>	<b>451.0</b>	<b>506.4</b>
Utilization	19.7	246.7	266.4
Release	2.2	12.0	14.2
Additions	15.6	250.6	266.2
Reclassifications	0.0	10.8	10.8
Currency differences	0.1	1.7	1.8
Changes in the consolidated Group	1.0	69.8	70.8
<b>Balance at January 1, 2006</b>	<b>50.2</b>	<b>525.2</b>	<b>575.4</b>
Utilization	15.8	283.9	299.7
Release	1.1	20.1	21.2
Additions	38.3	298.2	336.5
Reclassifications	- 0.1	0.3	0.2
Currency differences	- 0.2	- 0.9	- 1.1
Changes in the consolidated Group	0.2	5.2	5.4
<b>Balance at December 31, 2006</b>	<b>71.5</b>	<b>524.0</b>	<b>595.5</b>

*Maturities of other provisions*

	Long-term		Short-term		Total	
	2006	2005	2006	2005	2006	2005
<b>Provisions for taxes</b>	<b>0.0</b>	<b>0.0</b>	<b>71.5</b>	<b>50.2</b>	<b>71.5</b>	<b>50.2</b>
<b>Other provisions</b>	<b>99.5</b>	<b>105.3</b>	<b>424.5</b>	<b>419.9</b>	<b>524.0</b>	<b>525.2</b>
Risks relating to contracts and warranties	77.9	81.7	199.3	208.5	277.3	290.2
Restructuring and other personnel-related obligations	11.7	9.9	77.1	82.3	88.8	92.2
Litigation risks	0.0	0.0	18.9	24.5	18.9	24.5
Other uncertain liabilities	9.9	13.7	129.2	104.6	139.2	118.3
<b>Total</b>	<b>99.5</b>	<b>105.3</b>	<b>496.0</b>	<b>470.1</b>	<b>595.5</b>	<b>575.4</b>

**21. Liabilities***Financial liabilities*

	Long-term		Short-term		Total	
	2006	2005	2006	2005	2006	2005
Liabilities from project financing (non-recourse)	401.9	221.2	1.9	5.0	403.8	226.2
Liabilities to banks (non-recourse)	406.4	263.9	17.0	5.1	423.4	269.0
<b>Subtotal, non-recourse</b>	<b>808.3</b>	<b>485.1</b>	<b>18.9</b>	<b>10.1</b>	<b>827.2</b>	<b>495.2</b>
Liabilities to banks (recourse)	51.9	49.4	31.2	22.6	83.1	72.0
Finance leasing	39.0	37.2	16.6	18.3	55.6	55.5
<b>Subtotal, recourse</b>	<b>90.9</b>	<b>86.6</b>	<b>47.8</b>	<b>40.9</b>	<b>138.7</b>	<b>127.5</b>
<b>Total</b>	<b>899.2</b>	<b>571.7</b>	<b>66.7</b>	<b>51.0</b>	<b>965.9</b>	<b>622.7</b>

Project-related non-recourse financing is solely taken out on the financed project without any recourse to Bilfinger Berger. The carrying amounts of financial liabilities are generally equal to their fair values. Exceptions to this are fixed-interest loans of € 46.9 million (2005: € 49.9 million), the fair value of which amounted to € 52.9 million on the balance-sheet date (2005: € 59.3 million).



Classified according to their fixed-interest terms, financial liabilities are comprised as follows:

	Variable interest rate		Fixed interest rate						Total	
			< 1 year		1-5 years		> 5 years			
			2006	2005	2006	2005	2006	2005		
Non-recourse financing	0.0	0.0	7.5	0.0	0.0	0.0	819.7	495.2	827.2	495.2
Other financing	36.2	14.4	0.7	8.1	3.2	5.0	43.0	44.5	83.1	72.0
Finance leasing	0.0	0.0	16.6	18.3	34.1	31.6	4.9	5.6	55.6	55.5
<b>Total</b>	<b>36.2</b>	<b>14.4</b>	<b>24.8</b>	<b>26.4</b>	<b>37.3</b>	<b>36.6</b>	<b>867.6</b>	<b>545.3</b>	<b>965.9</b>	<b>622.7</b>

For financial liabilities with fixed interest rates, the average interest rate on the balance-sheet date for non-recourse loans was 5.84% (2005: 6.58%), for other loans it was 6.27% (2005: 5.86%), and for finance leasing it was 6.38% (2005: 6.08%).

#### *Other liabilities*

	2006	2005
Progress billing in excess of cost and estimated earnings	323.3	264.4
Trade payables	969.0	892.0
Liabilities to joint ventures and consortiums	271.0	233.7
Liabilities to subsidiaries	6.4	5.3
Liabilities to companies in which shares are held	2.8	1.2
Miscellaneous liabilities	468.3	351.3
from taxes	106.3	78.6
from social-security contributions	42.5	53.8
<b>Total of short-term other liabilities</b>	<b>2,040.8</b>	<b>1,747.9</b>
<b>Total of long-term other liabilities</b>	<b>67.3</b>	<b>17.2</b>

Other non-current liabilities are solely miscellaneous liabilities. They include liabilities from put options of minority shareholders as well as long-term items from derivative financial instruments. The carrying amounts of other liabilities are generally equal to their fair values.

## 22. Financial instruments

With its international operations, the Bilfinger Berger Group is subject to various market-price risks, relating in particular to currency exchange rates, interest rates and the market values of investments. As a result of our central risk management, to a large extent our cash flows and financial positions are netted out. We make use of derivative financial instruments in order to minimize residual risks and the resulting fluctuations in earnings, valuations or cash flows. The use of financial derivatives is regulated by Group guidelines that have been approved by the Executive Board. We do not undertake any financial transactions beyond the underlying business risk. We use currency futures or currency options to hedge foreign-currency cash flows and balance-sheet values in foreign currencies. We hedge project business in this way for the entire project period on the basis of cash-flow planning differentiated by currency.

We counteract the risks of interest-rate changes by continually reviewing and adjusting the composition of assets and liabilities subject to fixed and variable interest rates. In order to react flexibly and economically, we primarily make use of derivative financial instruments. We analyze and evaluate risks from our net interest exposure regularly and in a timely manner.

The fair values of the exchange-rate and interest-rate derivatives in use are calculated on the basis of recognized financial methods (discounted cash-flow method and option-pricing model).

*Currency risks* affect all future cash flows that are not dealt with in the balance-sheet currency of the respective company of the Group. In order to limit these currency risks, primarily currency futures and currency options are used. Exchange-rate hedging in 2006 was primarily undertaken for the US dollar, the Norwegian krone and the Swedish krona.

	Nominal volumes				Market values	
	< 1 year	> 1 year	Total	Total	Dec 31, 06	Dec 31, 05
			Dec 31, 06	Dec 31, 05	Dec 31, 06	Dec 31, 05
Currency futures bought	176.0	2.8	178.8	95.0	1.8	1.9
Currency futures sold	274.2	17.6	291.8	224.5	2.0	- 3.8
Currency options bought	88.0	0.0	88.0	44.5	- 0.1	- 0.1
Currency options sold	12.3	0.0	12.3	0.0	0.0	0.0

Interest-rate swaps are used to limit the risk (*risk of interest-rate changes*) resulting from changes in market interest rates for investments and borrowing with variable interest rates. Interest-rate swaps are primarily used in connection with financing private-sector concession projects.

With payer interest-rate swaps, interest is received on a variable basis and interest is paid with a fixed interest rate. On the other hand, with receiver interest-rate swaps, interest is paid on a variable basis and interest is received with a fixed interest rate.

	Nominal volumes		Market values	
	Dec 31, 06	Dec 31, 05	Dec 31, 06	Dec 31, 05
Receiver interest-rate swaps	25.0	0.0	- 0.2	0.0
Payer interest-rate swaps	581.5	62.7	- 31.0	- 8.3

The maturities of interest-rate swaps are distributed with approximately € 27.9 million (2005: 0.0) in a period of up to 5 years and € 578.6 million in a period of more than 10 years (2005: € 56.3 million).

The maximum *default risk* of derivative financial instruments is equal to the total of the positive market values. This applies to possible financial losses arising from non-fulfillment of contractual obligations by individual trading partners. In order to limit contracting-party risks, we undertake transactions on the basis of an internal limit system solely with banks that have a very good rating of at least A-.

### 23. Secured liabilities

The total of secured liabilities amounted to € 47.3 million on December 31, 2006 (2005: € 48.8 million). These are liabilities to banks and other commitments that are secured by land charges and fixed-term deposits.

#### 24. Contingent liabilities

	Dec 31, 06	Dec 31, 05
Liabilities from guaranties	204.4	213.8

Contingent liabilities were primarily for the performance of contracts, warranties and advance payments. On the balance-sheet date, our guaranties were mainly for associated companies and consortiums and joint ventures. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

#### 25. Other financial commitments

	Operating lease contracts minimum leasing payments		Other financial liabilities (rents)	
	Dec 31, 06	Dec 31, 05	Dec 31, 06	Dec 31, 05
< 1 year	24.9	23.4	34.1	32.9
1- 5 years	41.7	26.2	58.8	57.0
> 5 years	1.3	4.8	5.0	20.6

#### 26. Events after the balance-sheet date

There have been no significant events since the balance-sheet date.

## Other disclosures

### 27. Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board are listed in the chapter Boards of the Company.

The compensation of the members of the Executive Board comprises the following components:

- A fixed salary of € 1,831,000 (2005: € 2,118,000)
- Bonuses of € 2,390,000 (2005: € 1,266,000)
- Compensation with a long-term incentive effect in a prorated amount for the year 2006 of € 1,044,000 (2005: € 288,000)
- Non-cash compensation of € 110,000 (2005: € 124,000)
- Pension commitments; for 2006, payments of € 839,000 were made to external institutions and € 147,000 was allocated to provisions.

More details, including the individualized payments, can be found in the compensation report on page 32, which is a component of the Group management report.

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to € 2,455,000 (2005: € 3,990,000). In the prior year, severance compensation of € 1,452,000 was paid. The present value of future pension obligations calculated according to IAS 19 for this group of persons amounted to € 32,161,000 (2005: € 33,545,000).

The total compensation paid to members of the Supervisory Board amounted to € 1,270,000 (2005: € 1,035,000), including reimbursement of expenses of € 16,000 (2005: € 17,000). These payments are shown in individualized form in the compensation report.

### 28. Related-party disclosures

Related parties as defined by IAS 24 are persons or companies that can be significantly influenced by the reporting company or that have a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties involve for the most part associated companies. They are shown in the following table:

€ million	2006	2005
Revenues	216	255
Services received	30	18
Receivables	17	34
Liabilities	2	1

Business relations to related parties are carried out under the same conditions as to unrelated parties.

## 29. Auditors' fees

The amounts listed below cover all of the services provided to the companies of the Bilfinger Berger Group by our external auditors, PricewaterhouseCoopers (PwC) and Ernst & Young (E&Y). The amounts of these services provided in Germany are shown as such in the table.

€ thousand	PwC		E&Y		Total	
	2006	2005	2006	2005	2006	2005
Audit fees	2,379	2,199	1,995	1,854	4,374	4,053
thereof, in Germany	1,163	1,115	1,154	1,075	2,317	2,190
Other certification or valuation services	1,077	549	1,191	749	2,268	1,298
thereof, in Germany	534	369	756	518	1,290	887
Tax-consulting services	727	719	222	267	949	986
thereof, in Germany	27	43	72	211	99	254
Other services	2,666	658	83	329	2,749	987
thereof, in Germany	643	182	29	45	672	227
<b>Total</b>	<b>6,849</b>	<b>4,125</b>	<b>3,491</b>	<b>3,199</b>	<b>10,340</b>	<b>7,324</b>

The increase in other services is primarily due to consulting services related to the acquisition of concession projects.

## 30. Average number of employees

	2006	2005
<b>Office staff</b>		
Germany	7,534	6,796
International	7,272	6,588
<b>Manual workers</b>		
Germany	9,925	7,467
International	19,376	32,600
<b>Total workforce</b>	<b>44,107</b>	<b>53,451</b>

The workforce figure for the prior year includes 16,420 employees of associated and non-consolidated companies.

**31. Declaration of  
Compliance**

Bilfinger Berger AG is included in the consolidated financial statements as a listed company.

As stipulated by Section 161 of the German Stock Corporation Act, an annual Declaration of Compliance was issued by the Executive Board and the Supervisory Board on December 7, 2006, and on that date was made permanently available to the shareholders on the Company's website.

**32. Proposal on  
the appropriation  
of earnings**

It is proposed that the unappropriated retained earnings in the amount € 46,495,127.50 as shown in the financial statements of Bilfinger Berger AG for the year 2006 be used to distribute a dividend of € 1.25 per share among the dividend-entitled equity capital of € 111,588,306 (divided into 37,196,102 shares).



# Return-on-capital-employed controlling

€ million	Civil		Building and Industrial	
	2006	2005	2006	2005
Goodwill	72.9	70.1	10.4	10.3
Property, plant and equipment	215.1	197.9	33.7	31.8
Financial assets	15.5	14.3	0.7	0.3
Current assets	715.6	743.8	316.1	378.6
<b>Segment assets</b>	<b>1,019.1</b>	<b>1,026.1</b>	<b>360.9</b>	<b>421.0</b>
Segment liabilities	899.9	883.9	609.8	628.1
Interest-bearing liabilities	0.0	0.0	3.4	0.0
<b>Non-interest-bearing liabilities</b>	<b>899.9</b>	<b>883.9</b>	<b>613.2</b>	<b>628.1</b>
<b>Balance</b>	<b>119.2</b>	<b>142.2</b>	<b>- 252.3</b>	<b>- 207.1</b>
Project-related financial assets	0.0	0.0	252.3	207.1
Business-unit-related financial assets	256.0	247.6	132.9	159.9
<b>Operating financial assets</b>	<b>256.0</b>	<b>247.6</b>	<b>385.2</b>	<b>367.0</b>
<b>Capital employed</b>	<b>375.2</b>	<b>389.8</b>	<b>132.9</b>	<b>159.9</b>
<b>Earnings before interest, taxes and goodwill amortization (EBITA)</b>	<b>42.7</b>	<b>50.1</b>	<b>22.1</b>	<b>- 14.4</b>
Net interest income including dividends	0.0	0.0	0.0	0.0
Interest expense for non-recourse financing	0.0	0.0	0.0	0.0
Increase in value of BOT portfolio	0.0	0.0	0.0	0.0
Disposals from BOT portfolio	0.0	0.0	0.0	0.0
Project-related interest income (4.5% p.a.)	0.0	0.0	11.3	9.3
Business-unit-related interest income (4.5% p.a.)	11.5	11.1	6.0	7.2
<b>Financial income</b>	<b>11.5</b>	<b>11.1</b>	<b>17.3</b>	<b>16.5</b>
<b>Return</b>	<b>54.2</b>	<b>61.2</b>	<b>39.4</b>	<b>2.1</b>
<b>Return on capital employed (ROCE)</b>	<b>14.5 %</b>	<b>15.7 %</b>	<b>29.6 %</b>	<b>1.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>13.0 %</b>	<b>11.0 %</b>	<b>13.0 %</b>	<b>11.0 %</b>
<b>Relative value added</b>	<b>1.5 %</b>	<b>4.7 %</b>	<b>16.6 %</b>	<b>- 9.7 %</b>
<b>Absolute value added</b>	<b>5.5</b>	<b>18.3</b>	<b>22.1</b>	<b>- 15.5</b>

	Services		Concessions		Total of segments		Consolidation, other		Consolidated Group	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	550.8	395.5	0.2	0.0	634.3	475.9	- 1.1	0.1	633.2	476.0
	148.8	127.2	0.9	0.6	398.5	357.5	154.0	156.2	552.5	513.7
	25.4	16.8	811.6	350.3	853.2	381.7	33.5	147.4	886.7	529.1
	616.6	483.1	30.5	52.9	1,678.8	1,658.4	713.0	738.2	2,391.8	2,396.6
	<b>1,341.6</b>	<b>1,022.6</b>	<b>843.2</b>	<b>403.8</b>	<b>3,564.8</b>	<b>2,873.5</b>	<b>899.4</b>	<b>1,041.9</b>	<b>4,464.2</b>	<b>3,915.4</b>
	559.2	403.7	54.4	22.3	2,123.3	1,938.0	1,242.0	840.6	3,365.3	2,778.6
	0.0	0.0	703.6	257.7	707.0	257.7	- 991.6	- 511.9	- 284.6	- 254.2
	<b>559.2</b>	<b>403.7</b>	<b>758.0</b>	<b>280.0</b>	<b>2,830.3</b>	<b>2,195.7</b>	<b>250.4</b>	<b>328.7</b>	<b>3,080.7</b>	<b>2,524.4</b>
	<b>782.4</b>	<b>618.9</b>	<b>85.2</b>	<b>123.8</b>	<b>734.5</b>	<b>677.8</b>	<b>649.0</b>	<b>713.2</b>	<b>1,383.5</b>	<b>1,391.0</b>
	0.0	0.0	0.0	0.0	252.3	207.1	- 252.3	- 207.1	0.0	0.0
	0.0	0.0	0.0	0.0	388.9	407.5	- 388.9	- 407.5	0.0	0.0
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>641.2</b>	<b>614.6</b>	<b>- 641.2</b>	<b>- 614.6</b>	<b>0.0</b>	<b>0.0</b>
	<b>782.4</b>	<b>618.9</b>	<b>85.2</b>	<b>123.8</b>	<b>1,375.7</b>	<b>1,292.4</b>	<b>7.8</b>	<b>98.6</b>	<b>1,383.5</b>	<b>1,391.0</b>
	<b>123.5</b>	<b>90.4</b>	<b>- 4.3</b>	<b>3.5</b>	<b>184.0</b>	<b>129.6</b>	<b>- 4.0</b>	<b>- 14.8</b>	<b>180.0</b>	<b>114.8</b>
	0.0	0.0	0.0	0.0	0.0	0.0	30.6	28.7	30.6	28.7
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 2.7	0.0	- 2.7
	0.0	0.0	24.1	10.4	24.1	10.4	0.0	0.0	24.1	10.4
	0.0	0.0	- 9.9	0.0	- 9.9	0.0	0.0	0.0	- 9.9	0.0
	0.0	0.0	0.0	0.0	11.3	9.3	- 11.3	- 9.3	0.0	0.0
	0.0	0.0	0.0	0.0	17.5	18.3	- 17.5	- 18.3	0.0	0.0
	<b>0.0</b>	<b>0.0</b>	<b>14.2</b>	<b>10.4</b>	<b>43.0</b>	<b>38.0</b>	<b>1.8</b>	<b>- 1.6</b>	<b>44.8</b>	<b>36.4</b>
	<b>123.5</b>	<b>90.4</b>	<b>9.9</b>	<b>13.9</b>	<b>227.0</b>	<b>167.6</b>	<b>- 2.2</b>	<b>- 16.4</b>	<b>224.8</b>	<b>151.2</b>
	<b>15.8 %</b>	<b>14.6 %</b>	<b>11.6 %</b>	<b>11.3 %</b>	<b>16.5 %</b>	<b>13.0 %</b>	<b>-</b>	<b>-</b>	<b>16.3 %</b>	<b>10.9 %</b>
	<b>9.0 %</b>	<b>11.0 %</b>	<b>9.8 %</b>	<b>11.0 %</b>	<b>10.5 %</b>	<b>11.0 %</b>	<b>-</b>	<b>-</b>	<b>10.5 %</b>	<b>11.0 %</b>
	<b>6.8 %</b>	<b>3.6 %</b>	<b>1.8 %</b>	<b>0.3 %</b>	<b>6.0 %</b>	<b>2.0 %</b>	<b>-</b>	<b>-</b>	<b>5.8 %</b>	<b>- 0.1 %</b>
	<b>53.1</b>	<b>22.4</b>	<b>1.5</b>	<b>0.3</b>	<b>82.2</b>	<b>25.5</b>	<b>- 2.6</b>	<b>- 27.3</b>	<b>79.6</b>	<b>- 1.8</b>

## Explanation of return-on- capital-employed controlling

Our return-on-capital-employed controlling is based on the segment reporting, which takes place in accordance with the organizational structure of our business segments.

The *segment assets* of the business segments include goodwill and intangible assets from acquisitions, property, plant and equipment, financial assets and current assets. The segment assets shown under Consolidation/other include securities, cash and cash equivalents, and financial assets not allocated to the business units, as well as real estate and other assets of the Group's headquarters.

The *segment liabilities* are deducted from the segment assets. They include liabilities and provisions that are available to the Company free of interest; financial liabilities and provisions for pensions are not included.

So-called *non-recourse project financing* in the Concessions business segment is also deducted, although it is interest-bearing. This consists of credit granted to project companies solely on the basis of a project's cash flow, and not on the basis of the Group's creditworthiness. The reduction of this credit from the interest-bearing segment assets is taken into account by entering appropriate interest expenses in the business segment's return.

Segment liabilities and the so-called non-recourse financing are termed *non-interest-bearing liabilities*. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segment.

*Project-related and business-unit-related financial assets* are allocated to the business segments in the context of the return-on-capital-employed controlling so that adequate capital resources are taken into consideration. As so-called *operating financial assets* they adjust the balance, which results in the average tied-up interest-bearing net assets. This item is termed *capital employed*.

The definition of return as used in the return-on-capital-employed concept is derived from *earnings before interest, taxes and goodwill amortization (EBITA)* as shown in the income statement.

*Net interest income including dividends* comprises not only the balance of the Group's interest income and interest expense, but also income from the sale of securities as well as write downs on securities and loans; this item applies solely to the Group's headquarters.

In order to determine a measure of earnings not affected by the form of financing, *interest expenses* are fundamentally not taken into consideration in the context of return-on-capital-employed controlling. On the other hand, in the Concessions business segment, the interest expenses of non-recourse financing and interest income from receivables from concession projects are included in EBITA.

In addition to regular earnings, the calculation of return for the Concessions business segment also takes the *increase in the value of the BOT portfolio* into account. It is corrected by value increases realized in prior years on projects sold or impaired in the current year.

*Project-related and business-unit-related interest income* relates to credit entries on operating financial assets by the headquarters to the benefit of the business segments.

*Return* in the sense of our return-on-capital-employed controlling is the sum of EBITA and the profits from finance components.

*ROCE* stands for *return on capital employed*, expressed as a percentage. It is compared with the *weighted average cost of capital (WACC)* for the business segments and for the entire Group.

The difference between *ROCE* and *WACC* is the *relative value added*. The *absolute value added* is the difference between return and the cost of capital employed, and is equal to the amount of capital employed multiplied by the relative economic value added.

# Principal consolidated subsidiaries

At December 31, 2006	Equity holding %	Output volume € million	Employees at year-end
Bilfinger Berger AG, Mannheim		1,189	5,304
<b>Germany</b>			
bebit Informationstechnik GmbH, Mannheim	100	22	119
Bilfinger Berger BOT GmbH, Wiesbaden (subgroup)	100	25	105
Bilfinger Berger Facility Services GmbH, Mannheim (subgroup)	100	470	6,673
Bilfinger Berger Industrial Services AG, Munich (subgroup)	100	1,305	15,823
Bilfinger Berger Nigeria GmbH, Wiesbaden	100	372	598
Bilfinger Berger Power Services GmbH, Oberhausen (subgroup)	100	520	3,680
Bilfinger Berger Umwelttechnik GmbH, Aarbergen (subgroup)	100	218	891
Bilfinger Berger Verkehrswegebau GmbH, Bochum	100	99	400
Franz Kassecker GmbH, Waldsassen	60	100	388
R&M Ausbau GmbH, Munich (subgroup)	100	63	167
<b>Rest of Europe</b>			
Bilfinger Berger Baugesellschaft m.b.H., Vienna, Austria	100	163 <sup>1</sup>	351 <sup>1</sup>
Hydrobudowa-6 S.A., Warsaw, Poland, (subgroup)	100	186	1,341
Razel S.A., Saclay, France (subgroup)	100	411	3,394
<b>America</b>			
Fru-Con Holding Corporation, Ballwin, Missouri, United States of America (subgroup)	100	570	2,394
Bilfinger Berger (Canada) Inc., Vancouver, Canada	100	38	153
<b>Africa</b>			
Julius Berger Nigeria PLC., Abuja, Nigeria	49	259 <sup>2</sup>	16,073
<b>Australia</b>			
Bilfinger Berger Australia Pty. Limited, Sydney, Australia (subgroup)	100	1,961	4,334

<sup>1</sup> Group

<sup>2</sup> Financial year 2005

# Boards of the Company

## Supervisory Board

Honorary Chairman:

**Gert Becker**

**Bernhard Walter**, Chairman

Formerly Speaker of the Executive Board of  
Dresdner Bank AG, Frankfurt am Main

**Hans Bauer**

Formerly Chairman of the Executive Board of  
HeidelbergCement AG, Heidelberg

*Membership of statutory supervisory boards  
of other German companies:*

DaimlerChrysler AG, Stuttgart;  
Deutsche Telekom AG, Bonn;  
Henkel KGaA, Düsseldorf;  
Staatliche Porzellan-Manufaktur Meissen GmbH,  
Meissen (Deputy Chairman);  
Wintershall AG, Kassel (Deputy Chairman);  
Wintershall Holding AG, Kassel

**Dr. Horst Dietz**

President, Industrial Investment Council GmbH,  
Berlin  
General Manager of Invest in Germany GmbH,  
Berlin

*Membership of statutory supervisory boards  
of other German companies:*  
ABB AG, Mannheim

**Maria Schmitt**, Deputy Chairwoman

Employee of Bilfinger Berger AG,  
Mannheim

**Wolfgang Erdner**

Employee of Bilfinger Berger AG, Cologne

**Dr. Jürgen Hambrecht**

Chairman of the Executive Board of BASF  
Aktiengesellschaft, Ludwigshafen am Rhein

*Membership of comparable monitoring boards  
of other German and foreign companies:*  
BASFIN Corporation, Delaware (Chairman)\*

Unless otherwise  
indicated,  
all details correct  
January 1, 2007.

\* Group mandate

**Reiner Jäger**

Employee of Modernbau GmbH,  
Saarbrücken

**Harald Möller**

Employee of Bilfinger Berger AG,  
Frankfurt am Main

**Rainer Knerler**

Chief Executive of the Berlin branch of  
Industriegewerkschaft Bauen-Agrar-Umwelt,  
(Construction, Agriculture and Environment  
Trade Union), Berlin

**Klaus Obermierbach**

Employee of J. Wolferts GmbH,  
Cologne

**Dr. Hermut Kormann**

Chairman of the Executive Board of Voith AG,  
Heidenheim

**Thomas Pleines**

Member of the Executive Board of  
Allianz Deutschland AG,  
Chairman of the Executive Board Allianz  
Versicherungs AG

*Membership of statutory supervisory boards  
of other German companies:*

DIW Industriewartung AG,  
Stuttgart (Chairman)\*;  
SMS Demag AG, Düsseldorf;  
Universitätsklinikum Ulm;  
Voith Turbo Beteiligungen GmbH,  
Heidenheim/Brenz (Chairman)\*

*Membership of statutory supervisory boards  
of other German companies:*

Vereinte Spezial Versicherung Aktiengesellschaft,  
Munich (Chairman)\*

*Membership of comparable monitoring boards  
of other German and foreign companies:*

Voith Paper Holding Verwaltungs GmbH,  
Heidenheim/Brenz (Chairman)\*;  
Voith Siemens Hydro Power Generation  
Verwaltungs GmbH, Heidenheim/Brenz  
(Chairman)\*

*Membership of comparable monitoring boards  
of other German and foreign companies:*

DEKRA Automobil GmbH, Stuttgart;  
DEKRA AG, Stuttgart

**Friedrich Rosner**

Employee of Bilfinger Berger AG,  
Mannheim

**Udo Stark**

Chairman of the Executive Board of  
MTU Aero Engines Holding AG, Munich

**Rolf Steinmann**

Member of the National Executive Board of  
Industriegewerkschaft Bauen-Agrar-Umwelt  
(Construction, Agriculture and Environment  
Trade Union), Frankfurt am Main

**Dr. Klaus Trützscher**

Member of the Executive Board of  
Franz Haniel & Cie GmbH, Duisburg

*Membership of statutory supervisory boards  
of other German companies:*

Allianz Versicherungs AG, Munich;  
Celesio AG, Stuttgart\*;  
Cemex Deutschland AG, Ratingen;  
TAKKT AG, Stuttgart (Chairman)\*

## Presiding Committee:

**Bernhard Walter**, Chairman (since May 18, 2006)

**Maria Schmitt**

**Udo Stark** (Chairman until May 18, 2006)

## Audit Committee:

**Udo Stark**, Chairman (since May 18, 2006)

**Bernhard Walter** (Chairman until May 18, 2006)

**Friedrich Rosner**

Committee to be formed pursuant to Section 31,  
Subsection 3 of the German  
Law of Industrial Codetermination:

**Bernhard Walter**

**Maria Schmitt**

**Udo Stark**

**Wolfgang Erdner**



## Executive Board

**Herbert Bodner, Chairman**

Corporate development, Communications,  
Legal Affairs, Civil Engineering,  
International Subsidiaries

*Membership of comparable monitoring boards  
of other German and foreign companies:*

A.W. Boulderstone Holdings Pty. Ltd., Sydney  
(Chairman)\*;  
Bilfinger Berger Australia Pty. Limited, Sydney  
(Deputy Chairman)\*

**Dr. Joachim Ott**

Industrial Services, Facility Services,  
Environmental Technology

*Membership of statutory supervisory boards  
of other German companies:*

Bilfinger Berger Industrial Services AG, Munich  
(Chairman)\*;  
Babcock Borsig Service GmbH, Oberhausen  
(Deputy Chairman)\*

**Kenneth D. Reid** (from January 1, 2007)

Civil, Concessions

**Prof. Hans Helmut Schetter**

Human Resources, Technology,  
Building Construction,  
European and International Subsidiaries

*Membership of comparable monitoring boards  
of other German and foreign companies:*

Razel S.A., Saclay (Chairman)\*;  
Hydrobudowa-6 S.A., Warsaw (Chairman)\*;  
Fru-Con Holding Corporation, Ballwin/Missouri  
(Chairman)\*

**Dr. Jürgen M. Schneider**

Accounting, Finance, Controlling,  
Investor Relations, Power Services

*Membership of statutory supervisory boards  
of other German companies:*

Bilfinger Berger Industrial Services AG,  
Munich\*;  
Babcock Borsig Service GmbH, Oberhausen  
(Chairman)\*

*Membership of comparable monitoring boards  
of other German and foreign companies:*

Abigroup Ltd., Gordon (Chairman)\*;  
Bilfinger Berger Australia Pty. Limited, Sydney\*;  
Dachser GmbH & Co., Kempten  
(Deputy Chairman);  
Fru-Con Holding Corporation, Ballwin/Missouri  
(President)\*;  
Hydrobudowa-6 S.A., Warsaw\*;  
Razel S.A., Saclay\*

Unless otherwise  
indicated,  
all details correct  
at January 1, 2007.

\* Group mandate

# Glossary

## Associated companies

Companies upon which a significant influence can be exercised but in which there is no majority holding or controlling interest. The holding is usually between 20% and 50%.

## BOT

Abbreviation for build-operate-transfer. BOT projects, also known as public-private partnerships, are private-sector solutions to real estate or infrastructure tasks in the public sector, with design, financing, construction and long-term operation from one source. Refinancing of the entire investment takes place during the operational phase by means of user fees.

## Business-unit-related financial assets/ interest income

Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective unit of the Group.

## Capital employed

The average capital tied up in operative assets, which, in the context of return-on-capital-employed controlling, is expected to yield a return at least as high as the weighted average cost of capital (WACC).

## Cash earnings

Financial performance measure for the ability of a company to provide its own funds. Measures the financial surplus earned in a certain period from current, profit-relevant activities, but without taking into consideration the change in working capital.

## Cash flow

Figure for the assessment of the financial strength and profitability of a company in terms of the flow of funds. The statement of cash flows shows the changes in marketable securities and cash during an accounting period in terms of the cash flows from, or into, operating, investing and financing activities.

## Corporate governance

The internationally common term for a responsible system of corporate management and monitoring with a focus on long-term value creation.

## CTA

Abbreviation for "contractual trust arrangement," a form of financing pension obligations whereby pension plan assets covering the Company's pension obligations are transferred to a trust fund. In consolidated financial statements prepared according to IFRS, this has the effect of reducing the balance-sheet total, as the plan assets are netted out against the corresponding pension provisions. The effect is to improve the international comparability of the consolidated financial statements.

**Deferred taxes**

Asset or liability items that compensate for different accounting periods compared with earnings according to the tax financial statements. Deferred tax expenses / income are corrections to the actual tax expense derived from the tax financial statements for the period. The primary aim is to show an income-tax expense in a proper relation to the reported earnings before taxes.

**Discounted cash-flow method**

Valuation model for projects and ventures. All future free cash flows are discounted to their present values and added up. Key factors are the cost of capital (discount), the future free cash flows and the period of time involved.

**EBIT**

Abbreviation for “earnings before interest and taxes.”

**EBITA**

Abbreviation for “earnings before interest, taxes and goodwill amortization.” In Bilfinger Berger’s accounting, EBITA is used as a performance measure for the profits from operating activities.

**Equity consolidation**

Minority holdings in companies of between 20 % and 50 % are included in the consolidated financial statements as associated companies by means of equity-method consolidation. In the consolidated income statement, the pro-rated net profit of the associated companies – reduced by goodwill amortization if necessary – is shown under income from investments.

**Equity ratio**

Key figure for a company’s financing structure, stating the ratio between equity and total assets.

**Fair value**

The amount for which an asset could be sold or a liability could be settled between knowledgeable, willing and independent parties.

**Goodwill**

The difference between the amount paid for a company and the market value of its net assets. It arises as a result of taking into consideration a company’s expected future earnings when deciding on a suitable price for it. Goodwill is capitalized under fixed assets and subjected to annual impairment tests in accordance with IFRS 3 / IAS 36.

**IASB**

Abbreviation for “International Accounting Standards Board” based in London. An institution founded in 1973 for the formulation of International Accounting Standards (IAS).

**IFRIC**

Abbreviation for the London-based “International Financial Reporting Interpretations Committee.” IFRIC determines the details of the interpretation of the IAS.

**IFRS**

Abbreviation for “International Financial Reporting Standards” based on Anglo-American accounting principles. Against a background of harmonization of international accounting, these standards are becoming increasingly important for German accounting. IFRS is based on the International Accounting Standards (IAS/IFRS), which set rules for accounting and valuation: for example, IAS 19 for the valuation of pension provisions.

**ISIN code**

Abbreviation for “International Securities Identification Number.” Internationally valid identification number for securities. Uniform system for the simplification of cross-border transactions.

**Joint venture**

A company, keeping its own accounts, that is established by two or more construction companies for the period of executing a construction contract. Profits and losses are entered in the income statements of the partner companies according to their percentage of participation and shown under sales revenues. The respective shares of joint-venture revenues are not shown in the financial statements of the partner companies.

**Long-term incentive plan (LTI)**

Components of Executive Board compensation with a long-term incentive effect, related both to internal measures of success as well as the performance of the Bilfinger Berger share price.

**Non-recourse financing**

Debt which is secured solely against the financed project, without the possibility of any recourse liability for Bilfinger Berger.

**Output volume**

This comprises the supply of goods and services by the Group and the pro-rated supply of goods and services by joint ventures in which the Group participates.

**Percentage-of-completion method (POC)**

Accounting method according to IAS 11 for long-term construction contracts. Contract costs and revenues are accounted for in accordance with the percentage of completion of the contract so that the realization of profits is shown in the income statement in line with the progress made by the project.

**Performance share units (PSU)**

Phantom shares that are granted to the members of the Executive Board as a part of their compensation within the framework of our long-term incentive plans depending on the development of value added.

**Plan assets**

Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. In accordance with IFRS, plan assets are netted out against pension provisions, which reduces the balance-sheet total. See CTA.

**Project-related financial assets /  
project-related interest income**

Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective units of the Group.

**Public-private partnership (PPP)**

See BOT

**Return**

The measure of earnings in return-on-capital-employed controlling at Bilfinger Berger, derived from EBITA.

**Return on equity**

Measure of earnings which states the ratio between net profit and shareholders' equity.

**Return on output volume**

Measure of profitability showing the ratio of EBITA to output volume.

**ROCE**

Abbreviation for "return on capital employed." Ratio between the earnings of a reporting period (return) and the average operative assets (capital employed).

**Syndicated credit lines**

Credit lines that are agreed upon with a group of banks (syndicate) under uniform conditions.

**Statement of cash flows**

Presentation of liquidity developments / flows of funds taking into consideration the sources and applications of funds within a certain period. The statement of cash flows shows the separate cash flows from, or into, operating, investing and financing activities.

**Value added**

Difference between ROCE and the weighted average cost of capital multiplied by capital employed. If value added is positive, this means that the return on capital employed is higher than the weighted average cost of capital.

**WACC**

Abbreviation for "weighted average cost of capital." Serves as a measurement of the financing of the operative assets in return-on-capital-employed controlling at Bilfinger Berger. It reflects the minimum required rate of return of the shareholders and the creditors.

**Working capital**

Factor for observing changes in liquidity. It shows the difference between current assets, without cash and marketable securities, and current liabilities.

# Ten-year overview

## Group

€ million	1997*	1998*	1999*	2000	2001	2002	2003	2004	2005	2006
<b>Assets</b>										
<b>Non-current assets</b>	<b>576,6</b>	<b>576,7</b>	<b>714,2</b>	<b>846,4</b>	<b>898,8</b>	<b>1,257,8</b>	<b>1,117,4</b>	<b>1,364,8</b>	<b>1,951,9</b>	<b>2,451,2</b>
Intangible assets	0,8	1,2	1,2	8,0	8,4	212,4	299,9	349,3	592,4	738,4
Property, plant and equipment	389,7	388,8	412,6	475,4	502,4	553,6	539,7	475,3	512,0	607,3
Financial assets	186,1	186,7	300,1	308,4	335,6	419,5	172,7	427,8	712,3	977,4
Deferred tax assets	0,0	0,0	0,3	54,6	52,4	72,3	105,1	112,4	135,2	128,1
<b>Current assets</b>	<b>2,477,8</b>	<b>2,287,0</b>	<b>2,361,1</b>	<b>2,230,1</b>	<b>2,411,8</b>	<b>2,375,0</b>	<b>2,365,9</b>	<b>2,355,6</b>	<b>2,404,7</b>	<b>2,678,2</b>
Inventories	463,2	380,8	524,4	408,3	405,4	412,0	370,6	283,5	384,5	393,5
Receivables and other assets	867,3	909,8	934,6	944,7	1,204,3	1,190,6	1,094,8	1,158,4	1,188,3	1,502,0
Cash and marketable securities	1,147,3	996,4	902,1	877,1	802,1	772,4	900,5	913,7	831,9	782,7
<b>Equity and liabilities</b>										
<b>Shareholders' equity</b>	<b>708,4</b>	<b>638,1</b>	<b>633,5</b>	<b>903,4</b>	<b>1,113,0</b>	<b>1,032,3</b>	<b>1,136,1</b>	<b>1,130,5</b>	<b>1,188,8</b>	<b>1,206,2</b>
Subscribed capital	92,3	92,4	108,6	108,8	108,9	109,1	110,2	110,2	111,6	111,6
Reserves	597,9	531,5	511,0	776,8	980,9	866,0	953,3	963,1	1,012,3	1,031,3
Unappropriated retained earnings	18,5	14,8	14,8	14,8	20,0	36,4	47,7	36,7	37,2	46,5
Minority interest	-0,3	-0,6	-0,9	3,0	3,2	20,8	24,9	20,5	27,7	16,8
<b>Non-current liabilities</b>	<b>285,4</b>	<b>258,3</b>	<b>458,7</b>	<b>517,3</b>	<b>532,3</b>	<b>541,8</b>	<b>436,2</b>	<b>471,1</b>	<b>898,8</b>	<b>1,319,7</b>
Pension provisions	92,0	98,6	100,3	129,4	119,9	187,6	90,5	97,2	130,2	159,7
Other provisions	135,3	132,1	130,3	112,2	109,2	106,2	106,1	107,7	105,3	99,5
Financial liabilities, recourse	44,3	18,4	212,9	197,9	155,4	87,2	68,3	85,5	86,6	90,9
Financial liabilities, non recourse	0,0	0,0	0,0	31,0	101,7	113,3	110,3	114,2	485,1	808,3
Other liabilities	12,2	8,5	15,1	20,1	1,1	6,3	4,6	13,9	17,2	67,3
Deferred tax liabilities	1,6	0,6	0,0	26,7	45,0	41,2	56,4	52,6	74,4	94,0
<b>Current liabilities</b>	<b>2,060,6</b>	<b>1,967,3</b>	<b>1,983,1</b>	<b>1,655,8</b>	<b>1,665,3</b>	<b>2,058,7</b>	<b>1,911,0</b>	<b>2,118,8</b>	<b>2,269,0</b>	<b>2,603,5</b>
Tax provisions	54,2	54,1	33,5	33,5	32,6	47,3	44,8	55,4	50,2	71,5
Other provisions	591,0	528,6	521,2	314,2	274,3	302,7	302,7	343,3	419,9	424,5
Financial liabilities, recourse	121,9	156,9	88,9	93,5	94,2	225,4	113,6	48,7	40,9	47,8
Financial liabilities, non-recourse	0,0	0,0	0,0	0,0	0,0	30,3	51,3	90,7	10,1	18,9
Other liabilities	1,293,4	1,227,7	1,339,5	1,214,6	1,264,2	1,453,0	1,398,6	1,580,7	1,747,9	2,040,8
<b>Balance-sheet total</b>	<b>3,054,4</b>	<b>2,863,7</b>	<b>3,075,3</b>	<b>3,076,5</b>	<b>3,310,6</b>	<b>3,632,8</b>	<b>3,483,3</b>	<b>3,720,4</b>	<b>4,356,6</b>	<b>5,129,4</b>
<b>Proportion of balance-sheet total</b>										
Non-current assets	19%	20%	23%	28%	27%	35%	32%	37%	45%	48%
Current assets	81%	80%	77%	72%	73%	65%	68%	63%	55%	52%
Shareholders' equity	23%	22%	21%	29%	34%	28%	33%	30%	27%	24%
Non-current liabilities	9%	9%	15%	17%	16%	15%	12%	13%	21%	26%
Current liabilities	68%	69%	64%	54%	50%	57%	55%	57%	52%	51%

\* These figures according to the German Commercial Code (HGB)

## Business developments

€ million	1997 <sup>1</sup>	1998 <sup>1</sup>	1999 <sup>1</sup>	2000	2001	2002	2003	2004	2005	2006
<b>Output volume</b>	<b>4.919</b>	<b>4.756</b>	<b>4.586</b>	<b>4.437</b>	<b>4.607</b>	<b>4.912</b>	<b>5.586</b>	<b>6.111</b>	<b>7.061</b>	<b>7.936</b>
<b>Orders received</b>	<b>4.303</b>	<b>4.582</b>	<b>4.320</b>	<b>4.591</b>	<b>4.680</b>	<b>5.216</b>	<b>5.605</b>	<b>6.139</b>	<b>7.545</b>	<b>10.000</b>
<b>Order backlog</b>	<b>4.486</b>	<b>4.312</b>	<b>4.046</b>	<b>4.200</b>	<b>4.272</b>	<b>5.168</b>	<b>6.277</b>	<b>6.339</b>	<b>7.001</b>	<b>8.747</b>
<b>Capital expenditure</b>	<b>116</b>	<b>85</b>	<b>217</b>	<b>80</b>	<b>111</b>	<b>324</b>	<b>271</b>	<b>165</b>	<b>330</b>	<b>370</b>
Property, plant and equipment	107	72	82	66	73	71	88	70	102	136
Financial assets	9	13	135	14	38	253	183	95	228	234
<b>Employees (at year-end)</b>	<b>57.662</b>	<b>55.171</b>	<b>41.641</b>	<b>40.653</b>	<b>43.471</b>	<b>50.277</b>	<b>50.460</b>	<b>49.852</b>	<b>55.346</b>	<b>49.141</b>
<b>Group earnings</b>										
EBITA	- 20	- 90	8	10	36	74	101	81	115	180
Earnings before taxes (EBT)	34	- 42	30	62	71	85 <sup>2</sup>	86 <sup>2</sup>	91	115	173
Net profit	20	- 46	22	43	52	60 <sup>3</sup>	50 <sup>3</sup>	51	66	92
Cash flow from operating activities	42	- 15	103	43	35	74	30	198	188	207
Cash flow per share	1,17	- 0,42	2,85	1,17	0,96	2,04	0,82	5,39	5,09	5,57
Earnings per share	0,54	- 0,77	0,62	1,20	1,44	1,66	1,37	1,39	1,80	2,48
<b>Bilfinger Berger AG (the Company)</b>										
Dividend distribution	18,5	14,8	14,8	14,8	20,0	36,4	47,7	36,7	37,2	46,5
Dividend per share	0,51	0,41	0,41	0,41	0,55	0,55	0,65	1,00	1,00	1,25
Dividend bonus						0,45	0,65			
<b>Share price at year-end</b>	<b>28,53</b>	<b>21,73</b>	<b>21,60</b>	<b>12,99</b>	<b>25,00</b>	<b>14,60</b>	<b>27,00</b>	<b>30,25</b>	<b>40,30</b>	<b>55,52</b>

<sup>1</sup> These figures according to the German Commercial Code (HGB)

<sup>2</sup> Adjusted for exceptional items totaling € 48 million in 2003 and € 36 million in 2002

<sup>3</sup> Adjusted for exceptional items totaling € 76 million in 2003 and € 54 million in 2002



---

**2007**

<b>May 14</b>	Interim Report Q1 2007
<b>May 23</b>	Annual General Meeting*
<b>August 9</b>	Interim Report Q2 2007
<b>November 13</b>	Interim Report Q3 2007

\*Congress Centrum Rosengarten  
Mannheim, 10 a.m.

**Investor Relations**

Andreas Müller  
Phone +49-6 21-4 59-23 12  
Fax +49-6 21-4 59-27 61  
E-Mail: [sabine.klein@bilfinger.de](mailto:sabine.klein@bilfinger.de)

**Corporate Communications**

Martin Büllsbach  
Phone +49-6 21-4 59-24 75  
Fax +49-6 21-4 59-25 00  
e-Mail: [martin.buellesbach@bilfinger.de](mailto:martin.buellesbach@bilfinger.de)

**Headquarters**

Carl-Reiß-Platz 1–5  
68165 Mannheim, Germany  
Phone +49-6 21-4 59-0  
Fax +49-6 21-4 59-23 66

You will find the addresses  
of our branches and affiliates  
in Germany and abroad  
in the Internet at  
[www.bilfinger.com](http://www.bilfinger.com)

## **Imprint**

© 2007  
Bilfinger Berger AG

Conception, layout, setting:  
Büro für Gestaltung  
Christoph Burkardt  
Albrecht Hotz  
Offenbach am Main

Lithography:  
Goldbeck Art  
Frankfurt am Main

Printed by:  
ColorDruck Leimen GmbH  
Leimen

Photography :  
Ralf Bille  
Hotel Schloss Fuschl  
Martin Joppen  
Fritz Stark

Reports:  
Jörg Beckmann  
Julia Rommeshanger  
Claudia Sigel  
Hubertus Tessar

Translations:  
Bruce MacPherson, Wiesbaden  
Baker & Harrison, Munich  
Warren Turner, Stuttgart

Printed on Hello matt 150g

The Annual Report is published  
in German and English.