

Annual Report 2007



Key figures

€ million	2005	2006	2007
Output volume	7,061	7,936	9,222
Orders received	7,545	10,000	11,275
Order backlog	7,001	8,747	10,759
Capital expenditure	330	370	268
Property, plant and equipment	102	136	204
Financial assets	228	234	64
Employees (at year-end)	55,346	49,141	52,723

Balance sheet

Balance-sheet total	4,357	5,129	6,110
Equity capital	1,189	1,206	1,311
Equity ratio in %	27	24	21
Working capital	- 645	- 641	- 691
Cash and cash equivalents	832	783	796
Liabilities to banks, recourse	128	139	111
Liabilities to banks, non-recourse	495	827	1,362
Capital employed	1,391	1,384	1,548

Earnings

EBITA	115	180	242
Net profit	66	92	134
Cash flow from operating activities	188	207	325
Cash flow per share in €	5.09	5.57	8.74
Earnings per share in €	1.80	2.48	3.60
Dividend per share in €	1.00	1.25	1.80

Profitability

Return on output (EBITA/output volume) in %	1.6	2.3	2.6
Return on equity (ROE) in %	5.9	8.1	10.9
Return on capital employed (ROCE) in %	10.9	16.3	18.7
Value added	-2	80	126

Business segments

Civil

€ million	2007	2006	Δ in %	Output volume in %	
Output volume	3,647	2,973	+23	Abroad	80
Orders received	4,528	4,580	-1	Germany	20
Order backlog	5,507	4,706	+17		
Capital expenditure	112	73	+53		
EBITA	+58	+43	+35		
Employees	16,440	14,628	+12		

Building and Industrial

€ million	2007	2006	Δ in %	Output volume in %	
Output volume	1,965	2,069	–5	Abroad	58
Orders received	2,596	2,053	+26	Germany	42
Order backlog	2,385	1,754	+36		
Capital expenditure	8	4	+100		
EBITA	+24	+22	+9		
Employees	3,520	3,745	–6		

Services

€ million	2007	2006	Δ in %	Output volume in %	
Output volume	3,606	2,881	+25	Abroad	58
Orders received	4,125	3,345	+23	Germany	42
Order backlog	2,844	2,285	+24		
Capital expenditure	82	52	+58		
EBITA	+180	+123	+46		
Employees	32,196	30,218	+7		

Concessions

Number / € million	2007	2006	Δ in %	Equity investments in %	
Projects in portfolio	18	15	+20	Abroad	94
thereof, under constr.	9	8	+13	Germany	6
Committed equity	161	137	+18		
thereof, paid-in	71	56	+27		
EBITA	-2	- 4			
Employees	114	105	+9		

Bilfinger Berger is an internationally active construction and services Group. As a leading Multi Service Group in the fields of real estate, industrial plant and infrastructure, we are able to offer our customers holistic solutions. Our long-term corporate strategy aims to consistently extend our leading position in markets in Germany and

abroad. We concentrate on regions in which we have good knowledge of the market, particularly in the building construction business. The Group's operations comprise the business segments Civil, Building and Industrial, Services and Concessions.

The focus of the Civil business segment's activities is outside Germany. Its core markets are Australia, European and African countries, Canada and the Gulf region. Our technical expertise and

the ability to successfully implement large-scale infrastructure projects are well known to public-sector clients and form the foundation of our success.

The Building and Industrial business segment comprises our Building division in Germany and the building and industrial activities of our subsidiaries in Australia and Nigeria. In this segment, to a large extent we adopt a lifecycle

approach, including advice, design, turnkey construction, development, financing, maintenance and operation. With this business model, we offer our core customers clear added value and set ourselves apart from the competition.

The Services business segment is divided into the Industrial Services, Power Services and Facility Services divisions. Industrial Services provides comprehensive services to its customers in the processing industry for the maintenance, repair and modernization of their production plants. 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 power plant con-

struction. Facility Services provides services connected with office buildings, sport centers, event centers, hospitals and prisons – 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, selected countries in the European Union, Germany and Canada.

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Foreword

Dear Shareholders and Business Associates,
Ladies and Gentlemen,

Bilfinger Berger improved its performance once again in financial year 2007, achieving record levels in several key areas. Especially noteworthy was the fact that EBITA again grew at a rate greater than output volume. The positioning as a Multi Service Group for real estate, industrial plants and infrastructure is being well-received by the market.

Innovation and an international orientation are the motors of our success. Through the consistent expansion of our services and concessions businesses, we have achieved a fundamental improvement in our economic foundation and limited our dependence on economic cycles.

With strong increases in all of its key figures, the Services business segment again exceeded expectations in an impressive fashion. In addition to robust organic growth, several acquisitions also contributed to this development.

In the civil engineering business, too, margins were improved and important projects were won, leading to a high backlog of quality orders. Capacities in the business segment were fully utilized in 2007. Whether in the expansion of subways in Cologne or Düsseldorf, in the installation of foundations for an offshore wind park in the North Sea or in the construction of a complete residential district in Doha on the Arabian Gulf – our competence in complex major projects is in demand in all of our markets.

We also made progress in our Building and Industrial business segment despite a difficult situation on the German market. We improved earnings in the segment due, in particular, to pleasing developments in Australia, where strong demand put us in the position of being able to choose new projects very selectively according to earnings and risk considerations.

In the Concessions business segment, we invested in new projects and further increased the value of our portfolio in 2007. Successful project acquisitions include schools in the United Kingdom and a highway in Canada.

We will continue to vigorously pursue the opportunities that arise in our markets in the future. Not only will Europe have an important role to play, but also Australia, the Arabian Gulf and Canada. We are well-positioned in these markets and anticipate further growth. Opportunities also exist in our home market, for example in the area of PPP: the Federal Minister of Finance has demanded that 15% of all public sector investments be carried out on the basis of privately-financed models. And although that remains a distant goal, at least there are a growing number of projects being implemented by public sector clients using this procurement model.

As in the past, the Services business segment, in which we are very well-positioned with our Industrial Services, Power Services and Facility Services divisions, will continue to hold the greatest potential for growth. In accordance with our strategy, we are growing not only organically, but continue to look for suitable acquisition opportunities. With the takeover of the industrial services activities of Norsk Hydro at the beginning of the year, we managed to significantly expand our business in Scandinavia and assume a leading position in this market.

Environmental protection presents our company with challenges, but more importantly, it brings with it opportunities for growth. Our engineering expertise is needed on many fronts, in sustainable construction, for example, or in securing the supply of drinking water in Australia. In all areas of our business we are developing resource-friendly and environmentally suitable products and services and are offering our clients solutions that optimize expenditure and consumption over the entire lifecycle of structures and plants. In real estate, increasing sustainability requirements are closely linked to the lifecycle approach. Our services in this area range from development and design through to the construction of projects as well as long-term operation and revitalization.

To not only discover opportunities on the market, but to consistently translate them into business success requires outstanding employees. Therefore, in the past year, we substantially expanded our personnel development. Intensive cooperation with select universities gives us access to highly-qualified potential employees and current research knowledge. We offer our employees interesting and diverse development possibilities and the chance to follow an attractive career path in our Group. This allows us to gain their commitment to Bilfinger Berger at the same time.

The Executive Board believes that our Company is very well-positioned for future developments. We will consistently pursue the path we have embarked on and continue our successful strategy. I look forward to receiving your continued support.

Sincerely yours,



Herbert Bodner,
Chairman of the Executive Board
at Bilfinger Berger AG

Bilfinger Berger AG

Executive Board



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, Group Technology, as well as parts of the German and international construction business.

Klaus Raps

Born on February 7, 1960 in Nördlingen. He joined the Company in 1986 after studying construction engineering at the University of Applied Science in Munich as well as Business Administration and Engineering at the Technical University in Berlin. Klaus Raps assumed leading management positions in various branches of Bilfinger Berger AG and was appointed member of the Executive Board in October 2007. He is responsible, among other things, for parts of the international construction business and for Bilfinger Berger 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 with responsibility for Corporate Development, Corporate Communications and Legal.

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.

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. He was appointed to the Executive Board at the beginning of 2007 and is responsible for the Concessions and Civil business segments.

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 area of plant engineering. Dr. Jürgen M. Schneider joined the Bilfinger Berger Group in 1983 and was appointed member of the Executive Board in 1990. His responsibilities include Accounting, Finance, Controlling and Investor Relations.

Text
Adele Schonhardt

Photos
Fritz Stark

Just off the plane and already stuck in a traffic jam: for many tourists, their dream vacation on the tropical volcano island of La Réunion begins with workday-like stress. Long before they can unpack their sun-cream on the beach at Boucan Canot, they have to fight their way through the traffic chaos on the west coast of the island.

Stop-and-go with serious economic consequences: La Réunion, French overseas département and the southernmost point in the European Union, lives from tourism. A paradise for hikers, surfers and adventurers, the mountainous island attracts more than 400,000 vacationers each year – of which more than three quarters come from the ‘metropolis’, as the inhabitants call France, the mother country. Visitors have a hard time in the traffic: there are over

Steep coastline and elevated plains: the six-lane highway negotiates uncountable valleys, gorges and cliffs.





Taming traffic in a tropical paradise

La Réunion – a vacation paradise east of Madagascar.
The spectacular Tamarins Route is
being built to prevent impending gridlock.



Visible progress: the daily traffic jams on the west coast will soon be a thing of the past.

300,000 cars for barely 777,000 inhabitants. Parked bumper to bumper, the cars would stretch out over 112 kilometers, thus covering half of the circumference of the island. Nearly 40% of the inhabitants live on the west coast and rely on the fully overloaded National Road Number 1. The important rum and raw sugar industries suffer from the poor traffic infrastructure. And the situation is getting worse: the population

is set to jump 20% by 2015, exceeding the 1-million inhabitant mark. With the existing road network that would mean absolute gridlock.

After three quarters of an hour in a traffic jam, tourists pass the weekly market in Saint-Paul, where merchants vie for the attention of visitors with creole cuisine and spicy 'carri' dishes. On the other side of the road, several construction cranes jut out of the steep mountainsides. Harbingers of the Tamarins Route – a 34-kilometer long highway which, beginning in 2009, will relieve

some of the pressure on the coastal road. Local and international construction specialists have been working on the

Small island, great distances

six-lane highway between Saint-Paul and L'Étang-Salé since 2003. France and the Region La Réunion will bear most of the estimated €970 million in construction costs, with





the rest coming from the European Union. The construction project was awarded in sections. Bilfinger Berger's Civil division along with Razel, its French subsidiary, undertook complex earth and civil engineering works for the first two construction sections.

The Tamarins Route scales the heights of the west coast, revealing magical views of the Indian Ocean again and again. For the engineers, the route reveals something altogether different: more than 120 deep gorges and rocky cliffs along with dangerous hurricanes and torrential rains that present a special challenge. In two days it can rain as much as it does over two years in Germany and the tropical cyclones bring with them wind speeds of up to 240 kilometers an hour. It was with good reason that the Tamarins Route was named after the native Tamarinde: the tree is the symbol of La Réunion because of its ability to withstand the forces of nature.

"The old national road bridges had no deep foundations", marvels Peter Dilmann, site manager at Bilfinger Berger. A technology with disastrous consequences: in March 2007, a bridge on the coastal road collapsed. "One of the piles was washed away by heavy rains and the others all collapsed like dominoes", explains the foundation engineering expert.

Luckily, no-one was injured because there is a curfew when such storms rage over the island. The new viaduct has six supporting columns, each up to 45 meters high and anchored up to 33 meters deep into the ground. Razel is building an s-shaped route on these strong pillars that manages the climb from the coast to the highlands. There, traffic will soon flow through two parallel tunnels, thereby maintaining the unique savannah landscape. In the mountain, workers come up against the hardest rock layers on the entire island and must rely on special 'terminator' stone-crushing machines from France to dig several thousand cubic meters of stone and earth out of the tunnel pipes. "Thousands of years of volcanic activity have mixed the powder-

Bridges despite tropical storms

like layers of earth with huge basalt boulders", says Éric Mercier, site manager at Razel. "Oftentimes the boulders were so big and hard that we had to break them down with hydraulic hammers before they could be transported.

Just before the future exit to the vacation village of Saint-Leu, the highest bridge on the route rises into the southern sky. At a height of 50 meters, the Trois-Bassins Viaduct crosses

a 375-meter wide gorge. The external prestressing of the bridge panels has a number of advantages over bridges whose prestressing tendons are integrated into the concrete cross-section. The load-bearing system is easier to control and cheaper to maintain because the prestressing tendons run outside of the concrete cross-section. If necessary, they can simply be exchanged.

Cutting through volcanic rock with the 'terminator'

Local construction companies are also benefiting from the know-how of the European experts: "90% of our team is made up of local skilled workers, who we have trained extensively", explains Éric Mercier. In total, the construction project has provided 3,000 jobs and 700 apprenticeships. The French government has great hopes for the new highway in the battle against an unemployment rate of 30%. "The Tamarins Route will provide a tremendous boost to the local economy", says Philippe Berne, Vice-President of La Réunion, "It opens up excellent perspectives in the future development of the region."

Bridging the gorge: construction workers are progressing at a rate of about 8 meters per week on the Trois-Bassins Viaduct.

There is a sense of vibrancy at the König-Heinrich-Platz in Duisburg. Across from the classical columned entrance to the theater, vis-à-vis the venerable district court building, the CityPalais is attracting visitors. Just one of the over 50 shopping centers built in the downtown core of a German city in recent years, but ground-breaking nevertheless. The CityPalais not only brings retail shops and restaurants together under one roof, it is also home to the Duisburg Casino – the most modern casino in Germany – and to the city’s philharmonic orchestra in the newly-built Mercatorhalle.

Text

Frank Reisel

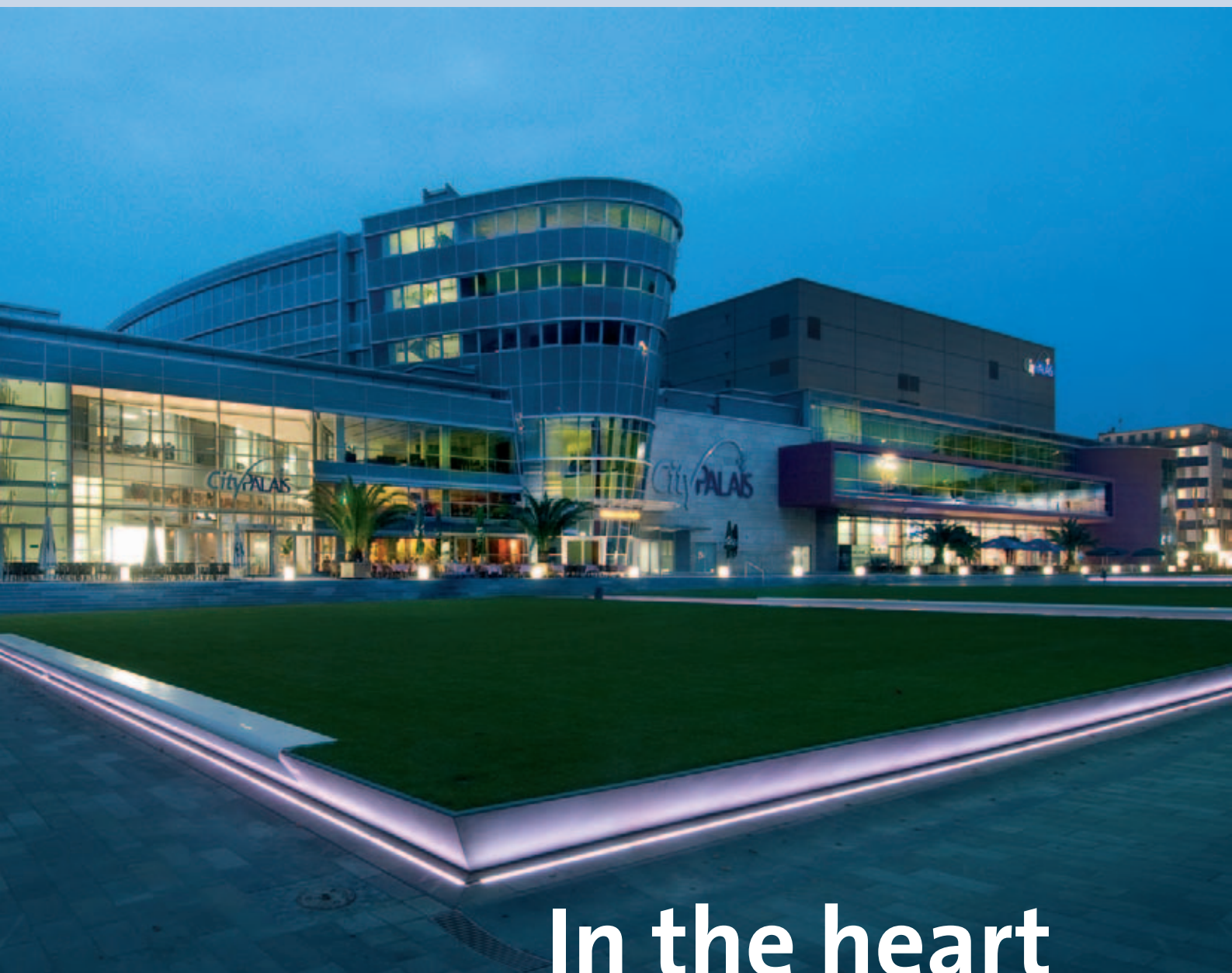
Photos

Ralf Bille**Klaus Ravenstein**

A clear statement: the striking CityPalais gives the König-Heinrich-Platz a new appearance.

Duisburg is following the trend that leads away from construction in an empty field, bring its development back into the inner-city. “Urban planners and investors have discovered the advantages of inner-city locations: an interesting range of attractions makes the city core itself more attractive.





In the heart of the city

Duisburg City is a symbol of increasing buying power and high quality of life. The new CityPalais and Forum shopping centers, both built by Bilfinger Berger, are shaping the image of the inner-city.



Mediterranean Flair: with the CityPalais and Forum, Duisburg wins points in the competition among Ruhr area cities.

This increases the quality of life in the central residential areas. Centers like the CityPalais in Duisburg also tie-in buying power and prevent customers from taking their business to the outlying areas”, says Matthias Jacob, Head of Executive Management at Bilfinger Berger’s Building division.

Culture and entertainment

Modern shopping centers blend in organically to the existing city core – both in terms of their appearance and in terms of what they offer. The CityPalais Duisburg offers culture, shopping and entertainment. This allows the Palais to attract visitors even after the shops close and enlivens the surrounding streets. And just a stone’s throw from the strikingly rounded shape of the Palais, another shopping center is being built: the Forum Duisburg.

The two centers give Duisburg’s city a new appearance and are helping to advance structural change in the city. In order to remain competitive in the Ruhr area, urban planners in Duisburg developed a master plan in cooperation with the architect Lord Norman Foster. “It is our ambition to strengthen the identity of the city. On the one hand, we are implementing existing infrastructure and on the other we are driving the urban consolidation in order to create a modern city in which cultural and commercial functions can be linked to the activities of the inhabitants”, com-

Competitive in the greater metropolitan area

ments the star architect. Lord Norman Foster developed the plans for the re-design of Duisburg’s inner harbor and transformed industrial wasteland – a problem for many cities in the Ruhr area – into multifaceted urban environments with residential areas, restaurants and business parks.

The two inner-city shopping centers form an important element in the master plan and attract additional capital to Duisburg. Thanks to the convenient traffic connections – with subway, two highway connections and the main railway station nearby – the new heart of the city has a huge population area to draw from: about 11 million people can reach the CityPalais and Forum within a maximum 60-minute drive.

Bilfinger Berger’s experts gave particularly high priority to noise insulation in the construction of the Mercatorhalle. During concerts no noise from outside can seep into the hall – of course there can be no seeping the other way, either. The special construction of the floors ensures that the goings-on in the shopping center, which is below the philharmonic, cannot be heard in the concert hall: the floor is separated from the roof below



by a 37 millimeter layer of plastic. Noise protection experts accompanied the construction work and constantly carried out measurements.

Bilfinger Berger was involved in both projects at an early stage and advised the client already in the design phase. One focus was the selection of materials: how durable, for example, are the floor coverings and can maintenance and operating costs be reduced through the

selection of higher quality materials, thereby increasing the overall economic efficiency?

Noise protection in the floor

Bundled competences for the entire life cycle of real estate – for Bilfinger Berger this is a valuable competitive advantage, particularly in the construction of department stores and shopping centers: “We have proven our specific competence in the

construction of department stores again and again in large, demanding projects. Most recently in the revitalization of the Kaufhof store on Berlin’s Alexanderplatz while the store continued operating. Only those who really know the needs of the retail trade can provide a comprehensive service to the client”, emphasizes Matthias Jacob. Decisions on new inner-city shopping centers are still pending in many German cities. Good news for Bilfinger Berger.

*Culture in the city
core: The Duisburg
philharmonic in
the Mercatorhalle,
its new home*



Protective layers:
Bilfinger Berger
insulated about
130 kilometers
of pipeline
in Nyhamna.



The secret of the long serpent

One of the largest natural gas fields in the world lies off the coast of Norway: Ormen Lange. Bilfinger Berger is responsible for the insulation of the drilling and refinery facilities.



Text

Hubertus Tessar

Photos

Anne Lise Norheim

“Let there be light”, whispers Maciej Zielinski as he presses the start button on the control panel. The tension is etched in the faces of the men who are looking over the young Pole’s shoulder. They will soon find out whether the natural gas that Shell is pumping out of the North Sea just off the coast of Norway can also be processed safely in the new refinery on land.

All eyes are fixed on a monitor that shows a tall, narrow metal mast: the gas flare. It is the most important safety system at the plant. Tension is rising in the control room. Suddenly an orange-yellow flame lights up the cloud-covered August sky. The men in the control room pat each other on the back with a mixture of pride and relief.





The flame is the first visible sign that the plant is 'hot' and thus ready to start operations. In no small part due to the untiring commitment of Maciej Zielinski and his colleagues from Bilfinger Berger Industrial Services.

In spring 2004, construction on the 150 hectare onshore station in Nyhamna began. There, gas from the undersea gas field Ormen Lange, or 'long

serpent' in English, is processed for transport. The builder of the plant gave responsibility for the complete insulation of the pipes – a system with a total length of 130 kilometers – to Bilfinger Berger Industrial Services. The company is known throughout the world for its comprehensive expertise in





the area of plant maintenance in the oil and gas industry. “With a volume of about

Everything from a single source

€80 million, Ormen Lange is our biggest single order”, explains Dr. Rudolf Jürcke, Member of the Executive Board at Bilfinger Berger Industrial Services. In addition to the complete engineering and assembly at the location, the industrial services provider also took over the pre-fabrication of the insulation. “In total, 800 tons of stainless steel, 100 tons of aluminum and 120,000 square meters of insulation material was used.

All told we insulated 130 kilometers of piping, 15,000 conduit bends and over 10,000 large valves in precision work”, comments Peter Matthiasen, Project Manager at Bilfinger Berger Industrial Services. No matter how you look at it: a mammoth project. Top levels of performance were also provided at the human resources level. During peak periods, about 1,300 specialists from Bilfinger Berger were on the job at the same time. To cover the personnel needs, Matthiasen drew from an internal pool of qualified employees – employees like Maciej Zielinski. He is among the over 1,000 insulators that were sent by two Polish subsidiaries from Bilfinger Berger Industrial Services.

The gas field at Ormen Lange was discovered in 1997 by the Norwegian energy company Norsk Hydro. It is located about 120 kilometers from the west

coast of Norway at a depth of about 3,000 meters. The area holds about 400 billion cubic meters of gas. Terje Uthus, Project Manager from Norsk Hydro estimates a pumping capacity of about 70 million cubic meters per day. That makes Ormen

From the bottom of the sea to the shore and back again

Lange one of the biggest gas pumping plants in the world and it will make a significant contribution to European energy needs in the coming decades. Primarily the United Kingdom will benefit from the long serpent.

Mammoth project: The 150 hectare onshore plant will provide decades worth of natural gas for the United Kingdom.



In order to allow people in England to boil water for their tea with Norwegian gas, the engineers had to do some pioneering work: in contrast to traditional exploration, no platform, no drilling tower protrudes out of the water. All of the production equipment is located directly on the ocean

floor and from there several pumping stations pump the gas through the pipelines to Nyhamna. In the giant processing terminal, which from a distance looks like a futuristic space station, the gas pumped





under high pressure from the depths of the sea is processed for market. Initially, it undergoes a multistage refining process during which the slag, sand and particles of earth are

Well-protected all round

removed and, in the next step, gas, water and oleiferous condensate are separated. The condensate is sent by tanker to be processed further at industrial locations. The refined gas is compressed so that it can be sent in a semi-liquid state to the United Kingdom through a 1,200-kilometer long underwater pipeline – the longest in the world. Another technological tour de force. “Nearly 50 different kinds of insulation are required in Nyhamna, from thermal and cold insulation,

and corrosion protection through to acoustic insulation”, explains Peter Matthiasen. The selection and thickness of materials used depends to a great extent on the purpose for which it is to be applied. Mineral rock wool, for example, works well as thermal insulation, foam glass as cold insulation or a fireproof external surface coating as passive fire protection. Whatever the material, one thing is clear: insulation is customized, precision work. Even the slightest inattention to detail, such as a leaky valve, can have serious consequences. Safety is of the utmost concern. The flame that lit up the grey, late summer day in Nyhamna is the most visible evidence of that.

An important contribution to Europe's energy needs: Ormen Lange is one of the largest gas refineries in the world.



For the foreseeable future, lignite will remain an important source of energy.

There is an exciting competition going on all around the world: engineers are working frantically on all fronts to find the most effective technologies possible for the reduction of carbon-dioxide emissions in the energy industry. The quicker a solution is ready for market launch, the bigger the chances that it will be implemented in the renewal phase currently underway in the global power plant pool.

Text
Claudia Sigel

Photos
Fritz Stark

The companies gathered together under the umbrella of Bilfinger Berger Power Services are working on a number of research projects aimed at reducing emissions from conventional energy production. The energy industry is the source of about 45% of all carbon dioxide emissions generated in Germany. The most carbon





The race to reduce CO₂

The energy industry is under tremendous time pressure: carbon dioxide emissions must be reduced quickly. Bilfinger Berger is researching important advances in environmentally-friendly technologies.



Every improvement in the efficiency of energy production from coal will lead to noticeable reductions in emissions.

dioxide is of course generated by the burning of coal, but coal will remain an essential world-wide source of energy for the foreseeable future. The reason: coal is relatively cheap and reserves will last significantly longer than all other fossil fuels.

This means that every improvement in the efficiency of energy production from coal will, both in the short and long terms, lead to noticeable reductions in global emissions.

The emission of greenhouse gases from power plants drops with each increase in the efficiency level. With current technology, engineers achieve an efficiency level of about 46 percent. "In a few years we



will pass the 50 percent mark”, says Gerd Lesser, Head of Executive Management at Bilfinger Berger Power Services. An ambitious goal. To achieve it, the

*Efficiency level rises
to above 50 percent*

company’s experts are working together with major energy companies such as RWE and Vattenfall as well as with research institutes and universities. Temperature is a key element in improving efficiency levels. In modern power plant

boilers, steam temperatures of over 600 degrees celsius are reached. “We are now testing materials that can withstand operating temperatures of up to 700 degrees” says Hilmar Schinkel, Head of Quality Assurance at Bilfinger Berger Power Services, referring to the processing of high-grade materials with concentrations of nickel and chrome. The pressure-bearing components in power plants can be up to ten centimeters thick. For the construction of a boiler, pipes are bent and welded. “We are investigating what effect that has on the materials. Our primary concern is the long-term behaviour under operating conditions. We want to know how the structure of the new





materials changes”, explains Schinkel. In five years there may already be a new generation of power plants.

In order to increase the efficiency of power generation from lignite, it is dried before

Dried lignite – higher efficiency level

being burned. In a research project sponsored by the Federal Ministry of Economics and Technology, engineers from Bilfinger Berger Power Services are working on a concept for a lignite-burning power plant with technology to promote this process. The lignite is ground and then spun in a container before being dried on a heated surface. When such a process is integrated into a power plant, engineers can use heat from the turbines to dry the lignite.

Another future-oriented project is taking shape near Cottbus in Germany. There they are working not on the reduction of carbon dioxide emissions, but rather on clean coal.

The carbon dioxide generated by the burning is separated, liquified and later stored underground. At the moment there are three competing processes for carbon dioxide splitting.

“The most advanced of these is the oxyfuel process, which is now being tested at the ‘Schwarze Pumpe’ location”, explains Helmut Welp, Head of Environmental Technology for Bilfinger Berger Power Services. His team is delivering the flue gas desulfurization for the plant and is accompanying the

CO₂ disappears below the earth

test operations. The challenge: with the oxyfuel process, the lignite does not burn with air, but with pure oxygen. This has an effect on the composition of the exhaust and thus on the flue gas cleaning system.



Vattenfall has laid down a strict timeplan for the further development of the technology. The first 300 to 600 megawatt power plant with the oxyfuel process is to be built by 2015.

If the researchers can manage to solve the remaining questions on the storage of liquid carbon dioxide in old natural gas or salt storage locations, clean coal will become one of the most important instruments in global environmental protection in the mid-term.

Temperature is a key element in improving efficiency levels.





Building a bridge to the west

The highway over the feared Kicking Horse Pass proved to be a door-opener in Canada: Bilfinger Berger is now considered a leading provider of privately-financed transport projects there.



Construction in record time: Despite hard winters, the Park Bridge and the new highway section was completed in less than two years.

Text
Oliver Blaha
Photos
Bill Pitcher

Plate-sized holes in the asphalt, steep slopes, falling rocks – for decades the frequently traveled Kicking Horse Pass in the Canadian Rocky Mountains was considered one of the most dangerous in all of Canada. For a long time the provincial and federal governments could not afford to rehabilitate the highway, which was built in the '50s.

Experts estimate Canada's current infrastructure deficit at over €42 billion. Concession models, in which private providers design, finance, build and maintain roads and other public infrastructure are therefore being turned to more and more often. "The Kicking Horse Pass was our foot in the door



to the North American market”, explains Nick Dawson, Executive Manager at Bilfinger Berger. The company has managed to acquire two additional major transport projects since then: the Golden Ears Bridge near

Shorter construction time and lower costs

Vancouver and the Calgary Ring Road in Alberta. Only two years after entering the market, Bilfinger Berger is now considered one of the leading developers of privately-financed concession projects in transport infrastructure.

For the project through the Kicking Horse Canyon, Bilfinger Berger founded the Trans-Park-

Group which was given responsibility for the design, construction and financing of the section over the pass. As early as the tender phase, the tight schedule laid-out by the Trans-Park-Group was convincing. The experts calculated only 25 months for the complex construction of this particularly demanding section – 19 months less than had been proposed by the structural design office hired by the state.

The construction of the Kicking Horse Pass is an availability model in which the concession company bears the risks from design, construction and maintenance, while the state bears the risk for traffic volume. In other words: the concession company receives a contractually fixed monthly payment from the Canadian government. In return, the concession company ensures the unrestricted availability of the 26-kilometer long

section of the highway, including the bridge, for the next 25 years. “That includes the quick repair of damage and winter service. No minor task in an area where falling rocks and heavy snowfall in the winter are normal”, explains Stephen Perfect, who is responsible for Bilfinger Berger’s North American activities. The experts had to take special precautionary measures during the construction phase. They stabilized slopes, built supporting and slurry walls and planted bushes to stop avalanches.

In total, over three million cubic meters of earth and stone were moved – the equivalent of about 200,000 truckloads.

Economic factor: instead of hairpin curves traffic now moves quickly over the pass along a wide, rolling route.





It is thanks to such first-class logistics that traffic could roll on the new highway after less than two years' construction time – that on top of the willingness to work through the tough Canadian winter, which also accelerated the construction work. In the end, work was completed ahead of the ambitious schedule. In August 2007, the new four-lane expansion of the highway section was opened by Gordon Campbell, Premier of British Columbia – two months earlier than planned. The days have passed when up to 10,000 vehicles a day crawl at a snail's pace along the damaged road with its steep climbs.

The once dangerous Kicking Horse Pass has now become a safe road – one of tremendous economic importance. Quick

Mobility for the Winter Games 2010

access to the Pacific coast is seen as a key to continued economic growth in British Columbia.

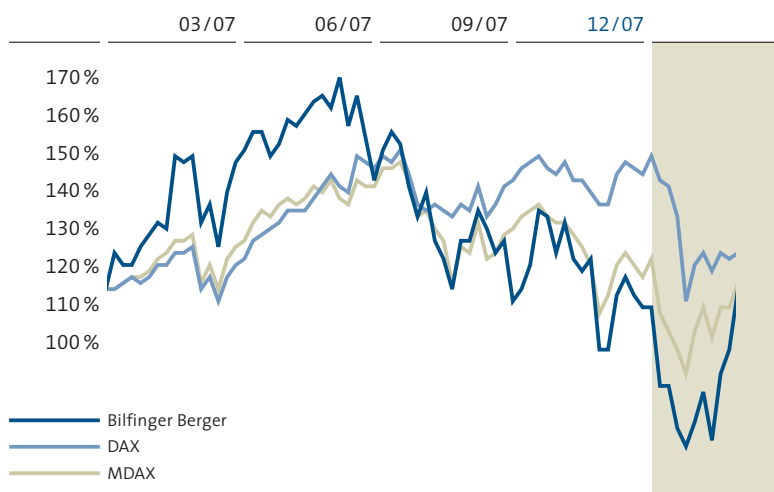
Bilfinger Berger is pursuing a similarly ambitious schedule in the construction of the Golden Ears Bridge near the west-coast city of Vancouver. The 1,000-meter long and up to 90-meter high bridge, along with 14 kilometers of access roads, is to be completed by October 2009 – in time for the

start of the Winter Olympics the following year. Once construction is finished, the consortium led by Bilfinger Berger will operate the bridge and access roads over a period of 35 years. The company was also responsible for the design and financing of the structures. In return – as with the Kicking Horse Pass – the Group receives a contractually fixed monthly payment.

In the middle of the Rockies: the Park Bridge crosses the Kicking Horse River at a height of about 1,600 meters.

The Bilfinger Berger shares

Relative performance of our shares



- Turbulent stock-market year 2007
- Renewed dividend increase
- Capital-market presence further improved

Turbulent stock-market environment

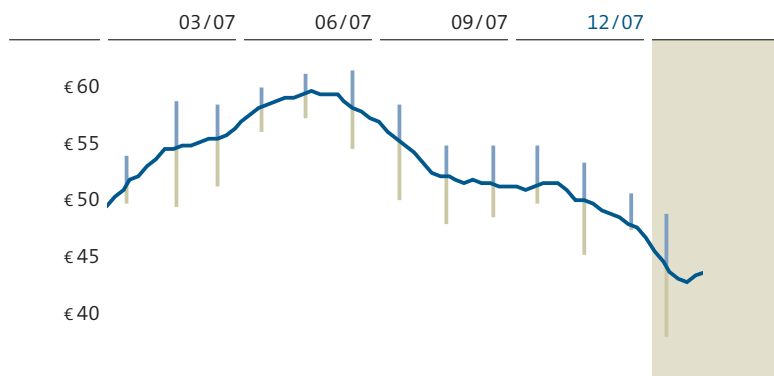
The real-estate crisis in the United States, record oil prices, new peaks for the euro against the US dollar, share-price fluctuations – the year 2007 was extremely turbulent on the stock markets. Nonetheless, the DAX ended the year at 8,067, or 22% higher than a year earlier and just slightly below its all time high of July 17, 2007.

However, after peaking in the summer, the index at first slumped, followed by several months of sharp fluctuations. Share prices were driven down particularly by fears of future recession in the United States and by the significant growth slowdown in Europe. The DAX actually fell to 7,270 within four weeks, before slowly recovering and passing the 8,000 mark for a while during a moderate year-end rally in December.

Economic perspectives contributed to the fact that shares in small and medium-sized companies displayed weaker development. Significant cash outflows out of the stock market were to be observed. The biggest losers were in sectors highly dependent on the economic cycle, while defensive stocks performed relatively well.

After developing better than the DAX in recent years, the MDAX gained only 5% during the year 2007, not least due to profit-taking. At the end of the year, the MDAX was at 9,865.

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



Key figures on our shares

€ per share	2003	2004	2005	2006	2007
Earnings	1.37	1.39	1.80	2.48	3.60
Earnings including exceptional items	3.44				
Dividend	0.65	1.00	1.00	1.25	1.80
Bonus	0.65				
Dividend-yield ¹	2.4%	3.3%	2.5%	2.3%	3.4%
Pay-out ratio ²	47%	72%	56%	50%	50%
Highest price	27.40	32.41	46.44	55.75	74.73
Lowest price	16.30	25.50	30.18	37.71	47.35
Year-end price	27.00	30.25	40.30	55.52	52.78
Book value ³	30.30	30.20	31.20	32.00	34.70
Market value / book value ³	0.9	1.0	1.3	1.7	1.5
Market capitalization in € million	991	1.112	1.499	2.065	1.963
Price-to-earnings ratio ¹	19.7	21.7	22.4	22.4	14.7
Number of shares (in thousands) ⁴	36,720	36,745	37,196	37,196	37,196
Average daily volume (no. of shares)	103,192	83,414	165,946	286,756	377,923

All price details refer to Xetra trading

¹ Based on the year-end closing price not including bonus or exceptional items

² Based on earnings per share

³ Balance-sheet shareholders' equity excluding minority interests

⁴ 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 Perf. Idx., DJ STOXX 600, DJ EURO STOXX, MSCI Europe

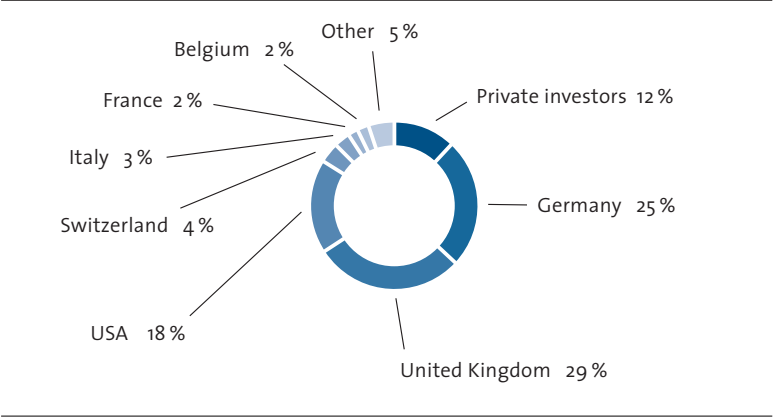
Renewed increase in volume of Bilfinger Berger shares traded

Bilfinger Berger' shares significantly outperformed the market in the first half of 2007. From January until the beginning of June, our stock increased in value by 36% and the share price reached a new peak of €74.73, but fell back to the general market level in the subsequent phase of consolidation.

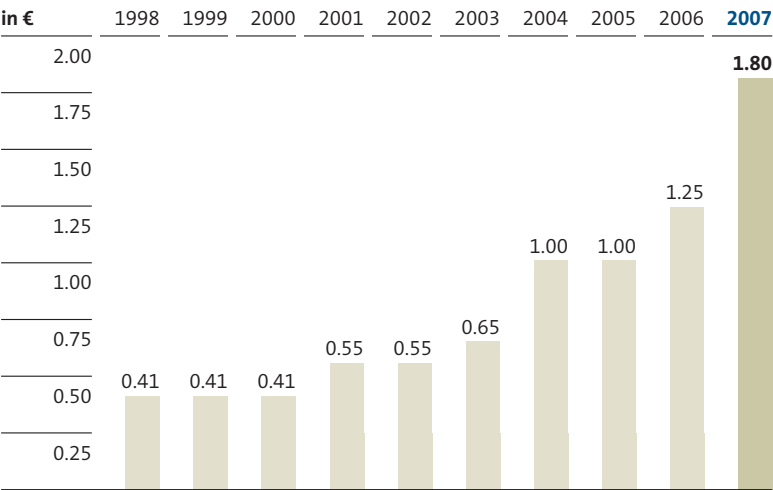
Despite the Group's positive business development, our share price could not avoid the negative trend and the sharp market fluctuations of the second half of the year. Nearly the entire European construction and services sector lost value. By the end of the year, taking the dividend into account, our stock had fallen by 3% compared with the end of 2006.

The increasing liquidity of Bilfinger Berger's shares was once again very pleasing. Trading increased again in 2007 and reached a daily average of 380,000 shares (2006: 290,000). This means that over the year, two and a half times our market capitalization was traded on German stock exchanges and in the Xetra system.

Institutional investors by region (as of December 31, 2007)



Dividend development Bilfinger Berger shares not including bonus dividend



Regional distribution of shareholders nearly unchanged

As in years before, we carried out two shareholder identifications in 2007. The analysis of December 31, 2007 showed that, besides Germany, the United Kingdom and the United States were once again the most prominent. The percentage of our shareholders from France fell in comparison to the prior year, whereas the percentage from Switzerland again increased.

Institutional investors continue to dominate our shareholder structure, the share of private investors remained constant at 12%.

Dividend to be increased to €1.80

A proposal will be made to increase the dividend by 44% to €1.80 per share (2006: €1.25). In relation to the share price at the end of February 2008, this represents a dividend yield of 3.4%. Bilfinger Berger's shareholders will continue to participate appropriately in the Group's operative success.

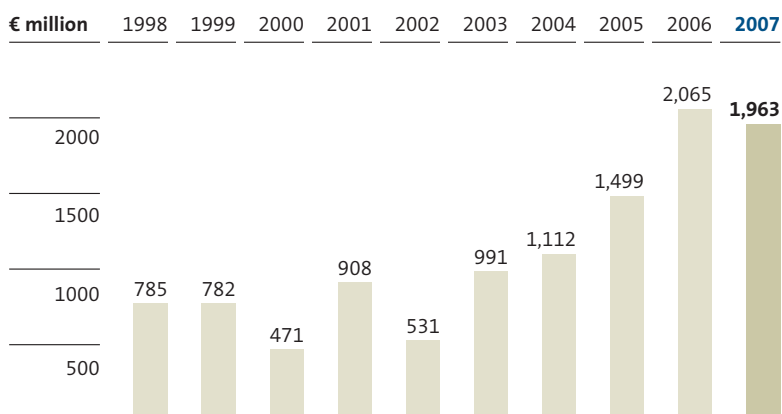
Annual General Meeting 2007 with increased equity presence

Attendance at the 2007 Annual General Meeting increased to 47% of the share capital (2006: 36%). We have taken several measures to motivate our shareholders to exercise their voting rights – either personally or through a proxy. All of the resolutions at last year's Annual General Meeting were passed almost unanimously.

Improved capital-market presence

We further expanded our investor relations activities in 2007. Once again, a capital market day was held in Frankfurt. The event focused on our building construction business and our facility management services in Germany. As well as allowing a closer look at our operational business, the prime aim was to facilitate a direct exchange of information and opinions between the management and capital market players.

Market capitalization Bilfinger Berger share



We are in close contact with a total of 16 financial analysts, of whom 15 currently recommend our shares as 'buy' and one recommends 'hold'. We also provided information to institutional investors in more than 250 individual discussions, some of them at roadshows in 18 cities in Germany and abroad, as well as by participating in eight investor conferences.

The contents of our Annual Report were very well received last year. In the Europe-wide Thomson Extel survey, investors and analysts voted the Bilfinger Berger Annual Report 2006 into third place, and best German company, in the Construction & Building Materials segment.

Share buyback program

In February 2008, low price levels on the stock markets were used to acquire own shares up to a total consideration of €100 million. The basis was the authorization granted by the Annual General Meeting of May 23, 2007 to buy back up to 10% of the Company's share capital. In February, the Bilfinger Berger share was trading well below its all-time high reached in the middle of 2007. Its price far from adequately reflected the value of the Company.

In order to maintain the financial flexibility of the Company, there is currently no plan to cancel the shares. At a later date, the use of the shares as currency for transactions or their sale will be considered as options.

Corporate governance report

Corporate governance is concerned with the structures and processes of good business management, supervision and transparency.

Corporate Governance Code

Bilfinger Berger supports the goal set out by the 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 14, 2007 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 6, 2007. It states: "Bilfinger Berger AG complies with all of the recommendations of the German Corporate Governance Code as amended on June 14, 2007. 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 2006, Bilfinger Berger has complied with all of the recommendations of the German Corporate Governance Code as amended on June 12, 2006 with the exception of the aforementioned recommendation in Clause 5.4.3, Sentence 3."

Bilfinger Berger also fulfills nearly all non-binding proposals of the German Corporate Governance Code. Excepted from this are only the accessibility of the proxy representative of the

shareholders, also during the Annual General Meeting (Clause 2.3.3) and the inclusion of components of Supervisory Board compensation based on the long-term performance of the enterprise, (Clause 5.4.7). The Supervisory Board sitting until the Annual General Meeting on May 21, 2008 has a unified period in office. For the new election in this Annual General Meeting, a varying period in office for two shareholder representatives on the Supervisory Board is proposed in accordance with the Code proposal in Clause 5.4.6.

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 consists of six members (see page 175).

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 39).

Supervisory Board

The Company's Supervisory Board is composed of an equal number of shareholder and employee representatives. The Supervisory Board, which will sit until the Annual General Meeting on May 21, 2008, has 16 members (see page 172). Because there are now regularly more than 20,000 employees working in Germany, the number of Supervisory Board members, in accordance with Paragraph 1 Section 3 of the German Industrial Codetermination Act, increases to 20. Accordingly, ten shareholder representatives will be elected by the Annual General Meeting on May 21, 2008. In accordance with the 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 44).

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 174).

The compensation of the members of the Supervisory Board is shown in the compensation report (see page 42).

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.bilfinger.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.

Compliance System

The Code of Conduct is a significant component of our Compliance System. 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 Behavioral Guidelines, which apply to all Group employees, include the fundamental rules for the counteraction of corruption, bribery, bid rigging, illegal employment and for social behavior in the company. Because of the wide variety of legal and social conditions which exist in Germany and abroad, the Code of Conduct also includes country-specific behavioral guidelines.

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 complement the function of internal ombudsmen, we have appointed an external ombudsman, Dr. Erich G. Bähr, attorney (tel. +49 (0) 69 74 50 50) through whom employees, and also persons outside of the company, can point out misconduct. The control systems we have implemented to ensure compliance with the Code of Conduct include both routine and extraordinary audits from Internal Auditing, special controls with regard to compliance with regulations for competition and employee deployment as well as regulating and controlling the use of third parties in connection with order acquisition. Our Code of Conduct and the Compliance System are components of events for employees, employee reviews and comprehensive training measures. Compliance was one of the central themes of a road show with the Chairman of the Executive Board in Germany during which over 800 employees were addressed personally. Through the immediate reporting of serious cases, as well as through quarterly and annual reports from the Chief Compliance Officer, the Executive Board and the Audit Committee of the Supervisory Board are informed regularly about the developments in this area.

A Compliance Committee made up of the Heads of Legal, Internal Auditing and Corporate Affairs, which meets at least once in each quarter, supports the Chief Compliance Officer in both the general framework and the further development of the Compliance System as well as with the treatment of individual compliance cases.

Any misconduct that is discovered will result in organizational measures and personnel consequences. The insights gained from reporting, the comparison with other systems and the evaluations from external specialists all lead to the ongoing development and improvement of our Compliance System.

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 10, 2008

Bilfinger Berger AG

The Executive Board

The Supervisory Board

Compensation report

In this compensation report, details on the compensation of the members of the Executive Board and Supervisory Board are given. 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 basic salary, a performance-related bonus and a payment linked to the Company's long-term performance and its share price (long-term incentive plan).

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.

For Mr. Reid and Mr. Raps, who were appointed to the Executive Board in 2007, as well as for Dr. Ott, the compensation rules were modified in several points.

Annual Salary

The fixed annual salary is reviewed every two years. In consultation with external experts, it was set, with effect on July 1, 2006, at €642,000 for the Chairman of the Executive Board and €428,000 for the other members of the Executive Board. Newly appointed members of the Executive Board receive an annual salary that is 20% lower over a period of 18 months. 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. Bonus payments are not made if at least 50% of the EBT goal is not reached (Mr. Bodner, Professor Schetter, Dr. Schneider) or 75% of the goal (Dr. Ott, Mr. Raps, Mr. Reid) 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 for Mr. Bodner, Professor Schetter and Dr. Schneider has the following main features: if the value added in a particular financial year exceeds the minimum agreed for that year, the members of the Executive Board are granted phantom shares in the form of so-called performance share units (PSUs). 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 value of the PSU is

Compensation with a long-term incentive effect (long-term incentive plan)	Jan. 1, 2007		PSUs granted for the year		Dec. 31, 2007	
	Number of PSUs	Number of PSUs	Maximum amount to be paid out	Value at granting	Number of PSUs	Theoretical amount to be paid out based on year-end closing price 2007
Herbert Bodner (Chairman)	70,351	8,972	525 T€	338 T€	79,323	1,398 T€
Dr. Joachim Ott	46,895	8,273	350 T€	282 T€	55,168	966 T€
Klaus Raps	0	1,656	70 T€	56 T€	1,656	70 T€
Kenneth D. Reid	0	6,626	280 T€	226 T€	6,626	280 T€
Prof. Hans Helmut Schetter	46,895	5,970	350 T€	225 T€	52,865	931 T€
Dr. Jürgen M. Schneider	46,895	5,970	350 T€	225 T€	52,865	931 T€
	211,036	37,467	1,925 T€	1,352 T€	248,503	4,576 T€

	Fixed salary		Bonus		Total cash compensation		Long-term incentive (value at granting)	
€ thousands	2007	2006	2007	2006	2007	2006	2007	2006
Herbert Bodner (Chairman)	642	610	797	797	1,439	1,407	338	525
Dr. Joachim Ott	428	407	531	531	959	938	282	350
Klaus Raps	86	-	101	-	187	-	56	-
Kenneth D. Reid	342	-	405	-	747	-	226	-
Prof. Hans Helmut Schetter	428	407	531	531	959	938	225	350
Dr. Jürgen M. Schneider	428	407	531	531	959	938	225	350
	2,354	1,831	2,896	2,390	5,250	4,221	1,352	1,575

paid out. For Mr. Bodner, Professor Schetter and Dr. Schneider, payment is made after a waiting period of two years – 65% in cash (taxable) and 35% in Bilfinger Berger shares which may not be sold until a further two-year lockup period has expired. A four-year waiting period has been determined for Dr. Ott, Mr. Raps and Mr. Reid, after which the total value of the PSU (after taxes) is paid out in cash.

The applicable value added is the difference between the return and the cost of capital. The return is determined by EBITA plus interest income and the value added from the BOT portfolio. The cost of capital results from the multiplication of the capital employed by the weighted average cost of capital (see page 168 ff.).

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 reduce the number of existing PSUs (effects Mr. Bodner, Professor Schetter and Dr. Schneider) or the PSU credit is removed (effects Dr. Ott, Mr. Raps and Mr. Reid). There is also a cap (for the Chairman of the Executive Board €525,000, for a member of the Executive Board €350,000, for the newly appointed members of the Executive Board €280,000 for 18 months), which limits the payment to an absolute maximum annual amount.

For the 2007 financial year, the members of the Executive Board were granted a total of 37,467 PSUs, whose maximum payment amount is limited by the cap to €1,925,000.

At the balance-sheet date, the members of the Executive Board held a total of 248,503 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 2007 of €52.78, from today's perspective under consideration of the cap, this would lead to a total amount to be paid out of €4,576,000.

No loans or advances were made to the Executive Board in financial year 2007. Compensation for the execution of Group mandates was not paid in financial year 2007. They would be – insofar as they exceed €20,000 – applied against Executive Board Compensation.

Total Compensation

The Compensation for the Executive Board is disclosed in the table on the opposite page. 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 €200,000 (2006: €110,000).

Retirement Benefits

Since 2006, the system of retirement benefits for the members of the Executive Board has consisted of contribution oriented commitments and has been 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 2007 financial statements the transfer of the part of the retirement benefits already earned by Dr. Ott to a pension fund led to a one-time charge of €258,000. For the Executive Board members Mr. Bodner, Professor Schetter and Dr. Schneider, pension commitments in the case of invalidity remain with the company, their present value amounts to a total of €34,000. For the Executive Board members Mr. Raps and Mr. Reid, pension commitments exist with an obligation value of €79,000 and €43,000 respectively, these were acquired prior to their appointment to the Executive Board. With these exceptions, the transfer of retirement benefits of the Executive Board to external institutions has been completed.

The Company will make annual payments to a relief fund for the future periods of office of the members of the Executive Board. In the table (see page 43), contributions to the pension fund for the financial year and pension entitlements already reached as well as capital returned to the Company from a pension fund are listed. In the case of death, there is entitlement to a widow's pension equivalent to 70% of the normal pension.

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.

Pensions

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to €2,438,000 in 2007 (2006: €2,455,000). The present value of future pension obligations for these persons calculated according to IAS 19 amounted to €29,034,000 (2006: €32,161,000).

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.

€ thousand	Probable annual pension entitlement upon retirement	Payments to a relief fund 2007	Capital returned to the Company from the pension fund
Herbert Bodner (Chairman)	330	338	-90
Dr. Joachim Ott	200	183	-7
Klaus Raps	88	154	-
Kenneth D. Reid	137	164	-
Prof. Hans Helmut Schetter	237	204	-64
Dr. Jürgen M. Schneider	237	346	-69
	1,229	1,389	-230

Supervisory Board compensation	Fixed compen- sation ¹	Variable compen- sation ¹	Total	Volun- tarily waived	Total after waiver
€ thousand					
Bernhard Walter (Chairman, Chairman of the Presiding Committee and member of the Audit Committee)	20	170	190	50	140
Maria Schmitt (Deputy Chair- woman and member of the Presiding Committee)	15	128	143	38	105
Hans Bauer	10	85	95	25	70
Dr. Horst Dietz	10	85	95	25	70
Wolfgang Erdner	10	85	95	25	70
Dr. Jürgen Hambrecht	10	85	95	25	70
Reiner Jäger	10	85	95	25	70
Rainer Knerler	10	85	95	25	70
Prof. Dr. Hermut Kormann	10	85	95	25	70
Harald Möller	10	85	95	25	70
Klaus Obermierbach	10	85	95	25	70
Thomas Pleines	10	85	95	25	70
Friedrich Rosner (member of the Audit Committee)	15	128	143	38	105
Udo Stark (member of the Presiding Committee and Chair- man of the Audit Committee)	15	128	143	38	105
Rolf Steinmann	10	85	95	25	70
Prof. Dr. Klaus Trützschler	10	85	95	25	70
	185	1,574	1,759	464	1,295

¹ On the basis of the proposed dividend of €1.80

With a proposed dividend of €1.80 per share, the resulting increase in Supervisory Board compensation in accordance with existing provisions in the Articles of Incorporation does not seem appropriate to the Supervisory Board. In order to reduce its dividend related compensation, the Supervisory Board will propose to the Annual General Meeting on May 21, 2008 that, effective from financial year 2008, fixed compensation be set at €40,000 and that variable compensation be reduced to €300 for every cent by which the dividend exceeds €0.80 per share. For financial year 2007, the Supervisory Board will apply the proposed regulation voluntarily. This means that with the proposed dividend of €1.80 per share, a Supervisory Board member will receive €70,000 instead of the €95,000 in accordance with existing regulations. All members of the Supervisory Board have made a relevant waiver.

In addition, expenses were reimbursed in a total amount of €22,000. The total compensation of the members of the Supervisory Board for the 2007 financial year thus amounted to €1,317,000 (2006: €1,270,000).

No compensation is paid nor advantages granted to members of the Supervisory Board for personal services rendered such as consulting or agent services.

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 benchmarks for the supervision were the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. The reports of the Executive Board fulfilled the requirements set by the law, by good corporate governance and 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 reports and information issued by the Executive Board was examined in terms of its plausibility and was critically acknowledged and questioned by the Supervisory Board. A catalogue created by the Supervisory Board and constantly checked for necessary adjustments lists the kinds of business transactions for which the Executive Board requires the approval of the Supervisory Board. Business transactions requiring Supervisory Board approval were examined and discussed with the Executive Board. The Supervisory Board gave its approval for, among other things, the acquisition of shareholdings and for the submission of bids for major projects.

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, its further development and issues above and beyond that.

Supervisory Board meetings

There were four regular meetings of the Supervisory Board in financial year 2007.

In addition to matters relating to current business and major projects, issues of economic development, corporate strategy and the position of Bilfinger Berger in relation to its competitors were discussed in detail with the Executive Board. The Supervisory Board also dealt intensively with the acquisition of O'Hare Engineering and approved the takeover. Before issuing approval of the acquisition, 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.

A further focus of consultations in the plenary sessions of the Supervisory Board was the Group's earnings development. The Supervisory Board also received reports on the progress of all

concession projects. Detailed examinations were also carried out of general issues of Group structure and the management of subsidiaries and associated companies, corporate planning, return-on-capital-employed controlling, and the comparison of the course of business with the expected figures. The Supervisory Board dealt extensively and on several separate occasions with the spin-off of the Building and Civil divisions, currently being run as Bilfinger Berger AG's operative business, into legally independent entities. It will propose, together with the Executive Board, to the Annual General Meeting on May 21, 2008, that this measure be approved so that a homogeneous Group structure can be created. 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 2007 financial year.

The Supervisory Board has dealt extensively with the issue of compliance and, through its Audit Committee, has accompanied the form and application of the Bilfinger Berger Compliance System which was implemented in its current structure in 2006.

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 6, 2007

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 14, 2007. 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 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 37 of this Annual Report for further details).

Committees

In order to enhance the efficiency of its activities, the Supervisory Board formed a Presiding Committee, an Audit Committee and – in accordance with section 5.3.3 of the German Corporate Governance Codex in its newest version – a Nomination 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 Article 31, Paragraph 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 172 of the Annual Report).

The Chairmen of the Committees reported to the plenary session of the Supervisory Board in its meetings concerned with the work of their respective committees.

Presiding Committee of the Supervisory Board

The main tasks of the Presiding Committee include, in particular, 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 the decision on certain business dealings and transactions. The Presiding Committee also prepares the plenary meetings and makes recommendations on important resolutions. In financial year 2007, three meetings of the Presiding Committee took place. The Committee, within the scope of its competence, primarily dealt with and approved major projects as well as the acquisitions of PSP Management, Peters Engineering, FSMA and DIASA, the privately financed concessions business as well as the sale of office properties. The focus of the personnel issues in the Executive Board were the appointment of a new member of the Executive Board and the compensation and service contracts of the Executive Board.

Audit Committee

The Audit Committee deals, among other things, with questions of accounting, risk management, compliance and auditing. In the five meetings held over the course of 2007, the main issues that were dealt with included the consolidated financial statements 2006 and the quarterly reports 2007, including the corresponding interim financial statements. The Committee, after examination of their independence, recommended the external auditors to the Supervisory Board for election through the Annual General Meeting and prepared the audit assignment and the fee agreement. Furthermore, the Audit Committee dealt extensively with the deployment of Project Controlling and the activities of Internal Auditing. For the audit of risk management, the two corporate departments submitted annual reports to the Committee. The Audit Committee also received information on the results of a peer review conducted by Internal Auditing. The Audit Committee is of the opinion that the risk-management system in its current form is fully appropriate to meet the demands made of it.

The Chairman of the Audit Committee met with the Chief Financial Officer, also outside of Committee meetings, and in face-to-face discussions reviewed the interim financial statements and the consolidated financial statements.

In addition, the Audit Committee also dealt extensively with compliance questions and promoted the further development of the compliance system. External consultants called in by

the Committee confirmed that the Bilfinger Berger Compliance System (see page 37 of the Annual Report) in its current form with internal and external ombudsmen, fulfills without restriction all of the requirements placed on such a function. The Chief Compliance Officer reports regularly to the Executive Board and the Audit Committee on his activities.

Nomination Committee

In accordance with the recommendation in Section 5.3.3 of the new version of the German Corporate Governance Code, the Supervisory Board formed a Nomination Committee made up exclusively of shareholder representatives whose purpose it is to recommend suitable candidates to the Supervisory Board for its own recommendations to the Annual General Meeting. the Nominating Committee, in preparation for the Supervisory Board election 2008, has compiled recommendations.

Mediation Committee

It was not necessary to convene the Mediation Committee in the 2007 financial year.

Audit of the individual and consolidated financial statements

The annual financial statements, prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards as well as the applicable trade regulations in accordance with HGB Paragraph 315a along with the management reports of Bilfinger Berger AG and the Group for the 2007 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 as well as the appropriation of profits in the presence of 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 2007 financial year, as well as the proposal of the Executive Board on the appropriation of profits – following an explanation of these documents from the Executive Board – and dealt with these matters in its meeting on March 10, 2008. This meeting was also attended by the external auditors in the persons of two of the signing auditors, who explained their audit and its results and answered questions from the Supervisory Committee on the results of the audit as well as its form and scope. 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 10, 2008, the Supervisory Board approved the financial statements of the Company and the Group and the management reports for the 2007 financial year as submitted by the Executive Board. The Company's financial statements have thus been adopted. The Supervisory Board, in its estimation of the situation of

the Company, agrees with the estimation of the Executive Board in its management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of profits particularly with regard to the compelling nature of balance sheet and dividend distribution policy, the effect on liquidity, creditworthiness and future financing needs as well as under consideration of shareholder interest. In accordance with the recommendation of the Audit Committee, it agrees with the Executive Board's proposal for the use of unappropriated retained earnings.

In its meeting on May 23, 2007, the Supervisory Board appointed Mr. Klaus Raps as a member of the Executive Board with effect as of October 1, 2007. He has been with Bilfinger Berger since 1986 and was most recently Head of Executive Management at the German Building division. In his role as member of the Executive Board, Mr. Raps is responsible for Bilfinger Berger Australia, Bilfinger Berger Power Services and Bilfinger Berger Nigeria.

The Supervisory Board sitting until the Annual General Meeting on May 21, 2008 has 16 members. Because there are now regularly more than 20,000 employees working in Germany, the number of Supervisory Board members, in accordance with Paragraph 1 Section 3 of the German Codetermination Act, increases to 20. Accordingly, ten shareholder representatives will be elected by the Annual General Meeting in May 2008. In accordance with the Codetermination Act, the members representing the employees are elected by the workforce.

The increase in the dividend for financial year 2007 to €1.80 per share as proposed to the Annual General Meeting on May 21, 2008 would have resulted in a rise in Supervisory Board compensation that does not seem appropriate to the Supervisory Board. To make allowances for this development, the Supervisory Board believes it is necessary to change the way its compensation is calculated by increasing the fixed amount and reducing the dividend related portion. A relevant change in the Articles of Incorporation will be proposed to the Annual General Meeting on May 21, 2008. For financial year 2007, the Supervisory Board will apply the proposed regulation voluntarily. All members of the Supervisory Board have renounced that part of their compensation that they would have been entitled to in accordance with the previous regulation (for further details, see page 42 of this Annual Report).

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 past financial year.

Mannheim, March 10, 2008



Bernhard Walter
Chairman of the Supervisory Board

Group Management Report

Overview of 2007

Bilfinger Berger continued its successful development in 2007. The Group once again achieved profitable growth with best-ever results. On the basis of dynamic growth in business volumes,

EBITA and net profit increased for the third consecutive year at higher rates than output volume and exceeded our expectations.

Civil

In the Civil business segment, we took on several demanding infrastructure projects. In view of the high level of demand worldwide, we focus on selected projects in target regions where we have a strong market position.

- We received a number of new large orders in Australia, the Group's biggest construction market. A regional focus of our Australian civil engineering activities in 2007 was in Brisbane, where we have a major involvement in two large projects with a total order value of €1 billion.
- In the German market, the price level has improved as a result of rising demand. At the end of 2007, we obtained an order to construct a large part of a new urban railway line in Düsseldorf. This order has a volume of €300 million.

- In our European markets outside Germany, substantial investments continue to be made in the expansion of transport infrastructures.

In Sweden, we received an order for tunnel construction work for the northern ring road around Stockholm. Off the western coast of Denmark, we will install the foundations for the world's biggest offshore windpark. And in France, we are carrying out extensive excavation and civil engineering work in connection with the extension of the TGV high-speed train network.

- In Qatar in the Persian Gulf, we have taken on an extremely large order worth approximately €1 billion. In Doha, the capital city, we will build a new suburb for 20,000 inhabitants in a construction period of just 36 months. The project comprises the entire infrastructure and the turnkey construction of nearly 6,000 homes.

Building and Industrial

In the Building and Industrial business segment, our business approach considers the entire lifecycle of a building. The segment's core markets are Australia, Germany and Nigeria.

- Our activities in the field of building construction have developed very positively in Australia. Strong demand in that market allows the targeted selection of new projects with due consideration of return and risk aspects.

In Adelaide, Brisbane and Sydney, we have taken on orders for the new construction and renovation of hospitals and medical research facilities with a volume of more than €300 million.

- Our German Building division is benefiting from our core customers' greater willingness to invest in commercial construction. A good example of this is a new training center we are building for Deutsche Lufthansa near Frankfurt am Main. Our comprehensive advisory, design and construction competence was crucial for the award of this contract.

We have a significant share of the German market for public-private partnership projects in the field of public-sector construction. In Chemnitz, we are building a justice center on this basis; in Halle an der Saale we are modernizing and operating eight schools; and we are constructing a new prison in Burg near Magdeburg.

Stronger demand led to bottlenecks for subcontractor services in 2007, resulting in cost increases that had not been foreseeable on this scale. Nonetheless, our German Building divisions succeeded in breaking even for the year.

- In Nigeria, the orders received by our subsidiary Julius Berger Nigeria included the construction of the new central bank in Lagos and the expansion of the National Assembly in Abuja, the country's capital.

Services

2007 was another very successful year for our Services business segment, with its three divisions of Industrial Services, Power Services and Facility Services. The growth in business volumes and earnings exceeded our high expectations.

- Bilfinger Berger Industrial Services is extremely well positioned to fulfill the processing industry's increasing demand for complex repair and maintenance work on production plants. The company impressively continued its profitable growth in 2007.

In Germany, we further strengthened the division's engineering expertise with the acquisition of Peters Engineering.

Business activities in the United Kingdom were expanded with the takeover of O'Hare Engineering.

- Bilfinger Berger Power Services also recorded high order entries in its most important markets: Germany, Europe, the Gulf region and South Africa. The internationally active company profited from the worldwide growing energy needs. Our customers invest in both the rehabilitation of existing power plants and the construction of new ones.

Increasingly strict environmental requirements are also boosting demand for specialist services at power stations.

In Germany, the company is a service provider for all of the major electricity supply companies. In 2007, it received orders for major inspections of the lignite-burning power station in Neurath and the coal-burning power station in Hamm-Uentrop.

- Bilfinger Berger Facility Services obtained a series of orders in the German health care sector. A large number of hospitals commissioned us to provide patient services in their wards.

Our facility services in Germany had a boost from public private partnership projects, signing a number of contracts with terms of between 20 and 30 years.

In the field of commercial facility management, we took over the provision of services for additional buildings owned by Vivico Real Estate. Meanwhile, we manage the company's entire portfolio of over 180 objects and a total surface area of over 8 million square meters.

With the acquisition of facility manager PSP, we expanded our facility services and further strengthened our customer base in Switzerland last year.

Concessions

Our Concessions business segment focuses on regions with stable political and economic conditions. Last year, in line with our long-term strategy, we succeeded in further expanding our project portfolio in the areas of public-sector building construction and transport infrastructure.

- Over the course of 2007, we achieved financial close on three new projects, in which we will make equity investments of €24 million.

In Canada, we took over the design, financing, construction and operation of a section of the Calgary ring road. In Scotland, we are realizing two more projects in the field of education. Six new school complexes are being built in the Scottish Borders region and in the county of Clackmannanshire.

- The value of our project portfolio continued growing and is now substantially higher than the amount of equity capital paid into the project companies.

The Bilfinger Berger Group

Business activities and strategy

Bilfinger Berger is an internationally active construction and services Group. As a leading Multi Service Group in the fields of real estate, industrial plant and infrastructure, we are able to offer our customers holistic solutions. Our long-term corporate strategy aims to consistently extend our leading position in our markets in Germany and abroad. We concentrate on regions in which we have good knowledge of the market, particularly in the building construction business. The Group's operations comprise the business segments Civil, Building and Industrial, Services and Concessions.

- The focus of the *Civil* business segment's activities is outside Germany. Its core markets are Australia, European and African countries, Canada and the Arabian Gulf region. Our technical expertise and the ability to successfully implement large-scale infrastructure projects are well known to public-sector clients and form an important foundation of our success.
- The *Building and Industrial* business segment comprises our Building division in Germany and the building and industrial activities of our subsidiaries in Australia and Nigeria. In this segment, to a large extent we adopt a holistic approach, including consulting, design, turnkey construction, development, financing, maintenance and operation. With this business model, we offer our core customers clear added value and set ourselves apart from the competition.
- The *Services* business segment is divided into the Industrial Services, Power Services and Facility Services divisions. Industrial Services provides comprehensive services to its cus-

tomers in the processing industry for the maintenance, repair and modernization of their production plants. 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 power plant construction. Facility Services provides services connected with office buildings, sport centers, event centers, hospitals and prisons – 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 entire real-estate portfolios.

- 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.

Increased return and enterprise value

The prime goal of our corporate development is to increase our return and enterprise value year after year. We will therefore continue our expansion in the high-margin services business and will achieve a sustained improvement in the profitability of our construction activities. The decisive criterion for the expansion of our private-sector project business continues to be the return on capital employed for the individual projects and the value growth of the entire portfolio.

EBITA and cash flow are the key performance indicators for measuring the success of our operating units, in both construction and services. In addition, we assess the financial success of the

Structure of the business segments

Civil	Building and Industrial	Services	Concessions
Bilfinger Berger Civil	Bilfinger Berger Building	Bilfinger Berger Industrial Services	Bilfinger Berger Project Investments
Bilfinger Berger Environmental Technology		Bilfinger Berger Power Services	
Bilfinger Berger Polska		Bilfinger Berger Facility Services	
		Fru-Con	
<hr/>			
Bilfinger Berger Nigeria			
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Bilfinger Berger Australia			
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divisions and the Group with the help of value added as defined by our system of return-on-capital-employed controlling. Another relevant performance measure is the Group's net profit after taxes and minority interests.

Lifecycle approach for the benefit of our customers

As a Multi Service Group, we focus our activities on the consideration of the entire lifecycle of a building or an industrial plant. Using this holistic approach, we consider not only the initial investment but also the operating costs over the entire life of a project, as they are crucial for its economy. An additional factor is that lifecycle-oriented concepts lead to greater weight being given to the issue of sustainability.

Profit centers and central control

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 14, 2007 (see page 36) with one necessary exception.

Our operational business is organized in a decentralized manner. Branches, subsidiaries and associated companies act as independent profit centers. Controlling 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

With GDP expansion of 5% in 2007, the world economy displayed strong growth for the fifth consecutive year. A positive trend in many industrialized countries and a lasting boom in most emerging markets provided a broad basis for the upswing. However, growth weakened in the United States due to the sub-prime crisis and its effects on the real-estate market. This has increased the risk that the dynamic growth trend will be interrupted.

In the euro zone, growth of 2.6% was slightly weaker than in the prior year. However, unemployment figures continued falling as a result of the increased economic activity, and most member states made progress with budget consolidation. The further appreciation of the euro against the US dollar that started in autumn might have a dampening effect on growth, but this will not be felt until some time during the year 2008.

- In Germany, total economic output increased by 2.5%. This growth was due in equal parts to increases in exports and in investment, while private consumption stagnated as a result of the increases in taxes and other wage deductions.
- Economic growth in France was below average, the lower competitiveness of French industry compared with Germany was reflected by falling exports.
- Among the major economies of the European Union, the United Kingdom was in the lead with growth of a good 3%, aided by dynamic private consumption and lively business investment.
- Of the smaller economies of Western Europe, in addition to Ireland, Spain and once again Finland, Sweden and Norway posted particularly high growth rates of between 3.4% and over 4%. Developments in the Scandinavian countries also featured high government budget surpluses and further falls in unemployment.
- The economic catching-up process continued unabated in most of the new EU member states in Eastern Europe. In Poland, for example, economic growth accelerated to 6.5%, driven by strong consumption and high levels of investment in plant and buildings. The rate of growth in Hungary, however, halved to just below 2% as a result of the efforts made to balance the budget.

Gross domestic product – growth by region

%	2007	2006
Germany	2.5	2.7
Europe	2.6	2.7
United States	2.2	3.4
Australia	4.3	3.1

In Australia, economic expansion accelerated again following rather moderate expansion in the previous year. Growth of 4.3% was primarily driven by private and public-sector consumption as well as lively investment. The unemployment rate was at its lowest level for the past thirty years, and the economic situation led to comfortable public-sector surpluses.

The dynamism of economic growth in the United States subsided in 2007; growth over the full year amounted to 2.2%. Falling house prices and rapidly rising energy prices dampened private consumption. The US economy was stabilized by an initially resilient labor market and strong export growth. Canada was impacted by the weaker economic development of its most important trading partner, but achieved GDP growth of 2.6%, which was slightly higher than in the US.

German construction industry

For the second time in succession, the German construction industry delivered a positive contribution to the country's economic growth. Construction investment increased by about 2% in 2007. A sharp decrease in residential construction was offset by the dynamic development of commercial construction.

The economic situation was significantly impacted by special items. For example, the extremely mild winter of 2006/2007 had a positive effect, whereas residential building was negatively affected by the abrupt end of the temporary boom caused by the expiry of tax breaks for new home owners and the increase in value added tax at the beginning of 2007.

The development of commercial construction was far better with real growth of 4.5%. This growth was based on the high level of capacity utilization in the manufacturing sector, which resulted in expansionary investment. The construction industry benefited in particular from orders for production and workshop buildings as well as retail, wholesale and warehouse buildings; demand for new office buildings was less lively, however, due to the existing volume of empty properties.

Investment in public-sector construction rose sharply. Municipalities in particular benefited from rising tax revenues – total trade tax revenue reached the record level of nearly €40 billion. Because the municipalities are responsible for 60% of investment in German public-sector construction, the recovery of their finances significantly boosted demand.

International construction industry

The development of the construction industry in Europe outside Germany was generally positive.

- In France, a steady good level of public-sector investment is ensuring a stable development of demand for civil engineering.
- The United Kingdom is already investing substantial sums in its transport infrastructure ahead of the Olympic Games in summer 2012, leading to high growth rates for civil engineering. Building construction is profiting from the demand for new office space in the services sector, and also from lively demand in the education and health sectors.
- In the Scandinavian countries, the construction industry is on a stable growth path. Norway and Sweden are making use of the positive condition of their state finances and are investing in the expansion of road and rail networks and ports, with particularly positive effects on demand for civil engineering.
- In the new EU member states, investment grants from the EU's structural fund mean that the modernization of public-sector infrastructures is making rapid progress. This is leading to a sustained strong upswing for the construction industry. Poland for example, has access to grants of €28 billion between 2007 and 2013 for the expansion and renewal of its road, waterway and disposal networks. And similarly high grants will be available in Hungary in the coming years. In the year under review, however, that country's construction industry suffered from the poor economic situation and a marked degree of investment restraint on the part of the public sector.

In Australia, double-digit growth rates mean that the strong demand for civil engineering can be expected to continue. The high demand for raw materials from Asia requires continual investment in mining, ports, roads and railways. Additional growth drivers are the energy and telecommunications sectors. However, the prolonged boom in residential building seems to have come to an end.

In Canada, there have once again been major investments in exploration for raw materials and energy production. Substantial funds have also flowed into the expansion of transport infrastructures.

In the Arabian Gulf region, all areas of the construction industry are profiting from the high liquidity and willingness to invest of the oil-producing states. This is most extreme in the United Arab Emirates, where, according to industry estimates, two thirds of all construction activities in the Gulf are taking place. Strong population growth and the development of tourist and services locations require high investment in transport, energy and telecommunications networks and in residential construction.

Services

Worldwide, investment in plant and equipment increased sharply in 2007, which also boosted demand for industrial services. In Europe, growth was strongest in the energy and chemical sectors. In Norway and the United Kingdom, there is a boom in oil and gas exploration and extraction in the North Sea. In Eastern Europe, a large number of industrial plants still have to be replaced. In the United States, demand from industry is strong, particularly in the energy and export sectors. Australian industry is profiting from strong demand for raw materials from global markets and from its strong domestic economy. Restructuring processes in industry worldwide are being driven by the trend for companies to concentrate on their core competencies. This improves opportunities for external service providers and in many regions is leading to a high degree of outsourcing to the benefit of companies specialized in industrial services.

In the energy sector, the debate about climate protection and supply security is leading to high levels of investment in the modernization or substitution of existing power plants. Preferences for nuclear power, fossil fuels or regenerative energy sources vary from country to country. But nonetheless, substantial funds are being made available everywhere to ensure stable long-term growth for providers of services for power plants.

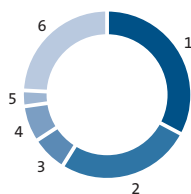
The German market for facility management is becoming more professional, driven by the rising number of foreign real-estate investors. As the ownership and management of buildings are increasingly becoming separated, the trend towards procuring external services will continue. Large providers will profit in particular by being able to offer full-service packages.

Output volume, orders received, order backlog

€ million	2007	2006	Δ in %
Output volume	9,222	7,936	+16
Orders received	11,275	10,000	+13
Order backlog	10,759	8,747	+23

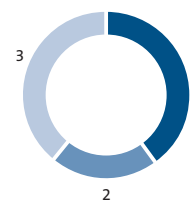
Output volume by region

€ million	2007	2006	%
1 Germany	3,040	2,720	33
2 Rest of Europe	2,356	1,828	26
3 America	679	633	7
4 Africa	653	587	7
5 Asia	253	183	3
6 Australia	2,232	1,985	24
	9,222	7,936	100



Output volume by business segment

€ million	2007	2006	%
1 Civil	3,647	2,973	40
2 Building and Industrial	1,965	2,069	21
3 Services	3,606	2,881	39
Consolidation, other	4	13	
	9,222	7,936	100



Business development

- Output volume and orders received at record levels
- Earnings surpass expectations
- Further increase in value added

Bilfinger Berger continued its successful development in 2007 and with business volumes growing dynamically, and increased its earnings at even higher rates.

Output volume was increased by 16% to €9,222 million in 2007. The proportion of output volume generated in international markets amounted to 67% (2006: 66%). The domestic construction business contributed 16% of the Group's output volume (2006: 18%), while the services business in Germany accounted for 17% of the total (2006: 16%).

Due to new major projects in the construction business and the strong growth of our services activities, orders received increased by 13% to €11,275 million. The order backlog rose by 23% to €10,759 million. All three key performance indicators thus reached new record levels.

Earnings surpass expectations

Group EBITA increased by 34% to €242 million (2006: €180 million), while net profit increased by 46% to €134 million (2006: €92 million). This was primarily a result of the significant increase in the operating profit posted by the Services business segment.

Revenue increased by 15% or €1,110 million to €8,637 million (2006: €7,527 million). Here too, the majority of growth was recorded in services, as a result of strong organic growth in particular and also to acquisitions. The revenue figure does not include our share of the output volumes generated by joint ventures. This is the main reason for the difference between the revenue figure disclosed in the consolidated income statement and the output volume of €9,222 million presented in the Group Management Report.

Consolidated income statement (abridged)

€ million	2007	2006
Revenue	8,637	7,527
Cost of sales	-7,610	-6,668
Gross profit	1,027	859
Selling and administrative expenses	-812	-723
Other operating income and expenses	27	44
EBITA	242	180
Impairment of intangible assets from acquisitions	-13	-10
EBIT	229	170
Net interest result	-1	3
Earnings before tax	228	173
Income tax expense	-88	-77
Earnings after tax	140	96
thereof, minority interest	6	4
Net profit	134	92
Average number of shares in thousands	37,196	37,196
Earnings per share in €	3.60	2.48

Operating profit / EBITA

€ million	2007	2006
Civil	+58	+43
Building and Industrial	+24	+22
Services	+180	+123
Concessions	-2	-4
Consolidation, other	-18	-4
Consolidated Group	+242	+180

With an improved gross margin of 11.9% (2006: 11.4%), gross profit increased to €1,027 million (2006: €859 million). Selling and administrative expenses rose to €812 million (2006: €723 million). As a proportion of revenue, they amounted to 9.4% (2006: 9.6%).

Depreciation, which is included under cost of sales as well as under selling and administrative expenses, increased to €112 million (2006: €99 million).

The balance of other operating income and expenses decreased to €27 million (2006: €44 million). This item was impacted by special items in the previous year; impairments of €63 million recognized on two toll projects were more than offset by gains realized on the sale of concession projects and of the Ship Technologies unit.

The Civil business segment increased its EBITA to €58 million (2006: €43 million). The EBITA posted by the Building and Industrial business segment amounted to €24 million (2006: €22 million). The German Building division broke even, despite significant cost increases for sub-contractor services. The building construction business in Australia developed positively.

All three divisions of the Services business segment – Industrial Services, Power Services und Facility Services - surpassed the high expectations placed upon them. The segment's EBITA increased by 46% to €180 million (2006: €123 million). In addition to first-time consolidation effects of €17 million, organic growth contributed €40 million to earnings.

The EBITA of the Concessions business segment was slightly negative at minus €2 million (2006: minus €4 million), due to the projects' early stage of maturity and high bidding costs. To assess our success in the concessions business, we primarily consider annual changes in the

present value of future cash flows. The development of the value of our project portfolio is explained in detail in the section of the Annual Report dealing with the Concessions business segment.

EBITA not allocated to the business segment returned to a normal level of minus €18 million; there had been a positive impact in 2006 from the gain on the sale of the Ship Technologies unit.

Intangible assets from acquisitions were systematically amortized by €13 million (2006: €10 million). This 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 on goodwill did not result in any write-downs.

Net interest income, including gains on the sale of securities, increased to €18 million (2006: €16 million). The interest expense from the allocation to pension provisions netted off with revenue from plan assets amounted to €7 million, as in 2006. The interest expense for minority interests, which, in accordance with IAS 32, are recognized as liabilities due to contractual arrangements, in particular put options, increased significantly to €12 million (2006: €6 million). In total, the net interest result fell compared with the prior year to minus €1 million (2006: plus €3 million).

Earnings before taxes increased to €228 million (2006: €173 million). Income taxes increased at a disproportionately low rate to €88 million (2006: €77 million). In this context, it is necessary to consider the fact that the Group's effective tax rate was increased in 2006 by special effects related to impairments recognized in the concessions business. In 2007, the effective tax rate was unchanged compared with the adjusted 2006 rate at 37%. In the third quarter of 2007, deferred taxes had to be remeasured on the basis of the

reform of corporate income tax that took effect in Germany on January 1, 2008. The effects on income taxes were insignificant.

After deducting minority interests of €6 million (2006: €4 million), net profit amounts to €134 million (2006: €92 million). This represents earnings per share of €3.60 (2006: €2.48).

Proposal of increased dividend of €1.80 per share

The net profit for 2007 of Bilfinger Berger AG, whose Company financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB), amounts to €67.0 million (2006: €51.5 million). The Company's distributable profits are also €67.0 million (2006: €46.5 million).

A proposal will be made to the shareholders that a dividend of €1.80 per share be paid out. This will amount to a total dividend payout of €67.0 million, representing approximately 50% of the Group's net profit, as in the prior year.

Renewed increase in value added

One of the key financial controlling methods at the Bilfinger Berger Group is our system of return-on-capital-employed controlling. With this method, we measure the value added by our business segments and by the Group. 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. The weighted average cost of capital (WACC) for the Group amounted to 10.5% before taxes in 2007, as in the prior year. In order to reflect the various risk profiles of the business segments, we calculated specific cost-of-capital rates for each segment, as in 2006.

Details and explanation of the calculation are provided in the chapter of this Annual Report dealing with return-on-capital-employed controlling (see page 168).

Value added	Capital employed € million		Return € million		ROCE %		Cost of capital %		Value added € million	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Civil	405	375	75	54	18.6	14.5	13.0	13.0	23	5
Building and Industrial	146	133	38	40	26.1	29.6	13.0	13.0	19	22
Services	901	783	180	123	20.0	15.8	9.0	9.0	99	53
Concessions	105	85	12	10	11.3	11.6	9.8	9.8	2	2
Total of segments	1,557	1,376	305	227	19.6	16.5	10.5	10.5	143	82
Consolidation, other	-9	8	-16	-2	-	-	-	-	-17	-2
Consolidated Group	1,548	1,384	289	225	18.7	16.3	10.5	10.5	126	80

The Group's ROCE increased to 18.7% (2006: 16.3%), leading to a further increase in value added to €126 million (2006: €80 million).

With a slight increase in capital employed, the Civil business segment's ROCE increased to 18.6% (2006: 14.5%), primarily due to the higher EBITA. Value added of €23 million was well above the prior-year figure of €5 million.

The ROCE of the Building and Industrial business segment was 26.1% (2006: 29.6%). Value added fell slightly to €19 million (2006: €22 million) due to the increase in working capital.

The Services business segment continued to account for the biggest share of capital employed at the Group. As a result of acquisitions, it increased to €901 million (2006: €783 million), including €653 million of goodwill (2006: €551 million). ROCE increased once again to 20.0% (2006: 15.8%), while value added nearly doubled to €99 million (2006: €53 million).

In the Concessions business segment, capital employed increased to €105 million (2006: €85 million) as a result of new investment. In order to calculate the return, we consider not only EBITA but also the portfolio's growth in value compared with a year earlier. The calculation of value added of €14 million (2006: €24 million) is explained in detail in the chapter of this Annual Report deal-

ing with concession projects. The business segment achieved a ROCE of 11.3% in 2007 (2006: 11.6%) compared with a cost of capital of 9.8%

The value added by the headquarters and by consolidation is generally negative. The prior-year figure was positively affected by the sale of the Ship Technologies unit.

Unchanged good financial situation and capital structure

Compared with the prior year, the balance sheet total grew by €981 million to €6.1 billion (2006: €5.1 billion). This was due not only to organic growth, but also to the expansion of our concessions business.

On the assets side, non-current assets increased to €3,114 million (2006: €2,451 million).

The increase in intangible assets primarily relates to acquired goodwill from acquisitions, which rose to €700 million (2006: €660 million).

Despite higher capital expenditure, property, plant and equipment decreased by €26 million to €581 million (2006: €607 million). This was caused by the reclassification into current assets

Structure of consolidated balance sheet

Assets	2006	2007	2007	2006	Equity and liabilities
€ million					€ million
		6.110	6.110		
	5.129	796	2,930	5.129	
Cash and marketable securities	783	2,200		2,584	Current liabilities ¹
Current assets	1,895				
		3,114	1,362		
Non-current assets	2,451			827	Non-recourse debt
			359		Other non-current liabilities ²
			148	352	
			1,311	160	Provisions for pensions
				1,206	Equity

¹ Including financial liabilities of €41 million (2006: €48 million)

² Including financial liabilities of €70 million (2006: €91 million)

Structure of Concessions balance sheet

Assets	2006	2007	2007	2006	Equity and liabilities
€ million					€ million
		1,606	1,606		
Other assets		88	149		
		73			Other liabilities
		1,445	1,229		
Other non-current assets	1,026			1,026	
	97			102	Non-recourse debt
	36			820	
	893				Financed by Bilfinger Berger AG
Receivables from concession projects			158	104	

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

of office properties used by the Group but available for sale with a carrying value of €96 million. The contract of sale was signed in December 2007 and the sale will take effect in 2008.

Receivables from concession projects and other non-current assets in this business segment increased to an aggregate of €589 million.

Deferred tax assets decreased to €104 million (2006: €128 million) as a result of utilizing tax-loss carryforwards.

Current assets increased by €305 million to €2,200 million (2006: €1,895 million) due to the increased volume of business and the reclassification of available-for-sale office properties.

Despite lively investment activity, cash and marketable securities remained at the high level of €796 million (2006: €783 million). Financial liabilities – excluding project debt on a non-recourse basis – were reduced to €111 million (2006: €139 million). Non-recourse debt, for which the Group is not liable, increased in line with receivables from concession projects to €1,362 million (2006: €827 million). Of that total, €1,299 million is accounted for by the financing of concession projects.

Provisions for pensions decreased due to the sale of a company by €12 million to €148 million (2006: €160 million). This figure does not include the pension obligations of the parent company, Bilfinger Berger AG, as they are fully netted off with the plan assets of the contractual trust arrangement and the provident fund.

The deferred tax liabilities included under other non-current liabilities increased to €121 million (2006: €94 million).

Current liabilities increased by €346 million to €2,930 million (2006: €2,584 million). The increase primarily reflects advance payments received, which rose unusually sharply during 2007.

Statement of cash flows

€ million	2007	2006
Cash earnings	289	280
Changes in working capital	53	22
Gains on disposals of non-current assets	-17	-95
Net cash inflow from operating activities	325	207
Investments in tangible and intangible assets	-204	-136
Proceeds from the disposal of property, plant and equipment	21	23
Net cash outflow for tangible and intangible assets	-183	-113
Proceeds from the disposal of financial assets	10	177
Free cash flow	152	271
Investments in financial assets	-64	-234
Net cash outflow from financing activities		
Dividends paid out	-47	-37
Borrowing (+) / repayment of loans (-)	-23	-8
Special allocation to pension plan assets	0	-35
	-70	-80
Other adjustments	-5	-6
Changes in cash and marketable securities	13	-49
Cash and marketable securities at January 1	783	832
Cash and marketable securities at December 31	796	783

The negative net working capital amounted to minus €691 million (2006: minus €641 million). As in 2006, this is equivalent to approximately minus 8% of the Group's total output volume.

Shareholders' equity increased to €1,311 million (2006: €1,206 million). The equity ratio amounted to 21% (2006: 24%). Non-recourse debt has the effect of increasing the balance sheet total; adjusted for the elimination of non-recourse debt, the equity ratio is 28%, like at the end of 2006.

Cash flow from operating activities significantly higher than in 2006

Cash earnings amounted to €289 million in 2007 (2006: €280 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 €325 million (2006: €207 million). The substantial increase compared with the prior year was caused by the increase in operating profit and the unusually high advance payments received during 2007.

Capital expenditure on property, plant and equipment increased to €204 million (2006: €136 million) as a result of the bigger volume of business in the Civil and Services business segments. Disposals of property, plant and equipment yielded proceeds of €21 million (2006: €23 million), resulting in a net cash outflow of €183 million (2006: €113 million).

Proceeds from the disposal of financial assets fell to €10 million in 2007 (2006: €177 million). In 2006, there had been unusually high cash inflows from the sale of concession projects, the Ship Technologies unit, and an investment property.

The free cash flow therefore normalized to €152 million (2006: €271 million), despite a significant increase in the cash flow from operating activities.

Investment in financial assets decreased substantially to €64 million (2006: €234 million). €50 million of the total was for acquisitions in the Services business segment, including the takeover of O'Hare, a British provider of industrial services, and other services units in Germany, Switzerland, Austria and Spain. Equity capital of €14 million was paid into private-sector concession companies.

The cash outflow for financing activities amounted to €70 million (2006: €80 million), of which the dividend accounts for €47 million (2006: €37 million). Debt was reduced by a net amount of €23 million (2006: €8 million).

The effects of currency translation led to a mathematical decrease in cash and marketable securities of €5 million (2006: €6 million).

Financial resources, comprising cash and marketable securities, amounted to €796 million at the end of the year (2006: €783 million).

Development of the business segments

Civil

- **Strong demand in all markets**
- **Higher output volume and earnings**
- **Sustained positive development anticipated**

The focus of our civil engineering business is on complex infrastructure projects in selected regions. In view of strong global demand and limited personnel resources, the careful selection of our target markets is essential. We prioritize regions with stable demand for construction in order to achieve our target margins. In addition to a number of European countries such as France and Poland, this includes Australia and the Gulf region. In North America, the focus of our civil engineering activities has shifted to Canada. In Germany, we are mainly involved in major projects in selected business centers and metropolitan areas.

The strong competitive position of our Civil business segment is primarily based on our advanced technical expertise. We are leaders in our core technologies of tunneling, bridge building, road construction, special foundations, waterways and environmental technology. An efficient organization and the qualification, motivation and mobility of our employees are the basis for the successful acquisition and execution of major infrastructure projects.

Capacity utilization in our Civil business segment was very high in 2007. Output volume increased by 23% to €3,647 million, while business outside Germany once again accounted for a high proportion of the total at 80%. Orders received of €4,528 million were substantially higher than output volume. The order backlog of €5,507 million at the end of 2007 was 17% higher than a year earlier. In line with our planning, EBITA increased to €58 million (2006: €43 million).

As a result of the growth in output volume and the procurement of equipment for new major projects, capital expenditure on property, plant and equipment increased to €112 million (2006: €73 million). The number of persons employed by the Civil segment rose by 12% to 16,440 at the end of the year.

Ongoing strong demand in Australia

Australia remains our largest civil engineering market. Civil's output volume there continued growing in 2007; there is an ongoing high level of demand due to high public-sector investment in the expansion of the transport infrastructure.

We took on several major infrastructure projects in 2007, one of them being to expand part of the Hume Highway, which connects the cities of Sydney and Melbourne. The project has a volume of €210 million and includes the widening of a 22-kilometer section of the highway as well as the construction of an eight-kilometer new section and of nine bridges. In March 2007, four months earlier than originally planned, we already completed the Albury-Wodonga freeway, a more than 17-kilometer section of the Hume Highway. As part of the expansion to four lanes, 31 bridges and several kilometers of noise-protection wall were built. The Group is also responsible for the long-term maintenance of several sections of the Hume Highway, which is to be completed by 2012. In Queensland, we continued work on a 100-kilometer pipeline and the related pump stations for the region's water supply. This order has a volume of €180 million.

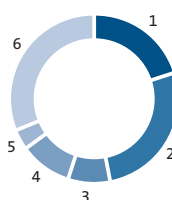
In Australia, major projects are often awarded as alliance contracts – in particular when the output volume has not been specified but will be defined during the course of the project by the client and the contractor. This contract model features a balanced distribution of risks; committees comprising members from both sides ensure that decisions are made quickly in the construc-

Key figures for Civil

€ million	2007	2006	Δ in %
Output volume	3,647	2,973	+23
Orders received	4,528	4,580	-1
Order backlog	5,507	4,706	+17
Capital expenditure	112	73	+53
Depreciation	58	52	+12
EBITA	+58	+43	+35
Employees (number at December 31)	16,440	14,628	+12

Civil: Output volume by region

€ million	2007	2006	%
1 Germany	720	602	20
2 Rest of Europe	982	942	27
3 America	292	211	8
4 Africa	381	255	10
5 Asia	148	112	4
6 Australia	1,124	851	31
	3,647	2,973	100



tion phase, preventing conflicts later. At the end of the year 2007, Bilfinger Berger had contracts in a total volume of €700 million on the basis of this pioneering model.

The regional focus of our civil engineering activities in Australia is currently in Brisbane, where we are involved in two major projects with a €1 billion share of the total contract volume. The more than five kilometers long North South Bypass links the suburbs in the north and the south of the city. The core element of this project is a double tunnel being built in close cooperation between Bilfinger Berger Tunnel Construction and Australian units. The expansion of the Brisbane Gateway Motorway features the construction of a complex bridge, the rehabilitation of an existing bridge, and the expansion of a 20-kilometer highway section. With this project, we also bear responsibility for design and subsequent maintenance.

Bilfinger Berger continues to see good prospects in the Australian civil engineering business. As demand is higher than suppliers' capacities, we are able to select new civil engineering projects according to risk and return criteria.

Good economic conditions in Europe outside Germany

Good economic conditions are also prevalent in our European target markets.

France

In France, our activities are focused on major projects in the fields of excavation, road building, tunneling and special foundations. The strong demand is driven by the expansion of the TGV high-speed train network, the need to replace existing infrastructure, and the expansion of the canal network. We have been involved in the expansion of the TGV network for a long time, including the route between Paris and Strasbourg, which was inaugurated in March 2007. Subsequently, we received a contract with a volume of €100 million for extensive excavation and civil engineering work for the Rhine-Rhone route. Our tunneling experts are carrying out a pioneering project in the Alps: the French and Italian governments plan to build a new fast railway line between Lyon and Turin. Starting in the year 2010, this entails the construction of a 53-kilometer tunnel. Work is now proceeding on preliminary shafts, which will at first deliver information on the area's geology. Later on, sections of the base tunnel will be bored from the bottom of the shafts.

In the French overseas department of La Réunion, we completed the excavations for a 14-kilometer section of the Route des Tamarins highway. Completion of the two major viaducts, Trois-Bassins and Saint-Paul, is scheduled for 2008 and 2009. The business segment's international business coordinated from France is concentrated on projects in francophone Africa. In Algeria, we are constructing the Koudiat Acerdoune Dam, whose

contract volume has meanwhile been increased to €150 million. In Mauretania, we started excavation work in June 2007 for a new drinking water system for Nouakchott, the capital city. Pipelines with a total length of 400 kilometers are to be used to supply the inhabitants of Nouakchott with water from the Senegal River. This is one of the country's biggest infrastructure projects to date.

Scandinavia

In the Scandinavian countries, large sums are being invested in the expansion of the transport infrastructure. We are well established in these markets due to our all-round technical expertise. Sweden in particular has prioritized the expansion of its road and railway networks. In 2007, for example, we received an order to carry out challenging tunneling work for the northern bypass road around Stockholm with a volume of €100 million; we are already responsible for the design and construction of an adjoining section with a volume of €80 million. And with the work on the City Tunnel in Malmö, after advancing for 2.7 kilometers, the two tunnel-boring machines reached the rock cavern of the future Triangeln railway station. From there, twin two-kilometer tunnels are being bored to the Malmö Central main station. The actual tunneling work for this €260 million project is planned to be completed in summer 2009 and the tunnel is to go into operation in 2011.

Off the west coast of Denmark, together with a Danish partner we are constructing the foundations of the world's biggest offshore windpark, Horns Rev 2. The windpark is to cover the energy needs of 200,000 households. The foundations for 91 wind power turbines will be laid in the open North Sea, around 30 kilometers from Esbjerg, between March and September 2008. Scandinavia will continue to offer very good prospects for Bilfinger Berger's civil engineering business.

Poland

The flow of funds from the European Union is supporting the economic upswing in Poland. There is lively competition for the infrastructure projects financed with grants from the EU. We have pooled the organization of our units operating in Poland in order to jointly promote Bilfinger Berger's advanced expertise in civil engineering, road building, bridge construction and special foundations. Our most important projects currently include the upgrade of a 17-kilometer section of the S8 highway near Warsaw, which is to be completed by 2009. At the end of 2007, we completed an elevated section of the N25 over the River Warthe near Konin.

Austria and Switzerland

In Austria and Switzerland, our activities are focused on major tunnel projects. In October 2007, we completed the basic tunnel boring for the 13-kilometer Wienerwald Tunnel, which is part of the high-speed railway line between Vienna and Salzburg. The tunnel lining, emergency exits and interconnections between the twin tunnels will be completed by the middle of 2009. In Switzerland, tunnel-boring work is progressing according to plan on the 57-kilometer Gotthard Base Tunnel; Bilfinger Berger has a key involvement in the core element of this project. And last year, the Swiss Federal Railway Company commissioned us to construct the new Weinberg Tunnel in Zürich together with partner companies.

United Kingdom

The United Kingdom is an attractive market for technically challenging civil engineering work. At present, we are realizing the Westlink M1 urban highway in Belfast on the basis of a public private partnership, with completion due in 2009. Against the backdrop of more major projects in the pipeline, prospects are good for Bilfinger Berger in the UK.

Price level in Germany still unsatisfactory

In Germany, although demand for public-sector construction has revived, the price level is still unsatisfactory. Public-sector clients still place their contracts solely on the basis of the cheapest offer and quality is not rewarded appropriately. Bilfinger Berger maintains its policy of careful project selection and pays particular attention to the criteria of return on investment and risk structure.

At the end of 2007, we received an order to construct major sections of a new urban railway line in Düsseldorf. The new 3.4-kilometer underground Wehrhahn Line will replace several surface tram lines and will significantly reduce the burden on traffic in the inner city when it goes into service in 2015. The order has a volume of €300 million. The North-South urban railway in Cologne, which we have been working on since 2004, is another technically demanding project in a confined inner-city situation. Tunneling was completed in 2007 and the underground stations are now under construction.

At Dresden Airport, we laid the new nearly 3,000-meter runway during regular airport operations – with the exception of four weekends when the airport was closed. As planned, the new runway went into operation at the end of August 2007.

The economic upswing in Germany led to an improved revenue situation for the public sector; as a result, there are indications of a trend to reduce the investment backlog in the transport infrastructure. In some cities, decisions will soon be made on the realization of major projects that have been postponed for a long time. It is essential for Germany to make progress with public-private partnership projects in the transport infrastructure. Meanwhile, after several years of preparation, contracts for two sections of highway have been awarded, but the announced second batch of transport projects is still in the pipeline.

Boom in Arabian Gulf states

The states in the Arabian Gulf are profiting substantially from the rising global demand for energy. The high oil price is leading to sustained strong growth, which is also reflected in the booming construction industry.

Last year, in this region Bilfinger Berger was awarded one of the biggest contracts in the Group's history. In Doha, Qatar, we are constructing a new suburb for more than 20,000 inhabitants. The project is worth approximately €1 billion and comprises the entire infrastructure and turnkey construction of nearly 6,000 homes. After just 36 months, the new district of Barwa City is to be handed over to Barwa Real Estate. The biggest challenges will be in the field of logistics: up to 4,500 employees will be working on a construction site spread over 2.7 million square meters.

Other major projects in the Gulf region include the expansion of a ten-kilometer stretch of the Doha urban highway and the construction of a sewerage treatment plant for 80,000 people including the required 185-kilometer sewer network in the Emirate of Fujairah.

We assume that the strong demand will continue in the Gulf and we regard the region as an attractive market for our Civil business segment.

Selected infrastructure projects in Nigeria

In Nigeria, demand from public and private-sector clients has also been boosted by the high oil price. Our subsidiary Julius Berger Nigeria works on selected infrastructure projects, especially in Abuja, the capital city, and in the Niger delta. In Abuja, the company is currently working on the ongoing expansion of the urban highway. Existing sections are being widened and supplemented by new sections. In the Niger Delta, fuel supplies to the population are being improved:

To this end, fuel tanks on floating concrete hulls were developed, built and anchored at various locations in the river delta. There inhabitants can fuel their boats and cover their daily fuel needs. Bilfinger Berger Nigeria provides Julius Berger Nigeria with design services, specialist personnel, equipment and materials.

High levels of infrastructure investment in Canada

In North America, our civil engineering activities are focused on the attractive Canadian market. The country's stable economy allows it to undertake infrastructure investment at a sustained high level. Clients are open-minded with regard to international suppliers, and Bilfinger Berger is a technical leader also in the competitive situation of the Canadian market.

With the construction of the Golden Ears Bridge, a 1,000-meter structure over the Fraser River in Vancouver, our civil engineering and special foundations units completed the foundation work for the abutments in 2007. For this purpose, more than 160 large piles were driven, 620,000 cubic meters of earth were moved, and 25,000 tons of reinforcing steel and 72,000 cubic meters of concrete were installed. At present, pillars are being set into the riverbed upon which the superstructure will be built. The completion of the bridge and the related nearly 13-kilometer road network is planned for 2009. Golden Ears Crossing is one of the biggest public-private partnership projects in Canada; the project company is fully owned by Bilfinger Berger.

We intend to continue expanding our civil engineering business in Canada. In doing so, we will focus on the development of demand in the country's growth regions.

Environmental Technology:

good economic conditions outside Germany

The business operations of Bilfinger Berger Environmental Technology are focused on the areas of water and sewerage technology, site remediation, waste disposal and vacuum technology. The unit is faced with good economic conditions, especially in its international markets.

In the area of water and sewerage technology, our activities focus on the construction and fitting out of sewerage plants. With such projects, the importance of turnkey delivery is increasing all over the world. Another aspect that more and more customers appreciate, especially in international markets, is the capability to operate sewerage plants after completion. For example, our Environmental Technology subsidiary will take over the operation of a sewage treatment plant in the Emirate of Fujairah for the next 15 years. During that time, the company will be responsible for the repair and maintenance of machines and pipelines, and will thus secure the required water quality. Environmental Technology was already responsible for the design of the plant and for the mechanical and electrical equipment, and carried out the new construction together with the Civil business segment. The Gulf region continues to offer good order opportunities for complete solutions encompassing construction, the supply of equipment, and the operation of sewerage plants.

In the field of site remediation, for example, we operate groundwater cleaning plants as part of a major ecological project in Bitterfeld/Wolfen, Germany. 200 cubic meters of highly contaminated water per hour is treated so that it can then be discharged into the sewerage plant. This is a very demanding technical process due to the large number of organic pollutants and various other constituents such as heavy metals, humic substances, sulfur and phosphor compounds. In the field of reclaiming contaminated soil, we deploy our stationary and mobile cleaning

plants. We have a leading position in the thermal treatment of contaminated soil. With the use of this process, for example, a complete island is being decontaminated off the coast of southern Italy near the town of Manfredonia.

We have demonstrated our strong position in the field of vacuum technology particularly in the Gulf region. Due to the high level of groundwater there, the vacuum drainage of buildings is a common technical alternative.

Outlook

The demand situation is positive throughout our target markets for civil engineering work. In view of our high utilization of capacity, we are able to select markets, clients, projects and partners with particular care. Our extremely high technical expertise and the ability to assume responsibility for large infrastructure projects create the right conditions for the segment's sustained positive development.

In Australia, we anticipate a continuation of good economic conditions in the coming years. We also see good prospects in our main European markets outside Germany: Scandinavia, France and Poland. The close cross-border cooperation between our units makes us highly flexible in terms of personnel and equipment deployment. In Germany, we are moderately optimistic. Due to the intensely competitive situation and contract-award rules, construction prices have still not caught up with those of comparable foreign markets, and the number of public-private partnership projects is still low. We regard the Gulf region and Canada as attractive markets of the future.

In total, we plan for the Civil business segment to achieve further growth in output volume and earnings in 2008.

Building and Industrial

- **Successful business development in Australia**
- **Procurement bottlenecks in the German market under control**
- **Further increase in earnings planned**

In the Building and Industrial business segment, our core markets are Germany, Australia and Nigeria. Cooperation with private clients plays an important role, while the public sector, with its rigid contract award procedures, is less important. We orient ourselves toward the individual requirements of our clients and promote a sustainability-based lifecycle approach. Our range of services in the design and construction of real estate includes a great deal more than simply the execution of building tasks.

Output volume in the Building and Industrial business segment in 2007 was, with €1,965 million, at about the same level as in the prior year. Orders received rose by 26% to €2,596 million, which was primarily attributable to the building construction share of the Barwa City project in Qatar. Order backlog at the end of the year amounted to €2,385 million, equivalent to a growth rate of 36%. Despite the unforeseen development of costs in Germany in 2007, EBITA in the business segment of €24 million (2006: €22 million) was slightly higher than in the prior year.

Capital expenditure on property, plant and equipment rose to €8 million (2006: €4 million). The number of employees fell back slightly to 3,520.

Market success in Germany through i.volution

With the growing demand in the German building construction market, costs for material and subcontractors sometimes rose dramatically. We prepared for this development at an early stage and concentrated on projects with a calculable running time and size. The higher demand, however, led not only to bottlenecks in subcontractor services but also to unforeseeable cost increases. Nevertheless, our German Building division reached the break-even point in terms of earnings. Because appropriate price increases can now be achieved on the market, we anticipate a positive earnings contribution once again from the German building construction business in the future.

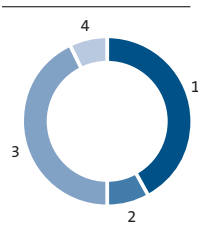
Our Building division is increasingly carrying out discussions with its clients on the basis of a lifecycle approach since the long-term operating costs – primarily those arising from energy consumption, – have a significant influence on a real-estate investment's yield. This approach requires comprehensive expertise in the areas of technology and building operations. Bilfinger Berger bundles competences from specialist disciplines along the entire value chain of a property under the i.volution brand. In this way, interaction between the development, design, construction, operation and revitalization phases can be taken into consideration and optimization potential can be consistently utilized. This broad expertise is being very well-received among our real-estate clients and the share of orders received through cooperative dialogue is rising steadily. Another reason for this is the large number of regular clients, who account for a quarter of our building construction volume in Germany. We are building, for example, one of the largest training and conference centers in Germany for Deutsche Lufthansa near the city of Darmstadt. The opening is planned for the first quarter of 2009. In November 2007, Lufthansa officially opened its new corporate headquarters in

Key figures for Building and Industrial

€ million	2007	2006	Δ in %
Output volume	1,965	2,069	-5
Orders received	2,596	2,053	+26
Order backlog	2,385	1,754	+36
Capital expenditure	8	4	+100
Depreciation	7	5	+40
EBITA	+24	+22	+9
Employees (number at December 31)	3,520	3,745	-6

Building and Industrial: Output volume by region

€ million	2007	2006	%
1 Germany	831	827	42
2 Africa	163	234	8
3 Australia	851	893	43
4 Other regions	120	115	7
	1,965	2,069	100



Cologne, the turnkey construction of which we completed in only 14 months. The building is the new home for 800 of the airline's employees. Since the fall of 2007 we have been building a new administration center for MAN, the commercial vehicles manufacturer. Completion is planned for the end of 2008.

Building redevelopment is increasingly gaining importance since two-thirds of all buildings in Germany are more than 25 years old. We also take a comprehensive approach to revitalization projects, optimizing our clients' plans through the simulation of construction execution and usage variations as early as the design phase.

We are also benefiting from the trend toward once again building shopping centers in downtown core locations. As general contractor, we are currently building, among other centers, the City Gallery in Passau with 90 specialty shops which will be opened in the fall of 2008. On Essen's Limbecker Square we will complete the first phase of construction for the new shopping and entertainment center in the spring of 2008 after only a two-year construction period. The second phase will follow in the fall of 2009. The center will house about 200 retail shops. The CityPalais shopping center, which was built by Bilfinger Berger, was opened for business in Duisburg's downtown core in 2007.

The industrial sector is an important client segment for us. At many manufacturing locations in Germany there is a serious backlog in terms of real-estate investments, which means that we can anticipate sustained strong demand. At the end of September 2007, production started on Heidelberger Druckmaschinen's pioneering

new generation of machines in the new assembly facility which we built within a construction period of only 15 months at the company's plant Wiesloch-Walldorf.

Bilfinger Berger has successfully positioned itself on the German PPP market in public-sector building construction. This has provided our Building division with a tangible effect. In this area we deal with carefully selected projects in which we can optimally implement our strengths. In this way, we have been awarded a contract to design, build and, over a 30-year period, operate a justice and civic center in Wiesbaden, Germany. Our services cover the entire lifecycle of the property. Bilfinger Berger's Building division is responsible for design and turnkey construction, Bilfinger Berger Facility Services will operate the complex. In Chemnitz we are building a justice center, in Halle an der Saale we are modernizing and operating eight schools and in Burg near Magdeburg a new correctional facility is currently being built. In these projects we are also making an equity commitment to the financing.

The building-construction business in Germany ideally complements our know-how in the areas of facility services and privately financed concession projects. We deliberately apply these internal synergies in order to promote the partnership-based direct business under the i.volution brand as well as our public private partnerships business. Lifecycle oriented approaches also lead to a more focused consideration of sustainability criteria. This will further reduce the share of classic general contractor business that is primarily driven by pure price competition.

Good order quality in Australia

Our building construction business in Australia is developing successfully. There we are increasingly involved in the new construction and revitalization of buildings the education and health-care sectors. There is ongoing strong demand in these areas among public and semi-public clients. Primarily in the health-care sector we gained several new projects in 2007. In Adelaide, Brisbane and Sydney we are building hospitals and medical research facilities with a volume of more than €300 million. Demanding architecture and the complex building technology present particular challenges for new construction, expansion and revitalization measures. Portions of the work are carried out during ongoing operations and cannot interfere with normal procedures in the hospitals.

In the area of office and commercial real estate we also continue to see good economic conditions. Since the end of 2007 we have been planning and constructing a building complex in South Yarra, Victoria with 22 floors that will house apartments, offices and parking spaces. In Balgowlah, New South Wales, we are also responsible for the design and construction of a mixed-use real-estate project. By 2009, a shopping

center, a residential complex with 250 apartments and space for 1,500 cars will be built. Total order volume for the two projects amounts to €150 million.

In the Australian building construction market, too, we continue to apply strict earnings and risk criteria on the selection of our projects. This allows us to secure a further upgrade in the quality of our order backlog.

Oil & gas industry shapes demand in Nigeria

The Nigerian building and industrial business has traditionally been characterized by heavy fluctuations. The oil & gas industry, for which our Nigerian subsidiary is active at various locations, is currently facing important investment decisions. These primarily apply to the expansion of capacity in the drilling and liquification of natural gas in the Niger Delta.

The state uses its budget leeway, which is derived from the oil & gas business, for investment in public sector buildings. In the reporting year, Julius Berger Nigeria received orders for the construction of a new central bank building in Lagos and for the expansion of the National Assembly in Abuja. In Tinapa, in Cross River State, the company designed and executed the infrastructure for a shopping and entertainment center. The business resort, which was opened in 2007, offers visitors a wide variety of retail shops, entertainment opportunities and hotels spread out over 60,000 square meters of floor space.

Outlook

In view of the good economic situation in the important markets of Germany and Australia, we expect a positive development in our Building and Industrial business segment. In Germany we are counting on the synergies that arise from the joint activities of our construction, services and operating units. We will continue to move forward with the consulting, construction and services concept that is based on this under the i.volution brand. Because the effects of bottlenecks at subcontractor level have now been overcome, our German Building division will again make a positive earnings contribution in 2008. Our Australian building construction business has a solid foundation which ensures that it will be able to work successfully in the future, too.

In full-year 2008, we plan for our Building and Industrial business segment an output volume at the same magnitude as in the prior year and a rising EBITA.

Services

- **Dynamic development in all three divisions**
- **Higher than expected earnings**
- **Further increases in output volume and earnings planned**

In 2007, our services business developed very well once again. The positive economic situation in many regions of the world led to lively demand in our markets. The segment recorded dynamic growth in all three divisions – Industrial Services, Power Services und Facility Services – and was able to increase earnings at a disproportionately high rate.

Output volume climbed by 25 % to €3,606 million. At €4,125 million, orders received were 23% higher than in the prior year. At the end of the year, order backlog exceeded the prior year figure by 24% and amounted to €2,844 million. EBITA exceeded our expectations with an increase of 46% to €180 million (2006: €123 million).

Organic growth in output volume amounted to 17%, and organic growth in earnings was at 33%.

The higher volume of business was linked to both an advance in capital expenditure on property, plant and equipment to €82 million (2006: €52 million) and an increase in the number of employees to 32,196.

Boom in demand at Industrial Services

Output volume in the Industrial Services division in 2007 rose to €2,192 (2006: €1,753 million).

Bilfinger Berger Industrial Services offers its clients in the processing industry comprehensive services for the repair, maintenance and modernization of production facilities. The economic upswing in Germany and the rest of Europe leads to lively demand and rising margins. The energy

and chemical industries are among those driving growth across Europe. Norway and the United Kingdom are especially noteworthy among those Western European countries in which the offshore sector is expanding strongly due to the worldwide energy boom. In Eastern Europe a significant amount of investment is flowing into the expansion and renewal of industrial plants and into repair and maintenance services. At some individual industrial locations the outsourcing of complete service units is taking place. The capacities of the entire industrial services business in Europe are currently running at or near full capacity.

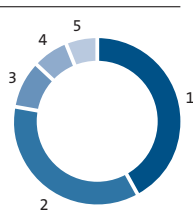
Bilfinger Berger Industrial Services is not only growing faster than the overall market, its success can also be seen in the disproportionately high rate of increase in profitability. Our wide range of services offers us the possibility to bring together various trades such as pipe construction, machine technology, electrical engineering, instrumentation and control engineering, insulation, scaffolding and corrosion protection and to create customized solutions for our clients. Full-service packages extend all the way to complete maintenance management for entire industrial parks. This means that we are well-positioned to benefit from the general trend toward complete service packages from a single source. In the year under review we rounded out our range of products through targeted acquisitions. Among these was the takeover of Peters Engineering, a German company that is specialized in design services for the maintenance, expansion and construction of plants in the chemical, petrochemical and pharmaceutical industry. We expanded our market position in the United Kingdom with the acquisition of O'Hare Engineering. The company offers repair and maintenance services for production facilities and the focus of their activities is in machine technology, electrical engineering as well as instrumentation and control engineering.

Key figures for Services

€ million	2007	2006	Δ in %
Output volume	3,606	2,881	+25
Orders received	4,125	3,345	+23
Order backlog	2,844	2,285	+24
Capital expenditure	82	52	+48
Depreciation	41	35	+17
EBITA	+180	+123	+46
Employees (number at December 31)	32,196	30,218	+7

Services: Output volume by region

€ million	2007	2006	%
1 Germany	1,503	1,284	42
2 Rest of Europe	1,301	856	36
3 America	345	334	9
4 Australia	251	238	7
5 Other regions	206	169	6
	3,606	2,881	100



In financial year 2007, the company was able to gain or extend numerous long-term framework agreements. For ExxonMobil Germany we took over responsibility for maintenance activities for natural gas pipelines with a total length of 3,200 kilometers. That in addition to seven compression stations and four repositories for the temporary storage of natural gas. Our services include mechanics, electrical engineering, instrumentation and control engineering, insulation and scaffolding as well as other special tasks. We completed a comprehensive service contract with Lanxess for dosage machines in the beverage industry. Bilfinger Berger assumes responsibility for the manufacturing, further development and maintenance of the machines. The operation of a 24-hour service hotline for users of the machines is also part of the agreement. With RAG and Evonik we completed several framework agreements for the installation of industrial scaffolding. The scaffolding will ensure access to technical plants so that repair and rehabilitation works can be carried out. Because the work must be carried out while the plant is in operation, the assembly of the scaffolding has to be closely coordinated with the operational processes. Sophisticated logistics give the scaffolding builders a high degree of flexibility and short reaction times.

On the Australian market we concern ourselves primarily with services for industrial plants as well as with electrical, gas and water networks. In 2007 we extended a framework agreement with Powercor, the largest energy provider in the state of Victoria, by an additional five years. Near the city of Wagga Wagga, our services and construction units are involved in the design and construction of a 600 MW natural gas power plant. There, the energy group Newgen Power is building the most modern power

plant in the state of New South Wales with especially low levels of pollutants. Bilfinger Berger is also involved in the design, delivery and assembly of plant parts for the expansion of the sugar factory from Sugar Australia in Yarraville. In Queensland, a 5,000 ton tank facility for liquid ammonium is being built under contract from the Dyno Nobel chemical group. Through the 2006 acquisition of Techscape in Auckland, Bilfinger Berger has risen to market leader in the maintenance of water distribution networks in New Zealand. There we have completed a new framework agreement with the North Shore City Council. It includes repair and maintenance of the entire infrastructure of water supply and sewage in the region.

In the United States we intend to further expand our industrial services business which has been operating successfully there for years. With the help of our comprehensive engineering competence, we provide our regular customers from the process, food and pulp & paper industries with customized service packages, from design, personnel training and commissioning through to operational management. The industrial services business which had previously belonged to Fru-Con, our American subsidiary, was taken over at the beginning of 2008 by Bilfinger Berger Industrial Services.

Successful year for Power Services

Bilfinger Berger Power Services combines our services activities in the power plant sector. Output volume in the division in 2007 rose to €694 (2006: €520 million). The service range is tailored to the special requirements of energy companies. In addition to ongoing maintenance, here we offer lifetime extensions, efficiency enhancements and rehabilitation of power plants. The delivery of components for plant construction rounds out our range. Services activities are focused primarily on steam generation, high-pressure piping systems and flue-gas desulphurization.

The division's most important markets are Germany and the rest of Europe, the Arabian Gulf region and South Africa. Throughout these regions, in view of growing demand for energy, increased investments are being made in the rehabilitation and new construction of additional power plant capacity. Environmental protection requirements that are becoming ever stricter – the reduction of NO_x und CO₂ emissions and an effective flue gas desulphurization – also contribute to the higher demand for power plant services.

2007 was a very successful year for our power services business. The high level of orders received gives us a solid basis for strong organic growth in the years to come. There is a great deal of dynamic primarily in the delivery of plant components as well as in the modernization, conversion and construction of power plants. In the construction of high-pressure piping we occupy a leading position in terms of technology. We have expanded this competitive advantage in the year under review through investments in special machines and the merger of individual company units.

In Germany, Bilfinger Berger Power Services works as a service provider for all major energy suppliers. In the previous year we received an order to outfit the Voerde power plant, operated jointly by RWE and Evonik, with two ultra-modern anthracite mills and eight new coal dust sifters for pulverized coal firing. The mills, which guarantee the optimal grinding of differing qualities of coal, were developed by the company itself. The order also includes the assembly of 2,500 meters of coal dust pipes. For Bilfinger Berger Power Services, it was an important competitive advantage to be able to provide all of these services from a single source. At the lignite-based power plant in Neurath where, under contract from RWE, we completed the turnaround of the high-pressure piping system of a power plant block and in the spring of 2008 will begin work on a second block, we will also carry out the turnarounds for three additional power plant blocks planned for 2008 and 2009. At RWE's coal-burning power plant Hamm-Uentrop, our Power Services units have been responsible for ongoing repair and maintenance works for years. We have now been given the job of executing the upcoming turnaround for the main boiler.

At the Boxberg and Moorburg power plants, both of which are operated by Vattenfall, we are designing and installing flue-gas desulphurization units. At the Schwarze Pumpe location, a

pilot project for a CO₂-free coal-burning power plant is currently being built. Bilfinger Berger Power Services will deliver the flue-gas cleaning system for the project. The burning of the coal is done through the oxy-fuel procedure which requires pure oxygen. The CO₂ which is separated with the help of the flue gas cleaning unit can be placed in storage.

In Europe outside of Germany, markets in the newer EU member states are showing particularly dynamic growth. Bilfinger Berger Power Services can make a significant contribution to upgrading old plants so that they comply with the required EU norms. In Poland, we are involved in the modernization of the lignite-based power plant Belchatow. With the rehabilitation of firing, pressure components and mills, we increase the degree of efficiency, extend the useful lifetime and reduce emissions.

In the Arabian Gulf region our power plant service has been working successfully for decades, for example on long-term framework agreements for the maintenance of the Al Taweelah power plant in Abu Dhabi. In view of increasing demand, we anticipate growth in output volume in the Middle East in the future. In South Africa, too, demand for energy is rising due to the positive development of the economy. Our regional subsidiary there occupies a leading position in the market. It has built large parts of the country's power plant capacity and, in the course of a 'return to service' program, was involved in the rehabilitation of numerous older power plants.

Facility Services with strong market position in Germany

The Facility Services division, the third pillar in our Services business segment, increased its output volume in the year under review to €720 million (2006: €658 million). Demanding technical real-estate services as well as property and asset management for entire real-estate portfolios are at the center of our product range. Germany is the most important market, one in which we hold a strong position based on our expertise and our comprehensive consulting competence. In the United States, in the special market segment of job-order contracting, we provide services such as the repair, maintenance, conversion and expansion of buildings.

In Germany, Bilfinger Berger is a leading full-service provider of integrated facility services. Our services and building units together offer a comprehensive range including consulting, design, financing, construction, maintenance and operation. We focus our facility services in Germany on demanding technical and commercial activities – infrastructure services such as cleaning, security or catering are, for the most part, transferred to subcontractors. Apart from the traditional circle of clients from the service sector, we are also increasingly involved in the administration of office and production buildings for industrial clients such as BMW in Leipzig or for ZF in Saarbrücken.

In the year under review, Bilfinger Berger Facility Services has received a number of orders from the German health-care sector. These are predominantly in the assumption of tasks in

ward service for hospitals. The service package offered provides relief for nursing personnel in the hospitals so that they can concentrate more on the medical needs of the patients. Our real-estate service units receive additional impetus through public private partnership projects and, in this connection, a series of contracts with terms of between 20 and 30 years were completed in 2007. We also received new orders in the management of sport and event/entertainment centers. In addition to the Commerzbank Arena in Frankfurt, which is already managed by Bilfinger Berger, we are now also responsible for technical and infrastructural operations at the recently opened Brita Arena in Wiesbaden.

In commercial facility services we concentrate on property management – the administration and rental of commercial real estate – and on asset management – the management of the real-estate portfolios of our clients. In the year under review we took over the management of additional properties from Vivico Real Estate. We now administer this client's entire portfolio of about 900 rental contracts and 180 objects. Vivico is a real-estate company with a portfolio of about 8.3 million square meters of rental space that includes, among other things, the historical Römischer Hof in Berlin or the RheinTriadem in Cologne. We were also successful in the tender process of DEGI Deutsche Gesellschaft für Immobilienfonds: together with a partner we are now responsible for the administration of properties in the German federal states of North-Rhine Westfalia, Baden-Württemberg and Bavaria. Since January 2002 our facility services units have been in charge of the center and facility management of the Sevens shopping center in Düsseldorf's renowned Königsallee shopping district. On the basis of this successful cooperation, the contract with the Commerz-Grundbesitz Spezialfondsgesellschaft was extended by an

additional six years. With the acquisition of the real-estate services of PSP, we further strengthened our commercial facility services in Switzerland last year. The acquired unit manages portfolios for institutional investors such as the Zürich insurance group. With the establishment of a good market position in Switzerland we are pursuing our strategy of expanding our real-estate services activities into interesting European markets.

In the United States, our American subsidiary, Centennial, extended or completed numerous framework agreements with public-sector clients for the repair, maintenance, conversion and expansion of buildings. Our activities in the special market segment of job-order contracting are developing very positively. We are active at many locations for the American Armed Forces, important clients also include schools, universities or international institutions such as the World Bank.

Outlook

Our successful services business will, in its Industrial Services, Power Services and Facility Services divisions, show further targeted growth, also through acquisitions. The rate of return generated by our units remains an area to which we pay particular attention.

Lively demand is also expected in the coming years in our markets for industrial services. In view of the high rate of growth in 2007 and the good utilization of current capacities, organic growth will be somewhat flatter. Our strategy in this business has proven itself and we will continue to pursue it strenuously. Because our regular customers are increasingly awarding global contracts for the repair and maintenance of their plants, we intend to further expand our activities around the world.

Growing worldwide demand for energy and the resulting necessity of the modernization and new construction of power plants opens up positive future perspectives for our Power Services division. Here we expect further organic growth in the coming years.

In what remains a hard-fought German market for facility services, the consolidation process among providers will continue unrelentlessly. The market volume for demanding real-estate services will continue to rise. We anticipate a stable business development in technical building management. In asset and property management, opportunities for growth are arising from the increased presence of international real-estate funds in Germany. In the health-care sector, too, we expect rising demand for our services as a result of cost reduction pressures.

For the year 2008, we expect another increase in output volume and EBITA in the Services business segment.

Concessions

- **New projects in Canada and Scotland**
- **Concentration on building and transport projects**
- **Present value of the portfolio further increased**

In the Concessions business segment we continue to concentrate on public sector building construction and transport infrastructure as well as on target markets with stable political and economic conditions in selected European countries, Australia and North America.

Over the course of 2007, we reached financial close on three new projects, into which equity capital of €24 million has been committed. At the end of last year, our portfolio comprised 18 projects and committed equity amounted to €161 million. Of that total, €71 million had been paid into project companies. Return on capital employed remains the decisive measure of success in our Concessions business segment. EBITA was slightly negative at minus €2 million (2006: minus €4 million) due to the early stage of maturity of the projects and high bidding costs.

Evaluation of the project portfolio

To measure our success in the concessions business, we consider not only current operating profit, but more importantly the annual change in the net present value of future cash flows which accrue to us as equity investor from the projects. These free cash flows are calculated on the basis of considerations of principal and interest payments, after taxes on a project basis as well as future capital contributions. As in previous years, calculation of the net present value 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 on the basis of financial models that have been approved by the external lenders.
- Future potential refinancing gains are not taken into account in the valuation.

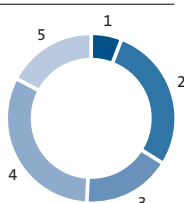
The value of a concession project develops over its life cycle. The initial realization phase embodies not only the highest potential for value creation but also the highest risks. These risks decrease as the project matures. The calculation of the discounted cash flows is therefore based on specific interest rates that are the sum of a risk-free basic interest rate and a premium for

Key figures for Concessions

Number / € million	2007	2006	Δ in %
Projects in portfolio	18	15	+20
thereof, under construction	9	8	+13
Committed equity	161	137	+18
thereof, paid-in	71	56	+27
EBITA	-2	-4	
Employees (number at December 31)	114	105	+9

Concessions: Equity investment by region

€ million	2007	%
1 Germany	10	6
2 United Kingdom	44	28
3 Rest of Europe	28	17
4 Canada	51	32
5 Australia	28	17
	161	100



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 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, United Kingdom, Norway, Hungary, Australia, 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 demand 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 for the project phase ceases to apply when revenues and costs are certain. This is generally the case after one year of operation for straightforward 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 our concession portfolio at the end of the year under review was 10.1%. On the balance-sheet date, the expected future cash flows from the existing portfolio up until the year 2041 amounted to €728 million.

**Project portfolio
December 2007**

	Contractually committed equity		Paid-in equity		Future cash flows		Present value of future cash flows	
€ million	2007	2006	2007	2006	2007	2006	2007	2006
Transport infrastructure	90.1	81.0	33.7	30.1	459.0	423.3	63.4	52.9
Building construction	70.6	56.1	36.9	26.0	269.0	231.0	55.7	38.3
Total	160.7	137.1	70.6	56.1	728.0	654.3	119.1	91.2

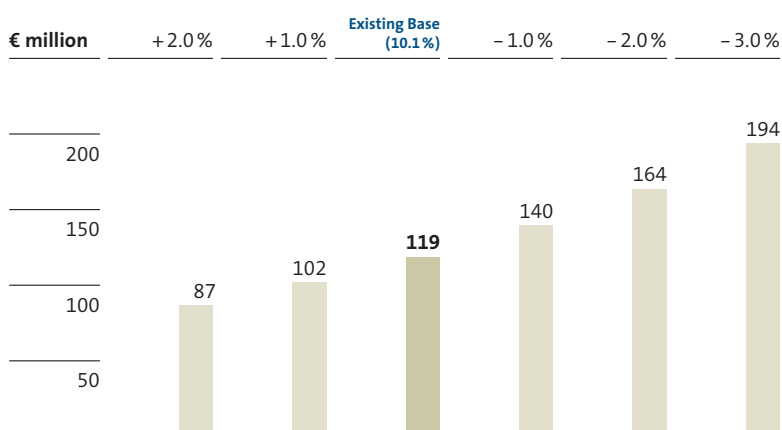
Cash flows for Bilfinger Berger 2008-2041 (after taxes)

€ million	2008	2009	2010	2011	2012	2013	2014	2015	2016
Transport infrastructure	2.8	- 5.7	- 4.2	- 29.6	6.5	6.6	10.3	14.9	14.8
Building construction	- 13.9	1.5	8.6	- 0.3	7.0	7.0	7.6	7.8	7.7
Total	- 11.0	- 4.2	4.4	- 29.8	13.5	13.7	18.0	22.7	22.5
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Transport infrastructure	14.9	15.0	15.6	15.4	13.1	13.4	14.0	23.1	30.5
Building construction	7.9	8.2	8.3	8.7	8.4	8.7	5.9	5.9	8.1
Total	22.9	23.2	23.9	24.0	21.5	22.1	19.9	29.0	38.6
	2026	2027	2028	2029	2030	2031	2032	2033	2034
Transport infrastructure	31.2	17.0	15.1	15.2	24.7	13.9	6.7	8.4	18.5
Building construction	7.1	8.5	19.6	19.1	13.7	25.8	7.1	19.2	16.3
Total	38.3	25.4	34.7	34.4	38.4	39.7	13.8	27.6	34.8
	2035	2036	2037	2038	2039	2040	2041		Total
Transport infrastructure	12.5	1.4	- 4.6	- 4.7	0.3	35.5	96.3		459.0
Building construction	8.4	2.8	3.7	9.4	5.2	0.1	0.0		269.0
Total	20.9	4.2	- 0.9	4.6	5.5	35.6	96.3		728.0

Changes in net present value Dec. 2006 - Dec. 2007

	Transport infrastructure	Building construction	Total
Present value Dec. 2006	52.9	38.3	91.2
Capital contributions	3.6	10.7	14.3
Exchange-rate changes	1.2	-1.6	-0.4
Present value Dec. 2006 updated to Dec. 2007	57.7	47.4	105.1
Increase in value	5.7	8.3	14.0
Present value Dec. 2007	63.4	55.7	119.1

Valuation of the portfolio with variable discount rates



Net present value substantially higher than book value

With the application of our project-specific discount rates, the cash value at December 31, 2007 amounted to €119 million (2006: €91 million), which is substantially higher than paid-in equity of €71 million (2006: €56 million).

Owing to the conservative valuation of the portfolio which is currently based on an average discount rate of 10.1%, there is considerable value enhancement given the current market conditions. Drops in the average discount interest rate would lead to significantly higher cash values.

The development of net present value is a combination of:

- regular capital contributions to existing projects of €14 million
- exchange rate fluctuations amounting to minus €0.4 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 in the amount of €14 million.

The maturation process – from financial close, through the construction, ramp-up and operating phase, to the end of the contract period – constitutes the intrinsic value added of our Concessions business segment. To determine the return on capital employed (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.

Transport infrastructure dynamic in Canada

In the area of privately financed transport infrastructure projects, the most dynamic growth is currently being recorded in Canada. In the previous financial year we have undertaken the design, financing, construction and operation of a section of the Calgary ring road. The investment volume of the project amounts to €293 million. We will be investing equity capital of €9 million in the project company which is wholly-owned by Bilfinger Berger. During the 30-year operating phase, we will guarantee the availability of the highway in return for a fixed payment from the province of Alberta. We assume the design, construction and maintenance risks while the province bears the risks from traffic volume. In contrast to traditional procurement, a comprehensive efficiency improvement is achieved because the project is optimized over its entire life cycle by private partners. At the end of August 2007, the highway over the Kicking Horse Pass was opened to traffic. The 26-kilometer long section of the Trans Canada Highway in the Rocky Mountains connects the provinces of British Columbia and Alberta. Our concessions company is now responsible for the trouble-free operation of the section over a period of 23 years. This project is also based on an availability model. In Vancouver we are carrying out one of the largest public private partnership projects in

the country with the Golden Ears Crossing. Together with partners, we are designing, financing, building and operating over the long-term a 1,000-meter long bridge structure over the Fraser River. This in addition to three kilometers of elevated roads and nine kilometers of connecting roads. The bridge is expected to go into operation in 2009. We have achieved a strong market position in Canada within a very short time. the total investment volume of our projects there is about €1 billion and our equity commitment is €51 million.

In Hungary, the 59-kilometer long M6 motorway south of Budapest has been operating successfully since 2006. In Belfast, Northern Ireland, a consortium under our leadership is responsible for the expansion of inner-city roads which, once they are completed in 2009, we will operate together with a 60-kilometer section of motorway. In southern Norway, a 38-kilometer long section of the E18 highway is currently being built and will connect the cities of Oslo and Kristiansand from 2009.

Germany has yet to move beyond the pilot project stage with public private partnership models in transport infrastructure. After years of preparation, just two projects for the privately-financed expansion of heavy-use highway sections have been awarded, two additional sections are currently in the planning phase. The second wave of transport projects, announced by policy makers on numerous occasions, has yet to materialize and up to this point, it has not been possible for a functioning market to develop.

Overview of concession projects

	Investment volume	Bilfinger Berger's share of project	Bilfinger Berger's share of equity	Method of consolidation	Project status	Period of concession
	€ million	%	€ million			
Transport infrastructure						
M6 Highway, Hungary	482	40	19.2	Equity method	In operation	2006 – 2026
Kicking Horse Pass, Canada	100	100	7.7	Fully consolidated	In operation	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
Northeast Stoney Trail, Canada	293	100	9.1	Fully consolidated	Under construction	2009 – 2039
Building construction						
Liverpool & Sefton Clinics, United Kingdom	20	24	0.4	Equity method	In operation	2004 – 2030
Barnet & Haringey 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
Kreishaus Unna, Germany	24	90	2.3	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	In operation	2007 – 2035
Kent Schools, United Kingdom	155	60	8.0	Fully consolidated	In operation	2007 – 2035
Royal Women's Hospital, Australia	198	100	11.0	Fully consolidated	Under construction	2008 – 2033
Justizvollzugsanstalt Burg, Germany	100	90	7.6	Fully consolidated	Under construction	2009 – 2034
Borders Schools, United Kingdom	137	75	7.7	Fully consolidated	Under construction	2009 – 2038
Clackmannanshire Schools, United Kingdom	136	85	7.3	Fully consolidated	Under construction	2009 – 2039
			160.7			

Public-sector building construction: new school projects in the United Kingdom

In the field of public-sector building, the United Kingdom remains our most important market for concession projects: in Scotland, work has been progressing on two additional projects in the education sector since 2007. A consortium under the leadership of the Group has received an order to design, finance, build and, over a period of 29 years, to operate three new schools in the Scottish Borders area. In the County of Clackmannanshire, three new schools are being built on the basis of a privately-financed solution, the operational phase there amounts to 30 years. The investment volume for both projects amounts to a total of €270 million and we are investing equity capital of €15 million in the project companies. In the United Kingdom, Bilfinger Berger is playing a leading role as a partner to the public sector in the education system. Our portfolio already includes a number of school projects there. There are currently about 20,000 students attending facilities that we have built as privately financed concessions. In the United Kingdom, we are established as private partners in the health-care sector: We operate clinics and medical centers in London, Liverpool and Gloucester.

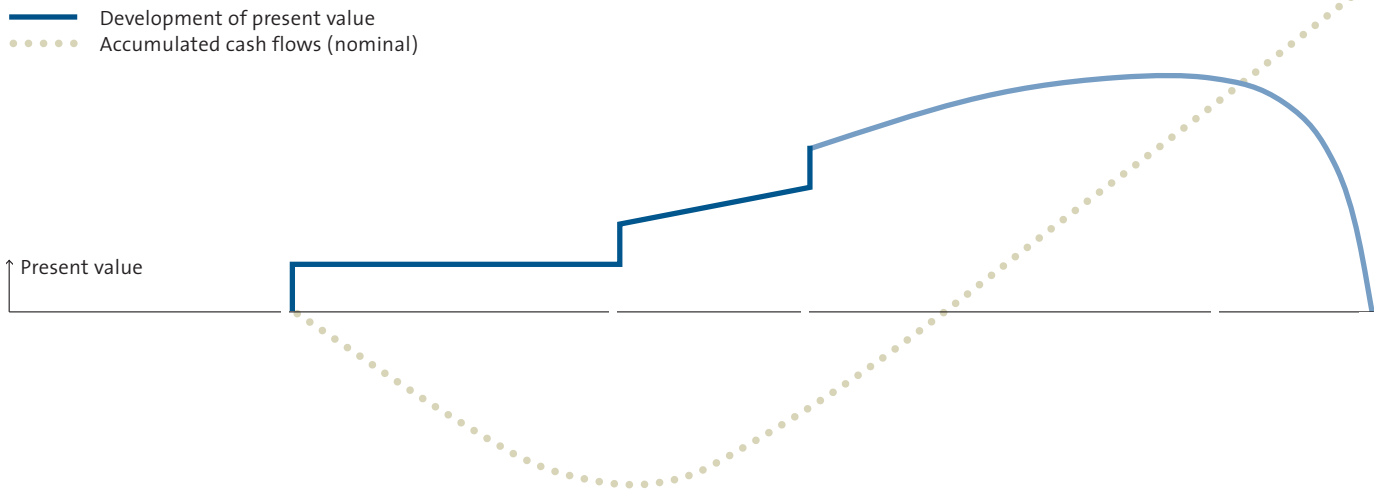
In Australia we carry out major privately-financed projects in the health and justice sectors. In Melbourne, Victoria Prisons, which we designed, financed and built, has been in operation since 2006, the Royal Women's Hospital will be completed in 2008.

In Germany, demand for privately-financed solutions in public-sector building construction is growing. In 2007, work started on the construction of the Burg Prison in the State of Saxony-Anhalt. This is the first correctional institution in Germany for which all non-sovereign services are delivered by the private sector within the framework of a public private partnership model. In Unna, in the German state of North-Rhine Westphalia, the district administration building which we modernized and expanded has been in operation since 2006. In addition, in Germany, many concession projects are being carried out without an equity commitment from the companies involved. Such projects are the responsibility of our Building division and are not part of our concessions business.

Outlook

Our intensive bidding activities are concentrated on selected projects in the defined sectors and regions. Our current project portfolio has good earnings potential. In addition to stable cash flows and an attractive return on equity, the increasing maturity of the portfolio leads to a disproportionately strong increase in market value in the future. We will also further expand our concessions business with new projects. A particular strength in this regard is the comprehensive expertise of our Multi Service Group: Through the interlocking competences in finance, construction and operation, we have a clear competitive advantage in the market. Our goal is to increase our capital investments to approximately €400 million.

Development of present value and accumulated cash flows (Dec. 2007)



Preferred bidder (1)	Construction (9)	Ramp-up (1)	Yield (8)	Maturity (0)
East Down & Lisburn Education Institute, United Kingdom	Borders Schools, United Kingdom	Kicking Horse Pass, Canada	Barnet & Harringey Clinics, United Kingdom	
	Clackmannanshire Schools, United Kingdom		Bedford Schools, United Kingdom	
	E 18 Highway, Norway		Coventry Schools, United Kingdom	
	Golden Ears Bridge, Canada		Gloucester Hospital, United Kingdom	
	Justizvollzugsanstalt Burg, Germany		Kreishaus Unna, Germany	
	Kent Schools, United Kingdom		Liverpool & Sefton Clinics, United Kingdom	
	M1 Westlink, United Kingdom		M6 Highway, Hungary	
	Northeast Stoney Trail, Canada		Victoria Prisons, Australia	
	Royal Women's Hospital, Australia			

Research and Development

Bilfinger Berger aims to create value through innovation. In its research and development work, the Group focuses on the continuous improvement of construction and services processes. In this way, we enhance the efficiency of planning and implementation. The development work is carried out by the operational units. Group Technology organizes and controls the orientation, content and scope of these activities. It is also actively involved in numerous research projects.

In 2007, our research and development activities led to a large number of approvals from building authorities, new patents and new registered industrial designs. In total, work was carried out on more than 50 research projects in the fields of construction, services and concessions. Once again, the focus was on:

- construction materials and measuring technology
- construction elements and structural technology
- repair, maintenance and operation
- process and machine technology
- tools for planning, knowledge and property rights

We cooperate with leading universities on selected research topics. These projects also aim to achieve direct benefits for our business operations.

Construction business

In our construction business, our research and development projects focus on optimizing life-cycle costs as well as on certain aspects of sustainability.

Together with universities and other academic institutions, industrial partners and state agencies, we have started a pioneering initiative entitled 'Resource-Efficient Buildings'. This initiative aims to develop energy-saving construction methods, electronic systems for measuring and assessing a building's condition, and concepts for the reduction of energy requirements in the operating phase.

In the analysis, assessment and optimization of the sustainability of real-estate properties, Bilfinger Berger's 'Building Pass' is increasingly gaining importance as a supplement to the German government's 'Energy Pass'. It offers an integrated advisory approach for all of a building's lifecycles. Other projects are occupied with the automatic measurement and evaluation of key figures for the operation of a building. Mobile devices are used that are automatically synchronized with central databases, allowing the efficient processing of repair and maintenance work.

In the field of sewage technology, an idea for a new process for reusing waste water was integrated into our research and development program, and will be applied above all in regions with limited access to fresh water. By taking into

consideration the required water quality for different applications, it was possible to reduce the expense of processing waste water. A patent application has been made for this solution. Another research project initiated together with a university aims to improve hygiene in developing countries through the use of appropriate sewage systems.

Modern tunnels have to offer users a safe escape route in the case of an emergency. For this purpose, parallel tunnel tubes are connected with each other at regular intervals. We have developed new solutions to construct the required side openings extremely economically. We used this technique for the first time with the construction of the City Tunnel in Malmö.

Our development projects in the field of road construction aim to optimize the use of machinery. A sliding form machine for concrete roofs was modified last year so that under varying tunneling conditions, the machinery can be efficiently adjusted as required during operation. In the context of another research project, the use of GPS with heavy excavation equipment was improved.

Services

Bilfinger Berger Facility Services develops new strategies for the maintenance of building equipment and utility supplies. By means of empirical investigations, indicators are found allowing maintenance intervals to be individually set and thus reducing costs.

A software-based project-management tool that Bilfinger Berger Industrial Services is creating supports the calculation, planning, management and processing of equipment stoppages in the chemical and petrochemical industries. The division is also occupied with the hybrid gasification of biomass. A new kind of reactor facilitates the economic production of a synthesized gas containing hydrogen.

Bilfinger Berger Power Services is carrying out a number of research projects with the goal of reducing power plants' CO₂ emissions. The projects include methods for processing new materials for higher combustion temperatures and the development of a new type of equipment for flue gas desulfurization.

Additional research projects aim to improve the combustion process in coal-fired power plants. For the economical operation of lignite-

burning systems, it is essential to increase the efficiency of the cogeneration plants. For this purpose, we optimize the technology of compressed-air drying for fluidized beds. We have applied for our own patents on the components used for this method.

With the low-NO_x gas burners developed by Bilfinger Berger Power Services, existing plants can fulfill the increasingly strict emission limits for nitrogen oxides. The high cost of a complete overhaul can be avoided, only the existing burners have to be modified.

As a result of improving the automatic production of welded connections on thick-walled piping, we can now carry out this work with a high quality standard directly on site. We have applied for a patent for this process.

Concession projects

In our Concessions business segment, we develop standard procedures for calculating the total costs of public-private-partnership projects together with state agencies and renowned universities and academic institutions. Another research project focuses on new models of organization, privatization and operation for federal autobahns.

The QuicNet research initiative (Quality Initiative for the Construction and Operation of Infrastructure Networks) was established to improve quality with the construction and operation of infrastructure projects. Bilfinger Berger leads a consortium of European industrial companies, research facilities and administrative bodies that is preparing for upcoming invitations to tender by the European Union.

Comprehensive information management

In order to make full use of potential synergies, we promote the exchange of knowledge in the continuously expanding Bilfinger Berger Group. A Group-wide semantic intranet search engine accesses numerous technical databases and collates the available information on a selected subject. We are extending this application with a multilingual database of technical vocabulary that collates the findings from source datasets in various languages. This reflects the Group's advancing internationalization and improves the ongoing networking of available knowledge.

In addition, we are occupied with the EU standards on construction products, which are becoming increasingly complex. Experts within the Group can be consulted by all of our employees via the intranet. Furthermore, we are playing an active part in the design of European regulations and standards through our involvement in the relevant committees.

Practical orientation and continuity

We continuously develop the Group's expertise and competencies in order to secure and extend our leading competitive position. We place particular emphasis on maintaining a practical orientation. The complex issues arising from our construction, services and concessions business can only be satisfactorily resolved by applying the results of our targeted research and development work. The aspect of sustainability will continue gaining importance in view of the demands of climate protection.

Procurement

Purchasing materials and subcontractor services at optimal terms is one of the key factors for the financial success of our Group. At present, high levels of demand are a feature of many markets, which can lead to shortages of materials and personnel resources and thus to price increases. It is therefore particularly important to plan our purchasing processes carefully and well in advance. We generally secure the availability and prices of raw materials and major subcontractor input as early as the bidding phase by means of preliminary agreements.

The operational units know their regional markets and make use of decentralized purchasing channels. In order to ensure efficient purchasing processes, Group Procurement exercises a Group-wide controlling function, organizes regular training and further-training events, and promotes the formation of national and international networks among our buyers by means of targeted projects.

In our construction divisions, the use of subcontractor services and purchased materials is particularly high compared with other industries. Large volumes of purchased materials are

also processed in the services business, especially in connection with industrial and power-plant services. The share of purchased subcontractor services and materials in the Group's cost of sales amounted to 68% in the 2007 financial year. Due to the growth in output volume, the procurement volume increased to €5.2 billion. Subcontractor services accounted for 68% of this total, while purchased materials accounted for 32%.

Group-wide databases

Numerous instruments are available on the Group's intranet for the optimization of procurement processes. Transparency is enhanced by a continually updated contract database containing all the relevant information on contracts concluded by companies of the Group, also involving joint ventures, consortiums, framework agreements, bonus agreements etc. And with our high-performing suppliers and subcontractors, we have established premium partnerships offering rapid online access.

In addition, we keep a close watch on the development of prices in our procurement markets. Our Group-wide monitoring of the world market for key resources such as steel and oil products provides an important basis for purchasing decisions.

Market-focused purchasing strategies

We develop purchasing strategies with which we can selectively influence the structures of the procurement market, allowing us to ease market access for new, cost-efficient suppliers and to improve the efficiency of existing suppliers. By expanding such action throughout the Group, we intend to combine and further strengthen our purchasing power. The companies in the services sector that we have acquired in recent years will be integrated into the Group's procurement process and will be supported with the implementation of their own purchasing strategies.

For this purpose, data on suppliers will be uniformly classified throughout the Group all over the world. This will allow us to prepare more effective analyses and statistics. Our goal is to clearly identify the best suppliers, to continue combining our purchasing power, and thus to reduce costs.

Exchange of experience and further training

The Group's predominantly decentralized procurement structures require a close and continuous exchange of experience between the buyers of the various operational units. Regular meetings held last year at the international, national and regional level served above all to integrate the companies we acquired in the services business. This promotes not only the exchange of specialist information, but also the development of useful personal networks.

The increasing complexity of procurement markets places high demands on training and further training for our staff in purchasing functions. By providing support to students with their dissertations and by maintaining close contacts with universities and professional colleges, we are able to gain suitably qualified junior executives for the Group's purchasing departments. Our spectrum of staff support is rounded off by a training program for young buyers, courses on the Group's purchasing strategies and systems, and numerous specialized further-training possibilities.

Communication and Marketing

As a listed company, we primarily focus our corporate communication on the demands of the capital market. The instruments used are oriented towards the individual information needs of important target groups with which we maintain a continuous dialogue. Our corporate communication activities are controlled from headquarters, have an international reach, and are effective far beyond the core target groups.

Communication with customers is in the hands of our branches and subsidiaries. They know the specific environment and act on the basis of differentiated marketing and sales strategies: In the Services and the Building and Industrial segments we primarily work for private-sector clients, while the Civil and Concessions segments mainly do business with the public sector.

Corporate Communications

Corporate Communications is responsible for the instruments of corporate communication. It controls the communication activities that are relevant for the Group around the world, advises the operational units and provides support, if required, with local marketing and sales activities. In 2007, a total of €6.7 million was invested in corporate communication (2006: €5.8 million). We spent €2.8 million on publications (2006: €2.6 million), €1.8 million on trade fairs and exhibitions (2006: €1.3 million), €0.8 million on new media (2006: €0.7 million) and €1.3 million on other activities (2006: €1.2 million).

The complete revision of our website that we completed at the beginning of 2007 met with a positive reception. It offers fast, clear and constantly up-to-date access to information on the Bilfinger Berger Group. The number of users per

month has increased by more than one third. The most popular sections of the website are those pages providing information for the capital market and the press portal for job applications and careers. On our operational units' websites, customers can find answers to detailed questions on the Multi Service Group's range of products and services.

The contents and design of the Bilfinger Berger Magazine reflect current trends, as is typical of a publication targeting a wide readership. The magazine is directed at clients, business associates and investors, and appears twice a year in an issue of 23,000 copies in German and English. Bilfinger Berger is one of the first German companies to provide its customer magazine in electronic form. The e-paper is closely linked with the Group's website. The contents are supplemented by photo galleries, video streams and lists of links, which enhance the attractiveness of the online version. The number of users has quadrupled since the service was launched.

In our press communication, we aim to report on the development of the Bilfinger Berger Group in a timely, open and transparent manner. We are in close contact with the business journalists of the news agencies, daily newspapers and electronic media, because reporting in the press, radio and television is a major source of information for members of the general public who are interested in Bilfinger Berger.

We continuously develop our internal communication in order to improve the exchange of information within the rapidly growing Bilfinger Berger Group. In addition to the communication instruments of our operational units in Germany and abroad, we also make information available to the staff through central media on the Group's strategy, goals and business development. The employee newspaper provides explanations of important issues and their background, while news on current topics is provided via the intranet and electronic newsletters targeting specific groups.

Decentralized marketing

Our branches and subsidiaries maintain a close dialogue with their clients and focus their communication activities primarily on that target group.

Participation in trade fairs and exhibitions is an important element of the marketing and sales strategy of our business operations. We concentrate on the major trade fairs in this context. These include the Construction Technology Fair which was held in Mainz in 2007 and the conference of the Research Association for Underground Transportation Facilities (Stuva Conference) which was held in Cologne last year. These special exhibitions for construction companies, civil-engineering offices and manufacturers of equipment and components were once again part of the International Forum of Civil Engineering and, as usual, recorded high numbers of exhibitors and visitors. At Expo Real in Munich, the leading international trade fair for commercial real estate, our Building, Public Private Partnership, Facility Management and Asset and Property Management units jointly presented their range of products and the Group's expertise on all phases of a building's lifecycle. Participation in Munich's Maintain, the leading international trade fair for industrial maintenance, is particularly important for Bilfinger Berger Industrial Service. And Bilfinger Berger Power Services presented its range of services for power plants at major trade fairs in Moscow, Rome and Salzburg.

To support their acquisition activities, our operational units use a centralized database that provides access to a wide range of information on 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.

Further strengthening of the corporate brand

The Bilfinger Berger Group has grown considerably in recent years, primarily due to acquisitions in the services sector. Against this backdrop, the strengthening of the corporate brand plays an important role in our communication strategy. Our concept for a uniform image projected by the Industrial Services, Power Services and Facility Services divisions was implemented in 2007: The operational units now all do business under the overall brand of Bilfinger Berger. This facilitates the perception of the corporate brand among our business associates in the services sector. The Bilfinger Berger logo is the basis for global identification and differentiation; it distinguishes our brand world and is the symbol of our success. Together with additional standardized elements such as font, color and picture language, it communicates the brand and its values both externally and internally.

Human Resources

The quality of our employees is the most important success factor for our business. We need people with excellent specialist expertise and outstanding personal competencies. The development of Bilfinger Berger into a Multi Service Group has led to the expansion of our activities in all business segments. The requirements placed on our employees have therefore also grown.

Systematic personnel development

Personnel development: for us that means recruiting qualified employees, effectively encouraging their personal strengths, and retaining high performers at the Group over the long term.

Recruitment

We identify high-potential students at selected universities at an early stage. We want graduates with above-average potential to come directly to Bilfinger Berger after completing their studies. The goal of recruiting at least half of our graduates through early identification at the universities was surpassed in the year 2007. Our activities at universities in the field of career marketing target candidates from technical degree courses: not only civil engineers but also mechanical engineers, process engineers, building services engineers and industrial engineers, as well as graduates in business administration.

Bilfinger Berger is also involved in university education. Executives from the Group give lectures and hold workshops, we are partners for field trips, we take on interns and dissertation students and we work with renowned institutions to support students with their doctoral theses. The 'Bilfinger Berger Prizes' that we award to students of several universities also consider the criterion of practical implementation. This means that the prize-winners experience the demands placed in working life already during their studies, and can plan their ongoing studies accordingly.

In order to underscore the attractions of studying civil engineering, Bilfinger Berger has been involved for many years in information events for this career, which are offered to high-school teachers and students. For example, we work with the Technical University of Darmstadt in the 'be-ing.smart' initiative. Furthermore, in 2007, we started the 'Civil Engineers Have a Future' campaign to improve the public image of this profession and thus to ease young people's decision to study the subject. Large placards at construction sites create an incentive to investigate in detail on a dedicated Internet website.

In addition, we are strengthening the tried-and-tested concept of 'employees recruit employees'. Under the keyword of b.recruiter, we encourage high-potentials in their first working years at Bilfinger Berger to utilize their good contacts to their former universities and to stimulate the interest of suitable students.

The changing job-applicant market and our rising need for young high-flyers make it necessary to create modern application channels and to control the job-application process more efficiently. We are therefore implementing an IT-based applicant-management system for our German corporate units, which helps us to utilize a substantial pool of talent and promising applicants.

Career development

The most important personnel developer is an employee's superior. Our managers define the requirements placed on their staff and are responsible for their selection, assessment, support, deployment and development. The traditional instrument of the annual employee discussion forms the standardized starting point for the ongoing personnel development. It is used to record employees' strengths and areas for improvement, to define targets for the coming year, and to determine the measures to be taken for further development.

The assessments of superiors flow into the annual executive reviews, in which employees with potential for the next level of management are identified. In this way, we can plan their future deployment, decide on participation in groups selected for possible promotion or development, and recognize at an early stage whether external recruiting is necessary.

In addition to a large number of on-the-job activities, we also apply the wide-ranging program offered by the headquarters Further Training department in the development of our personnel. As well as traditional specialist and method training, it also offers specific courses for the improvement of leadership and management skills, customer orientation and social competencies.

The numbers of participants in the seminars organized by the headquarters Further Training department increased once again significantly in 2007, which is evidence of the high priority placed on employee development at Bilfinger Berger. The operational units also have their own specialized further-training courses. For example, more than 90% of all employees at Bilfinger Berger Facility Services attended an occupational training course last year. Bilfinger Berger Power Service has made use of comprehensive qualification programs for technical executives for many years now. The business of our German Building division is focused on the lifecycles of buildings. In the year 2007, all of the division's technical employees underwent a four-day course that dealt in detail with the issue of quality assurance. Altogether, the Group's employees in Germany attended approximately 6,800 man-days of courses in 2007.

Managers with potential for further development are selected throughout Bilfinger Berger and instructed on the growing complexity of the Group. A main feature of the information events and workshops is the personal contact with top-level executives and members of the Executive Board.

Bilfinger Berger occupies leading positions mainly from among its own ranks. For many years now, the proportion of top-level positions held by persons promoted from within the Group has been more than 75%. In this way, we make sure that our high-potentials are sufficiently motivated, while securing a healthy mixture of internal and external know-how.

Employee retention

Bilfinger Berger offers its employees attractive compensation systems and ancillary benefits. The high proportion of variable income is an incentive for entrepreneurial and risk-aware employees to focus their actions effectively on the Group's financial success. Another objective of these compensation systems is to obtain high-performing personnel and to retain them at the Group.

In connection with the further development of our compensation systems, we occupy ourselves with current trends in the field of compensation and benefits. By optimizing our variable compensation systems, we intend to let executive staff participate even more in the entrepreneurial opportunities and risks.

Training and employment of skilled workers

Qualified skilled work is highly important at all of the Group's operational units. Whereas in the construction business, our own skilled workers are deployed primarily at construction sites with technically demanding projects, nearly all of our companies in the services business deploy their own skilled workers.

The number of industrial apprenticeships at the Group has increased in recent years due to the acquisitions in the services business. At present, nearly 700 young people are participating in job training at the Group in Germany, spread over 45 industrial and seven commercial occupations. If the apprenticeships are concluded successfully, up to 90% of the apprentices can expect to be offered permanent contracts of employment.

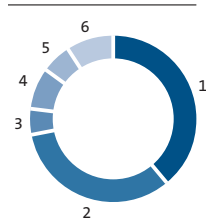
Because of the important role that qualified industrial staff and managers play for the success of our construction and services units, we place great priority on occupational training. For example, Bilfinger Berger Industrial Services plans to increase the number of apprenticeships by 50% by 2009. Selected school-leavers will be approached with attractive offers. Our construction divisions also orient their capacities towards the growing demand in the medium term and are therefore boosting the support given to industrial high-potentials.

Employees by business segment

	2007	2006	Δ in %
Civil	16,440	14,628	+12
Building and Industrial	3,520	3,754	-6
Services	32,196	30,218	+7
Concessions	114	105	+9
Headquarters, other units	453	445	+2
	52,723	49,141	+7

Employees by business region

	2007	2006	%
1 Germany	20,451	19,435	39
2 Rest of Europe	17,463	15,990	33
3 America	2,888	3,093	5
4 Africa	4,189	3,302	8
5 Asia	3,178	2,832	6
6 Australia	4,554	4,429	9
	52,723	49,141	100



Development of employee numbers

The number of persons employed by the Group has increased since 2006. The expansion is largely due to acquisitions in the services business and the growing need for personnel for civil-engineering projects outside Germany. As of December 31, 2007, 52,723 persons were employed by Bilfinger Berger. The proportion of office staff was 33%.

The number of persons employed in Germany increased to 20,451 due to the expansion of the services business. In line with the stipulations of relevant legislation, the number of Supervisory Board members will therefore rise from 16 to 20 at the next Annual General Meeting. 32,272 persons were employed outside Germany, accounting for 61% of the total workforce.

The workforce expansion in the Civil business segment to 16,440 employees was mainly a result of the positive development of our international markets. The number of 3,520 employees in the Building and Industrial business segment was fairly constant. At the Services segment, the number of employees increased to 32,196 due to dynamic organic growth and acquisitions. The number of persons employed by the Concessions business segment increased to 114 because of lively bidding activity and the growing number of projects in the construction and operation phase.

Sustainability

Bilfinger Berger pursues its entrepreneurial activities in accord with social and ecological concerns. The Group and its workforce accept responsibility for society and the environment.

Compliance system

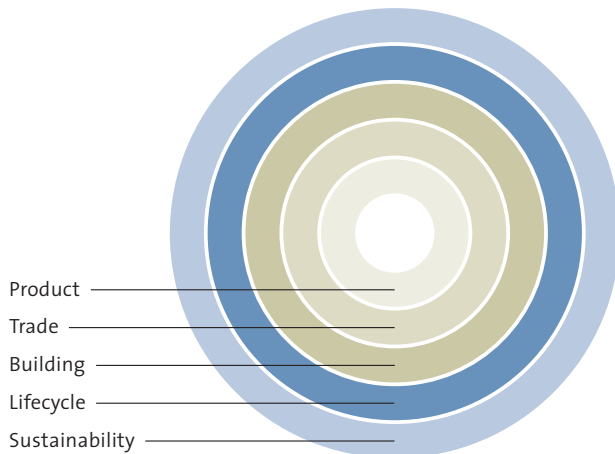
The Code of Conduct that is valid throughout the Group requires unambiguously responsible actions and the observance of ethical and legal principles. The value management system includes principles and guidelines for the behavior of our employees. While the principles are equally binding for all employees in Germany and abroad and are intended to ensure adherence to the provisions of applicable law, the guidelines derived from the principles specify the application of the Code of Conduct in detail – adapted to the legal situation of the respective country.

The principles and guidelines for behavior categorically reject any form of bribery, corruption, prohibited agreements and illegal employment. They oblige all of the Group's employees to behave in a social manner. The employees are regularly informed about the regulations by means of seminars and other forms of communication. Bilfinger Berger expects each employee to act in accordance with the law and applicable regulations. Failure to observe these rules will not be tolerated. The same applies to the Group's business associates.

The Code of Conduct is part of a comprehensive compliance system that secures its propagation and application. In order to reduce inhibitions concerning the reporting of suspicious events (whistle-blowing), in addition to contact persons within the Group an external ombudsman is also available. Any such information provided is treated strictly confidentially. Furthermore, special controlling instruments are applied for the continuous monitoring of business processes; they provide early indications of any unlawful behavior.

The Chief Compliance Officer informs the Executive Board and the Audit Committee of the Supervisory Board in regular quarterly reports about current developments. In serious cases, the boards and committees are informed immediately (see page 37).

Sustainability Timeframe



Lifecycle approach is a key factor

On the issue of sustainability, Bilfinger Berger concentrates on economic, functional and technical aspects.

Genuinely sustainable solutions are only possible when one considers the complete lifecycles of buildings, industrial plants and power plants. This is the ideal approach for the development of products and services that conserve resources and are environmentally compatible in all areas of our business operations. For example, we are one of the leading sources of expertise for foundations for offshore windparks; our i.volution concept optimizes all phases in the lifecycles of real-estate properties; and we play a major role in raising the efficiency and reducing the CO₂ emissions of modern power plants.

As a result of our research and development work, we intend to gain additional information on how best to achieve sustainable lifecycle extensions. The Bilfinger Berger Building Pass, which is much more meaningful than the standard Energy Pass, analyzes and evaluates the quality of a building, thus serving the principle of sustainability. Other pioneering activities such as the initiative for resource-efficient buildings or innovative technologies for the construction of safer tunnels are explained in the Research and Development chapter (see page 90), as well as innovative methods for the hybrid gasification of biomass or for reequipping existing power plants with low-NO_x gas burners.

With our expertise and the application of innovative technologies, we set standards in our markets, guarantee the high quality of our processes and products, and secure the future of the Bilfinger Berger Group.

Occupational safety and environmental protection

Safety at work and environmental protection are subject to fundamentally different conditions in our industry than in stationary manufacturing industries. The measures to be taken have to be adapted to the changing conditions of our temporary work sites.

Adherence to standards for the safety of our employees at their workplaces is the responsibility of the operational units, in line with our decentralized organizational structure. They are supported by comprehensive training programs. Staff and management are required to apply the knowledge gained from training in practice, and also to urge their colleagues to act safely. We harmonize different countries' various reporting systems at Group level. On this basis, we are able to recognize any need for action and take countermeasures if necessary.

When planning our work sites, effective measures for environmental protection are given high priority. Already during the planning and work-preparation phases, specific precautions are taken to reduce noise and vibrations as well as dust and exhaust gases. Throughout all project phases, we make use of non-intrusive processes and environmentally friendly equipment. Waste is thoroughly separated so that the maximum possible proportion can be recycled. In order to protect soil and groundwater, we deal conscientiously with polluting substances. We are constantly working on improving our environmental standards in all of our markets.

Science and education

Bilfinger Berger places great importance on promoting science and education, whereby we also apply decentralized concepts. Our collaboration with leading universities in Germany is focused on technical and business management faculties. At the technical universities in Aachen, Darmstadt, Karlsruhe and Dresden, next-generation engineers are awarded the Bilfinger Berger Prize every year in recognition of outstanding achievements. At the Technical University of Berlin, we are a major sponsor of the Hans-Jürgen Ewers Prize, which is awarded in the field of infrastructure research. And at the University of Mannheim, we provide support for students' education as a sponsoring partner of the Faculty of Business Administration. We also assist many universities and scientific institutions through donations.

The Knowledge Factory project targets future scientists and engineers at an even earlier age. With the aid of educational projects in kindergartens and schools, children make their first contact with the exciting world of science, technology and economics. Bilfinger Berger supports this initiative and aims to promote interest in technical careers and to counteract the threatening shortage of qualified specialists through this commitment.

Corporate citizenship

Our corporate units and their employees support numerous facilities worldwide through monetary donations, contributions in kind, and personal involvement. The focus is on education and health care as well as culture, the arts and sport.

In the year 2007, we presented the Bilfinger Berger Award for the exemplary resolution of problems in the interplay between society, business and the state. In this way, we intend to promote cross-border knowledge transfers and to examine the question of how solutions that exist in one country can be transferred to another.

The case studies submitted covered a wide range of issues and the quality of the contributions was impressive: Experts from 17 countries participated with 58 entries; the winners come from the United Kingdom, Australia and Germany. The first prize was awarded to Cordelia Polinna, an urban planner based in Berlin. With her study of 'Idea Stores' in the London borough of Tower Hamlets, she pointed out new ways of developing problematic districts. Second place went to Andrew Chew with the subject of 'Alliancing'. The lawyer from Sydney described a model of contract design used successfully in Australia which substantially reduces the probability of legal disputes arising between client and contractor. Georgina Santos, a lecturer at Oxford University, received the third prize for her study of the congestion charge on cars using roads in central London. The introduction of the toll successfully reduced traffic levels in central London and provided a boost for public transportation.

A four-member jury headed by Professor Klaus Töpfer, the former Director of UNEP (the United Nations Environment Programme), assessed all of the entries and selected the winners. As numerous entries dealt with aspects of urban development, this subject was at the focus of last year's Bilfinger Berger Awards. On this basis, explicit requirements were formulated for sustainable urban development in Germany.

At a symposium held in Berlin in October 2007 under the heading of 'Mobility, Creativity, Partnership. Impetus for the City of the Future', participants from the fields of politics, business, science and administration discussed the extent to which the international solutions could be transferred to Germany. In addition, 16 outstanding studies were published as a book under the title of 'Importing Ideas – experts from around the world provide impetus'. The next invitation for entries for the Bilfinger Berger Awards is planned for the second half of 2008.

Risk report

With its risk management system, Bilfinger Berger promotes awareness of risks at all management levels and among all employees. The system is an integral component of the management processes and helps to avoid risks wherever possible, or at least to identify risks at an early stage and to avert any resulting dangers for the Bilfinger Berger Group. We have therefore taken thorough 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 and up-to-date reporting system that serves as an internal early-warning and monitoring system.

Each year, the Group sets new targets for the performance measures EBITA and return-on-capital-employed controlling, as well as liquidity targets and limits, for all the units and subsidiaries of the Group. These and other key figures are monitored with the use of monthly reporting. The actual situation and the targets set are analyzed at all operational levels. With the use of marginal values and deviation parameters, relevant risks are identified and monitored, and their effects are limited by taking suitable measures. This provides the Executive Board and management with detailed information on the current financial situation.

In consultation with the Executive Board, the Group Functions perform a specialist monitoring function throughout the Group. They have wide-ranging rights to request and receive information, to issue guidelines, and to be actively involved with their specialist colleagues at the subsidiaries.

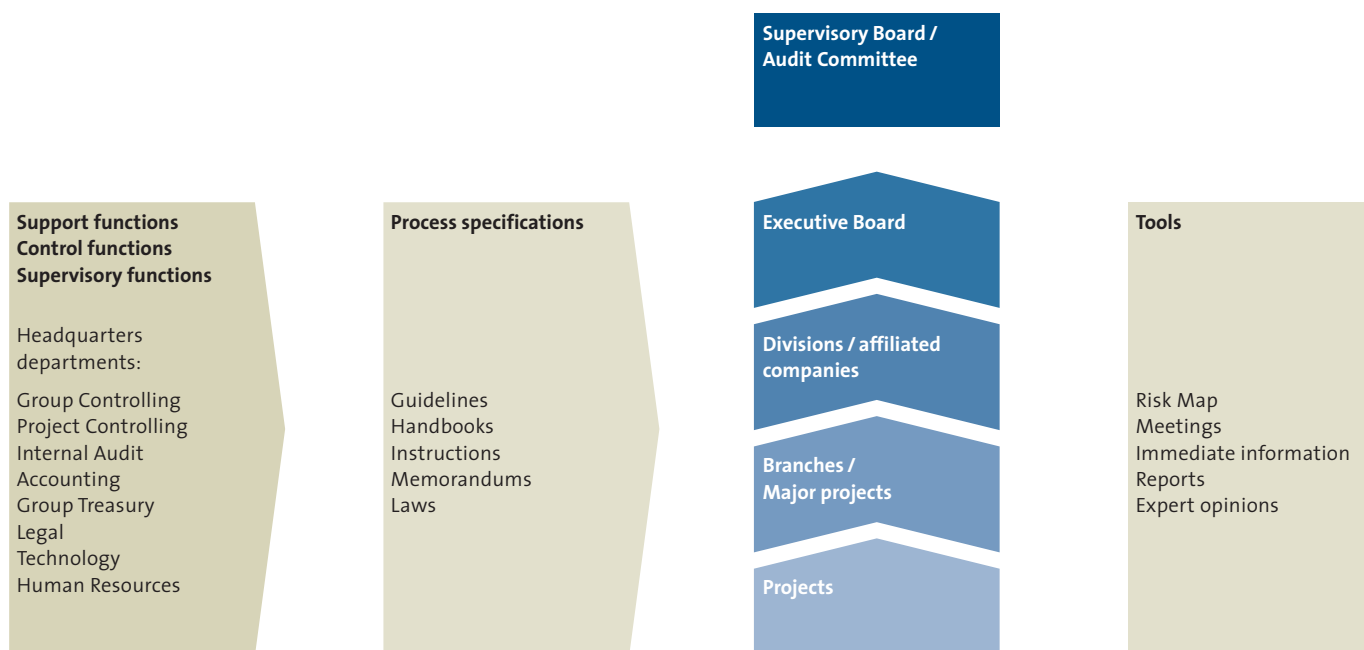
Headquarters are also responsible for controlling tasks of overriding importance. The corporate functions of Group Controlling, Project Controlling, Internal Auditing and Legal Affairs report regularly and comprehensively on possible risks from their respective specialist perspectives directly to the Executive Board. In addition, the Executive Board submits a quarterly risk report to the Audit Committee of the Supervisory Board.

Orders with large volumes or special risks can only be accepted if they are expressly approved by the Executive Board. Risks related to major projects are counteracted by clearly structuring the distribution of tasks within the corporate functions:

- Group Project Controlling supports these projects from the bidding phase until completion. The financial development of each project is analyzed continually and critically.
- Decisions on financing, internal credit lines and guaranties are made at headquarters by the Executive Board with significant support from Group Treasury.
- Internal Auditing reviews the effectiveness of all working routines and processes.
- Group Controlling is responsible for the monthly recording of performance measures as well as for the active controlling of the subsidiaries.
- Internal Auditing carries out audits at the level of the operational units.
- Legal Affairs reviews contractual project risks and takes the lead with any legal disputes.

All of the processes and approval procedures that are stipulated by law, the Executive Board or the corporate functions are documented in manuals and working instructions. The Risk Map available on the Bilfinger Berger intranet since the middle of 2007 offers employees throughout the Group

Interaction of elements in the risk-management process



rapid access to the contents of the Risk Management Manual. Information on certain types of risks is arranged according to corporate processes and can be accessed via various search functions.

Our controlling and monitoring instruments are combined into a holistic system that is subject to continuous development. The risk management system at Bilfinger Berger is appraised by our external auditors, whose suggestions are made use of.

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 our business segments are competitive. 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 selected countries. Provisions have been recognized for latent risks. We therefore see no country risks that are relevant to earnings.

Project risks

Risks from our business operations 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 subject to detailed commercial and legal scrutiny before being signed. Furthermore, the technical aspects are examined separately by experts. Projects above a certain volume or with a high degree of complexity are additionally monitored by a central unit with clearly defined regulations in each phase of the business, so that any required measures can be taken in good time. More than 60 major projects were under special observation in the year 2007. With complex projects in the build-operate-transfer business, we make use of the expertise available throughout the Group to assess costs and risks reliably.

Litigation risks

We strive to avoid legal disputes wherever possible. This goal cannot always be achieved, however, with the result that German and international companies are sometimes involved in litigation or arbitration. It is naturally impossible to predict the outcome of such cases with certainty. Nonetheless, following careful examinations, we can assume that sufficient provisions have been recognized in the balance sheet for all such 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 with competitive suppliers and subcontractors. We secure quantities, 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 contracts.

Financial risks

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

Liquidity risks are monitored and managed centrally at Group headquarters on the basis of rolling 12-month cash-flow planning. Liquidity bottlenecks can be ruled out due to the Group's high level of cash and available credit lines and sureties. We have a syndicated long-term credit line of €300 million with our main banks. Major parts of our guaranteed credit requirements are secured with a syndicated long-term credit agreement with a volume of €1,600 million.

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 ratios should reflect a financial standing comparable with a rating at the lower end of investment grade. The increasing long-term debt resulting from the expansion of our concessions business is solely on a non-recourse basis; the 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, our cash flows and financial positions are netted out to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. We do not undertake any financial transactions beyond the underlying business risk.

We use forward-exchange contracts or currency options to hedge risks relating to cash flows and balance-sheet items in foreign currencies. We generally hedge our project business for the entire project period immediately after contracts are awarded, in some cases as early as the bidding phase. Risk management takes place with the use of explicit risk limits for outstanding foreign-exchange items, their value-at-risk and marked-to-market results.

We counteract the risk 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 predictable interest cash flows and thus relies on the long-term static hedging of interest-rate risks. Changes in market values occurring in this context must be reflected in the balance sheet, but they have no impact on the Group's cash flow due to the closed project structure.

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 selecting solely 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 on the basis of an internal limit system 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 2007.

Human-resources risks

We carefully counteract the human-resources risks that might arise due to a shortage of junior managers, high staff turnover, lack of qualifications, low motivation or an excessively old workforce. In this way, we ensure that highly qualified employees are recruited and retained by the Group over the long term. We therefore maintain close contacts with selected universities, organize internships for students and graduates, and organize specially designed familiarization pro-

grams at the beginning of new graduates' careers at Bilfinger Berger. An extensive range of courses and further training is available to our workforce. Career prospects are discussed systematically and individually with our employees. Management positions are mainly filled from within the Group. By means of our human-resources controlling, we analyze structural changes within the workforce. Our forward-looking personnel development is one of the main reasons why no specific risks are apparent in the human-resources sector, despite an upturn in the construction industry in some markets and ongoing growth in the services business.

Subsidiaries' risks

We have a clear strategy to counteract risks from subsidiaries and acquisitions. We generally acquire either a majority interest or 100% ownership of suitable companies. Candidate companies are evaluated by our experts with the help of comprehensive due-diligence audits. The decisive criteria 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 fulfilled our high expectations for return on capital and profits. New companies are integrated into the Group and its risk-management system without delay.

All the companies of the Group are subject to the regular financial controlling of subsidiaries and associated companies. This controlling function is carried out from headquarters as directed by the Executive Board and is outside the reporting hierarchy. By permanently monitoring busi-

ness developments, especially by means of local reviews, it creates a complete picture and an independent opinion on the companies' financial situations.

The subsidiary controllers report to the Executive Board once a month and inform it of any unusual developments without delay.

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 largely standardized. We use software products from leading producers such as SAP, IBM, RIB and Microsoft. Applicable security guidelines are regularly adapted to the latest technical developments.

Overall risk

In 2007, we did not identify any individual risks whose occurrence, either alone or in combination, would have jeopardized the continuing existence of the Group. If unpredictable, exceptional risks should occur, the possibility that they would have an impact on the development of our output volume or earnings cannot be ruled out. However, no risks can be identified that could threaten the existence of the Group.

Additional disclosure details

pursuant to Section 315
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 23, 2007, until November 22, 2008 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 share capital 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 of May 19, 2005 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, which were issued on the basis of an authorization of the Executive Board through a resolution of the Annual General Meeting of May 19, 2005, make use of their conversion and option rights 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 €1,600 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 details can be found in the Compensation Report (see page 39).

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 39). The compensation report is a constituent part of the Group Management Report.

Events after the balance-sheet date

Bilfinger Berger's business has developed according to plan in 2008. No events of special significance occurred. In our next interim report, which we will publish on May 14, 2008, we will provide a detailed overview of the first quarter of the year.

Outlook

The positive economic conditions in our market segments will, in all likelihood, also continue in 2008. Negative effects could potentially be brought on by a further increase in the cost of raw materials or as a result of the global consequences of a recession in the US economy.

The pace of growth will slow in the United States while economies in Australia, the Middle East and Asia will continue to expand dynamically. In Europe, the basis for an ongoing positive economic development exists, whereby some new member states of the European Union will again achieve above-average growth rates.

In those markets that are relevant for our Group we expect generally good economic conditions. In Germany, demand for construction will increase again in 2008, it remains to be seen, however, whether or not the rate of increase will match the level of the previous year. In most

neighboring European countries a continued robust construction business can be expected. Australia is showing persistently strong demand for civil engineering work while in the construction business it is primarily commercial construction that will grow further. In the future, Canada will continue to invest in the expansion of its roads and highways. The same applies to petroleum exporting countries, where, as in the past, significant funds will be invested to improve infrastructure.

In the services business we continue to benefit from an increase in facility investments. The industries that are most important to us, the energy and chemical industries, are among the fastest growing sectors in Europe. As a result of strong global demand for raw materials and a healthy domestic economy, industry in Australia will continue to show solid growth rates. The increasing activities of international investors in the German real-estate market is driving the transfer of services to external partners.

Bilfinger Berger, the Multi Service Group for real estate, industrial plants and infrastructure, is well-positioned for profitable growth in its target markets. We want to further strengthen our strategic advantages primarily through the expansion of our services business. We have the financial latitude necessary for acquisitions. We are also counting on organic growth which, in view of the high rates of growth in 2007 and the degree to which our capacities are currently being utilized, will flatten out slightly. Furthermore, we want to invest in high-yield privately financed concession projects in the future, too. In the construction business we are striving to achieve a sustainable increase in profitability.

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.

In the current year we plan an increase in output volume and further growth of EBITA and net profit. From 2009, in the Civil business segment, we want to achieve an EBITA margin of 2.5-3%, in the Building and Industrial business segment we have set a goal of 1.5-2% and in the services business we want to achieve a sustained EBITA margin of over 5%.

Our shareholders will participate in the Company's growing success through an attractive dividend distribution. 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 in property, plant and equipment will increase due to the further expansion of business volumes.

With our research and development activities, we will work consistently on the optimization of expertise and competences in all of the Group's business segments. In view of growing efforts to protect the environment, aspects of sustainability will continue to gain importance.

The increasing complexity of procurement markets places high demands on the training of our employees in this area. In order to provide a trouble-free exchange of information and experience, we are driving the creation of networks among the buyers in various operating units.

We will further intensify the dialogue with our stakeholders through prompt and open communication. The focus here is on comprehensive information to the capital markets on current developments in our Group. We consistently target our decentralized marketing and sales activities toward the specific needs of our clients. We are also constantly developing internal communication media in order to improve the exchange of information within our growing Company.

In view of growing business volumes and the lack of qualified specialists and managers, we will pay particular attention to personnel development. We are constantly working on fine-tuning the instruments used and, with successful human resources activities, make a significant contribution to the long-term success of Bilfinger Berger.

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.

Responsibility statement

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

Mannheim, February 22, 2008

The Executive Board



Herbert Bodner



Dr. Joachim Ott



Klaus Raps



Kenneth D. Reid



Prof. Hans Helmut Schetter



Dr. Jürgen M. Schneider

Auditor's report

We have issued the following unqualified auditor's opinion to the consolidated financial statements and Group Management Report:

We have audited the consolidated financial statements – consisting of consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements as well as the Group Management Report of Bilfinger Berger AG for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the Group Management Report in accordance with IFRS, as adopted in the EU, and the additional provisions stated in Section 315a Paragraph 1 of the German Commercial Code (HGB) are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion, based on our audit, on the financial statements and on the Group Management Report.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting guidelines 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 with regard to possible misstatements are taken into account in the determination of audit procedures. Within the framework of the audit, the effectiveness of the accounting-related internal monitoring system and the evidence supporting disclosures in the consolidated financial statements and Group Management Report are examined primarily on a test basis. The audit includes assessing the accounting and consolidation policies applied and the significant estimates made by the Group's Executive Board, as well as evaluating the annual financial statements of those companies included in the consolidated financial statements, determination of the companies to be included in consolidation, the overall presentation of the financial statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion, which is based on the results of our audit, the consolidated financial statements are in compliance with the provisions of IFRS as adopted in the EU and the additional provisions in accordance with Section 315a Paragraph 1 of the German Commercial Code, and give a true and fair view of the net assets, financial position and results of operations of the Group. The Group Management Report is in accordance with the consolidated financial statements, provides on the whole a suitable understanding of the Group's position, and suitably presents the opportunities and risks of future developments.

Mannheim, February 25, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Franz Wagner
Certified accountant



Dieter Wißfeld
Certified accountant



Gunther Ruppel
Certified accountant



Thomas Müller
Certified accountant

Consolidated financial statements 2007

Consolidated income statement

€ million	Notes	2007	2006
Revenues	(5)	8,637.4	7,527.3
Cost of sales		-7,609.7	-6,668.3
Gross profit		1,027.7	859.0
Selling and administrative expenses		-812.1	-723.5
Other operating income and expenses *	(6)	26.7	44.5
EBITA	(7)	242.3	180.0
Amortization of intangible assets from acquisitions	(8)	-13.1	-10.2
EBIT		229.2	169.8
Interest income	(9)	31.4	29.3
Interest expense	(9)	-21.3	-21.2
Other financial expense	(9)	-11.5	-4.7
Earnings before taxes		227.8	173.2
Income tax expense	(10)	-87.9	-77.0
Earnings after taxes		139.9	96.2
thereof, minority interest		(5.8)	(4.1)
Net profit		134.1	92.1
Average number of shares, basic/diluted	(in thousands) (11)	37,196	37,196
Earnings per share, basic/diluted	(in €) (11)	3.60	2.48

* including a gain of €9.4 million on investments accounted for using the equity method (2006: €3.5 million)

Consolidated balance sheet

	€ million	Notes	Dec 31, 07	Dec 31, 06
Assets	Non-current assets			
	Intangible assets	(12)	786.9	738.4
	Property, plant and equipment	(13)	581.2	607.3
	Investments accounted for using the equity method	(14)	54.8	45.6
	Receivables from concession projects	(15)	1,499.5	893.2
	Other financial assets	(16)	87.9	38.6
	Deferred tax assets	(10)	104.1	128.1
			3,114.4	2,451.2
	Current assets			
	Inventories	(17)	153.7	121.7
	Receivables and other financial assets	(18)	1,881.1	1,711.3
	Non-current assets held for sale	(19)	95.9	0.0
	Current tax assets		10.0	31.0
	Other assets	(20)	58.9	31.5
	Cash and marketable securities	(21)	796.0	782.7
			2,995.6	2,678.2
			6,110.0	5,129.4
Equity and liabilities	Equity	(22)		
	Issued share capital		111.6	111.6
	Reserves		1,110.6	1,031.3
	Unappropriated retained earnings		67.0	46.5
	Equity attributable to shareholders of the parent		1,289.2	1,189.4
	Minority interest		21.3	16.8
			1,310.5	1,206.2
	Non-current liabilities			
	Retirement benefit obligation	(23)	148.0	159.7
	Provisions	(24)	89.0	99.5
	Financial debt ¹	(25)	1,383.9	899.2
	Other financial liabilities	(26)	79.0	67.3
	Deferred tax liabilities	(10)	120.8	94.0
			1,820.7	1,319.7
	Current liabilities			
	Current tax liabilities	(24)	80.7	71.5
	Provisions	(24)	434.8	424.5
	Financial debt ²	(25)	88.6	66.7
	Other financial liabilities	(26)	2,148.2	1,853.5
	Other liabilities	(27)	226.5	187.3
			2,978.8	2,603.5
			6,110.0	5,129.4

¹ including non-recourse debt of €1,313.9 million (December 31, 2006: €808.3 million)

² including non-recourse debt of €48.0 million (December 31, 2006: €18.9 million)

**Consolidated statement
of changes in equity**

€ million	Issued share capital	Share premium	Retained earnings	Other comprehensive income			Unappro- priated retained earnings	Minority interest	Equity
				Fair valuation of securities reserve	Hedging transactions reserve	Currency translation reserve			
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
Dividends paid out	0.0	0.0	0.0	0.0	0.0	0.0	-37.2	0.0	-37.2
Profit 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
Balance at December 31, 2006	111.6	522.6	538.6	0.0	-17.8	-12.1	46.5	16.8	1,206.2
Balance at January 1, 2007	111.6	522.6	538.6	0.0	-17.8	-12.1	46.5	16.8	1,206.2
Capital contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid out	0.0	0.0	0.0	0.0	0.0	0.0	-46.5	0.0	-46.5
Profit after taxes	0.0	0.0	0.0	0.0	0.0	0.0	134.1	5.8	139.9
Transfer to retained earnings	0.0	0.0	67.1	0.0	0.0	0.0	-67.1	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0	0.0	-12.6	0.0	0.0	-12.6
Other changes	0.0	0.0	3.5	0.0	21.3	0.0	0.0	-1.3	23.5
Balance at December 31, 2007	111.6	522.6	609.2	0.0	3.5	-24.7	67.0	21.3	1,310.5

Consolidated statement of cash flows

€ million	2007	2006
Profit attributable to shareholders of the parent	134.1	92.1
Minority interest	5.8	4.1
Depreciation, amortization and impairments	127.2	168.3
Decrease in long-term provisions	-5.9	-3.0
Deferred tax expense / income	33.3	18.9
Other income and expenses not affecting cash	-5.3	-0.6
Cash earnings	289.2	279.8
Increase (2006: decrease) in inventories	-36.6	39.1
Increase in receivables	210.1	-268.8
Increase in short-term provisions	14.4	9.8
Increase in liabilities	285.2	242.5
Change in working capital	52.9	22.6
Gains / losses on the disposal of non-current assets	-16.9	-95.4
Net cash inflow from operating activities	325.2	207.0
Proceeds from the sale of intangible assets	0.8	0.8
Proceeds from the disposal of property, plant and equipment	19.6	22.9
Proceeds from the disposal of financial assets	10.3	176.7
Investments in intangible assets	-8.2	-7.1
Investments in property, plant and equipment	-195.8	-129.4
Investments in financial assets	-64.4	-233.8
Net cash outflow from investing activities	-237.7	-169.9
Dividend paid out by the parent company	-46.5	-37.2
Borrowing	65.1	22.7
Repayment of loans	-88.1	-30.9
Special allocation to pension plan assets	0.0	-34.6
Net cash outflow from financing activities	-69.5	-80.0
Change in cash and marketable securities	18.0	-42.9
Other adjustments to cash and marketable securities	-4.7	-6.3
Cash and marketable securities at January 1	782.7	831.9
Cash and marketable securities at December 31	796.0	782.7

Notes to the consolidated financial statements 2007

Segment reporting by business segment		Civil		Building and Industrial	
€ million	2007	2006	2007	2006	
Production output (Group)	3,647.3	2,973.0	1,964.6	2,068.6	
External revenue	2,584.4	2,434.0	1,774.9	1,704.1	
Internal revenue	27.7	76.7	79.7	48.1	
Total revenue	2,612.1	2,510.7	1,854.6	1,752.2	
EBITA	58.2	42.7	24.0	22.1	
thereof depreciation	58.0	51.8	6.7	4.6	
thereof profit from equity accounted investments	2.2	3.4	0.5	0.0	
Segment assets at December 31	1,192.5	1,026.2	383.3	383.6	
Segment liabilities at December 31	1,193.2	1,024.7	543.3	608.4	
Investments in property, plant and equipment	112	73	8	4	
Employees at December 31	16,440	14,628	3,520	3,745	

Segment reporting by region		Germany		Europe excluding Germany	
€ million	2007	2006	2007	2006	
Production output (Group)	3,039.7	2,719.8	2,365.2	1,827.6	
External revenue	2,887.1	2,622.1	2,349.5	1,730.7	
Segment assets at December 31	2,162.4	2,232.8	1,709.5	1,210.7	
Investments in property, plant and equipment	73	58	44	36	

Notes

Segment reporting follows our internal reporting by business segment. Internal revenue shows the supply of goods and services between the business segments, invoiced at the usual market prices. In the reconciliation to the consolidated financial statements, the Group's internal expenses and income as well as intra-Group profits are eliminated. Headquarters' expenses and income are also shown here.

	Services		Concessions		Total of segments		Consolidation, other		Consolidated Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	3,605.5	2,880.8	35.5	24.7	9,252.9	7,947.1	-30.9	-10.9	9,222.0	7,936.2
	3,537.1	2,887.9	731.7	441.4	8,628.1	7,467.4	9.3	59.9	8,637.4	7,527.3
	23.3	34.1	0.0	0.0	130.7	158.9	-130.7	-158.9	0.0	0.0
	3,560.4	2,922.0	731.7	441.4	8,758.8	7,626.3	-121.4	-99.0	8,637.4	7,527.3
	180.2	123.5	-2.1	-4.3	260.3	184.0	-18.0	-4.0	242.3	180.0
	40.9	35.1	0.2	0.3	105.8	91.8	6.9	7.2	112.7	99.0
	2.5	2.7	4.2	-2.6	9.4	3.5	0.0	0.0	9.4	3.5
	1,832.2	1,599.1	1,530.4	957.6	4,938.4	3,966.5	1,171.6	1,162.9	6,110.0	5,129.4
	951.9	700.6	1,395.3	904.8	4,083.7	3,238.5	715.8	684.7	4,799.5	3,923.2
	82	52	0	1	202	130	2	6	204	136
	32,196	30,218	114	105	52,270	48,696	453	445	52,723	49,141
	America		Africa		Asia		Australia		Consolidated Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	678.9	633.1	653.0	587.0	253.5	183.3	2,231.7	1,985.4	9,222.0	7,936.2
	868.5	619.0	519.7	474.0	201.5	165.8	1,811.1	1,915.7	8,637.4	7,527.3
	798.4	471.9	189.8	158.8	171.9	55.1	1,078.0	1,000.1	6,110.0	5,129.4
	5	8	25	10	16	1	41	23	204	136

The reconciliation of segment assets also includes securities and cash, as well as the non-current and current assets that are not allocated to the business segments. The segment liabilities shown in the reconciliation include the liabilities of the Group's headquarters and interest-bearing liabilities such as debt and retirement benefit obligations. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBITA).

Investment in property, plant and equipment also includes investment in intangible assets such as licenses or software of €8.2 million (2006: €7.1 million).

General notes

General information

Bilfinger Berger AG is a listed stock corporation with its registered office and headquarters 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), and are published in the electronic version of the German Federal Gazette ('Bundesanzeiger').

All of the standards that became mandatory on or before the balance-sheet date have been taken into consideration. Adoption of IFRS 7 'Financial Instruments: Disclosures' resulted in additional disclosure in the notes to the consolidated financial statements on the significance of financial instruments for the Group's asset position, cash flows and profitability and on the risks inherent in financial instruments. IFRS 7 also led to changes in the presentation of the financial statements. The prior-year figures have been adjusted accordingly. As IFRS 7 is a regulation that deals solely with disclosure, its adoption did not lead to any effects on recognition or measurement.

For the year 2007, the income statement is presented for the first time according to the cost-of-sales method. The prior-year figures have been adjusted accordingly. This resulted in minor reclassifications between other operating income and revenue.

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 to the consolidated financial statements.

Profit contributions from operating investments are entered under other operating income or other operating expenses.

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 cost 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.

In addition to the standards and interpretations that are mandatory for the consolidated financial statements as of December 31, 2007, 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 2007.

The above paragraph refers to the following standards and interpretations:

IFRS 3 Business Combinations: The revision of IFRS 3 relates in particular to the introduction of voting rights in the valuation of minority interests (purchased goodwill method vs full goodwill method), the re-evaluation of investments in successive company acquisitions as well as the inclusion of considerations linked to the incidence of future events (applicable for the first time for reporting years that begin on or after July 1, 2009).

IFRS 8 Operating Segments: This new standard supersedes IAS 14 Segment Reporting and follows a management approach to segment reporting (applicable for the first time for reporting years that begin on or after January 1, 2009).

IAS 1 Presentation of Financial Statements: The revision of IAS 1 regulates the basis and structure of financial statements and also contains minimum requirements for the contents of financial statements (applicable for the first time for reporting years that begin on or after January 1, 2009).

IAS 23 Borrowing Costs: The revision of IAS 23 abolishes the option offered by the current standard of immediately recognizing as an expense borrowing costs that can be directly allocated to a qualifying asset. In the future, these borrowing costs must be capitalized as cost of acquisition or production.

IAS 27 Consolidated and Separate Financial Statements in accordance with IFRS: The revision of IAS 27 relates in particular to the accounting of minority interests which in future will participate fully in the losses of the company, and to transactions that lead to the loss of control of a subsidiary (applicable for the first time for reporting years that begin on or after July 1, 2009).

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 (applicable for the first time for reporting years that begin on or after January 1, 2008).

IFRIC 13 Customer Loyalty Programs: This interpretation regulates the accounting of customer loyalty programs at companies that either offer their own loyalty programs or participate in loyalty programs of other companies (applicable for the first time for reporting years that begin on or after January 1, 2008).

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: This interpretation addresses how companies should define the limit placed by IAS 19 on the amount of surplus in a pension plan they can recognize as an asset (applicable for the first time for reporting years that begin on or after July 1, 2008).

At the balance sheet date, only IFRS 8 had already been 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, apart from the required additional disclosure in the notes to the consolidated financial statements.

1. Consolidated Group

In addition to Bilfinger Berger AG, 5 subgroups and 38 companies in Germany along with 7 subgroups and 39 companies based outside Germany have been included in the consolidated financial statements. Of these, 5 companies in Germany and 7 companies based outside Germany have been consolidated for the first time in the year under review. A further 14 companies have been accounted for using the equity method.

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. Included here is also a definitive list of all subsidiaries that apply the disclosure facilitation pursuant to Section 264 Paragraph 3 (HGB). The list of equity interests is published as a component of the notes to the consolidated financial statements in the electronic version of the German Federal Gazette ('Bundesanzeiger').

In the year 2007, payments were made for equity interests in companies in an amount of €50 million (after netting off with acquired cash and cash equivalents).

In the Industrial Services division, companies were acquired in 2007 for a total amount of €48 million, of which €7 million is still open as a purchase price liability. The main acquisitions were:

- Effective January 24, 2007: OKI Swiss AG, Gebenstorf (Switzerland) / 55%
- Effective May 14, 2007: BIS O'Hare Limited, Runcorn, Cheshire (United Kingdom) / 100%
- Effective August 20, 2007: Peters Engineering AG, Ludwigshafen / 51%
- Effective December 20, 2007: Desarrollo e Ingenieria del Andiamo S.A., Ferrol (Spain) / 90%

In the Power Services division, companies were acquired in 2007 for a total amount of €7 million. The main acquisitions were:

- Effective April 29, 2007: Steinmüller Africa (pty) Ltd., Rivonia (South Africa) / 100%
- Effective August 28, 2007: Duro Dakovic Montaza d.d., Slavonsiki Brod (Croatia) / 24.9%

In the Facility Services division, companies were acquired in 2007 for a total amount of €18 million, of which €4 million is still open as a purchase price liability. The main acquisitions were:

- Effective July 1, 2007: EPM Swiss Property Management AG, Wallisellen (Switzerland)
- Effective July 1, 2007: Berlin-Konzept Immobilien Verwaltungs GmbH, Berlin / 100%
- Effective October 15, 2007: iNTACT Technische Gebäudemanagement Ges. m.b.H., St. Pölten (Austria) / 90%
- Effective December 13, 2007: FSMA Facility Service Management Ges. mbH, Vienna (Austria) / 90%

In the Industrial Services division, the following companies were acquired in 2006 for a total amount of €86 million:

- Effective May 29, 2006: Mobuco Steigers B.V., Vlardingem (Netherlands) / 100%
- Effective June 20, 2006: Salamis Group Ltd., Aberdeen (United Kingdom) / 100%
- Effective August 22, 2006: ROB Montagebedrijf N.V., Beveren (Belgium) / 96%
- Effective September 5, 2006: Techscape Ltd., Auckland (New Zealand) / 100%

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

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

At the respective times of acquisition, these acquisitions had the following effects on the Group's assets and liabilities:

Effects at the time of acquisition	2007	2006
€ million		
Intangible assets from acquisitions	20.1	42.3
Other non-current assets	3.8	47.2
Current assets (excluding cash and cash equivalents)	14.3	145.0
Cash and cash equivalents	12.6	22.8
Total assets	50.8	257.3
Retirement pension obligation	0.0	28.2
Provisions	4.7	17.3
Financial debt	3.4	17.4
Other liabilities	23.4	116.6
Total liabilities	31.5	179.5

With the exception of capitalized intangible assets from acquisitions, most of the amounts correspond with the book values at the acquired companies.

Since the respective dates of first-time consolidation, the companies acquired during 2007 generated revenue of €55.5 million and EBITA of €5.9 million.

In full-year 2007, the companies acquired during that year generated total revenue of €106.5 million and EBITA of €11.0 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 a corresponding negative effect on profit. At deconsolidation, the residual book values 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 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 equity.

Currency translation took place using the following key exchange rates:

		Annual average		At December 31	
1 € =		2007	2006	2007	2006
Australia	AUD	1.6356	1.6673	1.6775	1.6681
United Kingdom	GBP	0.6847	0.6819	0.7346	0.6714
Canada	CAD	1.4680	1.4302	1.4440	1.5294
Nigeria	NGN	172.5000	162.1750	174.2000	169.7000
Norway	NOK	8.0151	8.0492	7.9650	8.2400
Poland	PLN	3.7821	3.8954	3.5928	3.8413
Qatar	QAR	4.9892	4.5732	5.3540	4.7980
Romania	RON	3.3367	3.5235	3.5910	3.4580
Sweden	SEK	9.2518	9.2517	9.4350	9.0430
Switzerland	CHF	1.6432	1.5733	1.6557	1.6080
South Africa	ZAR	9.6585	8.5161	10.0300	9.2150
Czech Republic	CZK	27.7543	28.3336	26.5750	27.4350
Hungary	HUF	251.3442	264.1025	252.3250	251.6750
United Arab Emirates	AED	5.0292	4.6138	5.4050	4.8412
United States	USD	1.3709	1.2563	1.4716	1.3181
People's Republic of China	CNY	10.4218	10.0136	10.7400	10.2915

4. Significant accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between 3 and 8 years. In accordance with IFRS 3 / IAS 36, goodwill and other intangible assets with an indefinite or unlimited useful life 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 life of 20 to 50 years using the straight-line method. The useful life 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. Impairment tests are carried out at the level of the smallest cash-generating unit.

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

Investments accounted for using the equity method – associated companies and jointly controlled entities – 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.

Joint ventures are contractual agreements in which two or more parties carry out a business activity under shared management. This also includes jointly controlled operations such as construction consortiums, which, in accordance with IAS 31, are accounted for as follows. Bilfinger Berger as a partner in a joint venture or consortium recognizes in its financial statements the assets it controls and the liabilities and expenses it incurs, and its share of income from the sale of goods and services. Assets and liabilities remaining with the jointly controlled operations or consortiums lead to proportionate shares of earnings, which are accounted for using the equity method and recognized under receivables or payables due to joint ventures.

Deferred taxes are recognized for 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 recognized for future relief from tax-loss carryovers if their realization can be reasonably expected. Deferred tax assets and liabilities from temporary differences are netted off provided that offsetting is legally possible.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured 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.

Non-current assets held for sale are classified as such and shown separately in the balance sheet if the related carrying value is to be mainly realized through a sale transaction and not through continued use. These assets are measured at their carrying values or at fair value less cost to sell if this is lower, and are no longer depreciated. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying value. Any impairment reversals due to an increase in fair value less cost to sell are limited to the amount of the impairment loss previously recognized on an asset.

Retirement benefit obligations are calculated for defined benefit pension plans using the projected unit credit method, with consideration of 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 recognized as an interest expense under financial income.

Other assets comprise non-financial assets that are not allocated to any other balance sheet item. They are measured at the lower of cost of acquisition or fair value.

Provisions are recognized 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 set off against positive profit contributions. Provisions are only recognized for legal or factual obligations towards third parties.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as a company becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value including transaction costs. Subsequent measurement of financial instruments is either at amortized cost or fair value, depending on the allocation of the instrument to the categories stipulated in IAS 39.

IAS 39 classifies financial assets into four *categories*:

Financial assets held for trading (financial assets at fair value through profit or loss) (FAHFT)
Held-to-maturity investments (HTM)
Loans and receivables (LAR)
Available-for-sale financial assets (AFS)

Financial liabilities are divided into the following categories:

Financial liabilities held for trading (financial liabilities at fair value through profit or loss) (FLHFT)
Financial Liabilities at Amortised Cost (FLAC)

The amortized cost of a financial asset or a financial liability is calculated using the effective interest method from the historical cost of acquisition minus capital repaid plus or minus the accumulated amortization of any difference between the original amount and the amount repayable at maturity and minus any impairments or reversals.

With current receivables and payables, amortized cost is generally equal to the nominal amount or the repayment amount.

Fair value is generally equal to the market or stock exchange value. If no active market exists, as far as possible fair value is calculated using recognized financial-mathematical methods (discounted cash flow method and option pricing model).

Receivables from *concession projects* are measured at amortized cost. Receivables from concession projects relate to all services provided for the performance of public-private-partnership (PPP) projects for which a fixed payment was agreed, independent of the degree of usage.

Equity interests in non-listed companies shown under *other non-current financial assets* are classified as available-for-sale financial assets. They are measured at fair value if that value can be reasonably estimated; otherwise they are measured at amortized cost. Initial measurement is at the settlement date. Unrealized gains and losses from changes in fair value are recognized in equity with no impact on profit and loss, with due consideration of deferred taxes.

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. Possible default risks are reflected by allowances for bad debts. Individual impairments are recognized if there is an indication of a loss in value such as delayed payment or if there is information on the contracting party's significant financial difficulties and the present value of the expected future payments plus any payments from the disposal of sureties or other risk-reducing agreements is lower than the carrying value. Irrecoverable receivables are written off.

With *construction contracts*, profit is recognized according to the percentage-of-completion method. Revenue is entered in relation 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 *trade receivables*. If the amount that has been invoiced is higher than the output produced, this excess is shown under *liabilities from percentage of completion*. 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 processed in consortiums are measured according to the percentage-of-completion method. Receivables from and payables to consortiums take account not only of payments received and made, but also of internal cost allocations and prorated profits on orders.

Securities are measured at fair value. Changes in the market prices of securities held for trading are recognized in profit and loss. Changes in the market prices of other securities measured at fair value are recognized in retained earnings (fair valuation of securities reserve) with no effect on profit and loss, with due consideration of deferred taxes. With these securities, impairment losses are recognized if there is any indication of a lasting reduction in value.

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost.

Financial liabilities primarily comprise *financial debt* and *other financial liabilities*. With the exception of derivative financial instruments, they are measured at amortized cost.

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 recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). Initial recognition is on the trading day.

The fair values of the currency and interest derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted cash flow method and option pricing model).

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, or of off-balance fixed obligations, through opposing changes in the market value of the hedging transaction. The carrying value of the hedged underlying transaction is adjusted to changes in market values if these changes result from the hedged risk factors. The changes in market values of the hedging transactions and the adjustments of carrying values of the hedged underlying transactions are recognized through profit or loss.

Cash-flow hedges are used to safeguard future cash flows from assets or liabilities recognized in the balance sheet or from transactions that are planned with a high degree of certainty. Changes in the effective part of the fair value of a derivative are at first recognized under equity with no effect on profit and loss, with due consideration of deferred taxes (hedging transactions reserve), and are only recognized through profit and loss when the hedged underlying transaction is realized. The ineffective part of the hedging transaction is recognized immediately through profit and loss.

Derivative financial instruments that are not related to a hedging transaction as defined by IAS 39 are deemed to be financial assets or financial liabilities held for trading. For these financial instruments, changes in fair value are immediately recognized through profit or loss.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price on the balance-sheet date with consideration of a discount due to the lack of dividend entitlement. Allocations to provisions are made and recognized through profit and loss for the respective periods of time. Details of the Long-Term Incentive Plan (LTI) for the Executive Board, which allows for the granting of Performance Share Units (PSU), are given in the remuneration report, which is a component of the management report.

Revenue from construction contracts is generally recognized 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. Revenue from the sale of products and materials is recognized when the risks and rewards of ownership have been transferred to the customer.

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 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 recognition and measurement of provisions, the assessment of the realization of deferred tax assets and the planning figures based on the annual impairment tests carried out on goodwill. 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 amounts of assets and liabilities shown in the consolidated balance sheet is to be anticipated in the following year.

Notes to the income statement*

5. Revenue

Revenue of €5,575.7 million (2006: €4,498.8 million) includes revenue resulting from the application of the percentage-of-completion method. It also includes goods and services supplied to joint ventures and consortiums as well as shares in results of such joint ventures and consortiums.

The main joint ventures and consortiums are related to the following transport infrastructure projects:

	Bilfinger Berger's share	Share of order value	Share of output volume in 2007
North South Bypass Tunnel, Brisbane / Australia	50 %	609	164
Gateway Upgrade Project, Brisbane / Australia	50 %	410	126
Golden Ears Bridge, Vancouver / Canada	67 %	365	150
Transco, Sedrun / Switzerland	28 %	231	35
E 18 Grimstad – Kristiansand / Norway	56 %	226	66
Citytunnel, Malmö / Sweden	50 %	157	51

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

	2007	2006
Business segments		
Civil	3,647	2,973
Building and Industrial	1,965	2,069
Services	3,606	2,881
Concessions	35	25
Consolidation, other	-31	-12
Total	9,222	7,936
Regions		
Germany	3,040	2,720
Rest of Europe	2,365	1,828
Africa	653	587
America	679	633
Asia	253	183
Australia	2,232	1,985
International	6,182	5,216
Total	9,222	7,936

* Amounts in
€ million, unless
otherwise stated

**6. Other operating
income and expenses**

	2007	2006
Other operating income	72.2	148.8
Other operating expenses	-45.5	-104.3
Net	26.7	44.5

Other operating income

	2007	2006
Gains on the disposal of property, plant and equipment	9.7	17.5
Income from the reversal of impairments on trade receivables	4.5	3.4
Gains on currency translation	5.6	3.2
Income from operating investments	23.3	96.5
Other income	29.1	28.2
Total	72.2	148.8

Income from operating investments is comprised as follows:

	2007	2006
Income from equity investments	3.4	4.2
Income from investments accounted for using the equity method	10.3	8.7
Income from the disposal and write-up of equity investments	9.6	83.6
Total	23.3	96.5

Income from the disposal of equity investments in the prior year reflects the sale of concession projects and of the Ship Technologies unit.

Other income comprises a large number of income items of minor individual amounts.

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

	2007	2006
Construction phase		
Interest income (non-recourse financing)	-50.7	-24.8
minus interest income from the investment of non-utilized project-financing funds	16.6	9.2
minus project interest in the construction phase	34.1	15.6
	0.0	0.0
Operation phase		
Interest income on receivables from concession projects	20.7	16.5
Minus interest expenses (non-recourse financing)	-19.7	-15.3
	1.0	1.2

Other operating expenses

	2007	2006
Losses on the disposal of property, plant and equipment	2.3	3.6
Impairments of trade receivables	8.6	5.1
Losses on currency translation	4.2	5.7
Expenses from operating investments	2.6	64.8
Other expenses	27.8	25.1
Total	45.5	104.3

Expenses from operating investments are comprised as follows:

	2007	2006
Expenses from investments accounted for using the equity method	0.9	5.3
Expenses from the disposal and impairment of equity investments	1.7	59.5
Total	2.6	64.8

Of the expenses from operating investments in the prior year, an amount of €63.2 million was accounted for by the concession projects Cross City Tunnel, Sydney, and Herren Tunnel, Lübeck.

Other expenses comprise a large number of expenses of minor individual amounts.

**7. Other information
on EBITA**

Material expenses

	2007	2006
Cost of raw materials, supplies and purchased goods	1,649.9	1,514.4
Cost of purchased services	3,532.8	3,224.0
Total	5,182.7	4,738.4

Personnel expenses

	2007	2006
Wages and salaries	1,911.3	1,691.6
Social-security levies and pension contributions	374.4	335.5
Total	2,285.7	2,027.1

Depreciation and amortization

	2007	2006
Intangible assets	6.1	5.5
Property, plant and equipment	106.6	93.0
Real estate held as financial investments	0.0	0.5
Total	112.7	99.0

**8. Amortization of
intangible assets
from acquisitions**

In accordance with IFRS 3 / IAS 38, in connection with acquisitions, intangible assets are recognized to reflect customer relations such as for order backlogs and framework agreements. These intangible assets were amortized by €13.1 million in 2007 (2006: €10.2 million).

9. Interest result

The interest result comprises the following items of the income statement.

	2007	2006
Interest income	31.4	29.3
Interest expense	-14.8	-14.5
Interest expense from additions to retirement benefit obligation	-13.0	-12.8
Interest income from pension plan assets	6.5	6.1
Interest expense	-21.3	-21.2
Gain on disposal of securities	1.0	1.3
Interest expense for minority interests	-12.5	-6.0
Other financial expense	-11.5	-4.7
Total	-1.4	3.4

The interest expense for minority interests reflects the share in profits of the minority interests, which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32.

10. 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.

	2007	2006
Actual taxes	54.6	58.1
Deferred taxes	33.3	18.9
Total	87.9	77.0

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

	2007	2006
Earnings before income taxes	227.8	173.2
Theoretical tax expense at 38.65% (2006: 26.38%)	88.0	45.7
Tax-rate differences	-7.8	11.7
Tax-rate effects of non-deductible expenses and tax-free income	7.7	14.2
Losses for which no deferred tax assets are capitalized and changes in value adjustments	1.5	1.8
Taxes from other accounting periods	-1.5	3.6
Income tax expense	87.9	77.0

The theoretical tax expense includes trade tax for the first time in 2007. On the basis of the reform of corporate income tax, which took effect in Germany on January 1, 2008, deferred taxes were reevaluated at the end of the third quarter of 2007. The effects on income taxes were not significant.

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	2007	2006	2007	2006
Non-current assets	4.9	2.6	49.8	60.6
Current assets	33.2	32.5	95.3	50.5
Provisions	40.9	49.9	9.4	8.0
Liabilities	9.0	11.8	1.6	1.9
Tax-loss carryforwards	51.4	58.3	0.0	0.0
Netting off	-35.3	-27.0	-35.3	-27.0
Shown in the balance sheet	104.1	128.1	120.8	94.0

In 2007, an amount of minus €0.8 million (2006: €11.0 million) of tax revaluations was recognized under equity with no effect on profit and loss.

The total amount of deferred tax assets of €104.1 million (2006: €128.1 million) includes tax-reduction claims of €51.4 million (2006: €58.3 million), resulting from the expected utilization of existing tax-loss carryforwards in subsequent years. For the first time, this amount includes trade-tax-loss carryforwards of Bilfinger Berger AG. The realization of the tax-loss carryforwards is reasonably certain. Non-capitalized tax-loss carryforwards for corporate income tax and comparable taxes outside Germany amount to €120 million (2006: 139 million). Of that total, €116 million (2006: €134 million) can be utilized without any time limit. Bilfinger Berger AG also has a tax-loss carryforward of €350 million for trade tax which is utilizable without any time limit.

Deferred tax liabilities for tax payments on possible future dividend payments out of subsidiaries' retained earnings have not been recognized if these earnings are required for the long-term financing of the respective subsidiaries.

11. Earnings per share

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

	2007	2006
Profit attributable to shareholders of the parent	134.1	92.1
Weighted average number of shares issued	37,196,102	37,196,102
Basic earnings per share (€)	3.60	2.48
Diluted earnings per share (€)	3.60	2.48

Notes to the balance sheet*

12. Intangible assets

Cost of acquisition or production

	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2005	42.3	546.7	34.1	0.0	623.1
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
December 31, 2006	42.6	659.9	77.2	0.7	780.4

Accumulated amortization and impairment

	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2005	25.1	0.0	0.3	0.0	30.7
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
December 31, 2006	26.0	0.0	16.0	0.0	42.0
Carrying amount at December 31, 2006	16.6	659.9	61.2	0.7	738.4

* Amounts in
€ million, unless
otherwise stated

Cost of acquisition or production	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2006	42.6	659.9	77.2	0.7	780.4
Changes in the consolidated Group	1.0	32.6	20.1	0.0	53.7
Additions	7.6	12.9	0.0	0.6	21.1
Disposals	1.6	0.4	4.6	0.1	6.7
Reclassifications	0.3	0.0	0.0	-0.6	-0.3
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.1	-4.9	-0.1	0.0	-4.9
December 31, 2007	50.0	700.1	92.6	0.6	843.2

Accumulated amortization and impairment	Licenses, software and similar rights and values	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
December 31, 2006	26.0	0.0	16.0	0.0	42.0
Changes in the consolidated Group	1.0	0.0	0.0	0.0	1.0
Additions	6.1	0.0	13.1	0.0	19.2
Disposals	1.1	0.0	4.6	0.0	5.7
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	-0.2	0.0	-0.2
December 31, 2007	32.0	0.0	24.3	0.0	56.3
Carrying amount at December 31, 2007	18.0	700.1	68.3	0.6	786.9

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:

	2007	2006
Civil	74	73
Building and Industrial	10	10
Services	616	577
Concessions	0	0
Total	700	660

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 the 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. As in the prior year, the discount rate used for the 'construction' business units is 13% and for the Services business segment it is 9%.

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 lives using the straight-line method.

13. Property, plant and equipment

	Cost of acquisition or production				
	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2005	373.1	556.6	298.9	9.3	1,237.9
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	0.0
Currency adjustments	-1.8	-6.2	-1.3	0.0	-9.3
December 31, 2006	423.3	595.7	356.4	16.0	1,391.4

	Accumulated depreciation and amortization				
	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2005	130.4	389.8	205.7	0.0	725.9
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
December 31, 2006	144.0	405.9	234.2	0.0	784.1
Carrying amount at December 31, 2006	279.3	189.8	122.2	16.0	607.3
thereof, finance leasing					
Carrying amount at December 31, 2006	9.8	46.4	13.9	-	70.1

**Cost of acquisition
or production**

	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2006	423.3	595.7	356.4	16.0	1,391.4
Changes in the consolidated Group	-17.6	1.0	2.4	0.0	-14.2
Additions	9.6	102.7	71.6	11.9	195.8
Disposals	5.9	88.6	25.6	0.5	120.6
Reclassifications	-114.8	-8.6	14.6	-18.4	-127.2
Currency adjustments	-1.4	-1.8	-1.0	0.1	-4.1
December 31, 2007	293.2	600.4	418.4	9.1	1,321.1

**Accumulated
depreciation
and amortization**

	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
December 31, 2006	144.0	405.9	234.2	0.0	784.1
Changes in the consolidated Group	-9.7	0.8	1.5	0.0	-7.4
Additions	12.3	53.8	40.5	0.0	106.6
Disposals	3.9	82.3	22.1	0.0	108.3
Reclassifications	-34.5	-6.1	7.4	0.0	-33.2
Currency adjustments	-0.5	-1.2	-0.2	0.0	-1.9
December 31, 2007	107.7	370.9	261.3	0.0	739.9
Carrying amount at December 31, 2007	185.5	229.5	157.1	9.1	581.2
thereof, finance leasing					
Carrying amount at December 31, 2007	9.6	54.8	17.6	-	82.0

In the middle of December 2007, Bilfinger Berger concluded a contract concerning the sale of office buildings used by the Group in Germany. The contract takes effect in 2008. The real-estate properties have been reclassified from property, plant and equipment into the item, non-current assets held for sale.

Land charges on land and buildings with a book value of €0.8 million are registered as security for liabilities (2006: €7.5 million).

Finance-lease 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 finance leasing is recognized in the amount of the present value of future lease payments due. The minimum lease payments consisting of present value and interest portion are shown in the following table:

	< 1 year	1-5 years	> 5 years	Total
2006				
Lease payments	19.5	37.4	7.0	63.9
Interest portion	2.9	3.4	2.0	8.3
Carrying amount / present value	16.6	34.0	5.0	55.6
2007				
Lease payments	21.0	55.5	6.3	82.8
Interest portion	4.0	5.5	1.7	11.7
Carrying amount / present value	17.0	50.0	4.6	71.6

14. Investments accounted for using the equity method

The Investments accounted for using the equity method comprise associated companies and joint ventures.

Due to proportionate equity interests held in associated companies, the following amounts are to be attributed to the Group:

Associated companies	2007	2006
Non-current assets	273.2	381.8
Current assets	291.5	224.5
Non-current liabilities	191.8	321.2
Current liabilities	320.0	228.4
Revenue	338.6	285.9
Profit for the year	9.3	2.8

The most important associated companies include the construction company Julius Berger Nigeria PLC., Abuja, Nigeria; the industrial services entity VAM GmbH & Co. Anlagentechnik und Montagen, Wels, Austria; and the operating company M6 Duna Autópálya Koncessziós Rt., Budapest, Hungary.

Due to proportionate equity interests held in joint ventures, the following amounts are to be attributed to the Group:

Joint ventures	2007	2006
Non-current assets	177.8	96.7
Current assets	18.4	27.2
Non-current liabilities	154.3	96.8
Current liabilities	29.5	13.4
Revenue	84.7	101.2
Expenses	84.6	100.6

The most important joint ventures include the operating companies Adger OPS Vegselskap AS, Lille-sand, Norway; Herrentunnel Lübeck GmbH & Co. KG, Lübeck, Germany; and Gloucester Healthcare Partnership Ltd., London, United Kingdom.

15. 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 the present value of amortized cost. 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 €1,313.9 long-term (2006: €808.3 million) and €48.0 million short-term (2006: €18.9 million).

Receivables from concession projects are comprised as follows:

	2007	2006
Receivables from concession projects	1,295.0	666.3
Receivables from project-financing funds not yet applied	204.5	226.9
	1,499.5	893.2
Non-recourse financial liabilities	1,361.9	827.2

16. Other financial assets

	2007	2006
Loans	19.9	20.0
Equity interests	33.8	18.6
Derivative financial instruments	34.2	0.0
Total	87.9	38.6

The loans were granted to companies in which equity interests are held.

The equity interests include shares in non-listed companies, which are measured at cost of acquisition. The derivative financial instruments include positive market values of interest-rate hedges.

17. Inventories

Inventories are comprised as follows:

	2007	2006
Real-estate properties held for sale	14.7	30.0
Finished goods and work in progress	8.8	15.1
Raw materials and supplies	69.3	56.1
Advance payments made	60.9	20.5
Total	153.7	121.7

18. Receivables and other financial assets

	2007	2006
Trade receivables		
including receivables from percentage of completion	1,550.6	1,390.7
Receivables from consortiums and joint ventures	174.8	176.8
Receivables from companies in which shares are held	22.4	21.3
	1,747.8	1,588.8
Other financial assets	133.3	122.5
Total	1,881.1	1,711.3

The *construction orders* measured according to the percentage of completion but not yet finally invoiced are recognized as follows:

	2007	2006
Costs incurred plus earnings from periods not yet invoiced	6,881.4	5,334.4
Minus advance invoices sent	7,214.4	5,385.9
Balance	-333.0	-51.5
thereof future receivables from construction orders	310.5	271.8
thereof liabilities from percentage of completion	643.5	323.3

The amount of future receivables from construction orders is included under trade receivables.

The total amount of advance payments received was €6,626.5 million in 2007 (2006: €4,862.4 million).

Details of days overdue and impairments of trade receivables:

	2007	2006
Receivables neither overdue nor impaired	1,226.7	1,059.7
Receivables overdue but not impaired		
less than 30 days	139.0	158.6
30 to 90 days	101.5	85.8
91 to 180 days	28.6	31.6
181 to 360 days	33.5	23.6
more than 360 days	15.0	17.8
	317.6	317.4
Residual value of impaired receivables	6.3	13.6
Total	1,550.6	1,390.7

Impairments of trade receivables for default risks developed as follows:

	2007	2006
Opening balance	30.4	40.0
Changes in the consolidated Group	-0.2	0.0
Allocations (impairment losses)	8.6	5.1
Utilization	6.6	11.3
Withdrawals (gains on impairment reversals)	4.5	3.4
Closing balance	27.7	30.4

All losses and gains from the impairment of trade receivables are recognized under other operating expenses and other operating income.

The *other financial assets* are receivables and assets other than trade receivables, as well as positive fair value derivative financial instruments of €16.4 million (2006: €7.1 million).

19. Non-current assets held for sale

Non-current assets held for sale are real-estate properties that were reclassified to this item from property, plant and equipment at the end of the reporting year. In the middle of December 2007, Bilfinger Berger concluded a contract on the sale of office buildings used by the Group in Germany. The contract takes effect in 2008.

20. Other assets

Other assets include claims to value-added tax of €36.9 million (2006: €18.6 million) and prepaid expenses of €22.0 million (2006: €12.8 million).

21. Cash and marketable securities

Marketable securities solely comprise available-for-sale papers, which were shares in money-market funds in the year under review. There were no unrealized gains or losses to be taken into consideration in 2007.

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 €43.5 million (2006: €77.0 million).

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

	Variable interest rates		Fixed interest rates		Total	
	2007	2006	2007	2006	2007	2006
Available-for-sale papers	0.0	0.0	52.0	58.6	52.0	58.6
Cash and cash equivalents	715.1	699.1	28.9	25.0	744.0	724.1
Total	715.1	699.1	80.9	83.6	796.0	782.7

The average interest rate for marketable securities and cash and cash equivalents with a fixed interest rate was 3.87% (2006: 3.66%); the average variable interest rate was 4.47% (2006: 3.49%).

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.

22. Equity

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

Unchanged from the prior year, there is approved capital of €34.0 million – limited until May 17, 2011 – for the issue of new shares in exchange for cash and/or non-cash contributions.

Also unchanged from the prior year, there is contingent capital of €11.0 million for granting shares upon the exercise of conversion rights or option rights from bonds.

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 and out of contingent capital as well as the possibilities to buy back the Company's own shares.

Pursuant to Section 21 of the German Securities Trading Act (WpHG), the following notifications were received by the Company during 2007 and until the end of January 2008:

- Schroders plc. (parent) and Schroders Administration Limited (subsidiary) as well as Schroder Investment Management (second-tier subsidiary) each located in London, United Kingdom gave notification that their voting rights dropped below 3% and amounted to 2.87% on August 1, 2007.

- Fidelity International, Surrey, United Kingdom, gave notification that the voting rights of FMR Corp. (Fidelity Management and Research Corp., Boston, USA) amounted to 4.79% on October 1, 2007 and 2.72% on January 3, 2008.

- DJE Investment S.A., Luxembourg, Luxembourg gave notification that on October 18, 2007, the voting rights of Dr. Jens Ehrhardt, Munich and of Dr. Jens Ehrhardt Kapital AG, Pullach, amounted to 3.03%.

- Deutsche Bank AG, Frankfurt, gave notification that on October 24, 2007, the voting rights of its subsidiary DWS Investment GmbH, Frankfurt, amounted to 3.003%.

- Artemis Investment Management Limited, Edinburgh, United Kingdom, gave notification that on October 29, 2007, its voting rights amounted to 5.06%.

- Barclays Global Investors UK Holdings Limited, London, United Kingdom, gave notification that on January 18, 2008, its voting rights amounted to 5.17%. The voting rights were assigned to the company pursuant to Section 22, Subsection 1, Sentence 1, No. 6 in connection with Sentence 2 of the German Securities Trading Act (WpHG).

- INVESCO Limited, Atlanta, Georgia, USA gave notification that their voting rights amounted to 3.01% on January 25, 2007.

Reserves

	2007	2006
I. Capital reserve	522.6	522.6
II. Retained earnings	609.2	538.6
III. Other comprehensive income	-21.2	-29.9
Total	1,110.6	1,031.3

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 deferred taxes from available-for-sale papers for 2006. There were no movements in 2007.

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

	Before taxes	Tax effect	Net
Balance at December 31, 2005	-13.5	4.2	-9.3
Changes during the year			
from changes in valuations	-17.4	7.3	-10.1
from withdrawals through profit and loss	2.1	-0.5	1.6
Balance at December 31, 2006	-28.8	11.0	-17.8

	Before taxes	Tax effect	Net
Balance at December 31, 2006	-28.8	11.0	-17.8
Changes during the year			
from changes in valuations	32.6	-11.5	21.1
from withdrawals through profit and loss	0.5	-0.3	0.2
Balance at December 31, 2007	4.3	-0.8	3.5

23. Retirement benefit obligation

For the employees of Bilfinger Berger AG, defined-contribution pension commitments exist with a guaranteed minimum interest rate on contributions paid into a CTA. These are 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 recognize 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:

	2007	2006
Applicable interest rates	5.50 %	4.50 %
Expected annual increase in incomes	2.50 %	2.50 %
Expected annual increase in pensions	1.50 %	1.50 %

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 recognized 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 €160 million on the balance-sheet date (2006: €161 million). It mainly comprises cash and cash equivalents and marketable securities, as well as real estate of €8 million (2006: €8 million).

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 amounts entered on the balance-sheet date.

Pension plans	2007		2006	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations (DBO) on January 1	147.7	163.7	164.3	140.9
Actuarial gains (+) / losses (-) accumulated on January 1	6.8	-3.9	-3.1	-10.7
Service costs to be added in the future on January 1	0.0	-0.1	0.0	0.0
Obligation on January 1 (before deduction of plan assets)	154.5	159.7	161.2	130.2
Service costs	2.2	3.1	3.1	3.5
Service costs to be added	0.7	0.0	0.6	0.0
Actuarial gains / losses affecting the income statement	0.0	0.2	0.0	0.2
Interest expense	6.6	6.4	6.7	6.0
Pension payments	-8.6	-5.7	-8.8	-6.3
Plan compensation	-0.5	0.0	-8.6	0.0
Changes in the consolidated Group / miscellaneous	-0.3	-15.7	0.3	26.1
Provision on December 31 (before deduction of plan assets)	154.6	148.0	154.5	159.7
Actuarial gains (-) / losses (+) accumulated on December 31	-19.4	-12.6	-6.8	3.9
Service costs to be added in the future	0.2	0.0	0.0	0.1
Present value of pension obligations (DBO) on December 31	135.4	135.4	147.7	163.7
Fair value of plan assets on January 1	161.0		167.0	
Actuarial gains (-) / losses (+) accumulated on January 1	-0.1		-0.8	
Book value of plan assets on January 1	160.9		166.2	
Expected income from plan assets	6.5		7.6	
Pension payments	-8.6		-8.8	
Allocation to fund	2.8		2.0	
Plan compensation	0.0		-6.3	
Changes in the consolidated Group / miscellaneous	-0.2		0.2	
Book value of plan assets on December 31	161.4		160.9	
Actuarial gains (+) / losses (-) accumulated on December 31	-1.6		0.1	
Fair value of plan assets on December 31	159.8		161.0	
Funded status on December 31	24.4	-135.4	13.3	-163.7
Actuarial gains (-) / losses (+) accumulated on December 31	-17.8	-12.6	-6.9	3.9
Service costs to be added in the future	0.2	0.0	0.0	0.1
Amount capitalized on December 31	6.8		6.4	
Net provisions at December 31		-148.0		-159.7

Pension plans	2005		2004		2003	
	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision	Funded by plan assets	Funded by provision
Present value of pension obligations (DBO) on December 31	164.3	140.9	154.0	101.6	155.5	87.2
Fair value of plan assets on December 31	167.0		161.4		161.8	
Funding status on December 31	2.7	-140.9	7.4	- 101.6	6.3	- 87.2
Actuarial gains (-) / losses (+) accumulated on December 31	2.3	10.7	- 4.3	4.4	- 0.1	- 3.3
Amount capitalized	5.0		3.1		6.2	
Balance-sheet provision		-130.2		- 97.2		- 90.5

The net benefit obligation for pensions funded by plans and pensions funded by provisions is composed of the following:

	2007	2006
Current service cost	5.3	6.6
Interest expense	13.0	12.7
Expected income from plan assets	-6.5	-7.6
Settlement of actuarial losses and past service cost	0.9	0.8
Net settlement cost	-0.5	-2.3
Net benefit obligation	12.2	10.2

The defined contribution and other pension expenses amounted to €16.2 million (2006: €19.8 million). In the income statement, the service costs are entered under EBITA and the interest expense from the addition to the retirement benefit obligation is entered under the net interest result. Expected income from plan assets of €6.5 million (2006: €6.1 million) was entered under the net interest result; in the prior year, plan rental income of €1.5 million was entered under other operating income. This represents a return on plan assets of 4.1% (2006: 4.7%). The income actually achieved from plan assets of €4.9 million (2006: €6.9 million) was €1.6 million lower than the budgeted income and thus led to actuarial losses.

The expected pension payments in subsequent years are as follows:

Expected pension payments	2008	2009	2010	2011	2012	2013-2017
For pensions funded by provisions	6	6	6	7	7	39
For pensions funded by plans	9	9	10	10	10	56
Total	15	15	16	17	17	95

The future payments of pensions funded by plans do not place a burden on the Company, because plan assets of €160 million are available for this purpose.

24. Deferred tax liabilities and provisions

	Deferred tax liabilities	Provisions	Total
Balance at January 1, 2006	50.2	525.2	575.4
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
Balance at January 1, 2007	71.5	524.0	595.5
Utilization	24.8	277.8	302.6
Release	6.4	27.3	33.7
Additions	40.1	300.7	340.8
Currency differences	0.0	-0.3	-0.3
Changes in the consolidated Group	0.3	4.5	4.8
Balance at December 31, 2007	80.7	523.8	604.5

Maturities of deferred tax liabilities and provisions

	Non-current		Current		Total	
	2007	2006	2007	2006	2007	2006
Deferred tax liabilities	0.0	0.0	80.7	71.5	80.7	71.5
Provisions	89.0	99.5	434.8	424.5	523.8	524.0
Risks relating to contracts, warranties and litigation	65.6	77.9	202.7	218.2	268.3	296.1
Personnel-related obligations	10.3	11.7	76.9	77.1	87.2	88.8
Other uncertain liabilities	13.1	9.9	155.2	129.2	168.3	139.1
Total	89.0	99.5	515.5	496.0	604.5	595.5

85.6% of the cash flows for deferred tax liabilities and provisions are expected to be in 2008, 9.5% in the years 2009 through 2012, and 4.9% thereafter.

25. Financial debt

	Non-current		Current		Total	
	2007	2006	2007	2006	2007	2006
Project-financing debt (non-recourse)	492.9	401.9	4.0	1.9	496.9	403.8
Bank debt (non-recourse)	821.0	406.4	44.0	17.0	865.0	423.4
Subtotal, non-recourse	1,313.9	808.3	48.0	18.9	1,361.9	827.2
Bank debt (recourse)	15.4	51.9	23.6	31.2	39.0	83.1
Finance leases	54.6	39.0	17.0	16.6	71.6	55.6
Subtotal, recourse	70.0	90.9	40.6	47.8	110.6	138.7
Total	1,383.9	899.2	88.6	66.7	1,472.5	965.9

Project-related non-recourse financing is solely taken out on the financed project without any recourse to Bilfinger Berger.

Classified according to its fixed-interest terms, financial debt is comprised as follows:

	Variable interest rate		Fixed interest rate						Total	
			< 1 year		1-5 years		> 5 years			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Non-recourse financing	4.8	0.0	4.0	7.5	0.0	0.0	1,353.1	819.7	1,361.9	827.2
Other financing	24.7	36.2	12.9	0.7	1.4	3.2	0.0	43.0	39.0	83.1
Finance leases	0.0	0.0	17.0	16.6	50.0	34.1	4.6	4.9	71.6	55.6
Total	29.5	36.2	34.0	24.8	51.4	37.3	1,357.7	867.6	1,472.5	965.9

For financial liabilities with fixed interest rates, the average interest rate on the balance-sheet date for non-recourse loans was 5.39% (2006: 5.84%), for other loans it was 6.49% (2006: 6.27%) and for finance leasing it was 6.62% (2006: 6.38%). Non-recourse financing with variable interest rates is shown as fixed-interest financial debt due to interest-rate swaps that have been concluded.

26. Other financial liabilities

Liabilities	2007	2006
from trade payables	980.4	969.0
from percentage of completion	643.5	323.3
to joint ventures and consortiums	201.5	271.0
to companies in which equity is held	13.5	9.2
	1,838.9	1,572.5
Other current financial liabilities	309.3	281.0
Total current financial liabilities	2,148.2	1,853.5
Total non-current financial liabilities	79.0	67.3

Current financial liabilities include a negative fair value derivative financial instrument of €4.6 million (2006: €4.1 million).

Non-current financial liabilities primarily comprise liabilities from the preemption rights of minority interests in an amount of €37.6 million (2006: €20.0 million) and negative fair value from interest-rate hedging in an amount of €30.6 million (2006: €30.4 million).

27. Other liabilities

Other liabilities primarily relate to value-added tax in an amount of €132.2 million (2006: €106.3 million), social-security levies of €33.2 million (2006: €42.5 million) and personnel obligations of €52.0 million (2006: €30.9 million).

**28. Additional
information
on financial
instruments**

The *carrying values and fair values* of financial assets and financial liabilities, classified according to the categories of IAS 39, are as follows:

	IAS 39 category	2007		2006	
		Carrying value	Fair value	Carrying value	Fair value
Assets					
Receivables from concession projects	LaR	1,499.5	1,512.2	893.2	926.3
Equity interests	AfS	33.9	33.9	18.6	18.6
Receivables	LaR	1,747.8	1,747.8	1,588.8	1,588.8
Other financial, non-derivative assets	LaR	136.7	136.7	135.4	135.1
Securities	AfS	52.0	52.0	58.6	58.6
Cash and cash equivalents	LaR	744.0	744.0	724.1	724.1
Derivative financial instruments					
used for hedging	(Hedge)	34.2	34.2	0.0	0.0
not used for hedging	FAHfT	16.4	16.4	7.1	7.1
Liabilities					
Financial debt, non-recourse	FLAC	1,361.9	1,359.5	827.2	827.5
Financial debt, recourse, excluding finance leases	FLAC	39.0	38.6	83.1	82.8
Finance leases, recourse	(IAS 17)	71.6	74.0	55.6	54.3
Liabilities	FLAC	1,838.9	1,838.9	1,572.5	1,572.5
Other financial, non-derivative liabilities	FLAC	353.1	353.1	313.8	313.8
Derivative financial instruments					
used for hedging	(Hedge)	30.6	30.6	30.4	30.4
not used for hedging	FLHfT	4.6	4.6	4.1	4.1
Aggregated according to valuation categories					
Loans and receivables	LaR	4,128.0	4,143.7	3,341.4	3,374.5
Available-for-sale financial assets	AfS	85.9	85.9	77.2	77.2
Financial assets held-for-trading	FAHfT	16.4	16.4	7.1	7.1
Financial liabilities held-for-trading	FLHfT	4.6	4.6	4.1	4.1
Financial liabilities at amortized cost	FLAC	3,592.9	3,559.0	2,796.6	2,796.6

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and liabilities, carrying values are approximately equal to fair values due to the short residual terms.

The fair values of non-current financial assets and financial liabilities, which include the valuation categories *loans* and *receivables* and *financial liabilities at amortized cost*, correspond with the fair values calculated using current market-based interest-rate parameters.

The fair values calculated for the equity interests correspond with the carrying values.

The *net earnings from financial instruments*, classified according to IAS 39 valuation categories, are as follows:

Valuation category	IAS 39 category		
		2007	2006
Loans and receivables	LaR	-2.5	-2.5
Available-for-sale financial assets	AfS	-0.5	10.7
Financial instruments held for trading	FAHfT & FLHfT	7.3	8.5
Financial liabilities at amortized cost	FLAC	0.7	-4.3

Interest and dividends are not components of the net earnings shown.

The net earnings of the valuation category *loans and receivables* include impairments, reversals and earnings from currency translation.

The net earnings of the valuation category *available-for-sale financial assets* include gains/losses realized on disposals and impairments.

The net earnings of the valuation category *financial instruments held for trading* include gains/losses on valuation at fair value as well as gains/losses realized on disposals.

The net earnings of the valuation category *financial liabilities at amortized cost* primarily comprise gains/losses realized on currency translation.

With regard to *impairment losses*, see also the development of the impairment account for trade receivables.

29. Risks related to financial instruments, financial risk management and hedging transactions

We watch over financial risks (default risks, liquidity risks and market-price risks) with tried-and-tested monitoring and control instruments. The Group's reporting system allows the weekly recording, analysis, assessment and control of financial risks by Group Treasury. All relevant companies in which equity is held are included in this consideration.

Default risk is the risk that a contracting party of a financial instrument does not fulfill his payment obligations. When investing liquid funds and applying derivative financial instruments, counterparty and/or issuer risks arise. We limit these risks by selecting solely financial partners with an investment-grade rating; we also limit terms and amounts. 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-.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g. cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities.

The Group's liquidity risks are monitored and controlled centrally on the basis of rolling 12-month cash flow planning. We regularly review the effects of possible changes in our financial risk profile in order to meet our target of securing a financial standing comparable to a rating in the lower range of investment grade. Liquidity bottlenecks are to be avoided by maintaining a high level of cash and cash equivalents as well as available credit lines and guarantee lines. With our core banks, we have a long-term, syndicated cash credit line of €300 million. A significant portion of our credit guarantee requirement is secured by means of a long-term syndicated credit agreement in a volume of €1,600 million. The increasing long-term debt resulting from the growth of our concession business is solely on a non-recourse basis. Lenders have no recourse to Bilfinger Berger's assets beyond the respective project company.

The following overview shows the future contractually undiscounted payments on financial liabilities at December 31, 2007 (installments, capital repayments, interest, derivatives with a negative market value). With currency derivatives, the market values are shown; with interest derivatives, the net payments are shown, whereby the flows of payments for the variable side are calculated via the respective forward interest rates.

	Book value	Total	2008	2009	2010	2011-2014	> 2014
2007							
Financial debt, non-recourse	1,361.9	2,356.8	96.0	69.9	80.8	286.7	1,823.4
Financial debt, recourse, excluding finance leases	39.0	39.8	37.4	0.4	0.3	0.6	1.1
Finance leases, recourse	71.6	86.7	31.9	14.7	17.7	12.9	9.5
Liabilities	1,838.9	1,838.9	1,835.9	0.6	0.9	1.4	0.2
Other financial, non-derivative liabilities	353.1	353.3	306.4	11.2	5.3	27.7	2.7
Derivative financial instruments	35.2	59.0	5.0	8.3	3.1	8.7	33.9

	Book value	Total	2007	2008	2009	2010-2013	> 2013
2006							
Financial debt, non-recourse	827.2	1,513.2	58.1	47.5	46.8	215.3	1,145.5
Financial debt, recourse, excluding finance leases	83.1	86.3	77.6	3.5	1.3	3.4	0.5
Finance leases, recourse	55.6	57.9	28.0	9.9	11.7	5.0	3.3
Liabilities	1,572.5	1,572.5	1,570.4	0.5	0.4	1.1	0.1
Other financial, non-derivative liabilities	313.8	313.5	306.3	0.0	0.0	9.2	0.0
Derivative financial instruments	34.5	54.3	3.8	4.5	5.7	20.1	20.2

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 financial 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. We do not undertake any financial transactions beyond the underlying business risk.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. 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 immediately after an order is received, in some cases during the bidding phase, for the entire project period. Risk controlling takes place with the use of explicit risk limits for currency positions and marked-to-market results. All future flows of payments that are not denominated in the functional currency of the respective company of the Group are subject to currency risks.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. 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 regularly analyze and evaluate risks from our net interest exposure with the use of the value-at-risk method. Derivative interest-rate contracts are an exception; these are used in the concessions business in connection with the long-term financing of project companies. The non-recourse character of this project financing requires long-term, predictable interest cash flows, and thus relies on the long-term, static hedging of the risk of changes in interest rates. Changes in market values arising 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.

Bilfinger Berger uses the value-at-risk method to quantify market-price risks. The value-at-risk is the potential loss of a particular risk position that with a probability of 95% will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach.

When calculating the value at risk for currency risks, potential changes are taken into consideration in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency. The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value.

	2007	2006
Currency risk	1.7	1.4
Interest-rate risk	11.7	10.0

Hedging instruments

IAS 39 includes special accounting regulations that are intended to avoid a presentation of hedging instruments that does not properly reflect the financial situation by synchronizing or compensating for changes in the values of the underlying hedged transactions and the hedging instruments (hedge accounting). The hedge accounting regulations are applied if there are permissible underlying and hedging transactions and a permissible hedging relationship, documentation of the hedging relationship, and evidence of an effective hedging context. An effective hedging relationship exists if the changes in value of hedged underlying transaction are largely compensated for by changes in the value of the hedging instrument.

Fair-value hedges serve to hedge against exposure to changes in the market value of assets, liabilities or pending transactions.

Cash-flow hedges serve to hedge future cash flows against exposure to changes in currency exchange rates and interest rates.

Bilfinger Berger uses cash-flow hedges to hedge exposure to interest-rate risks primarily in connection with the financing of private-sector concession projects. Variable interest-rate payments are transformed into fixed interest rate payments with the help of interest-rate swaps.

During the year 2007, unrealized gains on the valuation of derivative financial instruments of €21.1 million (2006: losses of €17.6 million) were recognized under equity with no effect on profit and loss. In this period, losses of €0.2 million (2006: losses of €1.6 million) were reclassified into the interest result on concession projects. In addition, net profit for the year 2007 includes a loss of €0.3 million on the valuation of derivative financial instruments that were hedge-ineffective pursuant to IAS 39.

The following overview shows when the interest payments from the hedged underlying transactions (variable-interest non-recourse financial debt from concession projects) actually flow and are recognized in the income statement:

	2008	2009	2010	2011- 2014	> 2014
Expected interest payments	44.4	52.7	59.6	212.1	701.2

The following table shows the *fair values* of the various types of derivative financial instruments that Bilfinger Berger uses to hedge market-price risks. A difference is made depending on whether they are hedge-effective or hedge-ineffective pursuant to IAS 39.

	2007	2006
Derivatives with positive fair values	50.6	7.1
hedge effective interest-rate swaps	34.2	0.0
hedge ineffective interest-rate swaps	0.9	0.8
Forward exchange contracts and options	15.5	6.3
Derivatives with negative fair values	35.2	34.5
hedge effective interest-rate swaps	30.6	30.4
hedge ineffective interest-rate swaps	1.2	1.6
Forward exchange contracts and options	3.4	2.5

30. Additional information on capital management

The goal of capital management at Bilfinger Berger is to guarantee a strong financial profile. In particular, it aims to secure appropriate dividend payments for shareholders and debt servicing for creditors. In addition, we want to maintain sufficient financial scope for the continuation of our growth.

At present, Bilfinger Berger does not have any external ratings. The risk profile is actively monitored and controlled. In particular, use is made of the key ratios of dynamic debt-equity ratio, cash-flow protection and gearing. We aim to achieve ratios that reflect a financial standing comparable to a rating in the lower range of investment grade.

Gearing, calculated as the quotient of net liabilities (excluding non-recourse financial debt) and equity (including minority interests and other comprehensive income), was comprised as follows on December 31, 2007 and December 31, 2006:

	2007	2006
Equity	1,310.5	1,206.2
Net liabilities	-537.4	-484.3
Financial debt (excluding non-recourse)	110.6	138.7
Retirement benefit obligation	148.0	159.7
Cash and marketable securities	-796.0	-782.7
Gearing (adjusted debt-equity ratio)	-0.4	-0.4

There are no external minimum capital requirements.

31. Secured liabilities

The total of secured liabilities amounted to €2.3 million at December 31, 2007 (2006: €47.3 million). This is financial debt that is secured by land charges.

32. Contingent liabilities

	2007	2006
Liabilities from guarantees	161.6	204.4

Contingent liabilities were primarily for the performance of contracts, warranties and advance payments. On the balance-sheet date, our guarantees were mainly for companies in which equity is held as well as 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.

33. Other financial obligations

Other financial obligations relate to operating leases and long-term rental and lease agreements.

	Minimum lease payments on operating leases		Other financial obligations (rents)	
	2007	2006	2007	2006
< 1 year	28.4	24.9	32.6	34.1
1-5 years	49.7	41.7	51.2	58.8
> 5 years	10.9	1.3	8.9	5.0

The expenses of operating leases and long-term rental and lease agreements recognized through profit and loss amounted to €66.4 million in 2007.

34. Cash flows

The cash flow from operating activities includes the following items in 2007:

Interest payments	14.7
Interest received	30.2
Income tax payments	32.5
Tax refunds	0.5
Dividends paid to minority interests	5.5

35. Events after the balance sheet date

There have been no significant events since the balance sheet date.

Other disclosures

36. Supervisory Board and Executive Board

The members of the Supervisory and Executive Board are listed in the chapter on Boards of the Company.

The compensation of the members of the Executive Board comprised the following components:

- Fixed salaries of €2,354,000 (2006: €1,831,000)
- Bonuses of €2,896,000 (2006: €2,390,000)
- Compensation with a long-term incentive effect in an arithmetical amount at the time when granted of €1,352,000 (2006: €1,575,000)
- Benefits in kind in an amount of €200,000 (2006: €110,000)
- Pension commitments; payments of €1,389,000 were made to external pension institutions in 2007 (2006: €839,000), with return flows to the Company of €230,000 (2006: 0).

More details, including the individualized payments, can be found in the compensation report, which is part of the management report.

The total compensation paid to former members of the Executive Board or their surviving dependents amounted to €2,438,000 (2006: €2,455,000). The present value of future pension obligations towards this group of persons calculated according to IAS 19 amounted to €29,034,000 (2006: €32,161,000).

The total compensation paid to members of the Supervisory Board amounted to €1,317,000 (2006: €1,270,000), including reimbursement of expenses of €22,000 (2006: €16,000). These payments are shown in individualized form in the compensation report.

37. Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be significantly influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties primarily involve associated companies and joint ventures. They are shown in the table below. Business transactions with related parties are carried out under the same conditions as with unrelated parties (at arm's length).

€ million	2007	2006
Revenue	315	216
Services received	49	30
Receivables	29	17
Liabilities	9	2
Guarantees granted	110	130

38. 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	
	2007	2006	2007	2006	2007	2006
Audit fees	2,584	2,379	2,006	1,995	4,590	4,374
thereof in Germany	1,174	1,163	1,166	1,154	2,340	2,317
Other certification or valuation fees	978	1,077	768	1,191	1,746	2,268
thereof in Germany	127	534	476	756	603	1,290
Tax-consulting services	962	727	101	222	1,063	949
thereof in Germany	32	27	63	72	95	99
Other services	614	2,666	188	83	802	2,749
thereof in Germany	447	643	145	29	592	672
Total	5,138	6,849	3,063	3,491	8,201	10,340

39. Average employee numbers

	2007	2006
Office staff		
Germany	8,030	7,534
International	8,342	7,272
Manual workers		
Germany	11,375	9,925
International	22,390	19,376
Total workforce	50,137	44,107

40. Declaration of compliance

Bilfinger Berger AG is included in the consolidated financial statements as a listed company.

As prescribed 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 6, 2007, and on that date was made permanently available to the shareholders on the Company's Internet website.

41. Proposal on the appropriation of earnings

It is proposed that the unappropriated retained earnings in the amount of €66,952,983.60 as shown in the financial statements of Bilfinger Berger AG for the year 2007 be used to distribute a dividend of €1.80 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	
	2007	2006	2007	2006
Goodwill	75.3	72.9	10.4	10.4
Property, plant and equipment	237.1	215.1	34.1	33.7
Other non-current assets	15.0	15.5	29.1	0.7
Current assets	819.5	715.6	338.4	316.1
Segment assets	1,146.9	1,019.1	412.0	360.9
Segment liabilities	1,124.2	899.9	538.2	609.8
Interest-bearing liabilities	0.0	0.0	36.9	3.4
Non-interest-bearing liabilities	1,124.2	899.9	575.1	613.2
Balance	22.7	119.2	-163.1	-252.3
Project-related financial assets	0.0	0.0	163.1	252.3
Division-related financial assets	382.5	256.0	145.5	132.9
Operating financial assets	382.5	256.0	308.6	385.2
Capital employed	405.2	375.2	145.5	132.9
EBITA	58.2	42.7	24.0	22.1
Interest income including dividends	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	7.3	11.3
Division-related interest income (4.5% p.a.)	17.2	11.5	6.6	6.0
Financial income	17.2	11.5	13.9	17.3
Return	75.4	54.2	37.9	39.4
Return on capital employed (ROCE)	18.6%	14.5%	26.1%	29.6%
Weighted average cost of capital (WACC)	13.0%	13.0%	13.0%	13.0%
Relative value added	5.6%	1.5%	13.1%	16.6%
Absolute value added	22.8	5.5	19.0	22.1

	Services		Concessions		Total of segments		Consolidation, other		Consolidated Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	652.8	550.8	0.2	0.2	738.7	634.3	0.0	-1.1	738.7	633.2
	195.5	148.8	1.1	0.9	467.8	398.5	168.1	154.0	635.9	552.5
	27.3	25.4	1,263.3	811.6	1,334.7	853.2	13.9	33.5	1,348.6	886.7
	837.5	616.6	36.5	30.5	2,031.9	1,678.8	770.7	713.0	2,802.6	2,391.8
	1,713.1	1,341.6	1,301.1	843.2	4,573.1	3,564.8	952.7	899.4	5,525.8	4,464.2
	811.6	559.2	88.3	54.4	2,562.3	2,123.3	1,717.8	1,242.0	4,280.1	3,365.3
	0.0	0.0	1,107.8	703.6	1,144.7	707.0	-1,447.0	-991.6	-302.3	-284.6
	811.6	559.2	1,196.1	758.0	3,707.0	2,830.3	270.8	250.4	3,977.8	3,080.7
	901.5	782.4	105.0	85.2	866.1	734.5	681.9	649.0	1,548.0	1,383.5
	0.0	0.0	0.0	0.0	163.1	252.3	-163.1	-252.3	0.0	0.0
	0.0	0.0	0.0	0.0	528.0	388.9	-528.0	-388.9	0.0	0.0
	0.0	0.0	0.0	0.0	691.1	641.2	-691.1	-641.2	0.0	0.0
	901.5	782.4	105.0	85.2	1,557.2	1,375.7	-9.2	7.8	1,548.0	1,383.5
	180.2	123.5	-2.1	-4.3	260.3	184.0	-18.0	-4.0	242.3	180.0
	0.0	0.0	0.0	0.0	0.0	0.0	32.4	30.6	32.4	30.6
	0.0	0.0	14.0	24.1	14.0	24.1	0.0	0.0	14.0	24.1
	0.0	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	7.3	11.3	-7.3	-11.3	0.0	0.0
	0.0	0.0	0.0	0.0	23.8	17.5	-23.8	-17.5	0.0	0.0
	0.0	0.0	14.0	14.2	45.1	43.0	1.3	1.8	46.4	44.8
	180.2	123.5	11.9	9.9	305.4	227.0	-16.7	-2.2	288.7	224.8
	20.0%	15.8%	11.3%	11.6%	19.6%	16.5%	-	-	18.7%	16.3%
	9.0%	9.0%	9.8%	9.8%	10.5%	10.5%	-	-	10.5%	10.5%
	11.0%	6.8%	1.5%	1.8%	9.1%	6.0%	-	-	8.2%	5.8%
	99.0	53.1	1.6	1.5	142.4	82.2	-16.2	-2.6	126.2	79.6

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; other non-current assets (with the exception of deferred tax assets); and current assets. The segment assets shown under consolidation/other include securities and cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

The *segment liabilities* are deducted from the segment assets. They include liabilities (with the exception of deferred tax 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 – particularly in the Concessions business segment – solely on the basis of a project's cash flow and not on the basis of the Group's creditworthiness. The deduction of this item from the interest-bearing segment assets is taken into account by entering appropriate interest expenses in the business segment's return.

Segment liabilities and 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 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 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 impairments 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 into account the *increase in the value of the BOT portfolio*. It is adjusted 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 as defined by 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, 2007	Equity holding %	Output volume € million	Employees at year-end
Bilfinger Berger AG, Mannheim		1,370	6,542
Germany			
bebit Informationstechnik GmbH, Mannheim	100	23	124
Bilfinger Berger BOT GmbH, Wiesbaden (subgroup)	100	36	114
Bilfinger Berger Facility Services GmbH, Mannheim (subgroup)	100	538	7,612
Bilfinger Berger Industrial Services AG, Munich (subgroup)	100	1,783	17,003
Bilfinger Berger Nigeria GmbH, Wiesbaden	100	340	882
Bilfinger Berger Power Services GmbH, Oberhausen (subgroup)	100	694	3,767
Bilfinger Berger Umwelttechnik GmbH, Aarbergen (subgroup)	100	214	845
Bilfinger Berger Verkehrswegebau GmbH, Bochum	100	121	335
Franz Kassecker GmbH, Waldsassen	60	109	404
R&M Ausbau GmbH, Munich (subgroup)	100	68	153
Rest of Europe			
Bilfinger Berger Baugesellschaft m.b.H., Vienna, Austria	100	132 ¹	358 ¹
Bilfinger Berger Polska S.A., Warsaw, Poland (subgroup)	100	212	1,328
Razel S.A., Saclay, France (subgroup)	100	447	4,524
America			
Fru-Con Holding Corporation, Ballwin, Missouri, United States of America (subgroup)	100	434	2,039
Bilfinger Berger (Canada) Inc., Vancouver, Canada	100	138	19
Africa			
Julius Berger Nigeria PLC., Abuja, Nigeria	49	351 ²	13,953
Australia			
Bilfinger Berger Australia Pty. Limited, Sydney, Australia (subgroup)	100	2.153	4,458

¹ Group

² Financial year 2006

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:*

Daimler 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
(Deputy Chairman)

Dr. Horst Dietz

Formerly Managing Director of Invest in
Germany GmbH, Berlin

*Membership of statutory supervisory boards
of other German companies:*
ABB AG, Mannheim

*Membership of comparable monitoring boards
of other German and foreign companies:*
E & Z Industrie-Lösungen GmbH, Duisburg
(Chairman)

Maria Schmitt, Deputy Chairwoman

Employee of Bilfinger Berger AG,
Mannheim

Wolfgang Erdner

Employee of Bilfinger Berger AG,
Cologne

Unless otherwise
indicated,
all details correct
at December 31, 2007.

* Group mandate

Dr. Jürgen Hambrecht

Chairman of the Executive Board of BASF
SE, Ludwigshafen am Rhein

Harald Möller

Employee of Bilfinger Berger AG,
Frankfurt am Main

Reiner Jäger

Employee of Modernbau GmbH,
Saarbrücken

Klaus Obermierbach

Employee of J. Wolferts GmbH,
Cologne

Rainer Knerler

Regional Manager Berlin-Brandenburg,
Industriegewerkschaft Bauen-Agrar-Umwelt
(Construction, Agriculture and Environment
Trade Union), Berlin

Thomas Pleines

Member of the Executive Board of
Allianz Deutschland AG,
Chairman of the Executive Board of
Allianz Versicherungs AG, Munich

Prof. Dr. Hermut Kormann

Chairman of the Executive Board of Voith AG,
Heidenheim

*Membership of statutory supervisory boards
of other German companies:*

DEKRA AG, Stuttgart;
DEKRA Automobil GmbH, Stuttgart;
Vereinte Spezial Versicherung Aktiengesell-
schaft, Munich (Chairman)*

*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 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)*

Friedrich Rosner

Employee of Bilfinger Berger AG,
Wiesbaden

Udo Stark

Chairman of the Executive Board of
MTU Aero Engines Holding AG, Munich
(until December 31, 2007)

*Membership of statutory supervisory boards
of other German companies:*

Cognis GmbH, Monheim;
MTU Aero Engines Holding AG, Munich
(from February 1, 2008);
Oystar Holding GmbH, Karlsruhe / Stutensee
(Deputy Chairman)

*Membership of comparable monitoring boards
of other German and foreign companies:*

Prysmian S.p.A., Milan

Rolf Steinmann

Representative of Industriegewerkschaft
Bauen-Agrar-Umwelt (Construction, Agriculture
and Environment Trade Union),
National Executive Board, Frankfurt am Main

Prof. 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*;
TAKKT AG, Stuttgart (Chairman)*

Presiding Committee:

Bernhard Walter
Maria Schmitt
Udo Stark

Audit Committee:

Udo Stark
Bernhard Walter
Friedrich Rosner

Nomination Committee:

Bernhard Walter
Udo Stark

Committee to be formed pursuant to
Section 31, Subsection 3 of the
German Industrial Codetermination Act:

Bernhard Walter
Maria Schmitt
Udo Stark
Wolfgang Erdner

Executive Board

Herbert Bodner, Chairman

Corporate Development, Communications,
Legal Affairs, International Subsidiaries

*Membership of comparable monitoring boards
of other German and foreign companies:*
Bilfinger Berger Australia Pty. Limited, Sydney
(Deputy Chairman)*

Dr. Joachim Ott

Industrial Services, Facility Services,
Environmental Technology,
Real Estate Management

*Membership of statutory supervisory boards
of other German companies:*
Babcock Borsig Service GmbH, Oberhausen
(Deputy Chairman)*;
Bilfinger Berger Industrial Services AG, Munich
(Chairman)*

Klaus Raps (from October 1, 2007)
IT Management, Power Services,
International Subsidiaries

*Membership of comparable monitoring boards
of other German and foreign companies:*
Bilfinger Berger Australia Pty. Limited, Sydney*

Kenneth D. Reid

Concessions, Civil Engineering

*Membership of comparable monitoring boards
of other German and foreign companies:*
Bilfinger Berger Projects S.à.r.l.,
Luxemburg (Chairman)*;
Razel S.A., Saclay (Chairman)*

Prof. Hans Helmut Schetter

Human Resources, Technology,
Building Construction,
European and International Subsidiaries

*Membership of comparable monitoring boards
of other German and foreign companies:*
Bilfinger Berger Polska S.A., Warsaw
(Deputy Chairman)*;
Fru-Con Holding Corporation, Ballwin, Missouri
(Chairman)*;
Hydrobudowa-6 S.A., Warsaw
(Deputy Chairman)*

Dr. Jürgen M. Schneider

Accounting, Finance, Controlling,
Investor Relations

*Membership of comparable monitoring boards
of other German and foreign companies:*
Babcock Borsig Service GmbH, Oberhausen
(Chairman)*;
Bilfinger Berger Industrial Services AG, Munich*

*Membership of comparable monitoring boards
of other German and foreign companies:*
Bilfinger Berger Australia Pty. Limited, Sydney*;
Bilfinger Berger Polska S.A., Warsaw*;
Dachser GmbH & Co., Kempten
(Deputy Chairman);
Fru-Con Holding Corporation, Ballwin, Missouri*;
Hydrobudowa-6 S.A., Warsaw*

Information on
Executive Board
responsibilities and
mandates correct
at December 31, 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%.

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)

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.

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	1998*	1999*	2000	2001	2002	2003	2004	2005	2006	2007
Assets										
Non-current assets	576.7	714.2	846.4	898.8	1,257.8	1,117.4	1,364.8	1,951.9	2,451.2	3,114.4
Intangible assets	1.2	1.2	8.0	8.4	212.4	299.9	349.3	592.4	738.4	786.9
Property, plant and equipment	388.8	412.6	475.4	502.4	553.6	539.7	475.3	512.0	607.3	581.2
Receivables from concession projects	0.0	0.0	0.0	0.0	0.0	0.0	139.1	525.3	893.2	1,499.5
Other non-current assets	186.7	300.1	308.4	335.6	419.5	172.7	288.7	187.0	84.2	142.7
Deferred tax assets	0.0	0.3	54.6	52.4	72.3	105.1	112.4	135.2	128.1	104.1
Current assets	2,287.0	2,361.1	2,230.1	2,411.8	2,375.0	2,365.9	2,355.6	2,404.7	2,678.2	2,995.6
Inventories, receivables, other	1,290.6	1,459.0	1,353.0	1,609.7	1,602.6	1,465.4	1,441.9	1,572.8	1,895.5	2,199.6
Cash and marketable securities	996.4	902.1	877.1	802.1	772.4	900.5	913.7	831.9	782.7	796.0
Equity and liabilities										
Shareholders' equity	638.1	633.5	903.4	1,113.0	1,032.3	1,136.1	1,130.5	1,188.8	1,206.2	1,310.5
Subscribed capital	92.4	108.6	108.8	108.9	109.1	110.2	110.2	111.6	111.6	111.6
Reserves	531.5	511.0	776.8	980.9	866.0	953.3	963.1	1,012.3	1,031.3	1,110.6
Unappropriated retained earnings	14.8	14.8	14.8	20.0	36.4	47.7	36.7	37.2	46.5	67.0
Minority interest	-0.6	-0.9	3.0	3.2	20.8	24.9	20.5	27.7	16.8	21.3
Non-current liabilities	258.3	458.7	517.3	532.3	541.8	436.2	471.1	898.8	1,319.7	1,820.7
Pension provisions	98.6	100.3	129.4	119.9	187.6	90.5	97.2	130.2	159.7	148.0
Other provisions	132.1	130.3	112.2	109.2	106.2	106.1	107.7	105.3	99.5	89.0
Financial liabilities, recourse	18.4	212.9	197.9	155.4	87.2	68.3	85.5	86.6	90.9	70.0
Financial liabilities, non recourse	0.0	0.0	31.0	101.7	113.3	110.3	114.2	485.1	808.3	1,313.9
Other liabilities	8.5	15.1	20.1	1.1	6.3	4.6	13.9	17.2	67.3	79.0
Deferred tax liabilities	0.6	0.0	26.7	45.0	41.2	56.4	52.6	74.4	94.0	120.8
Current liabilities	1,967.3	1,983.1	1,655.8	1,665.3	2,058.7	1,911.0	2,118.8	2,269.0	2,603.5	2,978.8
Tax provisions	54.1	33.5	33.5	32.6	47.3	44.8	55.4	50.2	71.5	80.7
Other provisions	528.6	521.2	314.2	274.3	302.7	302.7	343.3	419.9	424.5	434.8
Financial debt, recourse	156.9	88.9	93.5	94.2	225.4	113.6	48.7	40.9	47.8	40.6
Financial debt, non-recourse	0.0	0.0	0.0	0.0	30.3	51.3	90.7	10.1	18.9	48.0
Other liabilities	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	2,374.7
Balance-sheet total	2,863.7	3,075.3	3,076.5	3,310.6	3,632.8	3,483.3	3,720.4	4,356.6	5,129.4	6,110.0
Proportion of balance-sheet total										
Non-current assets	20%	23%	28%	27%	35%	32%	37%	45%	48%	51%
Current assets	80%	77%	72%	73%	65%	68%	63%	55%	52%	49%
Shareholders' equity	22%	21%	29%	34%	28%	33%	30%	27%	23%	21%
Non-current liabilities	9%	15%	17%	16%	15%	12%	13%	21%	26%	30%
Current liabilities	69%	64%	54%	50%	57%	55%	57%	52%	51%	49%

* These figures according to the German Commercial Code (HGB)

Business developments

€ million	1998 ¹	1999 ¹	2000	2001	2002	2003	2004	2005	2006	2007
Output volume	4,756	4,586	4,437	4,607	4,912	5,586	6,111	7,061	7,936	9,222
Orders received	4,582	4,320	4,591	4,680	5,216	5,605	6,139	7,545	10,000	11,275
Order backlog	4,312	4,046	4,200	4,272	5,168	6,277	6,339	7,001	8,747	10,759
Capital expenditure	85	217	80	111	324	271	165	330	370	268
Property, plant and equipment	72	82	66	73	71	88	70	102	136	204
Financial assets	13	135	14	38	253	183	95	228	234	64
Employees (at year-end)	55,171	41,641	40,653	43,471	50,277	50,460	49,852	55,346	49,141	52,723
Group earnings										
EBITA	- 90	8	10	36	74	101	81	115	180	242
Earnings before taxes (EBT)	- 42	30	62	71	85 ²	86 ²	91	115	173	228
Net profit	- 46	22	43	52	60 ³	50 ³	51	66	92	134
Cash flow from operating activities	- 15	103	43	35	74	30	198	188	207	325
Cash flow per share	- 0.42	2.85	1.17	0.96	2.04	0.82	5.39	5.09	5.57	8.74
Earnings per share	- 0.77	0.62	1.20	1.44	1.66	1.37	1.39	1.80	2.48	3.60
Bilfinger Berger AG (the Company)										
Dividend distribution	14.8	14.8	14.8	20.0	36.4	47.7	36.7	37.2	46.5	67.0
Dividend per share	0.41	0.41	0.41	0.55	0.55	0.65	1.00	1.00	1.25	1.80
Dividend bonus					0.45	0.65				
Share price at year-end	21.73	21.60	12.99	25.00	14.60	27.00	30.25	40.30	55.52	52.78

¹ These figures according to the German Commercial Code (HGB)

² Adjusted for exceptional items totaling € 48 million in 2003 and € 36 million in 2002

³ Adjusted for exceptional items totaling € 76 million in 2003 and € 54 million in 2002

2008

May 14	Interim Report Q1 2008
May 21	Annual General Meeting*
August 12	Interim Report Q2 2008
November 11	Interim Report Q3 2008

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